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**

OR

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, 2009

Commission File Number 0-20115

METHANEX CORPORATION

(Exact name of Registrant as specified in its charter)

not applicable
(Translation of Registrant's name into English (if applicable))

CANADA
(Province or other jurisdiction of incorporation or organization)

2869
(Primary Standard Industrial Classification Code Number (if applicable))

not applicable
(I.R.S. Employer Identification Number (if applicable))

1800 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, Canada V6C 3M1
Telephone: (604) 661-2600
(Address and telephone number of Registrant's principal executive offices)

CT Corporation System, 1633 Broadway, New York, New York 10019
Telephone: (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
(Title of Class)

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

8.75% Senior Notes due August 15, 2012
6.00% Senior Notes due August 15, 2015
(Title of Class)

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.

92,108,242 Common Shares were outstanding as of December 31, 2009

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

CONTROLS AND PROCEDURES

Disclosure controls and procedures are defined by the Securities and Exchange Commission as controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

The Registrant's principal executive and principal financials officers (its Chief Executive Officer and Chief Financial Officer) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of the end of the period covered by this annual report on Form 40-F. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Registrant's disclosure controls and procedures are effective as of December 31, 2009.

Internal control over financial reporting is a process designed by, or under the supervision of, the Registrant's Chief Executive Officer and Chief Financial Officer, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Registrant's consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles (GAAP), including a reconciliation to United States GAAP. Internal control over financial reporting includes 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 Registrant;
- 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 Registrant; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Registrant's assets that could have a material effect on the financial statements.

There have been no changes during the year ended December 31, 2009 to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management's Report on Internal Control over Financial Reporting is provided on page 45 of the Registrants' Management's Discussion and Analysis in Exhibit 99.2.

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, Finance and Risk Committee ("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 2009.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

The Registrant'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 under which permissible services proposed to be performed by KPMG LLP, the Registrant's external auditors, are pre-approved. The Audit Committee has delegated to the Chair of the Audit Committee pre-approval authority for any services not previously approved by the Audit Committee. All such services approved by the Chair 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.

Audit and Non-Audit Fees Billed by the Independent Auditors

KPMG LLP, Chartered Accountants, Vancouver, are the independent auditors of the Registrant. The holders of the Registrant's Common Shares have resolved to have the directors of the Registrant determine the auditor's remuneration. Fees billed by KPMG LLP during the years ended December 31, 2009 and December 31, 2008 were as follows:

US$000s	2009	2008
Audit Fees	1,429	1,409
Audit-Related Fees	166	26
Tax Fees	186	217
All Other Fees	—	—
Total	**1,781**	**1,652**

The nature of each category of fees is described below.

Audit Fees

Audit fees were billed for professional services rendered by the external auditors for the audit of the Registrant's consolidated financial statements; statutory audits of the financial statements of the Registrant's subsidiaries; quarterly reviews of the Registrant'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 billed in 2009 and 2008 for professional services rendered by the external auditors for the audit of the Registrant's consolidated financial statements were in respect of an "integrated audit" performed by KPMG LLP. The integrated audit encompasses an opinion on the fairness of presentation of the Registrant's financial statements as well as an opinion on the effectiveness of the Registrant's internal control over financial reporting.

Audit-Related Fees

Audit-related fees were billed 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; and consultations related to the Registrant's IFRS transition and the accounting or disclosure treatment of other transactions.

Tax Fees

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

OFF-BALANCE SHEET ARRANGEMENTS

Disclosure of off-balance sheet arrangements is made on page 26 of the Registrant's "Management's Discussion and Analysis" for the year ended December 31, 2009, filed as Exhibit 99.2 to this report.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Tabular disclosure of contractual obligations is made on page 24 of the Registrant's "Management's Discussion and Analysis" for the year ended December 31, 2009, filed as Exhibit 99.2 to this report.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Registrant has a separately designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the *Exchange Act*. The Registrant's audit committee is comprised of the following directors:

A. Terence Poole, Chair
Phillip Cook
Tom Hamilton
John Reid
Janice Rennie

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 Registrant's 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: March 26, 2010

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

EXHIBITS

Exhibit No	Description
23.1	Consent of KPMG LLP dated March 26, 2010 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
99.1	Annual Information Form of the Registrant dated March 16, 2010
99.2	Management's Discussion and Analysis for the Year Ended December 31, 2009
99.3	Audited Consolidated Financial Statements of the Registrant for the year ended December 31, 2009 and the Independent Auditor's Report thereon

Exhibit 23.1



KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

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 5, 2010 on the consolidated balance sheets of Methanex Corporation ("the Company") as at December 31, 2009 and December 31, 2008, and the consolidated statements of income, shareholders' equity, comprehensive income (loss) and cash flows for the years then ended; and
- Our Report of Independent Public Accounting Firm dated March 5, 2010 on the effectiveness of internal control over financial reporting as of December 31, 2009

each of which is contained in this annual report on Form 40-F of the Company for the fiscal year ended December 31, 2009.

We also consent to the incorporation by reference of such reports in the Registration Statements (No. 333-112624 and No. 333-141833) on Form S-8 of the Company.

KPMG LLP

Chartered Accountants

Vancouver Canada

March 26, 2010

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

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 the annual 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 (or 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: March 26, 2010

/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 the annual 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 (or 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: March 26, 2010

/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, 2009 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 results of operations of the Company.

/s/ BRUCE AITKEN

Bruce Aitken
President and Chief Executive Officer
March 26, 2010

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, 2009 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 results of operations of the Company.

/s/ IAN CAMERON

Ian Cameron
Senior Vice President,
Finance and Chief Financial Officer
March 26, 2010

Exhibit 99.1



METHANEX CORPORATION

ANNUAL INFORMATION FORM

www.methanex.com

March 16, 2010

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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, as well as their respective interests in joint ventures and partnerships.

We use the United States dollar as our reporting currency. Accordingly, unless otherwise indicated, all dollar amounts in this AIF are stated in United States 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 2009 Management's Discussion and Analysis ("2009 MD&A"), which contains information required to be included in this AIF. The 2009 MD&A is publicly accessible and is filed on the Canadian Securities Administrators' SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's EDGAR website 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 of methanol

Some of the 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 industry consultants or 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, Tecnon OrbiChem Ltd., Reed Business Information Ltd. (ICIS) and Consensus Economics Inc. Industry consultants and industry publications generally state that the information provided 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 in these reports.

Responsible Care® is a registered trademark of the Chemistry Industry Association of Canada and is used under license by us.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements with respect to us and the chemical 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.

More particularly and without limitation, any statements regarding the following are forward-looking statements:

- expected demand for methanol and its derivates,
- expected new methanol supply and timing for start-up of same,
- expected shutdowns (either temporary or permanent) or restarts of existing methanol supply (including our own facilities), including, without limitation, timing of planned maintenance outages,
- expected prices of methanol and methanol derivatives,
- expected energy prices (including prices for natural gas and coal feedstocks),
- anticipated production from, and production rates of, our plants,
- expected levels of natural gas supply to our plants,
- capital committed by third parties towards future natural gas exploration in southern Chile,
- anticipated results of natural gas exploration in southern Chile, New Zealand and timing of same,
- receipt of third-party consents or approvals,
- expected operating costs, including natural gas feedstock costs and logistics costs,
- expected tax rates,
- expected cash flows or earning capability,
- ability to enter into new, or renew existing, gas contracts on commercially acceptable terms,
- expected expenditures and future sources of funding for such expenditures, including expenditures to support natural gas exploration and development in southern Chile and New Zealand,
- anticipated start-up date of, and cost to complete, our methanol project in Egypt,
- availability of committed credit facilities and other financing,
- shareholder distribution strategy and anticipated distributions to shareholders,
- commercial viability of, success of, or ability to execute, future projects, including capacity expansions,
- financial strength and ability to meet future financial commitments,
- expected impact of regulatory actions, including assessments of the carcinogenicity of methanol, formaldehyde and MTBE, the imposition of formaldehyde emission limits and legislation related to CO_2 emissions in New Zealand,
- expected global or regional economic activity (including industrial production levels) and expectations regarding recovery from the current uncertain economic environment,
- expected outcome of legal proceedings, including the tax assessment recently issued by the Board of Inland Revenue of Trinidad and Tobago, and
- expected actions of governments, gas suppliers, courts, tribunals and other third parties, including the establishment by the Chinese government of new fuel-blending standards.

We believe that we have a reasonable basis for making such forward-looking statements. The forward-looking statements in this document 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 that are included in these forward-looking statements, including, without limitation, future expectations and assumptions concerning the following:

- supply of, demand for, and price of, methanol, methanol derivatives, natural gas, oil and oil derivatives,
- production rates of our facilities in accordance with plan,

- success of natural gas exploration in southern Chile and New Zealand leading to increased natural gas supply available for our plants in Chile and New Zealand on commercially acceptable terms,
- receipt or issuance of third-party consents or approvals, including without limitation, governmental approvals related to natural gas exploration rights or the establishment of new fuel blending standards,
- operating costs including natural gas feedstock and logistics costs, capital costs, tax rates, cash flows, foreign exchange rates and interest rates in accordance with plan,
- completion date and cost of our methanol project in Egypt,
- availability of committed credit facilities and other financing,
- availability of future natural gas supply on commercially acceptable terms in Chile, Trinidad, New Zealand, Canada and Egypt,
- global and regional economic activity (including industrial production levels),
- absence of a material negative impact from major natural disasters or global pandemics,
- absence of a material negative impact from changes in laws, regulations or standards,
- the renewal of committed credit facilities and other financing upon the expiry thereof,
- the legal opinions received in connection with ongoing legal proceedings, and
- performance of contractual obligations by customers, suppliers and other third parties.

However, forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. The risks and uncertainties primarily include those attendant with producing and marketing methanol and successfully carrying out major capital expenditure projects in various jurisdictions, including without limitation:

- conditions in the methanol and other industries, including fluctuations in the supply, demand and price of methanol and its derivatives, including demand for methanol for energy uses,
- significant decrease in energy prices (including prices for natural gas and coal feedstocks),
- the success of natural gas exploration and development activities in southern Chile, New Zealand and Canada,
- availability of future natural gas supply on commercially acceptable terms in Chile, Trinidad, New Zealand and Egypt,
- the timing of the start-up and the cost to complete our new methanol project in Egypt,
- the ability to successfully carry out corporate initiatives and strategies,
- unexpected technical issues with our production facilities,
- actions of governments and governmental authorities including implementation of policies or other measures by the Chinese government, the United States government or other governments that could impact demand for methanol or its derivatives, or the failure to obtain governmental approvals related to natural gas exploration rights in southern Chile,
- changes in laws or regulations,
- import or export restrictions, anti-dumping measures, increases in duties, taxes and government royalties and other actions by governments that may adversely affect our operations,
- worldwide economic conditions and conditions in the global financial markets,
- actions of competitors and suppliers, and
- other risks described in our 2009 MD&A.

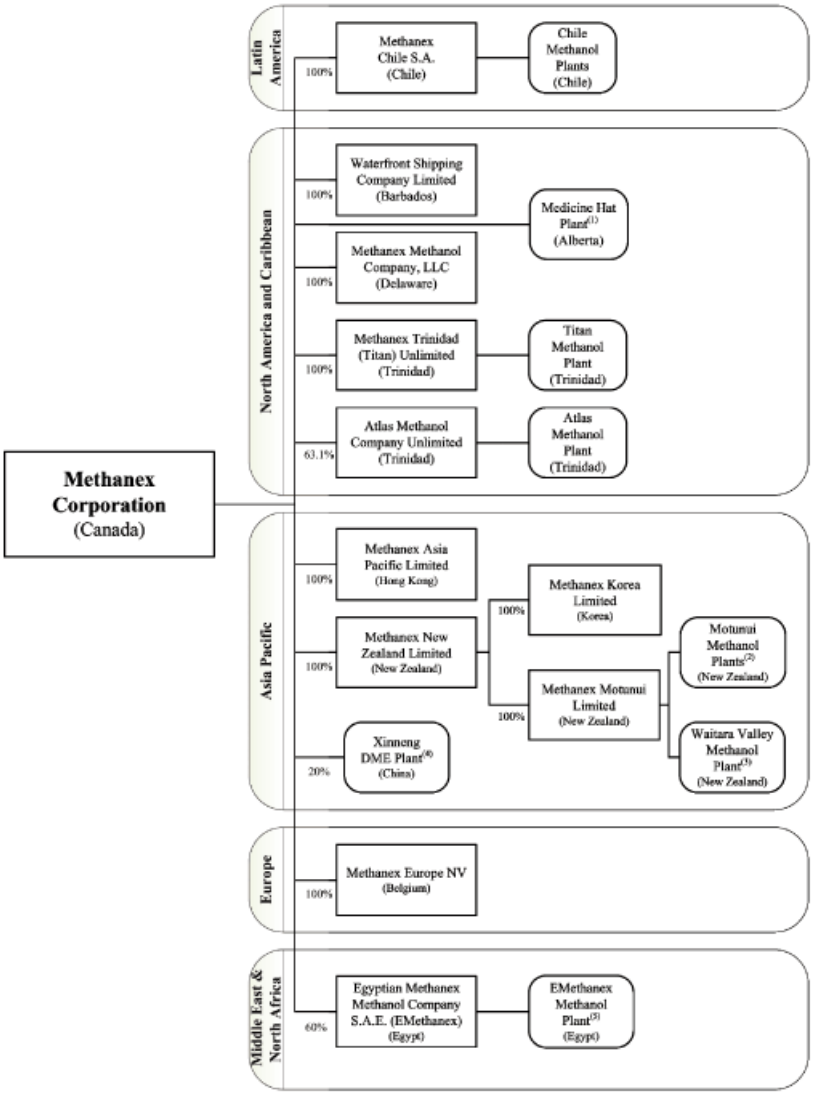
In addition to the foregoing risk factors, the current uncertain economic environment has added additional risks and uncertainties, including changes in capital markets and corresponding effects on the Company's investments, our ability to access existing or future credit and defaults by customers, suppliers or insurers.

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 except as required by applicable securities laws.

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 Company's principal operating subsidiaries and partnerships as of December 31, 2009 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) Our 470,000 tonne per year plant in Medicine Hat has been idled since 2001. Its future operation is dependent on methanol supply and demand and the availability of natural gas supply on commercially acceptable terms.

(2) The Motunui facilities in New Zealand can produce up to 1.8 million tonnes per year of methanol and were idled in November 2004 as a result of natural gas supply constraints. We restarted one idled 900,000 tonne per year Motunui plant in October 2008.

(3) Our 530,000 tonne per year Waitara Valley Plant in New Zealand was idled in October 2008 after the restart of our 900,000 tonne per year Motunui Plant.

(4) We own a 20% interest in Xinneng (Zhangjiagang) Energy Ltd., a Chinese company that owns the 200,000 tonne per year Xinneng DME plant in China. Xinao Holding Investment Ltd. and Xinneng Investment Group Ltd. (both subsidiaries of ENN group) own the remaining 80% interest in this company.

(5) The 1.3 million tonne per year EMethanex methanol facility in Egypt is currently under construction and is expected to begin production in the first half of 2010.

BUSINESS OF THE COMPANY

We produce and market methanol, a chemical that is used to make a wide range of industrial, consumer and energy products. We are the world's largest supplier of methanol and the largest supplier of methanol to each of the major international markets of North America, Asia Pacific and Europe as well as Latin America.

What is Methanol?

Methanol is a clear colourless liquid chemical that is predominantly produced from natural gas and is also produced from coal, particularly in China. Methanol is primarily used to produce formaldehyde, acetic acid and a variety of other chemicals that form the basis of a large number of chemical derivatives for which demand is influenced by global economic activity levels. These derivatives are used to manufacture a wide range of products, including building materials, foams, resins and plastics.

Methanol also has a number of energy-related uses. Methanol has been used for many years to produce methyl tertiary butyl ether ("MTBE"), a gasoline component. In addition, in recent years there has been significant growth in methanol demand for energy applications such as dimethyl ether ("DME"), biodiesel and direct blending of methanol into gasoline. In the past year we have also observed increased demand for direct blending of methanol into diesel fuel in China.

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. Economic factors had a particularly significant effect on methanol demand in 2009 as a result of the volatility and uncertainty caused by the global financial crisis and recession. Global methanol demand for 2009 is estimated to be approximately 39.7 million tonnes.

Our Operations

We own and operate methanol production facilities in Chile, Trinidad and New Zealand and are constructing a new facility in Egypt that is scheduled to start-up in mid-2010. Our production hubs in Chile, Trinidad and New Zealand currently have a total annual production capacity of 6.8 million tonnes. We also have 1.4 million tonnes of idled capacity in New Zealand and 0.5 million tonnes of idled capacity in Canada. These idled facilities provide the potential to increase production in those regions depending primarily on the availability of economically priced natural gas feedstock and methanol supply and demand. In addition to the methanol we produce, we purchase methanol produced by others under methanol purchase contracts and on the spot market. This provides us with flexibility and certainty in managing our supply chain while continuing to meet customer needs and support our marketing efforts. We sell methanol through an extensive global marketing and distribution system.

Our multiple production sites and integrated global supply chain have enabled us to become the world's largest supplier of methanol. As a result of our excellent record of reliability and our global positioning, including an extensive network of storage terminals, a fleet of dedicated ocean vessels and our 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 this competitive advantage provides us with 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 under the heading *Financial Highlights* in our 2009 MD&A.

DEVELOPMENT OF THE BUSINESS AND CORPORATE 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 global leadership, low cost, and operational excellence.

Global Leadership

We are the leading supplier of methanol to the major international markets of North America, Asia Pacific, Europe and Latin America. Our sales volumes in 2009 represented approximately 15% of total global methanol demand. Our leadership position has enabled us to play an important role in the industry, which includes publishing Methanex reference prices that are generally used in each major market as the basis of pricing for most of our customer contracts.

The strategic location of our Chile, Trinidad and New Zealand production sites – as well as the new methanol project in Egypt – allows us to deliver methanol cost-effectively to our customers in all major global markets, while our investments in global distribution and supply infrastructure enable us to enhance value to customers by providing reliable and secure supply.

Our current focus of making investments to increase production at our sites is an important element of our strategy of global leadership. The new methanol project in Egypt, which is expected to start-up in mid-2010, is well located and will provide additional security of supply for our customers. We are also focused on increasing production at our Chile facilities by supporting the acceleration of natural gas development in southern Chile.

Our goal is to return to operating all four plants in Chile with natural gas from suppliers in Chile. Over the last few years we have pursued, and continue to pursue, investment opportunities with Empresa Nacional del Petróleo ("ENAP"), a Chilean state-owned energy company, GeoPark Chile Limited ("GeoPark") and others to help accelerate natural gas exploration and development in southern Chile. For example, during the last three years, we have provided GeoPark with financing to support and accelerate GeoPark's natural gas exploration and development activities in southern Chile. In return, GeoPark has agreed to supply us with all natural gas sourced from the Fell block under a ten-year exclusive supply arrangement. Also, in May 2008, we signed an agreement with ENAP to accelerate natural gas exploration and development in the Dorado Riquelme exploration block in southern Chile and to supply natural gas to our production facilities in Chile. Final government approvals were received in the third quarter of 2009. Under the arrangement, we fund a 50% participation in the block. Approximately 55% of total production at our Chilean facilities is currently being produced with natural gas supplied from the Fell and Dorado Riquelme blocks.

A number of other international oil and gas companies are exploring for oil and natural gas in southern Chile. In late 2007, the government of Chile completed an international bidding round to assign exploration areas that lie close to our production facilities and announced the participation of several international oil and gas companies. Under the terms of the agreements from the bidding round there are minimum investment commitments. Planning and exploration activities have begun. We are a member of a consortium that was awarded the Otway exploration block in 2008 and this consortium now also owns an interest in the Tranquilo exploration block. (Refer to the *Natural Gas Supply – Chile* section starting on page 17 for more detailed information regarding our initiatives to increase natural gas supply to our plants in Chile.)

Based on the significant natural gas exploration activity planned in southern Chile and the success of these activities seen to date, in December 2009, we restarted a second plant in Chile and into 2010 we have been operating two plants, each at approximately 60% of capacity. Our initiatives in Egypt and Chile could enable us to increase our global production levels from 3.5 million tonnes in 2009 to over 7 million tonnes over the next few years.

We also continue to pursue opportunities to increase supply by restarting idled capacity at our sites in New Zealand and Canada, with the decision to restart the sites depending primarily on our ability to source economically priced natural gas and methanol supply and demand dynamics. We believe our initiatives to increase production will enable us to grow our sales levels while continuing to provide reliable and secure supply to our customers and to further build on our leadership position in the industry.

Although we have experienced significantly reduced production from our assets in Chile since mid-2007 (refer to the *Natural Gas Supply — Chile* section starting on page 17), we have continued to meet our commitments to customers. We have achieved this by increasing the amount of methanol we purchase through a combination of methanol offtake contracts and spot purchases. We manage the cost of purchased methanol by taking advantage of our global supply infrastructure which allows us to purchase methanol in the most cost-effective region while still maintaining overall security of supply.

The Asia Pacific region continues to lead global methanol demand growth and over the past few years, we have continued to invest in and develop our presence in this important region. In 2007, we added additional storage capacity in Zhangjiagang, China and expanded our offices in Shanghai and Hong Kong and more recently we opened an office in Beijing 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 Asian countries. Our expanding presence in Asia has also helped us identify several opportunities to support the development of applications for methanol in the energy sector. We also opened an office in Dubai, UAE in 2007 to enhance our corporate presence and capitalize on future opportunities in the Middle East.

Over the past few years, the demand for methanol for energy applications has been strong, particularly in China, and the country continues to demonstrate the viability of methanol into energy applications. For example, in December 2009, the Chinese government implemented national standards for M-85 (85% methanol blend). One of our key strategic initiatives is to support demand growth into energy applications globally. In late 2006, we entered into a long-term methanol supply agreement with ENN Group to supply all of its methanol requirements for a new 200,000 tonne per year DME facility near Shanghai which began operations in 2007. In September 2007, we purchased a 20% interest in this DME facility for approximately $5 million. We have also entered into a joint venture agreement to develop a similar DME facility in Egypt. The joint venture will include Methanex and the ENN Group as minority interests, with the Egyptian Ministry of Petroloeum, including its subsidiary Egyptian Petrochemicals Holding Company (EChem), holding the majority interest. EChem is also a partner in our new methanol project in Egypt.

Low Cost

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 cost structure, expand margins and return value to shareholders. 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 and is the most significant component of our cost structure. An essential element of our strategy is to ensure long-term security of natural gas supply. As described above, our goal is to return to operating all four of our plants in Chile over the next few years with natural gas supply from Chile and we are actively pursuing investment opportunities to accelerate natural gas development in areas of southern Chile that are relatively close to our plants.

Our equity interest in two production facilities in Trinidad (Atlas and Titan) represent 2.1 million tonnes per year of competitive cost production capacity. These facilities are underpinned by long-term take-or-pay natural gas purchase agreements where the gas price varies with methanol prices. During 2009, we completed turnaround activities at both facilities in Trinidad and we expect increased production from these facilities over the next year.

We have positioned our facilities in New Zealand as flexible production assets. At the end of 2008, we added approximately 0.4 million tonnes of incremental annual capacity by restarting one of our 0.9 million tonne per year facilities at our Motunui site and idling the smaller-scale 0.5 million tonne per year Waitara Valley facility in New Zealand. We also have additional potential production capacity that is currently idled in New Zealand (refer to the *Natural Gas Supply – New Zealand* section starting on page 19).

In 2009, we continued to advance our project to construct a 1.3 million tonne per year methanol facility in Egypt (located at Damietta on the Mediterranean Sea). This project is on budget and we expect this methanol facility to start-up in mid-2010. We are developing the project with partners: we have a 60% interest in the project and hold 100% of the marketing rights for the production. We believe this methanol facility will further enhance our positioning with its competitive cost structure and excellent location to supply the European market.

The cost to distribute methanol from 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 focused on identifying initiatives to reduce these costs, including maximizing the use of our shipping fleet to reduce costs and taking advantage of prevailing conditions in the shipping market by varying the type and length of term of ocean vessel contracts. We are continuously investigating opportunities to further improve the efficiency and cost-effectiveness of distributing methanol from our production facilities to customers. We also look for opportunities to leverage our global asset position by entering into product exchanges with other methanol producers to reduce distribution costs.

Operational Excellence

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

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 Chemistry Industry Association of Canada, we believe we have reduced the likelihood of unplanned shutdowns and lost-time incidents and have achieved an excellent overall environmental record.

Product stewardship is a vital component of our Responsible Care culture and guides our actions through the complete life cycle of our product. We aim for the highest safety standards to minimize risk to our employees, customers and suppliers as well as to the environment and the communities in which we do business. We promote the proper use and safe handling of methanol at all times through a variety of internal and external health, safety and environmental (HSE) initiatives, and we work with industry colleagues to improve safety standards and regulatory compliance. We readily share our technical and safety expertise with key stakeholders, including customers, end-users, suppliers, logistics providers and industry associations in the methanol and methanol applications marketplace through active participation in local and international industry seminars and conferences, and online education initiatives.

As a natural extension of our Responsible Care ethic, we have a Social Responsibility policy that aligns our corporate governance, employee engagement and development, community involvement and social investment strategies with our core values and corporate strategy.

Our strategy of operational excellence includes the financial management of the Company. We operate in a highly competitive commodity industry. Accordingly, we believe it is important to maintain financial flexibility and we have adopted a prudent approach to financial management. As a result of the global economic recession, we embarked on a broad corporate cost savings plan that included reducing operating costs and cancelling or postponing almost all discretionary capital spending. At December 31, 2009, we had a strong balance sheet with a cash balance of $170 million, no re-financing requirements until 2012 and a $200 million undrawn credit facility that expires in mid-2012. We believe we are well positioned to meet our financial commitments and continue investing to grow our business.

METHANOL INDUSTRY INFORMATION

General

In 2009, approximately 70% of all methanol was used to produce formaldehyde, acetic acid and a variety of other chemicals that form the foundation of a large number of chemical derivatives for which demand is influenced by levels of global economic activity. These derivatives are used to manufacture 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, direct blending into gasoline and diesel fuel, DME and biodiesel.

Methanol is a commodity chemical and the methanol industry has historically been characterized by cycles of oversupply caused by either excess supply or reduced demand, resulting in lower prices and idling of capacity, followed by periods of shortage and rising prices as demand exceeds supply until increased prices lead to new plant investment or the restart of idled capacity.

The methanol market is global and, over the last several years, has become more complex and subject to increasingly diverse influences due to the expanding number of uses for methanol and its derivatives around the world, combined with volatile global energy prices and significant increases to capital costs. While the global methanol industry enjoyed healthy demand growth for the last several years, the global economic slowdown that began in the latter half of 2008 had a significant negative impact on demand in our industry in late 2008 and early 2009. However, during the latter half of 2009 and into early 2010, demand for methanol improved significantly as global economies began to recover. See *Demand Factors* below for more information.

Refer to the *Risk Factors and Risk Management* section of our 2009 MD&A for more information regarding risks related to methanol price cyclicality and methanol demand as well as the current uncertain economic environment and its impact on the methanol industry and our Company.

Demand Factors

Reflecting the diversity of its uses, methanol demand is influenced by a wide range of economic, industrial, environmental, legal, regulatory and other factors and risks. More recently, demand has also been influenced by energy prices due to the growing use of methanol in energy applications.

We estimate that global demand for methanol in 2009 was very similar to 2008 at approximately 40 million tonnes. During the fourth quarter of 2008, the global financial crisis and resulting weak economic environment led to a sharp reduction in global demand for most traditional methanol derivatives while demand for methanol into energy-related applications remained relatively stable as lower methanol prices continued to make most of these applications economically attractive compared to oil derivatives. Overall, we estimate global methanol demand declined by about 15% in the fourth quarter of 2008 to approximately 36 million tonnes measured on an annualized basis compared with the third quarter of 2008. In reaction to the sharp decrease in demand, many higher cost methanol plants operated at lower rates or were shut down. In addition, there was a significant decrease in methanol pricing during the fourth quarter of 2008 and this lower pricing environment persisted through most of the first half of 2009.

Following the low point for global demand, which occurred in the first quarter of 2009, the methanol industry experienced significant recovery in demand over the course of the year. This demand recovery, combined with major shortages of supply due to industry production issues, escalation of feedstock costs for higher cost producers and shutdowns of higher cost production, led to higher pricing across all major regions in the second half of 2009 and into the first quarter of 2010. We estimate that at the end of 2009, global demand was approximately 43 million tonnes measured on an annualized basis, which is above the pre-recession level in the third quarter of 2008 of approximately 42 million tonnes on an annualized basis. Demand recovery in 2009 was mainly focused in Asia (particularly in China), and in the second half of 2009 we also saw modest recovery in demand in other regions, including Europe and North America.

Chemical Derivative Demand

Historically, demand growth for methanol for chemical derivatives has been closely correlated to levels of industrial production. The use of methanol derivatives such as formaldehyde and acetic acid 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 demand for such derivatives. 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 in most cases account for only a small portion of the value of many of the end products. In 2009, chemical derivative demand represented approximately 70% of total global demand.

Formaldehyde Demand

In 2009, methanol demand for the production of formaldehyde represented approximately 34% of global demand. This compares to approximately 36% in 2008. 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.

Acetic Acid Demand

In both 2008 and 2009, methanol used to produce acetic acid was approximately 11% of global methanol demand. Acetic acid is a chemical intermediate used principally in the production of vinyl acetate monomer, 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.

Other Chemical Derivative Demand

The remaining chemical derivative demand for methanol is in the manufacture of methylamines, methyl methacrylate and a diverse range of other chemical products that in turn are ultimately used to make products such as adhesives, coatings, plastics, film, textiles, paints, solvents, paint removers, 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 antifreeze for pipeline dehydration.

Energy Demand

Methanol has been used to make MTBE, a gasoline additive, for many years. In addition, there are several other energy-related uses for methanol that have developed more recently and many of these have experienced substantial growth. We believe that these energy-related uses have the potential to grow further, particularly in an environment of higher energy prices. These include direct blending of methanol into gasoline and diesel fuel (primarily in China), DME and biodiesel. In 2009, methanol demand for energy-related uses represented approximately 30% of total global demand.

Methanol for the production of MTBE represented approximately 13% of global methanol demand in 2009, which compares to approximately 14% in 2008. Other energy applications, including direct blending of methanol into gasoline and diesel fuel, DME and biodiesel, accounted for approximately 19% of global methanol demand (compared to 16% in 2008) and remained the fastest-growing end-use segments for methanol in 2009. Demand for methanol for energy-related uses was relatively stable during the recent economic downturn in late 2008 and early 2009 and then continued to grow through the remainder of 2009.

MTBE Demand

MTBE is used primarily as a source of octane and as an oxygenate for gasoline to reduce the amount of harmful exhaust emissions from motor vehicles.

Several years ago, environmental concerns and legislative action in the United States related to gasoline leaking into water supplies from underground gasoline storage tanks led to the phase-out of MTBE as a gasoline additive in the United States. In addition, governmental efforts in recent years in some other countries, primarily in the European Union and Latin America, to promote biofuels and alternative fuels through legislation or tax policy are putting competitive pressures on the use of MTBE in gasoline in these countries and this has resulted in some MTBE producers switching production to ethyl tert-butyl ether ("ETBE") to access biofuels incentives. However, due to strong global MTBE demand in 2009, we have observed the opposite phenomenon, with some ETBE producers switching back to MTBE production. We believe that there is potential for continuing growth in MTBE demand because MTBE continues to be used in many countries as a source of octane and for its clean air benefits. Our belief is based on actions being taken around the world to reduce lead, benzene and other aromatics in gasoline and to improve the emissions performance of vehicles generally.

All of these recent developments lead us to believe that global demand for MTBE in 2010 should remain relatively stable due to healthy demand in Asia, the Middle East and certain parts of Latin America, which should offset impacts of any possible decline of MTBE production in the United States and increasing incentives for biofuels discussed above.

Methanol Demand for Fuel

In the past, a number of countries have blended methanol into gasoline for use as a transportation fuel to reduce reliance on imported oil products and because of its clean air benefits and price relative to gasoline. For similar reasons, methanol-gasoline blending in China has grown rapidly and significantly over the last several years. More recently, methanol is also being blended into diesel in increasing quantities for use as a transportation fuel. In addition, smaller quantities of methanol are also used directly (85% methanol) as a cooking fuel. In 2009, we estimate that methanol demand for fuel applications in China — blending into gasoline and diesel for use as a transportation fuel as well as methanol used directly as a cooking fuel — was approximately 4.0 million tonnes (compared to approximately 3.3 million tonnes in 2008). Despite the global economic slowdown in late 2008 and early 2009, Chinese demand for methanol blending into gasoline has remained strong due to the favourable economics of methanol compared to other gasoline components as well as China's continued economic growth in 2009, which has boosted automobile sales and thus gasoline demand. Chinese gasoline and diesel fuel prices have remained high in relation to methanol prices, and profits for fuel blenders in China have continued to be healthy into early 2010. The Chinese government also announced new national standards for M-85 methanol gasoline (85% methanol blend) that took effect in December 2009. In addition, M-15 methanol gasoline (15% methanol blend) is currently being tested in China, and we expect that a national M-15 standard will be implemented by the Chinese government later in 2010. We believe that these standards will provide further momentum for growth of methanol fuel blending in China. We also understand that certain Chinese provincial and national government organizations are conducting further research and trials using methanol as a transportation fuel.

To our knowledge, no countries outside China are actively blending methanol into gasoline or diesel fuel. However, we understand that some major auto companies in Europe and Asia and some government bodies, such as the EPA in the United States, are conducting research and trials related to the use of methanol as a transportation fuel.

DME Demand

DME is a clean-burning fuel that can be stored and transported like liquefied petroleum gas ("LPG"). DME, which is typically produced from methanol, can be blended up to approximately 20% with LPG and used for household cooking and heating. DME has experienced rapid growth for blending into LPG and we believe it will continue to show strong growth in coming years, particularly in China and in an environment of higher energy prices. DME can also be used as a clean-burning substitute for diesel fuel in transportation. However, while the technology for using DME as a diesel fuel substitute is well advanced, it has not yet entered widespread commercialization. In 2009, global methanol demand for use in DME was estimated at 2.4 million tonnes (compared to 2.0 million tonnes in 2008). DME projects are also planned or under construction in regions outside of China, including Egypt, the Middle East, Europe, Latin America and certain countries in Asia.

Biodiesel Demand

Biodiesel is a renewable fuel made from plant oils or animal fats and requires an alcohol, such as methanol, as part of the production process. In 2009, global methanol demand for use in biodiesel was estimated at 1.2 million tonnes (compared to 1.0 million tonnes in 2008). We expect future growth in biodiesel will be driven primarily by higher energy prices and government programs to promote a renewable alternative to petroleum fuels.

Emerging Energy Uses

Methanol as a diesel replacement (for use as a transportation fuel) is a promising new end-use. A number of stakeholders, including the government of China, various private sector companies in China and the EPA in the United States, are actively working on initiatives and projects to support this new application. In China, there is already some blending of methanol directly into diesel fuel, and in the United States, the EPA completed an M-85 diesel engine laboratory demonstration in 2009 that is anticipated to move to fleet demonstration in 2010.

Regulatory Developments Affecting Demand

There are various studies and legislative proposals currently underway in a number of countries with respect to the carcinogenicity classification of, and the reduction of permitted exposure levels for, methanol, formaldehyde and MTBE. Such studies and proposals could lead to regulatory or other action that could materially reduce demand for methanol. Refer to the *Risk Factors and Risk Management* section of our 2009 MD&A for more information regarding risks to methanol demand related to regulatory developments.

Supply Factors

While a significant amount of new methanol capacity has come on stream over the past several years, a large number of methanol producers with higher cost structures have shut down plants. Methanol is predominantly produced from natural gas and is also produced from coal, particularly in China. In addition, the industry has historically operated significantly below stated capacity on a consistent basis, even in periods of high methanol prices, due primarily to shutdowns for planned and unplanned repairs and maintenance as well as shortages of feedstock and other production inputs.

Newer world-scale methanol plants are generally constructed in remote coastal locations with access to lower cost feedstock, although this advantage is sometimes offset by higher distribution costs due to their distance to major markets. There is typically a span of four to six years to plan and construct a new world-scale methanol plant. As well, additional methanol supply can potentially become available by restarting 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.

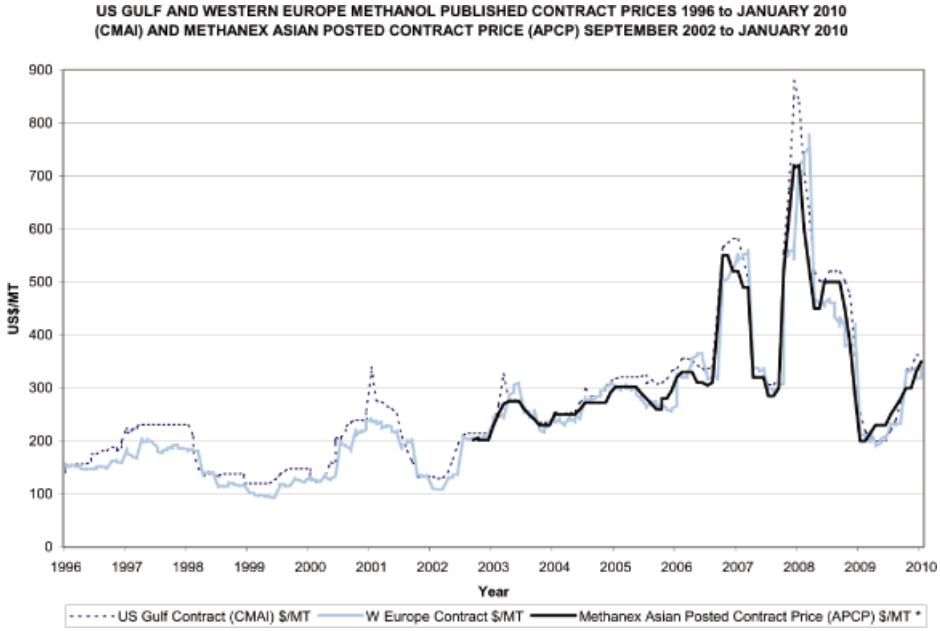
Typical of most commodity chemicals, periods of high methanol prices encourage high cost producers to operate at maximum rates and also encourage the construction of new plants and expansion projects, leading to the possibility of oversupply in the market. However, historically, many of the announced capacity additions have not been constructed for a variety of reasons. There are significant barriers to entry in this industry. The construction of world-scale methanol facilities requires significant capital over a long lead time, a location with access to significant natural gas or coal feedstock with appropriate pricing and an ability to cost-effectively and reliably deliver methanol to customers.

Since the beginning of 2009, there have been two significant methanol production capacity additions outside of China — a 1.7 million tonne per year facility in Malaysia that started up in the first quarter of 2009 and a 1.7 million tonne per year facility in Iran that started up in the second quarter. Both facilities have experienced ongoing operational issues throughout 2009 related to technical and feedstock availability issues. Over the two-year period to the end of 2011, it is expected that new methanol capacity and expansions outside of China will add approximately four million tonnes of capacity to the global industry, including the 1.3 million tonne plant that we are constructing in Egypt. We believe that this new capacity could be offset by global demand growth outside of China, import growth into China and further closures of high cost capacity in the industry.

With respect to China, approximately 5.5 million tonnes of new capacity was added in 2009. In addition, there are significant capacity additions planned in China over the next few years. However, the Chinese methanol industry has historically operated at low rates and there has been increasing pressure on its cost structure as a result of escalating feedstock costs for both coal and natural gas-based producers. At the beginning of 2009, as a result of the lower methanol price environment, we estimate about 6.0 million tonnes of annualized higher cost or less efficient methanol production in China was shut down and net imports into China increased by approximately 5.0 million tonnes on an annualized basis. During the second half of 2009, increasing methanol prices resulted in some higher cost capacity restarting in China, and, given the strong demand for methanol, import levels also remained high. In addition, the majority of the methanol produced in China is made from coal and is typically lower quality and not suitable for all customers. For all of these reasons, we believe that in a high global energy price environment, methanol demand in China should continue to grow at high rates and that this will more than offset increases of domestic production in China and imports of methanol into China will increase over time.

Methanol Prices

Methanol is an internationally traded commodity. Methanol prices have historically been cyclical and sensitive to overall production capacity relative to demand, the price of feedstock (primarily natural gas or coal), energy prices and general economic conditions. The following chart shows published methanol contract prices (in United States dollars per tonne) in the United States Gulf, Western Europe and Asia:



* We began publishing our Methanex Asian Posted Contract Price in September 2002

Methanol prices in the United States, Europe and Asia Pacific have largely tracked each other, though often with leads or lags. The majority of methanol sold globally is priced with reference to various published regional contract prices to which discounts may be applied. Spot market transactions also occur, although they represent a relatively small portion of the total volume that is traded.

Currently, the majority of our sales are covered by long-term or rolling shorter term sales contracts. We publish a regional non-discounted price for each major methanol market and these posted prices are reviewed and revised monthly or quarterly based on industry fundamentals and market conditions. Most 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. In addition, 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. As a result of these contracts, the difference between our non-discounted published reference prices and our realized prices is expected to narrow during periods of lower pricing. In 2009, sales under these contracts represented approximately 19% of our total sales volumes (compared to approximately 23% of our total sales volumes in 2008).

Our average realized methanol price in 2009 was $225 per tonne, compared to $424 per tonne in 2008. Methanol demand was healthy and prices were strong for the first three quarters of 2008. However, demand began to soften near the end of the third quarter and in the fourth quarter of 2008, because methanol, like most global commodities, was materially impacted by the sudden and significant decrease in demand caused by the global financial crisis and related economic slowdown. This resulted in a substantial reduction of prices. Our average Methanex posted price for the first half of 2009 was $213 per tonne, but both demand and pricing steadily recovered over the course of the year. In January 2010 our average non-discounted methanol price across all major regions was approximately $350 per tonne.

Although the worst of the global financial crisis appears to be over and global economies appear to be recovering in the latter half of 2009, there remains some uncertainty about the strength and sustainability of this recovery. Global economic conditions materially affect both the supply and demand for methanol and the methanol price. Going forward, methanol prices will depend primarily on the strength of the economic recovery, the strength of global demand, industry operating rates, global energy prices and the rate of industry restructuring.

PRODUCTION

Production Process

The methanol manufacturing process used in our facilities 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 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 that 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 the annual production capacity and actual production for our facilities that operated for the last two years:

	Year Built	Annual Production Capacity(1) (000 tonnes/year)	2009 Production (000 tonnes)	2008 Production (000 tonnes)
Chile				
Chile I	1988	882	—	—
Chile II	1996	990	275	162
Chile III	1999	1,088	667	926
Chile IV	2005	840	—	—
Trinidad				
Titan	2000	900	764	871
Atlas(2)	2004	1,150	1,015	1,134
New Zealand(3)	(4)	900	822	570
Total		**6,750**	**3,543**	**3,663**

(1) The stated production capacity for our facilities may be higher than original nameplate capacity as, over time, these figures have been adjusted to reflect ongoing operating efficiencies at these facilities.

(2) We own 63.1% of the Atlas methanol facility and our partner, BP, owns 36.9%. This table shows our proportionate share of the operating capacity and production.

(3) The annual production capacity for New Zealand represents only our 0.9 million tonne per year Motunui facility that we restarted in late 2008. Practical operating capacity will depend partially on the composition of natural gas feedstock and may differ from the stated capacity above. We also have additional potential production capacity that is currently idled in New Zealand. See *Our Operations* on page 7 for more information.

(4) Our Waitara Valley plant was built in 1983 and the facilities at our Motunui site were constructed between 1985 and 1995.

In addition to the facilities included in the production chart above, we are also constructing a 1.3 million tonne per year methanol facility in Egypt located in Damietta on the Mediterranean Sea. The project is on budget and expected to start-up in mid-2010. We have a 60% interest in the project and the remaining 40% interest is held by a variety of entities that are primarily owned by the Egyptian government. We also have marketing rights for 100% of the production from this facility.

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 (Vancouver, Dallas), Europe (Brussels and Billingham, England), Asia Pacific (Hong Kong, Shanghai, Tokyo, Beijing and Seoul), Latin America (Santiago, Chile), and the Middle East (Dubai, UAE). Most of our customers are large global or regional petrochemical manufacturers or distributors. Refer to the *Risk Factors and Risk Management* section of our 2009 MD&A for more information regarding customer credit risk.

The following chart shows the distribution of our revenues by region for the years ended December 31, 2009 and December 31, 2008:

($ millions, except where noted)	**2009**		**2008**	
Canada	$ 106	9%	$ 237	10%
United States	355	30%	737	32%
Europe	198	17%	494	21%
China	195	16%	135	6%
Korea	136	11%	263	11%
Other Asia	83	7%	209	9%
Latin America	125	10%	239	10%
Total	**$ 1,198**	**100%**	**$ 2,314**	**100%**

We believe our ability to sell methanol from a number of geographically dispersed 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 storage and terminal facilities and worldwide shipping operations, also allow us to provide larger customers with multinational sourcing of product and other customized arrangements.

In addition to selling methanol that we produce at our own facilities, we also sell methanol that we purchase from other suppliers through methanol purchase agreements and on the spot market. We do this to meet customer needs, support our marketing efforts and build our sales base prior to bringing on our own new capacity.

DISTRIBUTION AND LOGISTICS

All of our methanol production facilities around the world are located adjacent to deepwater ports. Methanol is pumped from our coastal plants by pipeline to these ports for shipping. We currently own or manage a fleet of 18 ocean-going vessels to ship this methanol. We also lease or own storage and terminal facilities in the United States, Canada, Europe and Asia. In North America and Europe we use barge, rail and, to a lesser extent, truck transport in our delivery system.

To retain optimal flexibility in managing our shipping fleet, we have entered into short-term and long-term time charter agreements 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.

The cost to distribute methanol to customers represents a significant component of our operating costs. These include costs for ocean shipping, storage and distribution. We are focused on identifying initiatives to reduce these costs and we seek 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 ocean vessel charter contracts. We are continuously investigating opportunities to further improve the efficiency and cost-effectiveness of distributing methanol from our production facilities to customers. We also look for opportunities to leverage our global asset position by entering into product exchanges with other methanol producers to reduce distribution costs.

Our Atlas and Titan plants in Trinidad are ideally located to supply customers in the United States and Europe. Our plants in New Zealand supply customers in the Asia Pacific region. Our production site in Chile can supply all global regions due to its geographic location. Our Egypt plant, set to start-up in mid-2010, is well situated to service European markets and can also serve Asian markets.

Due to the natural gas curtailments at our Chilean facilities that have caused the loss of a significant amount of our Chilean production since mid-2007, we have had excess shipping capacity that is subject to fixed time charter costs. We have been successful in mitigating these costs by entering into sub-charters and third-party backhaul arrangements. However, we cannot provide assurance that we will continue to be able to mitigate these costs in the future.

NATURAL GAS SUPPLY

General

Natural gas is the principal feedstock for methanol at our production facilities and accounts for a significant portion of our 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 natural gas feedstock. If, for any reason, we are unable to obtain sufficient natural gas for any of our plants on commercially acceptable terms or there are interruptions in the supply of contracted natural gas to our facilities, we could be forced to curtail production or close such plants. Refer also to the *Risk Factors and Risk Management - Security of Natural Gas Supply and Price* section of our 2009 MD&A.

Most of the natural gas supply contracts for our production facilities are "take-or-pay" contracts denominated in United States dollars that include base and variable price components to reduce our commodity price risk exposure. "Take-or-pay" means that we are obliged to pay for the gas supply 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 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 and provides gas suppliers with attractive returns.

Chile

Due primarily to curtailments of natural gas from Argentina (discussed in more detail below), we operated our facilities in Chile at approximately 25% of capacity in 2009. All of the natural gas for our Chilean facilities is currently supplied from gas suppliers in Chile, mainly from Empresa Nacional del Petróleo ("ENAP"), a Chilean state-owned energy company, and also from GeoPark Chile Limited ("GeoPark"), an independent oil and natural gas producer with operations in Chile. As a result of ongoing successful natural gas exploration and development in southern Chile (discussed in more detail below) our Chilean gas suppliers increased natural gas deliveries over the course of the year and in December 2009 we started up a second plant in Chile. We are currently running both plants at reduced rates and the operating rate for the site is now approximately 33%.

Natural Gas Contracts with Suppliers in Argentina

We have long-term supply contracts in place that entitle us to receive a significant portion of the total natural gas requirements for our facilities in Chile from suppliers in Argentina. Over the past several years, Argentina has experienced energy shortages. In response to these shortages, the government of Argentina took a number of actions, including imposing a large increase to the duty on natural gas exports from Argentina. In response to these various actions by the government of Argentina, our Argentinean gas suppliers have curtailed all gas supply to our plants in Chile since mid-June 2007. We are not aware of any plans by the government of Argentina to decrease or remove this duty. Under the current circumstances, we do not expect to receive any further natural gas supply from Argentina.

Natural Gas Contracts with Suppliers in Chile

As a result of the Argentinean natural gas supply issues discussed above, all of the methanol production at our Chilean facilities since mid-June of 2007 has been produced with natural gas from suppliers in Chile. Our goal is ultimately to return to operating all four of our plants in Chile with natural gas from suppliers in Chile.

We have a number of existing long-term supply agreements in place with ENAP that currently represent approximately 20% (40% prior to mid-2009) of the contracted natural gas supply for our Chilean facilities when operating at capacity. All but one of these contracts have a base component and variable price component determined with reference to 12-month trailing average published industry methanol prices and have expiration dates that range from 2017 to 2025. The remaining contract, which expired in 2009, but which represented approximately 20% of the contracted natural gas supply for our Chile facilities when operating at capacity, had a base component and a variable price component determined with reference to our average realized price of methanol for the current calendar year. Under these contracts with ENAP, we have the right to receive quantities of "make-up gas" where ENAP fails to deliver quantities of gas that it is obligated to deliver to us. Over the past few years, ENAP has delivered less than the full amount of natural gas that it was obligated to deliver under these contracts. For more information see the *Risk Factors and Risk Management - Security of Natural Gas Supply and Price — Chile* section of our 2009 MD&A.

Our goal is to return to operating all four plants in Chile with natural gas from suppliers in Chile. We are pursuing investment opportunities with ENAP, GeoPark and others to help accelerate natural gas exploration and development in southern Chile. During 2007 and 2008, we provided GeoPark with $40 million (of which $10 million had been repaid at December 31, 2009) in financing to support and accelerate GeoPark's natural gas exploration and development activities in southern Chile. In October 2009, we signed an agreement to provide a further $18 million in financing to support GeoPark's natural gas exploration and development activities in southern Chile, of which $15 million has been provided to GeoPark at December 31, 2009. GeoPark has agreed to supply us with all natural gas sourced from the Fell block under a ten-year exclusive supply arrangement. The pricing under this arrangement has a base component and a variable component that is determined with reference to a three-month trailing average of industry methanol prices. GeoPark has continued to increase deliveries to our plants in Chile and by the end of 2009 approximately 27% of the total production at our Chilean facilities was being produced with natural gas from the Fell block. We expect our natural gas supply from GeoPark to increase over time.

In May 2008, we signed an agreement with ENAP to accelerate natural gas exploration and development in the Dorado Riquelme exploration block in southern Chile and to supply natural gas to our production facilities in Chile. Final government approvals were received in the third quarter of 2009. Under the arrangement, we fund a 50% participation in the block and as at December 31, 2009, we had contributed approximately $65 million. We expect to make further contributions over the next few years to fully realize the potential of the block. These contributions will be based on annual budgets established by ENAP and Methanex in accordance with the Joint Operating Agreement that governs this development. We have been receiving natural gas deliveries from the Dorado Riquelme block since May 2008. Since that time, deliveries have continued to increase and by the end of 2009, approximately 25% of the total production at our Chilean facilities was being produced with natural gas from the Dorado Riquelme block. We expect natural gas supply from the Dorado Riquelme block to increase over time.

A number of other international oil and gas companies are exploring for oil and natural gas in southern Chile. In late 2007, the government of Chile completed an international bidding round to assign exploration areas that lie close to our production facilities and announced the participation of several international oil and gas companies. Under the terms of the agreements from the bidding round there are minimum investment commitments. Planning and exploration activities have begun. We were also involved in this international bidding round and in July 2008, we announced that under the international bidding round, the Otway exploration block in southern Chile was awarded to a consortium that included Wintershall Chile Limitada ("Wintershall"), GeoPark and Methanex. We have recently agreed to participate in the Tranquilo exploration block, also located in southern Chile. The participation is part of a new ownership structure that involves both the Tranquilo block and the Otway block. In the new ownership structure for both blocks, Wintershall, GeoPark and Pluspetrol Chile S.A. each have 25% participation and International Finance Corporation, member of the World Bank Group (IFC), and Methanex each have 12.5% participation. GeoPark will be the operator of both blocks. The arrangement is subject to approval by the government of Chile. In 2010, approved budgets by the consortium for the two blocks total $37 million.

Based on the significant natural gas exploration activity planned in southern Chile and the success of these activities seen to date, in mid-December 2009, we restarted a second plant in Chile and into 2010 we have been operating two plants, each at approximately 60% of capacity. We believe we can reach our goal of operating all four plants in Chile once again; however, we cannot provide assurance that we, ENAP, GeoPark or others will be successful in the exploration for, and development of, natural gas in Chile or that we would obtain any additional natural gas from suppliers in Chile on commercially acceptable terms.

Refer also to the *Risk Factors and Risk Management — Security of Natural Gas Supply and Price - - Chile* section of our 2009 MD&A.

Trinidad

Our equity interest in two methanol facilities in Trinidad (Atlas and Titan) represents approximately 2.1 million tonnes of annual capacity. Natural gas for these facilities is sourced from 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 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 take-or-pay gas supply contract with NGC expires in 2014, with an option to renew for a further five 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 price 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 subject to some limitations. 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 Titan's gas contract.

New Zealand

We have three plants in New Zealand with a total production capacity of up to 2.4 million tonnes. Two 900,000 tonne per year plants are located at Motunui and the remaining 530,000 tonne per year plant is located at Waitara Valley, seven kilometers away. In 2004 we idled our two Motunui plants but continued to operate the Waitara Valley plant until October 2008 to match natural gas supply availability. In October 2008, we restarted one plant in Motunui and idled the Waitara Valley plant and have been operating the single Motunui plant since that time. The Motunui plant produced 822,000 tonnes of methanol during 2009. Our idled plants in Motunui plant and Waitara Valley plant provide the potential to increase production in New Zealand depending on methanol supply and demand and the availability of natural gas on commercially acceptable terms.

Over the past few years, increased natural gas exploration and development activity in New Zealand has resulted in improved gas availability and deliverability. We have a range of gas suppliers with existing contracts expiring at various times during 2010. We currently have sufficient quantities of natural gas to operate our 900,000 tonne per year Motunui plant until near the end of 2010. Our main priority is to secure more gas to extend the operation of this plant, and we are in the process of finalizing contracts with a number of suppliers. Based on the improved outlook for natural gas in New Zealand, we are optimistic that we can secure more gas supply in New Zealand and potentially restart more capacity there in the future.

In this regard, we recently entered into a US$10 million funding arrangement with a new exploration company, Kea Exploration, to finance the drilling of a well in the Taranaki region near our plants. There is a possibility that this could result in a gas discovery. However, it is probably more likely that this drilling will provide valuable data regarding the potential for this prospect and further exploration activity will be necessary. Other than the initial commitment, we have no further commitment to provide funding. However, as part of the arrangement, we have rights to the gas supply from this area at a price that is competitive to our other locations in Trinidad, Chile and Egypt.

Egypt

We have a long-term, take-or-pay natural gas supply agreement for a 1.3 million tonne per year methanol project that we are currently constructing in Egypt. We expect this facility to start-up in mid-2010. The pricing for natural gas under this agreement includes base and variable price components. The variable component of the natural gas contract in Egypt begins in mid-2012 and is determined with reference to the Company's average realized price of methanol each quarter. This contract expires 25 years after the start of the commercial operation of the facility.

Canada

We have a 470,000 tonne plant at Medicine Hat, Alberta that was idled in 2001 due to high natural gas feedstock prices in North America. The plant remains in good mechanical condition and is capable of being restarted. During the past few years there have been improvements in natural gas supply in North America from shale and other sources that could provide the opportunity to secure sufficient natural gas on commercially acceptable terms to enable a restart of our facility in Medicine Hat. However, we are in the early stages of discussions with potential gas suppliers and it is too soon to determine whether or not it will be possible to restart this facility in the future.

FOREIGN OPERATIONS AND GOVERNMENT REGULATION

General

We have substantial operations and investments outside of North America, and as such we are affected by foreign political developments and 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 expropriation, import or export restrictions, nationalization, war, insurrection, acts of terrorism and other political risks; increases in duties, taxes and governmental royalties; renegotiation of contracts with governmental entities; as well as changes in laws or policies or other actions by governments that may adversely affect our operations.

We derive the majority of our revenue from production and sales by subsidiaries outside of Canada, and the payment of dividends or the making of other cash payments or advances by these subsidiaries to us 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 feedstock and ocean shipping costs, substantially all of which 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, the euro and the Egyptian pound. 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.

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 duties ranging from 2.8% to 5.5% and methanol sold from Chile to Korea is subject to a duty of 2%. However, methanol from Chile that is sold in Japan, one of the other major methanol markets in Asia, is not subject to duties. Free trade agreements allow 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 are 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 S.A. (“Methanex Chile”), owns the four methanol plants on our Chilean production site. 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 the *Natural Gas Supply — Chile* section starting on page 17 for a discussion of the imposition of a significant increase to the duty on exports of natural gas from Argentina to Chile.

Trinidad

Our Atlas plant was declared an approved enterprise under the *Fiscal Incentives Act* of Trinidad and was granted, for a ten-year period beginning in 2004, total relief from corporation income tax for the first two years of operation, 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 out of profits or gains derived from the manufacture of methanol (other than interest) 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%.

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) is 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.

Egypt

Our Egypt plant is being constructed pursuant to Egypt's *Law No. 8 of 1997 on Investment Guarantees and Incentives*. The Egypt plant is subject to domestic Egyptian tax laws including a tax on earnings which is currently at a rate of 20%.

ENVIRONMENTAL AND SOCIAL MATTERS

The countries in which we operate all 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 emissions and 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 applicable laws at the time such acts were performed. To date, environmental laws and regulations have not had a material adverse effect on our capital expenditures, earnings or competitive position. However, operating petrochemical manufacturing plants and distributing 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 in the future.

We believe that minimizing emissions and waste from our business activities is good business practice. Carbon dioxide ("CO_2") is a significant by-product of the methanol production process. The amount of CO_2 generated by the methanol production process depends on the production technology (and hence often the plant age), the feedstock and any export of by-product hydrogen. We continually strive to increase the energy efficiency of our plants, which not only reduces the use of energy but also minimizes CO_2 emissions. We have reduced CO_2 emission intensity in our manufacturing operations by 35% between 1994 and 2010 through asset turnover, improved plant reliability and energy efficiency and emissions management. We also recognize that CO_2 is generated from our marine operations, and in that regard we measure the consumption of fuels by our ocean vessels based on the volume of product transported. Between 2002 and 2010, we reduced our CO_2 intensity (tonnes of CO_2 from fuel burned per tonne of product moved) from marine operations by 13.5%. We also actively support global industry efforts to voluntarily reduce both energy consumption and CO_2 emissions.

We manufacture methanol in Chile, Trinidad and New Zealand and we are constructing a new facility in Egypt. All of these countries have signed and ratified the Kyoto Protocol. Under the Kyoto Protocol, the developing nations of Chile, Trinidad and Egypt are not currently required to reduce greenhouse gases ("GHGs"). However, as a developed nation, New Zealand does have obligations related to GHG emissions reduction under the Kyoto Protocol. To meet its commitments under the Kyoto Protocol, New Zealand passed legislation to establish an Emission Trading Scheme ("ETS") that will take effect on July 1, 2010. The ETS will impose a carbon price on producers of fossil fuels, including natural gas, which is expected in turn to increase the cost of gas that Methanex purchases in New Zealand. However, as a trade-exposed company, Methanex will be entitled to a free allocation of emissions units to partially offset those increased costs and the legislation provides further moderation of any residual cost exposure until the end of 2012. After this date, the moderating features are expected to be removed, our eligibility for free allocation of emissions units will be progressively reduced and we will likely have to pay the increased costs. We do not believe that these costs will be material to the end of 2012. However, at this time it is difficult to accurately quantify the impact on our business after 2012 and therefore we cannot provide assurance that the ETS will not have a material impact on our business after 2012.

As part of our commitment to Responsible Care ethics, we believe it is important to promote renewable energy where it makes sense for our business. In this regard, we are currently constructing three wind turbines near our production facilities in southern Chile that should be completed in late 2010. We have submitted an application to the United Nations for approval of this project as a Clean Development Mechanism project for carbon credits derived from this wind facility. We cannot provide assurance that this approval will be received. The facility is projected to have a generation capacity of 2.55 megawatts. This project will also contribute to the diversification of energy resources in southern Chile.

Refer also to the *Risk Factors and Risk Management* section of our 2009 MD&A for more information regarding risks related to environmental regulations.

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 2009, cash expenditures applied against the asset retirement obligations accrual were nil (2008 - $0.2 million).

Responsible Care and Social Responsibility

As a member of the Chemistry Industry Association of Canada (CIAC), formerly the Canadian Chemical Producers' Association (CCPA), the American Chemistry Council (ACC), Asociacion Gremial de Industriales Quimicos de Chile (ASIQUIM), the New Zealand Chemical Industry Council (NZCIC) and as a signatory to the Association of International Chemical Manufacturers (AICM) Responsible Care Manifesto (China), 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, the environment, community involvement, social responsibility, 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 do no harm to human health and well-being, the environment and the communities in which we operate while striving to improve the environment and people's lives. Responsible Care also guides decision-making related to our corporate development objectives.

The application of Responsible Care 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 performance indicators and an audit process that we apply to our business operations. These measures are designed to ensure ongoing legal and management systems compliance, identify opportunities for improvement and provide for the sharing of best practices. These audits are often conducted by third parties.

We believe that Responsible Care helps us achieve safe and reliable operations, which in turn results in 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 where 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 each of our facilities.

As a natural extension of our Responsible Care ethic, we have a Social Responsibility policy that aligns our corporate governance, employee engagement and development, community involvement and social investment strategies with our core values and corporate strategy.

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 adversely affect our revenues and operating income. We maintain operational and construction insurance, including business interruption insurance and delayed start-up 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 not been available on commercially acceptable terms or, in some cases, have been 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 the delivered price of methanol and reliability of supply. The relative cost and availability of natural gas or coal feedstock and the efficiency of production facilities and distribution systems are also important competitive factors. Some of our competitors are not dependent on a single product for revenues and some have greater financial resources than we do. Our competitors include state-owned enterprises. These competitors may be better able than we are to withstand price competition and volatile market conditions. Because of our ability to service our customers globally, the reliability and cost-effectiveness of our distribution system and the enhanced service we provide customers, we believe we are well positioned to compete in each of the major international methanol markets.

EMPLOYEES

As of December 31, 2009, we had 895 employees, including all of the employees of the new methanol project that we are developing with partners in Egypt.

RISK FACTORS

The risks relating to our business are described under the heading *Risk Factors and Risk Management* in our 2009 MD&A, and are incorporated in this document by reference. Any of those risks, as well as risks and uncertainties currently not known to us, could adversely affect our business, financial condition, results of operations or the market price of our securities.

DIVIDENDS

Dividends are payable to the holders of common shares of the Company ("Common Shares") if, as and when declared by our Board of Directors and in such amounts 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 historically cyclical nature of the methanol industry to preserve financial flexibility and creditworthiness.

We pay a quarterly dividend on the Common Shares. The first quarterly dividend of $0.05 per share was paid on September 30, 2002 and the dividend amount has been increased every year since then with the exception of 2009. The table below shows the amount and percentage increases to the dividend since its inception in 2002:

Date	Quarterly Dividend Amount	% Increase
September 30, 2002	$ 0.05	n/a
September 30, 2003	$ 0.06	20%
September 30, 2004	$ 0.08	33%
June 30, 2005	$ 0.11	37.5%
June 30, 2006	$ 0.125	14%
June 30, 2007	$ 0.14	12%
June 30, 2008	$ 0.155	11%
June 30, 2009	$ 0.155	0%

The following table sets out the total amount of regular dividends per share paid on the Common Shares in each of the last three most recently completed financial years:

Financial Year Ended	Regular Dividend Paid per Share
December 31, 2007	$ 0.545
December 31, 2008	$ 0.605
December 31, 2009	$ 0.620

CAPITAL STRUCTURE

We are 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 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 attached to the shares of each such series. Currently, there are no preferred shares outstanding.

Our bylaws 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") and Moody's Investor Services, Inc. ("Moody's").

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

(1) S&P's credit ratings are on a long-term debt rating scale that ranges from AAA to SD, 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 13 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.

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, 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. 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), on the Nasdaq Global Market in the United States (trading symbol: MEOH) and on the Foreign Securities Market of the Santiago Stock Exchange of Chile (trading symbol: Methanex). The following table sets out the market price ranges and trading volumes of our Common Shares on the Toronto Stock Exchange as well as on the Nasdaq Global Market for each month of our most recently completed financial year (January 1, 2009 through December 31, 2009).

2009 Trading Volumes

	The Toronto Stock Exchange Trading Symbol: MX				Nasdaq Global Market Trading Symbol: MEOH		
	High (CDN$)	Low (CDN$)	Volume		High (US$)	Low (US$)	Volume
January	14.33	9.11	7,289,814	January	12.03	7.39	8,981,058
February	9.82	7.26	10,211,751	February	7.82	5.91	13,507,910
March	10.07	7.37	19,835,768	March	8.19	5.71	16,041,489
April	13.90	9.71	10,541,025	April	11.64	7.64	14,486,457
May	15.45	12.21	14,534,043	May	13.20	10.67	14,660,605
June	15.88	13.17	14,010,027	June	14.46	11.82	13,844,565
July	18.64	13.74	11,114,132	July	17.25	11.76	11,589,911
August	20.09	16.70	9,840,022	August	18.44	15.00	6,856,891
September	22.29	18.41	15,230,068	September	20.70	16.69	10,890,028
October	20.17	17.61	10,292,515	October	19.36	16.26	8,198,853
November	19.80	18.06	6,729,519	November	18.75	16.75	3,830,576
December	21.56	18.84	10,247,882	December	20.43	17.96	4,000,802

NORMAL COURSE ISSUER BID

On May 6, 2008, we received approval to conduct a normal course issuer bid (the “Bid”) under which we had the ability but not the obligation to purchase up to 7,909,393 Common Shares, representing ten percent (10%) of our total public float of issued and outstanding Common Shares as at May 2, 2008. The Bid began on May 20, 2008 and terminated on May 19, 2009 and we purchased a total of 2,165,000 Common Shares under the Bid. The Company is not currently conducting a normal course issuer bid.

DIRECTORS AND EXECUTIVE OFFICERS

As at December 31, 2009, the directors and executive officers of the Company owned, controlled or directed, directly or indirectly, 518,867 Common Shares representing approximately 0.6% of the outstanding Common Shares as at December 31, 2009.

The following tables set forth the names and places of residence of the current 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 the Last Five Years	Director Since(16)
AITKEN, BRUCE Vancouver, British Columbia Canada	Director and President and 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.	December 2004
CHOQUETTE, PIERRE Vancouver, British Columbia Canada	Director and Chairman of the Board	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(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.	May 2006
HAMILTON, THOMAS(1)(2)(5) Houston, Texas USA	Director	Co-Owner of Medora Investments, LLC(8) since April 2003; prior thereto Chairman, President and Chief Executive Officer of EEX Corporation from January 1997 to November 2002.	May 2007
KOSTELNIK, ROBERT(4)(5) Corpus Christi, Texas USA	Director	Chief Executive Officer of Cinatra Clean Technologies, Inc.(9) since 2008. Vice President of Refining for CITGO Petroleum Corporation from 2006 until 2007; prior thereto Vice President of Shared Services of CITGO Petroleum Corporation from 2004 to 2006; prior thereto Vice President, Health, Safety, Security and Environment and Compliance Officer, CITGO Petroleum Corporation from 2002 to 2004.	September 2008
MAHAFFY, DOUGLAS(2)(3)(4) Toronto, Ontario Canada	Director	Corporate Director. Chairman of McLean Budden Limited(10) from February 29, 2008 until his retirement on March 15, 2010; prior thereto Chairman and Chief Executive Officer of McLean Budden Limited since September 2006; prior thereto Chairman, President and Chief Executive Officer of McLean Budden since October 1989.(11)	May 2006
POOLE, A. TERENCE(1)(2)(4) Calgary, Alberta Canada	Director	Corporate Director. Executive Vice President, Corporate Strategy and Development of NOVA Chemicals Corporation(12) from May 2000 to June 2006.	September 2003, and from February 1994 to June 2003
REID, JOHN(1)(3)(5) Vancouver, British Columbia Canada	Director	Corporate Director. President and Chief Executive Officer of Terasen Inc.(13) 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.(14) from 2004 to 2005; prior thereto Principal of Rennie & Associates and other senior management positions in a number of private firms.	May 2006
SLOAN, MONICA(2)(3)(5) Calgary, Alberta Canada	Director	Corporate Director. Chief Executive Officer of Intervera Ltd.(15) from January 2004 to December 2008.	September 2003

(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 advisory and merchant banking firm specializing in China and other Asian markets.

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

(8) Medora Investments, LLC is a private investment firm.

(9) Cinatra Clean Technologies, Inc. is the exclusive provider in the United States of the patented BLABO tank cleaning process to the refining, pipeline and terminal sectors of the oil and gas industry.

(10) McLean Budden Limited is an investment management firm that administers over $35 billion in assets for pension, foundation and private clients in Canada, the United States, Europe and Asia.

(11) Mr. Mahaffy was a director of Stelco Inc., a Canadian steel producer, from 1993 to March 2006. In January 2004, Stelco Inc. announced that it had obtained an Order of the Ontario Superior Court of Justice to initiate a court-supervised restructuring under the *Companies' Creditors Arrangement Act* (the "CCAA"). Stelco Inc. emerged from the protection of the CCAA in April 2006 and was acquired in October 2007 by a wholly owned subsidiary of United States Steel Corporation.

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

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

(14) During the period when Ms. Rennie was an officer, EPCOR Utilities Inc. built, owned and operated power plants, electrical transmission and distribution networks, water and wastewater treatment facilities and infrastructure in Canada and the United States.

(15) Intervera Ltd. provided data quality products and services to the energy industry.

(16) 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.

Name and Municipality of Residence	**Office**	**Principal Occupations and Positions During the 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.
FLOREN, JOHN Eastham, Massachusetts USA	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.
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.
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.
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.
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.
YANEZ, JORGE Port of Spain Trinidad	Senior Vice President, Global Manufacturing	Senior Vice President, Global Manufacturing of the Company since October 2005; prior thereto Vice President, Project Management of Methanex Management Inc. since December 2004.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since the start of our most recently completed financial year, and for the three most recently completed financial years, no director or executive officer of the Company, and no person or company that beneficially owns, controls or directs, directly or indirectly, 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 the Institute of Chartered Accountants of British Columbia and within the meaning of the *US Securities Act* of 1933, as amended, and the applicable rules and regulations thereunder.

LEGAL PROCEEDINGS

In 2009, the Board of Inland Revenue of Trinidad and Tobago issued an assessment against our wholly owned subsidiary, Methanex Trinidad (Titan) Unlimited, in respect of the 2003 financial year. The assessment related to the deferral of tax depreciation deductions during a five-year tax holiday that ended in 2005. The impact of the amount in dispute as at December 31, 2009 is approximately $23 million in current taxes and $26 million in future taxes, exclusive of any interest charges. The Company has lodged an objection to the assessment. Based on the merits of the case and legal interpretation, management believes its position should be sustainable. Refer to the *Risk Factors and Risk Management* section of our 2009 MD&A for more information regarding this dispute.

Other than the tax dispute with the Board of Inland Revenue of Trinidad and Tobago described immediately above: (i) during 2009, we were not a party to, and our property was not the subject of, any material legal proceedings, and (ii) we are not a party to, and our property is not the subject of, any material legal proceedings that are currently in place or that we know to be contemplated.

AUDIT COMMITTEE INFORMATION

The Audit Committee Charter

The Audit, Finance and Risk Committee ("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; 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 Company 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 here as Appendix "A".

Composition of the Audit Committee

The Committee is comprised of five directors: A. Terence Poole (Chair), Phillip Cook, Thomas Hamilton, John Reid and Janice Rennie. Each Committee member is independent and financially literate. Mr. Poole is designated as the "audit committee financial expert.'' The United States 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 we use to prepare our annual and interim financial statements.

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 held 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 degree 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 serves on the board of Pengrowth Corporation and is a member of its Audit 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. 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. Through Mr. Cook's experience at Dow Chemical, he has gained an understanding of accounting and financial reporting, including internal controls and procedures for financial reporting.

Mr. Cook holds a Bachelor of Mechanical Engineering degree from the University of Texas at Austin and is a member of the College of Engineering Foundation Advisory Board of the University of Texas at Austin.

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

Mr. Thomas Hamilton

Since April 2003, Mr. Hamilton has been the co-owner of Medora Investments, LLC, a private investment firm in Houston, Texas. Mr. Hamilton was Chairman, President and Chief Executive Officer of EEX Corporation, an oil and natural gas exploration and production company, from January 1997 until his retirement in November 2002. From 1992 to 1997, Mr. Hamilton served as Executive Vice President of Pennzoil Company and as President of Pennzoil Exploration and Production Company, one of the largest US-based independent oil and gas companies. Previously, Mr. Hamilton held senior positions at other oil and gas companies, including BP and Standard Oil Company. Through Mr. Hamilton's experience as Chief Executive Officer and in other senior positions, he has gained an understanding of accounting and financial reporting, including internal controls and procedures for financial reporting.

Mr. Hamilton holds a Master of Science and a PhD in geology from the University of North Dakota. He also has a Bachelor of Science in geology from Capital University, Columbus, Ohio.

Mr. Hamilton has served on the Committee since May 2009.

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., is a member of its Audit Committee and in the past was designated as its “financial expert.” Mr. Reid also sits on the board of the private companies Corix Infrastructure Inc. and Corix Water Products Inc.

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. At that time EPCOR built, owned and operated 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 held senior management positions in a number of private firms, including Principal of Rennie & Associates, which provided investment and related advice to small and mid-sized companies.

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

Ms. Rennie serves on the board of Matrikon Inc. and is Chair of its Audit Committee. She also serves on the boards of Teck Resources Limited and West Fraser Timber Co. Ltd. and is a member of their Audit Committees. In addition, Ms. Rennie serves on the board and chairs the Audit Committee of Greystone Capital Management Inc., a private company.

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

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 under 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 Billed by the Independent Auditors

KPMG LLP, Chartered Accountants, Vancouver, are the independent auditors of the Company. The holders of the Company’s Common Shares have resolved to have the directors of the Company determine the auditor’s remuneration. Fees billed by KPMG LLP during the years ended December 31, 2009 and December 31, 2008 were as follows:

US$000s	2009	2008
Audit Fees	1,429	1,409
Audit-Related Fees	166	26
Tax Fees	186	217
All Other Fees	—	—
Total	**1,781**	**1,652**

The nature of each category of fees is described below.

Audit Fees

Audit fees were billed for professional services rendered by the external 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 billed in 2009 and 2008 for professional services rendered by the external auditors for the audit of the Company's consolidated financial statements were 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 an opinion on the effectiveness of the Company's internal controls over financial reporting.

Audit-Related Fees

Audit-related fees were billed 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; and consultations related to the Company's IFRS transition and the accounting or disclosure treatment of other transactions.

Tax Fees

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

TRANSFER AGENT AND REGISTRAR

Our principal transfer agent is CIBC Mellon Trust Company at its offices in Vancouver, British Columbia. Our co-transfer agent in the United States for our Common Shares is Registrar and Transfer Company at its offices in New Jersey.

CONTROLS AND PROCEDURES

Our disclosure controls and procedures are described under the heading *Controls and Procedures* in our 2009 MD&A and are incorporated in this AIF by reference.

CODE OF ETHICS

We have a written code of ethics that applies to our directors, officers and employees, including our 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 or upon request from the Corporate Secretary at the address below under the heading "*Additional Information*".

ADDITIONAL INFORMATION

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 our Information Circular dated March 5, 2010 relating to our Annual General Meeting that will be held on April 29, 2010.

Additional financial information about the Company is provided in the Company's financial statements for the year ended December 31, 2009 and in our 2009 MD&A.

Copies of the documents referred to above are available on the Canadian Securities Administrators' 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 Canadian Securities Administrators' SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's EDGAR 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 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 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 (GAAP), 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 General 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 Chair and Secretary

d) The Board or, if it does not do so, the members of the Committee, must appoint one of their members as Chair. If the Chair of the Committee is not present at any meeting of the Committee, the Chair of the meeting must be chosen by the Committee from the Committee members present. The Chair 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 Chair 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 electronic transmission 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 Chair 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, 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 that 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 that 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 strategic and 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 managing 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 General 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 strengthening 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 that 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 the 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 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 the 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$10 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 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 material 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 and any special actuarial reports.

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$10 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.
Delegation of Authority	k) Administer and delegate to management-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 that 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 to the Board 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.

Exhibit 99.2

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis is dated March 5, 2010 and should be read in conjunction with our consolidated financial statements and the accompanying notes for the year ended December 31, 2009. 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 19 to our consolidated financial statements.

At March 5, 2010 we had 92,127,192 common shares issued and outstanding and stock options exercisable for 3,334,037 additional common shares.

Additional information relating to Methanex, including our Annual Information Form, is available on the Canadian Securities Administrators' SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's EDGAR website at www.sec.gov.

OVERVIEW OF THE BUSINESS

Methanol is a commodity liquid chemical that is predominantly produced from natural gas and also from coal, particularly in China. Approximately 70% of all methanol demand is used to produce formaldehyde, acetic acid and a variety of other chemicals that form the basis of a large number of chemical derivatives for which demand is influenced by levels of global economic activity. The remainder of methanol demand comes from the energy sector. There are growing markets for using methanol in energy applications such as direct methanol blending into gasoline and dimethyl ether (DME) which can be blended with liquefied petroleum gas for use in household cooking and heating, and also as a substitute for diesel. Methanol is also used to produce biodiesel and methyl tertiary butyl ether (MTBE), a gasoline component.

We are the world's largest supplier of methanol to the major international markets of North America, Asia Pacific, Europe and Latin America. We currently have total annual production capacity of 6.8 million tonnes from our production hubs in Chile, Trinidad and New Zealand. We also have a 60% interest in a 1.3 million tonne methanol project in Egypt, scheduled for start-up in mid-2010. Our production hubs in Chile and Trinidad represent 5.9 million tonnes of our total annual production capacity. The remainder of our total annual production capacity consists of our 0.9 million tonne per year Motunui plant in New Zealand. We also have 1.4 million tonnes of idled annual capacity in New Zealand (a second 0.9 million tonne per year Motunui plant and a 0.5 million tonne per year plant in nearby Waitara Valley) and 0.5 million tonnes of idled capacity in Canada. These idled facilities provide the potential to increase production in New Zealand and Canada depending primarily on the availability of economically priced natural gas feedstock and methanol supply and demand dynamics. In addition to the methanol we produce, we purchase methanol produced by others under methanol offtake contracts and on the spot market. This gives us flexibility and certainty in managing our supply chain while continuing to meet customer needs and support our marketing efforts.

2009 Industry Overview

2009 was a challenging year for the methanol industry as a result of the global economic recession that began in late 2008. As we entered 2009, we estimate global demand had declined by about 15% from pre-recession levels to an annualized level of about 36 million tonnes, with global demand for traditional methanol derivatives being most impacted and declining by approximately 20% from pre-recession levels. Global demand into energy-related derivatives remained relatively stable during this period, despite the global recession, with particularly strong demand for both direct blending into gasoline and DME. In response to the decline in overall global demand, higher cost capacity was shut in or was operated at lower rates as prices declined. This resulted in a period of lower methanol pricing, and our average non-discounted posted price for the first half of 2009 was $213 per tonne.

Global methanol demand continued to recover throughout 2009 and by the end of year we estimate global demand had recovered to above pre-recession levels, or to approximately 43 million tonnes measured on an annualized basis. Overall, global demand for methanol in 2009 is estimated at 40 million tonnes (similar to 2008 demand). Demand recovery in the first half of 2009 was mainly focused in Asia, particularly in China, while during the second half of the year we also saw some recovery in demand in other regions including Europe and North America. In addition to the improvement in demand in the latter half of 2009, there were significant supplier operating issues across the industry and feedstock costs for higher-cost producers escalated as a result of higher energy prices. These factors resulted in an increase in methanol prices through the latter half of 2009 and into 2010. At the beginning of 2010, our average non-discounted posted prices had recovered to approximately $350 per tonne.

2009 Company Focus

Given the challenging economic environment in 2009, our focus for the year was on sound financial management while continuing to invest to strengthen our low cost asset position. Our priorities for allocating capital were to continue progress towards completing the new methanol project in Egypt, providing continued support of natural gas development in Chile and investing to maintain the strength of our existing plants.

Strengthening our Asset Position

During 2009, we made significant progress in the construction of a new 1.3 million tonne per year methanol facility in Egypt. As we enter 2010, the project continues to be on-budget with capital spending almost complete, and we remain focused on a successful start-up, which we expect in mid-2010.

We also continued supporting natural gas development activities in southern Chile during 2009, investing in natural gas development with our two natural gas suppliers in Chile — Empresa Nacional del Petroleo (ENAP) and GeoPark Chile Limited (GeoPark). In 2009, continued success in natural gas development from these investments led to increased natural gas supply and we were able to start a second plant, albeit at reduced rates, in late 2009. We remain committed to supporting these investments and are actively pursuing other opportunities to invest in natural gas development in southern Chile.

In addition to our methanol project in Egypt and natural gas development in southern Chile, we also completed major maintenance activities at both our Atlas and Titan facilities in Trinidad in 2009. We expect this will result in increased production from these facilities over the next year.

Financial Management

Always a key area of focus for the Company, sound financial management was especially important given the economic environment in 2009. At the beginning of the year, we embarked on a broad corporate cost savings plan that included reducing our operating costs and cancelling or postponing almost all discretionary capital spending. We also improved our liquidity position by renewing and extending our undrawn credit facility in August 2009.

We completed the year in a solid financial position with a strong balance sheet. At December 31, 2009, we had a cash balance of $170 million, no re-financing requirements until 2012 and an undrawn $200 million credit facility that expires in mid-2012.

Our priority for allocating capital continues to be strengthening our asset position. Capital spending is almost complete on the new methanol project in Egypt and we are committed to increasing production at our Chile facilities by supporting the acceleration of natural gas development in that country. In addition, we believe there may be other opportunities to increase production at our other sites at relatively low cost. We believe these initiatives and opportunities give us the ability to significantly increase our production over the next few years with relatively modest capital requirements and provide a sound basis for significantly improving our cash generation and earnings capability.

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 global leadership, low cost, and operational excellence.

Global Leadership

We are the leading supplier of methanol to the major international markets of North America, Asia Pacific, Europe and Latin America. Our sales volumes in 2009 represented approximately 15% of total global methanol demand. Our leadership position has enabled us to play an important role in the industry, which includes publishing Methanex reference prices that are generally used in each major market as the basis of pricing for most of our customer contracts.

The strategic location of our Chile, Trinidad and New Zealand production sites — as well as the new methanol project in Egypt — allows us to deliver methanol cost-effectively to our customers in all major global markets, while our investments in global distribution and supply infrastructure enable us to enhance value to customers by providing reliable and secure supply.

Our current focus of making investments to increase production at our sites is an important element of our strategy of Global Leadership. The new methanol project in Egypt, which is expected to startup in mid-2010, is well located and will provide additional security of supply for our customers. We are also focused on increasing production at our Chile facilities by supporting the acceleration of natural gas development in southern Chile. Into 2010 we have been operating two plants, each at approximately 60% of capacity, and our goal is to return to operating all four of our plants in Chile over the next few years. These initiatives could enable us to increase our global production levels from 3.5 million tonnes in 2009 to over 7 million tonnes over the next few years. We also continue to pursue opportunities to increase supply by restarting idled capacity at our sites in New Zealand and Canada, with the decision to restart the sites depending primarily on our ability to source economically priced natural gas and methanol supply and demand dynamics. We believe our initiatives to increase production will enable us to grow our sales levels while continuing to provide reliable and secure supply to our customers and to further build on our leadership position in the industry.

Although we have experienced significantly reduced production from our assets in Chile since mid-2007 (refer to the *Production Summary — Chile* section on page 8), we have continued to meet our commitments to customers. We have achieved this by increasing the amount of methanol we purchase through a combination of methanol offtake contracts and spot purchases. We manage the cost of purchased methanol by taking advantage of our global supply infrastructure which allows us to purchase methanol in the most cost-effective region while still maintaining overall security of supply.

The Asia Pacific region continues to lead global methanol demand growth and over the past few years, we have continued to invest in and develop our presence in this important region. We added additional storage capacity in Zhangjiagang, China and expanded our offices in Shanghai and Hong Kong. In addition, we recently opened an office in Beijing 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 Asian countries. Our expanding presence in Asia has also helped us identify several opportunities to support the development of applications for methanol in the energy sector. Finally, our office in Dubai, UAE enables us to enhance our corporate presence and capitalize on future opportunities in the Middle East.

Over the past few years, the demand for methanol for energy applications has been strong, particularly in China, and the country continues to demonstrate the viability of methanol into energy applications. For example, in December 2009, the Chinese government implemented national standards for M-85 (85% methanol blend). One of our key strategic initiatives is to continue supporting demand growth into energy applications globally. We have a 20% interest in a 200,000 tonne per year DME facility in China with the ENN Group, and we are the exclusive methanol supplier to this facility. We have also entered into a joint venture agreement to develop a similar DME facility in Egypt. The joint venture will include Methanex and the ENN Group as minority interests, with the Egyptian Ministry of Petroloeum, including its subsidiary Egyptian Petrochemicals Holding Company (EChem), holding the majority interest. EChem is also a partner in our new methanol project in Egypt.

Low Cost

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 cost structure, expand margins and return value to shareholders. 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 and is the most significant component of our cost structure. An essential element of our strategy is to ensure long-term security of natural gas supply. As described above, our goal is to return to operating all four of our plants in Chile over the next few years with natural gas supply from Chile, and we are actively pursuing investment opportunities to accelerate natural gas development in areas of southern Chile that are relatively close to our plants (refer to the *Production Summary — Chile* section on page 8 for more information).

Our production facilities in Trinidad represent 2.1 million tonnes per year of competitive cost production capacity. These facilities are underpinned by long-term take-or-pay natural gas purchase agreements where the gas price varies with methanol prices. During 2009, we completed turnaround activities at both our Atlas and Titan facilities in Trinidad and we expect increased production from these facilities over the next year.

We have positioned our facilities in New Zealand as flexible production assets. At the end of 2008, we added approximately 0.4 million tonnes of incremental annual capacity by restarting one of our 0.9 million tonne per year facilities at our Motunui site and idling the smaller-scale 0.5 million tonne per year Waitara Valley facility in New Zealand. We also have additional potential production capacity that is currently idled in New Zealand (refer to the *Production Summary — New Zealand* section on page 9 for more information).

In 2009, we continued to advance our project to construct a 1.3 million tonne per year methanol facility in Egypt (located at Damietta on the Mediterranean Sea). This project is on budget and we expect this methanol facility to startup in mid-2010. We are developing the project with partners: we have a 60% interest in the project and hold 100% of the marketing rights for the production. We believe this methanol facility will further enhance our positioning with its competitive cost structure and excellent location to supply the European market.

The cost to distribute methanol from 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 focused on identifying initiatives to reduce these costs, including maximizing the use of our shipping fleet to reduce costs and taking advantage of prevailing conditions in the shipping market by varying the type and length of term of ocean vessel contracts. We are continuously investigating opportunities to further improve the efficiency and cost-effectiveness of distributing methanol from our production facilities to customers. We also look for opportunities to leverage our global asset position by entering into product exchanges with other methanol producers to reduce distribution costs.

Operational Excellence

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

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 Chemistry Industry Association of Canada, we believe we have reduced the likelihood of unplanned shutdowns and lost-time incidents and have achieved an excellent overall environmental record.

Product stewardship is a vital component of our Responsible Care culture and guides our actions through the complete life cycle of our product. We aim for the highest safety standards to minimize risk to our employees, customers and suppliers as well as to the environment and the communities in which we do business. We promote the proper use and safe handling of methanol at all times through a variety of internal and external health, safety and environmental (HSE) initiatives, and we work with industry colleagues to improve safety standards and regulatory compliance. We readily share our technical and safety expertise with key stakeholders, including customers, end-users, suppliers, logistics providers and industry associations in the methanol and methanol applications marketplace through active participation in local and international industry seminars and conferences, and online education initiatives.

As a natural extension of our Responsible Care ethic, we have a Social Responsibility policy that aligns our corporate governance, employee engagement and development, community involvement and social investment strategies with our core values and corporate strategy.

Our strategy of operational excellence includes the financial management of the Company. We operate in a highly competitive commodity industry. Accordingly, we believe it is important to maintain financial flexibility and we have adopted a prudent approach to financial management. As a result of the global economic recession, we embarked on a broad corporate cost savings plan that included reducing operating costs and cancelling or postponing almost all discretionary capital spending. At December 31, 2009, we had a strong balance sheet with a cash balance of $170 million, no re-financing requirements until 2012 and a $200 million undrawn credit facility that expires in mid-2012. We believe we are well positioned to meet our financial commitments and continue investing to grow our business.

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 earnings before interest, taxes, depreciations and amortization (Adjusted EBITDA) (refer to the *Supplemental Non-GAAP Measures* section on page 40 for a reconciliation to the most comparable GAAP measure), depreciation and amortization, interest expense, interest and other income, and income taxes. In addition to the methanol that we produce at our facilities ("Methanex-produced methanol"), we also purchase and re-sell methanol produced by others ("purchased methanol") and we sell methanol on a commission basis. We analyze the results of all methanol sales together. The key drivers of change in our Adjusted EBITDA are average realized price, cash costs and sales volume.

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

PRICE The change in 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 methanol multiplied by the current period total methanol sales volume excluding commission sales volume plus the difference from period to period in commission revenue.

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 current period total methanol sales volume excluding commission sales volume in the current period. The cash costs per tonne is the weighted average of the cash cost per tonne of Methanex-produced methanol and the cash cost per tonne of purchased methanol. The cash cost per tonne of Methanex-produced methanol includes absorbed fixed cash costs per tonne and variable cash costs per tonne. The cash cost per tonne of purchased methanol consists principally of the cost of methanol itself. In addition, the change in our Adjusted EBITDA as a result of changes in cash costs includes the changes from period to period in unabsorbed fixed production costs, consolidated selling, general and administrative expenses and fixed storage and handling costs.

VOLUME The change in Adjusted EBITDA as a result of changes in sales volume is calculated as the difference from period to period in total methanol sales volume excluding commission sales volumes multiplied by the margin per tonne for the prior period. The margin per tonne for the prior period is the weighted average margin per tonne of Methanex-produced methanol and purchased methanol. The margin per tonne for Methanex-produced methanol is calculated as the selling price per tonne of methanol less absorbed fixed cash costs per tonne and variable cash costs per tonne. The margin per tonne for purchased methanol is calculated as the selling price per tonne of methanol less the cost of purchased methanol per tonne.

We also sell methanol on a commission basis. 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.

FINANCIAL HIGHLIGHTS

($ MILLIONS, EXCEPT WHERE NOTED)	2009	2008
Sales volumes (thousands of tonnes):		
Produced methanol	**3,764**	3,363
Purchased methanol	**1,546**	2,074
Commission sales[1]	**638**	617
	5,948	6,054
Methanex average non-discounted posted price ($ per tonne)[2]	**252**	526
Average realized price ($ per tonne)[3]	**225**	424
Revenue	**1,198**	2,314
Adjusted EBITDA[4]	**142**	330
Net income	**1**	169
Basic net income per share ($ per share)	**0.01**	1.79
Diluted net income per share ($ per share)	**0.01**	1.78
Cash flows from operating activities	**110**	313
Cash flows from operating activities before changes in non-cash working capital[4]	**129**	235
Common share information (millions of shares):		
Weighted average number of common shares outstanding	**92**	95
Diluted weighted average number of common shares outstanding	**93**	95
Number of common shares outstanding	**92**	92

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

2 *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.*

3 *Average realized price is calculated as revenue, net of commission income, divided by total sales volumes of produced and purchased methanol.*

4 *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* the Supplemental Non-GAAP Measures *section on page 40 for a description of each non-GAAP measure and a reconciliation to the most comparable GAAP measure.*

PRODUCTION SUMMARY

The following table details the annual production capacity and actual production of our facilities that operated in 2009 and 2008:

(THOUSANDS OF TONNES)	ANNUAL PRODUCTION CAPACITY[1]	2009	2008
Chile I, II, III and IV (Chile)	**3,800**	**942**	1,088
Atlas (Trinidad) (63.1% interest)	**1,150**	**1,015**	1,134
Titan (Trinidad)	**900**	**764**	871
New Zealand [2]	**900**	**822**	570
	6,750	**3,543**	3,663

1 *The annual production capacity of our production facilities may be higher than original nameplate capacity as, over time, these figures have been adjusted to reflect ongoing operating efficiencies at these facilities.*

2 *The annual production capacity of New Zealand represents only our 0.9 million tonne per year Motunui facility which we restarted in late 2008. Practical operating capacity will depend partially on the composition of natural gas feedstock and may differ from the stated capacity above. We also have additional potential production capacity that is currently idled in New Zealand (refer to the* New Zealand *section on page 9 for more information).*

Chile

Our methanol facilities in Chile produced 0.9 million tonnes of methanol in 2009 compared with 1.1 million tonnes in 2008. Production at our methanol facilities in Chile was lower in 2009 compared with 2008 primarily as a result of plant technical issues that led to unplanned outages. In mid-December 2009, based on improved availability of natural gas, we restarted a second plant in Chile.

Throughout 2008 and 2009, we operated our methanol facilities in Chile significantly below site capacity. This is primarily due to curtailments of natural gas supply from Argentina. Since June 2007, our natural gas suppliers from Argentina have curtailed all gas supply to our plants in Chile in response to various actions by the Argentinean government, including imposing a large increase to the duty on natural gas exports. Under the current circumstances, we do not expect to receive any further natural gas supply from Argentina. As a result of the Argentinean natural gas supply issues, all of the methanol production at our Chile facilities since June 2007 has been produced with natural gas from Chile.

Our goal is to return to operating all four plants in Chile with natural gas from suppliers in Chile. We are pursuing investment opportunities with the state-owned energy company Empresa Nacional del Petroleo (ENAP), GeoPark Chile Limited (GeoPark) and others to help accelerate natural gas exploration and development in southern Chile. During 2007 and 2008, we provided GeoPark with $40 million (of which $10 million had been repaid at December 31, 2009) to support and accelerate GeoPark's natural gas exploration and development activities in southern Chile. In October 2009 we signed an agreement to provide a further $18 million in financing to support GeoPark's natural gas exploration and development activities in southern Chile of which $15 million had been provided to GeoPark at December 31, 2009. GeoPark has agreed to supply us with all natural gas sourced from the Fell block under a ten-year exclusive supply arrangement. In May 2008, we signed an agreement with ENAP to accelerate natural gas exploration and development in the Dorado Riquelme exploration block in southern Chile and to supply natural gas to our production facilities in Chile. Final government approvals were received in the third quarter of 2009. Under the arrangement, we fund a 50% participation in the block and as at December 31, 2009, we had contributed approximately $65 million. Approximately 55% of total production at our Chilean facilities is currently being produced with natural gas supplied from the Fell and Dorado Riquelme blocks. In mid-December 2009, based on the success of the natural gas development initiatives, we restarted a second plant in Chile and into 2010 we have been operating two plants, each at approximately 60% capacity. For 2010, we are estimating production of about 1.2 million tonnes in Chile. This assumes that we may return to operating only one plant at times during the year, such as during the southern hemisphere winter, when there is incremental seasonal growth in demand for natural gas for residential purposes.

Other investment activities are also supporting the acceleration of natural gas exploration and development in areas of southern Chile. In late 2007, the government of Chile completed an international bidding round to assign oil and natural gas exploration areas that lie close to our production facilities and announced the participation of several international oil and gas companies. The terms of the agreements from the bidding round require minimum investment commitments. In July 2008, we announced that under the international bidding round, the Otway exploration block in southern Chile was awarded to a consortium that includes Wintershall Chile Limitada (Wintershall), GeoPark and Methanex. We have recently agreed to participate in the Tranquilo exploration block, also located in southern Chile. The participation is part of a new ownership structure that involves both the Tranquilo block and the Otway block. In the new ownership structure, Wintershall, GeoPark, and Pluspetrol Chile S.A. (Pluspetrol) each have 25% participation and International Finance Corporation, member of the World Bank Group (IFC) and Methanex each have 12.5% participation. GeoPark will be the operator of both blocks. The arrangement is subject to approval by the government of Chile. In 2010, approved budgets by the consortium for the two blocks total $37 million.

We cannot provide assurance that we, ENAP, GeoPark or others will be successful in the exploration and development of natural gas or that we will obtain any additional natural gas from suppliers in Chile on commercially acceptable terms.

Refer to the *Risk Factors and Risk Management — Chile* section on page 23 for more information.

Trinidad

Our equity ownership of methanol facilities in Trinidad represent approximately 2.1 million tonnes of competitive-cost annual capacity. In 2009, these facilities produced a total of 1.8 million tonnes compared with 2.0 million tonnes in 2008. Production was lower in 2009 compared with 2008 as a result of planned and unplanned downtime. We completed planned major maintenance activities at both the Atlas and Titan facilities in 2009 and we expect increased production from these facilities in 2010.

New Zealand

We have positioned our facilities in New Zealand as flexible production assets. In October 2008, we restarted one of our idled 0.9 million tonne per year Motunui methanol plants and idled our 0.5 million tonne per year Waitara Valley plant. We produced 822,000 tonnes at our facilities in New Zealand in 2009 compared with 570,000 tonnes in 2008. The increase in production in 2009 is due to additional production from the Motunui facility. We currently have 1.4 million tonnes per year of idled capacity in New Zealand, including a second 0.9 million tonne per year Motunui plant and the Waitara Valley plant. These facilities provide the potential to increase production in New Zealand depending on methanol supply and demand dynamics and the availability of economically priced natural gas feedstock.

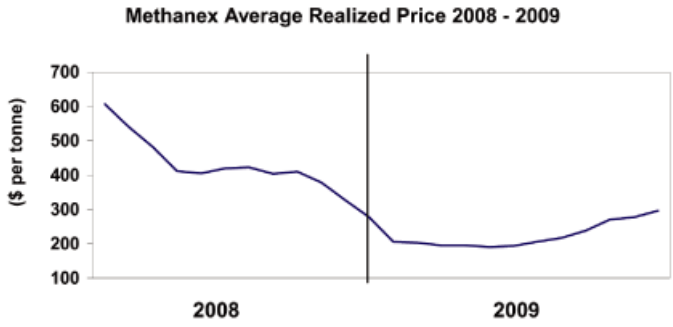
RESULTS OF OPERATIONS

($ MILLIONS)	2009	2008
Consolidated statements of income:		
Revenue	**$ 1,198**	$ 2,314
Cost of sales and operating expenses	**1,056**	1,951
Inventory writedown	**—**	33
Adjusted EBITDA[1]	**142**	330
Depreciation and amortization	**118**	107
Operating income [1]	**24**	223
Interest expense	**(27)**	(38)
Interest and other income	**—**	11
Income tax recovery (expense)	**4**	(27)
Net income	**$ 1**	$ 169

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 the* Supplemental Non-GAAP Measures section on page 40 *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, the value of energy and changes in general economic conditions, which can vary across the major international methanol markets.



Revenue for 2009 was $1.2 billion compared with $2.3 billion in 2008. The decrease in revenue was primarily due to lower methanol pricing in 2009 compared with 2008.

We entered 2008 in a tight methanol market condition due to industry supply constraints as a result of significant planned and unplanned supplier outages in the latter half of 2007. This, combined with high global energy prices and healthy demand, resulted in high methanol prices during the first quarter of 2008. As inventories recovered, methanol prices moderated into the second quarter of 2008 and pricing remained relatively stable until the end of the third quarter of the year. The global economic slowdown in the later part of 2008 led to a sudden and significant reduction in global methanol demand and an increase in global inventories. This resulted in a decrease in methanol pricing during the fourth quarter of 2008 and into 2009. During 2009, global methanol demand improved, and as a result of this improvement and some planned and unplanned plant outages across the industry, methanol prices increased in the latter half of 2009 and into 2010 (refer to the *Outlook* section on page 30 for more information). Our average realized price for the year ended December 31, 2009 was $225 per tonne compared with $424 per tonne in 2008, and this decreased our revenues by $1.1 billion.

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 2009 was $252 per tonne compared with $526 per tonne in 2008. Our average realized price was approximately 11% and 19% lower than our average non-discounted published reference price for 2009 and 2008, respectively.

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. Sales under these contracts represented approximately 19% of our total sales volumes in 2009 compared with 23% of our total sales volumes in 2008. The difference between our average non-discounted published reference price and our average realized price is expected to narrow during periods of lower pricing.

Distribution of Revenue

The distribution of revenue for 2009 and 2008 is as follows:

($ MILLIONS, EXCEPT WHERE NOTED)	**2009**		2008	
Canada	**$ 106**	**9%**	$ 237	10%
United States	**355**	**30%**	737	32%
Europe	**198**	**17%**	494	21%
China	**195**	**16%**	135	6%
Korea	**136**	**11%**	263	11%
Other Asia	**83**	**7%**	209	9%
Latin America	**125**	**10%**	239	10%
	$ 1,198	**100%**	$ 2,314	100%

Our revenue distribution for 2009 is relatively comparable to 2008 except for changes in China. Revenue in China increased as a proportion of our total revenue in 2009 compared with 2008 by 10%, primarily as a result of an increase in sales volumes. China continues to play an important role in the methanol industry as a substantial producer and consumer. A key part of our global leadership strategy is to increase our presence in China and the Asia Pacific region.

Adjusted EBITDA

We review our results of operations by analyzing changes in the components of Adjusted EBITDA. In addition to the methanol that we produce at our facilities, we also purchase and re-sell methanol produced by others and we sell methanol on a commission basis. We analyze the results of all methanol sales together. The key drivers of change in our Adjusted EBITDA are average realized price, sales volume and cash costs.

2009 Adjusted EBITDA was $142 million compared with $330 million in 2008. The decrease in Adjusted EBITDA of $188 million resulted from changes in the following:

($ MILLIONS)	**2009 VS. 2008**
Average realized price	**$ (1,063)**
Sales volume	**(11)**
Total cash costs[1]	**886**
Decrease in Adjusted EBITDA	**$ (188)**

1 *Includes cash costs related to both Methanex-produced methanol and purchased methanol, as well as consolidated selling, general and administrative expenses and fixed storage and handling costs (refer to the* How We Analyze Our Business *section on page 6 for more information).*

Average Realized Price

Our average realized price for the year ended December 31, 2009 was $225 per tonne compared with $424 per tonne for 2008, and this decreased our revenues by $1,063 million (refer to the *Revenue* section on page 10 for more information).

Sales Volume

Total methanol sales volumes, excluding commission sales volumes, for the year ended December 31, 2009 were 127,000 tonnes lower than in 2008, which resulted in lower Adjusted EBITDA of $11 million.

Total Cash Costs

Cash costs for Methanex-produced methanol and purchased methanol were $886 million lower in 2009 than in 2008. The primary changes in cash costs were as follows:

($ MILLIONS)	**2009 vs. 2008**
Lower natural gas and purchased methanol costs (impact of lower methanol prices)	**$ 846**
Inventory writedown recorded in 2008	**33**
Lower selling, general & administrative and other expenses	**7**
Decrease in total cash costs	**$ 886**

Lower Natural Gas and Purchased Methanol Costs (Impact of Lower Methanol Prices)

Natural gas is the primary feedstock at our methanol production facilities and is the most significant component of our cost structure. The natural gas supply contracts for our assets in Chile, Trinidad and New Zealand 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 lower average methanol prices in 2009 decreased our natural gas costs per tonne for Methanex-produced methanol and this lowered cash costs by approximately $275 million compared with 2008. For additional information regarding our natural gas agreements refer to the *Summary of Contractual Obligations and Commercial Commitments* section on page 19.

A key element of our corporate strategy is global leadership, and as such we have built a leading market position in each of the major global markets where methanol is sold. We supplement our production with purchased methanol through methanol offtake contracts and on the spot market to meet customer needs and support our marketing efforts within the major global markets. In structuring offtake agreements we look for opportunities that provide synergies with our existing supply chain and market position. Our strong global supply chain allows us to take advantage of unique opportunities to add value through logistics cost savings and purchase methanol in the lowest-cost region. 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. The lower average methanol prices in 2009 decreased the cost of purchased methanol per tonne and this lowered cash costs by approximately $435 million compared with 2008.

As a result of the higher cost characteristics of purchased methanol than Methanex-produced methanol, changes in the proportion of purchased methanol in overall sales volumes will have an impact on our cost structure from period to period. For the year ended December 31, 2009, purchased methanol represented a lower proportion of our overall sales volumes compared with 2008, lowering cash costs by approximately $136 million.

Inventory Writedown Recorded in 2008

We record inventory at lower of cost and estimated net realizable value. The carrying value of inventory, for both Methanex-produced methanol as well as purchased methanol, will reflect methanol pricing at the time of production or purchase and this will differ from methanol pricing when sold. In the latter part of 2008, as a result of the global economic slowdown and the sharp decline in methanol prices in the fourth quarter, we recorded a pre-tax charge to earnings of $33 million to write down the carrying value of inventory to estimated net realizable value at December 31, 2008.

Lower Selling, General & Administrative and Other Expenses

Selling, general & administrative and other expenses were lower for the year ended December 31, 2009 compared with 2008 by approximately $7 million, which includes lower selling, general & administrative expenses of approximately $16 million as a result of cost-reduction initiatives, offset by higher stock-based compensation expense of approximately $9 million as a result of the impact of changes in our share price. Stock-based compensation expense for deferred, restricted and performance share units is impacted by changes in our share price, and these changes are recognized in earnings for the proportion of the service that has been rendered at each reporting date.

Depreciation and Amortization

Depreciation and amortization expense in 2009 was $118 million compared with $107 million in 2008. The $11 million increase in depreciation and amortization is primarily due to higher sales volumes of Methanex- produced methanol inventories in 2009, which includes depreciation charges and the commencement of depletion charges associated with our oil and gas investment in Chile. Once we received final approval from the government of Chile on August 24, 2009, we adopted the full cost methodology for accounting for oil and gas exploration costs associated with our 50% participation in the Dorado Riquelme block in southern Chile (refer to the *Production Summary — Chile* and the *New Canadian Accounting Standards Adopted in 2009* sections on pages 8 and 35, respectively, for more information). Under these accounting standards, cash investments in the block are initially capitalized and are recorded to earnings through non-cash depletion charges as natural gas is produced from the block. Depletion charges recorded in earnings for 2009 were approximately $4 million.

Interest Expense

($ MILLIONS)	**2009**	2008
Interest expense before capitalized interest	**$ 60**	$ 56
Less capitalized interest related to Egypt plant under construction	**(33)**	(18)
Interest expense	**$ 27**	$ 38

Interest expense before capitalized interest in 2009 was $60 million compared with $56 million in 2008. Interest expense before capitalized interest was higher in 2009 primarily as a result of higher debt balances related to our methanol project in Egypt, which is scheduled to startup in mid-2010. We have limited recourse debt facilities of $530 million for this 1.3 million tonne per year methanol facility that we are developing with partners. Interest costs related to the project are capitalized to the carrying value of the property, plant and equipment under construction.

Interest and Other Income

Interest and other income was nil in 2009 compared with $11 million in 2008. Interest and other income for 2009 compared with 2008 was lower by $11 million primarily as a result of lower interest income earned on cash balances in 2009, a $5 million gain on sale of ammonia production assets recorded in 2008 and the impact of changes in foreign exchange rates.

Income Taxes

We recorded an income tax recovery of $4.3 million with a loss before tax of $3.5 million for an effective tax rate of 121% in 2009. In periods of low income levels, the distribution of income and loss between jurisdictions can result in income tax rates that may not be indicative of the longer-term corporate tax rate. During 2008, we recorded income tax expense of $26.7 million with income before tax of $195.5 million for an effective tax rate of 13%. The effective tax rate for 2008 was impacted by the resolution of a tax position during the fourth quarter of 2008 that resulted in a reduction of $27 million to future income tax liabilities.

The statutory tax rate in Chile and Trinidad, where we earn a substantial portion of pre-tax earnings, is 35%. Our Atlas facility in Trinidad has partial relief from corporate income tax until 2014. In Chile, the tax rate consists of a first tier tax that is payable when income is earned and a second tier 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 2009 consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

($ MILLIONS)	2009	2008
Cash flows from operating activities:		
Cash flows from operating activities [1]	$ 128	$ 235
Changes in non-cash working capital	(18)	78
	110	313
Cash flows from investing activities:		
Property, plant and equipment	(61)	(97)
Egypt plant under construction	(262)	(382)
Oil and gas assets	(23)	(42)
GeoPark financing, net	(9)	(22)
Other, net	3	(2)
Changes in non-cash working capital related to investing activities	(28)	27
	(380)	(518)
Cash flows from financing activities:		
Dividend payments	(57)	(57)
Payments for shares repurchased	—	(150)
Proceeds on issue of long-term debt	151	204
Equity contribution by non-controlling interest	45	65
Repayment of long-term debt	(15)	(15)
Other, net	(12)	(2)
	112	45
Decrease in cash and cash equivalents	(158)	(160)
Cash and cash equivalents, end of year	$ 170	$ 328

1 *Before changes in non-cash working capital.*

Cash Flow Highlights

Cash Flows from Operating Activities

Despite the difficult economic environment and lower methanol prices, we generated positive cash flows from operating activities in every quarter in 2009. Cash flows from operating activities before changes in non-cash working capital were $128 million in 2009 compared with $235 million in 2008. The decrease in cash flows from operating activities before changes in non-cash working capital is primarily the result of lower earnings in 2009 compared with 2008.

Cash generated from changes in non-cash working capital related to operating activities is due to an increase in operating working capital of $18 million for the year ended December 31, 2009 and a decrease of $78 million for the year ended December 31, 2008. The changes in non-cash working capital are primarily driven by the impact of changes in methanol pricing on our non-cash working capital balances, changes in inventory and sales levels and timing of cash payments and collections.

Cash Flows from Investing Activities

In 2009, our priorities for allocating capital were to continue advancing the completion of the new methanol project in Egypt, supporting natural gas development in Chile and investing to maintain the strength of our existing plants.

During 2009, total capital expenditures were $262 million for the development and construction of the Egypt project. As we enter 2010, the project continues to be on budget with capital spending almost complete, and we expect the methanol facility to startup in mid-2010 (refer to the *Liquidity and Capitalization* section on page 17 for more information).

We have an agreement with ENAP to accelerate natural gas exploration and development in the Dorado Riquelme exploration block in southern Chile. Under the arrangement, we fund a 50% participation in the block. In 2009, we contributed $23 million and to December 31, 2009, we had made total contributions of approximately $65 million. We expect to make further contributions over the next few years to fully realize the potential of the block. These investments will be based on annual budgets established by ENAP and Methanex in accordance with the Joint Operating Agreement that governs this development.

We also have an agreement with GeoPark under which we provided $40 million in financing in 2007 and 2008 to support and accelerate GeoPark's natural gas exploration and development activities in southern Chile. Approximately $6 million of this amount was repaid in 2009 and to December 31, 2009, a total of $10 million had been repaid. In 2009, we entered into an agreement to provide a further $18 million in financing to support GeoPark's natural gas exploration and development activities in southern Chile, and we had provided $15 million to GeoPark under this new agreement at December 31, 2009.

Additions to property, plant and equipment, which include turnarounds, catalyst and other capital expenditures, were $61 million for 2009 compared with $97 million in 2008. In 2009, approximately $40 million of the total capital expenditures was incurred for major maintenance activities at our Trinidad facilities with the remaining capital expenditure of approximately $21 million relating primarily to maintenance costs at our plants in Chile and New Zealand. In 2008, approximately $70 million was incurred for the refurbishment and restart of the Motunui plant in New Zealand.

Cash Flows from Financing Activities

During 2009, we paid our regular quarterly dividend of $0.155 per share and made total dividend payments of $57 million, the same amount as in 2008. During 2008, we also repurchased a total of 6.5 million common shares at an average price of $23.04 per share, totalling $150 million.

In May 2007, we reached financial close and secured limited recourse debt of $530 million for a project to construct a 1.3 million tonne per year methanol facility in Egypt. We own 60% of Egyptian Methanex Methanol Company S.A.E. (EMethanex), which is the company that is developing the project. We account for our investment in EMethanex using consolidation accounting. This results in 100% of the assets and liabilities of EMethanex being included in our financial statements. The other investors' interest in the project is presented as "non-controlling interest". During 2009, a total of $151 million of this limited recourse debt was drawn for construction activities and to December 31, 2009, $472 million had been drawn under these facilities.

We repaid $15 million in principal on our Atlas and other limited recourse debt facilities in each of 2009 and 2008.

Liquidity and Capitalization

We maintain conservative financial policies and focus on maintaining our financial strength and flexibility through prudent financial management. Our objectives in managing liquidity and capital are to provide financial capacity and flexibility to meet our strategic objectives, to provide an adequate return to shareholders commensurate with the level of risk and to return excess cash through a combination of dividends and share repurchases.

The following table provides information on our liquidity and capitalization position as at December 31, 2009 and December 31, 2008, respectively:

($ MILLIONS, EXCEPT WHERE NOTED)	**2009**	2008
Liquidity:		
Cash and cash equivalents	**$ 170**	$ 328
Undrawn Egypt limited recourse debt facilities	**58**	209
Undrawn credit facilities	**200**	250
Total liquidity	**$ 428**	$ 788
Capitalization:		
Unsecured notes	**$ 347**	$ 347
Limited recourse debt facilities, including current portion	**567**	435
Total debt	**914**	782
Non-controlling interest	**133**	89
Shareholders' equity	**1,236**	1,288
Total capitalization	**$ 2,283**	$ 2,159
Total debt to capitalization[1]	**40%**	**36%**
Net debt to capitalization[2]	**35%**	**25%**

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.*

We manage our liquidity and capital structure and make adjustments to it in light of changes to economic conditions, the underlying risks inherent in our operations and the capital requirements to maintain and grow our business. The strategies we employ include the issue or repayment of general corporate debt, the issue of project debt, the payment of dividends and the repurchase of shares.

We are not subject to any statutory capital requirements and have no commitments to sell or otherwise issue common shares except pursuant to outstanding employee stock options.

We operate in a highly competitive commodity industry and believe that it is appropriate to maintain a conservative balance sheet and retain financial flexibility. This is particularly important in the current uncertain economic environment. We have excellent financial capacity and flexibility. Our cash balance at December 31, 2009 was $170 million and we have $58 million of undrawn capacity on the $530 million Egypt limited recourse debt facilities. Additionally, we have an undrawn credit facility in the amount of $200 million provided by highly rated financial institutions that expires in mid-2012. We invest cash only in highly rated instruments that have maturities of three months or less to ensure preservation of capital and appropriate liquidity.

Planned capital maintenance expenditures directed towards major maintenance, turnarounds and catalyst changes for current operations are estimated to be approximately $75 million for the period to the end of 2011.

We estimate total remaining capital expenditures of approximately $93 million to complete the construction of the Egypt methanol facility, including capitalized interest related to the project financing and excluding working capital. This excludes unpaid capital expenditures recorded in accounts payable at December 31, 2009 of approximately $28 million. These expenditures will be funded from cash generated from operations and cash on hand, cash contributed by the non-controlling shareholders and proceeds from the limited recourse debt facilities. At December 31, 2009, our 60% share of remaining cash equity contributions, including capitalized interest related to the project financing and excluding working capital, is estimated to be approximately $20 million.

As previously mentioned, we have an agreement with ENAP to accelerate natural gas exploration and development in the Dorado Riquelme exploration block in southern Chile. Under the arrangement, we fund a 50% participation in the block and have contributed $65 million to date. We expect to make further contributions over the next few years to fully realize the potential of the block. These contributions will be based on annual budgets established by ENAP and Methanex in accordance with the Joint Operating Agreement that governs this development. In July 2008, we announced that under the international bidding round, the Otway exploration block in southern Chile was awarded to a consortium that included Wintershall, GeoPark, and Methanex. We have recently agreed to participate in the Tranquilo exploration block, also located in southern Chile. The participation is part of a new ownership structure that involves both the Tranquilo block and the Otway block. In the new ownership structure, Wintershall, GeoPark, and Pluspetrol each have 25% participation and IFC and Methanex each have 12.5% participation. GeoPark will be the operator of both blocks. The arrangement is subject to approval by the government of Chile. In 2010, approved budgets by the consortium for the two blocks total $37 million.

In addition to the above initiatives, we also recently entered into a $10 million funding arrangement with a new exploration company, Kea Exploration, to finance the drilling of a well in the Taranaki region in New Zealand near our methanol plants. There is a possibility that this could result in a gas discovery. However, it is probably more likely that this drilling will provide valuable data regarding the potential for this prospect and further exploration activity will be necessary. Other than the initial commitment, we have no further commitment to provide funding. However, as part of the arrangement, we have rights to the gas supply from this area at a price that is competitive to our other locations in Trinidad, Chile and Egypt.

We believe we are well positioned to meet our financial commitments in this time of economic uncertainty and continue to invest to grow our business.

The credit ratings for our unsecured notes at December 31, 2009 were as follows:

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

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, 2009 is as follows:

($ MILLIONS)	2010	2011-2012	2013-2014	After 2014	TOTAL
Long-term debt repayments	29	291	98	511	$ 929
Long-term debt interest obligations	57	101	62	81	301
Repayment of other long-term liabilities	5	11	4	38	58
Capital lease obligations	9	17	—	—	26
Natural gas and other	177	287	301	1,498	2,263
Operating lease commitments	131	236	198	467	1,032
Egypt plant under construction	93	—	—	—	93
	501	943	663	2,595	$ 4,702

The above table does not include costs for planned capital maintenance expenditures, costs for purchased methanol under offtake contracts or any obligations with original maturities of less than one year. We have supply contracts with Argentinean suppliers for natural gas sourced from Argentina for a significant portion of the capacity of our facilities in Chile. These contracts have expiration dates between 2017 and 2025 and represent a total potential future commitment of approximately $1 billion at December 31, 2009. We have excluded these potential purchase obligations from the table above. Since June 2007, our natural gas suppliers from Argentina have curtailed all gas supply to our plants in Chile in response to various actions by the Argentinean government, including imposing a large increase to the duty on natural gas exports. Under the current circumstances, we do not expect to receive any further natural gas supply from Argentina (refer to the *Production Summary — Chile* section on page 8 for more information).

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 represent the total expected principal repayments relating to the Egypt project debt drawn as of December 31, 2009 and other limited recourse debt facilities, as well as our proportionate share of total expected principal repayments related to the Atlas limited recourse debt facilities. Interest obligations related to variable interest rate long-term debt were estimated using current interest rates in effect at December 31, 2009. For additional information, refer to note 7 of our 2009 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 8(b) of our 2009 consolidated financial statements.

Natural Gas and Other

We have commitments under take-or-pay contracts to purchase annual quantities of natural gas and to pay for transportation capacity related to this natural gas. 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.

Most of the natural gas supply contracts for our facilities in Chile, Trinidad and New Zealand and the natural gas supply contract for the methanol project under construction in Egypt are take-or-pay contracts 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 natural 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 at all points in the methanol price cycle and provides gas suppliers with attractive returns. The amounts disclosed in the table for these contracts represent only the base price component.

The natural gas commitments for our Chile facilities included in the above table relate to our natural gas contracts with ENAP, the Chilean state-owned energy company. These contracts represent approximately 20% of the natural gas requirements for our Chile facilities operating at capacity. These contracts have a base component and variable price component determined with reference to 12-month trailing average published industry methanol prices and have expiration dates that range from 2017 to 2025. Under these contracts with ENAP, we have the right to receive quantities of “make-up gas” if ENAP fails to deliver quantities of gas that it is obligated to deliver to us. Over the past few years, ENAP has delivered less than the full amount of natural gas that it was required to deliver under these contracts.

During 2008, we signed an agreement with ENAP to accelerate natural gas exploration and development in the Dorado Riquelme exploration block in southern Chile and to supply natural gas to our Chile production facilities. Final government approvals were received in the third quarter of 2009. Under the arrangement, we fund a 50% participation in the block and we have agreed to take all natural gas produced from the Dorado Riquelme block. We cannot determine the amount of natural gas that will be purchased under this arrangement, and accordingly, no amounts have been included in the above table.

During 2007, we reached an arrangement with GeoPark to purchase all natural gas produced by GeoPark from the Fell block in southern Chile for a 10-year period. The pricing under this arrangement has a base component and a variable component determined with reference to a 3-month trailing average of industry methanol prices. We cannot determine the amount of natural gas that will be purchased under this arrangement in the future, and accordingly, no amounts have been included in the above table.

In Trinidad, we also have take-or-pay supply contracts for natural gas, oxygen and other feedstock requirements and these are included in the above table. 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.

In New Zealand, we have take-or-pay supply contracts that have a variable pricing component and these are included in the above table. These contracts are with a number of suppliers, which, together with some spot purchases of natural gas, will enable us to continue operating our 900,000 tonne per year Motunui plant until near the end of 2010.

Our long-term take-or-pay natural gas supply contract for the methanol project under construction in Egypt is included in the above table. We expect this facility to startup in mid-2010. The pricing for natural gas under this contract includes base and variable price components. The variable component of the natural gas contract in Egypt begins in mid-2012 and is determined with reference to our average realized price of methanol each quarter. This contract expires 25 years from the start of the commercial operation of the facility.

At December 31, 2009, we have annual methanol purchase commitments under offtake contracts for approximately 450,000 tonnes for 2010, approximately 380,000 tonnes for each of 2011 and 2012, and approximately 200,000 tonnes for 2013. The pricing under these contracts is referenced to industry pricing at the time of purchase, and accordingly, no amounts have been included in the above table.

Operating Lease Commitments

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

Egypt Plant under Construction

Project under construction includes the estimated total remaining capital expenditures to complete the construction of the 1.3 million tonne methanol facility in Egypt, including capitalized interest related to the project financing and excluding working capital.

Off-Balance Sheet Arrangements

At December 31, 2009, we did 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.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial instruments are either measured at amortized cost or fair value. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost. Held for trading financial assets and liabilities and available-for-sale financial assets are measured on the balance sheet at fair value. From time to time we enter into derivative financial instruments to limit our exposure to foreign exchange volatility and to variable interest rate volatility and to contribute towards achieving cost structure and revenue targets. Until settled, the fair value of derivative financial instruments will fluctuate based on changes in foreign exchange rates and variable interest rates. Derivative financial instruments are classified as held for trading and are recorded on the balance sheet at fair value unless exempted. Changes in fair value of derivative financial instruments are recorded in earnings unless the instruments are designated as cash flow hedges.

The following table shows the carrying value of each of our categories of financial assets and liabilities and the related balance sheet item as at December 31, 2009 and December 31, 2008, respectively:

($ MILLIONS)	2009	2008
Financial assets:		
Held for trading financial assets:		
Cash and cash equivalents	**$ 170**	$ 328
Debt service reserve accounts included in other assets	**13**	18
Loans and receivables:		
Receivables, excluding current portion of GeoPark financing	**249**	208
Dorado Riquelme investments included in other assets	**—**	42
GeoPark financing, including current portion	**46**	37
	$ 478	**$ 633**
Financial liabilities:		
Other financial liabilities:		
Accounts payable and accrued liabilities	**$ 233**	$ 235
Long-term debt, including current portion	**914**	782
Held for trading financial liabilities:		
Derivative instruments designated as cash flow hedges	**33**	38
Derivative instruments	**—**	2
	$ 1,180	**$ 1,057**

At December 31, 2009, all of the financial instruments were recorded on the balance sheet at amortized cost with the exception of cash and cash equivalents, derivative financial instruments and debt service reserve accounts included in other assets which were recorded at fair value.

The Egypt limited recourse debt facilities bear interest at LIBOR plus a spread. We have entered into interest rate swap contracts to swap the LIBOR-based interest payments for an average aggregated fixed rate of 4.8% plus a spread on approximately 75% of the Egypt limited recourse debt facilities for the period of September 28, 2007 to March 31, 2015.

These interest rate swaps had outstanding notional amounts of $351 million as at December 31, 2009. Under the interest rate swap contracts, the maximum notional amount during the term is $368 million. The notional amount on the interest rate swap contracts increases over the period of expected drawdowns and decreases over the expected repayment period on the Egypt limited recourse debt. At December 31, 2009, these interest rate swap contracts had a negative fair value of $33.2 million (December 31, 2008 — negative $38.1 million) recorded in other long-term liabilities. The fair value of these interest rate swap contracts will fluctuate until maturity. Changes in the fair value of derivative financial instruments designated as cash flow hedges have been recorded in other comprehensive income.

At December 31, 2009, our derivative financial instruments that had not been designated as cash flow hedges included a floating-for-fixed interest rate swap contract with a negative fair value of $0.1 million (December 31, 2008 — $0.6 million) recorded in other long-term liabilities. For the year ended December 31, 2009, the total change in the fair value of this interest rate swap contract was an increase of $0.5 million, which has been recorded in earnings during the period.

RISK FACTORS AND RISK MANAGEMENT

We are subject to risks that require prudent risk management. We believe the following risks, in addition to those described in the *Critical Accounting Estimates* section on page 31, to be among the most important for understanding the issues that face our business and our approach to risk management.

Security of Natural Gas Supply and Price

We use natural gas as the principal feedstock for producing methanol and it accounts for a significant portion of our operating costs. Accordingly, our results from operations depend in large part on the availability and security of supply and the price of natural gas. If, for any reason, we are unable to obtain sufficient natural gas for any of our plants on commercially acceptable terms or we experience interruptions in the supply of contracted natural gas, we could be forced to curtail production or close such plants, which could have an adverse effect on our results of operations and financial condition.

Chile

We have four methanol plants in Chile with a total production capacity of 3.8 million tonnes per year. Although we have long-term natural gas supply contracts in place that entitle us to receive a significant quantity of our total natural gas requirements in Chile from suppliers in Argentina, these suppliers have curtailed all gas supply to our plants in Chile since mid-June 2007 in response to various actions by the Argentinean government that include imposing a large increase to the duty on natural gas exports from Argentina. Since then we have been operating our Chile facilities at approximately 25-30% of total production capacity. We are not aware of any plans by the government of Argentina to decrease or remove this duty. Under the current circumstances, we do not expect to receive any further natural gas supply from Argentina.

We are focused on sourcing additional gas supply for our Chile facilities from suppliers in Chile as discussed in more detail in the *Production Summary — Chile* section on page 8 of this document. We are pursuing investment opportunities with ENAP, GeoPark and others to help accelerate natural gas exploration and development in southern Chile. In addition, the government of Chile completed an international bidding round in 2007 to assign natural gas exploration areas that lie close to our production facilities and announced the participation of several international oil and gas companies.

We cannot provide assurance that we, ENAP, GeoPark or the other bidding round participants will complete all planned expenditures or be successful in the exploration and development of natural gas in Chile or that we will obtain any additional natural gas from suppliers in Chile on commercially acceptable terms.

As a result of the Argentinean natural gas supply issues discussed above, all of the methanol production at our Chile facilities has been produced with natural gas from suppliers in Chile since mid-June of 2007. Over the past few years, ENAP, our primary supplier in Chile, has delivered less than the full amount of natural gas that it was obligated to deliver to us due to ongoing deliverability and production issues. The shortfalls in natural gas deliveries are generally greater in the southern hemisphere winter due to the need to satisfy increased demand for residential uses in the region. We cannot provide assurance that the loss of natural gas supply to our plants in Chile as a result of such issues will not be greater than it has been in the past. Such losses could have an adverse effect on our results of operations and financial condition.

Trinidad

Natural gas for our two methanol production facilities in Trinidad, with a total production capacity of 2.1 million tonnes per year, 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.

New Zealand

We have three plants in New Zealand with a total production capacity of up to 2.4 million tonnes per year. Two plants are located at Motunui and the third is located at Waitara Valley, seven kilometers away. In 2004 we idled our two Motunui plants but continued to operate the Waitara Valley plant until October 2008 to match natural gas supply availability. In October 2008, we restarted one 900,000 tonne per year plant in Motunui and idled the 530,000 tonner per year Waitara Valley plant. The Motunui plant produced 822,000 tonnes of methanol during 2009. Our second Motunui plant and our Waitara Valley plant provide the potential to increase production in New Zealand depending on methanol supply and demand dynamics and the availability of natural gas on commercially acceptable terms.

During the past few years, increased natural gas exploration and development activity in New Zealand has resulted in improved gas availability and deliverability. We have a range of gas suppliers with existing contracts expiring at various times during 2010. We currently have sufficient quantities of natural gas to operate the one Motunui plant until near the end of 2010. Our main priority is to secure more gas to extend the operation of this plant, and we are in the process of finalizing contracts with a number of suppliers. Based on the improved outlook for natural gas in New Zealand, we are optimistic that we can secure additional gas supply in New Zealand and potentially restart more capacity there in the future.

The future operation of each of our New Zealand facilities depends on methanol industry supply and demand and the availability of natural gas on commercially acceptable terms. There can be no assurance that the ongoing exploration and development activity in New Zealand will be successful or that we will be able to secure additional gas for our facilities on commercially acceptable terms.

Egypt

Natural gas for the 1.3 million tonne per year production facility that we are currently constructing in Egypt is supplied under a single long-term contract with the government-owned Egyptian Natural Gas Holding Company. The contract expires 25 years after the start of the commercial operation of the facility. We expect this facility to startup in mid-2010. Gas will be supplied to this facility from the same gas delivery grid infrastructure that supplies other industrial users in Egypt, as well as the general Egyptian population. Egypt manages its gas reserves to ensure that demand growth related to new industrial projects is compatible with Egyptian residential demand growth. Demand growth could be significant given Egypt's demographics. As well, Egypt has a stated goal of increasing economic development. As a result, we cannot provide assurance that we will not experience curtailments of natural gas supply which could have an adverse impact on our results of operations and financial condition.

Canada

We have a 470,000 tonne plant at Medicine Hat, Alberta that was idled in 2001 due to high natural gas feedstock prices in North America. The plant remains in good mechanical condition and is capable of being restarted. During the past few years there have been natural gas supply improvements in North America from shale and conventional sources that could provide the opportunity to secure sufficient natural gas on commercially acceptable terms to enable a restart of our facility in Medicine Hat. However, we are in the very early stages of discussions with potential gas suppliers and it is too soon to determine whether or not it will be possible to restart this facility in the future.

The future operation of our Medicine Hat facility depends on industry supply and demand and our ability to secure sufficient natural gas on commercially acceptable terms. There can be no assurance that we will be able to secure sufficient natural gas for our Medicine Hat facilities on commercially acceptable terms.

Methanol Price Cyclicality and Methanol Supply and Demand

The methanol business is a highly competitive commodity industry and prices are affected by supply and demand fundamentals and global energy prices. 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 practice will occur in the future. Demand for methanol largely depends upon levels of global industrial production, changes in general economic conditions and energy prices.

We are not able to predict future methanol supply and demand balances, market conditions, global economic activity, methanol prices or energy prices, all of which are affected by numerous factors beyond our control. 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.

Global Financial Crisis and Related Economic Slowdown

The recent global financial crisis and related economic slowdown added significant risks and uncertainties for our business, including risks and uncertainties related to the impact on global supply and demand for methanol, its impact on methanol prices, changes in capital markets and corresponding effects on our investments, our ability to access existing or future credit and increased risk of defaults by customers, suppliers and insurers. While the global economy has improved and demand for methanol and methanol prices have recovered somewhat, there can be no assurance that any such recovery will be sustained.

Liquidity Risk

We have an undrawn $200 million credit facility that expires in mid-2012. This facility is provided by highly rated financial institutions and our ability to access the facility is subject to certain financial covenants including an EBITDA to interest coverage ratio and a debt to capitalization ratio, as defined. We cannot provide assurance that all of these financial institutions will have the financial ability to honour a draw under the credit facility or that we will be able to meet these financial covenants in the future.

In addition, as at December 31, 2009, we had $58 million of undrawn capacity on the $530 million limited recourse debt facilities for the new Egypt facility that we are constructing with partners. We cannot provide assurance that the lenders under this facility will have the financial ability to honour future draws.

If we are unable to draw on the existing facilities described above or if we are unable to access new financing in the future, this could have a material adverse effect on our results of operations, our ability to pursue and complete strategic initiatives or on our financial condition.

Customer and Supplier Risk

In recessionary periods, such as the recent global recession, the risk of trade credit losses increases. Most of our customers are large global or regional petrochemical manufacturers or distributors and a number are highly leveraged. Two of our customers filed for bankruptcy protection in 2008 and 2009. While the outstanding receivables from these customers were not material at the time of these filings, it is possible, particularly if global economic activity slows again, that other customers may seek protection from creditors in the future and our exposure to such customers' receivables could be greater. Although we monitor our customers' financial status closely, some customers may not have the financial ability to pay for methanol in the future and this could have an adverse effect on our results of operations and financial condition. Although credit losses have not been historically significant, this risk still exists, particularly if global economic activity slows significantly again.

The recent recession also increased the risk that some of our suppliers would not be able to meet future supply commitments, which could have an adverse effect on our results of operations and financial condition.

Methanol Demand

Demand for Methanol — General

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.

Changes in environmental, health and safety laws, regulations or requirements could impact methanol demand. The United States Environmental Protection Agency (EPA) is currently evaluating the carcinogenicity classification for methanol as part of a standard review of chemicals under its Integrated Risk Information System (IRIS). Methanol is currently unclassified under IRIS. A draft assessment for methanol that was released by the EPA in January 2010 classified methanol as "Likely to Be Carcinogenic to Humans". The EPA is conducting its public comment and review process related to this draft assessment and a final report relating to the human health effects of methanol, including its potential carcinogenicity, is expected to be released in the second quarter of 2011. We are unable to determine at this time whether this draft classification will be maintained in the final assessment or if this will lead other government agencies to reclassify methanol. Any reclassification could reduce future methanol demand, which could have an adverse effect on our results of operations, financial condition or our stock price.

Demand for Methanol in the Production of Formaldehyde

In 2009, methanol demand for the production of formaldehyde represented approximately 34% of global 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.

The current EPA IRIS carcinogenicity classification for formaldehyde is "Likely to Be Carcinogenic to Humans." However, the EPA is reviewing this classification for formaldehyde as part of a standard review of chemicals. The estimated date of completion for the formaldehyde review is unknown at this time.

In May 2009, the National Cancer Institute (NCI) published a report on the health effects of occupational exposure to formaldehyde and a possible link to leukemia, multiple myeloma and Hodgkin's disease. The NCI report concluded that there may be an increased risk of cancers of the blood and bone marrow related to a measure of peak formaldehyde exposure. The International Agency for Research on Cancer also recently concluded that there is sufficient evidence in humans of a causal association of formaldehyde with leukemia.

The U.S. Department of Health and Human Services' (HHS) National Toxicology Program (NTP) Report on Carcinogens currently lists formaldehyde as "reasonably anticipated to be a human carcinogen." This classification is currently under review. The NTP is expected to issue a report in December 2010 which could raise the formaldehyde classification to "human carcinogen". In addition, there are legislative initiatives underway in the United States related to new national emissions standards for formaldehyde.

We are unable to determine at this time if the EPA, the HHS or other governments or government agencies will reclassify formaldehyde or what limits could be imposed related to formaldehyde emissions in the United States or elsewhere. Any such actions 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 2009, methanol for the production of MTBE represented approximately 13% of global methanol demand. MTBE is used primarily as a source of octane and as an oxygenate for gasoline to reduce the amount of harmful exhaust emissions from motor vehicles.

Several years ago, environmental concerns and legislative action related to gasoline leaking into water supplies from underground gasoline storage tanks in the United States have led to the phase-out of MTBE as a gasoline additive in the United States. We believe that methanol has not been used in the United States since 2007 to make MTBE for use in domestic fuel blending. However, approximately 750,000 tonnes of methanol was used in the United States in 2009 (the same amount as in 2008) to produce MTBE for export markets where demand for MTBE has continued at strong levels. While we currently expect demand for methanol for MTBE production in the United States for 2010 to remain steady or to decline slightly, it could decline materially as this demand is uncertain and will be determined by various factors, including export economics and changes to legislation or policies related to MTBE use in countries that import MTBE from the United States.

Additionally, the EPA in the United States is preparing an IRIS review of the human health effects of MTBE, including its potential carcinogenicity, and its final report is expected to be released in the third quarter of 2011.

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 fuels were recommended. Governmental efforts in recent years in some countries, primarily in the European Union and Latin America, to promote biofuels and alternative fuels through legislation or tax policy are putting competitive pressures on the use of MTBE in gasoline in these countries and this has resulted in some MTBE producers switching production to ethyl tert-butyl ether (ETBE) to access biofuels incentives. However, due to strong MTBE demand in other countries, we have observed the opposite in 2009, with some ETBE producers switching back to MTBE production. We cannot provide assurance that this will continue.

Although MTBE demand has remained strong outside of the United States, we cannot provide assurance that further legislation banning or restricting the use of MTBE or promoting alternatives to MTBE will not be passed or that negative public perceptions will not develop outside of the United States, either of which would lead to a further decrease in the global demand for methanol for use in MTBE. Declines in demand for methanol for use in MTBE could have an adverse effect on our results of operations and financial condition.

Foreign Operations

The majority of our operations and investments are located outside of North America, including Chile, Trinidad, New Zealand, Egypt, 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, import or export restrictions, anti-dumping measures; nationalization, war, insurrection, terrorism and other political risks; increases in duties, taxes and governmental royalties; renegotiation of contracts with governmental entities; as well as changes in laws or policies or other actions by governments that may adversely affect our operations. Many of the foregoing risks related to foreign operations may also exist for our domestic operations in North America.

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 taxation 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 feedstock and ocean shipping costs 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, the euro and the Egyptian pound. 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.

In June 2009, the Chinese government began an anti-dumping investigation against imports of methanol from New Zealand, Saudi Arabia, Indonesia and Malaysia. A preliminary determination is expected in the first half of 2010 and a final determination is expected later in 2010. No new duties or other measures have been imposed to date. As an importer of methanol from New Zealand into China, we have fully co-operated with this investigation. We have submitted documents and data supporting our argument that there is no correlation between the alleged injury suffered by the local industry and the imports from the targeted countries. However, we cannot predict the outcome of this investigation and it is possible that the Chinese government could impose duties or other measures that could have an adverse effect on our results of operations and financial condition.

Methanol is a globally traded commodity that is produced by many producers at facilities located in many countries around the world. Some producers and marketers may have direct or indirect contacts with countries that may, from time to time, be subject to international trade sanctions or other similar prohibitions ("Sanctioned Countries"). In addition to the methanol we produce, we purchase methanol from third parties under purchase contracts or on the spot market in order to meet our commitments to customers and we also engage in product exchanges with other producers and marketers. We believe that we are in compliance with all applicable laws with respect to sales and purchases of methanol and product exchanges. However, as a result of the participation of Sanctioned Countries in our industry, we cannot provide assurance that we will not be exposed to reputational or other risks that could have an adverse impact on our results of operations, our financial condition or our stock price.

Operational Risks

Production Risks

Most 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 feedstocks, power failures, longer-than-anticipated planned maintenance activities, loss of port facilities, natural disasters or any other event, including unanticipated events beyond our control that 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 have an adverse effect on our results of operations and financial condition.

Purchased Product Price Risk

In addition to the sale of methanol produced at our plants, we also purchase methanol produced by others on the spot market and through purchase contracts to meet our customer commitments and support our marketing efforts. We have adopted the first-in, first-out method of accounting for inventories and it generally takes between 30 and 60 days to sell the methanol we purchase. Consequently, we have the risk of holding losses on the resale of this product to the extent that methanol prices decrease from the date of purchase to the date of sale. In mid-2007, we experienced a significant reduction in our production levels at our plants in Chile as a result of the natural gas curtailments from Argentina. Accordingly, we have increased our purchasing levels of methanol since that time to continue to meet our customer commitments, which has increased our exposure to holding losses on the sale of purchased methanol. Holding losses could have an adverse effect on our results of operations and financial condition.

Distribution Risks

Excess capacity within our fleet of ocean vessels resulting from a prolonged plant shutdown or other event could also have an adverse effect on our results of operations and financial condition. Due to the significant reduction of production levels at our Chilean facilities since mid-2007, we have had excess shipping capacity that is subject to fixed time charter costs. We have been successful in mitigating some of these costs by entering into sub-charters and third-party backhaul arrangements, although the recent recession made it more difficult to mitigate these costs due to significant excess shipping capacity. As we enter 2010, the shipping market has not yet fully recovered from the recession. If we are unable to mitigate these costs in the future, or if we suffer any other disruptions in our distribution system, this could have an adverse effect on our results of operations and financial condition.

Insurance Risks

Although we maintain operational and construction insurances, including business interruption insurance and delayed start-up insurance, we cannot provide assurance that we will not incur losses beyond the limits of, or outside the coverage of, such insurance or that insurers will be financially capable of honouring future claims. 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.

Egypt Plant under Construction

We are currently constructing a 1.3 million tonne per year methanol facility with partners in Egypt. While we believe that our estimates of project costs and anticipated completion for the Egyptian project are reasonable, we cannot provide any assurance that the cost estimates will not be exceeded or that the facility will begin commercial production within the anticipated schedule, if at all.

New Capital Projects

As part of our strategy to strengthen our position as the global leader in the production and marketing of methanol, we intend to continue pursuing new opportunities to enhance our strategic position in the methanol industry. 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 and other feedstock 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 provide assurance that we will be able to identify or develop new methanol projects.

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 emissions and 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.

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 that renders 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 applicable laws at the time such acts were performed. To date, environmental laws and regulations have not had a material adverse effect on our capital expenditures, earnings or competitive position. However, operating petrochemical manufacturing plants and distributing 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.

Carbon dioxide is a significant by-product of the methanol production process. We manufacture methanol in Chile, Trinidad and New Zealand and we are constructing a new facility in Egypt with partners. All of these countries have signed and ratified the Kyoto Protocol. Under the Kyoto Protocol, we are not currently required to reduce greenhouse gases (GHGs) in the developing nations of Chile, Trinidad and Egypt. However, as a developed nation, New Zealand does have obligations related to GHG emissions reduction under the Kyoto Protocol.

To meet its commitments under the Kyoto Protocol, New Zealand passed legislation to establish an Emission Trading Scheme (ETS) that will take effect from July 1, 2010. The ETS will impose a carbon price on producers of fossil fuels, including natural gas, which is expected in turn to increase the costs of natural gas that Methanex purchases in New Zealand. However, as a trade-exposed company, Methanex will be entitled to a free allocation of emissions units to partially offset those increased costs and the legislation provides further moderation of any residual cost exposure until the end of 2012. After this date, the moderating features are expected to be removed, our eligibility for free allocation of emissions units will be progressively reduced and we will likely have to pay the increased costs. We currently believe that the ETS will not have a material adverse impact on our results of operations and financial condition to the end of 2012. However, at this time it is difficult to accurately quantify the impact on our business after 2012 and therefore we cannot provide assurance that the ETS will not have a material adverse impact on our results of operations and financial condition after 2012.

Legal Proceedings

In 2009, the Board of Inland Revenue of Trinidad and Tobago issued an assessment against our wholly owned subsidiary, Methanex Trinidad (Titan) Unlimited, in respect of the 2003 financial year. The assessment related to the deferral of tax depreciation deductions during a five-year tax holiday that ended in 2005. The amount in dispute as at December 31, 2009 is approximately $23 million in current taxes and $26 million in future taxes, exclusive of any interest charges. The Company has lodged an objection to the assessment. Based on the merits of the case and legal interpretation, management believes its position should be sustainable. However, we cannot provide assurance that the final assessment will not have an adverse effect on our results of operations and financial condition.

OUTLOOK

Methanol is a global chemical commodity and our earnings are significantly affected by fluctuations in the price of methanol, which is directly impacted by the balance of methanol supply and demand. Demand for methanol is driven primarily by levels of industrial production, energy prices and the strength of the global economy.

As we entered 2009, the global financial crisis and weak economic environment caused a sharp reduction in global demand for most traditional methanol derivatives (which represent approximately 70% of global methanol demand), while demand for methanol in energy-related applications (30% of global methanol demand) remained healthy. Overall, we estimate that global demand had declined by about 15% from 2008 pre-recession levels to an annualized level of about 36 million tonnes. As a result, a significant amount of high cost capacity shut in or operated at lower rates for a period of time to bring supply and demand into balance. This resulted in a period of lower methanol prices, with contract pricing across global markets averaging about $213 per tonne over the first half of the year.

During 2009, global methanol demand recovered and by the end of the year it reached a level of approximately 43 million tonnes measured on an annualized basis. Demand recovery was mainly focused in in Asia, particularly in China. In Europe and North America, demand into chemical derivatives began to recover in the second half of 2009, but still lagged pre-recession levels. Methanol blending into gasoline in China has been particularly strong and we believe that future growth in this application is supported by recent regulatory changes in that country. For example, an M85 (or 85% methanol blend) national standard took effect on December 1, 2009, and we expect an M15 (or 15% methanol blend) national standard to be released later in 2010. Supported by an environment of strong energy prices, methanol demand into DME in China also increased in 2009.

In addition to the improvement in demand, we have seen an escalation in feedstock costs for producers and significant supply challenges. There have been a number of planned and unplanned plant outages across the industry and we understand that two new-world scale methanol plants that began operations in the last 12 months have been operating at reduced rates. As a result of the improvement in demand, industry supply challenges and the increase in costs for many producers, methanol prices increased through the latter half of 2009 and into 2010. Our average non-discounted posted price in January was approximately $350 per tonne.

Over the two-year period to the end of 2011, it is expected that new capacity and expansions will add approximately four million tonnes of capacity to the global industry outside of China, including the 1.3 million tonne plant we are constructing in Egypt with partners. We believe that this new capacity could be offset by demand growth outside of China, import growth into China and further closures of high cost capacity in the industry.

There are significant capacity additions planned in China over the next few years. However, the Chinese methanol industry has historically operated at low rates and there has been increasing pressure on its cost structure as a result of escalating feedstock costs for both coal and natural gas based producers. At the beginning of 2009, as a result of the lower methanol price environment, we estimate about 6 million tonnes of annualized higher-cost or less-efficient methanol production in China was shut down and net imports into China increased by approximately 5 million tonnes on an annualized basis. During the second half of 2009, increasing methanol prices resulted in some higher-cost capacity restarting in China and, given the strong demand for methanol, import levels also remained high. In addition, the majority of the methanol produced in China is made from coal and is typically lower quality and not suitable for all customers. In a high global energy price environment, we believe that methanol demand in China should continue to grow at high rates and that this will more than offset increases of domestic production in China and imports of methanol into China will increase over time.

The methanol price will ultimately depend on the strength of the economic recovery, industry operating rates, global energy prices, the rate of industry restructuring and the strength of global demand. We believe that our financial position and financial flexibility, outstanding global supply network and low cost position will provide a sound basis for Methanex to continue to be the leader in the methanol industry and to invest to grow the Company.

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 to our 2009 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, 2009, the net book value of our property, plant and equipment was $2,184 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.

We test our long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Examples of such events or changes in circumstances related to our long-lived assets include, but are not restricted to: a significant adverse change in the extent or manner in which the asset is being used or in its physical condition; a significant change in the price or availability of natural gas feedstock required to manufacture methanol; a significant adverse change in legal factors or in the business climate that could affect the asset's value, including an adverse action or assessment by a foreign government that impacts the use of the asset; or a current-period operating or cash flow loss combined with a history of operating or cash flow losses, or a projection or forecast that demonstrates continuing losses associated with the asset's use. For purposes of recognition and measurement of an impairment loss, we group our long-lived assets with other assets and liabilities to form an "asset group," at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. To the extent that our methanol facilities in a particular location are interdependent as a result of common infrastructure and/or feedstock from shared sources that can be moved within a facility location, we group our assets based on site locations for the purpose of determining impairment.

There are two key variables that impact our estimate of future cash flows: (1) the methanol price and (2) the price and availability of natural gas feedstock. Short-term methanol price estimates are based on current supply and demand fundamentals and current methanol prices. Long-term methanol price estimates are based on our view of long-term supply and demand and consideration is given to many factors, including, but not limited to, estimates of global industrial production rates, energy prices, changes in general economic conditions, future global methanol production capacity, industry operating rates and the global industry cost structure. Our estimate of the price and availability of natural gas takes into consideration the current contracted terms, as well as factors that we believe are relevant to supply under these contracts and supplemental natural gas sources. Other assumptions included in our estimate of future cash flows include the estimated cost incurred to maintain the facilities, estimates of transportation costs and other variable costs incurred in producing methanol in each period. Changes in these assumptions will impact our estimates of future 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 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, 2009, we have 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 future 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 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 realizing 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, 2009, we had future income tax assets of $218 million that are substantially offset by a valuation allowance of $163 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.

Inventories

Inventories are valued at the lower of cost, determined on a first-in first-out basis, and estimated net realizable value. The cost of our inventory, for both produced methanol as well as methanol we purchase from others, is impacted by methanol prices at the time of production or purchase. The net realizable value of inventories will depend on methanol prices when sold. Inherent uncertainties exist in estimating future methanol prices and therefore the net realizable value of our inventory. Methanol prices are influenced by supply and demand fundamentals, industrial production, energy prices and the strength of the global economy. At December 31, 2009, inventory is appropriately valued at cost.

Accounts Receivable and Allowance for Doubtful Accounts

We provide credit to our customers in the normal course of business. We perform ongoing credit evaluations of our customers and maintain reserves for potential credit losses. We record an allowance for doubtful accounts or write down the receivable to estimated net realizable value if not collectible in full. As at December 31, 2009, we had approximately $191 million in trade accounts receivable, and we believe that we have adequately provided for any credit losses. Historically, credit losses have been within the range of management's expectations. However, in the current economic environment, there continues to be an increased risk of trade credit losses and because of uncertainties in estimated future credit losses, credit losses on trade receivables could be materially different from amounts estimated.

Oil and Gas Accounting

On August 24, 2009, the Company received final government approval of the agreement signed on May 5, 2008 with ENAP, the Chilean state-owned oil and gas company. The agreement with ENAP is to accelerate gas exploration and development in the Dorado Riquelme exploration block in southern Chile and supply new Chilean-sourced natural gas to the Company's production facilities in Chile. Under the arrangement we fund a 50% participation in the block.

Upon receiving final government approval of the agreement, the Company adopted the CICA guideline on full cost accounting in the oil and gas industry to account for our investment in the Dorado Riquelme block. Under this method, all costs, including internal costs and asset retirement costs, directly associated with the acquisition of, the exploration for, and the development of natural gas reserves are capitalized. Costs are then depleted and amortized using the unit-of-production method based on estimated proved reserves. Capitalized costs subject to depletion include estimated future costs to be incurred in developing proved reserves. Costs of major development projects and costs of acquiring and evaluating significant unproved properties are excluded from the costs subject to depletion until it is determined whether or not proved reserves are attributable to the properties or impairment has occurred. Costs that have been impaired are included in the costs subject to depletion and amortization.

Under the CICA guideline on full cost accounting, an impairment assessment ("ceiling test") is performed on an annual basis for all oil and gas assets. An impairment loss is recognized in earnings when the carrying amount is not recoverable and the carrying amount exceeds its fair value. The carrying amount is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows from proved reserves. If the sum of the cash flows is less than the carrying amount, the impairment loss is measured as the amount by which the carrying amount exceeds the sum of the discounted cash flows of proved and probable reserves.

As a result of the adoption of the full cost accounting methodology, the Company reclassified the cumulative oil and gas expenditures of $58.7 million from other assets to property, plant and equipment in the third quarter of 2009. The Company performed the annual ceiling test for its investment in the Dorado Riquelme block and concluded no impairment existed as at December 31, 2009. For the year ended December 31, 2009, the Company contributed $22.8 million (2008 — $41.8 million) to the Dorado Riquelme investment.

Derivative Financial Instruments

From time to time we enter into derivative financial instruments to limit our exposure to foreign exchange volatility and to variable interest rate volatility and to contribute towards achieving cost structure and revenue targets. The valuation of derivative financial instruments is a critical accounting estimate due to the complex nature of these products, the degree of judgment required to appropriately value these products and the potential impact of such valuation on our financial statements. Derivative financial instruments are classified as held for trading and are recorded on the balance sheet at fair value. Changes in the fair value of derivative financial instruments are recorded in earnings unless the instruments are designated as cash flow hedges, in which case the effective portion of any changes in fair value are recorded in other comprehensive income. At December 31, 2009, the fair value of our derivative financial instruments used to limit our exposure to foreign exchange volatility and to variable interest rate volatility approximated their carrying value of negative $33.2 million. Until settled, the fair value of the derivative financial instruments will fluctuate based on changes in foreign exchange rates and variable interest rates, which have been volatile in the current economic environment.

NEW CANADIAN ACCOUNTING STANDARDS ADOPTED IN 2009

Goodwill and Intangible Assets

On January 1, 2009, the Company adopted CICA Handbook Section 3064, *Goodwill and Intangible Assets*. This new accounting standard replaces Section 3062, *Goodwill and Other Intangible Assets*. Section 3064 expands on the standards for the recognition, measurement and disclosure of intangible assets. The impact of the retroactive adoption of this standard on the Company's consolidated balance sheet at January 1, 2009 is approximately $13 million recorded as a reduction to opening retained earnings and property, plant and equipment. The amount relates to certain pre-operating expenditures that have been capitalized to property, plant and equipment at December 31, 2008 that would have been required to be expensed under this new standard. The impact for the year ended December 31, 2009 was an increase to selling, general and administrative expenses of approximately $3.8 million (2008 — $3.5 million).

As a portion of these pre-operating expenditures were incurred in a non-whollyowned subsidiary, the Company has also adjusted the opening non-controlling interest (NCI) and retained earnings balances at December 31, 2008 for the NCI's proportionate share of approximately $4 million.

Oil and Gas Accounting

On August 24, 2009, the Company received final government approval of the agreement signed on May 5, 2008 with Empresa Nacional del petroleo (ENAP), the Chilean state-owned oil and gas company. The agreement with ENAP is to accelerate gas exploration and development in the Dorado Riquelme exploration block in southern Chile and supply new Chilean-sourced natural gas to the Company's production facilities in Chile. Under the arrangement we fund a 50% participation in the block. Upon receiving final government approval of the agreement, the Company adopted the CICA guideline on full cost accounting in the oil and gas industry to account for our investment in the Dorado Riquelme block (refer to the *Critical Accounting Estimates — Oil and Gas Accounting* section on page 33 for more information).

ANTICIPATED CHANGES TO CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

International Financial Reporting Standards

The Canadian Accounting Standards Board confirmed January 1, 2011 as the changeover date for Canadian publicly accountable enterprises to start using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures.

As a result of the IFRS transition, changes in accounting policies are likely and may materially impact our consolidated financial statements. The IASB will also continue to issue new accounting standards during the conversion period, and as a result, the final impact of IFRS on our consolidated financial statements will only be measured once all the IFRS applicable at the conversion date are known.

We have established a working team to manage the transition to IFRS. Additionally, we have established a formal project governance structure that includes the Audit, Finance and Risk Committee, senior management, and an IFRS steering committee to monitor progress and review and approve recommendations from the working team for the transition to IFRS. The working team provides regular updates to the IFRS steering committee and to the Audit, Finance and Risk Committee of the Board.

We have developed a plan to convert our consolidated financial statements to IFRS at the changeover date of January 1, 2011 with comparative financial results for 2010. The IFRS transition plan addresses the impact of IFRS on accounting policies and implementation decisions, infrastructure, business activities and control activities. We are progressing according to schedule and continue to be on track toward the transition to IFRS in 2011. We will continue to provide updates on the status of the project and its impact on financial reporting in our quarterly and annual Management's Discussion and Analysis throughout the convergence period to January 1, 2011. A summary status of the key elements of the changeover plan is as follows:

Accounting policies and implementation decisions

- Key activities:
  - Identification of differences in Canadian GAAP and IFRS accounting policies
  - Selection of ongoing IFRS policies
  - Selection of IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1") choices
  - Development of financial statement format
  - Quantification of effects of change in initial IFRS 1 disclosures and 2010 financial statements
- Status:
  - We have identified differences between accounting policies under Canadian GAAP and accounting policy choices under IFRS, both on an ongoing basis and with respect to certain choices available on conversion, in accordance with IFRS 1
  - We have addressed, on a priority basis, those areas that we believe may cause the most significant impact to our consolidated financial statements
  - We have engaged the Company's external auditors, KPMG LLP, to discuss our proposed IFRS accounting policies to ensure consistent interpretation of IFRS guidance in key areas as they are arrived at and agreed by the working team
  - We continue to monitor changes in accounting policies issued by the IASB and the impact of those changes on our accounting policies under IFRS
  - We continue to progress our selection of IFRS accounting policies and the quantification of identified differences which we anticipate to finalize in 2010

Infrastructure: Financial reporting expertise

- Key activities:
  - Development of IFRS expertise
- Status:
  - We have provided training for key employees and senior management
  - We have held an IFRS information session with the Audit, Risk and Finance Committee that included an in-depth review of differences between Canadian GAAP and IFRS, a review of the implementation timeline, an overview of the project activities to date and a preliminary discussion of the significant impact areas of IFRS
  - We will provide additional training and updates for key employees, senior management, the Audit, Risk and Finance Committee, the Board and other stakeholders throughout the convergence period
  - In 2010, all accounting policy changes arising from the transition to IFRS will be subject to review by senior management, the IFRS Steering Committee and ultimately final review and approval by the Audit, Finance and Risk Committee of the Board

Infrastructure: Information technology and data systems

- Key activities:
  - Identification of system requirements for the convergence and post-convergence periods
- Status:
  - We have assessed the impact on system requirements for the convergence and post-convergence periods. These requirements are limited to the core general ledger system to facilitate the compilation of IFRS comparative results throughout 2010. We do not anticipate significant impact to other applications arising from the transition to IFRS

Business activities: Financial covenants

- Key activities:
  - Identification of impact on financial covenants and financing relationships
  - Completion of any required renegotiations/changes
- Status:
  - The financial covenant requirements in our financing relationships are measured on the basis of Canadian GAAP in effect at the commencement of the various relationships, and the transition to IFRS will therefore have no impact on our current financial covenant requirements
  - We are developing a process to compile our financial results on a historical Canadian GAAP basis and to monitor financial covenant requirements through to the conclusion of our current financing relationships

Business activities: Compensation arrangements

- Key activities:
  - Identification of impact on compensation arrangements
  - Assessment and implementation of required changes
- Status:
  - We have identified compensation policies that rely on indicators derived from the financial statements
  - In 2010, we will work with the Company's human resources department and the Human Resources Committee of the Board to ensure that compensation arrangements incorporate IFRS results in accordance with the Company's overall compensation principles

Control activities: Internal control over financial reporting

- Key activities:
  - For all accounting policy changes identified, assessing the design and effectiveness of respective changes to Internal Controls over Financial Reporting ("ICFR")
  - Implementation of appropriate changes
- Status:
  - We have identified the required accounting process changes that result from the application of IFRS accounting policies; these changes are not anticipated to be significant
  - In 2010 we will complete the design, implementation and documentation of the accounting process changes that result from the application of IFRS accounting policies

Control activities: Disclosure controls and procedures

- Key activities:
  - For all accounting policy changes identified, assessing the design and effectiveness of respective changes to Disclosure Controls and Procedures ("DC&P")
  - Implementation of appropriate changes
- Status:
  - We continue to provide IFRS project updates in quarterly and annual disclosure documents
  - In 2010, all accounting policy changes arising from the transition to IFRS will be subject to review by senior management, the IFRS Steering Committee and ultimately final review and approval by the Audit, Finance and Risk Committee of the Board

Potential Significant Impacts on Transition to IFRS

The Company has completed its initial assessment of the impacts of the transition to IFRS. Based on an analysis of Canadian GAAP and IFRS in effect at December 31, 2009, we have identified several differences between the Company's current accounting policies and those expected to apply in preparing IFRS consolidated financial statements. Information on those changes that management considers most significant to the Company are presented below.

Interest in Joint Ventures

Under Canadian GAAP, our 63.1% interest in Atlas Methanol Company (Atlas) is accounted for using proportionate consolidation in the accounting for joint ventures. Current IFRS allows a choice between proportionate consolidation and equity accounting in the accounting for joint ventures.

Future changes to IFRS in the accounting for joint ventures are expected and these changes may remove the option for proportionate consolidation and allow only the equity method of accounting for such interests. The impact of applying the equity method of accounting does not result in any change to net earnings or shareholders' equity. There would be a significant presentation impact, however, in that Atlas' net results and financial position would be presented on a single line of the Company's income statement and statement of financial position, respectively.

The IASB is currently proceeding on projects related to consolidation and joint venture accounting. The impact these projects may have on the conclusions related to the accounting treatment of Atlas is currently unknown.

We continue to monitor changes in accounting policies issued by the IASB in this area. We have not yet selected our accounting policy under current IFRS between proportionate consolidation and equity accounting for Atlas.

Leases

Canadian GAAP requires an arrangement that at its inception can be fulfilled only through the use of a specific asset or assets, and which conveys a right to use that asset, may be a lease or contain a lease, and therefore should be accounted for as a lease, regardless of whether it takes the legal form of a lease. However, Canadian GAAP has grandfathering provisions that exempts contracts entered into before 2004 from these requirements.

IFRS has similar accounting requirements as Canadian GAAP for lease-like arrangements, with IFRS requiring full retrospective application. We have long-term oxygen supply contracts for our Atlas and Titan methanol plants in Trinidad, executed prior to 2004, which we believe would be regarded as capital leases under these standards. Accordingly, we believe our Trinidad oxygen supply contracts will be required to be accounted for as finance leases and therefore be recognized on the statement of financial position as an asset with a corresponding long-term liability obligation. Our analysis is ongoing and includes quantifying the impact of this accounting conclusion on transition to IFRS.

Impairment of Assets

If there is an indication that an asset may be impaired, an impairment test must be performed. Under Canadian GAAP, this is a two-step impairment test in which (1) undiscounted future cash flows are compared to the carrying value; and (2) if those undiscounted cash flows are less than the carrying value, the asset is written down to the fair value. Under IFRS, an entity is required to assess, at the end of each reporting period, whether there is any indication that an asset may be impaired. If such an indication exists, the entity shall estimate the recoverable amount of the asset by performing a one-step impairment test, which requires a comparison of the carrying value of the asset to the higher of value in use and fair value less costs to sell. Value in use is defined as the present value of future cash flows expected to be derived from the asset in its current state.

As a result of this difference, in principle, impairment writedowns may be more likely under IFRS than are currently identified and recorded under Canadian GAAP. The extent of any new write downs, however, may be partially offset by the requirement under IAS 36, *Impairment of Assets* to reverse any previous impairment losses where circumstances have changed such that the impairments have been reduced. Canadian GAAP prohibits reversal of impairment losses. We do not anticipate that the adoption of these standards will result in an impairment of our assets on transition to IFRS.

Provisions

Under Canadian GAAP, a provision is required to be recorded in the financial statements when required payment is considered "likely" and can be reasonably estimated. The threshold for recognition of provisions under IFRS is lower than that under Canadian GAAP as provisions must be recognized if required payment is "probable." Therefore, in principle, it is possible that there may be some provisions which would meet the recognition criteria under IFRS that were not recognized under Canadian GAAP.

Other differences between IFRS and Canadian GAAP exist in relation to the measurement of provisions, such as the methodology for determining the best estimate where there is a range of equally possible outcomes (IFRS uses the mid-point of the range, whereas Canadian GAAP uses the low end of the range), and the requirement under IFRS for provisions to be discounted where material.

IFRS 1 First-Time Adoption of International Financial Reporting Standards

Adoption of IFRS requires the application of IFRS 1, *First-time Adoption of International Financial Reporting Standards*, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 gives entities adopting IFRS for the first time a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The following are the optional exemptions available under IFRS 1 that the Company currently intends to elect on transition to IFRS. The Company continues to review all IFRS 1 exemptions and will implement those determined to be most appropriate in our circumstances on transition to IFRS. The list below and comments should not be regarded as a complete list of IFRS 1 that are available to the Company as a result from the transition to IFRS.

Business Combinations

Under IFRS 1 an entity has the option to retroactively apply IFRS 3, *Business Combinations* to all business combinations or may elect to apply the standard prospectively only to those business combinations that occur after the date of transition. The Company currently intends to elect this exemption under IFRS 1, which removes the requirement to retrospectively restate all business combinations prior to the date of transition to IFRS.

Employee Benefits

IFRS 1 provides an option to recognize all cumulative actuarial gains and losses existing at the date of transition immediately in retained earnings, rather than continuing to defer and amortize into the results of operations. The Company currently intends to elect this exemption under IFRS 1. Our analysis is ongoing to quantify the impact of this election on transition to IFRS.

The discussion above on potential significant impacts on transition to IFRS is provided to allow readers to obtain a better understanding of our IFRS changeover plan and the resulting potential effects on our consolidated financial statements. Readers are cautioned, however, that it may not be appropriate to use such information for any other purpose. This discussion reflects our most recent assumptions and expectations; circumstances may arise, such as changes in IFRS, regulations or economic conditions, which could change these assumptions or expectations. We are still in the process of completing the selection of IFRS accounting policies and the quantification of identified differences. Once completed, this information will be subject to approval by the Audit, Finance and Risk Committee and audit by KPMG LLP, prior to being finalized. Accordingly, the discussion above is subject to change.

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, 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 our 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.

Adjusted EBITDA

This supplemental non-GAAP measure is provided to help readers determine 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, 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)	**2009**	2008
Cash flows from operating activities	**$ 110**	$ 313
Add (deduct):		
Changes in non-cash working capital	**18**	(78)
Other cash payments	**11**	7
Stock-based compensation expense	**(12)**	(3)
Other non-cash items	**(7)**	(3)
Interest expense	**27**	38
Interest and other income	**—**	(10)
Income taxes — current	**(5)**	66
Adjusted EBITDA	**$ 142**	$ 330

Operating Income and Cash Flows from Operating Activities before Changes in 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 statement of income and consolidated statement of cash flows, respectively.

QUARTERLY FINANCIAL DATA (UNAUDITED)

	THREE MONTHS ENDED			
($ MILLIONS, EXCEPT WHERE NOTED)	**DEC 31**	**SEP 30**	**JUN 30**	**MAR 31**
2009				
Revenue	**$ 382**	**$ 317**	**$ 246**	**$ 254**
Net income (loss)	**26**	**(1)**	**(6)**	**(18)**
Basic net income (loss) per share	**0.28**	**(0.01)**	**(0.06)**	**(0.20)**
Diluted net income (loss) per share	**0.28**	**(0.01)**	**(0.06)**	**(0.20)**
2008				
Revenue	$ 408	$ 570	$ 600	$ 736
Net income	(4)	70	38	65
Basic net income per share	(0.04)	0.75	0.40	0.66
Diluted net income per share	(0.04)	0.74	0.40	0.66

A discussion and analysis of our results for the fourth quarter of 2009 is set out in our fourth quarter of 2009 Management's Discussion and Analysis filed with Canadian Securities Administrators and the U.S. Securities and Exchange Commission and incorporated herein by reference.

SELECTED ANNUAL INFORMATION

($ MILLIONS, EXCEPT WHERE NOTED)	**2009**	2008	2007
Revenue	**$ 1,198**	$ 2,314	$ 2,266
Net income	**1**	169	373
Basic net income per share	**0.01**	1.79	3.66
Diluted net income per share	**0.01**	1.78	3.65
Cash dividends declared per share	**0.620**	0.605	0.545
Total assets	**2,923**	2,799	2,862
Total long-term financial liabilities	**982**	864	656

CONTROLS AND PROCEDURES

Disclosure 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 the filings under applicable securities regulations is recorded, processed, summarized and reported within the time periods specified. As at December 31, 2009, 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.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. 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 our assets; (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 our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

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.

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as of December 31, 2009, based on the framework set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its evaluation under this framework, management concluded that our internal control over financial reporting was effective as of that date.

KPMG LLP ("KPMG"), an independent registered public accounting firm that audited and reported on our consolidated financial statements, has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2009. The attestation report is included on page 1 of our consolidated financial statements.

Changes in Internal Control over Financial Reporting

There have been no changes during the year ended December 31, 2009 to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

FORWARD-LOOKING STATEMENTS

This 2009 Annual Report contains forward-looking statements with respect to us and the chemical industry. Statements that include the words “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “plans,” “estimates,” “anticipates,” or the negative version of these words or other comparable terminology and similar statements of a future or forward-looking nature identify forward-looking statements.

More particularly and without limitation, any statements regarding the following are forward-looking statements:

- expected demand for methanol and its derivatives,
- expected new methanol supply and timing for start-up of same,
- expected shutdowns (either temporary or permanent) or restarts of existing methanol supply (including our own facilities), including, without limitation, timing of planned maintenance outages,
- expected prices of methanol and methanol derivatives,
- expected energy prices (including prices for natural gas and coal feedstocks),
- anticipated production from, and production rates of, our plants,
- expected levels of natural gas supply to our plants,
- capital committed by third parties towards future natural gas exploration in southern Chile,
- anticipated results of natural gas exploration in southern Chile and New Zealand and timing of same,
- receipt of third-party consents or approvals,
- expected operating costs, including natural gas feedstock costs and logistics costs,
- expected tax rates,
- expected cash flows or earnings capability,
- ability to enter into new, or renew existing, gas contracts on commercially acceptable terms,
- expected expenditures and future sources of funding for such expenditures, including expenditures to support natural gas exploration and development in southern Chile and New Zealand,
- capital expenditures to support natural gas exploration and development in southern Chile and New Zealand,
- anticipated start-up date of, and cost to complete, our methanol project in Egypt,
- availability of committed credit facilities and other financing,
- shareholder distribution strategy and anticipated distributions to shareholders,
- commercial viability of, success of, or ability to execute future projects, including capacity expansions,
- financial strength and ability to meet future financial commitments,
- expected impact of regulatory actions, including assessments of the carcinogenicity of methanol, formaldehyde and MTBE, the imposition of formaldehyde emission limits and legislation related to CO_2 emissions in New Zealand,
- expected global or regional economic activity (including industrial production levels) and expectations regarding recovery from the current uncertain economic environment,
- expected financial statement and other impacts related to the Company’s transition to IFRS,
- expected outcome of legal proceedings, including the tax assessment recently issued by the Board of Inland Revenue of Trinidad and Tobago and
- expected actions of governments, gas suppliers, courts, tribunals and other third parties, including the establishment by the Chinese government of new fuel-blending standards and the outcome of the Chinese government’s anti-dumping investigation related to methanol imports from a number of countries including New Zealand.

We believe that we have a reasonable basis for making such forward-looking statements. The forward-looking statements in this document 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 that are included in these forward-looking statements, including, without limitation, future expectations and assumptions concerning the following:

- supply of, demand for, and price of methanol, methanol derivatives, natural gas, oil and oil derivatives,
- production rates of our facilities in accordance with plan,
- success of natural gas exploration in southern Chile and New Zealand leading to increased natural gas supply available for our plants in Chile and New Zealand on commercially acceptable terms,
- receipt or issuance of third-party consents or approvals, including, without limitation, governmental approvals related to natural gas exploration rights or the establishment of new fuel blending standards,
- operating costs, including natural gas feedstock and logistics costs, capital costs, tax rates, cash flows, foreign exchange rates and interest rates in accordance with plan,
- completion date and cost of our methanol project in Egypt,
- availability of committed credit facilities and other financing,
- availability of future natural gas supply on commercially acceptable terms in Chile, Trinidad, New Zealand, Canada and Egypt,
- global and regional economic activity (including industrial production levels),
- absence of a material negative impact from major natural disasters or global pandemics,
- absence of a material negative impact from changes in laws, regulations or standards,
- the renewal of committed credit facilities and other financing upon the expiry thereof,
- the legal opinions received in connection with ongoing legal proceedings and
- performance of contractual obligations by customers, suppliers and other third parties.

However, forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. The risks and uncertainties primarily include those attendant with producing and marketing methanol and successfully carrying out major capital expenditure projects in various jurisdictions, including without limitation:

- conditions in the methanol and other industries, including fluctuations in the supply of, demand for and price of methanol and its derivatives, including demand for methanol for energy uses,
- significant decrease in energy prices (including prices for natural gas and coal feedstocks),
- the success of natural gas exploration and development activities in southern Chile, New Zealand and Canada,
- availability of future natural gas supply on commercially acceptable terms in Chile, Trinidad, New Zealand and Egypt,
- the timing of the start-up and the cost to complete our new methanol project in Egypt,
- the ability to successfully carry out corporate initiatives and strategies,
- unexpected technical issues with our production facilities,
- actions of competitors and suppliers,
- actions of governments and governmental authorities, including implementation of policies or other measures by the Chinese government, the United States government or other governments that could impact the demand for methanol or its derivatives, or the failure to obtain governmental approvals related to natural gas exploration rights in southern Chile,
- changes in laws or regulations,
- import or export restrictions, anti-dumping measures, increases in duties, taxes and government royalties and other actions by governments that may adversely affect our operations,
- worldwide economic conditions and conditions in the global financial markets and
- other risks described in our 2009 MD&A.

In addition to the foregoing risk factors, the current uncertain economic environment has added additional risks and uncertainties, including changes in capital markets and corresponding effects on the Company's investments, our ability to access existing or future credit and defaults by customers, suppliers or insurers.

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 except as required by applicable securities laws.

Exhibit 99.3

Consolidated Financial Statements

RESPONSIBILITY FOR FINANCIAL REPORTING

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

Management is responsible for 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, 2009.

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 has 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.

A. Terence Poole	**Bruce Aitken**	**Ian Cameron**
Chairman of the Audit, Finance and Risk Committee	**President and Chief Executive Officer**	**Senior Vice President, Finance and Chief Financial Officer**

March 5, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Methanex Corporation

We have audited the accompanying consolidated balance sheets of Methanex Corporation ("the Company") as at December 31, 2009 and 2008 and the related consolidated statements of income, shareholders' equity, comprehensive income (loss) 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 and 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows of 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 Company's internal control over financial reporting as of December 31, 2009, 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 5, 2010, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Chartered Accountants

Vancouver, Canada

March 5, 2010

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Methanex Corporation

We have audited Methanex Corporation's ("the Company") internal control over financial reporting as of December 31, 2009, 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, included in the section entitled "Management's Annual Report on Internal Controls over Financial Reporting" included in the accompanying Management's Discussion and Analysis. Our responsibility is to express an opinion on 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, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included 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, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009 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 audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as at December 31, 2009 and 2008, and the related consolidated statements of income, shareholders' equity, comprehensive income (loss) and cash flows for the years then ended, and our report dated March 5, 2010, expressed an unqualified opinion on those consolidated financial statements.

Chartered Accountants

Vancouver, Canada

March 5, 2010

Consolidated Balance Sheets
(thousands of US dollars, except number of common shares)

AS AT DECEMBER 31	2009	2008 (As adjusted - note 1(o))
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 169,788**	$ 328,430
Receivables (note 2)	**257,418**	213,419
Inventories	**171,554**	177,637
Prepaid expenses	**23,893**	16,840
	622,653	736,326
Property, plant and equipment (note 4)	**2,183,787**	1,899,059
Other assets (note 6)	**116,977**	163,642
	$ 2,923,417	$ 2,799,027
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 232,924**	$ 235,369
Current maturities on long-term debt (note 7)	**29,330**	15,282
Current maturities on other long-term liabilities (note 8)	**9,350**	8,048
	271,604	258,699
Long-term debt (note 7)	**884,914**	766,675
Other long-term liabilities (note 8)	**97,185**	97,441
Future income tax liabilities (note 12)	**300,510**	299,192
Non-controlling interest	**133,118**	88,604
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, 2009 were 92,108,242 (2008 — 92,031,392)	**427,792**	427,265
Contributed surplus	**27,007**	22,669
Retained earnings	**806,158**	862,507
Accumulated other comprehensive loss	**(24,871)**	(24,025)
	1,236,086	1,288,416
	$ 2,923,417	$ 2,799,027

Commitments and contingencies (notes 12 and 18)

See accompanying notes to consolidated financial statements.

Approved by the Board:

A. Terence Poole **Director**

Bruce Aitken **Director**

Consolidated Statements of Income

(thousands of US dollars, except number of common shares and per share amounts)

FOR THE YEARS ENDED DECEMBER 31	2009	2008 (As adjusted - note 1(o))
Revenue	**$ 1,198,169**	$ 2,314,219
Cost of sales and operating expenses	**1,056,342**	1,950,416
Depreciation and amortization	**117,590**	107,126
Inventory writedown (note 3)	**—**	33,373
Operating income	**24,237**	223,304
Interest expense (note 10)	**(27,370)**	(38,439)
Interest and other income (expense)	**(403)**	10,626
Income (loss) before income taxes	**(3,536)**	195,491
Income taxes (note 12):		
Current	**5,592**	(66,148)
Future	**(1,318)**	39,410
	4,274	(26,738)
Net income	**$ 738**	$ 168,753
Basic net income per common share	**$ 0.01**	$ 1.79
Diluted net income per common share	**$ 0.01**	$ 1.78
Weighted average number of common shares outstanding	**92,063,371**	94,520,945
Diluted weighted average number of common shares outstanding	**92,688,510**	94,913,956

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

(thousands of US dollars, except number of common shares)

	Number of Common Shares	Capital Stock	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, December 31, 2007 as previously reported	98,310,254	$ 451,640	$ 16,021	$ 876,348	$ (8,655)	$ 1,335,354
Adjustments for retroactive adoption of new accounting policies:						
Goodwill and intangibles (note 1(o))	—	—	—	(7,790)	—	(7,790)
Non-controlling interest proportionate share (note 1(o))	—	—	—	1,858	3,462	5,320
Balance, December 31, 2007, as adjusted	98,310,254	451,640	16,021	870,416	(5,193)	1,332,884
Net income and other comprehensive loss, as previously reported	—	—	—	172,298	(31,363)	140,935
Adjustments for retroactive adoption of new accounting policies:						
Goodwill and intangibles (note 1(o))	—	—	—	(5,818)	—	(5,818)
Non-controlling interest proportionate share (note 1(o))	—	—	—	2,273	12,531	14,804
Net income and other comprehensive loss, as adjusted	—	—	—	168,753	(18,832)	149,921
Compensation expense recorded for stock options	—	—	8,225	—	—	8,225
Issue of shares on exercise of stock options	224,016	4,075	—	—	—	4,075
Reclassification of grant date fair value on exercise of stock options	—	1,577	(1,577)	—	—	—
Payment for shares repurchased	(6,502,878)	(30,027)	—	(119,829)	—	(149,856)
Dividend payments	—	—	—	(56,833)	—	(56,833)
Balance, December 31, 2008	92,031,392	427,265	22,669	862,507	(24,025)	1,288,416
Net income	**—**	**—**	**—**	**738**	**—**	**738**
Compensation expense recorded for stock options	**—**	**—**	**4,440**	**—**	**—**	**4,440**
Issue of shares on exercise of stock options	**76,850**	**425**	**—**	**—**	**—**	**425**
Reclassification of grant date fair value on exercise of stock options	**—**	**102**	**(102)**	**—**	**—**	**—**
Dividend payments	**—**	**—**	**—**	**(57,087)**	**—**	**(57,087)**
Other comprehensive loss	—	—	—	—	**(846)**	**(846)**
Balance, December 31, 2009	**92,108,242**	**$ 427,792**	**$ 27,007**	**$ 806,158**	**$ (24,871)**	**$ 1,236,086**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)
(thousands of US dollars)

FOR THE YEARS ENDED DECEMBER 31	2009	2008 (As adjusted - note 1(o))
Net income	**$ 738**	$ 168,753
Other comprehensive income (loss):		
Change in fair value of forward exchange contracts, net of tax (note 15)	**36**	9
Change in fair value of interest rate swap contracts, net of tax (note 15)	**(882)**	(18,841)
	(846)	(18,832)
Comprehensive income (loss)	**$ (108)**	$ 149,921

See accompanying notes to consolidated financial statements .

Consolidated Statements of Cash Flows
(thousands of US dollars)

FOR THE YEARS ENDED DECEMBER 31	2009	2008 (As adjusted - note 1(o))
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 738**	$ 168,753
Add (deduct) non-cash items:		
Depreciation and amortization	**117,590**	107,126
Future income taxes	**1,318**	(39,410)
Stock-based compensation	**12,527**	2,811
Other	**7,639**	2,797
Other cash payments, including stock-based compensation	**(11,302)**	(7,565)
Cash flows from operating activities before undernoted	**128,510**	234,512
Changes in non-cash working capital (note 13)	**(18,253)**	78,383
	110,257	312,895
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payments	**(57,087)**	(56,833)
Payments for shares repurchased	**—**	(149,856)
Proceeds from limited recourse debt (note 7)	**151,378**	204,000
Equity contributions by non-controlling interest	**45,103**	65,198
Repayment of limited recourse debt	**(15,282)**	(15,282)
Proceeds on issue of shares on exercise of stock options	**425**	4,075
Financing fees	**(1,949)**	—
Repayment of other long-term liabilities	**(11,157)**	(5,990)
	111,431	45,312
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	**(60,906)**	(96,956)
Egypt plant under construction	**(261,646)**	(382,184)
Oil and gas assets (note 1(p))	**(22,840)**	(41,781)
GeoPark financing, net of repayments (note 6)	**(9,285)**	(22,319)
Change in project debt reserve accounts	**5,229**	(1,820)
Other assets	**(2,454)**	161
Changes in non-cash working capital related to investing activities (note 13)	**(28,428)**	26,898
	(380,330)	(518,001)
Decrease in cash and cash equivalents	**(158,642)**	(159,794)
Cash and cash equivalents, beginning of year	**328,430**	488,224
Cash and cash equivalents, end of year	**$ 169,788**	**$ 328,430**
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid	**$ 52,767**	$ 47,284
Income taxes paid, net of amounts refunded	**$ 6,363**	$ 78,591

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 (GAAP) 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 19.

These consolidated financial statements include the accounts of Methanex Corporation, its wholly owned subsidiaries, less than wholly owned entities for which it has a controlling interest and its proportionate share of the accounts of jointly controlled entities (collectively, the Company). For less than wholly owned entities for which the Company has a controlling interest, a non-controlling interest is included in the Company's financial statements and represents the non-controlling shareholders' interest in the net assets of the entity. In accordance with the Accounting Guideline No. 15, *Consolidation of Variable Interest Entities* , the Company also consolidates any variable interest entities of which it is the primary beneficiary, as defined. When the Company does not have a controlling interest in an entity, but exerts a significant influence over the entity, the Company applies the equity method of accounting. 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 US 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. The Company records an allowance for doubtful accounts or writes down the receivable to estimated net realizable value if not collectible in full. Credit losses have historically been within the range of management's expectations.

(e) Inventories:

Inventories are valued at the lower of cost and estimated net realizable value. Cost is determined by the first-in first-out basis and includes direct purchase costs, cost of production and transportation.

(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, or in the case of the New Zealand operations, on a unit-of-natural gas consumption 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.

The Company periodically reviews the carrying value of property, plant and equipment for impairment when circumstances indicate an asset's value may not be recoverable. If it is determined that an asset's undiscounted cash flows are less than its carrying value, the asset is written down to its fair value.

(g) 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 fees related to undrawn credit facilities are capitalized to other assets and amortized to interest expense over the term of the credit facility. Financing fees related to project debt facilities are capitalized to other assets until the project debt is fully drawn. Once the project debt is fully drawn, these fees are reclassified to long-term debt net of financing fees and amortized to interest expense over the repayment term. Other long-term debt is presented net of financing fees and amortized to interest expense over the repayment term on an effective interest basis.

(h) 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 and 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 and adjusts the liability as necessary to reflect changes in the estimated future cash flows and timing underlying the fair value measurement.

(i) Employee future benefits:

Accrued pension benefit obligations and related expenses for defined benefit pension plans are determined using current market bond yields to measure the accrued pension benefit obligation. Adjustments to the accrued benefit obligation and the fair value of the plan assets that arise from changes in actuarial assumptions, experience gains and losses and plan amendments that exceed 10% of the greater of the accrued benefit obligation and the fair value of the plan assets are amortized to earnings on a straight-line basis over the estimated average remaining service lifetime of the employee group. The cost for defined contribution benefit plans is expensed as earned by the employees.

(j) 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 grant-date 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	**2009**	2008
Denominator for basic net income per common share	**92,063,371**	94,520,945
Effect of dilutive stock options	**625,139**	393,011
Denominator for diluted net income per common share	**92,688,510**	94,913,956

(k) 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.

For stock options granted by the Company, the cost of the service received as consideration is measured based on an estimate of the 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 the 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.

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.

Additional information related to the stock option plan, the assumptions used in the Black-Scholes option pricing model and the deferred, restricted and performance share units of the Company are described in note 9.

(l) 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 and 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 commission income is included in revenue when earned.

(m) Financial instruments:

Financial instruments under Canadian GAAP must be classified into one of five categories and, depending on the category, will either be measured at amortized cost or fair value. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost. Held for trading financial assets and liabilities and available-for-sale financial assets are measured on the balance sheet at fair value. Changes in the fair value of held-for-trading financial assets and liabilities are recognized in earnings and changes in the fair value of available-for-sale financial assets are recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in earnings. The Company classifies its cash and cash equivalents as held-for-trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities, long-term debt, net of financing costs, and other long-term liabilities are classified as other financial liabilities.

Under these standards, derivative financial instruments, including embedded derivatives, are classified as held for trading and are recorded on the balance sheet at fair value unless exempted. The Company records all changes in fair value of derivative financial instruments in earnings unless the instruments are designated as cash flow hedges. The Company enters into and designates as cash flow hedges certain forward exchange sales contracts to hedge foreign exchange exposure on anticipated sales. The Company also enters into and designates as cash flow hedges certain interest rate swap contracts to hedge variable interest rate exposure on its limited recourse debt. The Company assesses at inception and on an ongoing basis whether the hedges are and continue to be effective in offsetting changes in the cash flows of the hedged transactions. The effective portion of changes in the fair value of these hedging instruments is recognized in other comprehensive income. Any gain or loss in fair value relating to the ineffective portion is recognized immediately in earnings.

(n) 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.

(o) Intangible assets:

On January 1, 2009, the Company adopted CICA Handbook Section 3064, *Goodwill and Intangible Assets*. This new accounting standard replaces Section 3062, *Goodwill and Other Intangible Assets*. Section 3064 expands on the standards for recognition, measurement and disclosure of intangible assets. The impact of the retroactive adoption of this standard on the Company's consolidated balance sheet at January 1, 2009 is approximately $13 million recorded as a reduction to opening retained earnings and property plant and equipment. The amount relates to certain pre-operating expenditures that have been capitalized to property, plant and equipment at December 31, 2008 that would have been required to be expensed under this new standard. The impact for the year ended December 31, 2009 was an increase to selling, general and administrative expenses of approximately $3.8 million (2008 — $3.5 million).

As a portion of these pre-operating expenditures were incurred in a non-wholly owned subsidiary, the Company has also adjusted the opening non-controlling interest (NCI) and retained earnings balances at December 31, 2008 for the NCI's proportionate share of approximately $4 million. In addition, the Company has retrospectively reclassified approximately $16 million from accumulated other comprehensive loss to NCI, representing the NCI's share of accumulated other comprehensive loss to December 31, 2008.

(p) Oil and natural gas exploration and development expenditure:

On August 24, 2009, the Company received final government approval of the agreement signed on May 5, 2008 with Empresa Nacional del Petroleo (ENAP), the Chilean state-owned oil and gas company. The agreement with ENAP is to accelerate gas exploration and development in the Dorado Riquelme exploration block in southern Chile and supply new Chilean-sourced natural gas to the Company's production facilities in Chile. Under the arrangement the Company funds a 50% participation in the block.

Upon receiving final government approval of the agreement, the Company adopted the CICA guideline on full cost accounting in the oil and gas industry to account for the investment in the Dorado Riquelme block. Under this method, all costs, including internal costs and asset retirement costs, directly associated with the acquisition of, the exploration for, and the development of natural gas reserves are capitalized. Costs are then depleted and amortized using the unit-of-production method based on estimated proved reserves. Capitalized costs subject to depletion include estimated future costs to be incurred in developing proved reserves. Costs of major development projects and costs of acquiring and evaluating significant unproved properties are excluded from the costs subject to depletion until it is determined whether or not proved reserves are attributable to the properties or impairment has occurred. Costs that have been impaired are included in the costs subject to depletion and amortization.

Under the CICA guideline on full cost accounting, an impairment assessment ("ceiling test") is performed on an annual basis for all oil and gas assets. An impairment loss is recognized in earnings when the carrying amount is not recoverable and the carrying amount exceeds its fair value. The carrying amount is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows from proved reserves. If the sum of the cash flows is less than the carrying amount, the impairment loss is measured as the amount by which the carrying amount exceeds the sum of the discounted cash flows of proved and probable reserves. The Company performed the annual ceiling test for its investment in the Dorado Riquelme block and concluded no impairment existed as at December 31, 2009.

As a result of the adoption of the full cost accounting methodology for the oil and gas investment, the Company reclassified the Dorado Riquelme investment from other assets to property, plant and equipment. The net book value of $63.8 million related to the oil and gas assets at December 31, 2009 is comprised of cumulative additions of $64.6 million and asset retirement obligation of $3.8 million net of accumulated depletion of $4.6 million. For the year ended December 31, 2009, the Company contributed $22.8 million (2008 — $41.8 million) to the Dorado Riquelme investment.

(q) Anticipated changes to Canadian generally accepted accounting principles:

The Canadian Accounting Standards Board confirmed January 1, 2011 as the changeover date for Canadian publicly accountable enterprises to start using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, the Company will adopt IFRS in its quarterly and annual reports starting with the first quarter of 2011 and will provide corresponding comparative information for 2010.

2. Receivables:

AS AT DECEMBER 31	2009	2008
Trade	**$ 191,002**	$ 141,716
Value-added and other tax receivables	**56,264**	24,949
Current portion of GeoPark financing	**8,086**	6,000
Receivable from natural gas supplier	**—**	30,609
Other	**2,066**	10,145
	$ 257,418	$ 213,419

3. Inventories:

Inventories are valued at the lower of cost, determined on a first-in first-out basis, and estimated net realizable value. Substantially all inventories consist of produced and purchased methanol. The amount of inventories included in cost of sales and operating expenses and depreciation and amortization during the year ended December 31, 2009 is $997 million (2008 - $1,860 million). In 2008, the Company recorded a pre-tax charge to earnings of $33.4 million to write down inventories to the lower of cost and estimated net realizable value.

4. Property, plant and equipment:

AS AT DECEMBER 31	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
2009			
Plant and equipment	**$ 2,586,920**	**$ 1,380,379**	**$ 1,206,541**
Egypt plant under construction (note 18(d))	**854,164**	**—**	**854,164**
Oil & gas assets (note 1(p))	**68,402**	**4,560**	**63,842**
Other	**127,623**	**68,383**	**59,240**
	$ 3,637,109	**$ 1,453,322**	**$ 2,183,787**
2008			
Plant and equipment	$ 2,544,163	$ 1,299,296	$ 1,244,867
Egypt plant under construction (note 18(d))	590,585	—	590,585
Other	127,731	64,124	63,607
	$ 3,262,479	$ 1,363,420	$ 1,899,059

5. 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	2009	2008
Cash and cash equivalents	**$ 8,252**	$ 35,749
Other current assets	**72,667**	57,374
Property, plant and equipment	**240,290**	249,609
Other assets	**12,920**	18,149
Accounts payable and accrued liabilities	**22,380**	19,927
Long-term debt, including current maturities (note 7)	**93,155**	106,592
Future income tax liabilities (note 12)	**18,660**	17,942

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31	2009	2008
Revenue	**$194,314**	$286,906
Expenses	**158,611**	271,493
Income before income taxes	**35,703**	15,413
Income tax expense	**(6,127)**	(4,488)
Net income	**$ 29,576**	$ 10,925

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31	2009	2008
Cash inflows from operating activities	**$ 36,166**	$ 44,861
Cash outflows from financing activities	**(14,032)**	(15,852)
Cash outflows from investing activities	**(3,568)**	(2,977)

6. Other assets:

AS AT DECEMBER 31	2009	2008
Marketing and production rights, net of accumulated amortization	**$ 19,099**	$ 27,080
Restricted cash for debt service reserve account	**12,920**	18,149
Deferred financing costs, net of accumulated amortization	**9,725**	15,281
Defined benefit pension plans (note 17)	**16,003**	16,456
GeoPark financing	**37,969**	30,616
Dorado Riquelme investment	**—**	42,123
Other	**21,261**	13,937
	$ 116,977	$ 163,642

For the year ended December 31, 2009, amortization of marketing and production rights included in depreciation and amortization was $8.0 million (2008 — $7.6 million) and amortization of deferred financing fees included in interest expense was $0.6 million (2008 — $1.1 million).

During 2007, the Company entered into a financing agreement with GeoPark Chile Limited (GeoPark) under which the Company provided $40 million (of which $10 million has been repaid at December 31, 2009) in financing to support and accelerate GeoPark's natural gas exploration and development activities in the Fell block in southern Chile. GeoPark agreed to supply the Company with all natural gas sourced from the Fell block under a ten-year exclusive supply arrangement. In October 2009 the Company signed an agreement to provide a further $18 million in financing to support GeoPark's natural gas exploration and development activities in southern Chile of which $15.0 million was provided to GeoPark in 2009. As at December 31, 2009, the outstanding balance is $46.1 million of which $8.1 million, representing the current portion, has been recorded in accounts receivable.

As a result of the adoption of the full cost accounting methodology in 2009 for the oil and gas investment, the Company reclassified the Dorado Riquelme investment from other assets to property, plant and equipment — refer to note 1 (p).

7. Long-term debt:

AS AT DECEMBER 31	2009	2008
Unsecured notes:		
(i) 8.75% due August 15, 2012 (effective yield 8.88%)	**$ 198,627**	$ 198,182
(ii) 6.00% due August 15, 2015 (effective yield 6.10%)	**148,705**	148,518
	347,332	346,700
Atlas 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 12 semi-annual payments which commenced June 2005.	**7,071**	20,890
(ii) Senior secured notes bearing an interest rate with semi-annual interest payments of 7.95% per annum. Principal will be paid in 9 semi-annual payments commencing December 2010.	**62,064**	61,758
(iii) Senior fixed rate bond bearing an interest rate with semi-annual interest payments of 8.25% per annum. Principal will be paid in 4 semi-annual payments commencing June 2015.	**14,769**	14,725
(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 20 semi-annual payments commencing December 2010.	**9,251**	9,219
	93,155	106,592
Egypt limited recourse debt facilities:		
(i) International facility to a maximum amount of $139 million with interest payable semi-annually with rates based on LIBOR plus a spread ranging from 1.1% to 1.5% per annum. Principal will be paid in 24 semi-annual payments commencing in September 2010.	**109,074**	95,074
(ii) Euromed facility to a maximum amount of $146 million with interest payable semi-annually with rates based on LIBOR plus a spread ranging from 1.0% to 1.4%. Principal will be paid in 24 semi-annual payments commencing in September 2010.	**145,600**	145,600
(iii) Article 18 facility to a maximum amount of $77 million with interest payable semi-annually with rates based on LIBOR plus a spread ranging from 1.3% to 1.7%. Principal will be paid in 24 semi-annual payments commencing in September 2010.	**48,900**	33,900
(iv) Egyptian facility to a maximum amount of $168 million with interest payable semi-annually with rates based on LIBOR plus a spread ranging from 1.0% to 1.6% per annum. Principal will be paid in 24 semi-annual payments commencing in September 2010.	**168,378**	46,000
Egypt deferred financing fees	**(10,382)**	**(5,346)**
Egypt limited recourse debt, net of deferred financing fees	**461,570**	**315,228**
Other limited recourse debt	**12,187**	13,437
	914,244	781,957
Less current maturities	**(29,330)**	(15,282)
	$ 884,914	$ 766,675

For the year ended December 31, 2009, non-cash accretion, on an effective interest basis, of deferred financing costs included in interest expense was $1.2 million (2008 — $1.3 million).

The minimum principal payments in aggregate and for each of the five succeeding years are as follows:

2010	**$ 29,330**
2011	**44,394**
2012	**246,140**
2013	**48,123**
2014	**49,785**
Thereafter	**511,091**
	$ 928,863

The Egypt limited recourse debt facilities bear interest at LIBOR plus a spread. The Company has entered into interest rate swap contracts to swap the LIBOR-based interest payments for an average aggregated fixed rate of 4.8% on approximately 75% of the Egypt limited recourse debt facilities for the period September 28, 2007 to March 31, 2015 (note 15).

The Egypt and Atlas limited recourse debt facilities are described as limited recourse as they are secured only by the assets of the Egypt entity and the Atlas joint venture, respectively. Accordingly, the lenders to the limited recourse debt facilities have no recourse to the Company or its other subsidiaries. Under the terms of these limited recourse debt facilities, the entities can make cash or other distributions after fulfilling certain conditions.

The other limited recourse debt is payable over twelve years in equal quarterly principal payments beginning October 2007. Interest on this debt is payable quarterly at LIBOR plus 0.75%.

As at December 31, 2009, the Company has an undrawn, unsecured revolving bank facility of $200 million provided by highly rated financial institutions that expires in May 2012 and is subject to certain financial covenants including an EBITDA to interest coverage ratio and a debt to capitalization ratio, as defined. This credit facility ranks pari passu with the Company's unsecured notes.

8. Other long-term liabilities:

AS AT DECEMBER 31	**2009**	2008
Asset retirement obligations (a)	**$ 16,134**	$ 12,029
Capital lease obligation (b)	**15,921**	20,742
Deferred, restricted and performance share units (note 9)	**21,411**	16,224
Chile retirement arrangement (note 17)	**19,785**	17,754
Fair value of derivative financial instruments (note 15)	**33,284**	38,740
	106,535	105,489
Less current maturities	**(9,350)**	(8,048)
	$ 97,185	$ 97,441

(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. In 2009, the Company accrued an additional $3.8 million for asset retirement obligations related to the oil and gas assets. During the year ended December 31, 2009, cash expenditures applied against the accrual for asset retirement obligations were nil (2008 — $0.2 million). At December 31, 2009, the total undiscounted amount of estimated cash flows required to settle the obligation was $17.8 million (2008 — $13.6 million).

(b) Capital lease obligation:

As at December 31, 2009, the Company has a capital lease obligation related to an ocean shipping vessel. The future minimum lease payments in aggregate until the expiry of the lease are as follows:

2010	**$ 8,839**
2011	**8,927**
2012	**8,325**
	26,091
Less executory and imputed interest costs	**(10,170)**
	$ 15,921

9. 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, 2009, the Company had 3,277,658 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, 2009 and 2008 are as follows:

	OPTIONS DENOMINATED IN CAD		OPTIONS DENOMINATED IN USD	
	NUMBER OF STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at December 31, 2007	104,450	$ 7.79	2,920,981	$ 21.17
Granted	—	—	1,088,068	28.40
Exercised	(21,000)	9.59	(188,016)	19.71
Cancelled	(7,000)	11.60	(77,916)	24.73
Outstanding at December 31, 2008	76,450	6.95	3,743,117	23.27
Granted	**—**	**—**	**1,361,130**	**6.33**
Exercised	**(20,100)**	**5.26**	**(21,750)**	**8.72**
Cancelled	**(1,000)**	**5.85**	**(84,255)**	**20.46**
Outstanding at December 31, 2009	**55,350**	**$ 7.58**	**4,998,242**	**$ 18.77**

Information regarding incentive stock options outstanding at December 31, 2009 is as follows:

	OPTIONS OUTSTANDING AT DECEMBER 31, 2009			OPTIONS EXERCISABLE AT DECEMBER 31, 2009	
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					
$3.29 to 9.56	**0.8**	**55,350**	**$ 7.58**	**55,350**	**$ 7.58**
Options denominated in USD					
$6.33 to 11.56	**5.8**	**1,505,030**	**$ 6.58**	**165,800**	**$ 8.55**
$17.85 to 22.52	**3.0**	**1,457,150**	**20.26**	**1,457,150**	**20.26**
$23.92 to 28.43	**4.7**	**2,036,062**	**26.72**	**1,002,336**	**26.15**
	4.5	**4,998,242**	**$ 18.77**	**2,625,286**	**$ 21.77**

(ii) Performance stock options:

As at December 31, 2009 there were no common shares (2008 — 35,000) reserved for performance stock options.

(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	2009	2008
Risk-free interest rate	**1.8%**	2.5%
Expected dividend yield	**2%**	2%
Expected life of option	**5 years**	5 years
Expected volatility	**44%**	32%
Expected forfeitures	**5%**	5%
Weighted average fair value of options granted (USD per share)	**$ 2.06**	$ 7.52

For the year ended December 31, 2009, compensation expense related to stock options was $4.4 million (2008 — $8.2 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, 2009 and 2008 are as follows:

	NUMBER OF DEFERRED SHARE UNITS	NUMBER OF RESTRICTED SHARE UNITS	NUMBER OF PERFORMANCE SHARE UNITS
Outstanding at December 31, 2007	359,684	14,482	725,262
Granted	41,572	6,000	330,993
Granted in lieu of dividends	13,222	537	33,292
Redeemed	(3,083)	(8,496)	—
Cancelled	—	—	(31,899)
Outstanding at December 31, 2008	411,395	12,523	1,057,648
Granted	**125,858**	**15,200**	**396,470**
Granted in lieu of dividends	**24,543**	**1,354**	**52,789**
Redeemed	**(56,620)**	**(6,599)**	**(395,420)**
Cancelled	**—**	**—**	**(32,675)**
Outstanding at December 31, 2009	**505,176**	**22,478**	**1,078,812**

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, 2009 was $26.7 million (2008 — $17.6 million) compared with the recorded liability of $21.4 million (2008 — $16.2 million). The difference between the fair value and the recorded liability at December 31, 2009 of $5.3 million will be recognized over the weighted average remaining service period of approximately 1.8 years.

For the year ended December 31, 2009, compensation expense related to deferred, restricted and performance share units was a net expense of $8.1 million (2008 — recovery of $5.4 million), included in the compensation expense for the year ended December 31, 2009 was $0.9 million (2008 - recovery of $17.4 million) related to the effect of the change in the Company's share price.

10. Interest expense:

FOR THE YEARS ENDED DECEMBER 31	2009	2008
Interest expense before capitalized interest	**$ 59,799**	$ 56,333
Less capitalized interest related to Egypt plant under construction	**(32,429)**	(17,894)
Interest expense	**$ 27,370**	$ 38,439

Interest during construction of the Egypt methanol facility is capitalized until the plant is substantially complete and ready for productive use. The Company has secured limited recourse debt of $530 million for its joint venture project to construct a 1.3 million tonne per year methanol facility in Egypt. The Company has entered into interest rate swap contracts to swap the LIBOR-based interest payments for an average aggregated fixed rate of 4.8% plus a spread on approximately 75% of the Egypt limited recourse debt facilities for the period of September 28, 2007 to March 31, 2015. For the year ended December 31, 2009 interest costs of $32.4 million (2008 - - $17.9 million) related to this project were capitalized, inclusive of interest rate swaps.

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, 2009 and 2008, revenues attributed to geographic regions, based on the location of customers were as follows:

	UNITED STATES	CANADA	EUROPE	CHINA	KOREA	OTHER ASIA	LATIN AMERICA	TOTAL
Revenue								
2009	**$354,605**	**$ 106,437**	**$198,205**	**$195,315**	**$135,479**	**$ 83,039**	**$ 125,089**	**$1,198,169**
2008	$736,730	$ 236,531	$494,339	$135,083	$263,568	$ 209,106	$ 238,862	$2,314,219

As at December 31, 2009 and 2008, the net book value of property, plant and equipment by country was as follows:

	CHILE	TRINIDAD	EGYPT	NEW ZEALAND	CANADA	KOREA	OTHER	TOTAL
Property, plant and equipment								
2009	**$687,313**	**$ 488,655**	**$854,164**	**$ 86,730**	**$ 17,101**	**$14,840**	**$34,984**	**$2,183,787**
2008	$663,411	$ 482,329	$590,585	$ 91,442	$ 17,818	$15,645	$37,829	$1,899,059

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	**2009**	2008
Canadian statutory tax rate	**30.0%**	31.0%
Income tax expense (recovery) calculated at Canadian statutory tax rate	**$ (1,060)**	$ 61,701
Increase (decrease) in income tax expense resulting from:		
Impact of income and losses taxed in foreign jurisdictions	**(5,499)**	7,183
Previously unrecognized loss carryforwards and temporary differences	**—**	(25,602)
Reduction of future income tax liabilities	**—**	(27,342)
Other	**2,285**	10,798
Total income tax expense (recovery)	**$ (4,274)**	$ 26,738

(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	2009	2008
Future income tax liabilities:		
Property, plant and equipment	**$ 234,162**	$ 215,226
Other	**121,668**	148,296
	355,830	363,522
Future income tax assets:		
Non-capital loss carryforwards	**126,014**	113,262
Property, plant and equipment	**17,842**	24,242
Other	**74,310**	63,459
	218,166	200,963
Future income tax asset valuation allowance	**(162,846)**	(136,633)
	55,320	64,330
Net future income tax liabilities	**$ 300,510**	$ 299,192

At December 31, 2009, the Company had non-capital loss carryforwards available for tax purposes of approximately $281 million in Canada and approximately $97 million in New Zealand. In Canada, these loss carryforwards expire in the period 2010 to 2015, inclusive. In New Zealand the loss carryforwards do not have an expiry date.

(c) Contingent tax liability:

During 2009, the Board of Inland Revenue of Trinidad and Tobago issued an assessment against the Company's wholly owned subsidiary, Methanex Trinidad (Titan) Unlimited, in respect of the 2003 financial year. The assessment relates to the deferral of tax depreciation deductions during the five-year tax holiday that ended in 2005. The impact of the amount in dispute as at December 31, 2009 is approximately $23 million in current taxes and $26 million in future taxes, exclusive of any interest charges.

The Company has lodged an objection to the assessment. Based on the merits of the case and legal interpretation, management believes its position should be sustained.

13. Changes in non-cash working capital:

Changes in non-cash working capital for the years ended December 31, 2009 and 2008 are as follows:

FOR THE YEARS ENDED DECEMBER 31	2009	2008
Decrease (increase) in non-cash working capital:		
Receivables	**$ (43,999)**	$ 188,424
Inventories	**6,083**	134,506
Prepaid expenses	**(7,053)**	4,049
Accounts payable and accrued liabilities	**(2,445)**	(230,651)
	(47,414)	96,328
Adjustments for items not having a cash effect	**733**	8,953
Changes in non-cash working capital having a cash effect	**$ (46,681)**	$ 105,281
These changes relate to the following activites:		
Operating	**$ (18,253)**	$ 78,383
Investing	**(28,428)**	26,898
Changes in non-cash working capital	**$ (46,681)**	$ 105,281

14. Capital disclosures:

The Company's objectives in managing its liquidity and capital are to safeguard the Company's ability to continue as a going concern, to provide financial capacity and flexibility to meet its strategic objectives, to provide an adequate return to shareholders commensurate with the level of risk, and to return excess cash through a combination of dividends and share repurchases.

AS AT DECEMBER 31	2009	2008
Liquidity:		
Cash and cash equivalents	**$ 169,788**	$ 328,430
Undrawn Egypt limited recourse debt facilities	**58,048**	209,426
Undrawn credit facilities	**200,000**	250,000
Total liquidity	**$ 427,836**	$ 787,856
Capitalization:		
Unsecured notes	**$ 347,332**	$ 346,700
Limited recourse debt facilities, including current portion	**566,912**	435,257
Total debt	**914,244**	781,957
Non-controlling interest	**133,118**	88,604
Shareholders' equity	**1,236,086**	1,288,416
Total capitalization	**$ 2,283,448**	$ 2,158,977
Total debt to capitalization [1]	**40%**	36%
Net debt to capitalization [2]	**35%**	25%

1 *Total debt divided by total capitalization.*

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

The Company manages its liquidity and capital structure and makes adjustments to it in light of changes to economic conditions, the underlying risks inherent in its operations and capital requirements to maintain and grow its operations. The strategies employed by the Company include the issue or repayment of general corporate debt, the issue of project debt, the payment of dividends and the repurchase of shares.

The Company is not subject to any statutory capital requirements and has no commitments to sell or otherwise issue common shares except pursuant to outstanding employee stock options.

In August 2009, the Company entered into a $200 million unsecured revolving credit facility expiring in May 2012 to replace its $250 million credit facility that was set to expire in mid-2010. The undrawn credit facility is provided by highly rated financial institutions and is subject to certain financial covenants including an EBITDA to interest coverage ratio and a debt to capitalization ratio, as defined.

The credit ratings for the Company's unsecured notes are as follows:

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

15. Financial instruments:

Financial instruments are either measured at amortized cost or fair value. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost. Held for trading financial assets and liabilities and available-for-sale financial assets are measured on the balance sheet at fair value. Derivative financial instruments are classified as held for trading and are recorded on the balance sheet at fair value unless exempted. Changes in fair value of derivative financial instruments are recorded in earnings unless the instruments are designated as cash flow hedges.

The following table provides the carrying value of each category of financial assets and liabilities and the related balance sheet item:

AS AT DECEMBER 31	**2009**	2008
Financial assets:		
Held for trading financial assets:		
Cash and cash equivalents	**$ 169,788**	$ 328,430
Debt service reserve accounts included in other assets	**12,920**	18,149
Loans and receivables:		
Receivables, excluding current portion of GeoPark financing	**249,332**	207,419
Dorado Riquelme investment included in other assets (note 6)	**—**	42,123
GeoPark financing, including current portion (note 6)	**46,055**	36,616
	$ 478,095	$ 632,737
Financial liabilities:		
Other financial liabilities:		
Accounts payable and accrued liabilities	**$ 232,924**	$ 235,369
Long-term debt, including current portion	**914,244**	781,957
Held for trading financial liabilities:		
Derivative instruments designated as cash flow hedges	**33,185**	38,100
Derivative instruments	**99**	1,771
	$ 1,180,452	$ 1,057,197

The Egypt limited recourse debt facilities bear interest at LIBOR plus a spread. The Company has entered into interest rate swap contracts to swap the LIBOR-based interest payments for an average aggregated fixed rate of 4.8% plus a spread on approximately 75% of the Egypt limited recourse debt facilities for the period of September 28, 2007 to March 31, 2015.

These interest rate swaps had outstanding notional amounts of $351 million as at December 31, 2009. Under the interest rate swap contracts the maximum notional amount during the term is $368 million. The notional amount increases over the period of expected drawdowns on the Egypt limited recourse debt and decreases over the expected repayment period. At December 31, 2009, these interest rate swap contracts had a negative fair value of $33.2 million (2008 — $38.1 million) recorded in other long-term liabilities. The fair value of these interest rate swap contracts will fluctuate until maturity. Changes in the fair value of derivative financial instruments designated as cash flow hedges have been recorded in other comprehensive income.

At December 31, 2009, the Company's derivative financial instruments that have not been designated as cash flow hedges include a floating-for-fixed interest rate swap contract with a negative fair value of $0.1 million (2008 — $0.6 million) recorded in other long-term liabilities.

The fair values of the Company's derivative financial instruments as disclosed above are determined based on quoted market prices received from counterparties and adjusted for credit risk.

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 nil at December 31, 2009 (2008 — nil).

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

	2009		2008	
AS AT DECEMBER 31	**CARRYING VALUE**	**FAIR VALUE**	CARRYING VALUE	FAIR VALUE
Long-term debt	**$ 914,244**	**$ 840,577**	$ 781,957	$ 586,595

There is no publicly traded market for the limited recourse debt facilities the fair value of which is estimated by reference to current market prices for debt securities with similar terms and characteristics. The fair value of the unsecured notes was calculated by reference to a limited number of small transactions at the end of 2009 and 2008. The fair value of the Company's unsecured notes will fluctuate until maturity.

16. Financial risk management:

(a) Market risks:

The Company's operations consist of the production and sale of methanol. Market fluctuations may result in significant cash flow and profit volatility risk for the Company. Its worldwide operating business as well as its investment and financing activities are affected by changes in methanol and natural gas prices and interest and foreign exchange rates. The Company seeks to manage and control these risks primarily through its regular operating and financing activities and uses derivative instruments to hedge these risks when deemed appropriate. This is not an exhaustive list of all risks, nor will the risk management strategies eliminate these risks.

Methanol price risk

The methanol industry is a highly competitive commodity industry and methanol prices fluctuate based on supply and demand fundamentals and other factors. Accordingly it is important to maintain financial flexibility. The Company has adopted a prudent approach to financial management by maintaining a strong balance sheet including back-up liquidity.

Natural gas price risk

Natural gas is the primary feedstock for the production of methanol and the Company has entered into long-term natural gas supply contracts for its production facilities in Chile, Trinidad and Egypt and shorter-term natural gas supply contracts for its New Zealand operations. These natural gas supply contracts include base and variable price components to reduce the commodity price risk exposure. The variable price component is adjusted by formulas related to methanol prices above a certain level.

Interest rate risk

Interest rate risk is the risk that the Company suffers financial loss due to changes in the value of an asset or liability or in the value of future cash flows due to movements in interest rates.

The Company's interest rate risk exposure is mainly related to long-term debt obligations. Approximately one-half of its debt obligations are subject to interest at fixed rates. The Company also seeks to limit this risk through the use of interest rate swaps which allows the Company to hedge cash flow changes by swapping variable rates of interest into fixed rates of interest.

AS AT DECEMBER 31	**2009**	2008
Fixed interest rate debt:		
Unsecured notes	**$ 347,332**	$ 346,700
Atlas limited recourse debt facilities (63.1% proportionate share)	**76,833**	76,483
	$ 424,165	$ 423,183
Variable interest rate debt:		
Atlas limited recourse debt facilities (63.1% proportionate share)	**$ 16,322**	$ 30,109
Egypt limited recourse debt facilities	**461,570**	315,228
Other limited recourse debt facilities	**12,187**	13,437
	$ 490,079	$ 358,774

The Company has entered into interest rate swap contracts to hedge the variability in LIBOR-based interest payments on its Egypt limited recourse debt facilities described in note 15. The notional amount increases over the period of expected drawdowns on the Egypt limited recourse debt and decreases over the expected repayment period. The aggregate impact of these contracts is to swap the LIBOR-based interest payments for an average fixed rate of 4.8% plus a spread on approximately 75% of the Egypt limited recourse debt facilities for the period September 28, 2007 to March 31, 2015. The net fair value of cash flow interest rate swaps was negative $33.2 million as at December 31, 2009. The change in fair value of the interest rate swaps assuming a 1% change in the interest rates along the yield curve would result in a change of approximately $16.1 million as of December 31, 2009. These interest rate swaps are designated as cash flow hedges which results in the effective portion of changes in their fair value being recorded in other comprehensive income.

For fixed interest rate debt, a 1% change in interest rates would result in a change in fair value of the debt (disclosed in note 15) of approximately $13.9 million.

For the variable interest rate debt that is unhedged, a 1% change in LIBOR would result in a change in annual interest payments of $1.4 million.

Foreign currency risk

The Company's international operations expose the Company to foreign currency exchange risks in the ordinary course of business. Accordingly, the Company has established a policy that provides a framework for foreign currency management and hedging strategies and defines the approved hedging instruments. The Company reviews all significant exposures to foreign currencies arising from operating and investing activities and hedges exposures if deemed appropriate.

The dominant currency in which the Company conducts business is the United States dollar, which is also the reporting currency.

Methanol is a global commodity chemical that is priced in United States dollars. In certain jurisdictions, however, the transaction price is set either quarterly or monthly in the local currency. Accordingly, a portion of the Company's revenue is transacted in Canadian dollars, euros and to a lesser extent other currencies. For the period from when the price is set in local currency to when the amount due is collected, the Company is exposed to declines in the value of these currencies compared to the United States dollar. The Company also purchases varying quantities of methanol for which the transaction currency is the euro and to a lesser extent other currencies. In addition, some of the Company's underlying operating costs and capital expenditures are incurred in other currencies. The Company is 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. The Company has elected not to actively manage these exposures at this time except for the net exposure to euro revenues which is hedged through forward exchange contracts each quarter when the euro price for methanol is established.

As of December 31, 2009, the Company had a net working capital asset of $25.5 million in non-US dollar currencies. Each 10% strengthening (weakening) of the US dollar against these currencies would decrease (increase) the value of net working capital and pre-tax cash flows and earnings by approximately $3 million.

(b) Liquidity risks:

Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities, such as the settlement of financial debt and lease obligations and payment to its suppliers. The Company maintains liquidity and makes adjustments to it in light of changes to economic conditions, underlying risks inherent in its operations and capital requirements to maintain and grow its operations. At December 31, 2009, the Company had $170 million of cash and cash equivalents. In addition, the Company has an undrawn, unsecured revolving bank facility of $200 million provided by highly rated financial institutions that expires in May 2012.

In addition to the above-mentioned sources of liquidity, the Company constantly monitors funding options available in the capital markets, as well as trends in the availability and costs of such funding, with a view to maintaining financial flexibility and limiting refinancing risks.

(c) Credit risk:

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of offset exists and also includes the fair values of contracts with individual counterparties that are recorded in the financial statements.

Trade credit risk

Trade credit risk is defined as an unexpected loss in cash and earnings if the customer is unable to pay its obligations in due time or if the value of the security provided declines. The Company has implemented a credit policy that includes approvals for new customers, annual credit evaluations of all customers and specific approval for any exposures beyond approved limits. The Company employs a variety of risk-mitigation alternatives including certain contractual rights in the event of deterioration in customer credit quality and various forms of bank and parent company guarantees and letters of credit to upgrade the credit risk to a credit rating equivalent or better than the stand-alone rating of the counterparty. Trade credit losses have historically been minimal. However, in the current economic environment the risk of trade credit losses has increased.

Cash and cash equivalents

To manage credit and liquidity risk, the Company invests only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

Derivative financial instruments

To manage credit risk, the Company only enters into derivative financial instruments with highly rated investment grade counterparties.

17. 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:

AS AT DECEMBER 31	2009	2008
Accrued benefit obligations:		
Balance, beginning of year	**$ 50,020**	$ 66,751
Current service cost	**2,271**	2,295
Interest cost on accrued benefit obligations	**3,088**	3,272
Benefit payments	**(7,602)**	(5,809)
Gain on curtailment	**(709)**	(844)
Actuarial loss (gain)	**4,266**	(1,537)
Foreign exchange loss (gain)	**10,309**	(14,108)
Balance, end of year	**61,643**	50,020
Fair values of plan assets:		
Balance, beginning of year	**31,864**	44,097
Actual returns on plan assets	**4,271**	(5,086)
Contributions	**8,555**	7,201
Benefit payments	**(7,602)**	(5,809)
Foreign exchange gain (loss)	**5,015**	(8,539)
Balance, end of year	**42,103**	31,864
Unfunded status	**19,540**	18,156
Unamortized actuarial loss	**(15,758)**	(16,899)
Accrued benefit liabilities, net	**$ 3,782**	$ 1,257

The Company has an unfunded retirement arrangement for its employees in Chile that will be funded at retirement in accordance with Chilean law. At December 31, 2009, the balance of accrued benefit liabilities, net is comprised of $19.8 million recorded in other long-term liabilities for an unfunded retirement arrangement in Chile and $16.0 million recorded in other assets for defined benefit plans in Canada and Europe.

The accrued benefit for the unfunded retirement arrangement in Chile is paid when an employee retires in accordance with Chilean regulations.

The Company's net defined benefit pension plan expense for the years ended December 31, 2009 and 2008 is as follows:

FOR THE YEARS ENDED DECEMBER 31	2009	2008
Net defined benefit plan pension expense:		
Current service cost	**$ 2,271**	$ 2,295
Interest cost on accrued benefit obligations	**3,088**	3,272
Actual return on plan assets	**(4,271)**	5,086
Settlement and termination benefit	**1,521**	958
Actuarial losses (gains)	**3,557**	(2,381)
Other	**481**	(3,793)
	$ 6,647	$ 5,437

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 December 31, 2007 in Canada. The next actuarial reports for funding purposes for the Company's Canadian defined benefit pension plans are scheduled to be completed as of December 31, 2010.

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

	2009	2008
Benefit obligation at December 31:		
Weighted average discount rate	**5.86%**	6.14%
Rate of compensation increase	**4.14%**	4.16%
Net expense for years ended December 31:		
Weighted average discount rate	**6.08%**	5.81%
Rate of compensation increase	**4.54%**	4.62%
Expected rate of return on plan assets	**7.00%**	7.00%

The asset allocation for the defined benefit pension plan assets as at December 31, 2009 and 2008 is as follows:

AS AT DECEMBER 31	2009	2008
Equity securities	**63%**	61%
Debt securities	**34%**	35%
Cash and other short-term securities	**3%**	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, 2009 was $2.6 million (2008 — $2.5 million).

18. Commitments and contingencies:

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

The Company has commitments under take-or-pay natural gas supply contracts to purchase annual quantities of feedstock supplies and to pay for transportation capacity related to these supplies to 2034. The minimum estimated commitment under these contracts, excluding Argentina natural gas supply contracts, is as follows:

2010	2011	2012	2013	2014	Thereafter
$ 177,233	$ 141,186	$ 145,341	$ 150,253	$ 150,722	$1,497,567

(b) Argentina natural gas supply contracts:

The Company has supply contracts with Argentinean suppliers for natural gas sourced from Argentina for a significant portion of the capacity for its facilities in Chile. These contracts have expiration dates between 2017 and 2025 and represent a total future commitment of approximately $1 billion at December 31, 2009. Since June 2007, the Company's natural gas suppliers from Argentina have curtailed all gas supply to the Company's plants in Chile in response to various actions by the Argentinean government, including imposing a large increase to the duty on natural gas exports. Under the current circumstances, the Company does not expect to receive any further natural gas supply from Argentina.

(c) Operating lease commitments:

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

2010	2011	2012	2013	2014	Thereafter
$ 131,404	$ 121,340	$ 114,722	$ 103,474	$ 94,617	$ 467,369

(d) Egypt methanol project:

The Company owns 60% of Egyptian Methanex Methanol Company S.A.E. (EMethanex), which is the company that is developing the project, a 1.3 million tonne per year methanol facility at Damietta on the Mediterranean Sea in Egypt. EMethanex has secured limited recourse debt of $530 million. The Company expects commercial operations from the methanol facility to begin in 2010 and the Company will purchase and sell 100% of the methanol from the facility. We estimate that the total remaining capital expenditures, including capitalized interest related to the project financing and working capital, to complete the construction of the Egypt methanol facility will be approximately $93 million. This excludes unpaid capital expenditures recorded in accounts payable at December 31, 2009 of approximately $28 million. These expenditures will be funded from cash generated from operations and cash on hand, cash contributed by the non-controlling shareholders and proceeds from the limited recourse debt facilities. At December 31, 2009, our 60% share of remaining cash equity contributions, including capitalized interest related to the project financing and excluding working capital, is estimated to be approximately $20 million.

The Company's investment in EMethanex is accounted for using consolidation accounting. This results in 100% of the assets and liabilities of the Egypt entity being included in the Company's consolidated balance sheet. The non-controlling shareholder's interest is presented as "non-controlling interest" on the Company's consolidated balance sheet.

(e) Purchased methanol:

At December 31, 2009, the Company had commitments to purchase methanol under offtake contracts for approximately 450,000 tonnes for 2010, approximately 380,000 tonnes for each of 2011 and 2012, and approximately 200,000 tonnes for 2013. The pricing under these contracts is referenced to industry pricing at the time of purchase.

19. United States generally accepted accounting principles:

The Company follows generally accepted accounting principles in Canada (Canadian GAAP) which are different in some respects from those applicable in the United States and from practices prescribed by the United States Securities and Exchange Commission (US GAAP). The significant differences between Canadian GAAP and US GAAP with respect to the Company's consolidated financial statements as at and for the years ended December 31, 2009 and 2008 are as follows:

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31	2009 CANADIAN GAAP	2009 US GAAP	2008 CANADIAN GAAP (As adjusted - note (1(o))	2008 US GAAP (As adjusted - note (1(o))
ASSETS				
Current assets	**$ 622,653**	**$ 622,653**	$ 736,326	$ 736,326
Property, plant and equipment (a)	**2,183,787**	**2,214,366**	1,899,059	1,931,548
Other assets (d) (g)	**116,977**	**122,055**	163,642	162,620
	$ 2,923,417	**$ 2,959,074**	$ 2,799,027	$ 2,830,494
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities (c)	**$ 271,604**	**$ 277,309**	$ 258,699	$ 262,267
Long-term debt (g)	**884,914**	**899,632**	766,675	777,582
Other long-term liabilities (d)	**97,185**	**103,303**	97,441	102,411
Future income taxes (d) (f)	**300,510**	**309,559**	299,192	309,021
Non-controlling interest (h)	**133,118**	**—**	88,604	—
Shareholders' equity:				
Capital stock (a) (b)	**427,792**	**833,959**	427,265	832,790
Additional paid-in capital (b)	**—**	**26,939**	—	23,112
Contributed surplus (b)	**27,007**	**—**	22,669	—
Retained earnings	**806,158**	**414,230**	862,507	474,089
Accumulated other comprehensive loss (d)	**(24,871)**	**(38,975)**	(24,025)	(39,382)
Non-controlling interest (h)	**—**	**133,118**	—	88,604
	1,236,086	**1,369,271**	1,288,416	1,379,213
	$ 2,923,417	**$ 2,959,074**	**$ 2,799,027**	**$ 2,830,494**

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) FOR THE YEARS ENDED DECEMBER 31	2009	2008 (As adjusted - note 1(o))
Net income in accordance with Canadian GAAP	**$ 738**	$ 168,753
Add (deduct) adjustments for:		
Depreciation and amortization (a)	**(1,911)**	(1,911)
Stock-based compensation (b)	**(130)**	347
Uncertainty in income taxes (c)	**(2,136)**	(2,892)
Income tax effect of above adjustments (f)	**669**	669
Net income (loss) in accordance with US GAAP	**$ (2,770)**	$ 164,966
Per share information in accordance with US GAAP:		
Basic net income (loss) per common share	**$ (0.03)**	$ 1.75
Diluted net income (loss) per common share	**$ (0.03)**	$ 1.74

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) FOR THE YEARS ENDED DECEMBER 31	2009 CANADIAN GAAP	2009 ADJUSTMENTS	2009 US GAAP	2008 US GAAP (As adjusted - note 1(o))
Net income (loss)	**$ 738**	**$ (3,508)**	**$ (2,770)**	$ 164,966
Change in fair value of forward exchange contracts, net of tax	**36**	**—**	**36**	9
Change in fair value of interest rate swap, net of tax	**(882)**	**—**	**(882)**	(18,841)
Change related to pension, net of tax (d)	**—**	**1,253**	**1,253**	(1,960)
Comprehensive income (loss)	**$ (108)**	**$ (2,255)**	**$ (2,363)**	$ 144,174

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS FOR THE YEARS ENDED DECEMBER 31	2009 CANADIAN GAAP	2009 ADJUSTMENTS	2009 US GAAP	2008 US GAAP (As adjusted - note 1(o))
Balance, beginning of year	**$ (24,025)**	**$ (15,357)**	**$ (39,382)**	$ (18,590)
Change in fair value of forward exchange contracts, net of tax	**36**	**—**	**36**	9
Change in fair value of interest rate swap, net of tax	**(882)**	**—**	**(882)**	(18,841)
Change related to pension, net of tax (d)	**—**	**1,253**	**1,253**	(1,960)
Accumulated other comprehensive loss	**$ (24,871)**	**$ (14,104)**	**$ (38,975)**	$ (39,382)

(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 US GAAP, the business combination would have been accounted for as a purchase with the Company identified as the acquirer. For US GAAP purposes, property, plant and equipment at December 31, 2009 has been increased by $30.6 million (2008 — $32.5 million) to reflect the business combination as a purchase. For the year ended December 31, 2009, an adjustment to increase depreciation expense by $1.9 million (2008 — $1.9 million) has been recorded in accordance with US GAAP.

(b) Stock-based compensation:

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 US GAAP because the exercise price of the stock options is denominated in a currency other than the Company's functional currency or the currency in which the optionee is normally compensated. Under the intrinsic value method for US 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, 2009, an adjustment to increase operating expenses by $0.1 million (2008 — decrease of $0.3 million) was recorded in accordance with US GAAP.

(c) Accounting for uncertainty in income taxes:

FASB ASC topic 740, *Income Taxes* (ASC 740) 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. During the year ended December 31, 2009, adjustments to increase income tax expense by $2.1 million (2008 — $2.9 million) were recorded in accordance with ASC 740.

(d) Defined benefit pension plans:

US GAAP 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 other comprehensive income. Under US GAAP, deferred pension amounts are included in accumulated other comprehensive income. As at December 31, 2009, the impact of this standard on the Company is the reclassification of unrecognized actuarial losses for Canadian GAAP of $15.7 million (2008 — $16.9 million), net of a future income tax recovery of $1.6 million (2008 — $1.5 million) to accumulated other comprehensive loss.

(e) Interest in Atlas joint venture:

US GAAP requires interests in joint ventures to be accounted for using the equity method. Canadian GAAP requires proportionate consolidation of interests in joint ventures. The Company has not made an adjustment in this reconciliation for this difference in accounting principles because the impact of applying the equity method of accounting does not result in any change to net income or shareholders' equity. This departure from US GAAP is acceptable for foreign private issuers under the practices prescribed by the United States Securities and Exchange Commission. Details of the Company's interest in the Atlas joint venture are provided in note 5.

(f) Income tax accounting:

The income tax differences include the income tax effect of the adjustments related to accounting differences between Canadian and US GAAP. During the year ended December 31, 2009, this resulted in an adjustment to increase net income by $0.7 million (2008 — $0.7 million).

(g) Deferred financing fees:

Under Canadian GAAP, the Company is required to present long-term debt net of deferred financing fees. Under US GAAP, the Company is required to present the long-term debt and related finance fees on a gross basis. As at December 31, 2009 and 2008, the Company recorded an adjustment to increase other assets and long-term debt by $14.7 million and $10.9 million, respectively, in accordance with US GAAP.

(h) Non-controlling interests:

Effective January 1, 2009, US GAAP requires that the ownership interests in subsidiaries held by parties other than the parent be clearly identified, labelled and presented in the consolidated statement of financial position within equity, but separate from the parent's equity. Under this standard, the Company is required to reclassify non-controlling interest on the consolidated balance sheet into shareholders' equity. This adjustment has also been recorded for the comparative balances.