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

FORM 40-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

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

For the fiscal year ended December 31, 2016

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)

2860
(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, 111 Eighth Avenue, New York, New York 10011
Telephone: 212-894-8940
(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 Select 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.

3.25% Senior Notes due December 15, 2019
5.25% Senior Notes due March 1, 2022
4.25% Senior Notes due December 1, 2024
5.65% Senior Notes due December 1, 2044
(Title of Class)

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

☒ **Annual Information Form** ☒ **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.

89,824,338 Common Shares were outstanding as of December 31, 2016

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 ☒ No ☐

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 ☐ No ☐

ANNUAL INFORMATION FORM, AUDITED FINANCIAL STATEMENTS, AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Methanex Corporation (the "Registrant" or the "Company") is a Canadian public company whose common shares are listed on the Toronto Stock Exchange in Canada (trading symbol: MX) and on the NASDAQ Global Select Market in the United States (trading symbol: MEOH). The Registrant is a "foreign private issuer" as defined in Rule 3b-4 under Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is eligible to file this annual report on Form 40-F pursuant to the multi-jurisdictional disclosure system.

The following documents of the Company are filed as exhibits to, and incorporated by reference into, this Annual Report:

Document	Exhibit No.
Annual Information Form of the Company for the year ended December 31, 2016	99.1
Management's Discussion and Analysis of the Company for the year ended December 31, 2016	99.2
Audited financial statements of the Company for the years ended December 31, 2016 and 2015, including the reports of auditor with respect thereto	99.3

Pursuant to Rule 3a12-3 under the Exchange Act, the Company's equity securities are exempt from sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act.

FORWARD-LOOKING STATEMENTS

This annual report includes or incorporates by reference certain statements that constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this annual report and documents incorporated by reference herein and include statements regarding the Registrant's intent, belief or current expectations and those of the Registrant's management. These forward-looking statements involve known and unknown risks and uncertainties that may cause the Registrant's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this annual report or in documents incorporated by reference in this annual report, words such as "believes," "expects," "may," "will," "should," "potential," "estimates," "anticipates," "aims," "goal," or the negative version of those words or other comparable terminology and similar statements of a future or forward-looking nature are intended to identify these forward-looking statements. These forward-looking statements are based on various factors and were derived utilizing numerous assumptions that could cause the Registrant's actual results to differ materially from those in the forward-looking statements. Accordingly, readers are cautioned not to put undue reliance on these forward-looking statements. For additional information, please refer to the disclosure contained under the heading, "Caution Regarding Forward-Looking Statements" in the Registrant's Annual Information Form filed as Exhibit 99.1 to this report.

NOTE TO UNITED STATES READERS REGARDING DIFFERENCES BETWEEN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Registrant is permitted to prepare this annual report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Registrant now prepares its consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, which principles differ in certain respects from generally accepted accounting principles applicable in the United States ("U.S. GAAP") and from practices prescribed by the SEC. Therefore, the Company's financial statements incorporated by reference in this annual report may not be comparable to financial statements prepared in accordance with U.S. GAAP.

CURRENCY

Unless otherwise indicated, all dollar amounts in this Annual Report are in United States dollars. The exchange rate of United States dollars into Canadian dollars on December 310 2016, the last trading day of the year, based upon the noon rate published by the Bank of Canada, was U.S.$1.00=CDN $1.3427. The exchange rate of United States dollars into Canadian dollars, on March 6, 2017, based upon the noon rate as published by the Bank of Canada, was U.S.$1.00=CDN$1.341.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act to mean 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.

At the end of the period covered by this annual report on Form 40-F, being the fiscal year ended December 31, 2016, an evaluation was carried out under the supervision and with the participation of the Registrant's management, including the principal executive and principal financial officers (its Chief Executive Officer and Chief Financial Officer). 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, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal Control Over Financial Reporting

Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act as a process designed by, or under the supervision of, the Registrant's Chief Executive Officer and Chief Financial Officer, and effected by the Registrant's board of directors, 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 International Financial Reporting Standards, as issued by the International Accounting Standards Board. 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 generally accepted accounting principles, 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, 2016 to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

The Company's internal control system is designed to provide reasonable assurance to management and the board of directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Assessment and Auditor's Attestation Report

Management's Annual Report on Internal Control over Financial Reporting is provided on page 39 of the Registrants' Management's Discussion and Analysis, filed as Exhibit 99.2 to this report. KPMG LLP, 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, 2016. The attestation report is included on the third page of our consolidated financial statements filed as Exhibit 99.3 to this report.

AUDIT COMMITTEE

The Registrant's Board of Directors has established a separately-designated Audit, Finance and Risk Committee (the "Audit Committee") in accordance with Section 3(a)(58)(A) of the Exchange Act and NASDAQ Listing Rule 5605(c). As at the date of this annual report, the Registrant's Audit Committee is comprised of the following directors, each of whom is independent as determined under each of Rule 10A-3 under the Exchange Act and NASDAQ Listing Rule 5605(a):

A. Terence Poole, Chair
Howard Balloch
Janice Rennie
Benita Warmbold

All members of the Audit Committee are financially literate, meaning they are able to read and understand the Company's financial statements and to understand the breadth and level of complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. The Audit Committee meets the composition requirements set forth by NASDAQ Listing Rule 5605(c)(2).

A description of the mandate of the Audit Committee (the "Audit Committee Charter"), together with the relevant education and experience of its members and other Committee information, may be found in the "Audit Committee Information" section of the Registrant's Annual Information Form for the year ended December 31, 2016, filed as Exhibit 99.1 to this annual report. The full text of the Audit Committee Charter is attached as Appendix "A" to the Annual Information Form.

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant's Board of Directors has determined that Mr. A. Terence Poole is an audit committee financial expert (as that term is defined in paragraph (8)(b) of General Instruction B to Form 40-F under the Exchange Act). 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 the 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 Business Conduct (the "Code of Ethics") that applies to directors, officers and employees, including the Registrant's principal executive officer, principal financial officer and principal accounting officer. The Code of Ethics materially complies with NASDAQ Listing Rule 5610, and meets the requirements for a "code of ethics" within the meaning of that term in Form 40-F. A copy of the Code of Ethics can be found on the Registrant's website at www.methanex.com.

No waivers from or substantive amendments to the provisions of the Code were made in 2016.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

KPMG LLP, Chartered Professional 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.

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's global fees relating to the years ended December 31, 2016 and December 31, 2015 are as follows:

US$000s	2016	2015
Audit Fees	1,307	1,381
Audit-Related Fees	50	50
Tax Fees	61	63
Total	**1,418**	**1,494**

The nature of each category of fees is described below.

Audit Fees

Audit fees 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 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 globally. 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 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 accounting or disclosure treatment of other transactions.

Tax Fees

Tax fees 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

At December 31, 2016, 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.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Tabular disclosure of contractual obligations is made on page 22 of the Registrant's Management's Discussion and Analysis for the year ended December 31, 2016, filed as Exhibit 99.2 to this report.

NASDAQ CORPORATE GOVERNANCE

The Company is subject to corporate governance requirements prescribed under applicable Canadian securities laws, rule and policies. The Company is also subject to corporate governance requirements prescribed by the listing standards of the NASDAQ Stock Market, and the rules and regulations promulgated by the SEC under the Exchange Act (including those applicable rules and regulations mandated by the Sarbanes-Oxley Act of 2002).

NASDAQ Listing Rule 5615(a)(3) permits a foreign private issuer to follow its home country practice in lieu of certain corporate governance requirements of the NASDAQ Listing Rules. A foreign private issuer that follows a home country practice in lieu of one or more provisions of the NASDAQ Listing Rules is required to disclose in its annual report filed with the Commission, or on its website, each corporate governance requirement of the NASDAQ Listing Rules that it does not follow and describe the home country practice followed by the issuer in lieu of such NASDAQ corporate governance requirements.

We do not follow NASDAQ Equity Rule 5620(c), but instead follow our home country practice relating to quorum requirements at meetings of shareholders as more fully described on page 22 of the Registrant's Annual Information Form for the year ended December 31, 2016, filed as Exhibit 99.1 to this report.

The Company believes that there are otherwise no significant differences between its corporate governance policies and those required to be followed by United States domestic issuers listed on the NASDAQ Stock Market. In particular, in addition to having a separate Audit Committee, the Registrant's Board of Directors has established a separately-designated Human Resources Committee that materially meets the requirements for a compensation committee under NASDAQ Listing Rule 5605(d), as currently in force.

The Company is required by National Instrument 58-101 of the Canadian Securities Administrators, *Disclosure of Corporate Governance Practices*, to describe its practices and policies with regard to corporate governance in management information circulars that are furnished to the Company's shareholders in connection with annual meetings of shareholders.

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 said securities.

CONSENT TO SERVICE OF PROCESS

A Form F-X signed by the Registrant and the Registrant's agents for service of process: (a) with respect to the Common Shares, was filed with the Commission together with the Form 40-F of the Registrant on June 16, 1995; (b) with respect to the 5.25% Senior Notes due March 1, 2022 was filed with the Commission together with the Form F-9 of the Registrant on October 31, 2011; (c) with respect to the 3.25% Senior Notes due December 15, 2019 was filed with the Commission together with the Form F-10 of the Registrant on December 7, 2012; (d) with respect to the 4.25% Senior Notes due December 1, 2024 was filed with the Commission together with the Form F-10 of the Registrant on October 31, 2014; and (e) with respect to the 5.65% Senior Notes due December 1, 2044 was filed with the Commission together with the Form F-10 of the Registrant on October 31, 2014.

SIGNATURES

Pursuant to the requirements of the Exchange Act, 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 7, 2017

By: /s/ KEVIN PRICE
Name: Kevin Price
Title: General Counsel & Corporate Secretary

EXHIBITS

Exhibit No	Description
23.1	Consent of KPMG LLP
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 6, 2017
99.2	Management's Discussion and Analysis for the Year Ended December 31, 2016
99.3	Audited Consolidated Financial Statements of the Registrant for the years ended December 31, 2016 and 2015 and the Independent Auditor's Reports thereon

Exhibit 23.1



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

Telephone (604) 691-3000
Fax (604) 691-3031

Consent of Independent Registered Public Accounting Firm

The Board of Directors of Methanex Corporation

We consent to the use of our reports, each dated March 6, 2017, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting included in this annual report on Form 40-F.

We also consent to the incorporation by reference of such reports in the Registration Statements (No. 333-112624, No. 333-141833 and No. 333-194850) on Form S-8, No. 333-177632 on Form F-9, No. 333-185335 on Form F-10 and No. 333-199756 on Form-10/A of Methanex Corporation.

/s/ KPMG LLP

Chartered Professional Accountants
Vancouver, Canada
March 6, 2017

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, John Floren, 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 7, 2017

/s/ JOHN FLOREN
John Floren
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 7, 2017

/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, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Floren, 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/ JOHN FLOREN
John Floren
President and Chief Executive Officer
March 7, 2017

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, 2016 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 7, 2017

Exhibit 99.1

METHANEX CORPORATION

ANNUAL INFORMATION FORM

www.methanex.com

March 6, 2017



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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 2016 Management's Discussion and Analysis ("2016 MD&A"), which contains information required to be included in this AIF. The 2016 MD&A is publicly accessible and is filed on the Canadian Securities Administrators' SEDAR website at www.sedar.com and on the U.S. Securities and Exchange Commission's EDGAR website at www.sec.gov.

The approximate conversion of measurement used in this AIF is 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 IHS Inc., Tecnon OrbiChem Ltd., Argus JJ&A, ICIS, Platts and Methanol Market Services Asia. 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 our industry. These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. Statements that include the words “believes,” “expects,” “may,” “will,” “should,” “potential,” “estimates,” “anticipates,” “aim,” “goal” 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 or restart of idled capacity and timing for start-up of the same,
- expected shutdowns (either temporary or permanent) or restarts of existing methanol supply (including our own facilities), including, without limitation, the timing and length of planned maintenance outages,
- expected methanol and energy prices,
- expected levels of methanol purchases from traders or other third parties,
- expected levels, timing and availability of economically priced natural gas supply to each of our plants,
- capital committed by third parties towards future natural gas exploration and development in the vicinity of our plants,
- our expected capital expenditures,
- anticipated operating rates of our plants,
- expected operating costs, including natural gas feedstock costs and logistics costs,
- expected tax rates or resolutions to tax disputes,
- expected cash flows, earnings capability and share price,
- availability of committed credit facilities and other financing,
- our ability to meet covenants or obtain or continue to obtain waivers associated with our long-term debt obligations, including, without limitation, the Egypt limited recourse debt facilities that have conditions associated with the payment of cash or other distributions and the finalization of certain land title registrations and related mortgages which require actions by Egyptian governmental entities,
- expected impact on our results of operations in Egypt or our financial condition as a consequence of civil unrest or actions taken or inaction by Egyptian governmental entities,
- our shareholder distribution strategy and anticipated distributions to shareholders,
- commercial viability and timing of, or our ability to execute, future projects, plant restarts, capacity expansions, plant relocations, or other business initiatives or opportunities,
- our financial strength and ability to meet future financial commitments,
- expected global or regional economic activity (including industrial production levels),
- expected outcomes of litigation or other disputes, claims and assessments, and
- expected actions of governments, governmental agencies, gas suppliers, courts, tribunals or other third parties.

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:

- the supply of, demand for and price of methanol, methanol derivatives, natural gas, coal, oil and oil derivatives,
- our ability to procure natural gas feedstock on commercially acceptable terms,
- operating rates of our facilities,

- receipt or issuance of third-party consents or approvals, including, without limitation, governmental registrations of land title and related mortgages in Egypt and governmental approvals related to rights to purchase natural gas,
- the establishment of new fuel standards,
- operating costs, including natural gas feedstock and logistics costs, capital costs, tax rates, cash flows, foreign exchange rates and interest rates,
- the availability of committed credit facilities and other financing,
- global and regional economic activity (including industrial production levels),
- absence of a material negative impact from major natural disasters,
- absence of a material negative impact from changes in laws or regulations,
- absence of a material negative impact from political instability in the countries in which we operate, and
- enforcement of contractual arrangements and ability to perform contractual obligations by customers, natural gas and other 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:

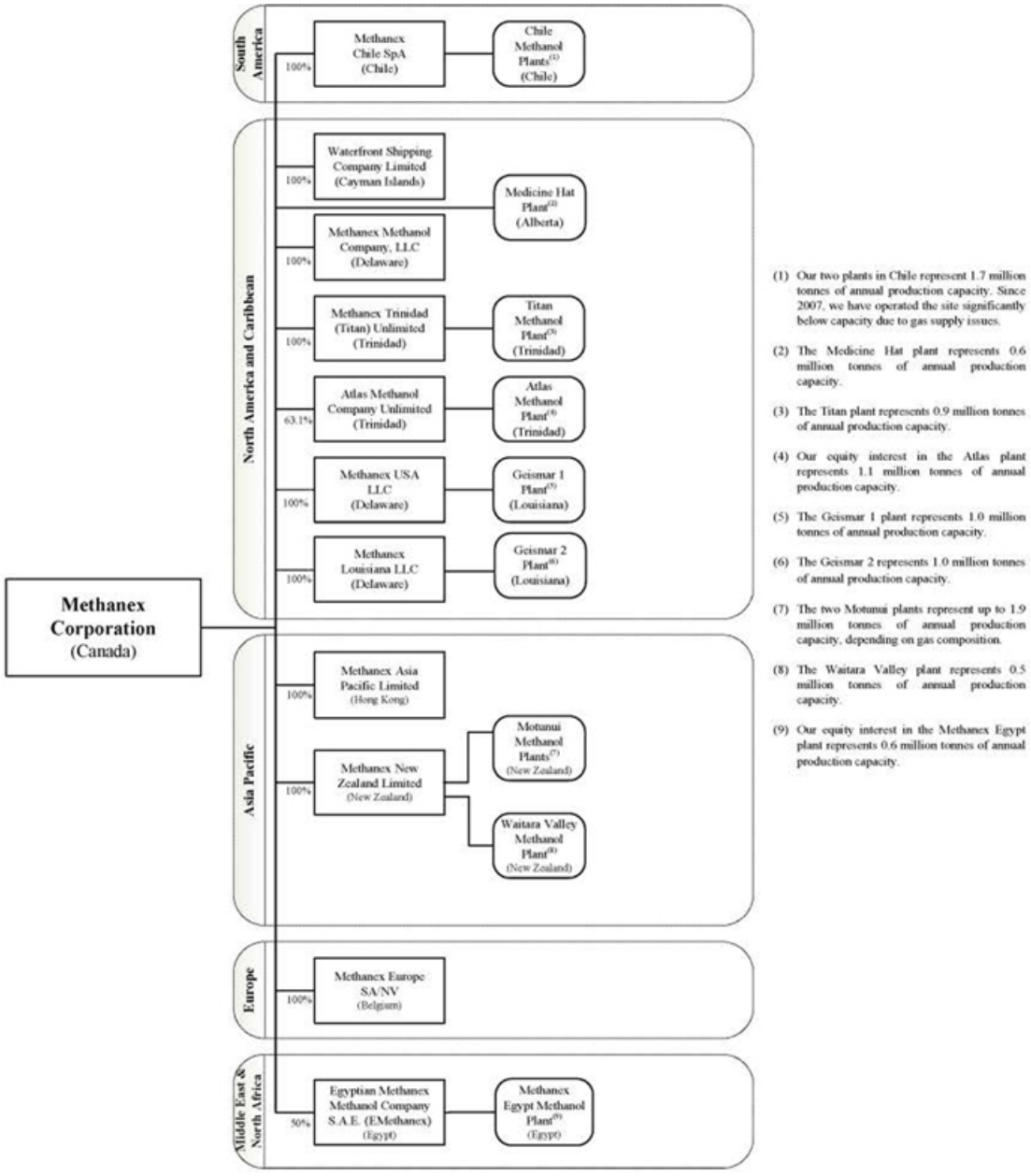
- conditions in the methanol and other industries including fluctuations in the supply, demand and price for methanol and its derivatives, including demand for methanol for energy uses,
- the price of natural gas, coal, oil and oil derivatives,
- our ability to obtain natural gas feedstock on commercially acceptable terms to underpin current operations and future production growth opportunities,
- the ability to carry out corporate initiatives and strategies,
- actions of competitors, suppliers and financial institutions,
- conditions within the natural gas delivery systems that may prevent delivery of our natural gas supply requirements,
- competing demand for natural gas, especially with respect to domestic needs for gas and electricity in Chile and Egypt,
- actions of governments and governmental authorities, including, without limitation, the implementation of policies or other measures that could impact the supply of or demand for methanol or its derivatives,
- 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 or existing contractual arrangements,
- world-wide economic conditions, and
- other risks described in our 2016 MD&A.

Having in mind these and other factors, investors and other readers are cautioned not to place undue reliance on forward-looking statements. They are not a substitute for the exercise of one's own due diligence and judgment. The outcomes implied by 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 as of December 31, 2016 and, for each subsidiary, its place of organization and the Company's percentage of voting interests beneficially owned or over which the Company exercises control or direction. The chart also shows our principal production facilities and their locations.



(1) Our two plants in Chile represent 1.7 million tonnes of annual production capacity. Since 2007, we have operated the site significantly below capacity due to gas supply issues.

(2) The Medicine Hat plant represents 0.6 million tonnes of annual production capacity.

(3) The Titan plant represents 0.9 million tonnes of annual production capacity.

(4) Our equity interest in the Atlas plant represents 1.1 million tonnes of annual production capacity.

(5) The Geismar 1 plant represents 1.0 million tonnes of annual production capacity.

(6) The Geismar 2 represents 1.0 million tonnes of annual production capacity.

(7) The two Motunui plants represent up to 1.9 million tonnes of annual production capacity, depending on gas composition.

(8) The Waitara Valley plant represents 0.5 million tonnes of annual production capacity.

(9) Our equity interest in the Methanex Egypt plant represents 0.6 million tonnes of annual production capacity.

BUSINESS OF THE COMPANY

Overview of the Business

Methanol is a clear liquid commodity chemical that is predominantly produced from natural gas and is also produced from coal, particularly in China. Approximately 55% of all methanol demand is used to produce traditional chemical derivatives, including 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 remaining 45% of methanol demand comes from a range of energy-related applications. These include methanol-to-olefins ("MTO"), methyl tertiary-butyl ether ("MTBE"), direct blending of methanol into gasoline (primarily in China), di-methyl ether ("DME"), biodiesel, methanol-to-gasoline ("MTG"), industrial boilers and marine fuel.

We are the world's largest producer and supplier of methanol to the major international markets in Asia Pacific, North America, Europe and South America. Our total annual production capacity, including Methanex interests in jointly owned plants, is currently 9.4 million tonnes and is located in New Zealand, the United States, Trinidad, Egypt, Canada and Chile. In addition to the methanol produced at our sites, we purchase methanol produced by others under methanol offtake contracts and on the spot market. This gives us flexibility in managing our supply chain while continuing to meet customer needs and support our marketing efforts. We have marketing rights for 100% of the production from the jointly-owned plants in Trinidad and Egypt, which provides us with an additional 1.3 million tonnes per year of methanol offtake supply when the plants are operating at full capacity.

Refer to the *Production Summary* section on page 13 for more information regarding production at our plants.

DEVELOPMENT OF THE BUSINESS AND CORPORATE STRATEGY

Three Year History

2014

On April 29, 2014, the Company announced the approval of a normal course issuer bid to commence on May 6, 2014 whereby the Company may purchase up to 4,826,197 common shares, representing approximately 5% of the 96,523,956 shares issued and outstanding as of that date.

On May 2, 2014, the Company announced that it reached an agreement with Total Austral S.A. ("Total") of Argentina in relation to Total's natural gas delivery obligations pursuant to a long-term natural gas supply agreement between the two companies. Total made a lump sum payment of $42 million to the Company in order to terminate the agreement and settle all potential legal disputes thereunder.

On November 13, 2014, the Company announced that it would issue $300 million in aggregate principal amount of 4.25% senior notes due December 1, 2024 and $300 million in aggregate principal amount of 5.65% senior notes due December 1, 2044.

On December 11, 2014, the Company announced that it renewed its $400 million revolving credit facility with a syndicate of banks. The renewed facility expires in December 2019 and replaced the then existing facility which would have expired in December 2016.

2015

On January 24, 2015, the Company successfully produced first methanol from its new one million tonne plant in Geismar, Louisiana. The plant was relocated from the Company's production site in Punta Arenas, Chile.

On January 28, 2015, the Company announced that it received approval from the Toronto Stock Exchange to amend the normal course issuer bid initiated on May 6, 2014 in order to increase the maximum number of common shares that may be acquired under the bid from 4,826,197 common shares to 8,577,716 common shares.

In the first quarter of 2015, the Company announced that it signed a Term Sheet with National Gas Company (Trinidad) to extend the supply of gas for the Titan plant for an additional five years. The existing Titan gas contract expired in 2014.

In the second quarter of 2015, the Company undertook a planned major refurbishment of its Medicine Hat facility. As a result of this refurbishment, the annual production capacity was re-rated to 600,000 tonnes from 560,000 tonnes.

On April 28, 2015, the Company announced that its Board of Directors approved a new normal course issuer bid to commence on May 6, 2015 pursuant to which the Company may purchase up to 4,554,115 common shares, representing approximately 5% of the 91,082,312 shares issues and outstanding at that time.

On December 27, 2015, the Company successfully produced first methanol from its newly completed one million tonne Geismar 2 methanol plant in Geismar, Louisiana. The plant was relocated from the Company's production site in Punta Arenas, Chile. The total combined cost for the completion of the two Geismar plants is approximately $1.4 billion.

2016

In April 2016, the Company announced the launch of the world's first ocean-going vessels that can run on methanol. In 2016, the Company took delivery of a total of seven such vessels. These vessels are built with the first-of-their kind 2-stroke dual fuel engines that can run on methanol and other conventional fuels. This initiative is part of the Company's strategy to promote methanol as a viable, efficient, environmentally friendly and convenient fuel alternative.

On June 15, 2016, the Company announced that it reached an agreement with Petrobras Energía S.A. ("Petrobras") of Argentina to settle a legal dispute in relation to Petrobras's natural gas delivery obligations pursuant to a long-term natural gas supply agreement between the two companies. Petrobras made a lump sum payment of $32.5 million to the Company in order to terminate both the natural gas supply agreement and any and all claims in relation to such agreement.

On July 28, 2016, the Company announced that it reached an agreement with Empresa Nacional del Petróleo ("ENAP") for gas supply for the period through May 2018. This gas supply, when combined with commitments from other sources, is expected to allow the 0.9 million tonne per year Chile I facility to achieve an average annual operating rate of approximately 60% of capacity. The Company also announced its wholly-owned Chilean subsidiary signed a Term Sheet with GeoPark Fell SpA in order to extend its current gas supply agreement for an additional 10 year term, beyond April 2017.

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 customers. To achieve this objective we have a simple, clearly defined strategy: global leadership, low cost and operational excellence. Our brand differentiator "*The Power of Agility*®" defines our culture of flexibility, responsiveness and creativity that allows us to capitalize on opportunities quickly as they arise, and swiftly respond to customer needs.

Global Leadership

Global leadership is a key element of our strategy. We are focused on maintaining and enhancing our position as the major producer and supplier in the global methanol industry, improving our ability to cost-effectively deliver methanol to customers and supporting both traditional and energy-related global methanol demand growth.

We are the leading producer and supplier of methanol to the major international markets in Asia Pacific, North America, Europe and South America. Our 2016 sales volume of 9.5 million tonnes of methanol represented approximately 14% of 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 used in each major market as the basis of pricing for our customer contracts.

The geographically diverse locations of our production sites allow us to deliver methanol cost-effectively to customers in all major global markets, while investments in global distribution and supply infrastructure, which include a fleet of ocean-going vessels and terminal capacity within all major international markets, enable us to enhance value to customers by providing reliable and secure supply.

A key component of our global leadership strategy is the strength of our asset position with over 8.5 million tonnes of operating capacity in 2016. We achieved record production in 2016 of 7.0 million tonnes, a 35% increase in production over 2015. Still, our Chile operations are currently operating at less than full production capacity and provide further potential to reach our full production capacity of 9.4 million tonnes.

Another key component of our global leadership strategy is our ability to supplement methanol production with methanol purchased from third parties to give us flexibility in our supply chain and continue to meet customer commitments. We purchase methanol through a combination of methanol offtake contracts and spot purchases. We manage the cost of purchased methanol by taking advantage of our global supply chain 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 we have invested in and developed our presence in this important region. We have storage capacity in China, South Korea and Japan that allows us to cost-effectively manage supply to customers and we have offices in Hong Kong, Shanghai, Tokyo, Seoul and Beijing to enhance customer service and industry positioning in the region. This enables us to participate in and improve our knowledge of the rapidly evolving and high growth methanol markets in China and other Asian countries. Our expanding presence in Asia Pacific has also helped us identify several opportunities to support the development of applications for methanol in the energy-related sector.

Low Cost

A low cost structure is an important competitive advantage in a commodity industry and is a key element of our strategy. Our approach to major business decisions is guided by a drive to improve our cost structure, expand margins and create value for shareholders. The most significant components of total costs are natural gas for feedstock and distribution costs associated with delivering methanol to customers. Our cost structure per tonne continues to benefit from significant leverage on our fixed costs as production increases.

Our production facilities are well located to supply global methanol markets. The New Zealand, Trinidad and Egypt facilities are underpinned by natural gas purchase agreements where the natural gas price varies with methanol prices. This pricing relationship enables these facilities to be competitive throughout the methanol price cycle. During 2016, we consented to the assignment of the Geismar 1 gas supply contract. As part of the assignment, the methanol revenue sharing component of the gas contract was eliminated, and the fixed price component remains unchanged. We have forward contracts to hedge natural gas prices for approximately 40% of the natural gas requirements of our Geismar 2 facility for a remaining nine-year period.

We have a 0.6 million tonne facility located in Medicine Hat, Alberta, for which we have entered into fixed price contracts to supply a proportion of our natural gas requirements from 2017 to 2022.

We continue to pursue opportunities to further lock-in our gas costs for our North American operations.

The cost to distribute methanol from production locations to customers is also a significant component of total 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 optimizing the use of our shipping fleet and taking advantage of prevailing conditions in the shipping market by varying the type and length of term of ocean vessel contracts. In 2016, we added seven new vessels equipped with flex-fuel engines that can run on conventional fuel or methanol, which provides us with further flexibility in our supply chain. 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 manufacturing and supply chain processes, marketing and sales, human resources, corporate governance practices and financial management.

To differentiate ourselves from competitors, we strive to be the best operator in all aspects of our business and to be the preferred supplier to 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. We have a commitment to Responsible Care (an operating ethic and set of principles developed by the Chemistry Industry Association of Canada) and we use it as the umbrella under which we manage issues related to employee health and safety, environmental protection, community involvement, social responsibility, sustainability, security and emergency preparedness at each of our facilities and locations. Through the International Council of Chemical Associations, over 60 countries have adopted the Responsible Care Ethic and Principles for Sustainability. We believe a commitment to Responsible Care helps us reduce the likelihood of unplanned events and achieve an excellent overall environmental and safety record.

Product stewardship is a vital component of a 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 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 initiatives, and we work with industry colleagues to improve safety standards. We readily share 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 associations, seminars and conferences and online education initiatives.

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

Our strategy of operational excellence also 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. We have an undrawn $300 million credit facility provided by highly rated financial institutions that expires in late 2019. As at December 31, 2016, we had a strong balance sheet and a cash balance of $224 million. We believe we are well-positioned to meet our financial commitments, invest to grow the Company and return excess cash to shareholders.

METHANOL INDUSTRY INFORMATION

General

In 2016, approximately 55% of all methanol was used to produce a variety of traditional chemical derivatives, including formaldehyde and acetic acid, the demand for which is influenced by levels of global economic activity. These derivatives are used to manufacture a wide range of end products, including plywood, particleboard, foams, resins and plastics. The remainder of methanol demand comes from energy-related applications. MTO and MTBE are the largest of these energy-related demand drivers but this segment also includes direct blending of methanol into gasoline, DME, biodiesel, methanol-to-gasoline ("MTG"), industrial boilers and marine fuel. The rate of demand for methanol into energy-related applications will depend on a number of factors including pricing for their various final products, which in turn depends on the level of global energy prices.

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.

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, including energy prices due to the growing use of methanol in energy-related applications.

We estimate that total global demand for methanol in 2016, excluding methanol produced in integrated coal-to-olefins facilities, increased by about 10% versus 2015 to approximately 66 million tonnes. This increase was driven primarily by growth in Asia Pacific related to merchant MTO facilities.

Energy-related demand growth accounted for nearly 80% of the annual 2016 growth and grew by approximately 20% year-over-year. Traditional chemical derivatives accounted for the remainder of the annual 2016 growth and grew by just over 4% year-over-year.

Traditional Chemical Derivative Demand

Historically, demand growth for methanol in chemical derivatives has been closely correlated to economic and industrial production growth rates. 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 products 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. 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 limited, if any, 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.

Formaldehyde Demand

In 2016, methanol demand for the production of formaldehyde represented approximately 28% of global methanol demand. The largest use for formaldehyde is as a component of urea-formaldehyde and phenol-formaldehyde resins, which are used as wood adhesives for plywood, particleboard, oriented strand board, medium-density fibreboard and other reconstituted or engineered wood products. There is also demand for formaldehyde as a raw material for engineering plastics and in the manufacture of a variety of other products, including elastomers, paints, building products, foams, polyurethane and automotive products.

Acetic Acid Demand

In 2016, methanol used to produce acetic acid represented approximately 10% 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 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

There are several energy-related uses for methanol that have developed in the past decade and many of these have experienced substantial growth in recent years. In 2016, methanol demand for energy-related use continued to grow and represented approximately 45% of total global methanol demand. This demand was comprised of merchant MTO, which represented approximately 15% of global demand in 2016, methanol for the production of MTBE, which represented about 11% of total 2016 demand as well as other applications including direct blending of methanol into gasoline, DME, biodiesel and MTG which together accounted for approximately 19% of total 2016 demand. Merchant MTO was the fastest-growing end-use segment for methanol in 2016. While methanol demand in energy-related applications is strongest in China, a number of countries around the world are considering adopting these applications on a wider scale. The future operating rates and methanol consumption from energy-related applications using methanol as a feedstock will depend on a number of factors, including pricing for their various final products, which in turn depends on the level of global energy prices.

Methanol-to-Olefins (MTO) Demand

Light olefins (ethylene and propylene) are the basic building blocks used to make many plastics that have wide application in packaging, textiles, plastic parts and containers, and automotive components. Olefins can be produced from various feedstocks, including naphtha, liquefied petroleum gas (“LPG”), ethane and methanol. In China, olefins have historically been produced using naphtha, an oil product. Over the past five years, methanol demand into olefins has emerged as a significant new energy-related derivative for methanol. The first merchant MTO plant in China started up in 2012, and by the end of 2016, approximately 10 million tonnes of methanol in the merchant market was consumed by MTO plants in China (excluding demand from upstream-integrated coal-to-olefins plants).

MTBE Demand

MTBE is used primarily as an oxygenate blended in gasoline to contribute octane and reduce the amount of harmful exhaust emissions from motor vehicles. MTBE is an efficient and cost-competitive gasoline component and, as such, is increasingly used in developing countries targeting gasoline pool extension and clean air benefits at a cost lower than that of alternatives. Asia represents the majority of global MTBE demand, with China being a significant and growing market. China is now the world’s largest automotive market and the combination of its growing gasoline demand, as well as China’s desire to reduce exhaust emissions, is driving new MTBE capacity additions. In the U.S., MTBE production continues to increase for export markets (Latin America and Europe mainly) as idled assets have restarted and a new project is under evaluation. We believe that global demand for MTBE will experience positive growth over the coming years.

Methanol Demand for Fuel

Methanol is blended into gasoline or used as a substitute for gasoline for use as a transportation fuel because of its competitive pricing relative to gasoline as well as for its clean air benefits. Methanol can also be converted to gasoline. As of 2016, there were ten MTG plants in China; however, the majority of this capacity was idled or operating at low rates due to poor economics. Smaller quantities of methanol are also used in China directly as a cooking fuel and as fuel in industrial boilers. In 2016, we estimate that methanol demand for these fuel applications in China was over seven million tonnes. Chinese demand for methanol blending into gasoline remained solid in 2016. Automobile sales in China, and thus gasoline demand, have remained healthy, supporting methanol demand. China's federal and provincial governments have implemented a range of fuel-blending standards for methanol that promote the use of methanol as a fuel. Direct methanol blending into gasoline is being used in small quantities in the United Kingdom, the Netherlands and Iceland, and commercialization activities are underway in other countries, including Israel, which introduced an M15 (15% methanol, 85% gasoline) national standard in 2016. Driven by regulations in Europe and North America that limit sulphur emissions from marine vessels in certain regulated zones, methanol is now being used as a clean-burning marine fuel. In 2016, Waterfront Shipping delivered seven dual-fuel vessels capable of running on methanol and we believe that others in the shipping industry will also choose methanol as a marine fuel.

DME Demand

DME is a clean-burning fuel that can be stored and transported like 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 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 2016, global methanol demand for use in DME was estimated at over three million tonnes. In addition to DME production in China, DME is being produced and projects promoting the use of DME are under development in other countries including Japan, Turkey, Trinidad, the United States, India, Indonesia and parts of Europe.

Regulatory Developments Affecting Demand

There are various studies and legislative proposals currently under way 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 actions that could materially reduce demand for methanol.

Supply Factors

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.

There is typically a span of four to six years to plan and construct a new world-scale methanol plant. Additional methanol supply may also become available with the restart of methanol plants whose production has been idled, by relocating methanol plants or by carrying out expansions or debottlenecking of 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.

There were no significant new industry capacity additions outside of China in 2016, but we observed a higher methanol supply due to a full year operation of new capacity added by the end of 2015, including the 1.3 million tonne Fairway Methanol LLC facility in Texas and Methanex's Geismar 2 facility in Louisiana which commenced operation during the second half of 2015. In China, we estimate that approximately two million tonnes of new non-integrated production capacity was added in 2016.

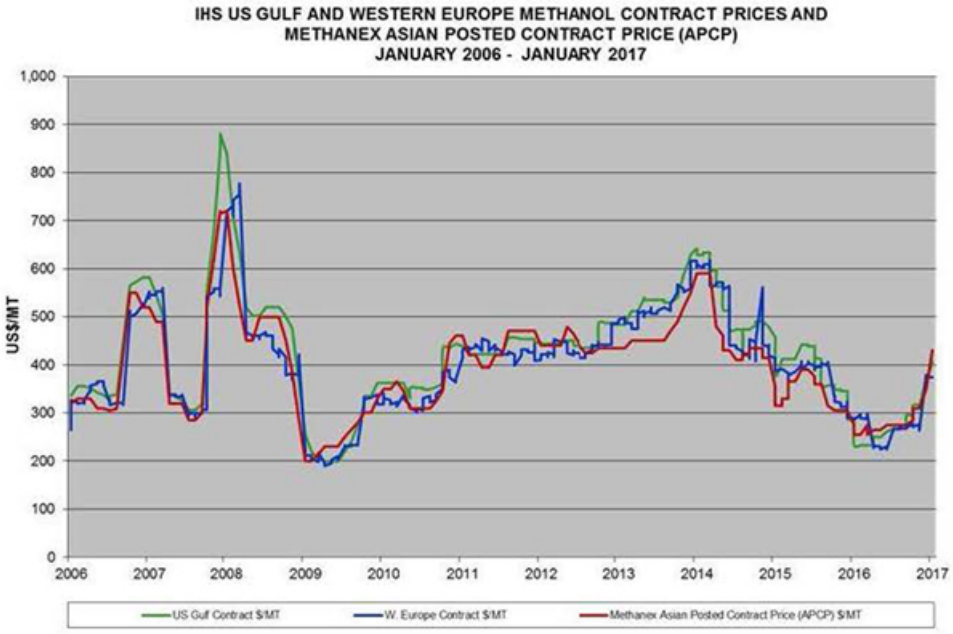
In 2015, an accord was signed to lift international trade sanctions against Iran which had restricted trade in Iranian-produced methanol in Europe and many Asian countries, excluding China and India. The removal of these sanctions in early 2016 has not impacted significantly the trade flow of Iranian produced methanol in 2016, but the outlook of new methanol projects in Iran over the long term has improved based on announcements of progress made to some projects under construction.

Over the next few years, outside of China, the majority of new capacity additions are expected in the Atlantic basin and the Middle East. OCI N.V. and Consolidated Energy Limited (through its subsidiary G2X Energy) continue to progress their jointly owned Natgasoline project, a 1.8 million tonne plant under construction in Beaumont, Texas. In Iran, we expect just over four million tonnes of capacity to come onstream over the next two years. However, the timing of start-up and future operating rates at these facilities will be dependent on various factors. To the end of 2018, we expect approximately four million tonnes of new capacity to be added in China. Beyond 2018, we anticipate that new capacity additions in China will be modest due to an increasing degree of restrictions placed on new coal-based methanol capacity additions and the trend of integration from coal to downstream chemicals for new projects in that country.

Methanol Prices

The methanol business is a highly competitive commodity industry and prices are affected by supply and demand fundamentals. Methanol prices have historically been, and are expected to continue to be, characterized by cyclicality.

We publish regional non-discounted reference prices 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 use published Methanex reference prices as a basis for pricing, and we offer discounts to customers based on various factors.



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, the price of methanol has a significant effect on our results of operations and financial condition.

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 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). These shutdowns typically take between three and five weeks. Catalysts generally need to be changed every three to six years depending on technology, 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 occur between turnarounds. We prepare a long-term turnaround schedule 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 (in the case of Atlas and Egypt, the table reflects our equity interest share):

	Annual Production Capacity[1] (000 tonnes/year)	Annual Operating Capacity[2] (000 tonnes/year)	2016 Production (000 tonnes)	2015 Production (000 tonnes)
New Zealand[3]	2,430	2,430	2,181	1,856
USA (Geismar)[4]	2,000	2,000	2,055	959
Trinidad (Methanex interest)[5]	2,000	2,000	1,605	1,644
Egypt (50% interest)	630	630	293	74
Canada (Medicine Hat)	600	600	488	456
Chile[6]	1,720	880	395	204
	9,380	**8,540**	**7,017**	**5,193**

(1) Annual production capacity reflects, among other things, expected plant outages, turnarounds and average age of the facility's catalyst. The actual production capability of a facility is higher than the stated annual production capacity.

(2) Annual operating capacity includes only those facilities which are currently capable of operating, but excludes any portion of an asset that is underutilized due to a lack of natural gas feedstock over a prolonged period of time. Our current annual operating capacity is 8.5 million tonnes, including 0.9 million tonnes related to our Chile operations. The operating 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. Actual production for a facility in any given year may be higher or lower than operating capacity due to a number of factors, including natural gas composition or the age of the facility's catalyst.

(3) The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility (refer to the *Natural Gas Supply - New Zealand* section below).

(4) We commenced methanol production from Geismar 1 during the first quarter of 2015 and from Geismar 2 late in the fourth quarter of 2015.

(5) The operating capacity of Trinidad is made up of the Titan (100% interest) and Atlas (63.1% interest) facilities (refer to the *Natural Gas Supply - Trinidad* section below).

(6) The production capacity of our Chile I and IV facilities is 1.7 million tonnes annually assuming access to natural gas feedstock.

Refer to the *Production Summary* section of our 2016 MD&A for more information.

MARKETING

We sell methanol on a worldwide basis to every major market through an extensive marketing and distribution system with marketing offices in North America (Dallas and Vancouver), Europe (Brussels), Asia Pacific (Hong Kong, Shanghai, Tokyo, Seoul and Beijing), South America (Santiago) and the Middle East (Dubai). Most of our customers are large global or regional petrochemical manufacturers or distributors.

We believe our ability to sell methanol from a number of geographically dispersed production sites enhances our ability to serve major chemical and petrochemical producers as customers for whom reliability of supply and quality of service are important.

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. This provides us with flexibility in our supply chain and allows us to continue to meet customer commitments.

DISTRIBUTION AND LOGISTICS

All of our methanol production facilities except Medicine Hat 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 approximately 28 ocean-going vessels to ship this methanol. We lease or own in-region storage and terminal facilities in North America, Europe, South America and Asia. We also 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 and for direct delivery to some customers. We also use smaller vessels capable of entering into restricted ports to deliver directly to other 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 all global markets. Our plant in New Zealand primarily supplies customers in the Asia Pacific region, but also supplies European, North American and South American markets when required. Our production site in Chile can supply all global regions due to its geographic location, but currently only supplies South America due to lower production levels. Our Egypt plant primarily services our European markets, but can also supply Asia. Our Medicine Hat plant serves our customer base in North America whereas the Geismar plants can serve customers across North America, Europe and Asia.

NATURAL GAS SUPPLY

General

Natural gas is 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.

New Zealand

We have three plants in New Zealand with a total production capacity of up to 2.4 million tonnes of methanol per year, depending on natural gas composition. Two plants are located at Motunui and the third is located at nearby Waitara Valley. We have entered into several agreements with various natural gas suppliers to underpin our New Zealand operations with terms that range in length up to 2022. All agreements in New Zealand are take-or-pay agreements and include U.S. dollar base and variable price components where the variable price component 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. Certain of these contracts require the supplier to deliver a minimum amount of natural gas with additional volume dependent on the success of exploring and developing the related natural gas field.

We continue to pursue opportunities to contract additional natural gas to supply our plants in New Zealand.

United States

We have two plants in Geismar, Louisiana with a total production capacity of 2.0 million tonnes. The Geismar facilities commenced first methanol production in 2015: Geismar 1 in the first quarter and Geismar 2 late in the fourth quarter.

We have a fixed price take-or-pay agreement for the supply of all of the natural gas requirements for the Geismar 1 facility that expires in 2025. Under the contract, the supplier is obligated to supply, and we are obliged to take or pay for, a specified annual quantity of natural gas.

During 2015, we entered into forward contracts to hedge natural gas prices for the Geismar 2 facility. These contracts have a remaining period of nine years. We have hedged approximately 40% of the natural gas requirements and continue to pursue opportunities to contract additional natural gas to supply the facility.

We believe that the long-term natural gas dynamics in North America will support the long-term operations of these facilities.

Trinidad

Natural gas for our two methanol production facilities in Trinidad, with our share of total production capacity being 2.0 million tonnes per year, is supplied under take-or-pay contracts with the National Gas Company of Trinidad and Tobago Limited ("NGC"), which purchases the natural gas from upstream gas producers. Gas paid for, but not taken, in any year may be received in subsequent years subject to limitations. The contracts for Titan and Atlas have U.S. dollar base and variable price components, where the variable portion is adjusted by a formula related to methanol prices above a certain level. The contract for Atlas expires in 2024 and the contract for Titan expires in 2019.

Since 2011, large industrial consumers in Trinidad, including our Titan and Atlas facilities, have experienced periodic curtailments of natural gas supply due to a mismatch between upstream supply to NGC and downstream demand from NGC's customers. We are engaged with key stakeholders to find a solution to this issue, but in the meantime expect to continue to experience some gas curtailments to our Trinidad facilities.

Canada

We have a program in place to purchase natural gas for the 0.6 million tonnes per year Medicine Hat facility on the Alberta gas market. We have entered into fixed price contracts to supply a proportion of our natural gas requirements from 2017 to 2022. We believe that the long-term natural gas dynamics in North America will support the long-term operation of this facility.

Egypt

We have a 25-year, take-or-pay natural gas supply agreement for the 1.26 million tonne per year methanol plant in Egypt in which we have a 50% equity interest. The price paid for gas is based on a U.S. dollar base price plus a variable price component that is adjusted by a formula related to methanol prices above a certain level. Under the contract, the gas supplier is obligated to supply, and we are obliged to take or pay for, a specified annual quantity of natural gas. Gas paid for, but not taken, in any year may be received in subsequent years subject to limitations. In addition, the natural gas supply agreement has a mechanism whereby we are partially compensated when gas delivery shortfalls in excess of a certain threshold occur. Natural gas is 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.

The Egypt facility has experienced periodic natural gas supply constraints since mid-2012 (refer to the *Foreign Operations and Government Regulation - Egypt* section on page 18 for more information).

Chile

In June 2007, our natural gas suppliers from Argentina curtailed all gas supplied to our plants in Chile pursuant to our long-term gas supply agreements. In the short term, we do not expect to receive any further natural gas supply from Argentina under such long-term gas supply agreements. In 2015, we continued to receive some natural gas from Argentina pursuant to a tolling agreement whereby the Company converts the natural gas received into methanol and then re-delivers the methanol to Argentina. Approximately 60% during 2014 and 35% during 2015 of the Chile production was produced using natural gas supplied from Argentina under this arrangement. In November 2016, we executed a new tolling agreement with YPF S.A. and anticipate that we will receive some natural gas under this arrangement in 2017.

Since July 2007, all of the methanol production at our Chile facilities, other than natural gas received under tolling arrangements, has been produced from Chilean natural gas.

During 2016, we operated one of the two plants with Chilean gas at an average of 45% capacity. In July 2016, Methanex reached an agreement with Empresa Nacional del Petróleo ("ENAP") for gas supply for the period through May 2018. The Company also agreed with GeoPark Fell SpA ("GeoPark") to extend the existing gas supply agreement for an additional 10 year term, beyond April 2017.

Since 2015, ENAP has made significant investments in the development of natural gas from unconventional reservoirs and this has resulted in increased gas deliveries to our facilities in Chile. In January 2016, the U.S. Geological Survey assessed a technically recoverable mean resource of 8.3 trillion cubic feet of unconventional tight gas in the Magallanes Province. However, the potential for a sustained increase in gas deliveries to our plants will depend on the economics of the development of gas discoveries and, ultimately, the price at which we can obtain gas.

We are continuing to work with gas suppliers in Chile and Argentina to secure sufficient natural gas to sustain our Chile operations beyond May 2018 and into 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. 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; anti-dumping measures; nationalization, war, civil unrest, 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 a substantial portion 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 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, capital expenditures and purchases of methanol, 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, the Egyptian pound and the Chinese yuan. 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, operating expenses and capital expenditures. A portion of our revenue is earned in Euros, Canadian dollars and Chinese yuan. 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. Methanol sold in China from any of our producing regions is currently subject to duties ranging from 0% to 5.5%. 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, or that future duties will not have a significant negative effect.

Chile

Our wholly owned subsidiary, Methanex Chile SpA (“Methanex Chile”), owns two 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 DL 600 Contracts, substantially identical in all matters material for Methanex Chile, for both plants. Under the DL 600 Contracts, Methanex Chile is authorized to remit from Chile, in United States 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.

Egypt

Since the plant commenced operations in 2011, Egypt has experienced significant social unrest, including acts of sabotage and government transitions resulting in an adverse impact on the country's economy and our operations in Egypt. We believe that these factors have contributed to constraints in the development of new supplies of natural gas coming to market and to natural gas supply becoming constrained from mid-2012, resulting in our Egypt plant operating below full capacity. In early 2016, we experienced a 30 day gas curtailment due to the sabotage of a gas pipeline feeding Damietta.

Although curtailments persisted in 2016, we saw significant improvements in gas deliveries compared to 2015, particularly in the latter half of the year. Over the past several years, the Egyptian government has made a significant effort to improve the gas supply situation in the country by encouraging natural gas exploration and establishing LNG import infrastructure. These efforts coupled with continuing natural gas discoveries have further strengthened the natural gas supply and demand balance and outlook for gas deliveries in Egypt.

RESPONSIBLE CARE

As a member of the Chemistry Industry Association of Canada ("CIAC"), the American Chemistry Council ("ACC"), Asociación Gremial de Industriales Quimicos de Chile, Responsible Care New Zealand, European Chemical Industry Council, Association of International Chemical Manufacturers (China), Japan Chemical Industry Association and Gulf Petrochemicals and Chemicals Association, we are committed to the ethics and principles of Responsible Care.

Responsible Care is the umbrella under which we manage our business in relation to health, safety, the environment, community involvement, social responsibility, sustainability, 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 and use of methanol and ultimate disposal of hazardous waste and residual 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.

Methanex's Responsible Care/Social Responsibility ("RC/SR") policies and programs are based on CIAC's RC Ethic and Principles for Sustainability and the CIAC RC Codes of Practice. 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.

Sound corporate governance is the foundation of our long-term success and the sustainability of our operations. Our corporate governance policies ensure that we have strong management and clear direction for all of Methanex's business affairs. The application of Responsible Care begins with our Board of Directors, which has appointed a Responsible Care Committee and Public Policy Committee, and extends throughout our organization.

The Company's Board of Directors and senior management team establish the direction for Methanex's RC/SR practices. The Board's Responsible Care Committee provides oversight of the RC program performance and related matters at the policy level, while the Public Policy Committee provides focus on the SR program. The two committees consider ethics, accountability, governance, business relationships, products and services, community involvement and the protection of people and the environment. The senior management team has overall responsibility for Methanex's RC/SR policies and programs, ensuring that they align with the Board's requirements and the Company's business strategy. These programs are directed and managed by the Vice President, Responsible Care and the Vice President, Global Market Development & Stakeholder Relations, who lead Methanex's Global Responsible Care Team and Global Market Development & Stakeholder Relations Team, respectively.

Methanex evaluates the performance of its RC/SR management system through internal and third-party external audit and assessment programs. The internal program includes ongoing in-region self-audits as well as global audits conducted by Methanex subject matter experts. Third-party verification of the performance of Methanex's RC/SR program occurs every three years through the CIAC RC verification process or the ACC RC 14001 certification process. The most recent CIAC RC verification was successfully completed in 2014. A first-time CIAC verification took place at our Egypt facilities in February 2015. Our Trinidad facility successfully completed ACC RC 14001 recertification in 2016.

Our overarching RC Ethic & Principles for Sustainability Purpose and Values statement sets out the Company's commitment to RC and describes all key elements of the RC program. We also have an established Health, Safety, Security, Environment, Quality Policy that includes the requirement that our facilities have systems in place to monitor and comply with all local environmental regulations as well as internal standards, periodically audit environmental performance and compliance, measure environmental performance against key performance indicators, report incidents with the potential to cause environmental harm, and demonstrate continual improvement.

We have also adopted a number of risk assessment tools that are formally applied as part of our normal business processes to identify and mitigate current and future environmental and process safety-related risks. When incidents do occur, we have a formal incident investigation process that ensures effective mitigation as well as application of lessons learned throughout our organization.

As a natural extension of our RC ethic, we have a Manage Reputation Purpose and Values statement that aligns our corporate governance, employee engagement and development, community involvement and social investment strategies with our core values and corporate strategy. Specifically, our Manage Reputation Policy commits the Company to recognize and respond to community concerns about the manufacture, storage, handling, transportation and disposal of our products and promptly provide information concerning any potential health or environmental hazard to the appropriate authorities, employees and all stakeholders. The Policy further commits the Company to have an open, honest and proactive relationship with the communities where we have a significant presence; to be accountable and responsive to the public; to have effective processes to identify and respond to community concerns; and to inform the community of risks associated with our operations.

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.

ENVIRONMENTAL 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 compliance orders, fines, injunctions, civil liability and criminal sanctions.

Laws and regulations protecting the environment have become more stringent in recent years and may, in certain circumstances, impose absolute liability rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. 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 significant 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 significant costs or liabilities in the future.

Management of Emissions

Our CO_2 emissions intensity, defined as the quantity of CO_2 released per unit of production, decreased by 34% between 1994 and 2016. This was a result of some of our older plants being removed from active service, newer, more energy efficient plants being added, and improved plant reliability and energy efficiency at our existing plants. Plant efficiency, and thus CO_2 emissions, is highly dependent on the design of the methanol plant, and accordingly the CO_2 emission figure may vary from year to year depending on the asset mix that is operating. Carbon dioxide emissions are also generated from our marine operations when fuel is consumed during the global transport of methanol. Between 2002 and 2016, we reduced our CO_2 emissions intensity (i.e. tonnes of CO_2 from fuel burned per tonne of product transported) from marine operations by nearly 19%. This was primarily a result of improving transport efficiency by arranging another suitable cargo (backhaul of cargo) on the return voyage after delivering methanol to its intended destination, and newer more energy efficient vessels being added to the fleet.

We manufacture methanol in New Zealand, Trinidad, the United States, Egypt, Canada and Chile. While each of these countries (except the United States) signed and ratified the Kyoto Protocol, Canada has since removed itself from that agreement. During the United Nations Climate Change Conference (21st meeting of the Conference of the Parties) in Paris in late 2015, 195 participating countries agreed by consensus to the Paris Agreement, the aim of which is to reduce GHG emissions. On November 4th, 2016, the Paris Agreement entered into force following ratification by at least 55 countries which together represent at least 55% of global GHG emissions. Parties to the Paris Agreement put forward their best GHG reduction efforts through "nationally determined contributions" ("NDCs") and to strengthen these efforts in the years ahead. The Agreement will supersede the Kyoto Protocol once it comes into effect in 2020.

We are currently subject to GHG regulations in New Zealand, Canada and Chile, but our production in the United States, Trinidad and Egypt are not subject to such regulations.

New Zealand passed legislation to establish an Emissions Trading Scheme ("ETS") that came into force in 2010. The ETS imposes a carbon price on producers of fossil fuels, including natural gas, which is passed on to Methanex, increasing the cost of gas that Methanex purchases in New Zealand. However, as a trade-exposed company, Methanex is entitled to a free allocation of emissions units to partially offset those increased costs.

In late 2015, the New Zealand government commenced a review of the ETS to consider changes including removal of, or reduction to, some or all of the current moderating features. In May 2016, as an immediate outcome of that review the government announced the phasing out by 2019 of the transitional measure which halved the number of emission units that liable participants are required to surrender to the government. Further measures are also being considered by the government for future implementation that might impact the price of carbon in New Zealand or industry entitlements to free allocations. The government has indicated that further policy decisions will be made in mid-2017.

We do not expect the changes that have been announced and those still being considered under the current ETS review will have a material impact on our New Zealand business. Nevertheless, we cannot provide assurance that unanticipated changes to the ETS will not have a material impact on our business beyond 2016.

Our Medicine Hat facility is located in the Canadian province of Alberta, which has an established GHG reduction regulation that applies to our plant. The regulation requires that facilities reduce emissions intensity annually relative to established emissions intensity baseline. In order to meet the reduction obligation, a facility can choose to make emissions reduction improvements or it can purchase one of the following: technology fund credits, carbon offset credits, or environmental performance credits.

In 2016, the emissions reduction target was 15% relative to baseline, and in 2017 will increase to 20%. To the extent Methanex cannot meet these emissions reduction targets we will incur additional cost to purchase offset credits. The cost of purchasing offset credits, based on the plant's 2016 emissions intensity and its established GHG baseline intensity, was not material in 2016.

In October 2016, the Canadian government announced that national carbon pricing must be in effect in provinces by 2018. The Company is monitoring this program closely. We cannot provide assurance that changes under this program will not have a material impact on our business in 2018 and beyond.

In 2015, Chile passed legislation introducing a carbon tax in 2017. A tax of $5/tonne of CO_2 emissions initially covers large boilers and electricity generators, but not other emissions sources from our plant such as the reformer. As a result, the cost impact to our business will be minimal. However, the cost could increase if the scope of the legislation changes.

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, 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

Methanex is the largest producer and supplier of methanol, with approximately 14% of the global market share in 2016, and is the only global supplier with a significant presence in all major markets in Asia, Europe, North America and South America. Methanex has established itself as a clear methanol industry leader. From a demand perspective, 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. A supplier's ability to withstand price competition and volatile market conditions will depend on a number of factors, with the most important being its position on the industry cost curve. This in turn depends on the relative cost and availability of natural gas or coal feedstock, and the efficiency of production facilities and distribution systems. Our methanol assets are competitively positioned on the industry cost curve. Furthermore, most of our natural gas supply is underpinned by medium to long-term contracts that feature a fixed base price of gas and a variable component that is linked to the price of methanol. This contractual structure allows Methanex to reduce its cost structure in periods of low methanol pricing, mitigating its exposure to fluctuations in methanol price. Some of our competitors are not dependent on a single product for revenues, and some have greater financial resources. However, given 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 at December 31, 2016, we had 1,275 employees (including all employees at our joint venture facilities in Egypt and Trinidad).

RISK FACTORS

The risks relating to our business are described under the heading Risk Factors and Risk Management in our 2016 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 Common Share was paid on September 30, 2002 and the dividend amount has been increased every year since then with the exception of 2009, 2010 and 2016 when the dividend was unchanged. 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	$ 0.050	n/a
September 30, 2003	$ 0.060	20%
September 30, 2004	$ 0.080	33%
June 30, 2005	$ 0.110	37.5%
June 30, 2006	$ 0.125	14%
June 30, 2007	$ 0.140	12%
June 30, 2008	$ 0.155	11%
June 30, 2009	$ 0.155	0%
June 30, 2010	$ 0.155	0%
June 30, 2011	$ 0.170	10%
June 30, 2012	$ 0.185	9%
June 30, 2013	$ 0.200	8%
June 30, 2014	$ 0.250	25%
June 30, 2015	$ 0.275	10%
June 30, 2016	$ 0.275	0%

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

Financial Year Ended	Regular Dividend Paid per Common Share
December 31, 2014	$ 0.950
December 31, 2015	$ 1.075
December 31, 2016	$ 1.100

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 ("Preferred Shares").

Holders of Common Shares are entitled to receive notice of and attend all annual and special meetings of shareholders 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 Board of Directors may fix the designation, rights, restrictions, conditions and limitations attached to the Preferred Shares of each such series. Currently, there are no Preferred Shares outstanding.

Our by-laws provide that at any meeting of our shareholders a quorum shall be two persons present in person, or represented by proxy, holding Common Shares representing not less than 25% of the votes entitled to be cast at the meeting. NASDAQ Global Select Market'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, we are exempt from the quorum requirement under the NASDAQ Global Select Market rules.

RATINGS

The following information relating to the Company's credit ratings is provided as it relates to the Company's financing costs, liquidity and operations. Credit ratings affect the Company's cost and ability to obtain short-term and long-term financing and to engage in certain business activities on a cost-effective basis. A reduction in the current rating on the Company by a rating agency, or a negative change in the Company's ratings outlook, could adversely affect the Company's cost of financing and its access to sources of liquidity and capital. In addition, changes in credit ratings may affect the Company's ability to, and the associated costs of (i) entering into ordinary course derivative or hedging transactions, and (ii) entering into and maintaining ordinary course contracts with customers and suppliers on acceptable terms.

The following table sets forth the ratings assigned to the Company by Standard & Poor's Financial Services LLC ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings, Inc. ("Fitch").

	S&P(1)	Moody's(2)	Fitch(3)
Issuer Credit Rating	**BB+**	**n/a(2)**	**BBB-**
Unsecured Notes	**BB+**	**Baa3**	**BBB-**
Ratings Outlook	**Negative**	**Negative**	**Stable**

(1) S&P long-term debt ratings are on a rating scale that ranges from AAA to D, which represents the range from highest to lowest quality. According to the S&P rating system, issuers and debt securities rated BBB exhibit adequate protection parameters, however adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. According to the S&P rating system, issuers and debt securities rated BB are less vulnerable in the near term than other lower-rated obligors, however, face major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitments and debt securities. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

(2) Moody's rates the Company's debt securities and does not provide an Issuer Credit Rating. Moody's long-term debt ratings are on a rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality. According to the Moody's rating system, issuers and debt securities rated Baa are subject to moderate risk. They are considered as medium-grade obligations and, as such, may possess certain speculative characteristics. Moody's applies numerical modifiers 1, 2 and 3 in each generic rating classification from Aa through Caa in its corporate bond rating system. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

(3) Fitch long-term debt ratings are on a rating scale that ranges from AAA to D, which represents the range from highest to lowest quality. According to the Fitch rating system, issuers and debt securities rated BBB indicate that expectations of default risk are currently low and that the capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity. The ratings from AA to B may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

The rating agencies regularly evaluate the Company, and their ratings of the Company are based on a number of factors, including the Company's financial strength and factors not entirely within the Company's control, including conditions affecting the methanol industry generally and the wider state of the economy.

The foregoing ratings should not be construed as a recommendation to buy, sell or hold any 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 AIF.

During the last two years, the Company has paid each of the rating agencies its customary fees in connection with the provision of the above ratings.

MARKET FOR SECURITIES

Our Common Shares are listed on the Toronto Stock Exchange in Canada (trading symbol: MX) and on the NASDAQ Global Select Market in the U.S. (trading symbol: MEOH). The following table sets out the market price ranges and trading volumes of our Common Shares on the Toronto Stock Exchange and the NASDAQ Global Select Market for each month of our most recently completed financial year (January 1, 2016 through December 31, 2016).

2016 Trading Volumes

The Toronto Stock Exchange Trading Symbol: MX				**NASDAQ Global Select Market Trading Symbol: MEOH**			
	High (CDN$)	Low (CDN$)	Volume		High (US$)	Low (US$)	Volume
January	46.03	33.49	7,550,628	January	33.09	23.08	31,113,091
February	43.70	31.63	11,530,847	February	32.32	22.73	33,711,823
March	48.95	40.70	9,024,132	March	37.73	30.66	22,196,404
April	48.36	38.76	9,546,164	April	38.56	29.43	21,988,856
May	43.90	36.94	8,936,124	May	34.95	28.56	18,242,583
June	45.11	36.07	6,039,730	June	35.55	27.51	15,543,944
July	38.60	35.01	5,800,875	July	29.77	26.91	16,320,871
August	39.58	35.19	5,013,398	August	30.66	26.83	14,992,182
September	47.90	37.87	5,584,757	September	36.54	28.77	21,935,624
October	52.33	44.83	4,317,720	October	39.38	33.96	13,114,882
November	59.80	46.21	5,980,021	November	44.60	34.45	13,941,641
December	62.08	57.08	6,788,496	December	46.95	42.88	12,953,089

NORMAL COURSE ISSUER BID

On April 29, 2015, the Company announced a normal course issuer bid (the "2015 Bid") authorizing the Company to purchase up to 4,554,115 of its Common Shares, representing 5% of the issued and outstanding Common Shares as at April 29, 2015. The 2015 Bid commenced on May 6, 2015, with purchases being made on the open market through the facilities of the TSX.

The 2015 Bid expired on May 5, 2016 and the Company purchased 1,582,900 Common Shares under the 2015 Bid. The Company will provide to any shareholder of the Company, without charge, a copy of the Company's notice to the TSX of its intention to make a normal course issuer bid upon request to the Corporate Secretary of the Company.

DIRECTORS AND EXECUTIVE OFFICERS

As at December 31, 2016, the directors and executive officers of the Company owned, controlled or directed, directly or indirectly, 473,037 Common Shares, representing approximately 0.53% of the outstanding Common Shares as at December 31, 2016.

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[12]
AITKEN, BRUCE[4][5] Auckland New Zealand	Director	Corporate Director. President and Chief Executive Officer of the Company from May 2004 to December 31, 2012.	July 2004
ARNELL, DOUGLAS[2][4] West Vancouver British Columbia, Canada	Director	President and Chief Executive Officer of Helm Energy Advisors Inc.[7] since March 2015; prior thereto Chief Executive Officer of Golar LNG Ltd. since February 2011.	October 2016
BALLOCH, HOWARD[1][4][13] Sheung Wan Hong Kong	Director	Corporate Director. Chairman of Canaccord Genuity Asia Limited[6] from January 2011 to March 2013.	December 2004
COOK, PHILLIP[2][3] Austin, Texas USA	Director	Corporate Director.	May 2006
FLOREN, JOHN Eastham, Massachusetts USA	Director, President and Chief Executive Officer	President and Chief Executive Officer of the Company since January 1, 2013; prior thereto Senior Vice President, Global Marketing & Logistics of the Company since June 2005.	January 2013
HAMILTON, THOMAS[14] Houston, Texas USA	Director and Chairman of the Board	Corporate Director. Co-owner of Medora Investments, LLC[8] since April 2003.	May 2007
KOSTELNIK, ROBERT[2][5] Fulshear, Texas USA	Director	Corporate Director. Since February 2012, principal in GlenRock Recovery Partners, LLC[9]. President and Chief Executive Officer of Cinatra Clean Technologies, Inc. from 2008 to May 2011.	September 2008
MAHAFFY, DOUGLAS[2][3] Toronto, Ontario Canada	Director	Corporate Director.	May 2006
POOLE, A. TERENCE[1][4] Calgary, Alberta Canada	Director	Corporate Director.	February 1994 except for June – September 2003
RENNIE, JANICE[1][3] Edmonton, Alberta Canada	Director	Corporate Director.	May 2006
WALKER, MARGARET[3][5] Austin, Texas USA	Director	Corporate Director. Since January 2011, owner of MLRW Group, LLC[10].	April 2015
WARMBOLD, BENITA[1][5] Toronto, Ontario Canada	Director	Senior Managing Director and Chief Financial Officer of the Canada Pension Plan Investment Board since 2013; prior thereto Senior Vice President and Chief Operations Officer of the Canada Pension Plan Investment Board[11] since 2008.	February 2016

(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) Canaccord Genuity Asia Limited is an investment banking firm specializing in China and international firms active in the Chinese market.
(7) Helm Energy Advisors, Inc. is a private company which provides advisory services to the global energy sector.
(8) Medora Investments, LLC is a private investment firm.
(9) GlenRock Recovery Partners, LLC is a company that facilitates the sale of non-fungible hydrocarbons in the United States.
(10) MLRW Group Inc. is a consulting firm focusing on working with companies to improve capital investment outcomes and to improve overall safety performance.
(11) Canada Pension Plan Investment Board is a professional investment management organization responsible for investing funds on behalf of the Canada Pension Plan.
(12) 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.
(13) Mr. Balloch was a director of Ivanhoe Energy Inc. ("Ivanhoe"), an oil exploration and development company, from 2002 to May 2015. Effective June 1, 2015, Ivanhoe was deemed bankrupt under the *Bankruptcy and Insolvency Act* (Canada).
(14) Mr. Hamilton was a director of Hercules Offshore Inc. ("Hercules"), a drilling company, from 2004 to 2015. In August 2015, Hercules filed a pre-packaged plan of reorganization under Chapter 11 of the U.S. *Bankruptcy Code*. In November 2015, Hercules completed its financial restructuring and emerged from the protection of Chapter 11 of the U.S. *Bankruptcy Code*.

Name and Municipality of Residence	Office	Principal Occupations and Positions During the Last Five Years
BACH, WENDY L. West Vancouver, British Columbia Canada	Senior Vice President, Corporate Resources	Senior Vice President, Corporate Resources of the Company since January 2014 and from January 2014 to February 2016 was also General Counsel; prior thereto Vice President, Human Resources of the Company since July 2012; prior thereto Director, Human Resources of the Company since June 2010.
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 2003 and from November 2010 to December 2012 was also Senior Vice President, Corporate Development.
HENDERSON, KEVIN L. Medicine Hat, Alberta Canada	Senior Vice President, Manufacturing	Senior Vice President, Manufacturing of the Company since May 2016; prior thereto Vice President, North America of the Company since January 2014; prior thereto Vice President, Manufacturing since January 2012.
HERZ, MICHAEL J. North Vancouver, British Columbia Canada	Senior Vice President, Corporate Development	Senior Vice President, Corporate Development of the Company since January 2013; prior thereto Vice President, Marketing and Logistics, Asia Pacific of the Company since August 2008.
JAMES, VANESSA L. New Plymouth New Zealand	Senior Vice President, Global Marketing and Logistics	Senior Vice President, Global Marketing and Logistics of the Company since January 2013; prior thereto Vice President, Marketing and Logistics, North America of the Company since August 2008.

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 relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation and that they are independent accountants with respect to the Company under all relevant U.S. professional and regulatory standards.

LEGAL PROCEEDINGS

The Board of Inland Revenue of Trinidad and Tobago has issued assessments against our 63.1% owned joint venture, Atlas, in respect of the 2005, 2006, 2007, 2008, 2009 and 2010 financial years. All subsequent tax years remain open to assessment. The assessments relate to the pricing arrangements of certain long-term fixed-price sales contracts from 2005 to 2019 related to methanol produced by Atlas. Atlas had partial relief from corporation income tax until 2014.

We have lodged objections to the assessments. Although there can be no assurance that these tax assessments will not have a material adverse impact, based on the merits of the cases and legal interpretation, we believe our position should be sustained.

AUDIT COMMITTEE INFORMATION

The Audit Committee Charter

The Audit, Finance and Risk Committee (the "Audit 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 Audit 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 Audit Committee is comprised of four directors: A. Terence Poole (Chair), Howard Balloch, Janice Rennie and Benita Warmbold. Each Audit Committee member is independent and financially literate. Mr. Poole is designated as the "audit committee financial expert". The U.S. Securities and Exchange Commission has indicated that the designation of a director as an audit committee financial expert does not make such director an "expert" for any other purpose, impose any duties, obligations or liability on such director that are greater than those imposed on members of the Audit Committee and Board who do not carry this designation or affect the duties, obligations or liability of any other member of the Audit Committee.

Relevant Education and Experience

The following is a brief summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit 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 from 1994 to 1998; and held other senior financial positions with NOVA from 1988. He has worked at other large public companies in various financial and business management capacities since 1971.

Mr. Poole is a Chartered Professional Accountant and holds a Bachelor of Commerce degree from Dalhousie University in Halifax, Nova Scotia. Mr. Poole is a member of the Canadian, Quebec and Ontario Institutes of Chartered Professional Accountants and is also a member of Financial Executives International.

Mr. Poole serves on the board of Pengrowth Energy Corporation and chairs its Audit Committee.

Mr. Poole has served on the Audit Committee since September 2003, as well as from February 1994 to June 2003. Mr. Poole has chaired the Committee since May 2006.

Mr. Howard Balloch

Mr. Balloch is a corporate director and private investor resident in Hong Kong, China. From 2002 to 2011, he was President of The Balloch Group ("TBG"), a Beijing-based investment advisory and merchant banking firm he founded following his retirement as Canadian Ambassador to China, a position he had held since early 1996. TBG was acquired by Canaccord Genuity in 2011 and Mr. Balloch served as the Chairman of their Asian operations until he stepped down in March 2013.

Through Mr. Balloch's 12 years' experience leading private investment banking firms, he has a deep understanding of finance and capital markets.

Mr. Balloch holds a Bachelor of Arts (Honours) in Political Science and Economics and a master's degree in International Relations, both from McGill University, Montreal.

Mr. Balloch also serves on the board of a private company, Sinopec Canada Inc. and sits on its Audit Committee. Additionally, he sits on the board of Maple Leaf Educational Systems.

Mr. Balloch has served on the Audit Committee since January 2013.

Ms. Janice Rennie

Ms. Rennie is a corporate director. From 2004 to 2005, Ms. Rennie was Senior Vice President, Human Resources and Organizational Effectiveness for EPCOR Utilities Inc. ("EPCOR"). 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 and the Institute of Corporate Directors.

Ms. Rennie serves on the boards of Major Drilling Group International Inc., WestJet Airlines Ltd. and West Fraser Timber Co. Ltd and is a member of all their Audit Committees, as well as Chair of the Audit Committee of West Fraser Timber Co. Ltd. In addition, Ms. Rennie serves on the board and chairs the Audit Committee of Greystone Capital Management Inc., a private company, and was previously a member of the Audit Committee of Teck Resources Limited. Ms. Rennie was designated as the "financial expert" of NOVA Chemicals Corporation when she served on its Board in the past.

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

Ms. Benita Warmbold

From 2013, Ms. Warmbold has been the Senior Managing Director and Chief Financial Officer of the Canada Pension Plan Investment Board ("CPPIB"). Prior to 2013, Ms. Warmbold was Senior Vice President and Chief Operations Officer of the CPPIB. CPPIB is a professional investment management organization responsible for investing funds on behalf of the Canada Pension Plan. Prior to joining CPPIB, Ms. Warmbold was the Managing Director and Chief Financial Officer for Northwater Capital Management Inc. and prior to that she held senior positions with Canada Development Investment Corporation and KPMG.

Ms. Warmbold holds an Honours Bachelor of Commerce degree from Queen's University, is a Fellow of the Institute of Chartered Accountants of Ontario and has been granted the ICD.D designation by the Institute of Corporate Directors. Ms. Warmbold also serves as a director of the Canadian Public Accountability Board.

Ms. Warmbold has served on the Audit Committee since February 2016.

Pre-Approval Policies and Procedures

The 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 by which permissible services proposed to be performed by KPMG LLP 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, must 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's global fees relating to the years ended December 31, 2016 and December 31, 2015 are as follows:

US$000s	2016	2015
Audit Fees	1,307	1,381
Audit-Related Fees	50	50
Tax Fees	61	63
Total	**1,418**	**1,494**

Each fee category is described below.

Audit Fees

Audit fees 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 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 globally. 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 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 accounting or disclosure treatment of other transactions.

Tax Fees

Tax fees 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 for our Common Shares is CST Trust Company at its offices in Vancouver, British Columbia. Our co-transfer agent in the United States for our Common Shares is American Stock Transfer & Trust Company LLC at its offices in New Jersey.

CONTROLS AND PROCEDURES

Our disclosure controls and procedures are described under the heading *Controls and Procedures* in our 2016 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 3, 2017 relating to our Annual General Meeting that will be held on April 27, 2017.

Additional financial information about the Company is provided in the Company’s financial statements for the year ended December 31, 2016 and in our 2016 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
Kevin Price
General Counsel and Corporate Secretary
1800 Waterfront Centre
200 Burrard Street
Vancouver, British Columbia V6C 3M1
Telephone: 604 661 2600
Facsimile: 604 661 2602

Additional information relating to the Company may be found on the Canadian Securities Administrators’ SEDAR website at www.sedar.com, on the United States Securities and Exchange Commission’s EDGAR website at www.sec.gov and on our website at www.methanex.com.

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 two 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 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;

v) shipping risk; and

vi) IT security risks.

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 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 their review or 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 corporate sponsored pension plans of the Corporation and its wholly-owned subsidiaries and any future additional or replacement plans 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"), to be comprised of officers and employees of the Corporation, with responsibility which includes 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 and any material amendments thereto.
Delegation to the Pension Committees	h) Be responsible for the delegation to the Pension Committees responsibility for all matters related to the administration of the Retirement Plans including, but not limited to: i) the authority to delegate to such persons as the Pension Committee determines appropriate any of the administrative functions of the Retirement Plans including, but not limited to, any of the responsibilities of the Pension Committees set out below; ii) approval for filing and filing of such reports, returns and submissions as are required by all persons and bodies having competent jurisdiction over the Retirement Plans; iii) determination of all questions of interpretation and application of the Retirement Plans and any document or agreement written or entered into pursuant to the Retirement Plans; iv) recommending to the Committee any amendments to the Retirement Plans and any material document or agreement written or entered into pursuant to the Retirement Plans; v) approval of any non-material document or agreement written or entered into pursuant to the Retirement Plans other than Retirement Plans trust agreements; vi) approval of the appointment of the custodian/ administrator of the Defined Contribution segment of the Retirement Plans; vii) the administration and maintenance of the Retirement Plans including the approval of benefit calculations; and viii) the authority to instruct the trustee to release funds.
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 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 General Counsel 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.

Management's Discussion and Analysis

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This Management's Discussion and Analysis ("MD&A") is dated March 6, 2017 and should be read in conjunction with our consolidated financial statements and the accompanying notes for the year ended December 31, 2016. Except where otherwise noted, the financial information presented in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). We use the United States dollar as our reporting currency and, except where otherwise noted, all currency amounts are stated in United States dollars. In this MD&A, a reference to the "Company" refers to Methanex Corporation and a reference to "Methanex", "we", "our" and "us" 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.

As at March 6, 2017, we had 89,847,488 common shares issued and outstanding and stock options exercisable for 1,935,742 additional common shares.

Additional information relating to Methanex, including our Annual Information Form, is available on our website at www.methanex.com, 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 clear liquid commodity chemical that is predominantly produced from natural gas and is also produced from coal, particularly in China. Approximately 55% of all methanol demand is used to produce traditional chemical derivatives, including 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 remaining 45% of methanol demand comes from a range of energy-related applications. These include methanol-to-olefins ("MTO"), methyl tertiary-butyl ether ("MTBE"), direct blending of methanol into gasoline (primarily in China), di-methyl ether ("DME"), biodiesel, methanol-to-gasoline ("MTG"), industrial boilers and marine fuel.

We are the world's largest producer and supplier of methanol to the major international markets in Asia Pacific, North America, Europe and South America. Our total annual production capacity, including Methanex interests in jointly owned plants, is currently 9.4 million tonnes and is located in New Zealand, the United States, Trinidad, Egypt, Canada and Chile. In addition to the methanol produced at our sites, we purchase methanol produced by others under methanol offtake contracts and on the spot market. This gives us flexibility in managing our supply chain while continuing to meet customer needs and support our marketing efforts. We have marketing rights for 100% of the production from the jointly-owned plants in Trinidad and Egypt, which provides us with an additional 1.3 million tonnes per year of methanol offtake supply when the plants are operating at full capacity.

Refer to the *Production Summary* section on page 12 for more information.

2016 Industry Overview & Outlook

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

Demand

Demand for methanol grew by approximately 10% or 6 million tonnes in 2016, leading to total demand, excluding demand from integrated coal-to-olefins facilities, of just over 66 million tonnes in 2016. Energy-related demand, which represents approximately 45% of total demand, grew by approximately 20% in 2016. MTO demand, which represented approximately 15% of methanol demand in 2016, led demand growth as four new plants were completed during the year. This demand segment is anticipated to grow further in 2017, aided by the full impact of the newly built MTO facilities, as well as an additional MTO plant anticipated to be completed in 2017 with the capacity to consume approximately 1.8 million tonnes of methanol annually. The future operating rates and methanol consumption from these facilities will depend on a number of factors, including pricing for their various final products and the impact of feedstock costs on relative competitiveness.

Demand for direct methanol blending into gasoline in China remains strong. China's high blend (M85-M100) methanol vehicle pilot program has grown from three provinces/regions in 2012 to five currently, with further expansion planned for 2017 and 2018. Blending also gained momentum outside of China in 2016. In December 2016, New Zealand announced updated fuel specifications that would allow 3% methanol in gasoline and is expected to be in place by mid-2017, similar to existing European standards. In Israel, a national standard was approved for 15% methanol blends in late 2016, and the country is testing higher blends. The United Kingdom also announced significant fuel tax incentives to support high-blend methanol fuels.

Regulatory changes are playing an increasing role in encouraging new applications for methanol due to its emissions benefits as a fuel. In Europe and North America there are current regulations limiting sulphur emissions from ocean-going vessels in certain regulated zones. At the end of 2016, the International Maritime Organization expanded the geographical reach of these regulations by requiring a global 0.5% sulphur cap for vessels starting in 2020. With the growing demand for cleaner marine fuel, methanol is emerging as a promising competitive alternative. In 2015, Methanex partnered with Stena Line ferries to convert the world's first ferry engines to run on methanol, and in 2016 Methanex's subsidiary, Waterfront Shipping Company Limited, took delivery of seven first-of-their-kind dual-fuel vessels capable of running on methanol. In China, tightening air quality emissions regulations are leading to a phase-out of coal-fueled industrial boilers in favour of cleaner fuels, creating another market for methanol as an alternative fuel. We estimate that this growing demand segment already represents over one million tonnes of methanol demand.

During 2016, traditional chemical demand for methanol grew by approximately 4%. We estimate that traditional chemical derivatives consume approximately 55% of methanol globally and we believe that growth is correlated to GDP and industrial production growth rates.

Supply

In late 2015, two new methanol facilities started operation including the 1.3 million tonne Fairway Methanol LLC facility in Texas and Methanex's Geismar 2 facility in Louisiana. There were no significant new industry capacity additions outside of China in 2016. In China, we estimate that approximately two million tonnes of new non-integrated production capacity was added in 2016.

Over the next few years, the majority of new capacity additions outside of China are expected in the Middle East and the Atlantic Basin. In 2015, an accord was signed to lift international trade sanctions against Iran which had restricted trade in Iranian-produced methanol in Europe and many Asian countries excluding China and India. The removal of these sanctions in early 2016 has improved the outlook of new methanol projects in Iran. There are a number of plants in Iran at various stages of construction and we expect just over four million tonnes of capacity to come onstream over the next two years. The start-up timing and future operating rates at these facilities will be dependent on various factors.

In the Atlantic basin, OCI N.V. and Consolidated Energy Limited (through its subsidiary G2X Energy) continue to progress their jointly owned Natgasoline project, a 1.8 million tonne plant in Beaumont, Texas. There are a number of other projects under discussion in the United States but we believe that none have yet reached a final investment decision.

To the end of 2018, we expect approximately four million tonnes of new capacity additions in China. Beyond 2018 we anticipate that new capacity additions in China will be modest due to increasing restrictions placed on new coal-based methanol capacity. We expect that production from new capacity in China will be consumed in that country.

Price

Methanex's average realized price in 2016 was $242 per tonne versus $322 per tonne in 2015. A steep drop in oil and related product prices in the second half of 2015 lowered the affordability of methanol into a number of energy applications and put downward pressure on methanol pricing. Despite the strong MTO-led methanol demand growth in 2016, methanol prices remained under pressure as oil prices fell to 12-year lows early in the year. A significant decline in the price of coal and the devaluation of the Chinese Yuan also lowered the relative cost of production for coal based methanol in China which reduced cost curve support for methanol prices. At the same time, methanol supply was healthy in the first half of 2016, supported by relatively strong industry operating performance and new North American capacity. As a result, methanol prices were range-bound at bottom-of-cycle pricing for the first three quarters of 2016, but rebounded sharply in the last two months of the year as increases in the prices of coal, oil, olefins and other energy derivatives, along with continued strong growth in demand from new MTO capacity, provided support for methanol demand and pricing. Methanol prices continued to move higher in the first quarter of 2017.

Future methanol prices will ultimately depend on the strength of the global economy, industry operating rates, global energy prices, new supply additions and the strength of global demand.

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 customers. To achieve this objective we have a simple, clearly defined strategy: global leadership, low cost and operational excellence. Our brand differentiator "*The Power of Agility®*" defines our culture of flexibility, responsiveness and creativity that allows us to capitalize on opportunities quickly as they arise, and swiftly respond to customer needs.

Global Leadership

Global leadership is a key element of our strategy. We are focused on maintaining and enhancing our position as the major producer and supplier in the global methanol industry, improving our ability to cost-effectively deliver methanol to customers and supporting both traditional and energy-related global methanol demand growth.

We are the leading producer and supplier of methanol to the major international markets in Asia Pacific, North America, Europe and South America. Our 2016 sales volume of 9.5 million tonnes of methanol represented approximately 14% of 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 used in each major market as the basis of pricing for our customer contracts.

The geographically diverse locations of our production sites allow us to deliver methanol cost-effectively to customers in all major global markets, while investments in global distribution and supply infrastructure, which include a fleet of ocean-going vessels and terminal capacity within all major international markets, enable us to enhance value to customers by providing reliable and secure supply.

A key component of our global leadership strategy is the strength of our asset position with over 8.5 million tonnes of operating capacity in 2016. We achieved record production in 2016 of 7.0 million tonnes, a 35% increase in production over 2015. Still, our Chile operations are currently operating at less than full production capacity and provide further potential to reach our full production capacity of 9.4 million tonnes.

Another key component of our global leadership strategy is our ability to supplement methanol production with methanol purchased from third parties to give us flexibility in our supply chain and continue to meet customer commitments. We purchase methanol through a combination of methanol offtake contracts and spot purchases. We manage the cost of purchased methanol by taking advantage of our global supply chain 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 we have invested in and developed our presence in this important region. We have storage capacity in China, South Korea and Japan that allows us to cost-effectively manage supply to customers and we have offices in Hong Kong, Shanghai, Tokyo, Seoul and Beijing to enhance customer service and industry positioning in the region. This enables us to participate in and improve our knowledge of the rapidly evolving and high growth methanol markets in China and other Asian countries. Our expanding presence in Asia Pacific has also helped us identify several opportunities to support the development of applications for methanol in the energy-related sector.

Low Cost

A low cost structure is an important competitive advantage in a commodity industry and is a key element of our strategy. Our approach to major business decisions is guided by a drive to improve our cost structure, expand margins and create value for shareholders. The most significant components of total costs are natural gas for feedstock and distribution costs associated with delivering methanol to customers. Our cost structure per tonne continues to benefit from significant leverage on our fixed costs as production increases.

Our production facilities are well located to supply global methanol markets. The New Zealand, Trinidad and Egypt facilities are underpinned by natural gas purchase agreements where the natural gas price varies with methanol prices. This pricing relationship enables these facilities to be competitive throughout the methanol price cycle. During 2016, we consented to the assignment of the Geismar 1 gas supply contract. As part of the assignment, the methanol revenue sharing component of the gas contract was eliminated, and the fixed price component remains unchanged. We have forward contracts to hedge natural gas prices for approximately 40% of the natural gas requirements of our Geismar 2 facility for a remaining nine-year period.

We have a 0.6 million tonne facility located in Medicine Hat, Alberta, for which we have entered into fixed price contracts to supply a proportion of our natural gas requirements from 2017 to 2022.

We continue to pursue opportunities to further lock-in our gas costs for our North American operations.

The cost to distribute methanol from production locations to customers is also a significant component of total 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 optimizing the use of our shipping fleet and taking advantage of prevailing conditions in the shipping market by varying the type and length of term of ocean vessel contracts. In 2016, we added seven new vessels equipped with flex-fuel engines that can run on conventional fuel or methanol, which provides us with further flexibility in our supply chain. 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 manufacturing and supply chain processes, marketing and sales, human resources, corporate governance practices and financial management.

To differentiate ourselves from competitors, we strive to be the best operator in all aspects of our business and to be the preferred supplier to 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. We have a commitment to Responsible Care (an operating ethic and set of principles developed by the Chemistry Industry Association of Canada) and we use it as the umbrella under which we manage issues related to employee health and safety, environmental protection, community involvement, social responsibility, sustainability, security and emergency preparedness at each of our facilities and locations. Through the International Council of Chemical Associations, over 60 countries have adopted the Responsible Care Ethic and Principles for Sustainability. We believe a commitment to Responsible Care helps us reduce the likelihood of unplanned events and achieve an excellent overall environmental and safety record.

Product stewardship is a vital component of a 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 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 initiatives, and we work with industry colleagues to improve safety standards. We readily share 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 associations, seminars and conferences and online education initiatives.

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

Our strategy of operational excellence also 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. We have an undrawn $300 million credit facility provided by highly rated financial institutions that expires in late 2019. As at December 31, 2016, we had a strong balance sheet and a cash balance of $224 million. We believe we are well-positioned to meet our financial commitments, invest to grow the Company and return excess cash to shareholders.

FINANCIAL HIGHLIGHTS

($ Millions, except as noted)	**2016**	2015
Production (thousands of tonnes) (attributable to Methanex shareholders)	**7,017**	5,193
Sales volume (thousands of tonnes):		
Methanex-produced methanol	**6,828**	5,050
Purchased methanol	**1,892**	2,780
Commission sales	**758**	641
Total sales volume[1]	**9,478**	8,471
Methanex average non-discounted posted price ($ per tonne)[2]	**279**	374
Average realized price ($ per tonne)[3]	**242**	322
Revenue	**1,998**	2,226
Adjusted revenue[4]	**2,118**	2,495
Adjusted EBITDA[4]	**287**	401
Cash flows from operating activities	**250**	297
Adjusted net income (loss)[4]	**(15)**	110
Net income (loss) (attributable to Methanex shareholders)	**(13)**	201
Adjusted net income (loss) per common share ($ per share)[4]	**(0.17)**	1.20
Basic net income (loss) per common share ($ per share)	**(0.14)**	2.21
Diluted net income (loss) per common share ($ per share)	**(0.14)**	2.01
Common share information (millions of shares):		
Weighted average number of common shares	**90**	91
Diluted weighted average number of common shares	**90**	91
Number of common shares outstanding, end of period	**90**	90

[1] Methanex-produced methanol represents our equity share of volume produced at our facilities and excludes volume marketed on a commission basis related to the 36.9% of the Atlas facility and 50% of the Egypt facility that we do not own. Methanex-produced methanol includes any volume produced by Chile using natural gas supplied from Argentina under a tolling arrangement ("Tolling Volume"). For 2016, Tolling Volume was nil (2015 – 74,000 tonnes).

[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 at www.methanex.com.

[3] Average realized price is calculated as revenue, excluding commissions earned and the Egypt non-controlling interest share of revenue, but including an amount representing our share of Atlas revenue, divided by the total sales volume of Methanex-produced and purchased methanol, but excluding Tolling Volume.

[4] The Company has used the terms Adjusted EBITDA, Adjusted net income (loss), Adjusted net income (loss) per common share, Adjusted revenue, and Operating income throughout this document. These items are non-GAAP measures that do not have any standardized meaning prescribed by 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 36 for a description of each non-GAAP measure and reconciliations to the most comparable GAAP measures.

PRODUCTION SUMMARY

The following table details the annual production capacity and actual production of our facilities in 2016 and 2015:

(Thousands of tonnes)	Annual production capacity[1]	Annual operating capacity[2]	**2016 Production**	2015 Production
New Zealand[3]	2,430	2,430	**2,181**	1,856
USA (Geismar)[4]	2,000	2,000	**2,055**	959
Trinidad (Methanex interest)[5]	2,000	2,000	**1,605**	1,644
Egypt (50% interest)	630	630	**293**	74
Canada (Medicine Hat)	600	600	**488**	456
Chile[6]	1,720	880	**395**	204
	9,380	8,540	**7,017**	5,193

1 Annual production capacity reflects, among other things, expected plant outages, turnarounds and average age of the facility's catalyst. The actual production capability of a facility is higher than the stated annual production capacity.

2 Annual operating capacity includes only those facilities which are currently capable of operating, but excludes any portion of an asset that is underutilized due to a lack of natural gas feedstock over a prolonged period of time. Our current annual operating capacity is 8.5 million tonnes, including 0.9 million tonnes related to our Chile operations. The operating 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. Actual production for a facility in any given year may be higher or lower than operating capacity due to a number of factors, including natural gas composition or the age of the facility's catalyst.

3 The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility (refer to the *New Zealand* section below).

4 We commenced methanol production from Geismar 1 during the first quarter of 2015 and from Geismar 2 late in the fourth quarter of 2015.

5 The operating capacity of Trinidad is made up of the Titan (100% interest) and Atlas (63.1% interest) facilities (refer to the *Trinidad* section below).

6 The production capacity of our Chile I and IV facilities is 1.7 million tonnes annually assuming access to natural gas feedstock.

New Zealand

In New Zealand, we produced 2.2 million tonnes of methanol in 2016 compared with 1.9 million tonnes in 2015. Mechanical issues at our New Zealand plants impacted production in 2015. The plants are able to produce at an annual production capacity of up to 2.4 million tonnes of methanol, depending on natural gas composition. Our New Zealand facilities are ideally situated to supply the growing Asia Pacific market.

We have entered into several natural gas purchase agreements with various suppliers to underpin the future operation of our New Zealand facilities. Each natural gas purchase agreement has base and variable components, where the gas price varies with methanol prices.

United States

The Geismar facilities produced 2.1 million tonnes of methanol in 2016 compared with 1.0 million tonnes in 2015. Both of our Geismar facilities commenced first methanol production in 2015: Geismar 1 during the first quarter and Geismar 2 late in the fourth quarter. Production in 2016 from our Geismar facilities reflects both plants being onstream for a full year.

During 2016, we consented to the assignment of the Geismar 1 gas supply contract. As part of the assignment, the methanol revenue sharing component of the gas contract was eliminated, and the fixed price component remains unchanged. The Geismar 1 gas contract expires in 2025. We have forward contracts to hedge natural gas prices for approximately 40% of the natural gas requirements of our Geismar 2 facility for a remaining nine-year period.

Trinidad

Our equity ownership of methanol facilities in Trinidad represents 2.0 million tonnes of annual capacity. The Titan and Atlas facilities in Trinidad are well located to supply global methanol markets and are underpinned by natural gas purchase agreements where the natural gas price varies with methanol prices. The Atlas gas contract expires in 2024 and the Titan gas contract expires in 2019. The Trinidad facilities produced a total of 1.6 million tonnes of methanol (Methanex share) in 2015 and 2016. In 2016, we operated these facilities at below operating capacity due to natural gas restrictions. In addition, the Atlas facility underwent a planned 45-day turnaround during the first quarter of 2016 and returned to normal operation at the end of March.

During 2015 and 2016, we continued to experience some natural gas curtailments to our Trinidad facilities due to a mismatch between upstream supply to the National Gas Company of Trinidad and Tobago Limited ("NGC") and downstream demand from NGC's customers. We are engaged with key stakeholders to find a solution to this issue, but expect to continue to experience some gas curtailments to the Trinidad site. Refer to the *Risk Factors and Risk Management—Trinidad* section on page 27 for more information.

Egypt

We operate a 1.26 million tonne per year methanol facility in Egypt and have marketing rights for 100% of the production. The Egypt methanol facility is well located to supply European and Asia Pacific methanol markets and is underpinned by a natural gas purchase agreement where the gas price varies with methanol prices. We produced 586,000 tonnes of methanol (Methanex share of 293,000) at the plant during 2016, compared to 148,000 tonnes (Methanex share of 74,000) in 2015.

The Egypt facility has experienced periodic natural gas supply restrictions sincemid-2012 and gas restrictions worsened through 2014 and 2015. Gas deliveries for the year ended December 31, 2016 have improved significantly compared to the same period in 2015. It continues to be difficult to predict when the gas supply situation will be fully restored. However, we are optimistic that the strong efforts by Egyptian governmental entities to fast-track existing and new upstream gas supply in Egypt are leading to improved gas deliveries and an improved outlook for gas deliveries in the medium term. Refer to the *Risk Factors and Risk Management – Egypt* section on page 28 for more information.

Canada

The Medicine Hat facility produced 488,000 tonnes of methanol in 2016 compared to 456,000 tonnes in 2015. A mechanical issue at the Medicine Hat facility impacted production in 2016. Repairs to address the issue were completed early in 2017. We have entered into fixed price contracts to supply a proportion of our natural gas requirements from 2017 to 2022.

Chile

The Chile facility produced 395,000 tonnes of methanol in 2016 compared to 204,000 tonnes in 2015. Production increased for 2016 as compared to 2015 as a result of improved natural gas availability from our Chilean suppliers allowing us to operate our Chile plant through the year for the first time since 2012.

During the year, we entered into an agreement with our main gas supplier in Chile, Empresa Nacional del Petróleo (“ENAP”), for gas supply for the period through May 2018. We also amended our gas supply agreement with GeoPark Fell SpA extending the term for an additional 10 years beyond April 2017 and signed a new tolling agreement with YPF SA in Argentina through April 2018 whereby natural gas received is converted into methanol and then re-delivered to Argentina. The future of our Chile operations is primarily dependent on the level of natural gas exploration and development in southern Chile and our ability to secure a sustainable natural gas supply to our facilities on economic terms from Chile and Argentina. We are optimistic that our underutilized 1.7 million tonne Chile facilities represent a very low capital cost growth opportunity for Methanex due to significant progress in developing natural gas reserves in the area. Refer to the *Risk Factors and Risk Management – Chile*section on page 28 for more information.

HOW WE ANALYZE OUR BUSINESS

Our operations consist of a single operating segment – the production and sale of methanol. We review our financial results by analyzing changes in the components of Adjusted EBITDA, mark-to-market impact of share-based compensation, depreciation and amortization, Argentina gas settlement, gain on terminal services agreement, finance costs, finance income and other expenses, and income taxes.

The Company has used the terms Adjusted EBITDA, Adjusted net income (loss), Adjusted net income (loss) per common share, Adjusted revenue and Operating income throughout this document. These items are non-GAAP measures that do not have any standardized meaning prescribed by 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 36 for a description of each non-GAAP measure and reconciliations to the most comparable GAAP measures.

In addition to the methanol that we produce at our facilities, we also purchase and resell methanol produced by others and we sell methanol on a commission basis. We analyze the results of all methanol sales together, excluding commission sales volume. The key drivers of changes in Adjusted EBITDA are average realized price, cash costs and sales volume, which 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 and Tolling Volume, plus the difference from period to period in commission revenue.
CASH COSTS	The change in 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 and Tolling 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 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.
SALES 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 volume and Tolling Volume, 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 margin per tonne of 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 own 63.1% of the Atlas methanol facility and market the remaining 36.9% of its production through a commission offtake agreement. A contractual agreement between us and our partners establishes joint control over Atlas. As a result, we account for this investment using the equity method of accounting, which results in 63.1% of the net assets and net earnings of Atlas being presented separately in the consolidated statements of financial position and consolidated statements of income (loss), respectively. For purposes of analyzing our business, Adjusted EBITDA, Adjusted net income (loss), Adjusted net income (loss) per common share and Adjusted revenue include an amount representing our 63.1% equity share in Atlas. Our analysis of depreciation and amortization, finance costs, finance income and other expenses, and income taxes is consistent with the presentation of our consolidated statements of income (loss) and excludes amounts related to Atlas.

We own 50% of the 1.26 million tonne per year Egypt methanol facility and market the remaining 50% of its production through a commission offtake agreement. We account for this investment using consolidation accounting, which results in 100% of the revenues and expenses being included in our financial statements. We also consolidate less then wholly-owned entities for which we have a controlling interest. Non-controlling interests are included in the Company's consolidated financial statements and represent the non-controlling shareholders' interests in the Egypt methanol facility and any entity where we have control. For purposes of analyzing our business, Adjusted EBITDA, Adjusted net income (loss), Adjusted net income (loss) per common share and Adjusted revenue exclude the amounts associated with non-controlling interests.

FINANCIAL RESULTS

For the year ended December 31, 2016, we reported net loss attributable to Methanex shareholders of $13 million ($0.14 loss per common share on a diluted basis), compared with net income attributable to Methanex shareholders of $201 million ($2.01 income per common share on a diluted basis) for the year ended December 31, 2015.

For the year ended December 31, 2016, we reported Adjusted EBITDA of $287 million and Adjusted net loss of $15 million ($0.17 Adjusted net loss per common share), compared with Adjusted EBITDA of $401 million and Adjusted net income of $110 million ($1.20 Adjusted net income per common share) for the year ended December 31, 2015.

We calculate Adjusted EBITDA and Adjusted net income (loss) by including amounts related to our equity share of the Atlas facility (63.1% interest) and by excluding the non-controlling interests' share, the mark-to-market impact of share-based compensation as a result of changes in our share price and the impact of certain items associated with specific identified events.

In 2016, we recorded a gain of $32.5 million ($21 millionafter-tax) after reaching a settlement with Petrobras Energía S.A. ("Petrobras") of Argentina to terminate Petrobras' natural gas delivery obligations pursuant to a long-term natural gas supply agreement in Chile (the "Argentina gas settlement"). In 2015, we recorded a gain of $65 million ($57 million after-tax) related to the termination of a terminal services agreement.

A reconciliation from net income (loss) attributable to Methanex shareholders to Adjusted net income (loss) and the calculation of Adjusted diluted net income (loss) per common share is as follows:

($ Millions, except number of shares and per share amounts)	**2016**	2015
Net income (loss) attributable to Methanex shareholders	**$ (13)**	$ 201
Mark-to-market impact of share-based compensation, net of tax	**19**	(34)
Argentina gas settlement, net of tax	**(21)**	–
Gain related to the termination of a terminal services agreement, net of tax	**–**	(57)
Adjusted net income (loss)	**$ (15)**	$ 110
Diluted weighted average shares outstanding (millions)	**90**	91
Adjusted net income (loss) per common share	**$ (0.17)**	$ 1.20

A summary of our consolidated statements of income (loss) for 2016 and 2015 is as follows:

($ Millions)	**2016**	2015
Consolidated statements of income:		
Revenue	**$ 1,998**	$ 2,226
Cost of sales and operating expenses	**(1,774)**	(1,858)
Mark-to-market impact of share-based compensation	**22**	(43)
Adjusted EBITDA (attributable to associate)	**63**	108
Amounts excluded from Adjusted EBITDA attributable to non-controlling interests	**(22)**	(32)
Adjusted EBITDA (attributable to Methanex shareholders)	**287**	401
Mark-to-market impact of share-based compensation	**(22)**	43
Depreciation and amortization	**(228)**	(195)
Argentina gas settlement	**33**	–
Gain related to the termination of a terminal services agreement	**–**	65
Finance costs	**(90)**	(70)
Finance income and other expenses	**4**	(6)
Income tax recovery (expense)	**9**	(11)
Earnings of associate adjustment[1]	**(43)**	(56)
Non-controlling interests adjustment[1]	**37**	30
Net income (loss) attributable to Methanex shareholders	**$ (13)**	$ 201
Net income (loss)	**$ (28)**	$ 202

[1] These adjustments represent depreciation and amortization, finance costs, finance income and other expenses and income taxes associated with our 63.1% interest in the Atlas methanol facility and the non-controlling interests.

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, energy prices and changes in general economic conditions, which can vary across the major international methanol markets. Revenue was $2.0 billion in 2016 compared to revenue of $2.2 billion in 2015. The lower revenue reflects a decrease in our average realized price in 2016, partially offset by higher sales volume.

We publish regional non-discounted reference prices 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 use published

Methanex reference prices as a basis for pricing, and we offer discounts to customers based on various factors. Our average non-discounted published reference price in 2016 was $279 per tonne compared with $374 per tonne in 2015. Our average realized price in 2016 was $242 per tonne compared with $322 per tonne in 2015.

Distribution of Revenue

Due to strong sales growth in China, we have seen an increase in the proportion of our sales to customers in China in 2016 when compared to 2015, with a relative decrease in the United States, Europe, South Korea and South America. Details are as follows:

($ Millions, except where noted)	2016		2015	
China	**$ 518**	**26%**	$ 361	16%
Europe	**404**	**20%**	480	22%
United States	**359**	**18%**	465	21%
South Korea	**258**	**13%**	327	15%
South America	**179**	**9%**	266	12%
Canada	**110**	**6%**	136	6%
Other Asia	**170**	**8%**	191	8%
	$ 1,998	**100%**	$ 2,226	100%

Adjusted EBITDA (Attributable to Methanex Shareholders)

2016 Adjusted EBITDA was $287 million compared with 2015 Adjusted EBITDA of $401 million, a decrease of $114 million. The key drivers of changes in our Adjusted EBITDA are average realized price, sales volume and cash costs as described below (refer to the *How We Analyze Our Business* section on page 13 for more information).

($ Millions)	2016 vs. 2015
Average realized price	**$ (693)**
Sales volume	**73**
Total cash costs	**506**
Decrease in Adjusted EBITDA	**$ (114)**

Average Realized Price

Our average realized price for the year ended December 31, 2016 was $242 per tonne compared with $322 per tonne for 2015, and this decreased Adjusted EBITDA by $693 million (refer to the *Financial Results – Revenue* section on page 15 for more information).

Sales Volume

Methanol sales volume, excluding commission sales volume, for the year ended December 31, 2016 was 890,000 tonnes higher than in 2015, and this increased Adjusted EBITDA by $73 million. Including commission sales volume from the Atlas and Egypt facilities, our total methanol sales volume was 9.5 million tonnes in 2016 compared with 8.5 million tonnes in 2015.

Total Cash Costs

The primary drivers of changes in our total cash costs are changes in the cost of Methanex-produced methanol and changes in the cost of purchased methanol. All of our production facilities except Medicine Hat and Geismar have natural gas purchase agreements with pricing terms that include base and variable price components. We supplement our production with methanol produced by others through methanol offtake contracts and purchases on the spot market to meet customer needs and support our marketing efforts within the major global markets.

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 produce or purchase. Accordingly, the changes in Adjusted EBITDA as a result of changes in Methanex-produced and purchased methanol costs primarily depend on changes in methanol pricing and the timing of inventory flows.

The changes in our total cash costs for 2016 compared with 2015 were due to the following:

($ Millions)	2016 vs. 2015
Methanex-produced methanol costs	$ 188
Proportion of Methanex-produced methanol sales	157
Purchased methanol costs	175
Other, net	(14)
Decrease in total cash costs	$ 506

Methanex-Produced Methanol Costs

Natural gas is the primary feedstock at our methanol facilities and is the most significant component of Methanex-produced methanol costs. We purchase natural gas for the New Zealand, Trinidad, Chile and Egypt methanol facilities under natural gas purchase agreements where the unique terms of each contract include a base price and a variable price component linked to the price of methanol 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 these pricing relationships enable each facility to be competitive throughout the methanol price cycle. Methanex-produced methanol costs were lower in 2016 compared with 2015 by $188 million, primarily due to the impact of lower methanol prices on our natural gas costs, timing of inventory flows and changes in the mix of production sold from inventory. For additional information regarding our natural gas supply agreements, refer to the *Liquidity and Capital Resources – Summary of Contractual Obligations and Commercial Commitments* section on page 22.

Proportion of Methanex-produced methanol sales

The cost of purchased methanol is directly linked to the selling price for methanol at the time of purchase and the cost of purchased methanol is generally higher than the cost of Methanex-produced methanol. Accordingly, an increase in the proportion of Methanex-produced methanol sales results in a decrease in our overall cost structure for a given period. The significant increase in production in 2016 has resulted in sales of Methanex-produced methanol making up a higher proportion of our total sales and this increased Adjusted EBITDA by $157 million for 2016 compared with 2015.

Purchased Methanol Costs

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 purchase agreements, we look for opportunities that provide synergies with our existing supply chain that allow us to purchase methanol in the most cost effective 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. As a result of changes in methanol prices in 2016 and the timing of inventory flows and purchases, the cost of purchased methanol per tonne decreased and this increased Adjusted EBITDA by $175 million compared with 2015.

Other, Net

Our investment in global distribution and supply infrastructure includes a dedicated fleet of ocean-going vessels. We utilize these vessels to enhance value to customers by providing reliable and secure supply and to optimize supply chain costs overall, including through third-party backhaul arrangements when available. Logistics costs can also vary from period to period depending on the levels of production from each of our production facilities and the resulting impact on our supply chain. For the year ended December 31, 2016 compared with 2015, ocean freight and other logistics costs were higher, decreasing Adjusted EBITDA, the impact of which was partially offset by lower unabsorbed fixed production costs as a result of higher production and lower selling, general and administrative expenses.

Mark-to-Market Impact of Share-Based Compensation

We grant share-based awards as an element of compensation. Share-based awards granted include stock options, share appreciation rights, tandem share appreciation rights, deferred share units, restricted share units and performance share units. For all share-based awards, share-based compensation is recognized over the related vesting period for the proportion of the service that has been rendered at each reporting date. Share-based compensation includes an amount related to the grant-date value and a mark-to-market impact as a result of subsequent changes in the Company's share price. The grant-date value amount is included in Adjusted EBITDA and Adjusted net income (loss). The mark-to-market impact of share-based compensation as a result of changes in our share price is excluded from Adjusted EBITDA and Adjusted net income (loss) and analyzed separately.

($ Millions, except as noted)	**2016**	2015
Methanex Corporation share price [1]	**$ 43.80**	$ 33.01
Grant-date fair value expense included in Adjusted EBITDA and Adjusted net income (loss)	**11**	21
Mark-to-market impact due to change in share price	**22**	(43)
Total share-based compensation expense (recovery), before tax	**$ 33**	$ (22)

[1] U.S. dollar share price of Methanex Corporation as quoted on the NASDAQ Global Select Market on the last trading day of the respective period.

For stock options, the cost is measured based on an estimate of the fair value at the date of grant using the Black-Scholes option pricing model, and this grant-date fair value is recognized as compensation expense over the related vesting period with no subsequent re-measurement in fair value. Accordingly, share-based compensation expense associated with stock options will not vary significantly from period to period.

Share appreciation rights ("SARs") are units that grant the holder the right to receive a cash payment upon exercise for the difference between the market price of the Company's common shares and the exercise price that is determined at the date of grant. Tandem share appreciation rights ("TSARs") give the holder the choice between exercising a regular stock option or a SAR. The fair values of SARs and TSARs are re-measured each quarter using the Black-Scholes option pricing model, which considers the market value of the Company's common shares on the last trading day of each quarter.

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 performance share units that will ultimately vest will be in the range of 25% to 150% based on the weighted-average closing share price for the 90 calendar days on the NASDAQ Global Select Market immediately preceding the year end date that the performance share units vest. For deferred, restricted and performance share units, the value is initially measured at the grant date and subsequently re-measured based on the market value of the Company's common shares on the last trading day of each quarter. The price of the Company's common shares as quoted on the NASDAQ Global Select Market increased from $33.01 per share at December 31, 2015 to $43.80 per share at December 31, 2016. As a result of the increase in the share price and the resulting impact on the fair value of the outstanding units, we recorded a $22 million mark-to-market expense related to share-based compensation during 2016.

Depreciation and Amortization

Depreciation and amortization was $228 million for the year ended December 31, 2016 compared with $195 million for the year ended December, 31 2015. The increase in depreciation and amortization in 2016 compared with 2015 is primarily the result of a full year of depreciation in 2016 associated with the Geismar facilities.

Argentina Gas Settlement

In 2016, we recorded a gain of $32.5 million ($21 millionafter-tax) after reaching a settlement with Petrobras to terminate Petrobras' natural gas delivery obligations pursuant to a long-term natural gas supply agreement in Chile. The Company received the settlement amount in 2016.

Gain on Termination of Terminal Services Agreement

In 2015, we recorded a gain of $65 million ($57 millionafter-tax) related to the termination of a terminal services agreement. The Company received $30 million on termination of the agreement in 2015 and the remaining $35 million in early 2016.

Finance Costs

($ Millions)	**2016**	2015
Finance costs before capitalized interest	**$ 90**	$ 91
Less capitalized interest	**–**	(21)
Finance costs	**$ 90**	$ 70

Finance costs before capitalized interest are primarily comprised of interest on borrowings and finance lease obligations. Capitalized interest in 2015 related to interest costs capitalized for the Geismar project.

Finance Income and Other Expenses

Finance income and other expenses was a gain of $4 million for the year ended December 31, 2016 compared to a loss of $6 million for the year ended December 31, 2015. The change in finance income and other expenses in 2016 compared with 2015 is primarily related to the impact of changes in foreign exchange rates.

Income Taxes

A summary of our income taxes for 2016 compared with 2015 is as follows:

($ Millions, except where noted)	**2016**		2015	
	Net loss	**Adjusted net loss**	Net income	Adjusted net income
Amount before income tax	**$ (37)**	**$ (26)**	$ 213	$ 133
Income tax recovery (expense)	**9**	**11**	(11)	(23)
Amount after income tax	**$ (28)**	**$ (15)**	$ 202	$ 110
Effective tax rate	**25%**	**44%**	5%	17%

We earn the majority of our pre-tax earnings in New Zealand, the United States, Trinidad, Egypt, Canada and Chile. In Trinidad and Chile, the statutory tax rate is 35%. The statutory rates in Canada and New Zealand are 26.5% and 28%, respectively. The United States statutory rate is 36% and the Egypt statutory rate is 22.5%. As the Atlas entity is accounted for using the equity method, any income taxes related to Atlas are included in earnings of associate and therefore not included in total income taxes.

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 Chile's current income tax expense to total income tax expense is dependent on the level of cash distributed from Chile.

The effective tax rate related to Adjusted net income (loss) was 44% for the year ended December 31, 2016 compared with 17% for the year ended December 31, 2015. Adjusted net income (loss) represents the amount that is attributable to Methanex shareholders and excludes the mark-to-market impact of share-based compensation and the impact of certain items associated with specific identified events. The effective tax rate differs from period to period depending on the source of earnings and the impact of foreign exchange fluctuations against the United States dollar on our tax balances. In periods with low income levels, the distribution of income and loss between jurisdictions can result in income tax rates that are not indicative of the longer term corporate tax rate.

For additional information regarding income taxes, refer to note 15 of our 2016 consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

A summary of our consolidated statements of cash flows is as follows:

($ Millions)	2016	2015
Cash flows from / (used in) operating activities:		
Cash flows from operating activities before changes in non-cash working capital	**$ 314**	$ 414
Changes in non-cash working capital	**(64)**	(117)
	250	297
Cash flows from / (used in) financing activities:		
Dividend payments	**(99)**	(97)
Interest paid	**(83)**	(82)
Repayment of long-term debt	**(48)**	(194)
Payments for the repurchase of shares	**–**	(146)
Loan to associate	**–**	(31)
Net proceeds on issue of long-term debt	**66**	5
Other	**(6)**	(3)
Changes in non-cash working capital relating to financing activities	**(23)**	(20)
	(193)	(568)
Cash flows from / (used in) investing activities:		
Property, plant and equipment	**(100)**	(97)
Geismar plants under construction	**–**	(328)
Termination of terminal services agreement	**–**	65
Other assets	**–**	1
Changes in non-cash working capital relating to investing activities	**12**	(67)
	(88)	(426)
Decrease in cash and cash equivalents	**(31)**	(697)
Cash and cash equivalents, end of year	**$ 224**	$ 255

Cash Flow Highlights

Cash Flows from Operating Activities

Cash flows from operating activities for the year ended December 31, 2016 were $250 million compared with $297 million for the year ended December 31, 2015. The decrease in cash flows from operating activities is primarily due to lower net income, after excluding depreciation and amortization, share-based compensation recovery, finance costs and changes in non-cash working capital. The following table provides a summary of these items for 2016 and 2015:

($ Millions)	2016	2015
Net income (loss)	**$ (28)**	$ 202
Deduct earnings of associate	**(20)**	(52)
Add dividends received from associate	**47**	76
Add (deduct) non-cash items:		
Depreciation and amortization	**228**	195
Share-based compensation recovery	**33**	(22)
Finance costs	**90**	70
Other	**(36)**	(55)
Cash flows from operating activities before changes in non-cash working capital	**314**	414
Changes in non-cash working capital:		
Trade and other receivables	**(14)**	(100)
Inventories	**(28)**	54
Prepaid expenses	**(1)**	3
Accounts payable and accrued liabilities, including long-term payables	**(21)**	(74)
	(64)	(117)
Cash flows from operating activities	**$ 250**	$ 297

For a discussion of the changes in net income (loss), depreciation and amortization, share-based compensation recovery and finance costs, refer to the analysis of our financial results on page 14.

Changes in non-cash working capital decreased cash flows from operating activities by $64 million for the year ended December 31, 2016, compared with a decrease of $117 million for the year ended December 31, 2015. Trade and other receivables increased in 2016 and this decreased cash flows from operating activities by $14 million, primarily due to the impact of trade receivables related to higher sales in 2016 compared to 2015. This increase was mostly offset by a working capital release on the termination of a terminal services agreement and recoveries related to gas supplier commitments. Inventories increased primarily due to the impact of higher production rates which decreased cash flows from operating activities by $28 million. Accounts payable and accrued liabilities, including long-term payables, decreased cash flows from operating activities by $21 million, primarily due to the impact of gas supplier payments.

Cash Flows from Financing Activities

During 2016, we maintained our regular quarterly dividend at $0.275 per common share. Total dividend payments in 2016 were $99 million compared with $97 million in 2015 and total interest payments in 2016 were $83 million compared with $82 million in 2015.

In 2016, we drew down $66 million on our limited recourse debt facilities related to the financing of two vessels and repaid $48 million of other limited recourse debt compared to $194 million of unsecured notes and other limited recourse debt repayments in 2015.

Cash Flows from Investing Activities

During 2016, we incurred capital expenditures of $100 million primarily related to vessels acquired through less than wholly-owned entities and sustaining projects in New Zealand, Geismar, Egypt, Medicine Hat and Trinidad. Included in the 2015 capital expenditures is $328 million related to completion of the Geismar project.

Liquidity and Capitalization

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, 2016 and December 31, 2015:

($ Millions, except where noted)	**2016**	2015
Liquidity:		
Cash and cash equivalents	**$ 224**	$ 255
Undrawn credit facilities	**300**	400
Total liquidity	**524**	655
Capitalization:		
Unsecured notes	**1,186**	1,185
Limited recourse debt facilities, including current portion	**370**	351
Total debt	**1,556**	1,536
Non-controlling interests	**209**	249
Shareholders' equity	**1,597**	1,720
Total capitalization	**$ 3,362**	$ 3,505
Total debt to capitalization[1]	**46%**	44%
Net debt to capitalization[2]	**42%**	39%

[1] Defined as total debt (including 100% of Egypt limited recourse debt facilities) divided by total capitalization.

[2] Defined as total debt (including 100% of Egypt limited recourse debt facilities) 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 have employed 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 and TSARs.

We operate in a highly competitive commodity industry and believe that it is appropriate to maintain a strong balance sheet and retain financial flexibility. As at December 31, 2016, we had a cash balance of $224 million, access to a $300 million undrawn credit facility and no significant debt maturities until 2019 other than normal course obligations for principal repayments related to our limited recourse debt facilities. We invest our cash only in highly rated instruments that have maturities of three months or less to ensure preservation of capital and appropriate liquidity.

We have covenant and default provisions under our long-term debt obligations and we also have certain covenants that could restrict access to the credit facility. The covenants governing the unsecured notes, which are specified in an indenture, apply to the Company and its subsidiaries, excluding the Egypt entity, and include restrictions on liens, sale and lease-back transactions, a merger or consolidation with another corporation or sale of all or substantially all of our assets. The indenture also contains customary default provisions. The significant covenants and default provisions under the credit facility include:

a) the obligation to maintain an EBITDA to interest coverage ratio of greater than 2:1 calculated on a four-quarter trailing basis and a debt to capitalization ratio of less than or equal to 55%, both ratios calculated in accordance with definitions in the credit agreement that include adjustments related to the limited recourse subsidiaries;

b) a default if payment is accelerated by a creditor on any indebtedness of $50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries;

c) a default if a default occurs that permits a creditor to demand repayment on any other indebtedness of $50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries.

The Egypt limited recourse debt facilities have covenants and default provisions that apply only to the Egypt entity, including restrictions on the incurrence of additional indebtedness and requirement to fulfill certain conditions before the payment of cash or other shareholder distributions. Certain conditions have not been met, resulting in a restriction on shareholder distributions from the Egypt entity. As at December 31, 2016, the Egypt cash balance on a 100% ownership basis was $46 million. The Egypt entity continues to be able to fully utilize its funds for operating, capital and financing needs, including the repayment of the Egypt limited recourse debt facilities.

As at December 31, 2016, management believes the Company was in compliance with all significant terms and default provisions related to its long-term debt obligations.

Our planned capital maintenance expenditure program directed towards maintenance, turnarounds and catalyst changes for existing operations is currently estimated to total approximately $80 million to the end of 2017.

We believe we are well positioned to meet our financial commitments, invest to grow the Company and return excess cash to shareholders.

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, 2016 is as follows:

($ Millions)	2017	2018-2019	2020-2021	After 2021	Total
Long-term debt repayments	$ 54	$ 467	$ 172	$ 881	$ 1,574
Long-term debt interest obligations	64	125	97	432	718
Repayments of other long-term liabilities	38	40	49	254	381
Natural gas and other	472	740	505	1,070	2,787
Operating lease commitments	106	166	108	197	577
	$ 734	$ 1,538	$ 931	$ 2,834	$ 6,037

Long-Term Debt Repayments and Interest Obligations
We have $350 million of unsecured notes that mature in 2019, $250 million of unsecured notes that mature in 2022, $300 million of unsecured notes that mature in 2024 and $300 million of unsecured notes that mature in 2044. The remaining debt repayments represent the normal course obligations for principal repayments related to our limited recourse debt facilities. Interest obligations related to variable interest rate long-term debt were estimated using current interest rates in effect as at December 31, 2016. For additional information, refer to note 8 of our 2016 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.

Natural Gas and Other
We have commitments under take-or-pay contracts to purchase natural gas, to pay for transportation capacity related to the delivery of natural gas and 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 common 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 above represent only the minimum take-or-pay quantity.

The natural gas supply contracts for our facilities in New Zealand, Trinidad and Egypt aretake-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 throughout the methanol price cycle. The amounts disclosed in the table for these contracts represent only the base price component.

We also have a multi-year fixed price natural gas supply contract to supply one production facility in Geismar, natural gas forward contracts to hedge natural gas purchases in Geismar and natural gas forward supply contracts at fixed prices to manage exposure to natural gas price risk in Medicine Hat. We believe that the long-term natural gas dynamics in North America will support the long-term operation of these facilities. In the above table, we have included natural gas commitments in North America for Geismar and Medicine Hat at the contractual volume and prices.

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

Since June 2007, the Company's natural gas suppliers from Argentina have curtailed all gas supply to the Company's plants in Chile pursuant to long-term gas supply agreements. The Company has not received natural gas under these long-term agreements since 2007 and therefore potential future purchase obligations have been excluded from the table above.

We have marketing rights for 100% of the production from our jointly owned Atlas and Egypt plants which results in purchase commitments of an additional 1.3 million tonnes per year of methanol offtake supply when these plants operate at capacity. As at December 31, 2016, the Company also had commitments to purchase methanol from other suppliers for approximately 1.0 million tonnes for 2017 and 1.1 million tonnes thereafter. The pricing under these purchase commitments is referenced to pricing at the time of purchase or sale, and accordingly, no amounts have been included in the table above.

Operating Lease Commitments
We have future minimum lease payments under operating leases relating primarily to vessel charter, terminal facilities, office space and equipment.

Off-Balance Sheet Arrangements
As at December 31, 2016, we did not have anyoff-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.

In the normal course of business, the Company's assets, liabilities and forecasted transactions, as reported in U.S. dollars, are impacted by various market risks including, but not limited to, natural gas prices and currency exchange rates. The time frame and manner in which the Company manages those risks varies for each item based on the Company's assessment of the risk and the available alternatives for mitigating risks.

The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values. Changes in fair value of derivative financial instruments are recorded in earnings unless the instruments are designated as cash flow hedges, in which case the changes in fair value are recorded in other comprehensive income and are reclassified to profit or loss when the underlying hedged transaction is recognized in earnings. The Company designates as cash flow hedges derivative financial instruments to hedge its risk exposure to fluctuations in natural gas prices and to hedge its risk exposure to fluctuations on certain foreign currency denominated transactions.

Until settled, the fair value of the derivative financial instruments will fluctuate based on changes in commodity prices or foreign currency exchange rates.

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, 2016 and December 31, 2015:

($ Millions)	**2016**	2015
Financial assets:		
Financial assets measured at fair value:		
Derivative instruments designated as cash flow hedges [1]	**$ 7**	$ 1
Financial assets not measured at fair value:		
Cash and cash equivalents	**224**	255
Trade and other receivables, excluding tax receivable	**479**	483
Project financing reserve accounts included in other assets	**35**	33
Total financial assets[2]	**$ 745**	$ 772
Financial liabilities:		
Financial liabilities measured at fair value:		
Derivative instruments designated as cash flow hedges [1]	**$ 69**	$ 43
Financial liabilities not measured at fair value:		
Trade, other payables and accrued liabilities, excluding tax payable	**449**	457
Long-term debt, including current portion	**1,556**	1,536
Total financial liabilities	**$ 2,074**	$ 2,036

[1] The Geismar 2 natural gas hedges and euro foreign currency hedges designated as cash flow hedges are measured at fair value based on industry accepted valuation models and inputs obtained from active markets.
[2] The carrying amount of the financial assets represents the maximum exposure to credit risk at the respective reporting periods.

As at December 31, 2016, all of the financial instruments were recorded on the consolidated statements of financial position at amortized cost with the exception of derivative financial instruments, which are recorded at fair value unless exempted.

The fair value of derivative instruments is determined based on industry-accepted valuation models using market observable inputs and are classified within Level 2 of the fair value hierarchy. The fair value of all the Company's derivative contracts includes an adjustment for credit risk. The effective portion of the changes in fair value of derivative financial instruments designated as cash flow hedges is recorded in other comprehensive income. The spot element of forward contracts in the hedging relationships is recorded in other comprehensive income as the change in fair value of cash flow hedges. The change in the fair value of the forward element of forward contracts is recorded separately in other comprehensive income as the forward element excluded from hedging relationship.

The Company has elected to manage its exposure to changes in natural gas prices for the Geismar 2 facility by executing a number of forward contracts which it has designated as cash flow hedges for its highly probable forecast natural gas purchases in North America.

The Company also designates as cash flow hedges forward exchange contracts to sell certain foreign currencies at a fixed U.S. dollar exchange rate to hedge its exposure to exchange rate fluctuations on certain foreign currency denominated transactions.

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 34, to be among the most important for understanding the issues that face our business and our approach to risk management.

Methanol Price

The methanol business is a highly competitive commodity industry and prices are affected by supply and demand fundamentals. Methanol prices have historically been, and are expected to continue to be, characterized by cyclicality. Factors influencing supply and demand for methanol and related risks are found below. We are not able to predict future methanol supply and demand balances, 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 has a significant negative effect on our results of operations and financial condition.

Methanol Demand

Demand for methanol largely depends upon the level of energy prices, global economic growth rates and government regulations and policies.

Energy Prices

Approximately 45% of methanol demand is from energy-related applications. Over the past number of years, methanol demand growth has been led by strong demand from these applications, as relatively high oil prices generated an economic incentive to substitute lower cost methanol for petroleum products or as a feedstock in energy-related products. The fastest growing application where methanol serves as a substitute for an energy product is MTO, where methanol is an alternative to naphtha as a feedstock in the production of olefins. Methanol can be blended directly with gasoline, and DME (a methanol derivative) can be blended with liquefied petroleum gas (propane). Because of this relationship, methanol demand is sensitive to the pricing of these energy products, which in turn are generally linked to global energy prices.

A steep drop in oil and related product prices in the second half of 2015 lowered the affordability for methanol into a number of energy applications and put downward pressure on methanol pricing. Despite the strong MTO-led methanol demand growth in 2016, methanol prices remained at low levels as oil prices fell to 12-year lows early in the year. We cannot provide assurance that energy prices will not negatively impact methanol demand growth, which could have an adverse effect on our results of operations and financial condition.

Global Economic Growth Rates

Approximately 55% of methanol demand is from traditional chemical applications. As these applications manufacture products used in a wide variety of industrial products and consumer goods, the rate of growth in demand for methanol from these applications tends to be correlated with overall global economic growth. Any slowdown in the global or regional economies can negatively impact demand for methanol and have a detrimental impact on methanol prices.

Government Regulations and Policies

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 human health effects of methanol as part of a standard review of chemicals under its Integrated Risk Information System (“IRIS”), a database of chemical health effects. No authoritative body has classified methanol as a carcinogen. A draft assessment for methanol was released by the EPA in 2010 classifying methanol as “Likely to be Carcinogenic to Humans.” In 2011, the EPA divided the draft assessment for methanol into cancer and non-cancer assessments. In September 2013, the EPA released the final non-cancer assessment, in which it established the maximum ingestion and inhalation levels for methanol that it claims will not result in adverse health impacts. The timeline for the

final cancer assessment remains unknown, and no activity on the cancer assessment for methanol is currently contained on the EPA's work plan. We are unable to determine whether the current draft classification will be maintained in the final cancer 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 and financial condition.

In 2016, methanol demand for the production of formaldehyde represented approximately 28% of global demand. The largest use for formaldehyde is as a component of urea-formaldehyde and phenol-formaldehyde resins, which are used in 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. In 2010, the EPA released its draft formaldehyde assessment, proposing formaldehyde as "Known to be Carcinogenic to Humans." The EPA IRIS assessment will likely be impacted by the recent listing of formaldehyde as "Known to be a Human Carcinogen" issued under the National Toxicology Program's (NTP) Report on Carcinogens. EPA uses IRIS assessments as a basis for regulatory actions such as restricting emissions from products containing formaldehyde. The EPA continues to develop a revised IRIS assessment of formaldehyde. The draft will be revised on the outcome of the external federal agency review, currently underway, then sent for 60-day public comment, anticipated in the first half of 2017.

In 2009, the US 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 NCI report was the first part of an update of the 2004 NCI study that indicated possible links between formaldehyde exposure and nasopharyngeal cancer and leukemia. The International Agency for Research on Cancer also concluded that there is sufficient evidence in humans of a causal association of formaldehyde with leukemia. In 2011, the U.S. Department of Health and Human Services' National Toxicology Program released its 12th Report on Carcinogens, modifying its listing of formaldehyde from "Reasonably Anticipated to be a Human Carcinogen" to "Known to be a Human Carcinogen."

We are unable to determine at this time if the EPA 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.

Methanol Supply

An increase in competitively priced methanol supply, all else equal, can displace supply from higher cost producers and have a negative impact on methanol price. Methanol supply is influenced by the cost of production including the availability and cost of raw materials, freight costs, capital costs and government policies. Methanol supply can become available from the construction of new methanol plants, by restarting idle methanol plants, by carrying out major expansions of existing plants or by debottlenecking existing plants to increase their production capacity.

In late 2015, two new methanol facilities started operations including the 1.3 million tonne Fairway Methanol LLC facility in Texas and Methanex's Geismar 2 facility in Louisiana. There was no significant new industry capacity additions outside of China in 2016. In China, we estimate that approximately two million tonnes of new production capacity was added in 2016.

Over the next few years, outside of China, the majority of new capacity additions are expected in the Atlantic basin and the Middle East. OCI N.V. and Consolidated Energy Limited (through its subsidiary G2X Energy) continue to progress their jointly owned Natgasoline project, a 1.8 million tonne plant under construction in Beaumont, Texas. In Iran, we expect just over four million tonnes of capacity to come onstream over the next two years. However, the timing of start-up and future operating rates at these facilities will be dependent on various factors. To the end of 2018, we expect approximately four million tonnes of new capacity to be added in China. Beyond 2018, we anticipate that new capacity additions in China will be modest due to an increasing degree of restrictions

placed on new coal-based methanol capacity additions and the trend of integration from coal to downstream chemicals for new projects in that country. There are a number of other projects under discussion in the United States but we believe that none have yet reached a final investment decision.

We cannot provide assurance that new supply additions will not outpace the level of future demand growth thereby contributing to negative pressure on methanol price.

Security of Natural Gas Supply and Price

Natural gas is 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.

New Zealand

We have three plants in New Zealand with a total production capacity of up to 2.4 million tonnes of methanol per year, depending on natural gas composition. Two plants are located at Motunui and the third is located at nearby Waitara Valley. We have entered into several agreements with various natural gas suppliers to underpin our New Zealand operations with terms that range in length up to 2022. All agreements in New Zealand are take-or-pay agreements and include U.S. dollar base and variable price components where the variable price component 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. Certain of these contracts require the supplier to deliver a minimum amount of natural gas with additional volume dependent on the success of exploring and developing the related natural gas field.

We continue to pursue opportunities to contract additional natural gas to supply our plants in New Zealand.

The future operation of our New Zealand facilities depends on the ability of our contracted suppliers to meet their commitments and the success of ongoing exploration and development activities in the region. We cannot provide assurance that our contracted suppliers will be able to meet their commitments or that their ongoing exploration and development activities in New Zealand will be successful to enable our operations to operate at capacity. We cannot provide assurance that we will be able to obtain natural gas with the optimum composition. These factors could have an adverse impact on our results of operations and financial condition.

United States

We have two plants in Geismar, Louisiana with a total production capacity of 2.0 million tonnes. The Geismar facilities commenced first methanol production in 2015: Geismar 1 in the first quarter and Geismar 2 late in the fourth quarter.

We have a fixed price take-or-pay agreement for the supply of all of the natural gas requirements for the Geismar 1 facility that expires in 2025. Under the contract, the supplier is obligated to supply, and we are obliged to take or pay for, a specified annual quantity of natural gas.

During 2015, we entered into forward contracts to hedge natural gas prices for the Geismar 2 facility. These contracts have a remaining period of nine years. We have hedged approximately 40% of the natural gas requirements and continue to pursue opportunities to contract additional natural gas to supply the facility.

We believe that the long-term natural gas dynamics in North America will support the long-term operations of these facilities; however, we cannot provide assurance that we will be able to secure additional natural gas on commercially acceptable terms and this could have an adverse impact on our results of operations and financial condition.

Trinidad

Natural gas for our two methanol production facilities in Trinidad, with our share of total production capacity being 2.0 million tonnes per year, is supplied under take-or-pay contracts with the National Gas Company of Trinidad and Tobago Limited (“NGC”), which purchases the natural gas from upstream gas producers. Gas paid for, but not taken, in any year may be received in

subsequent years subject to limitations. The contracts for Titan and Atlas have U.S. dollar base and variable price components, where the variable portion is adjusted by a formula related to methanol prices above a certain level. The contract for Atlas expires in 2024 and the contract for Titan expires in 2019. We believe the supply and demand fundamentals for natural gas supply in Trinidad will support the continued operation of these facilities.

Since 2011, large industrial consumers in Trinidad, including our Titan and Atlas facilities, have experienced periodic curtailments of natural gas supply due to a mismatch between upstream supply to NGC and downstream demand from NGC's customers. We are engaged with key stakeholders to find a solution to this issue, but in the meantime expect to continue to experience some gas curtailments to our Trinidad facilities. We cannot provide assurance that our contracted gas suppliers will be able to fully meet their commitments, that we will not experience longer or greater than anticipated curtailments due to upstream outages or other issues in Trinidad and that these curtailments will not be material. These factors could have an adverse impact on our results of operations and financial condition.

Egypt

We have a 25-year, take-or-pay natural gas supply agreement for the 1.26 million tonne per year methanol plant in Egypt in which we have a 50% equity interest. The price paid for gas is based on a U.S. dollar base price plus a variable price component that is adjusted by a formula related to methanol prices above a certain level. Under the contract, the gas supplier is obligated to supply, and we are obliged to take or pay for, a specified annual quantity of natural gas. Gas paid for, but not taken, in any year may be received in subsequent years subject to limitations. In addition, the natural gas supply agreement has a mechanism whereby we are partially compensated when gas delivery shortfalls in excess of a certain threshold occur. Natural gas is 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.

Since the plant commenced operations in 2011, Egypt has experienced significant social unrest, including acts of sabotage and government transitions resulting in an adverse impact on the country's economy and our operations in Egypt. We believe that these factors have contributed to constraints in the development of new supplies of natural gas coming to market and to natural gas supply becoming constrained from mid-2012, resulting in our Egypt plant operating below full capacity. In early 2016, we experienced a 30 day gas curtailment due to the sabotage of a gas pipeline feeding Damietta.

Although curtailments persisted in 2016, we saw significant improvements in gas deliveries compared to 2015, particularly in the latter half of the year. Over the past several years, the Egyptian government has made a significant effort to improve the gas supply situation in the country by encouraging natural gas exploration and establishing LNG import infrastructure. These efforts coupled with continuing natural gas discoveries have further strengthened the natural gas supply and demand balance and outlook for gas deliveries in Egypt. In spite of these positive developments in Egypt, the restrictions experienced in recent years may persist in the future. We cannot provide assurance that we will not experience longer or greater than anticipated natural gas restrictions and that this would not have an adverse impact on our results of operations and financial condition.

Canada

We have a program in place to purchase natural gas for the 0.6 million tonnes per year Medicine Hat facility on the Alberta gas market. We have entered into fixed price contracts to supply a proportion of our natural gas requirements from 2017 to 2022.

The future operation of our Medicine Hat facility depends on methanol industry supply and demand fundamentals and our ability to secure sufficient natural gas on commercially acceptable terms. We believe that the long-term natural gas dynamics in North America will support the long-term operations of this facility; however, we cannot provide assurance that we will be able to continue to secure sufficient natural gas for our Medicine Hat facility on commercially acceptable terms and that this will not have an adverse impact on our results of operations and financial condition.

Chile

In June 2007, our natural gas suppliers from Argentina curtailed all gas supplied to our plants in Chile pursuant to our long-term gas supply agreements. In the short term, we do not expect to receive any further natural gas supply from Argentina under such long-term gas supply agreements. In 2015, we continued to receive some natural gas from Argentina pursuant to a tolling agreement whereby the Company converts the natural gas received into methanol and then re-delivers the methanol to Argentina.

Approximately 60% during 2014 and 35% during 2015 of the Chile production was produced using natural gas supplied from Argentina under this arrangement. In November 2016, we executed a new tolling agreement with YPF S.A. and anticipate that we will receive some natural gas under this arrangement in 2017.

Since July 2007, all of the methanol production at our Chile facilities, other than natural gas received under tolling arrangements, has been produced from Chilean natural gas.

During 2016, we operated one of the two plants with Chilean gas at an average of 45% capacity. In July 2016, Methanex reached an agreement with Empresa Nacional del Petróleo ("ENAP") for gas supply for the period through May 2018. The Company also agreed with GeoPark Fell SpA ("GeoPark") to extend the existing gas supply agreement for an additional 10 year term, beyond April 2017.

Since 2015, ENAP has made significant investments in the development of natural gas from unconventional reservoirs and this has resulted in increased gas deliveries to our facilities in Chile. In January 2016, the U.S. Geological Survey assessed a technically recoverable mean resource of 8.3 trillion cubic feet of unconventional tight gas in the Magallanes Province. However, the potential for a sustained increase in gas deliveries to our plants will depend on the economics of the development of gas discoveries and, ultimately, the price at which we can obtain gas.

The future of our Chile operations is primarily dependent on the level of exploration and development in southern Chile and our ability to secure a sustainable natural gas supply to our facilities on economic terms from Chile and Argentina. We cannot provide assurance that we will be able to continue to secure a sustainable natural gas supply to our facilities on economic terms to operate our Chile operations and that this will not have an adverse impact on our results of operations or financial condition.

Global Economic Conditions

In addition to the potential influence of global economic activity levels on methanol demand and price, changing global economic conditions can result in changes in capital markets. A deterioration in economic conditions could have a negative impact on our investments, diminish our ability to access existing or future credit and increase the risk of defaults by customers, suppliers, insurers and other counterparties.

Foreign Operations

A significant portion of our operations and investments are located outside of North America, in New Zealand, Trinidad, Egypt, Chile, 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, civil unrest, sabotage, 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.

Because we derive a significant portion 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, capital expenditures and purchases of methanol, 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, the Egyptian pound and the Chinese yuan. 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, operating expenses

and capital expenditures. A portion of our revenue is earned in Euros, Canadian dollars and Chinese yuan. 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. Methanol sold in China from any of our producing regions is currently subject to duties ranging from 0% to 5.5%. 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, or that future duties will not have a significant negative effect.

Methanol is a globally traded commodity that is produced by many producers at facilities located 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 and financial condition.

Liquidity Risk

As at December 31, 2016, we had a cash balance of $224 million, including $23 million relating to the non-controlling interest in Egypt, and an undrawn $300 million revolving credit facility with a syndicate of banks. The facility expires in December 2019 and our ability to maintain access to the facility is subject to meeting certain financial covenants, including an EBITDA to interest coverage ratio and a debt to capitalization ratio, both ratios calculated in accordance with definitions in the credit agreement that include adjustments related to the Company's limited recourse subsidiaries. As previously described in the *Liquidity and Capital Resources – Liquidity and Capitalization* section on page 21, there is currently a restriction on shareholder distributions from the Egypt entity; however, the Egypt entity continues to be able to fully utilize its funds for operating, capital and financing needs, including the repayment of the Egypt limited recourse debt facilities.

As at December 31, 2016, our long-term debt obligations include $1,200 million in unsecured notes ($350 million that matures in 2019, $250 million that matures in 2022, $300 million that matures in 2024 and $300 million that matures in 2044), $289 million related to the Egypt limited recourse debt facilities (100% basis) and $81 million related to other limited recourse debt. The covenants governing the unsecured notes, which are specified in an indenture, apply to the Company and its subsidiaries, excluding the Egypt entity, and include restrictions on liens, sale and lease-back transactions, a merger or consolidation with another corporation or a sale of all or substantially all of the Company's assets. The indenture also contains customary default provisions. The Egypt limited recourse debt facilities are described as limited recourse as they are secured only by the assets of the Egypt entity. Accordingly, the lenders to the limited recourse debt facilities have no recourse to the Company or its other subsidiaries. The Egypt limited recourse debt facilities have covenants and default provisions that apply only to the Egypt entity, including restrictions on the incurrence of additional indebtedness and a requirement to fulfill certain conditions before the payment of cash or other distributions.

For additional information regarding long-term debt, refer to note 8 of our 2016 consolidated financial statements.

We cannot provide assurance that we will be able to access new financing in the future on commercially acceptable terms or at all, or that the financial institutions providing the credit facility will have the ability to honour future draws. Additionally, failure to comply with any of the covenants or default provisions of the long-term debt facilities described above could result in a default under the applicable credit agreement that would allow the lenders to not fund future loan requests, accelerate the due date of the principal and accrued interest on any outstanding loans or restrict the payment of cash or other distributions. Any of these factors could have a significant negative effect on our results of operations, our ability to pursue and complete strategic initiatives or on our financial condition.

Customer Credit Risk

Our customers are large global or regional petrochemical manufacturers or distributors and a number are highly leveraged. We monitor our customers' financial status closely; however, 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 from operations and financial condition. Credit losses have not been significant in the past.

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 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. Holding losses, if any, on the resale of purchased methanol 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 have an adverse effect on our results of operations and financial condition as our vessel fleet is subject to fixed time charter costs. In the event we have excess shipping capacity, we may be able to mitigate some of the excess costs by entering into sub-charters or third-party backhaul arrangements, although the success of this mitigation is dependent on conditions within the broader global shipping industry. If we suffer any disruptions in our distribution system and are unable to mitigate these costs, this could have an adverse effect on our results from operations and financial condition.

Insurance Risks

Although we maintain operational and construction insurance, including business interruption insurance, we cannot provide assurance that we will not incur losses beyond the limits of, or outside the coverage of, such insurance 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.

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 or relocation of existing facilities where sufficient natural gas and other feedstock is available with acceptable commercial terms, obtaining project or other financing on satisfactory terms, constructing and completing the projects within the contemplated budgets and 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 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 compliance orders, fines, injunctions, civil liability and criminal sanctions.

Laws and regulations protecting the environment have become more stringent in recent years and may, in certain circumstances, impose absolute liability rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. 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 significant 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 significant costs or liabilities in the future.

Management of Emissions

Our CO_2 emissions intensity, defined as the quantity of CO_2 released per unit of production, decreased by 34% between 1994 and 2016. This was a result of some of our older plants being removed from active service, newer, more energy efficient plants being added, and improved plant reliability and energy efficiency at our existing plants. Plant efficiency, and thus CO_2 emissions, is highly dependent on the design of the methanol plant, and accordingly the CO_2 emission figure may vary from year to year depending on the asset mix that is operating. Carbon dioxide emissions are also generated from our marine operations when fuel is consumed during the global transport of methanol. Between 2002 and 2016, we reduced our CO_2 emissions intensity (i.e. tonnes of CO_2 from fuel burned per tonne of product transported) from marine operations by nearly 19%. This was primarily a result of improving transport efficiency by arranging another suitable cargo (backhaul of cargo) on the return voyage after delivering methanol to its intended destination, and newer more energy efficient vessels being added to the fleet.

We manufacture methanol in New Zealand, Trinidad, the United States, Egypt, Canada and Chile. While each of these countries (except the United States) signed and ratified the Kyoto Protocol, Canada has since removed itself from that agreement. During the United Nations Climate Change Conference (21st meeting of the Conference of the Parties) in Paris in late 2015, 195 participating countries agreed by consensus to the Paris Agreement, the aim of which is to reduce GHG emissions. On November 4th, 2016, the Paris Agreement entered into force following ratification by at least 55 countries which together represent at least 55% of global GHG emissions. Parties to the Paris Agreement put forward their best GHG reduction efforts through “nationally determined contributions” (“NDCs”) and to strengthen these efforts in the years ahead. The Agreement will supersede the Kyoto Protocol once it comes into effect in 2020.

We are currently subject to GHG regulations in New Zealand, Canada and Chile, but our production in the United States, Trinidad and Egypt are not subject to such regulations.

New Zealand passed legislation to establish an Emissions Trading Scheme (“ETS”) that came into force in 2010. The ETS imposes a carbon price on producers of fossil fuels, including natural gas, which is passed on to Methanex, increasing the cost of gas that Methanex purchases in New Zealand. However, as a trade-exposed company, Methanex is entitled to a free allocation of emissions units to partially offset those increased costs.

In late 2015, the New Zealand government commenced a review of the ETS to consider changes including removal of, or reduction to, some or all of the current moderating features. In May 2016, as an immediate outcome of that review the government announced the phasing out by 2019 of the transitional measure which halved the number of emission units that liable participants are required to surrender to the government. Further measures are also being considered by the government for future implementation that might impact the price of carbon in New Zealand or industry entitlements to free allocations. The government has indicated that further policy decisions will be made in mid-2017.

We do not expect the changes that have been announced and those still being considered under the current ETS review will have a material impact on our New Zealand business. Nevertheless, we cannot provide assurance that unanticipated changes to the ETS will not have a material impact on our business beyond 2016.

Our Medicine Hat facility is located in the Canadian province of Alberta, which has an established GHG reduction regulation that applies to our plant. The regulation requires that facilities reduce emissions intensity annually relative to established emissions intensity baseline. In order to meet the reduction obligation, a facility can choose to make emissions reduction improvements or it can purchase one of the following: technology fund credits, carbon offset credits, or environmental performance credits.

In 2016, the emissions reduction target was 15% relative to baseline, and in 2017 will increase to 20%. To the extent Methanex cannot meet these emissions reduction targets we will incur additional cost to purchase offset credits. The cost of purchasing offset credits, based on the plant's 2016 emissions intensity and its established GHG baseline intensity, was not material in 2016.

In October 2016, the Canadian government announced that national carbon pricing must be in effect in provinces by 2018. The Company is monitoring this program closely. We cannot provide assurance that changes under this program will not have a material impact on our business in 2018 and beyond.

In 2015, Chile passed legislation introducing a carbon tax in 2017. A tax of $5/tonne of CO_2 emissions initially covers large boilers and electricity generators, but not other emissions sources from our plant such as the reformer. As a result, the cost impact to our business will be minimal. However, the cost could increase if the scope of the legislation changes.

We cannot provide assurance over ongoing compliance with existing legislation or that future 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 will not have an adverse effect on our results of operations and financial condition.

Reputational Risk

Damage to our reputation could result from the actual or perceived occurrence of any number of events, and could include any negative publicity (for example, with respect to our handling of environmental, health or safety matters), whether true or not. Although we believe that we conduct our operations in a prudent manner and that we take care in protecting our reputation, we do not ultimately have direct control over how we are perceived by others. Reputation loss may result in decreased investor confidence, an impediment to our overall ability to advance our projects or increased challenges in maintaining our social license to operate, which could have an adverse impact on our results of operations and financial condition.

Cyber Security

Our business processes rely on Information Technology ("IT") systems, including the production of methanol, internal and external communications, ordering and managing shipments of materials for our operations, coordinating transportation of our products and reporting our results. These processes are becoming more reliant on technology and more interconnected with external networks, which increases the risk of cyber security. We have a comprehensive program to protect our assets, detect an intrusion and respond in the event of a cyber security incident. We have been the subject of cyber attacks on our internal systems, but these incidents have not had a significant negative impact on our results of operations. Targeted attacks on our systems (or third parties that we rely on), failure of a key IT system or a breach in security measures designed to protect our IT systems could have an adverse impact on our results of operations, financial condition and reputation. Further, as cyber attacks continue to evolve, we may be required to commit additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerabilities to cyber attacks.

Legal Proceedings

The Board of Inland Revenue of Trinidad and Tobago has issued assessments against our 63.1% owned joint venture, Atlas, in respect of the 2005, 2006, 2007, 2008, 2009 and 2010 financial years. All subsequent tax years remain open to assessment. The assessments relate to the pricing arrangements of certain long-term fixed-price sales contracts from 2005 to 2019 related to methanol produced by Atlas. Atlas had partial relief from corporation income tax until 2014.

We have lodged objections to the assessments. Although there can be no assurance that these tax assessments will not have a material adverse impact, based on the merits of the cases and legal interpretation, we believe our position should be sustained.

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. Certain of our accounting policies, including depreciation and amortization, recoverability of asset carrying values and income taxes require us to make assumptions about the price and availability of natural gas feedstock. See additional discussion of the risk factors and risk management by region in the *Security of Natural Gas Supply and Price* section on page 27. See note 2 to our 2016 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. As at December 31, 2016, the net book value of our property, plant and equipment was $3.1 billion.

Capitalization

Property, plant and equipment are initially recorded at cost. The cost of purchased equipment includes expenditures that are directly attributable to the purchase price, delivery and installation. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to the location and condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on self-constructed assets that meet certain criteria. Routine repairs and maintenance costs are expensed as incurred.

As at December 31, 2016, we had accrued $31 million for site restoration costs relating to the decommissioning and reclamation of our methanol production sites. Inherent uncertainties exist in this estimate 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 current 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.

Depreciation and Amortization

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

The estimated useful lives of the Company's buildings, plant installations and machinery, excluding costs related to turnarounds, range from 10 to 25 years depending on the specific asset component and the production facility to which it is related. The Company determines the estimated useful lives of individual asset components based on the shorter of its physical life or economic life. The physical life of these assets is generally longer than the economic life. The economic life is primarily determined by the nature of the natural gas feedstock available to our various production facilities. Factors that influence the nature of natural gas feedstock availability include the terms of individual natural gas supply contracts, access to natural gas supply through open markets, regional factors influencing the exploration and development of natural gas and the expected price of securing natural gas supply. We review the factors related to each production facility on an annual basis to determine if changes are required to the estimated useful lives.

Recoverability of Asset Carrying Values

Property, Plant and Equipment

Long-lived assets are tested for recoverability whenever events or changes in circumstances, either internal or external, indicate that the carrying amount may not be recoverable ("triggering events"). Examples of such triggering events 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 change in management's intention or strategy for the asset, which includes a plan to dispose of or idle the asset; a significant adverse change in our long-term methanol price assumption or 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.

When a triggering event is identified, recoverability of long-lived assets is measured by comparing the carrying value of an asset or cash-generating unit to the estimated recoverable amount, which is the higher of its estimated fair value less costs to sell or its value in use. Value in use is determined by measuring the pre-tax cash flows expected to be generated from the cash-generating unit over its estimated useful life discounted by a pre-tax discount rate. An impairment writedown is recorded if the carrying value exceeds the estimated recoverable amount. An impairment writedown recognized in prior periods for an asset or cash-generating unit is reversed if there has been a subsequent recovery in the value of the asset or cash-generating unit due to changes in events and circumstances. For the purposes of recognition and measurement of an impairment writedown or reversal, we group our long-lived assets with other assets and liabilities to form a "cash-generating unit" 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 shared 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 from producing assets: (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, the ability for the industry to add further global methanol production capacity and earn an appropriate return on capital, 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 further asset impairment charges or by changes in depreciation and amortization rates related to property, plant and equipment.

The two methanol facilities at the Company's Chile site are considered as a single cash-generating unit ("Chile cash-generating unit"). The current carrying value of the Chile cash-generating unit is $110 million.

We recorded an impairment charge in the year ended December 31, 2012 to reduce the carrying value of our Chile assets to their estimated recoverable amount. We believe that there have been significant investments in the development of natural gas resources in Chile in 2015 and 2016 that provide positive indications of gas availability in the region in the medium term; however, there is still uncertainty of our ability to access sufficient natural gas supply to our two plants economically. We do not believe that there are significant changes in events or circumstances that would support the reversal of the impairment charge recorded in the year ended December 31, 2012.

Income Taxes

We calculate current and deferred tax provisions for each of the jurisdictions in which we operate. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant tax authorities. This occurs subsequent to the issuance of the financial statements and the final determination of actual amounts may not be completed for a number of years. Transactions may be challenged by tax authorities and the Company's operations may be assessed in subsequent periods, which could result in significant additional taxes, penalties and interest.

Deferred income tax assets and liabilities are determined using enacted or substantially enacted tax rates for the effects of net operating losses and temporary differences between the book and tax bases of assets and liabilities. We recognize deferred tax assets to the extent it is probable that taxable profit will be available against which the asset can be utilized. In making this determination, 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. Judgment is required in the application of income tax legislation. We are subject to assessments by various taxation authorities who may interpret tax legislation differently. These differences may affect the final amount or timing of the payment of taxes. We also consider historical profitability and volatility to assess whether we believe it is probable 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. As at December 31, 2016, we had recognized deferred tax assets of $137 million relating to non-capital loss carryforwards in the United States, $415 million of unrecognized deductible temporary differences in the United States and $153 million of unrecognized non-capital loss carryforwards in Egypt that expire between 2017 and 2021. If judgments or estimates in the determination of our current and deferred tax provision prove to be inaccurate, or if certain tax rates or laws change, our results from operations and financial position could be materially impacted.

Financial Instruments

The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values. Changes in fair value of derivative financial instruments are recorded in earnings unless the instruments are designated as cash flow hedges, in which case the changes in fair value are recorded in other comprehensive income and are reclassified to profit or loss when the underlying hedged transaction is recognized in earnings. The Company designates as cash flow hedges derivative financial instruments to hedge its risk exposure to fluctuations in natural gas prices and to hedge its risk exposure to fluctuations on certain foreign currency denominated transactions. Assessment of contracts as derivative instruments, applicability of the own use exemption, the valuation of financial instruments and derivatives and hedge effectiveness assessments require a high degree of judgment and are considered critical accounting estimates due to the complex nature of these products and the potential impact on our financial statements.

ANTICIPATED CHANGES TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers (“IFRS 15”) establishing a comprehensive framework for revenue recognition. The standard replaces IAS 18, Revenue and IAS 11, Construction Contracts and related interpretations and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is in the process of determining the impact of IFRS 15 on its consolidated financial statements.

In January 2016, the IASB issued IFRS 16, Leases (“IFRS 16”), which eliminates the current operating/finance lease dual accounting model for lessees and replaces it with a single, on-balance sheet accounting model, similar to the current finance lease accounting. The standard replaces IAS 17, Leases (“IAS 17”) and related interpretations and is effective for annual periods beginning on or after January 1, 2019, with early application permitted. The Company has started an assessment of the impact of IFRS 16 on its consolidated financial statements. At this stage, the recognition of all leases on balance sheet is expected to increase the assets and liabilities on the Consolidated Statement of Financial Position upon adoption. In addition, the nature and timing of certain expenses related to leases previously classified as operating and presented in cost of sales and operating expenses will now change and be presented in depreciation and amortization and finance costs. As a result, the Company expects that adoption of IFRS 16 will significantly impact the consolidated financial statements. The Company has not yet decided whether it will use the optional exemptions available under the standard. Refer to note 21, commitments and contingencies, for operating lease commitments as at December 31, 2016 disclosed under IAS 17.

The Company does not expect that any other new or amended standards or interpretations that are effective as of January 1, 2017 will have a significant impact on the Company’s results of operations or financial position.

SUPPLEMENTAL NON-GAAP MEASURES

In addition to providing measures prepared in accordance with International Financial Reporting Standards (“IFRS”), we present certain supplemental measures that are not defined terms under IFRS (non-GAAP measures). These are Adjusted EBITDA, Adjusted net income (loss), Adjusted net income (loss) per common share, Adjusted revenue, cash flow from operating activities before changes in non-cash working capital, and Operating income. These measures do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other companies. We believe these measures are useful in assessing the operating performance and liquidity of the Company’s ongoing business. We also believe Adjusted EBITDA is frequently used by securities analysts and investors when comparing our results with those of other companies.

These measures should be considered in addition to, and not as a substitute for, net income (loss), cash flows and other measures of financial performance and liquidity reported in accordance with IFRS.

Adjusted EBITDA (attributable to Methanex shareholders)

Adjusted EBITDA differs from the most comparable GAAP measure, net income (loss) attributable to Methanex shareholders, because it excludes finance costs, finance income and other expenses, income tax expense, depreciation and amortization, mark-to-market impact of share-based compensation, gain related to the termination of a terminal services agreement and the Argentina gas settlement. Adjusted EBITDA includes an amount representing our 63.1% share of the Atlas facility and excludes the non-controlling shareholders' interests in entities which we control but do not fully own.

Adjusted EBITDA and Adjusted net income (loss) exclude the mark-to-market impact of share-based compensation related to the impact of changes in our share price on SARs, TSARs, deferred share units, restricted share units and performance share units. The mark-to-market impact related to share-based compensation that is excluded from Adjusted EBITDA and Adjusted net income (loss) is calculated as the difference between the grant-date value and the fair value recorded at each period-end. As share-based awards will be settled in future periods, the ultimate value of the units is unknown at the date of grant and therefore the grant-date value recognized in Adjusted EBITDA and Adjusted net income (loss) may differ from the total settlement cost.

The following table shows a reconciliation from net income (loss) attributable to Methanex shareholders to Adjusted EBITDA:

($ Millions)	**2016**	2015
Net income (loss) attributable to Methanex shareholders	**$ (13)**	$ 201
Finance costs	**90**	70
Finance income and other expenses	**(4)**	6
Income tax expense (recovery)	**(9)**	11
Depreciation and amortization	**228**	195
Mark-to-market impact of share-based compensation	**22**	(43)
Argentina gas settlement	**(33)**	–
Gain related to the termination of a terminal services agreement	**–**	(65)
Earnings of associate adjustment[1]	**43**	56
Non-controlling interests adjustment[1]	**(37)**	(30)
Adjusted EBITDA (attributable to Methanex shareholders)	**$ 287**	$ 401

[1] These adjustments represent finance costs, finance income and other expenses, income tax expense, and depreciation and amortization associated with our 63.1% interest in the Atlas methanol facility and the non-controlling interests.

Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Common Share

Adjusted net income (loss) and Adjusted net income (loss) per common share are non-GAAP measures because they exclude the mark-to-market impact of share-based compensation and the impact of certain items associated with specific identified events, including the gain related to the termination of a terminal services agreement and the Argentina gas settlement. The following table shows a reconciliation from net income (loss) attributable to Methanex shareholders to Adjusted net income (loss) and the calculation of Adjusted diluted net income (loss) per common share:

($ Millions, except number of shares and per share amounts)	**2016**	2015
Net income (loss) attributable to Methanex shareholders	**$ (13)**	$ 201
Mark-to-market impact of share-based compensation, net of tax	**19**	(34)
Argentina gas settlement, net of tax	**(21)**	–
Gain related to the termination of a terminal services agreement, net of tax	**–**	(57)
Adjusted net income (loss)	**$ (15)**	$ 110
Diluted weighted average shares outstanding (millions)	**90**	91
Adjusted net income (loss) per common share	**$ (0.17)**	$ 1.20

Adjusted Revenue (attributable to Methanex shareholders)

Adjusted revenue differs from the most comparable GAAP measure, revenue, because it excludes thenon-controlling interests' share of revenue, but includes an amount representing our 63.1% share of Atlas revenue and revenue on volume marketed on a commission basis related to the 36.9% of the Atlas methanol facility and 50% of the Egypt methanol facility that we do not own. A reconciliation from revenue to Adjusted revenue is as follows:

($ Millions)	**2016**	2015
Revenue	**$ 1,998**	$ 2,226
Methanex share of Atlas revenue[1]	**190**	308
Non-controlling interests' share of revenue[1]	**(67)**	(27)
Other adjustments	**(3)**	(12)
Adjusted revenue (attributable to Methanex shareholders)	**$ 2,118**	$ 2,495

[1] Excludes intercompany transactions with the Company.

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 innon-cash working capital are reconciled to GAAP measures in our consolidated statements of income and consolidated statements of cash flows, respectively.

QUARTERLY FINANCIAL DATA (UNAUDITED)

	Three months ended			
($ Millions, except per share amounts)	Dec 31	Sep 30	Jun 30	Mar 31
2016				
Revenue	**$ 585**	**$ 510**	**$ 468**	**$ 435**
Adjusted EBITDA	**139**	**74**	**38**	**36**
Adjusted net income (loss)	**41**	**(1)**	**(31)**	**(24)**
Net income (loss) (attributable to Methanex shareholders)	**24**	**(11)**	**(3)**	**(23)**
Adjusted net income (loss) per common share	**0.46**	**(0.01)**	**(0.34)**	**(0.27)**
Basic net income (loss) per common share	**0.28**	**(0.12)**	**(0.03)**	**(0.26)**
Diluted net income (loss) per common share	**0.28**	**(0.12)**	**(0.08)**	**(0.26)**
2015				
Revenue	$ 484	$ 527	$ 638	$ 577
Adjusted EBITDA	80	95	129	97
Adjusted net income	15	23	51	21
Net income (attributable to Methanex shareholders)	10	78	104	9
Adjusted net income per common share	0.16	0.26	0.56	0.23
Basic net income per common share	0.10	0.87	1.15	0.09
Diluted net income per common share	0.10	0.54	1.15	0.09

A discussion and analysis of our results for the fourth quarter of 2016 is set out in our fourth quarter of 2016 Management's Discussion and Analysis filed with the Canadian Securities Administrators on SEDAR at www.sedar.com and the U.S. Securities and Exchange Commission on EDGAR at www.sec.gov and is incorporated herein by reference.

SELECTED ANNUAL INFORMATION

($ Millions, except per share amounts)	**2016**	2015	2014
Revenue	**$ 1,998**	$ 2,226	$ 3,223
Adjusted EBITDA	**287**	401	702
Adjusted net income (loss)	**(15)**	110	397
Net income (loss) (attributable to Methanex shareholders)	**(13)**	201	455
Adjusted net income (loss) per common share	**(0.17)**	1.20	4.12
Basic net income (loss) per common share	**(0.14)**	2.21	4.79
Diluted net income (loss) per common share	**(0.14)**	2.01	4.55
Cash dividends declared per common share	**1.100**	1.075	0.950
Total assets	**4,557**	4,556	4,775
Total long-term financial liabilities	**1,853**	1,720	1,669

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 of December 31, 2016, 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 that our disclosure controls and procedures are effective as of that date.

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, 2016, based on the framework set forth in Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under this framework, management concluded that our internal control over financial reporting was effective as of that date.

KPMG LLP, 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, 2016. The attestation report is included in our consolidated financial statements on page 44.

Changes in Internal Control over Financial Reporting

There have been no changes during the year ended December 31, 2016 to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

This 2016 Management's Discussion and Analysis ("MD&A") contains forward-looking statements with respect to us and our industry. These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. Statements that include the words "believes," "expects," "may," "will," "should," "potential," "estimates," "anticipates," "aim", "goal" 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 or restart of idled capacity and timing for start-up of the same,
- expected shutdowns (either temporary or permanent) or restarts of existing methanol supply (including our own facilities), including, without limitation, the timing and length of planned maintenance outages,
- expected methanol and energy prices,
- expected levels of methanol purchases from traders or other third parties,
- expected levels, timing and availability of economically priced natural gas supply to each of our plants,
- capital committed by third parties towards future natural gas exploration and development in the vicinity of our plants,
- our expected capital expenditures,
- anticipated operating rates of our plants,
- expected operating costs, including natural gas feedstock costs and logistics costs,
- expected tax rates or resolutions to tax disputes,
- expected cash flows, earnings capability and share price,
- availability of committed credit facilities and other financing,
- our ability to meet covenants or obtain or continue to obtain waivers associated with our long-term debt obligations, including, without limitation, the Egypt limited recourse debt facilities that have conditions associated with the payment of cash or other distributions and the finalization of certain land title registrations and related mortgages which require actions by Egyptian governmental entities,
- expected impact on our results of operations in Egypt or our financial condition as a consequence of civil unrest or actions taken or inaction by Egyptian governmental entities,
- our shareholder distribution strategy and anticipated distributions to shareholders,
- commercial viability and timing of, or our ability to execute, future projects, plant restarts, capacity expansions, plant relocations or other business initiatives or opportunities,
- our financial strength and ability to meet future financial commitments,
- expected global or regional economic activity (including industrial production levels),
- expected outcomes of litigation or other disputes, claims and assessments, and
- expected actions of governments, governmental agencies, gas suppliers, courts, tribunals or other third parties.

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:

- the supply of, demand for and price of methanol, methanol derivatives, natural gas, coal, oil and oil derivatives,
- our ability to procure natural gas feedstock on commercially acceptable terms,
- operating rates of our facilities,
- receipt or issuance of third-party consents or approvals, including, without limitation, governmental registrations of land title and related mortgages in Egypt and governmental approvals related to rights to purchase natural gas,
- the establishment of new fuel standards,
- operating costs, including natural gas feedstock and logistics costs, capital costs, tax rates, cash flows, foreign exchange rates and interest rates,
- the availability of committed credit facilities and other financing,
- global and regional economic activity (including industrial production levels),

- absence of a material negative impact from major natural disasters,
- absence of a material negative impact from changes in laws or regulations,
- absence of a material negative impact from political instability in the countries in which we operate, and
- enforcement of contractual arrangements and ability to perform contractual obligations by customers, natural gas and other 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 for methanol and its derivatives, including demand for methanol for energy uses,
- the price of natural gas, coal, oil and oil derivatives,
- our ability to obtain natural gas feedstock on commercially acceptable terms to underpin current operations and future production growth opportunities,
- the ability to carry out corporate initiatives and strategies,
- actions of competitors, suppliers and financial institutions,
- conditions within the natural gas delivery systems that may prevent delivery of our natural gas supply requirements,
- competing demand for natural gas, especially with respect to domestic needs for gas and electricity in Chile and Egypt,
- actions of governments and governmental authorities, including, without limitation, implementation of policies or other measures that could impact the supply of or demand for methanol or its derivatives,
- 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 or existing contractual arrangements,
- worldwide economic conditions, and
- other risks described in this 2016 MD&A.

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

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 International Financial Reporting Standards 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 (2013) 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, 2016.

The Board of Directors ("the Board") 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 four 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.

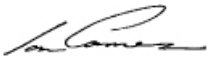
The Committee meets regularly with management and the Company's auditors, KPMG LLP, Chartered Professional Accountants, to discuss internal controls and significant accounting and financial reporting issues. KPMG has full and unrestricted access to the Committee. KPMG audited the consolidated financial statements and the effectiveness of internal controls over financial reporting. Their opinions are included in the annual report.



A. Terence Poole
Chairman of the Audit,
Finance and Risk Committee
March 6, 2017



John Floren
President and Chief Executive Officer



Ian Cameron
Senior Vice President, Finance and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Methanex Corporation:

We have audited the accompanying consolidated statements of financial position of Methanex Corporation as of December 31, 2016 and December 31, 2015 and the related consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of Methanex Corporation's management. Our responsibility is to express an opinion on these consolidated 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 the audit to obtain reasonable assurance about 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Methanex Corporation as of December 31, 2016 and December 31, 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Methanex Corporation's internal control over financial reporting as of December 31, 2016, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 6, 2017 expressed an unqualified opinion on the effectiveness of Methanex Corporation's internal control over financial reporting.

KPMG LLP

Chartered Professional Accountants
Vancouver, Canada
March 6, 2017

Report of Independent Registered Public Accounting Firm

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, 2016, based on criteria established in *Internal Control – Integrated Framework* (2013) 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 accompanying "Management's Annual Report on Internal Control over Financial Reporting". 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, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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 statements of financial position of the Company as of December 31, 2016 and 2015, and the related consolidated statements of income (loss), comprehensive income (loss), changes in equity, and cash flows for each of the years then ended and our report dated March 6, 2017 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Chartered Professional Accountants
Vancouver, Canada
March 6, 2017

Consolidated Statements of Financial Position

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

As at	Dec 31 2016	Dec 31 2015
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 223,890**	$ 254,934
Trade and other receivables (note 3)	**499,603**	504,350
Inventories (note 4)	**281,328**	253,234
Prepaid expenses	**20,846**	19,560
	1,025,667	1,032,078
Non-current assets:		
Property, plant and equipment (note 5)	**3,117,469**	3,158,782
Investment in associate (note 6)	**197,402**	224,165
Deferred income tax assets (note 15)	**137,341**	61,881
Other assets (note 7)	**78,784**	79,018
	3,530,996	3,523,846
	$ 4,556,663	$ 4,555,924
LIABILITIES AND EQUITY		
Current liabilities:		
Trade, other payables and accrued liabilities	**$ 523,216**	$ 508,639
Current maturities on long-term debt (note 8)	**53,997**	47,864
Current maturities on other long-term liabilities (note 9)	**29,720**	25,439
	606,933	581,942
Non-current liabilities:		
Long-term debt (note 8)	**1,502,209**	1,488,026
Other long-term liabilities (note 9)	**351,191**	231,745
Deferred income tax liabilities (note 15)	**290,980**	285,638
	2,144,380	2,005,409
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, 2016 were 89,824,338 (2015 – 89,671,198)	**511,465**	509,464
Contributed surplus	**2,568**	2,426
Retained earnings	**1,124,104**	1,235,615
Accumulated other comprehensive loss	**(41,302)**	(27,776)
Shareholders' equity	**1,596,835**	1,719,729
Non-controlling interests	**208,515**	248,844
Total equity	**1,805,350**	1,968,573
	$ 4,556,663	$ 4,555,924

Commitments and contingencies (notes 6 and 21)

See accompanying notes to consolidated financial statements.

Approved by the Board:



A. Terence Poole (Director)



John Floren (Director)

Consolidated Statements of Income (Loss)

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

For the years ended December 31	2016	2015
Revenue	$ 1,998,429	$ 2,225,602
Cost of sales and operating expenses (note 10)	(1,774,429)	(1,857,899)
Depreciation and amortization (note 10)	(228,054)	(194,849)
Gain on termination of terminal services agreement	–	65,000
Argentina gas settlement	32,500	–
Operating income	28,446	237,854
Earnings of associate (note 6)	19,930	51,842
Finance costs (note 11)	(90,060)	(69,859)
Finance income and other expenses	4,180	(6,487)
Income (loss) before income taxes	(37,504)	213,350
Income tax recovery (expense) (note 15):		
Current	(54,677)	(5,487)
Deferred	63,956	(5,510)
	9,279	(10,997)
Net income (loss)	$ (28,225)	$ 202,353
Attributable to:		
Methanex Corporation shareholders	$ (12,545)	$ 200,617
Non-controlling interests	(15,680)	1,736
	$ (28,225)	$ 202,353
Income per share for the period attributable to Methanex Corporation shareholders:		
Basic net income (loss) per common share (note 12)	$ (0.14)	$ 2.21
Diluted net income (loss) per common share (note 12)	$ (0.14)	$ 2.01
Weighted average number of common shares outstanding	89,783,883	90,647,860
Diluted weighted average number of common shares outstanding	89,783,883	91,345,723

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)

(thousands of U.S. dollars)

For the years ended December 31	2016	2015
Net income (loss)	**$ (28,225)**	$ 202,353
Other comprehensive income (loss):		
Items that may be reclassified to income:		
Change in fair value of cash flow hedges (note 18)	**153,863**	(39,731)
Forward elements excluded from hedging relationship (note 18)	**(174,078)**	(2,826)
Change in fair value of interest rate swap contracts	**–**	(12)
Realized loss on interest rate swap contracts reclassified to finance costs	**–**	3,205
Items that will not be reclassified to income:		
Actuarial losses on defined benefit pension plans (note 20(a))	**(77)**	(1,371)
Taxes on above items	**6,597**	13,427
	(13,695)	(27,308)
Comprehensive income (loss)	**$ (41,920)**	$ 175,045
Attributable to:		
Methanex Corporation shareholders	**$ (26,240)**	$ 172,191
Non-controlling interests	**(15,680)**	2,854
	$ (41,920)	$ 175,045

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

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

	Number of common shares	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Shareholders' equity	Non-controlling interests	Total equity
Balance, December 31, 2014	92,326,487	$ 521,022	$ 2,803	$ 1,262,961	$ (413)	$ 1,786,373	$ 266,844	$ 2,053,217
Net income	–	–	–	200,617	–	200,617	1,736	202,353
Other comprehensive income (loss)	–	–	–	(1,063)	(27,363)	(28,426)	1,118	(27,308)
Compensation expense recorded for stock options	–	–	742	–	–	742	–	742
Issue of shares on exercise of stock options	290,802	3,927	–	–	–	3,927	–	3,927
Reclassification of grant-date fair value on exercise of stock options	–	1,119	(1,119)	–	–	–	–	–
Payments for shares repurchased	(2,946,091)	(16,604)	–	(129,679)	–	(146,283)	–	(146,283)
Dividend payments to Methanex Corporation shareholders ($1.08 per common share)	–	–	–	(97,221)	–	(97,221)	–	(97,221)
Distributions made and accrued to non-controlling interests	–	–	–	–	–	–	(22,554)	(22,554)
Equity contributions by non-controlling interests	–	–	–	–	–	–	1,700	1,700
Balance, December 31, 2015	89,671,198	$ 509,464	$ 2,426	$ 1,235,615	$ (27,776)	$ 1,719,729	$ 248,844	$ 1,968,573
Net loss	–	–	–	**(12,545)**	–	**(12,545)**	**(15,680)**	**(28,225)**
Other comprehensive loss	–	–	–	**(169)**	**(13,526)**	**(13,695)**	–	**(13,695)**
Compensation expense recorded for stock options	–	–	**637**	–	–	**637**	–	**637**
Issue of shares on exercise of stock options	**153,140**	**1,506**	–	–	–	**1,506**	–	**1,506**
Reclassification of grant-date fair value on exercise of stock options	–	**495**	**(495)**	–	–	–	–	–
Dividend payments to Methanex Corporation shareholders ($1.10 per common share)	–	–	–	**(98,797)**	–	**(98,797)**	–	**(98,797)**
Distributions made and accrued to non-controlling interests	–	–	–	–	–	–	**(24,674)**	**(24,674)**
Equity contributions by non-controlling interests	–	–	–	–	–	–	**25**	**25**
Balance, December 31, 2016	**89,824,338**	**$ 511,465**	**$ 2,568**	**$ 1,124,104**	**$ (41,302)**	**$ 1,596,835**	**$ 208,515**	**$ 1,805,350**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(thousands of U.S. dollars)

For the years ended December 31	2016	2015
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Net income (loss)	**$ (28,225)**	$ 202,353
Deduct earnings of associate	**(19,930)**	(51,842)
Dividends received from associate	**47,325**	75,720
Add (deduct) non-cash items:		
Depreciation and amortization	**228,054**	194,849
Income tax expense (recovery)	**(9,279)**	10,997
Share-based compensation expense (recovery)	**33,493**	(21,989)
Finance costs	**90,060**	69,859
Other	**1,559**	382
Income taxes paid	**(5,241)**	(47,234)
Other cash payments, including share-based compensation	**(23,505)**	(19,018)
Cash flows from operating activities before undernoted	**314,311**	414,077
Changes in non-cash working capital (note 16)	**(64,381)**	(117,126)
	249,930	296,951
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Payments for repurchase of shares	**–**	(146,283)
Dividend payments to Methanex Corporation shareholders	**(98,797)**	(97,221)
Interest paid	**(82,965)**	(82,275)
Net proceeds on issue of long-term debt	**65,700**	4,500
Repayment of long-term debt	**(48,417)**	(193,996)
Equity contributions by non-controlling interests	**25**	1,700
Cash distributions to non-controlling interests	**(1,410)**	(2,570)
Proceeds on issue of shares on exercise of stock options	**1,506**	3,927
Loan to associate	**–**	(31,176)
Finance leases	**(5,144)**	(3,984)
Changes in non-cash working capital related to financing activities (note 16)	**(23,263)**	(19,984)
	(192,765)	(567,362)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Property, plant and equipment	**(99,881)**	(96,909)
Geismar plants under construction	**–**	(328,112)
Termination of terminal services agreement	**–**	65,000
Other assets	**(66)**	802
Changes in non-cash working capital related to investing activities (note 16)	**11,738**	(67,036)
	(88,209)	(426,255)
Decrease in cash and cash equivalents	**(31,044)**	(696,666)
Cash and cash equivalents, beginning of year	**254,934**	951,600
Cash and cash equivalents, end of year	**$ 223,890**	$ 254,934

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(Tabular dollar amounts are shown in thousands of U.S. dollars, except where noted)
Year ended December 31, 2016

1. Nature of operations:

Methanex Corporation ("the Company") is an incorporated entity with corporate offices in Vancouver, Canada. The Company's operations consist of the production and sale of methanol, a commodity chemical. The Company is the world's largest producer and supplier of methanol to the major international markets of Asia Pacific, North America, Europe and South America.

2. Significant accounting policies:

a) Statement of compliance:
These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 6, 2017.

b) Basis of presentation and consolidation:
These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, less than wholly-owned entities for which it has a controlling interest and its equity-accounted joint venture. Wholly-owned subsidiaries are entities in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. For less than wholly-owned entities for which the Company has a controlling interest, a non-controlling interest is included in the Company's consolidated financial statements and represents the non-controlling shareholders' interest in the net assets of the entity. The Company also consolidates any special purpose entity where the substance of the relationship indicates the Company has control. All significant intercompany transactions and balances have been eliminated. Preparation of these consolidated financial statements requires estimates, judgments and assumptions that affect the amounts reported and disclosed in the financial statements and related notes. The areas of estimation and judgment that management considers most significant are property, plant and equipment (note 2(g)), financial instruments (note 2(o)), fair value measurements (note 2(p)) and income taxes (note 2(q)). Actual results could differ from those estimates.

c) Reporting currency and foreign currency translation:
Functional currency is the currency of the primary economic environment in which an entity operates. The majority of the Company's business in all jurisdictions is transacted in United States 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 period-end exchange rates, foreign currency denominated non-monetary items at historic rates and revenues and expenditures at the exchange rates at the dates of the transactions. Foreign exchange gains and losses are included in earnings.

d) Cash and cash equivalents:
Cash and cash equivalents include securities with maturities of three months or less when purchased.

e) 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.

f) Inventories:
Inventories are valued at the lower of cost and estimated net realizable value. Cost is determined on a first-in, first-out basis and includes direct purchase costs, cost of production, allocation of production overhead and depreciation based on normal operating capacity and transportation.

g) Property, plant and equipment:

Initial recognition
Property, plant and equipment are initially recorded at cost. The cost of purchased equipment includes expenditures that are directly attributable to the purchase price, delivery and installation. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to the location and condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on self-constructed assets that meet certain criteria. Borrowing costs, including the impact of related cash flow hedges, incurred during construction and commissioning are capitalized until the plant is operating in the manner intended by management.

Subsequent costs
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 replacement of catalysts. Costs associated with these shutdowns are capitalized and amortized over the period until the next planned turnaround and the carrying amounts of replaced components are derecognized and included in earnings.

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

The estimated useful lives of the Company's buildings, plant installations and machinery, excluding costs related to turnarounds, ranges from 10 to 25 years depending on the specific asset component and the production facility to which it is related. The Company determines the estimated useful lives of individual asset components based on the shorter of its physical life or economic life. The physical life of these assets is generally longer than the economic life. The economic life is primarily determined by the nature of the natural gas feedstock available to the various production facilities. Factors that influence the nature of natural gas feedstock availability include the terms of individual natural gas supply contracts, access to natural gas supply through open markets, regional factors influencing the exploration and development of natural gas and the expected price of securing natural gas supply. The Company reviews the factors related to each production facility on an annual basis to determine if changes are required to the estimated useful lives.

Assets under finance lease are depreciated to their estimated residual value based on the shorter of their useful lives and the lease term.

Impairment
The Company reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate an asset's carrying value may not be recoverable. Examples of such events or changes in circumstances 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 long-term methanol price or 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.

Recoverability of long-lived assets is measured by comparing the carrying value of an asset or cash-generating unit to the estimated recoverable amount, which is the higher of its estimated fair value less cost to sell or its value in use. Value in use is determined by estimating the pre-tax cash flows expected to be generated from the asset or cash-generating unit over its estimated useful life discounted by a pre-tax discount rate. An impairment writedown is recorded for the difference that the carrying value exceeds the estimated recoverable amount. An impairment writedown recognized in prior periods for an asset or cash-generating unit is reversed if there has been a subsequent recovery in the value of the asset or cash-generating unit due to changes in events and circumstances. For purposes of recognition and measurement of an impairment writedown, the Company groups long-lived assets with other assets and liabilities to form a "cash-generating unit" 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 methanol facilities in a particular location are interdependent as a result of common infrastructure and/or feedstock from sources that can be shared within a facility location, the Company groups assets based on site locations for the purpose of determining impairment.

h) Other assets:
Intangible assets 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 finance costs over the term of the credit facility.

i) Leases:
Leasing contracts are classified as either finance or operating leases based on the substance of the contractual arrangement at inception date. A lease is classified as a finance lease if it transfers substantially all of the risks and rewards of ownership of the leased asset. Where the contracts are classified as finance leases, upon initial recognition, the asset and liability are recorded at the lower of fair value and the present value of the minimum lease payments, net of executory costs. Finance lease payments are apportioned between interest expense and repayments of the liability. Where the contracts are classified as operating leases, they are not recognized in the Company's consolidated statements of financial position and lease payments are charged to income as they are incurred on a straight line basis over the lease term.

j) Site restoration costs:
The Company recognizes a liability to dismantle and remove assets or to restore a site upon which the assets are located. The Company estimates the present value of the expenditures required to settle the liability by determining the current market cost required to settle the site restoration costs, adjusts for inflation through to the expected date of the expenditures and then 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 finance costs. The Company reviews asset retirement obligations and adjusts the liability and corresponding asset as necessary to reflect changes in the estimated future cash flows, timing, inflation and discount rates underlying the measurement of the obligation.

k) Employee future benefits:
The Company has non-contributory defined benefit pension plans covering certain employees and defined contribution pension plans. The Company does not provide any significant post-retirement benefits other than pension plan benefits. For defined benefit pension plans, the net of the present value of the defined benefit obligation and the fair value of plan assets is recorded to the consolidated statements of financial position. The determination of the defined benefit obligation and associated pension cost is based on certain actuarial assumptions including inflation rates, mortality, plan expenses, salary growth and discount rates. The present value of the net defined benefit obligation (asset) is determined by discounting the net estimated future cash flows using current market bond yields that have terms to maturity approximating the terms of the net obligation. Actuarial gains and losses arising from differences between these assumptions and actual results are recognized in other comprehensive income and recorded in retained earnings. The Company recognizes gains and losses on the settlement of a defined benefit plan in income when the settlement occurs. The cost for defined contribution benefit plans is recognized in net income (loss) as earned by the employees.

l) Share-based compensation:
The Company grants share-based awards as an element of compensation. Share-based awards granted by the Company can include stock options, tandem share appreciation rights, share appreciation rights, deferred share units, restricted share units or performance share units.

For stock options granted by the Company, the cost of the service received 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 vesting 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 tranche at the date of grant.

Share appreciation rights ("SARs") are units that grant the holder the right to receive a cash payment upon exercise for the difference between the market price of the Company's common shares and the exercise price that is determined at the date of grant. Tandem share appreciation rights ("TSARs") give the holder the choice between exercising a regular stock option or a SAR. For

SARs and TSARs, the cost of the service received is initially 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 vesting period with a corresponding increase in liabilities. For SARs and TSARs, the liability is re-measured at each reporting date based on an estimate of the fair value with changes in fair value recognized as compensation expense for the proportion of the service that has been rendered at that date. The Company uses the Black-Scholes option pricing model to estimate the fair value for SARs and TSARs.

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 for grants prior to 2014 and in the range of 25% to 150% for subsequent grants based on the weighted-average closing share price for the 90 calendar days on the NASDAQ Global Select Market immediately preceding the year end date that the performance share units vest. For deferred, restricted and performance share units, the cost of the service received as consideration is initially measured based on the market value of the Company's common shares at the date of grant. The grant-date fair value is recognized as compensation expense over the vesting period with a corresponding increase in liabilities. Deferred, restricted and performance share units are re-measured at each reporting date based on the market value of the Company's common shares with changes in fair value recognized as compensation expense for the proportion of the service that has been rendered at that date.

Additional information related to the stock option plan, TSARs, SARs and the deferred, restricted and performance share units is described in note 13.

m) Net income (loss) per common share:

The Company calculates basic net income (loss) per common share by dividing net income (loss) attributable to Methanex shareholders by the weighted average number of common shares outstanding and calculates diluted net income (loss) per common share under the treasury stock method. Under the treasury stock method, diluted net income (loss) per common share is calculated by considering the potential dilution that would occur if outstanding stock options and, under certain circumstances, TSARs were exercised or converted to common shares. Stock options and TSARs are considered dilutive when the average market price of the Company's common shares during the period disclosed exceeds the exercise price of the stock option or TSAR.

Outstanding TSARs may be settled in cash or common shares at the holder's option. For the purposes of calculating diluted net income (loss) per common share, the more dilutive of the cash-settled or equity-settled method is used, regardless of how the plan is accounted for. Accordingly, TSARs that are accounted for using the cash-settled method will require adjustments to the numerator and denominator if the equity-settled method is determined to have a dilutive effect on diluted net income (loss) per common share.

The calculation of basic net income (loss) per common share and a reconciliation to diluted net income (loss) per common share is presented in note 12.

n) Revenue recognition:

Revenue is recognized based on individual contract terms when the 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 risk of loss during shipment. For methanol sold 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.

o) Financial instruments:

All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument. Financial instruments are classified into one of three categories and, depending on the category, will either be measured at amortized cost or fair value with fair value changes either recorded through profit or loss or other comprehensive income. All non-derivative financial instruments held by the Company are classified and measured at amortized cost.

The Company enters into derivative financial instruments to manage certain exposures to commodity price and foreign exchange volatility. Under these standards, derivative financial instruments, including embedded derivatives, are classified as fair value through profit or loss and are recorded in the consolidated statements of financial position at fair value unless they are in accordance with the Company's normal purchase, sale or usage requirements. The valuation of derivative financial instruments is a critical accounting estimate due to the complex nature of these instruments, the degree of judgment required to appropriately value these instruments and the potential impact of such valuation on the Company's financial statements. The Company records all changes in fair value of derivative financial instruments in profit or loss unless the instruments are designated as cash flow hedges. The Company enters into and designates as cash flow hedges certain forward contracts to hedge its highly probable forecast natural gas purchases and certain forward exchange purchase and sales contracts to hedge foreign exchange exposure on anticipated purchases or sales. 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 profit or loss. Until settled, the fair value of the derivative financial instruments will fluctuate based on changes in commodity prices, foreign currency exchange rates or variable interest rates.

p) Fair value measurements:
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements within the scope of IFRS 13 are categorized into Level 1, 2 or 3 based on the degree to which the inputs are observable and the significance of the inputs to the fair value measurement in its entirety. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Financial instruments measured at fair value and categorized within the fair value hierarchy are disclosed in note 18.

q) Income taxes:
Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the period calculated using tax rates that have been enacted or substantively enacted by the reporting date. Income taxes relating to uncertain tax positions are provided for based on the Company's best estimate, including related interest and penalty charges. Deferred income taxes are accounted for using the liability method. The 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. Deferred 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 are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the period of substantive enactment. Deferred tax assets, such as non-capital loss carryforwards, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized.

The Company accrues for taxes that will be incurred upon distributions from its subsidiaries when it is probable that the earnings will be repatriated.

r) Provisions:
Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

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

t) Anticipated changes to International Financial Reporting Standards:
In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15") establishing a comprehensive framework for revenue recognition. The standard replaces IAS 18, Revenue and IAS 11, Construction Contracts and related interpretations and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is in the process of determining the impact of IFRS 15 on its consolidated financial statements.

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), which eliminates the current operating/finance lease dual accounting model for lessees and replaces it with a single, on-balance sheet accounting model, similar to the current finance lease accounting. The standard replaces IAS 17, Leases ("IAS 17") and related interpretations and is effective for annual periods beginning on or after January 1, 2019, with early application permitted. The Company has started an assessment of the impact of IFRS 16 on its consolidated financial statements. At this stage, the recognition of all leases on balance sheet is expected to increase the assets and liabilities on the Consolidated Statement of Financial Position upon adoption. In addition, the nature and timing of certain expenses related to leases previously classified as operating and presented in cost of sales and operating expenses will now change and be presented in depreciation and amortization and finance costs. As a result, the Company expects that adoption of IFRS 16 will significantly impact the consolidated financial statements. The Company has not yet decided whether it will use the optional exemptions available under the standard. Refer to note 21, commitments and contingencies, for operating lease commitments as at December 31, 2016 disclosed under IAS 17.

The Company does not expect that any other new or amended standards or interpretations that are effective as of January 1, 2017 will have a significant impact on the Company's results of operations or financial position.

3. Trade and other receivables:

As at	Dec 31 2016	Dec 31 2015
Trade	$ 335,606	$ 263,156
Value-added and other tax receivables	63,738	78,893
Egypt gas contract recoveries [a]	41,578	88,000
Termination of terminal services agreement receivable	–	35,000
Other	58,681	39,301
	$ 499,603	$ 504,350

a) Egypt gas contract recoveries:
The natural gas supply agreement in Egypt has a mechanism whereby we are partially compensated when gas delivery shortfalls exceed a certain threshold. The receivable is secured by a combination of funds held in escrow and a bank guarantee. During the year ended December 31, 2016 the balance decreased due to the offsetting of a liability related to deferred natural gas payments which was recorded in trade, other payables and accrued liabilities as at December 31, 2015.

4. Inventories:
Inventories are valued at the lower of cost, determined on afirst-in first-out basis, and estimated net realizable value. The amount of inventories recognized as an expense in cost of sales and operating expenses and depreciation and amortization for the year ended December 31, 2016 is $1,704 million (2015 – $1,830 million).

5. Property, plant and equipment:

	Buildings, plant installations and machinery	Plants under construction	Finance leases	Other	TOTAL
Cost at January 1, 2016	$ 4,521,835	$ –	$ 121,849	$ 204,483	$ 4,848,167
Additions	35,644	–	87,800	74,303	197,747
Disposals and other	(7,663)	–	(3,389)	(5,908)	(16,960)
Cost at December 31, 2016	4,549,816	–	206,260	272,878	5,028,954
Accumulated depreciation at January 1, 2016	1,545,834	–	6,853	136,698	1,689,385
Disposals and other	(945)	–	–	(5,908)	(6,853)
Depreciation	207,651	–	11,704	9,598	228,953
Accumulated depreciation at December 31, 2016	1,752,540	–	18,557	140,388	1,911,485
Net book value at December 31, 2016	$ 2,797,276	$ –	$ 187,703	$ 132,490	$ 3,117,469

	Buildings, plant installations and machinery	Plants under construction	Finance leases	Other	TOTAL
Cost at January 1, 2015	$ 3,097,200	$ 996,015	$ 32,230	$ 194,430	$ 4,319,875
Additions	93,123	349,218	121,849	10,931	575,121
Disposals and other	(13,721)	–	(32,230)	(878)	(46,829)
Transfers	1,345,233	(1,345,233)	–	–	–
Cost at December 31, 2015	4,521,835	–	121,849	204,483	4,848,167
Accumulated depreciation at January 1, 2015	1,384,100	–	30,488	127,209	1,541,797
Disposals and other	(13,994)	–	(32,230)	–	(46,224)
Depreciation	175,728	–	8,595	9,489	193,812
Accumulated depreciation at December 31, 2015	1,545,834	–	6,853	136,698	1,689,385
Net book value at December 31, 2015	$ 2,976,001	$ –	$ 114,996	$ 67,785	$ 3,158,782

Included in finance leases as at December 31, 2016 are capitalized costs related to a methanol terminal and storage tanks in Geismar, Louisiana, an oxygen production facility in Trinidad, and two ocean going vessels which the Company took delivery of in 2016 (note 9).

Included in the 'Other' category of property, plant and equipment as at December 31, 2016 are ocean going vessels, two of which the Company took delivery of in 2016, owned through less than wholly-owned entities under the Company's control with a net book value of $114.2 million (2015 – $50.4 million).

6. Interest in Atlas joint venture:

a) The Company has a 63.1% equity interest in Atlas Methanol Company Unlimited ("Atlas"). Atlas owns a 1.8 million tonne per year methanol production facility in Trinidad. The Company accounts for its interest in Atlas using the equity method. Summarized financial information of Atlas (100% basis) is as follows:

Consolidated statements of financial position as at	**Dec 31 2016**	Dec 31 2015
Cash and cash equivalents	**$ 15,530**	$ 57,620
Other current assets[1]	**45,219**	45,854
Non-current assets	**324,297**	332,072
Current liabilities[1]	**(24,783)**	(30,440)
Other long-term liabilities, including current maturities	**(168,253)**	(169,681)
Net assets at 100%	**192,010**	235,425
Net assets at 63.1%	**121,158**	148,553
Long-term receivable from Atlas[1]	**76,244**	75,612
Investment in associate	**$ 197,402**	$ 224,165

Consolidated statements of income for the years ended December 31	**2016**	2015
Revenue[1]	**$ 213,533**	$ 373,034
Cost of sales and depreciation and amortization	**(145,126)**	(233,790)
Operating income	**68,407**	139,244
Finance costs, finance income and other expenses	**(12,771)**	(9,378)
Income tax expense	**(24,052)**	(47,707)
Net earnings at 100%	**31,584**	82,159
Earnings of associate at 63.1%	**19,930**	51,842
Dividends received from associate	**$ 47,325**	$ 75,720

1 Includes related party transactions between Atlas and the Company (see note 22).

b) Contingent liability:

The Board of Inland Revenue of Trinidad and Tobago has issued assessments against Atlas in respect of the 2005 to 2010 financial years. All subsequent tax years remain open to assessment. The assessments relate to the pricing arrangements of certain long-term fixed price sales contracts from 2005 to 2019 related to methanol produced by Atlas. Atlas had partial relief from corporation income tax until late July 2014.

The Company has lodged objections to the assessments. Based on the merits of the cases and legal interpretation, management believes its position should be sustained.

7. Other assets:

As at	Dec 31 2016	Dec 31 2015
Restricted cash	**$ 35,386**	$ 33,253
Chile VAT receivable	**23,406**	21,958
Investment in Carbon Recycling International	**4,502**	4,502
Defined benefit pension plans (note 20)	**5,862**	4,392
Other	**9,628**	14,913
	$ 78,784	$ 79,018

8. Long-term debt:

As at	Dec 31 2016	Dec 31 2015
Unsecured notes		
(i) 3.25% due December 15, 2019	**$ 347,126**	$ 346,289
(ii) 5.25% due March 1, 2022	**247,685**	247,360
(iii) 4.25% due December 1, 2024	**296,529**	296,219
(iv) 5.65% due December 1, 2044	**295,084**	295,031
	1,186,424	1,184,899
Egypt limited recourse debt facilities	**288,515**	330,003
Other limited recourse debt facilities	**81,267**	20,988
Total long-term debt[1]	**1,556,206**	1,535,890
Less current maturities	**(53,997)**	(47,864)
	$ 1,502,209	$ 1,488,026

[1] Total debt is presented net of discounts and deferred financing fees of $17.8 million as at December 31, 2016 (2015 – $20.9 million).

The Egypt limited recourse debt facilities have interest payable semi-annually with rates based on LIBOR plus a spread ranging from 0.9% to 1.6% per annum. Principal is paid in 24 semi-annual payments, which commenced in September 2010.

Other limited recourse debt facilities relate to financing for certain of our ocean going vessels which we own through less than wholly-owned entities under the Company's control. Other limited recourse debt facilities have remaining terms of three to five years with principal and interest payable quarterly with rates based on LIBOR plus a spread ranging from 0.75% to 2.5% per annum. During the year ended December 31, 2016 the Company drew down $65.7 million on these facilities.

For the year ended December 31, 2016,non-cash accretion, on an effective interest basis, of deferred financing costs included in finance costs was $3.0 million (2015 – $3.2 million).

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

	Limited recourse debt facilities	Unsecured notes	Total
2017	$ 53,997	$ –	$ 53,997
2018	57,072	–	57,072
2019	60,100	350,000	410,100
2020	62,115	–	62,115
2021	109,462	–	109,462
Thereafter	31,280	850,000	881,280
	$ 374,026	$ 1,200,000	$ 1,574,026

The covenants governing the Company's unsecured notes, which are specified in an indenture, apply to the Company and its subsidiaries, excluding entities which we control but do not fully own, and include restrictions on liens, sale and lease-back transactions, a merger or consolidation with another corporation or sale of all or substantially all of the Company's assets. The indenture also contains customary default provisions.

The Company maintains a $300 million committed revolving credit facility with a syndicate of highly rated financial institutions that expires in December 2019. During the year ended December 31, 2016, the Company amended the credit facility to allow for relief, if required, of the interest coverage ratio covenant through the end of 2017. Significant covenants and default provisions under this facility include:

a) the obligation to maintain an EBITDA to interest coverage ratio of greater than 2:1 calculated on a four-quarter trailing basis and a debt to capitalization ratio of less than or equal to 55%, both ratios calculated in accordance with definitions in the credit agreement that include adjustments related to the limited recourse subsidiaries,

b) a default if payment is accelerated by a creditor on any indebtedness of $50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries, and

c) a default if a default occurs that permits a creditor to demand repayment on any other indebtedness of $50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries.

The limited recourse debt facilities are described as limited recourse as they are secured only by the assets of the entity that carries the debt. Accordingly, the lenders to the limited recourse debt facilities have no recourse to the Company or its other subsidiaries.

The Egypt limited recourse debt facilities have covenants and default provisions that apply only to the Egypt entity, including restrictions on the incurrence of additional indebtedness and a requirement to fulfill certain conditions before the payment of cash or other shareholder distributions. Certain conditions have not been met, resulting in a restriction on shareholder distributions from the Egypt entity. As of December 31, 2016, the Egypt cash balance on a 100% ownership basis was $46 million. The Egypt entity continues to be able to fully utilize its funds for operating, capital and financing needs, including the repayment of the Egypt limited recourse debt facilities.

Failure to comply with any of the covenants or default provisions of the long-term debt facilities described above could result in a default under the applicable credit agreement that would allow the lenders to not fund future loan requests, accelerate the due date of the principal and accrued interest on any outstanding loans or restrict the payment of cash or other distributions.

As at December 31, 2016, management believes the Company was in compliance with all significant terms and default provisions related to long-term debt obligations.

9. Other long-term liabilities:

As at	Dec 31 2016	Dec 31 2015
Site restoration costs[a]	$ 30,512	$ 29,892
Finance lease obligations[b]	201,268	120,896
Share-based compensation liability (note 13)	53,725	38,615
Cash flow hedges (note 18)	68,664	42,653
Defined benefit pension plans (note 20)	22,403	20,072
Other	4,339	5,056
	380,911	257,184
Less current maturities	(29,720)	(25,439)
	$ 351,191	$ 231,745

a) Site restoration costs:
The Company has accrued liabilities related to the decommissioning and reclamation of its methanol production sites and oil and gas properties. Because of uncertainties in estimating the amount and timing of the expenditures related to the sites, actual results could differ from the amounts estimated. As at December 31, 2016, the total undiscounted amount of estimated cash flows required to settle the liabilities was $41.1 million (2015 – $40.1 million). The movement in the provision during the year is explained as follows:

	2016	2015
Balance at January 1	$ 29,892	$ 23,830
New or revised provisions	51	5,643
Accretion expense	569	419
Balance at December 31	$ 30,512	$ 29,892

b) Finance lease obligations:
As at December 31, 2016, the Company has finance lease obligations related to a methanol terminal and storage tanks in Geismar, Louisiana, an oxygen production facility in Trinidad, and two ocean-going vessels which were delivered in 2016. Total finance lease payments for 2016 of $24.4 million include an interest component of $19.3 million.

Finance lease obligations are payable as follows:

	Lease payments	Interest component	Finance lease obligations
2017	$ 28,799	$ 22,758	$ 6,041
2018	29,169	22,203	6,966
2019	29,543	21,540	8,003
2020	29,924	20,755	9,169
2021	30,312	19,830	10,482
Thereafter	264,086	103,479	160,607
	$ 411,833	$ 210,565	$ 201,268

10. Expenses:

For the years ended December 31	2016	2015
Cost of sales	$ 1,533,915	$ 1,723,561
Selling and distribution	408,893	298,994
Administrative expenses	59,675	30,193
Total expenses by function	$ 2,002,483	$ 2,052,748
Cost of raw materials and purchased methanol	$ 1,140,551	$ 1,393,032
Ocean freight and other logistics	351,609	253,394
Employee expenses, including share-based compensation	204,762	113,627
Other expenses	77,507	97,846
Cost of sales and operating expenses	1,774,429	1,857,899
Depreciation and amortization	228,054	194,849
Total expenses by nature	$ 2,002,483	$ 2,052,748

For the year ended December 31, 2016 we recorded a share-based compensation expense of $33.5 million (2015 – recovery of $22.0 million), the majority of which is included in administrative expenses for the total expenses by function presentation above.

11. Finance costs:

For the years ended December 31	2016	2015
Finance costs	$ 90,060	$ 90,965
Less capitalized interest	–	(21,106)
	$ 90,060	$ 69,859

Finance costs are primarily comprised of interest on borrowings and finance lease obligations, amortization of deferred financing fees and accretion expense associated with site restoration costs. Capitalized interest relates to interest costs capitalized for the Geismar project which was completed in 2015.

12. Net income (loss) per common share:

Diluted net income (loss) per common share is calculated by considering the potential dilution that would occur if outstanding stock options and, under certain circumstances, TSARs were exercised or converted to common shares.

Outstanding TSARs may be settled in cash or common shares at the holder's option and for purposes of calculating diluted net income (loss) per common share, the more dilutive of the cash-settled and equity-settled method is used, regardless of how the plan is accounted for. Accordingly, TSARs that are accounted for using the cash-settled method will require adjustments to the numerator and denominator if the equity-settled method is determined to have a dilutive effect on diluted net income (loss) per common share as compared to the cash-settled method. The cash-settled method was more dilutive for the year ended December 31, 2016, and no adjustment was required for the numerator or the denominator. For the year ended December 31, 2015, the equity-settled method was more dilutive and an adjustment was required for both the numerator and the denominator.

Stock options and, if calculated using the equity-settled method, TSARs are considered dilutive when the average market price of the Company's common shares during the period disclosed exceeds the exercise price of the stock option or TSAR. For the year ended December 31, 2016, the Company incurred a net loss attributable to Methanex shareholders and therefore exclusion of the stock options was more dilutive. For the year ended December 31, 2015, stock options were considered dilutive so an adjustment was required for the denominator.

A reconciliation of the numerator used for the purposes of calculating diluted net income (loss) per common share is as follows:

For the years ended December 31		**2016**		2015
Numerator for basic net income (loss) per common share	**$**	**(12,545)**	$	200,617
Adjustment for the effect of TSARs:				
Cash-settled recovery included in net income		**–**		(11,586)
Equity-settled expense		**–**		(5,308)
Numerator for diluted net income (loss) per common share	**$**	**(12,545)**	$	183,723

A reconciliation of the denominator used for the purposes of calculating basic and diluted net income (loss) per common share is as follows:

For the years ended December 31	**2016**	2015
Denominator for basic net income (loss) per common share	**89,783,883**	90,647,860
Effect of dilutive stock options	**–**	274,961
Effect of dilutive TSARs	**–**	422,902
Denominator for diluted net income (loss) per common share	**89,783,883**	91,345,723

For the years ended December 31, 2016 and 2015, basic and diluted net income (loss) per common share attributable to Methanex shareholders were as follows:

For the years ended December 31		**2016**		2015
Basic net income (loss) per common share	**$**	**(0.14)**	$	2.21
Diluted net income (loss) per common share	**$**	**(0.14)**	$	2.01

13. Share-based compensation:

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

As at December 31, 2016, the Company had 596,897 common shares reserved for future grants of stock options and tandem share appreciation rights under the Company's stock option plan.

a) Share appreciation rights and tandem share appreciation rights:
All SARs and TSARs granted have a maximum term of seven years withone-third vesting each year after the date of grant. SARs and TSARs units outstanding at December 31, 2016 are as follows:

	SARs		TSARs	
	Number of units	Exercise price USD	Number of units	Exercise price USD
Outstanding at December 31, 2014	1,085,247	$ 40.78	1,732,185	$ 39.59
Granted	284,273	55.40	416,605	55.39
Exercised	(94,037)	32.21	(30,300)	31.82
Cancelled	(16,275)	58.88	(9,525)	60.90
Outstanding at December 31, 2015	1,259,208	$ 44.48	2,108,965	$ 42.73
Granted	**375,500**	**34.59**	**574,600**	**34.59**
Exercised	**(73,291)**	**27.43**	**(212,505)**	**25.38**
Cancelled	**(49,932)**	**49.77**	**(54,949)**	**52.55**
Outstanding at December 31, 2016	**1,511,485**	**$ 42.68**	**2,416,111**	**$ 42.10**

Information regarding the SARs and TSARs outstanding as at December 31, 2016 is as follows:

	Units outstanding at December 31, 2016			Units exercisable at December 31, 2016	
Range of exercise prices	Weighted average remaining contractual life (years)	Number of units outstanding	Weighted average exercise price	Number of units exercisable	Weighted average exercise price
SARs					
$25.22 to $35.51	**3.8**	**758,199**	**$ 31.97**	**391,499**	**$ 29.51**
$38.24 to $73.13	**4.2**	**753,286**	**53.46**	**507,159**	**50.31**
	4.0	**1,511,485**	**$ 42.68**	**898,658**	**$ 41.25**
TSARs					
$25.22 to $35.51	**3.8**	**1,225,430**	**$ 32.19**	**654,930**	**$ 30.09**
$38.24 to $73.13	**4.1**	**1,190,681**	**52.30**	**835,245**	**48.91**
	3.9	**2,416,111**	**$ 42.10**	**1,490,175**	**$ 40.64**

The fair value of each outstanding SARs and TSARs grant was estimated on December 31, 2016 using the Black-Scholes option pricing model with the following weighted average assumptions:

	2016	2015
Risk-free interest rate	**1.0%**	0.8%
Expected dividend yield	**2.5%**	3.3%
Expected life of SARs and TSARs (years)	**1.4**	1.3
Expected volatility	**41%**	43%
Expected forfeitures	**0.2%**	0.2%
Weighted average fair value (USD per share)	**$ 10.19**	$ 4.21

Compensation expense for SARs and TSARs is measured based on their fair value and is recognized over the vesting period. Changes in fair value in each period are recognized in net income (loss) for the proportion of the service that has been rendered at each reporting date. The fair value as at December 31, 2016 was $40.7 million compared with the recorded liability of $36.7 million. The difference between the fair value and the recorded liability of $4.0 million will be recognized over the weighted average remaining vesting period of approximately 1.66 years.

For the year ended December 31, 2016, compensation expense related to SARs and TSARs included an expense in cost of sales and operating expenses of $26.9 million (2015 – recovery of $16.8 million). This included an expense of $20.0 million (2015 – recovery of $26.1 million) related to the effect of the change in the Company's share price.

b) Deferred, restricted and performance share units:

Deferred, restricted and performance share units outstanding as at December 31, 2016 are as follows:

	Number of deferred shareunits	Number of restricted shareunits	Number of performance share units
Outstanding at December 31, 2014	302,158	30,365	798,944
Granted	7,196	6,400	169,990
Granted performance factor[1]	–	–	71,100
Granted in lieu of dividends	7,878	760	15,508
Redeemed	(31,416)	(23,661)	(426,598)
Cancelled	–	–	(18,366)
Outstanding at December 31, 2015	285,816	13,864	610,578
Granted	**8,269**	**11,500**	**261,760**
Granted performance factor[1]	**–**	**–**	**55,592**
Granted in lieu of dividends	**8,430**	**773**	**18,082**
Redeemed	**(51,498)**	**(7,488)**	**(355,415)**
Cancelled	**–**	**–**	**(18,325)**
Outstanding at December 31, 2016	**251,017**	**18,649**	**572,272**

[1] Performance share units have a feature where the ultimate number of units that vest are adjusted by a performance factor of the original grant as determined by the Company's total shareholder return in relation to a predetermined target over the period to vesting. The performance factor is measured based on the weighted-average closing share price for the 90 calendar days on the NASDAQ Global Select Market immediately preceding the year end date that the performance share units vest.

Compensation expense for deferred, restricted and performance share units is measured at fair value based on the market value of the Company's common shares and is recognized over the vesting period. Changes in fair value are recognized in net income (loss) for the proportion of the service that has been rendered at each reporting date. The fair value of deferred, restricted and performance share units as at December 31, 2016 was $18.6 million compared with the recorded liability of $16.9 million. The difference between the fair value and the recorded liability of $1.7 million will be recognized over the weighted average remaining vesting period of approximately 1.67 years.

For the year ended December 31, 2016, compensation expense related to deferred, restricted and performance share units included in cost of sales and operating expenses was an expense of $6.0 million (2015 – recovery of $5.9 million). This included an expense of $2.8 million (2015 – recovery of $16.4 million) related to the effect of the change in the Company's share price.

c) Stock options:

The exercise price of each stock option is equal to the quoted market price of the Company's common shares at the date of the grant. 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 as at December 31, 2016 and 2015 are as follows:

	Number of stock options	Weighted average exercise price
Outstanding at December 31, 2014	699,261	$ 21.90
Granted	55,917	55.66
Exercised	(286,781)	13.72
Cancelled	(7,200)	61.50
Expired	(12,690)	28.43
Outstanding at December 31, 2015	448,507	$ 30.52
Granted	**75,500**	**34.59**
Exercised	**(153,140)**	**9.80**
Cancelled	**(14,100)**	**44.04**
Expired	**(12,000)**	**6.33**
Outstanding at December 31, 2016	**344,767**	**$ 40.91**

Information regarding the stock options outstanding as at December 31, 2016 is as follows:

	Options outstanding at December 31, 2016			Options exercisable at December 31, 2016	
Range of exercise prices	Weighted average remaining contractual life (years)	Number of stock options outstanding	Weighted average exercise price	Number of stock options exercisable	Weighted average exercise price
Options					
$25.22 to $35.51	**3.2**	**193,950**	**$ 31.43**	**122,550**	**$ 29.59**
$38.24 to $73.13	**4.1**	**150,817**	**53.10**	**103,239**	**49.77**
	3.6	**344,767**	**$ 40.91**	**225,789**	**$ 38.82**

For the year ended December 31, 2016, compensation expense related to stock options was $0.6 million (2015 – $0.7 million).

14. 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, 2016 and 2015, revenues attributed to geographic regions, based on the location of customers, were as follows:

Revenue	China	Europe	United States	South Korea	South America	Canada	Other Asia	TOTAL
2016	**$ 518,499**	**$ 403,879**	**$ 359,476**	**$ 257,658**	**$ 179,287**	**$ 109,706**	**$ 169,924**	**$ 1,998,429**
20151	$ 361,260	$ 480,010	$ 464,588	$ 326,881	$ 266,019	$ 135,541	$ 191,303	$ 2,225,602

[1] 2015 revenue has been reallocated between geographic regions to better reflect the geography of the end customer.

As at December 31, 2016 and 2015, the net book value of property, plant and equipment by country was as follows:

Property, plant and equipment	United States	Egypt	New Zealand	Trinidad	Canada	Chile	Other	TOTAL
2016	**$ 1,468,283**	**$ 742,446**	**$ 261,482**	**$ 176,256**	**$ 154,982**	**$ 108,065**	**$ 205,955**	**$ 3,117,469**
2015	$ 1,545,909	$ 778,106	$ 287,323	$ 200,575	$ 160,557	$ 127,948	$ 58,364	$ 3,158,782

15. Income and other taxes:

a) Income tax expense:

For the years ended December 31	2016	2015
Current tax recovery (expense):		
Current period before undernoted items	**$ (44,743)**	$ (1,964)
Impact of Argentina gas settlement and termination of terminal services agreement	**(7,800)**	(3,900)
Adjustments to prior years	**(2,134)**	377
	(54,677)	(5,487)
Deferred tax recovery (expense):		
Origination and reversal of temporary differences	**82,838**	21,931
Impact of Argentina gas settlement and termination of terminal services agreement	**(3,575)**	(4,550)
Derecognition of non-capital loss carryforwards	**(17,861)**	(16,875)
Adjustments to prior years	**1,667**	(472)
Change in tax rate	**–**	(1,848)
Other	**887**	(3,696)
	63,956	(5,510)
Total income tax recovery (expense)	**$ 9,279**	$ (10,997)

b) Reconciliation of the effective tax rate:

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 net income (loss) before income taxes as follows:

For the years ended December 31	2016	2015
Income (loss) before income taxes	**$ (37,504)**	$ 213,350
Deduct earnings of associate	**(19,930)**	(51,842)
	(57,434)	161,508
Canadian statutory tax rate	**26.5%**	26.0%
Income tax recovery (expense) calculated at Canadian statutory tax rate	**15,220**	(41,992)
Increase (decrease) in income tax recovery resulting from:		
Impact of income and losses taxed in foreign jurisdictions	**34,857**	50,877
Derecognition of non-capital loss carryforwards	**(17,861)**	(16,875)
Unrecognised non-capital loss carryforwards	**(16,526)**	–
Previously unrecognized loss carryforwards and temporary differences	**10,058**	3,449
Impact of foreign exchange	**(4,332)**	(8,969)
Other business taxes	**(5,404)**	(3,700)
Adjustments to prior years	**(467)**	(95)
Other	**(6,266)**	6,308
Total income tax recovery (expense)	**$ 9,279**	$ (10,997)

c) Net deferred income tax liabilities:

(i) The tax effect of temporary differences that give rise to deferred income tax liabilities and deferred income tax assets are as follows:

As at	Dec 31 2016			Dec 31 2015		
	Net	**Deferred tax assets**	**Deferred tax liabilities**	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	**$ (419,982)**	**$ (197,931)**	**$ (222,051)**	$ (220,557)	$ 10,685	$ (231,242)
Repatriation taxes	**(85,364)**	**–**	**(85,364)**	(81,285)	–	(81,285)
Other	**(19,956)**	**(4,981)**	**(14,975)**	(26,711)	(5,972)	(20,739)
	(525,302)	**(202,912)**	**(322,390)**	(328,553)	4,713	(333,266)
Non-capital loss carryforwards	**280,931**	**280,931**	**–**	49,023	31,159	17,864
Share-based compensation	**8,590**	**935**	**7,655**	8,163	728	7,435
Other	**82,142**	**58,387**	**23,755**	47,610	25,281	22,329
	371,663	**340,253**	**31,410**	104,796	57,168	47,628
Net deferred income tax assets (liabilities)	**$ (153,639)**	**$ 137,341**	**$ (290,980)**	$ (223,757)	$ 61,881	$ (285,638)

The Company recognizes deferred income tax assets to the extent that it is probable that the benefit of these assets will be realized. As at December 31, 2016, the Company had $153 million (2015 – $75 million) of unrecognized non-capital loss carryforwards in Egypt that expire in 2017-2021 and $415 million (2015 – $446 million) of deductible temporary differences in the United States that have not been recognized.

(ii) Analysis of the change in deferred income tax liabilities:

	2016			2015		
	Net	**Deferred tax assets**	**Deferred tax liabilities**	Net	Deferred tax assets	Deferred tax liabilities
Balance, January 1	**$ (223,757)**	**$ 61,881**	**$ (285,638)**	$ (233,225)	$ 30,167	$ (263,392)
Deferred income tax recovery (expense) included in net income (loss)	**63,956**	**69,110**	**(5,154)**	(5,510)	17,687	(23,197)
Deferred income tax recovery (expense) included in other comprehensive income (loss)	**6,597**	**6,364**	**233**	13,427	14,075	(648)
Other	**(435)**	**(14)**	**(421)**	1,551	(48)	1,599
Balance, December 31	**$ (153,639)**	**$ 137,341**	**$ (290,980)**	$ (223,757)	$ 61,881	$ (285,638)

16. Changes in non-cash working capital:

Changes in non-cash working capital for the years ended December 31, 2016 and 2015 are as follows:

For the years ended December 31	2016	2015
Decrease (increase) in non-cash working capital:		
Trade and other receivables	**$ 4,747**	$ (99,987)
Inventories	**(28,094)**	53,568
Prepaid expenses	**(1,286)**	3,577
Trade, other payables and accrued liabilities, including long-term payables included in other long-term liabilities	**14,577**	(108,779)
	(10,056)	(151,621)
Adjustments for items not having a cash effect and working capital changes relating to taxes and interest paid	**(65,850)**	(52,525)
Changes in non-cash working capital	**$ (75,906)**	$ (204,146)
These changes relate to the following activities:		
Operating	**$ (64,381)**	$ (117,126)
Financing	**(23,263)**	(19,984)
Investing	**11,738**	(67,036)
Changes in non-cash working capital	**$ (75,906)**	$ (204,146)

17. 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	Dec 31 2016	Dec 31 2015
Liquidity:		
Cash and cash equivalents	**$ 223,890**	$ 254,934
Undrawn credit facilities	**300,000**	400,000
Total liquidity	**$ 523,890**	$ 654,934
Capitalization:		
Unsecured notes	**$ 1,186,424**	$ 1,184,899
Limited recourse debt facilities, including current portion	**369,782**	350,991
Total debt	**1,556,206**	1,535,890
Non-controlling interests	**208,515**	248,844
Shareholders' equity	**1,596,835**	1,719,729
Total capitalization	**$ 3,361,556**	$ 3,504,463
Total debt to capitalization[1]	**46%**	44%
Net debt to capitalization[2]	**42%**	39%

1 Total debt (including 100% of Egypt limited recourse debt facilities) divided by total capitalization.

2 Total debt (including 100% of Egypt limited recourse debt facilities) 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 may include the issue or repayment of general corporate debt, the issue of project debt, the issue of equity, 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.

The undrawn credit facility in the amount of $300 million is provided by highly rated financial institutions, expires in December 2019 and is subject to certain financial covenants (note 8).

18. Financial instruments:

Financial instruments are either measured at amortized cost or fair value.

In the normal course of business, the Company's assets, liabilities and forecasted transactions, as reported in U.S. dollars, are impacted by various market risks including, but not limited to, natural gas prices and currency exchange rates. The time frame and manner in which the Company manages those risks varies for each item based on the Company's assessment of the risk and the available alternatives for mitigating risks.

The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values. Changes in fair value of derivative financial instruments are recorded in earnings unless the instruments are designated as cash flow hedges, in which case the changes in fair value are recorded in other comprehensive income and are reclassified to profit or loss when the underlying hedged transaction is recognized in earnings. The Company designates as cash flow hedges derivative financial instruments to hedge its risk exposure to fluctuations in natural gas prices and to hedge its risk exposure to fluctuations on certain foreign currency denominated transactions.

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

As at	**Dec 31 2016**	Dec 31 2015
Financial assets:		
Financial assets measured at fair value:		
Derivative instruments designated as cash flow hedges [1]	**$ 7,024**	$ 1,228
Financial assets not measured at fair value:		
Cash and cash equivalents	**223,890**	254,934
Trade and other receivables, excluding tax receivable	**479,272**	482,585
Project financing reserve accounts included in other assets	**35,386**	33,253
Total financial assets[2]	**$ 745,572**	$ 772,000
Financial liabilities:		
Financial liabilities measured at fair value:		
Derivative instruments designated as cash flow hedges [1]	**$ 68,664**	$ 42,653
Financial liabilities not measured at fair value:		
Trade, other payables and accrued liabilities, excluding tax payable	**449,213**	456,730
Long-term debt, including current portion	**1,556,206**	1,535,890
Total financial liabilities	**$ 2,074,083**	$ 2,035,273

[1] The Geismar 2 natural gas hedges and euro foreign currency hedges designated as cash flow hedges are measured at fair value based on industry accepted valuation models and inputs obtained from active markets.

[2] The carrying amount of the financial assets represents the maximum exposure to credit risk at the respective reporting periods.

As at December 31, 2016, all of the financial instruments were recorded on the consolidated statements of financial position at amortized cost with the exception of derivative financial instruments, which are recorded at fair value unless exempted.

The fair value of derivative instruments is determined based on industry-accepted valuation models using market observable inputs and are classified within Level 2 of the fair value hierarchy. The fair value of all the Company's derivative contracts includes an adjustment for credit risk. The effective portion of the changes in fair value of derivative financial instruments designated as cash flow hedges is recorded in other comprehensive income. The spot element of forward contracts in the hedging relationships is recorded in other comprehensive income as the change in fair value of cash flow hedges. The change in the fair value of the forward element of forward contracts is recorded separately in other comprehensive income as the forward element excluded from hedging relationship.

Until settled, the fair value of the derivative financial instruments will fluctuate based on changes in commodity prices or foreign currency exchange rates.

Natural gas forward contracts

The Company has elected to manage its exposure to changes in natural gas prices for the Geismar 2 facility by executing a number of forward contracts which it has designated as cash flow hedges for its highly probable forecast natural gas purchases in North America at the Henry Hub. Other costs incurred to transport natural gas from the Henry Hub to the Geismar 2 site represent an insignificant portion of the overall underlying risk and are recognized as incurred outside of the hedging relationship. The Company has elected to designate the spot element of the forward contracts as cash flow hedges. The forward element of the forward contracts are excluded from the designation and only the spot element is considered for the purpose of assessing effectiveness and measuring ineffectiveness. The excluded forward element of the swap contracts will be accounted for as a cost of hedging (transaction cost) to be recognized in profit or loss over the term of the hedging relationships. Ineffectiveness may arise in the hedging relationship due to changes in the timing of the anticipated transactions and/or due to changes in credit risk of the hedging instrument not replicated in the hedged item. No hedge ineffectiveness has been recognized in 2016.

As at December 31, 2016, the Company had outstanding forward contracts designated as cash flow hedges relating to Geismar with a notional amount of $484 million (2015 – $517 million) and a net negative fair value of $61.9 million (2015 – $42.7 million) included in other long-term liabilities and trade and other receivables. As at December 31, 2016, the forward contracts had an average contract price of $3.68 per mmbtu (2015 – $3.63 per mmbtu).

Forward exchange contracts

The Company also designates as cash flow hedges forward exchange contracts to sell certain foreign currencies at a fixed U.S. dollar exchange rate to hedge its exposure to exchange rate fluctuations on certain foreign currency denominated transactions. The Company has elected to designate the spot element of the forward contracts as cash flow hedges. The forward element of the forward contracts are excluded from the designation and only the spot element is considered for the purpose of assessing effectiveness and measuring ineffectiveness. The excluded forward element of the swap contracts will be accounted for as a cost of hedging (transaction cost) to be recognized in profit or loss over the term of the hedging relationships. Ineffectiveness may arise in the hedging relationship due to changes in the timing of the anticipated transactions and/or due to changes in credit risk of the hedging instrument not replicated in the hedged item. No hedge ineffectiveness has been recognized in 2016.

As at December 31, 2016, the Company had outstanding forward exchange contracts designated as cash flow hedges to sell euros at a fixed U.S. dollar exchange rate with a notional amount of 92 million euros (2015 – 35 million euros) and a positive fair value of $0.3 million (2015 – $1.2 million) included in current assets.

Fair value liabilities

The table below shows net cash outflows for derivative hedging instruments including natural gas forward contracts and forward exchange contracts, excluding credit risk adjustments, based upon contractual payment dates. The amounts reflect the maturity profile of the fair value liabilities and are subject to change based on the prevailing market rate at each of the future settlement dates. Financial asset derivative positions are held with investment-grade counterparties and therefore the settlement day risk exposure is considered to be negligible.

As at	**Dec 31 2016**	Dec 31 2015
Within one year	**$ –**	$ 5,073
1-3 years	**8,481**	10,637
3-5 years	**18,962**	8,570
More than 5 years	**56,029**	27,536
	$ 83,472	$ 51,816

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

The Company is exposed to credit-related losses in the event ofnon-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 $7.0 million as at December 31, 2016 (2015 – $1.2 million).

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

As at	**Dec 31 2016**		Dec 31 2015	
	Carrying value	**Fair value**	Carrying value	Fair value
Long-term debt excluding deferred financing fees	**$ 1,568,822**	**$ 1,538,543**	$ 1,550,903	$ 1,449,523

Long-term debt consists of limited recourse debt facilities and unsecured notes. There is no publicly traded market for the limited recourse debt facilities. The fair value of the limited recourse debt facilities as disclosed on a recurring basis and categorized as Level 2 within the fair value hierarchy is estimated by reference to current market rates as at the reporting date. The fair value of the unsecured notes disclosed on a recurring basis and also categorized as Level 2 within the fair value hierarchy is estimated using quoted prices and yields as at the reporting date. The fair value of the Company's long term debt will fluctuate until maturity.

19. 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 multi-year natural gas supply contracts for its production facilities in New Zealand, Trinidad, Egypt and Chile. 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. The Company also has a multi-year fixed price natural gas supply contract to supply one production facility in North America, natural gas forward contracts to hedge natural gas purchases in Geismar and natural gas forward supply contracts at fixed prices to manage its exposure to natural gas price risk in Medicine Hat.

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.

As at	**Dec 31 2016**	Dec 31 2015
Fixed interest rate debt:		
Unsecured notes	**$ 1,186,424**	$ 1,184,899
	$ 1,186,424	$ 1,184,899
Variable interest rate debt:		
Egypt limited recourse debt facilities	**$ 288,515**	$ 330,003
Other limited recourse debt facilities	**81,267**	20,988
	$ 369,782	$ 350,991

For fixed interest rate debt, a 1% change in interest rates would result in a change in the fair value of the debt (disclosed in note 18) of approximately $80.2 million as of December 31, 2016 (2015 – $80.3 million).

The fair value of variable interest rate debt fluctuates primarily with changes in credit spreads.

For the variable interest rate debt, a 1% change in LIBOR would result in a change in annual interest payments of $3.7 million as of December 31, 2016 (2015 – $3.5 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, Chinese yuan 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, Chinese yuan 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 a portion of the net exposure to euro revenues, which is hedged through forward exchange contracts each quarter when the euro price for methanol is established.

As at December 31, 2016, the Company had a net working capital asset of $75.3 million in non U.S. dollar currencies (2015 – $66.6 million). Each 10% strengthening (weakening) of the U.S. dollar against these currencies would decrease (increase) the value of net working capital and pre-tax cash flows and earnings by approximately $7.5 million (2015 – $6.7 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. As at December 31, 2016, the Company had $224 million of cash and cash equivalents. In addition, the Company has an undrawn credit facility of $300 million provided by highly rated financial institutions that expires in December 2019.

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.

The expected cash flows of financial liabilities from the date of the balance sheet to the contractual maturity date are as follows:

As at December 31, 2016	Carrying amount	Contractual cash flows	1 year or less	1-3 years	3-5 years	More than 5 years
Trade and other payables[1]	$ 442,156	$ 442,156	$ 442,156	$ –	$ –	$ –
Finance lease obligations	201,268	411,833	28,799	58,712	60,236	264,086
Long-term debt[2]	1,556,206	2,292,168	117,997	592,379	268,578	1,313,214
Cash flow hedges	68,664	83,472	–	8,481	18,962	56,029
	$ 2,268,294	$ 3,229,629	$ 588,952	$ 659,572	$ 347,776	$ 1,633,329

[1] Excludes tax and accrued interest.

[2] Contractual cash flows include contractual interest payments related to debt obligations. Interest rates on variable rate debt are based on prevailing rates as at December 31, 2016.

c) Credit risks:
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 credit insurance, 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 and as at December 31, 2016 substantially all of the trade receivables were classified as current.

Cash and cash equivalents
To manage credit and liquidity risk, the Company's investment policy specifies eligible types of investments, maximum counterparty exposure and minimum credit ratings. Therefore, the Company invests only in highly rated investment-grade instruments that have maturities of three months or less.

Derivative financial instruments
The Company's hedging policies specify risk management objectives and strategies for undertaking hedge transactions. The policies also include eligible types of derivatives and required transaction approvals, as well as maximum counterparty exposures and minimum credit ratings. The Company does not use derivative financial instruments for trading or speculative purposes.

To manage credit risk, the Company only enters into derivative financial instruments with highly rated investment-grade counterparties. Hedge transactions are reviewed, approved and appropriately documented in accordance with Company policies.

20. 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	Dec 31 2016	Dec 31 2015
Accrued benefit obligations:		
Balance, beginning of year	**$ 55,966**	$ 64,346
Current service cost	**1,677**	1,615
Interest cost on accrued benefit obligations	**2,269**	2,361
Benefit payments	**(2,570)**	(2,369)
Settlements	**–**	–
Actuarial loss (gain)	**2,393**	(544)
Foreign exchange loss (gain)	**1,036**	(9,443)
Balance, end of year	**60,771**	55,966
Fair values of plan assets:		
Balance, beginning of year	**40,286**	48,165
Interest income on assets	**1,553**	1,646
Contributions	**2,722**	1,429
Benefit payments	**(2,570)**	(2,369)
Settlements	**–**	–
Return on plan assets	**2,345**	(1,626)
Foreign exchange loss	**(106)**	(6,959)
Balance, end of year	**44,230**	40,286
Unfunded status	**16,541**	15,680
Minimum funding requirement	**–**	–
Defined benefit obligation, net	**$ 16,541**	$ 15,680

The Company has an unfunded retirement obligation of $22.4 million as at December 31, 2016 (2015 – $20.0 million) for its employees in Chile that will be funded at retirement in accordance with Chilean law. The accrued benefit for the unfunded retirement arrangement in Chile is paid when an employee leaves the Company in accordance with plan terms and Chilean regulations. The Company estimates that it may make benefit payments based on actuarial assumptions related to the unfunded retirement obligation in Chile of $5.1 million in 2017. Actual benefit payments in future periods will fluctuate based on employee retirements.

The Company has a net funded retirement asset of $5.7 million as at December 31, 2016 (2015 – $3.7 million) for certain employees and retirees in Canada and a net funded retirement asset of $0.2 million as at December 31, 2016 (2015 – $0.6 million) in Europe. The Company estimates that it will make additional contributions relating to its defined benefit pension plan in Canada of $0.8 million in 2017.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk on the funded plans. Additionally, as the plans provide benefits to plan members predominantly in Canada and Chile, the plans expose the Company to foreign currency risk for funding requirements. The primary long-term risk is that the Company will not have sufficient plan assets and liquidity to meet obligations when they fall due. The weighted average duration of the net defined benefit obligation is 10 years.

The Company's net defined benefit pension plan expense charged to the consolidated statements of income for the years ended December 31, 2016 and 2015 is as follows:

For the years ended December 31	2016	2015
Net defined benefit pension plan expense:		
Current service cost	$ 1,677	$ 1,615
Net interest cost	715	715
Cost of settlement	–	–
	$ 2,392	$ 2,330

The Company's current year actuarial gains, recognized in the consolidated statements of comprehensive income for the years ended December 31, 2016 and 2015, are as follows:

For the years ended December 31	2016	2015
Actuarial (loss) gain	$ (77)	$ (1,371)
Minimum funding requirement	–	–
Actuarial (loss) gain, net	$ (77)	$ (1,371)

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, 2016 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, 2019.

The discount rate is the most significant actuarial assumption used in accounting for the defined benefit pension plans. As at December 31, 2016, the weighted average discount rate for the defined benefit obligation was 3.7% (2015 – 4.0%). A decrease of 1% in the weighted average discount rate at the end of the reporting period, while holding all other assumptions constant, would result in an increase to the defined benefit obligation of approximately $5.8 million.

The asset allocation for the defined benefit pension plan assets as at December 31, 2016 and 2015 is as follows:

As at	Dec 31 2016	Dec 31 2015
Equity securities	49%	47%
Debt securities	27%	30%
Cash and other short-term securities	24%	23%
Total	100%	100%

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of cash and other short-term securities are not based on quoted market prices in active markets. The plan assets are held separately from those of the Company in funds under the control of trustees.

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, 2016 was $7.6 million (2015 – $6.7 million).

21. Commitments and contingencies:

a) Take-or-pay purchase contracts and related commitments:
The Company has commitments under take-or-pay contracts to purchase natural gas, to pay for transportation capacity related to the delivery of natural gas and to purchase oxygen and other feedstock requirements up to 2035. The minimum estimated commitment under these contracts, except as noted below, is as follows:

As at December 31, 2016

2017	2018	2019	2020	2021	Thereafter
$ 472,455	$ 415,791	$ 324,298	$ 265,198	$ 239,599	$ 1,069,694

In the above table, the Company has included natural gas commitments at the contractual volume and prices.

b) Argentina natural gas supply contracts:
Since June 2007, the Company's natural gas suppliers from Argentina have curtailed all gas supply to the Company's plants in Chile pursuant to long-term gas supply agreements. The Company has not received natural gas under these long-term agreements since 2007 and therefore potential future purchase obligations have been excluded from the table above.

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:

As at December 31, 2016

2017	2018	2019	2020	2021	Thereafter
$ 105,703	$ 89,882	$ 76,371	$ 60,206	$ 47,294	$ 197,111

The minimum lease payments relate to the right of use of the leased asset and exclude non-lease elements such as the reimbursement of operating costs.

For the year ended December 31, 2016, the Company recognized as an expense $165.1 million (2015 – expense of $160.7 million) relating to operating lease payments. The expense recognized includes amounts related to leased assets and the reimbursement of operating costs for time charter vessels.

d) Purchased methanol:
The Company has marketing rights for 100% of the production from its jointly owned plants (the Atlas plant in Trinidad in which it has a 63.1% interest and the plant in Egypt in which it has a 50% interest), which results in purchase commitments of an additional 1.3 million tonnes per year of methanol offtake supply when these plants operate at capacity. As at December 31, 2016, the Company also had commitments to purchase methanol from other suppliers for approximately 1.0 million tonnes for 2017 and 1.1 million tonnes thereafter. The pricing under these purchase commitments is referenced to pricing at the time of purchase or sale, and accordingly, no amounts have been included in the table above.

22. Related parties:

The Company has interests in significant subsidiaries and joint ventures as follows:

Name	Country of incorporation	Principal activities	Interest % Dec 31 2016	Interest % Dec 31 2015
Significant subsidiaries:				
Methanex Asia Pacific Limited	Hong Kong	Marketing & distribution	**100%**	100%
Methanex Europe NV	Belgium	Marketing & distribution	**100%**	100%
Methanex Methanol Company, LLC	United States	Marketing & distribution	**100%**	100%
Egyptian Methanex Methanol Company S.A.E. ("Methanex Egypt")	Egypt	Production	**50%**	50%
Methanex Chile S.A.	Chile	Production	**100%**	100%
Methanex New Zealand Limited	New Zealand	Production	**100%**	100%
Methanex Trinidad (Titan) Unlimited	Trinidad	Production	**100%**	100%
Methanex U.S.A. LLC	United States	Production	**100%**	100%
Methanex Louisiana LLC	United States	Production	**100%**	100%
Waterfront Shipping Company Limited[2]	Cayman Islands	Shipping	**100%**	100%
Significant joint ventures:				
Atlas Methanol Company Unlimited[1]	Trinidad	Production	**63.1%**	63.1%

[1] Summarized financial information for the group's investment in Atlas is disclosed in note 6.

[2] Waterfront Shipping Company Limited has a controlling interest in multiple ocean going vessels owned through less than wholly-owned entities as disclosed in note 23.

Transactions between the Company and Atlas are considered related party transactions and are included within the summarized financial information in note 6. Atlas revenue for the year ended December 31, 2016 of $214 million (2015 – $373 million) is a related party transaction as the Company has marketing rights for 100% of the methanol produced by Atlas. Balances outstanding with Atlas as at December 31, 2016 and provided in the summarized financial information in note 6 include receivables owing from Atlas to the Company of $7 million (2015 – $5 million), and payables to Atlas of $55 million (2015 – $72 million). The Company has total loans outstanding to Atlas as at December 31, 2016 of $76 million (2015 – $76 million) which are unsecured and due at maturity.

Remuneration of non-management directors and senior management, which includes the members of the executive leadership team, is as follows:

For the years ended December 31	2016	2015
Short-term employee benefits	**$ 5,315**	$ 6,761
Post-employment benefits	**650**	411
Other long-term employee benefits	**47**	42
Share-based compensation expense (recovery)	**16,172**	(11,682)
Total	**$ 22,184**	$ (4,468)

23. Non-controlling interests:

Set out below is summarized financial information for each of our subsidiaries that have non-controlling interests. The amounts disclosed are before inter-company eliminations.

As at	Dec 31 2016			Dec 31 2015		
	Methanex Egypt	**Other[1]**	**Total**	Methanex Egypt	Other[1]	Total
Current assets	**$ 155,422**	**$ 12,123**	**$ 167,545**	$ 231,060	$ 10,287	$ 241,347
Non-current assets	**746,202**	**116,314**	**862,516**	777,621	52,149	829,770
Current liabilities	**(177,088)**	**(14,622)**	**(191,710)**	(178,775)	(6,821)	(185,596)
Non-current liabilities	**(339,369)**	**(84,540)**	**(423,909)**	(359,328)	(27,827)	(387,155)
Net assets	**385,167**	**29,275**	**414,442**	470,578	27,788	498,366
Carrying amount of Methanex non-controlling interests	**$ 188,099**	**$ 20,416**	**$ 208,515**	$ 229,432	$ 19,412	$ 248,844

For the years ended December 31	2016			2015		
	Methanex Egypt	**Other[1]**	**Total**	Methanex Egypt	Other[1]	Total
Revenue	**$ 111,728**	**$ 26,148**	**$ 137,876**	$ 31,237	$ 17,892	$ 49,129
Net income (loss)	**(79,963)**	**4,781**	**(75,182)**	(51,766)	4,384	(47,382)
Other comprehensive income	**–**	**–**	**–**	2,235	–	2,235
Total comprehensive income (loss)	**(79,963)**	**4,781**	**(75,182)**	(49,531)	4,384	(45,147)
Net income (loss) allocated to Methanex non-controlling interests	**(18,069)**	**2,389**	**(15,680)**	(456)	2,192	1,736
Other comprehensive income allocated to non-controlling interests	**–**	**–**	**–**	1,118	–	1,118
Equity contributions by non-controlling interests	**$ –**	**$ 25**	**$ 25**	$ –	$ 1,700	$ 1,700
Distributions paid and accrued to non-controlling interests	**$ (23,264)**	**$ (1,410)**	**$ (24,674)**	$ (19,984)	$ (2,570)	$ (22,554)

For the years ended December 31	2016			2015		
	Methanex Egypt	**Other[1]**	**Total**	Methanex Egypt	Other[1]	Total
Cash flows from (used in) operating activities	**$ (728)**	**$ 17,718**	**$ 16,990**	$ 14,903	$ 9,288	$ 24,191
Cash flows from (used in) financing activities	**(48,192)**	**55,891**	**7,699**	(51,010)	(4,245)	(55,255)
Cash flows from (used in) investing activities	**$ (4,637)**	**$ (70,516)**	**$ (75,153)**	$ (1,604)	$ (5,424)	$ (7,028)

[1] Other is comprised of multiple ocean going vessels controlled by Waterfront Shipping Company Limited through less than wholly-owned entities.