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, 2019

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	Trading Symbol	Name of each exchange on which registered
Common Shares	MEOH	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.

5.25% Senior Notes due March 1, 2022
4.25% Senior Notes due December 1, 2024
5.25% Senior Notes due December 15, 2029
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.

76,196,080 Common Shares were outstanding as of December 31, 2019

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 every Interactive Data File required to be submitted 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 such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 (the "TSX") 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, 2019	99.1
Management's Discussion and Analysis of the Company for the year ended December 31, 2019	99.2
Audited financial statements of the Company for the years ended December 31, 2019 and 2018, including the reports of Independent Registered Public Accounting firm 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 prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), 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 31, 2019, the last trading day of the year, based upon the daily exchange rate published by the Bank of Canada, was U.S.$1.00=CDN $1.2988. The exchange rate of United States dollars into Canadian dollars, on March 23, 2020, based upon the daily exchange rate as published by the Bank of Canada, was U.S.$1.00=CDN$1.4482.

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 rules and forms of the Securities and Exchange Commission (the "Commission"). 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, 2019, 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 not effective as of December 31, 2019 as a consequence of the material weakness in internal controls over financial reporting noted below. For additional details, see the discussion below under the heading, "Internal Control over Financial Reporting—Management's Assessment and Auditor's Attestation Report".

Notwithstanding the material weakness, management concluded that the consolidated financial statements included in the Annual Report present fairly, in all material respects, the financial position of the Company at December 31, 2019 in conformity with IFRS and our external auditors have issued an unqualified opinion on our consolidated financial statements as of and for the year ended December 31, 2019.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate 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.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management's Assessment and Auditor's Attestation Report

In connection with the Company's reporting obligations in Canada and its obligations under Rule 13a-15(c) under the Exchange Act, management, under the supervision and with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2019, based on the framework set forth in *Internal Control – Integrated Framework*, issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. Under this framework, a material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual financial statements will not be prevented or detected on a timely basis. Based on its evaluation under this framework, management have concluded that, as at December 31, 2019, the Company had a "material weakness" related to ineffective controls over research and technical accounting analysis. Because of this deficiency, the Company did not reach the appropriate conclusion with regards to the adoption and application of IFRS 15 *Revenue from Contracts with Customers,* relating to the presentation of revenue from our Atlas joint venture. On adoption of IFRS 15, we performed a comprehensive review of revenue recognition including the criteria for assessing whether the Company was acting as principal or agent in the sale of methanol from Atlas (our equity investee). Initially, the Company determined that there was no change to our assessment on the adoption of IFRS 15 that the Company acts as agent in these transactions. As a result, the Company continued to account for the transactions on a net basis, recognizing the commission earned on Atlas sales through revenue. After discussions with regulators and experts, and further consideration of interpretations of IFRS 15, the Company has concluded it is the principal in these transactions. As a result, management has identified a change in the application of IFRS 15, and has recognized revenue on a gross basis for the year ended December 31, 2019 and adjusted cost of sales accordingly, and restated revenue and cost of sales for the year ended December 31, 2018 with no impact on net income, cash flows or financial position. Refer to note 25 of the consolidated financial statements for details of the restatement.

The control deficiency creates a reasonable possibility that a material misstatement to the consolidated financial statements will not be prevented or detected on a timely basis. Accordingly, management has concluded that our internal control over financial reporting is not effective as of December 31, 2019.

The effectiveness of internal control over financial reporting has also been audited by KPMG LLP, an independent registered public accounting firm, who has issued an adverse opinion on the effectiveness of our internal control over financial reporting as of December 31, 2019 as stated in their report that is included on the fourth page of the consolidated financial statements filed as Exhibit 99.3 to this report.

Remediation of Material Weakness

The control deficiency described above was detected in the first quarter of 2020 based on discussion with regulatory authorities. The Company has prioritized the remediation of the above material weakness and is working under the oversight of the Audit, Finance and Risk Committee to resolve the issue, as follows:

Management immediately reviewed its technical analysis and accounting memorandums, and engaged in consultation with technical accounting experts in order to determine the most appropriate accounting treatment. Specific actions to remediate this material weakness includes the following:

(1) Consult with experts to assist in the evaluation of technical accounting matters.

(2) Extend documentation on analysis of contracts, including revision of management's accounting checklist used to assess accounting implications for complex contracts.

(3) Implement review controls prior to and subsequent to adoption of new accounting standards to identify and resolve differences in accounting interpretations of standards and implement an additional layer of review by the Company's newly hired Assistant Controller, before review by the Company's Controller and Chief Financial Officer.

However, management believes more time must pass to adequately evidence that the controls and procedures for research and technical accounting analysis are operating as intended.

Changes in Internal Control over Financial Reporting

On January 1, 2019, we adopted IFRS 16 and implemented a new lease accounting system enabling us to comply with the IFRS 16 requirements. As a result, we have made additions and modifications to our internal controls over financial reporting. Notably, we have:

- updated our policies and procedures related to how we account for leases; and
- implemented controls surrounding contract review and new lease accounting system to ensure the inputs, processes, and outputs are accurate and complete.

Other than the material weakness and items described above related to IFRS 16, no changes were made in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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 Marketplace 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 Marketplace Rule 5605(a):

Benita Warmbold, Chair
Paul Dobson
Maureen Howe
Janice Rennie

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 Marketplace 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, 2019, 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 Ms. Benita Warmbold 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 Ms. Warmbold as an audit committee financial expert does not make Ms. Warmbold an "expert" for any other purpose, impose any duties, obligations or liability on Ms. Warmbold 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 Marketplace 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 of Ethics were made in 2019.

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 auditors' 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, 2019 and December 31, 2018 are as follows:

US$000s	2019	2018
Audit Fees	1,688	1,552
Audit-Related Fees	60	56
Tax Fees	145	139
All Other Fees	12	47
Total	**1,905**	**1,794**

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.

All Other Fees

Other fees for professional services rendered for consulting on project governance.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2019, 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 25 of the Registrant's Management's Discussion and Analysis for the year ended December 31, 2019, 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 Marketplace 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 Marketplace Rules. A foreign private issuer that follows a home country practice in lieu of one or more provisions of the NASDAQ Marketplace Rules is required to disclose in its annual report filed with the Commission, or on its website, each corporate governance requirement of the NASDAQ Marketplace Rules that it does not follow and describe the home country practice followed by the issuer in lieu of such NASDAQ corporate governance requirements.

A description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to NASDAQ standards is as follows:

- *Shareholder Meeting Quorum Requirement*: NASDAQ Marketplace Rule 5620(c) provides that the minimum quorum requirement for a shareholder meeting is 33 1/3% of the outstanding shares of common stock. In addition, a company listed on NASDAQ is required to provide for a quorum requirement in its bylaws. The Company's by-laws provide that at any meeting of 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.
- *Distribution of Annual Reports*: NASDAQ Marketplace Rule 5250(d) requires a NASDAQ-listed company to make available to shareholders an annual report containing audited financial statements of the company and its subsidiaries (which, for example, may be on 40-F under the Exchange Act) within a reasonable period of time following the filing of the annual report with the Commission. The Company may comply with this requirement either:
    - by mailing the report to shareholders (as opposed to electronic or notice-and-access delivery);
    - by satisfying the requirements for furnishing an annual report contained in Rule 14a-16 under the Exchange Act (which rule is not applicable to the Company, as explained in more detail below); or
    - by posting the annual report to shareholders on or through the company's website, along with a prominent undertaking in the English language to provide shareholders, upon request, a hard copy of the annual report free of charge. A company that chooses to satisfy this requirement pursuant in this manner must, simultaneous with this posting, issue a press release stating that its annual report has been filed with the Commission. The press release must also state that: (a) the annual report is available on the company's website and include the website address, and (b) shareholders may receive a hard copy free of charge upon request.

The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act (including Exchange Act Rule 14a-16). The Company solicits proxies in accordance with applicable rules and regulations in Canada.

Pursuant to the provisions of the *Canada Business Corporations Act* (the "CBCA"), the Company, as a "distributing corporation" under the CBCA, is required to send a copy of the annual audited comparative financial statements to each registered shareholder determined as of a set record date, except to a shareholder who has informed the Company in writing that he or she does not want a copy of these documents.

Section 437 of the TSX Company Manual requires that: (a) every TSX-listed company must forward annually to each shareholder who has requested them its annual financial statements and its MD&A in accordance with NI 51-102; and (b) if a listed company produces an annual report, it must be filed publicly through the System for Electronic Document Analysis and Retrieval (commonly referred to as "SEDAR"), an electronic database maintained on behalf of the Canadian provincial securities regulators (the "Canadian Securities Administrators") and available at www.sedar.com

Pursuant to Canadian National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102"), the Company is required to send annually a request form to the registered holders and beneficial owners of its securities, other than debt instruments, that registered holders and beneficial owners may use to request a copy of the Company's annual financial statements and related Management's Discussion and Analysis ("MD&A"), the interim financial statements and related MD&A, or both. If a registered holder or beneficial owner of securities, other than debt instruments, of the Company requests the Company's annual or interim financial statements, the Company must send a copy of the requested financial statements to the person or company that made the request, without charge, by the later of: (a) 10 days after the filing deadline for the financial statements, or (b) 10 calendar days after the Company receives the request. If the Company sends financial statements it must also send, at the same time, the annual or interim MD&A relating to the financial statements.

Commencing with its next annual general meeting of shareholders, the Company has elected to use the notice-and-access ("Notice-and-Access") provisions adopted by the Canadian Securities Administrators for delivery of proxy materials to its shareholders, as contained in NI 51-102 and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*. Pursuant to Notice-and-Access, the Company's shareholders will receive a notice containing only certain prescribed information in plain language (including the website addresses for SEDAR and the non-SEDAR websites where the proxy-related materials are posted, as well as a toll-free telephone number for use by shareholders to obtain information about Notice-and-Access and to request paper copies of the proxy materials). Such notice may be sent by the Company by prepaid mail, courier (or the equivalent) or electronically if prior consent has been obtained, along with the applicable voting instruction form.

If a shareholder requests paper copies of an information circular, the Company will be required to send, free of charge, the items requested within three business days for requests received prior to the date of the meeting, and within 10 calendar days for requests received on or after the date of the meeting but within one year of the information circular being filed on SEDAR. When responding to such requests, the Company will be prohibited from asking for any other information about the requestor, other than the name and address to which the requested materials are to be sent.

Since the foregoing corporate governance practices of the Company are consistent with the laws, customs and practices in Canada, the Company has sought and received relief from the differing NASDAQ standards pursuant to NASDAQ Marketplace Rule 5615(a)(3).

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 Marketplace 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 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; (d) 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; and (e) with respect to the 5.25% Senior Notes due December 15, 2029, was filed with the Commission together with the Form F-10 of the Registrant on August 22, 2019.

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 24, 2020
99.2	Management's Discussion and Analysis for the Year Ended December 31, 2019
99.3	Audited Consolidated Financial Statements of the Registrant for the years ended December 31, 2019 and December 31, 2018 and the Independent Auditor's Reports thereon
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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 24, 2020

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

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 24, 2020, with respect to the consolidated financial statements as of December 31, 2019 and 2018 and for each of the years in the two-year period ended December 31, 2019 and the effectiveness of internal control over financial reporting as of December 31, 2019 included in this annual report on Form 40-F.

Our report on the consolidated financial statements refers to the adoption of IFRS 16 *Leases* related to the accounting for leases effective January 1, 2019. Our report on the consolidated financial statements also refers to the restatement of the 2018 consolidated financial statements, as described in Note 25 to the consolidated financial statements.

Our report dated March 24, 2020, on the effectiveness of internal control over financial reporting as of December 31, 2019, expresses our opinion that Methanex Corporation did not maintain effective internal control over financial reporting as of December 31, 2019 because of the effect of a material weakness on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states that ineffective controls over research and technical accounting analysis have been identified and included in management's assessment.

We also consent to the incorporation by reference of such reports in the Registration Statements (No. 33-112624, No. 333-141833, No. 333-194850, and No. 333-217591) on Form S-8 of Methanex Corporation.

/s/ KPMG LLP

Chartered Professional Accountants

March 24, 2020
Vancouver, Canada

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 the 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 24, 2020

/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 the 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 24, 2020

/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, 2019 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 24, 2020

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, 2019 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 24, 2020

Exhibit 99.1

METHANEX CORPORATION

ANNUAL INFORMATION FORM

www.methanex.com

March 24, 2020



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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 2019 Management's Discussion and Analysis ("2019 MD&A"), which contains information required to be included in this AIF. The 2019 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 Markit, Tecnon OrbiChem Ltd., Argus, 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”, “targets”, “plan”, “predict” 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 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,
- 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, including our Geismar 3 Project,
- 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,
- expected actions of governments, governmental agencies, gas suppliers, courts, tribunals or other third parties, and
- the potential future impact of the COVID-19 pandemic.

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 or 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,
- timing of completion and cost of our Geismar 3 Project,
- 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:

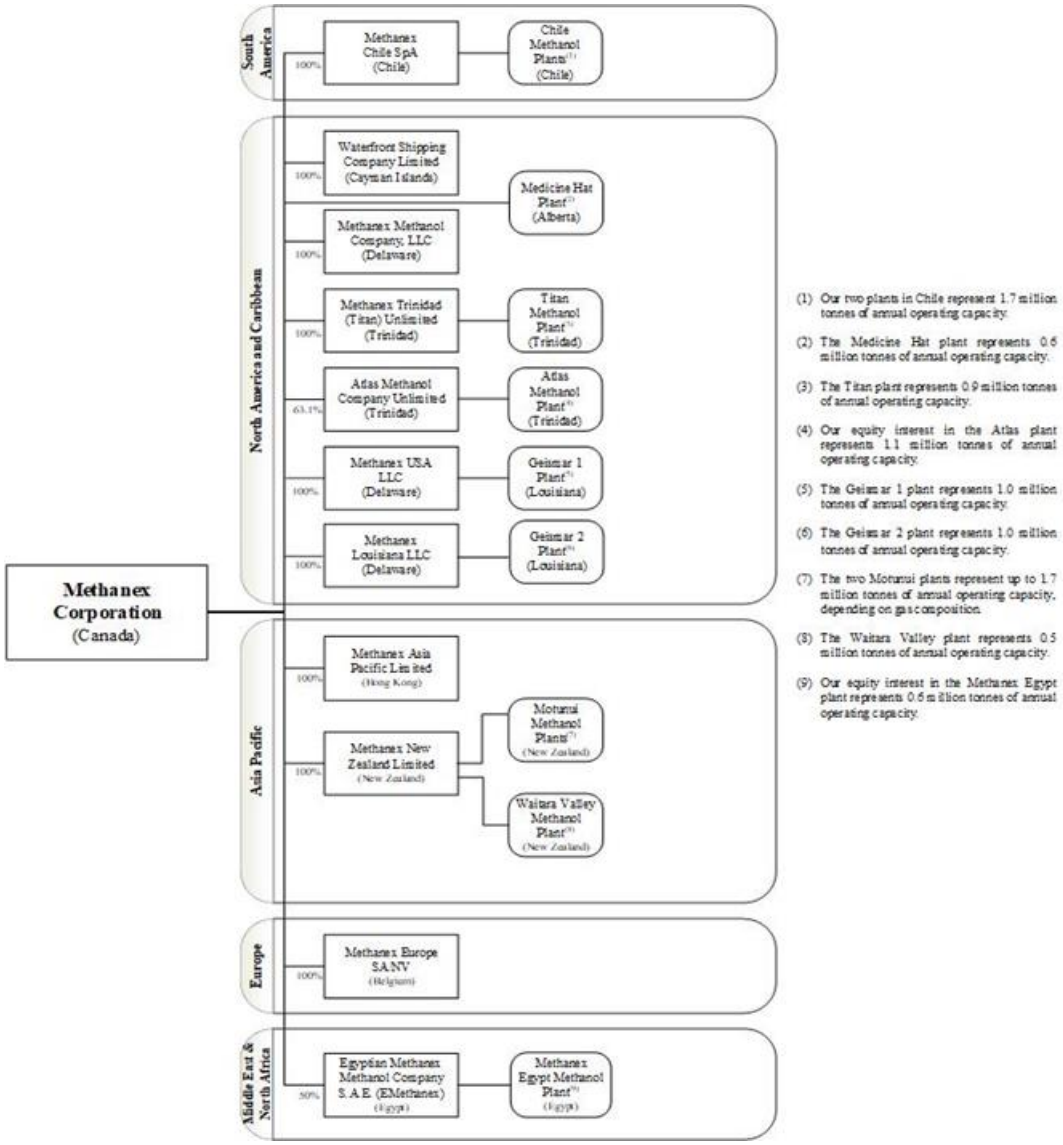
- conditions in the methanol and other industries including fluctuations in the supply, demand and price for methanol and its derivatives, including demand for methanol for energy uses,
- the price of natural gas, coal, oil and oil derivatives,
- our ability to obtain natural gas feedstock on commercially 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,
- our ability to meet timeline and budget targets for our Geismar 3 Project, including cost pressures arising from labour costs,
- competing demand for natural gas, especially with respect to any domestic needs for gas and electricity,
- 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,
- worldwide economic conditions,
- the future impact of the COVID-19 pandemic, and
- other risks described in our 2019 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, 2019 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 operating capacity.

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

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

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

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

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

(7) The two Motunui plants represent up to 1.7 million tonnes of annual operating capacity, depending on gas composition.

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

(9) Our equity interest in the Methanex Egypt plant represents 0.6 million tonnes of annual operating 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. Traditional chemical demand, which represents over 50% of global 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 wide variety of industrial and consumer products. Demand for energy-related applications, which represents just under 50% of global methanol demand, includes a number of applications including methanol-to-olefins ("MTO"), methyl tertiary-butyl ether ("MTBE"), fuel applications (including vehicle fuel, marine fuel and as a fuel for industrial boilers and kilns), di-methyl ether ("DME") and biodiesel.

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 operating capacity, including Methanex interests in jointly owned plants, is currently 9.2 million tonnes and is located in New Zealand, the United States, Trinidad, Chile, Egypt, and Canada. 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 14 for more information regarding production at our plants.

DEVELOPMENT OF THE BUSINESS AND CORPORATE STRATEGY

Three Year History

2017

On March 6, 2017, the Company announced that its Board of Directors approved a normal course issuer bid to commence on March 13, 2017 pursuant to which the Company may purchase up to 4,492,141 common shares, representing approximately 5% of the 89,842,838 shares issued and outstanding at that time.

On July 26, 2017, the Company announced that it received approval from the Toronto Stock Exchange to amend the normal course issuer bid initiated on March 13, 2017 in order to increase the maximum number of common shares that may be acquired under the bid from 4,492,141 common shares to 6,152,358 common shares, representing 10% of the public float at the time of the announcement.

On November 8, 2017, the Company announced the signing of a long-term natural gas supply agreement to extend the supply of gas for the Medicine Hat plant to 2031.

On December 7, 2017, the Company announced that it reached an agreement with ENAP for additional gas supply for the Chile operations through to December 31, 2019.

2018

On March 5, 2018, the Company announced that its Board of Directors approved a normal course issuer bid to commence on March 13, 2018 pursuant to which the Company may purchase up to 6,590,095 common shares, representing 10% of the public float at the time of the announcement.

On July 17, 2018, the Company announced it had reached long-term agreements for natural gas supply to its New Zealand operations which are expected to supply gas to underpin over half of Methanex's annual capacity in New Zealand for a period of 11 years through to 2029.

On August 13, 2018, the Company announced that it has signed agreements with Pan American Sur SA, Compañia General de Combustibles SA, Total Austral SA and Wintershall Energia SA for additional gas supply to its Chile facilities through to June 1, 2020. It is expected that these new agreements, combined with existing contracts from other gas producers, will allow for a two-plant operation in Chile during the southern hemisphere summer months and up to a maximum of 75% of a two-plant operation annually.

On October 9, 2018, the Company announced that it has successfully restarted and produced first methanol from its 0.8 million tonne Chile IV plant that has been idle since 2007. The Company also announced that the Argentine Government granted permits to allow for the export of natural gas from Argentina to Chile and the Company has begun to receive natural gas from Argentine suppliers.

2019

On March 11, 2019, the Company announced that its Board of Directors approved a normal course issuer bid which commenced on March 18, 2019 pursuant to which the Company may purchase up to 3,863,298 common shares, representing approximately 5% of the issued and outstanding shares as of March 8, 2019.

On April 12, 2019, the Company announced that it reached a cooperation agreement with M&G Investments ("M&G") pursuant to which the Company agreed to recommend Paul Dobson for election to its eleven member board of directors at the April 25, 2019 annual general meeting of shareholders. To accommodate the addition of Mr. Dobson, the Board accepted the offer of Howard Balloch to not stand or be nominated for re-election. The Company also agreed with M&G to select an additional director after the annual general meeting from a list to be submitted by M&G.

On July 19, 2019, the Company announced that its Board of Directors reached a unanimous final investment decision to construct a 1.8 million tonne methanol plant in Geismar, Louisiana adjacent to its existing Geismar 1 and Geismar 2 facilities. The Company also announced that it has arranged committed financing for the Geismar 3 project with a new five-year US$800 million construction facility as well as the renewal of its existing US$300 million revolving credit facility pursuant to an amended and restated credit agreement. Both facilities have been arranged with a syndicate of banks and will expire in July 2024.

On September 9, 2019, the Company issued US$700 million in aggregate principal amount of 5.250% senior notes due December 15, 2029. The notes were issued at a price of 99.969% of the aggregate principal amount, with an effective yield to maturity of 5.255%.

On October 8, 2019, the Company announced that it restructured its existing commercial arrangements with Empresa Nacional del Petróleo ("ENAP") for natural gas supply to underpin approximately 25% of Methanex's 1.7 million tonnes of annual capacity in Chile for a six year period from 2020 through 2025. This longer-term gas supply arrangement provides greater certainty for future gas volumes for the Company's Chile operations.

Our Strategy

Our primary objective is to create value through 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. We also pride ourselves in being a leader in Responsible Care (an operating ethic and set of principles for sustainability developed by the Chemistry Industry Association of Canada and recognized by the United Nations) to manage issues related to employee health and safety, environmental protection, community involvement, social responsibility, sustainability, security and emergency preparedness. 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 creating value through 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 2019 sales volume of 11.1 million tonnes of methanol represented approximately 13% of global methanol demand. This scale allows us the flexibility to meet customer needs across international markets. Our leadership position has also 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 we continue to invest 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 9.2 million tonnes of operating capacity in 2019. We achieved a third consecutive year of record production in 2019 with 7.6 million tonnes despite an unplanned outage experienced at our Egypt facility from April to August 2019. For a number of years, our Chile operations operated well below full capacity. After signing new gas agreements, the restart of our Chile IV plant in late 2018 returned Chile to a two plant operation at 75% annual operating rates with further potential to increase production over the near term. In addition, we made significant progress on near-term growth projects in Louisiana to increase production by approximately 10% at our existing Geismar facilities and in 2019 we reached a final investment decision to construct a new 1.8 million tonne plant which will be our third plant in Geismar, Louisiana.

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 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 enhanced 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 and applications aimed to promote the use of clean-burning fuels.

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 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.

We manage our natural gas costs in two ways: through gas contracts linked to methanol price and through fixed price contracts. Our production facilities outside North America are largely underpinned by natural gas purchase agreements where the natural gas price is linked to methanol prices. This pricing relationship enables these facilities to be competitive throughout the methanol price cycle. In North America, we have fixed price contracts and hedges in place for our Geismar and Medicine Hat facilities with a higher proportion of our gas requirements at fixed prices in the near-term, with the percentage at fixed prices declining as contracts within our portfolio expire to 2032. In the near-term, we have approximately 70% of our gas requirement at fixed prices. We purchase our remaining North American gas requirements through the spot market. Our hedging strategy in North America manages the natural gas price risk and its impact on our cost structure.

Our production facilities are well located to supply global methanol markets. Still, the cost to distribute methanol from production locations to customers is a significant component of total operating costs. These include costs for ocean shipping, in-market storage facilities and in-market distribution. We continually focus on identifying initiatives to reduce these costs, including optimizing the use of our shipping fleet, third-party backhaul arrangements and taking advantage of prevailing conditions in the shipping market by varying the type and length of term of ocean vessel contracts. In 2019, we added four new flex-fuel vessels to our existing seven that can run on conventional low-sulphur fuels or methanol providing us flexibility in choosing cost competitive bunker fuels. We also look for opportunities to leverage our global asset position by entering into geographic product exchanges with other methanol producers to reduce distribution and transportation 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, Responsible Care and financial management.

To differentiate ourselves from competitors, we strive to be the best operator and 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. Our commitment to Responsible Care drives our commitment to adhere to the highest principles of health, safety, environmental stewardship, and social responsibility. We believe this commitment helps us achieve an excellent overall environmental and safety record and aligns our community involvement and social investments with our core values.

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 for methanol and methanol applications through active participation in local and international industry associations, seminars and conferences and online education initiatives.

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. As at December 31, 2019, we had a cash balance of $417 million, no unsecured notes due until 2022 and two undrawn credit facilities to provide further liquidity: an $800 million construction credit facility specifically related to the Geismar 3 project and a $300 million revolving credit facility, both with a syndicate of highly rated financial institutions that expire in July 2024. We actively manage our liquidity and capital structure in light of changes to economic conditions, the underlying risks inherent in our operations and the capital requirements of our business. This is particularly important in the current uncertain economic environment, and we are taking steps to strengthen our balance sheet while maintaining our financial flexibility.

METHANOL INDUSTRY INFORMATION

Demand Factors

Based on the diversity of end products in which methanol is used, demand for methanol is driven by a number of factors including: strength of global and regional economies, industrial production levels, energy prices, pricing of end products and government regulations and policies.

We estimate that global methanol demand totaled approximately 84 million tonnes in 2019, a 3% increase compared to 2018. Traditional chemical demand was flat year-over-year as a result of slower global economic growth, particularly in the automotive and construction markets, and various planned and unplanned downstream outages. Demand for energy-related applications was robust and grew seven percent in 2019, supported by the start-up of two new MTO plants.

Traditional Chemical Derivative Demand

Traditional chemical demand, which represents over 50% of global 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 wide variety of industrial and consumer products. Traditional chemical demand is influenced by the strength of global and regional economies and industrial production levels. 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 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 2019, methanol demand for the production of formaldehyde represented approximately 27% 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 2019, methanol used to produce acetic acid represented approximately 9% 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. Demand for energy-related applications, which represents just under 50% of global methanol demand, includes a number of applications including methanol-to-olefins (“MTO”), methyl tertiary-butyl ether (“MTBE”), fuel applications (including vehicle fuel, marine fuel and as a fuel for industrial boilers and kilns), di-methyl ether (“DME”) and biodiesel. Demand for energy-related applications is influenced by energy prices, pricing of end products and government regulations and policies. 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.

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, a product derived from oil. Over the past decade, 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 in 2019, over 13 million tonnes of methanol, or 16% of global demand, in the merchant market was consumed by MTO plants in China (excluding demand from upstream-integrated coal-to-olefins plants). We estimate the current MTO capacity for merchant methanol to be about 17 million tonnes per annum.

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 market. China is now the world's largest automotive market with growing gasoline demand and has publicly stated its desire to reduce exhaust emissions. 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 construction. By the end of 2019, close to ten million tonnes of methanol, or 12% of global demand, was consumed for the production of MTBE. We believe that global demand for MTBE outside China will experience growth over the coming years.

Methanol Demand for Fuel Applications

Methanol can be used as fuel for transportation, industrial boilers, kilns and, in a smaller quantity, for cooking stoves. Methanol is blended into gasoline or used as a substitute for gasoline or diesel as a transportation fuel because of its competitive pricing relative to gasoline as well as for its clean air benefits. China's central and provincial governments have implemented a range of fuel-blending standards for methanol that promote the use of methanol as a vehicle fuel. Methanol in small quantities is being blended with gasoline in the United Kingdom, the Netherlands and Israel, and commercialization activities are underway in other countries, including Egypt, Iceland, India, Italy, Chile and New Zealand. Driven by International Maritime Organization regulations that became effective January 1, 2020 that limit sulphur and nitrogen oxide emissions from marine vessels, methanol is now being used as a clean-burning marine fuel. In 2019, Waterfront Shipping received an additional four new dual-fuel ships and now operates a fleet of 11 dual-fuel vessels fueled by methanol. Methanol's advantages as a marine fuel have also been recognized by others in the shipping industry. A Proman Shipping and Stena Bulk joint venture has recently placed orders for two dual-fuel mid-range vessels to be delivered in early 2022. In China, increasing demand for methanol as fuel in industrial boilers is driven by government mandates to ban small scale coal fired boilers in northern China to improve air quality. In 2019, a number of government ministries in China announced policies to further encourage the use of methanol as a vehicle fuel following the positive results of a M100 (100% methanol fuel) pilot program run in ten cities. Smaller quantities of methanol are also used in China directly as cooking fuel. In 2019, global methanol demand for use in fuel applications was estimated at over eight million tonnes, or 10% of global methanol demand.

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, this application has not yet entered widespread commercialization. In 2019, global methanol demand for use in DME was estimated at over four million tonnes, or 5% of global demand. 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 Australia, Canada, Indonesia, Japan, Korea, the United States, Trinidad and parts of Europe.

Supply Factors

Methanol is predominantly produced from natural gas and is also produced from coal, particularly in China. The industry has historically operated 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. 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 operating 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.

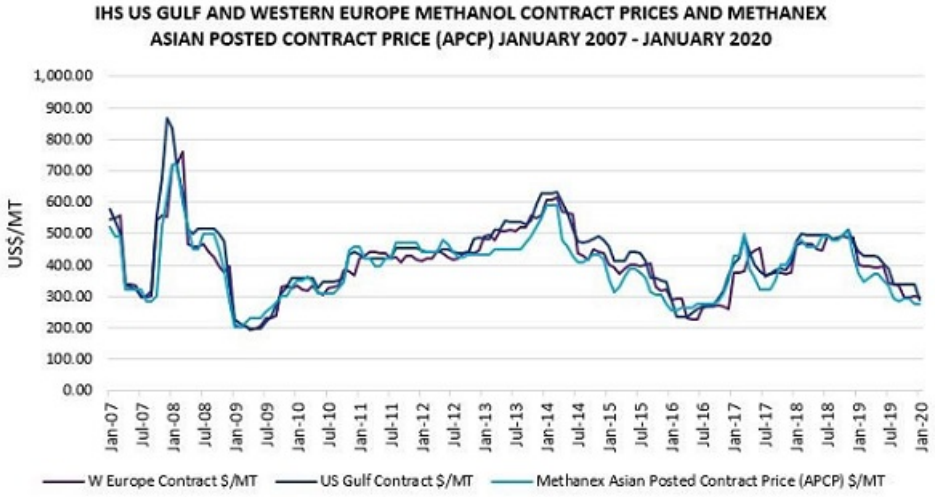
Approximately four million tonnes of new annualized capacity, including existing capacity expansions, outside of China was introduced in 2019, including our 0.8 million tonne Chile IV methanol plant that restarted in late 2018, the 2.4 million tonne Kaveh methanol plant that started up in early 2019 in Iran, a 0.4 million tonne OCI plant in the Netherlands that restarted in the second half of 2019 and capacity expansions in the US and Middle East. In China, we estimate that approximately three million tonnes of net new production capacity was added in 2019.

Over the next few years, the majority of large-scale capacity additions outside of China are expected to be in the Americas and the Middle East. Caribbean Gas Chemical Limited is constructing a 1.0 million tonne plant in Trinidad with production expected in 2020. Koch Methanol Investments and Yuhuang Chemical Industries are progressing their 1.7 million tonne YCI Methanol One project in St. James Parish, Louisiana with an announced target completion date in the second half of 2020. During 2019, we also made a final investment decision to construct a third plant in Geismar with an expected production capacity of 1.8 million tonnes. There are other large-scale projects under discussion in North America; however, we believe that none have yet reached a final investment decision. There are a number of projects at various stages of construction in Iran, including the Bushehr plant which we understand is closest to completion, that we continue to monitor. We anticipate that new non-integrated capacity additions in China will be tempered by a continuing degree of restrictions placed by the Chinese government on new standalone coal-based capacity additions. We expect that production from new capacity in China will be consumed in that country.

Methanol Prices

The methanol business is a highly competitive commodity industry and future methanol prices will ultimately depend on the strength of global demand, which is driven by a number of factors described above, along with methanol industry operating rates and new methanol industry capacity additions. 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.



Future methanol prices will ultimately depend on the strength of global demand, which is driven by a number of factors described above, along with methanol industry operating rates and new methanol industry capacity additions. We are not able to predict future methanol supply and demand balances, which are driven by a number of factors that are 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 30-45 days. 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 details the annual operating capacity and actual production at our facilities in 2019 and 2018:

	Annual Operating Capacity(1)	2019 Production	2018 Production
	(000 tonnes/year)	(000 tonnes)	(000 tonnes)
New Zealand (2)	2,200	1,865	1,606
Geismar (USA)	2,000	1,929	2,078
Trinidad (Methanex interest) (3)	2,000	1,743	1,702
Chile (4)	1,720	1,050	612
Egypt (50% interest)	630	392	613
Medicine Hat (Canada)	600	610	600
	9,150	**7,589**	**7,211**

(1) Annual operating capacity reflects, among other things, average expected plant outages, turnarounds and average age of the facility's catalyst. The operating capacity of our production facilities may be higher or lower than original nameplate capacity as, over time, these figures have been adjusted to reflect ongoing operating efficiencies at these facilities and expected feedstock composition. 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.

(2) The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility. The New Zealand facilities are capable of producing up to 2.4 million tonnes annually, depending on natural gas composition and availability. We have revised the Annual Operating Capacity from 2.4 million tonnes to 2.2 million tonnes in 2019 based on the current outlook for available high CO_2 natural gas. (refer to the *Natural Gas Supply - New Zealand* section below).

(3) 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).

(4) The operating capacity of our Chile I and IV facilities is 1.7 million tonnes annually assuming access to natural gas feedstock. For 2018, our operating capacity in Chile was 0.9 million tonnes. In the fourth quarter of 2018 we restarted our 0.8 million tonne Chile IV plant that had been idle since 2007. (refer to the *Chile* section below).

Refer to the *Production Summary* section of our 2019 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 geographically dispersed production sites enhance 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 30 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 Pacific. We also use barge, rail, pipelines 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 plants in New Zealand primarily supply customers in the Asia Pacific region, but can also supply European, North American and South American markets when required. Our production site in Chile can supply all global regions due to its geographic location. Our Egypt plant primarily services the domestic Egypt market and our European markets but can also supply Asia. Our Medicine Hat plant serves our customer base in North America and 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 operating capacity of 2.2 million tonnes of methanol per year. 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 2029. 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 linked 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 operating capacity of 2.0 million tonnes. In addition, we have made significant progress on debottlenecking projects that will increase production by approximately 10%. During 2019, we also made a final investment decision to construct a third plant in Geismar with an expected production capacity of 1.8 million tonnes.

We have a fixed price agreement for the supply of substantially all of the natural gas requirements for the Geismar 1 facility that expires in 2025. We have forward contracts to hedge approximately 40% of the natural gas prices for the Geismar 2 facility through 2025. Additionally, we have a fixed price agreement for the supply of approximately one-third of the Geismar 3 facility's expected annual natural gas requirements from 2023 to 2032. The remainder of natural gas requirements at Geismar are purchased in the spot market.

Trinidad

Natural gas for our Atlas methanol production facility in Trinidad, with our share of total production capacity being 1.1 million tonnes per year, is supplied under a take-or-pay contract 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 certain limitations. The contract for Atlas has a U.S. dollar base and variable price components, where the variable portion is adjusted by a formula linked to methanol prices above a certain level and expires in 2024.

The gas contract for Titan with the NGC expired at the end of 2019. Negotiations for a new gas supply contract are ongoing and Titan has an interruptible gas supply agreement in place for the first quarter of 2020.

Since 2011, large industrial consumers in Trinidad, including our Titan and Atlas facilities, have experienced curtailments of natural gas supply due to a mismatch between upstream supply to NGC and downstream demand from NGC's customers.

Chile

Natural gas for our two plants in Chile is supplied by various producers in Chile and Argentina. A portion of the contracted gas is subject to deliver or pay and take or pay provisions. We believe that our current gas agreements will allow for a two-plant operation in Chile during the southern hemisphere summer months and up to a maximum of 75% of a two-plant operation on an annual basis, or annual production of up to 1.3 million tonnes, in the near-term. The price paid for natural gas is a mix of both fixed price and a U.S. dollar base price plus a variable price component that is adjusted by a formula linked to methanol prices above a certain level.

Our primary Chilean natural gas supplier is Empresa Nacional del Petróleo ("ENAP"). ENAP has made significant investments in the development of natural gas from unconventional reservoirs and this effort has resulted in increased gas deliveries from ENAP to our facilities. In 2019, we announced a restructuring of our existing commercial arrangements with ENAP for natural gas supply to underpin approximately 25% of the 1.7 million tonnes of annual operating capacity for 2020 through 2025.

Throughout 2019, we received natural gas from Argentina from four different natural gas suppliers pursuant to interruptible supply agreements. These agreements expire at the end of 2020. We also received Argentine natural gas in 2019 from a fifth supplier, YPF S.A., pursuant to a gas supply agreement that expires at the end of 2025.

Egypt

We have a 25-year, take-or-pay natural gas supply agreement expiring in 2036 for the 1.3 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 linked 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 (refer to the *Foreign Operations and Government Regulation - Egypt* section on page 19 for more information).

Canada

We have entered into fixed price contracts to supply substantially all of our natural gas requirements for our Medicine Hat facility through 2031. In addition to hedges in place through 2022, we have a long-term, fixed price physical supply contract with a progressively growing supply commitment that started in 2018 and increases to 80-90% of the plant's natural gas requirements from 2023 through 2031.

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 certain markets from our producing regions is currently subject to import duties ranging from 0% to 5.5%. As well, there is currently a 25% tariff on methanol imported from the US to China and from China to the US. There can be no assurance that duties 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. The DL 600 Contracts provide that they cannot be amended or terminated except by written agreement.

In late 2019, Chile experienced an outbreak of social unrest culminating in widespread public demonstrations. The demonstrations resulted in the death of several people, the serious disruption of daily routines in some cities and damage to the country's infrastructure. To date, the social unrest has had no impact on our operations or gas supply to our plants.

Egypt

Following the plant commencing operations in 2011, Egypt has experienced periods of significant social unrest, including acts of sabotage and government transitions. We believe that these factors previously contributed to constraints in the development of new supplies of natural gas coming to market resulting in our Egypt plant operating below full capacity before late 2016. The current government has been in place since 2014 and has made significant efforts to improve the gas supply situation in the country by encouraging natural gas exploration and commencing an economic reform program. These efforts coupled with continuing natural gas discoveries have successfully strengthened the natural gas supply and demand balance in Egypt. We have received 100% of contracted gas supply since late 2016.

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") related policies and programs are based on Chemistry Industry Association of Canada'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 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 and SR program performance and related matters at the policy level. The RC committee considers RC ethics, sustainability, safety (personal and process), environment, crisis management and communications, physical security, product stewardship and social responsibility. 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 global programs are directed and managed by the Vice President, Responsible Care and Operational Excellence and the General Counsel and Corporate Secretary, who lead Methanex's global Responsible Care function and global Communications function, 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 through the CIAC RC verification process or the ACC RC 14001 certification process. The most recent CIAC RC re-verification was successfully completed in 2018. In 2019, our Geismar facilities successfully completed ACC RC 14001 certification and our Trinidad facilities were successfully re-certified.

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 we operate our facilities in a manner that protects the safety and health of all employees, contractors, customers and the general public. It requires that we have systems in place to monitor and comply with all local safety, health and environmental regulations as well as internal standards, periodically audit performance and compliance, measure performance against key performance indicators, report incidents with the potential to cause harm to people or the environment 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 to allow for effective mitigation as well as application of lessons learned throughout our organization.

As a natural extension of our RC ethic, we align our employee engagement and communications, community involvement and social investment strategies with our core values and corporate strategy. Specifically, the Company recognizes and responds to community concerns about the manufacture, storage, handling, transportation and disposal of our products and promptly provides information concerning any potential health or environmental hazard to the appropriate authorities, employees and all stakeholders. Furthermore, the Company is committed to positively contributing to and having an open, honest and proactive relationship with the communities where we have a significant presence; to being accountable and responsive to the public; to having effective processes to identify and responding to community concerns; and to informing the community of risks associated with our operations.

The Company strives to maintain the highest standards of product care as methanol moves through the supply chain with customers, logistics providers, emergency responders, industry associations, regulators and other stakeholders in the sharing of methanol safe handling knowledge and setting of high standards for safety and environmental protection.

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 and international and jurisdictional waters in which our vessels operate have laws, regulations, treaties and conventions in force 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 with respect to 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.

Carbon and GHG Legislation

Carbon dioxide ("CO_2") is a by-product of the methanol production process. The amount of CO_2 generated by the methanol production process depends on the production technology, plant age, feedstock and any export of the by-product hydrogen. CO_2 emissions are also generated from our marine operations when fuel is consumed during the global transport of methanol. We monitor and manage our CO_2 emissions intensity, defined as the quantity of CO_2 released per unit of production or transported tonne, relating to both methanol production and marine operations. Our CO_2 emissions intensity has decreased over time due to newer technology and higher efficiency at our plants and in our vessel fleet. 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 mix of production assets and vessels in operation.

Under the United Nations Framework Convention on Climate Change through the Kyoto Protocol, and more recently the Paris Agreement (in effect from 2020), many of the countries we operate in have agreed to put forth efforts to reduce greenhouse gas ("GHG") emissions and/or impose carbon taxes. We are currently subject to GHG regulations in New Zealand, Canada and Chile, but our production in the United States, Trinidad and Egypt is currently not subject to such regulations. These regulations result in additional costs to produce methanol. Many of our competitors produce methanol in countries with no imposed GHG regulations or carbon taxes, as such, further increases in regulations or carbon taxes in the countries in which we operate may negatively impact our competitive position within the methanol industry.

There are ongoing reviews and potential changes to government GHG regulations in New Zealand, Canada and Chile. In New Zealand, an Emissions Trading Scheme ("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. Our Medicine Hat facility is in the Canadian province of Alberta, which implemented legislation, the Carbon Competitiveness Incentive Regulation ("CCIR"), with the aim to reduce large industrial GHG emissions. In 2020, the CCIR was replaced by the Technology Innovation and Emissions Reduction ("TIER") program which provides up to 90% free emission allocations. To the extent Methanex does not have free emission allocations we must purchase offset credits for an additional cost. Since 2017, Chile has imposed a carbon tax on certain CO2 emissions. More recent legislation will have the effect of increasing carbon taxes in Chile over the coming years. We cannot provide assurance that GHG legislation changes or new legislation will not have an adverse impact on our results of operations and financial condition.

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 insurance, including business interruption, and construction 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 13% of the global market demand in 2019, 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, more than half 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, 2019, we had 1,544 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 2019 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%
June 30, 2017	$0.300	9%
March 31, 2018	$0.330	10%
June 30, 2019	$0.360	9%

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, 2017	$ 1.175
December 31, 2018	$ 1.320
December 31, 2019	$ 1.410

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 future 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	**Stable**	**Stable**	**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 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 CCC 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 as well as on other Canadian and US equity marketplaces, including exchanges and alternative trading systems, for each month of our most recently completed financial year (January 1, 2019 through December 31, 2019).

2019 Trading Volumes [1]						
Trading Symbol: MX					Trading Symbol: MEOH	
The Toronto Stock Exchange				Other Canadian Trading	NASDAQ Global Select Market and Other US Trading	
Month	High (CD$)	Low (CDN$)	Volume	Volume	Volume	Total Volume
January	78.73	63.54	7,411,435	3,284,918	10,522,099	21,218,452
February	77.58	69.35	5,714,455	3,292,580	7,600,748	16,607,783
March	83.99	73.88	5,490,180	2,706,688	9,028,068	17,224,936
April	80.49	72.28	4,513,163	2,169,365	8,290,298	14,972,826
May	74.13	55.97	6,153,683	2,967,731	8,516,049	17,637,463
June	62.80	55.21	5,271,595	2,980,702	9,395,329	17,647,626
July	59.87	51.34	5,926,316	2,852,617	9,385,982	18,164,915
August	51.97	40.11	6,288,734	2,767,858	9,179,852	18,236,444
September	52.50	41.99	7,323,726	3,582,543	9,564,139	20,470,408
October	51.55	43.91	7,173,361	2,691,744	8,382,648	18,247,753
November	55.54	48.77	8,445,118	4,314,227	7,376,179	20,135,524
December	52.09	45.55	5,838,675	2,497,629	6,825,924	15,162,228

(1) Source: Bloomberg

NORMAL COURSE ISSUER BID

On March 11, 2019, the Company announced a normal course issuer bid (the “2019 Bid”) authorizing the Company to purchase up to 3,863,298 Common Shares, representing approximately 5% of the outstanding shares as of March 8, 2019. The 2019 Bid commenced on March 18, 2019 with purchases being made on the open market through the facilities of the NASDAQ Global Select Market and alternative trading systems in the United States. The Company purchased a total of 1,069,893 Common Shares under the 2019 Bid.

DIRECTORS AND EXECUTIVE OFFICERS

As at December 31, 2019, the directors and executive officers of the Company owned, controlled or directed, directly or indirectly, 482,222 Common Shares, representing approximately 0.63% of the outstanding Common Shares as at December 31, 2019.

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(15)
AITKEN, BRUCE(2)(4)(5) Auckland New Zealand	Director	Corporate Director.	July 2004
ARNELL, DOUGLAS West Vancouver British Columbia, Canada	Director and Chair of the Board	President and Chief Executive Officer of Helm Energy Advisors Inc.(6) since March 2015; prior thereto Chief Executive Officer of Golar LNG Ltd.(7) since 2011.	October 2016
BERTRAM, JAMES(3)(4) Calgary, Alberta Canada	Director	Corporate Director. Chief Executive Officer of Keyera Corporation(8) from 1998 to 2014.	October 2018
COOK, PHILLIP(2)(3) Austin, Texas USA	Director	Corporate Director.	May 2006
DOBSON, PAUL(1)(4) The Woodlands, Texas USA	Director	Corporate Director. Acting President and Chief Executive Officer of Hydro One Limited(9) from July 2018 to May 2019; prior thereto Chief Financial Officer of Hydro One Limited from May 2018; prior thereto Chief Financial Officer of Direct Energy Ltd.(10) from January 2016 to February 2018; prior thereto Chief Operating Officer of Direct Energy Ltd. from May 2014 to December 2015.	April 2019
FLOREN, JOHN Eastham, Massachusetts USA	Director, President and Chief Executive Officer	President and Chief Executive Officer of the Company since 2013.	January 2013
HOWE, MAUREEN(1)(2) Vancouver, British Columbia Canada	Director	Corporate Director.	June 2018
KOSTELNIK, ROBERT(3)(4) Fulshear, Texas USA	Director	Corporate Director. Principal of GlenRock Recovery Partners, LLC(11) since February 2012.	September 2008
RENNIE, JANICE(1)(3) Edmonton, Alberta Canada	Director	Corporate Director.	May 2006
RODGERS, KEVIN(2)(3) London UK	Director	Corporate Director. Managing Director and Global Head of Foreign Exchange of Deutsche Bank(12) in London, UK from 2012 to June 2014.	July 2019
WALKER, MARGARET(3)(4) Austin, Texas USA	Director	Corporate Director. Since 2011, owner of MLRW Group, LLC(13).	April 2015
WARMBOLD, BENITA(1)(2) Toronto, Ontario Canada	Director	Corporate Director. Senior Managing Director and Chief Financial Officer of the Canada Pension Plan Investment Board(14) from 2013 to 2017.	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 Responsible Care Committee.
(5) Mr. Aitken is not standing for re-election at the 2020 Annual General Meeting.
(6) Helm Energy Advisors, Inc. is a private company which provides advisory services to the global energy sector.
(7) Golar LNG is a liquefied natural gas shipping company.
(8) Keyera Corporation operates one of the largest independent midstream energy companies in Canada.
(9) Hydro One Limited is a major transmission and distribution provider in Ontario, Canada.
(10) Direct Energy Ltd. is a North American retailer of energy and energy services.
(11) GlenRock Recovery Partners, LLC is a company that facilitates the sale of non-fungible hydrocarbons in the United States.
(12) Deutsche Bank is a global multinational investment bank and financial services company.
(13) MLRW Group Inc. is a consulting firm focusing on working with companies to improve capital investment outcomes and to improve overall safety performance.
(14) Canada Pension Plan Investment Board is a professional investment management organization responsible for investing funds on behalf of the Canada Pension Plan.
(15) The directors of the Company are elected each year at the Annual General Meeting of the Company and hold office until the close of the next Annual General Meeting or until their successors are elected or appointed.

Name and Municipality of Residence	Office	Principal Occupations and Positions During the Last Five Years
BOYD, BRADLEY W. West Vancouver, British Columbia Canada	Senior Vice President, Corporate Resources	Senior Vice President, Corporate Resources of the Company since January 2018; prior thereto Vice President, Human Resources of the Company since May 2016; prior thereto Managing Director, Egypt of the Company since April 2015; prior thereto Vice President, Finance and Business Integration, Egypt of the Company since August 2012.
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.
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
HERZ, MICHAEL J. North Vancouver, British Columbia Canada	Senior Vice President, Corporate Development	Senior Vice President, Corporate Development of the Company since January 2013.
JAMES, VANESSA L. North Vancouver, British Columbia Canada	Senior Vice President, Global Marketing and Logistics	Senior Vice President, Global Marketing and Logistics of the Company since January 2013.

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 audited and issued assessments against our 63.1% owned joint venture, Atlas, in respect of the 2005 to 2013 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 with affiliates that commenced in 2005 and continued through 2019. The long-term fixed-price sales contracts with affiliates were established as part of the formation of Atlas and management believes were reflective of market considerations at that time. Atlas had partial relief from corporation income tax until late July 2014.

During the periods under assessment and continuing through 2014, approximately 50% of Atlas produced methanol was sold under these fixed-price contracts. From late 2014 through 2019 fixed-prices sales represent approximately 10% of Atlas produced methanol.

Management believes it is impractical to disclose a reasonable estimate of the potential contingent liability due to the wide range of assumptions and interpretations implicit in the assessments.

The Company has 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 advice from legal counsel, we believe our position should be sustained, that Atlas has filed its tax returns and paid applicable taxes in compliance with Trinidadian tax law, and as such has not accrued for any amounts relating to these assessments. Contingencies inherently involve the exercise of significant judgment, and as such the outcomes of these assessments and the financial impact to the Company could be material.

We anticipate the resolution of this matter in the court system to be lengthy and, at this time, cannot predict a date as to when we expect this matter to be resolved.

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: Benita Warmbold (Chair), Paul Dobson, Maureen Howe and Janice Rennie. Each Audit Committee member is independent and financially literate. Ms. Warmbold is currently 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.

Ms. Benita Warmbold

Ms. Warmbold is a corporate director and former Senior Managing Director and Chief Financial Officer of the Canada Pension Plan Investment Board ("CPPIB"). CPPIB is a professional investment management organization responsible for investing funds on behalf of the Canada Pension Plan. Over her nine years at CPPIB, Ms. Warmbold was responsible for finance, risk, tax, internal audit, legal, technology, data and investment operations. Prior to joining CPPIB, Ms. Warmbold held leadership positions with Northwater Capital Management Inc., Canada Development Investment Corporation and KPMG.

Ms. Warmbold holds a Bachelor of Commerce (Honours) degree from Queen's University, is a chartered professional accountant and 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 serves on the board of SNC-Lavalin Group Inc. and the private company Crestone Peak Resources and is Chair of both their Audit Committees. She is also a director of the Bank of Nova Scotia and serves on their Audit and Conduct Review Committee. She is also Chair of the Canadian Public Accountability Board.

Ms. Warmbold has served on the Audit Committee since February 2016 and has been Chair of the Committee since April 2018.

Mr. Paul Dobson

Mr. Dobson is a corporate director. From July 2018 to May 2019 he was Acting President and Chief Executive Officer of Hydro One Limited ("Hydro One"), a major transmission and distribution provider in Ontario, Canada and prior to that was Chief Financial Officer of Hydro One Limited from March 2018. Mr. Dobson also served as Chief Financial Officer for Direct Energy Ltd. ("Direct Energy") in Houston, Texas and held senior leadership positions in finance across the Centrica Group, the parent company of Direct Energy.

Mr. Dobson holds a Bachelor of Arts in Management Accounting (Honours) from the University of Waterloo as well as an MBA from the University of Western Ontario. He is a chartered professional account and a certified management accountant.

Mr. Dobson has served on the Audit Committee since joining the board in April 2019.

Ms. Maureen Howe

Ms. Howe is a corporate director. From 1996 to 2008 she was Managing Director of RBC Capital Markets specializing in the area of energy infrastructure which included power generation, transmission and distribution, oil and gas transmission and distribution, gas processing and alternative energy. Prior to joining RBC Capital Markets, Ms. Howe held finance positions in the utility industry, investment banking and portfolio management.

Ms. Howe is a director of Pembina Pipeline Corporation and serves on their Audit Committee. Additionally she is Chair of the Audit Committee at Mosaic Forest Management Corp., a private timber company, and Chairperson of the University of British Columbia Phillips, Hager & North Centre for Financial Research.

Ms. Howe holds a Bachelor of Commerce (Honours) from the University of Manitoba and a Ph.D. in Finance from the University of British Columbia.

Ms. Howe has served on the Audit Committee since June 2018.

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. and West Fraser Timber Co. Ltd. and is a member of all their Audit Committees, as well as Chair of the Audit Committee of Major Drilling Group International Inc. Ms. Rennie is also currently Chair of the Board of EPCOR.

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

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, 2019 and December 31, 2018 are as follows:

US$000s	2019	2018
Audit Fees	**1,688**	1,552
Audit-Related Fees	**60**	56
Tax Fees	**145**	139
All Other Fees	**12**	47
Total	**1,905**	**1,794**

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.

Other Fees

Other fees for professional services rendered for consulting on project governance.

TRANSFER AGENT AND REGISTRAR

Our principal transfer agent for our Common Shares is AST Trust Company (Canada) 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.

MATERIAL CONTRACTS

Other than those contracts entered into during the normal course of business, the only contract that is material to the Company and that was entered into within the fiscal year ended December 31, 2019, or before such year and after January 1, 2002 that is still in effect, and which is required to be filed with Canadian securities regulatory authorities pursuant to applicable securities laws, is the amended and restated credit agreement (2019) (the "Credit Agreement") dated for reference July 25, 2019 between the Company, as borrower, Royal Bank of Canada, as agent bank, and the financial institutions party thereto, as lenders. The Credit Agreement contains customary covenant and default provisions, including restrictions on the incurrence of additional indebtedness and restrictions on the sale or abandonment of the Geismar 3 project, as well as requirements associated with completion of the Geismar 3 project construction and commissioning. The credit facilities made available pursuant to the Credit Agreement are further described above in "Three Year History -2019".

CONTROLS AND PROCEDURES

Our disclosure controls and procedures are described under the heading *Controls and Procedures* in our 2019 MD&A and are incorporated in this AIF by reference.

CODE OF ETHICS

We have a written code of ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. A copy of our code, entitled "Code of Business Conduct", can be found on our website at www.methanex.com or upon request from the Corporate Secretary at the address below under the heading *Additional Information*.

ADDITIONAL INFORMATION

Additional information relating to the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in our Information Circular dated March 5, 2020 relating to our Annual General Meeting that will be held on April 30, 2020.

Additional financial information about the Company is provided in the Company's financial statements for the year ended December 31, 2019 and in our 2019 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

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) taxation and 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) cyber and 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.

Exhibit 99.2

Management's Discussion and Analysis

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This Management's Discussion and Analysis ("MD&A") is dated March 24, 2020 and should be read in conjunction with our consolidated financial statements and the accompanying notes for the year ended December 31, 2019. 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 23, 2020, we had 76,196,080 common shares issued and outstanding and stock options exercisable for 1,431,347 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. Traditional chemical demand, which represents over 50% of global 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 wide variety of industrial and consumer products. Demand for energy-related applications, which represents just under 50% of global methanol demand, includes a number of applications including methanol-to-olefins ("MTO"), methyl tertiary-butyl ether ("MTBE"), fuel applications (including vehicle fuel, marine fuel and as a fuel for industrial boilers and kilns), di-methyl ether ("DME") and biodiesel.

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 operating capacity, including Methanex interests in jointly owned plants, is currently 9.2 million tonnes and is located in New Zealand, the United States, Trinidad, Chile, Egypt, and Canada. 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.

2019 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. Based on the diversity of end products in which methanol is used, demand for methanol is driven by a number of factors including: strength of global and regional economies, industrial production levels, energy prices, pricing of end products and government regulations and policies.

Demand

We estimate that global methanol demand totaled approximately 84 million tonnes in 2019, a 3% increase compared to 2018.

Traditional chemical demand was flat year-over-year as a result of slower global economic growth, particularly in the automotive and construction markets, and various planned and unplanned downstream outages. We believe that traditional chemical demand is influenced by the strength of global and regional economies and industrial production levels.

Demand for energy-related applications, which represents just under 50% of global demand, was robust and grew seven percent in 2019, supported by the start-up of two new methanol-to-olefin ("MTO") plants. We continue to monitor the progress of two other MTO units that are currently under construction, with the combined capacity to consume an additional 3.6 million tonnes of methanol annually at full operating rates, that are targeted to come online in the medium term. The future operating rates and methanol consumption from MTO producers will depend on a number of factors including pricing for their various final products, the degree of downstream integration of these units with other products, the impact of olefin industry feedstock costs, including naphtha, on relative competitiveness and plant maintenance schedules.

Regulatory changes are playing an increasing role in encouraging new applications for methanol due to its emissions benefits as a fuel.

On January 1, 2020, the International Maritime Organization ("IMO") implemented a new regulation limiting sulphur emissions from ocean-going vessels. Methanol has emerged as a promising competitive alternative marine fuel that meets the IMO's sulphur requirements. Methanex currently has 11 vessels with the capability to run on methanol. A number of projects are underway with cruise ships and ferries as well as tug boats and barges. In China, Methanex has partnered with the Ministry of Transport on a successful marine fuel pilot and is working with relevant stakeholders to support the application of methanol as a marine fuel.

There is growing interest in methanol as a vehicle fuel. In 2019, a number of Chinese government ministries published "Guidelines to Promote Methanol Vehicles in China" to expedite the development of methanol vehicles. We are pleased to see significant interest in high level methanol fuel blends as a pilot program for M100 taxis (able to run on 100% methanol fuel) has been launched in in China. There are approximately 19,000 taxis in China, representing approximately 400,000 tonnes of methanol demand, running on M100 fuel. Methanol fuel blending continues to gain momentum outside of China. Several other countries are in the assessment or near-commercial stage for low-level methanol fuel blending.

In China, stricter air quality emissions regulations in several provinces are leading to aphase-out of coal-fueled industrial boilers and industrial kilns in favour of cleaner fuels, creating a growing market for methanol as an alternative fuel. We estimate that this growing demand segment already represents approximately two million tonnes of methanol demand.

We believe that demand for energy-related applications is influenced by energy prices, pricing of end products and government regulations and policies.

Supply

Approximately four million tonnes of new annualized capacity, including existing capacity expansions, outside of China was introduced in 2019, including our 0.8 million tonne Chile IV methanol plant that restarted in late 2018, the 2.4 million tonne Kaveh methanol plant that started up in early 2019 in Iran, a 0.4 million tonne OCI plant in the Netherlands that restarted in the second half of 2019 and capacity expansions in the US and Middle East. In China, we estimate that approximately three million tonnes of net new production capacity was added in 2019, excluding methanol production that is integrated with production of other downstream products and not sold on the merchant market.

Over the next few years, the majority of large-scale capacity additions outside of China are expected to be in the Americas and the Middle East. Caribbean Gas Chemical Limited is constructing a 1.0 million tonne plant in Trinidad with production expected in 2020. Koch Methanol Investments and Yuhuang Chemical Industries are progressing their 1.7 million tonne YCI Methanol One project in St. James Parish, Louisiana with an announced target completion date in the second half of 2020. During 2019, we also made a final investment decision to construct a third plant in Geismar with an expected production capacity of 1.8 million tonnes. There are other large-scale projects under discussion in North America; however, we believe that none have yet reached a final investment decision. There are a number of projects at various stages of construction in Iran, including the Bushehr plant which we understand is closest to completion, that we continue to monitor. We anticipate that new non-integrated capacity additions in China will be tempered by

a continuing degree of restrictions placed by the Chinese government on new standalone coal-based capacity additions. We expect that production from new capacity in China will be consumed in that country.

Price
Methanex's average realized price in 2019 was $295 per tonne compared to $405 per tonne in 2018. The decline in methanol pricing resulted from relatively strong industry operating rates for most of the year combined with modest methanol demand growth.

Recent Developments
Leading into 2020, we face significant uncertainty in the global economy and a challenging commodity price environment as the emergence of the novel coronavirus ("COVID-19") has dramatically impacted how individuals, businesses and governments operate. In addition, the price of oil has dropped sharply, sparked by lower demand driven by impacts from COVID-19, and from an oil price war resulting from disagreements on supply cuts between oil producing nations. This adds additional uncertainty as higher oil prices are generally positive for the methanol industry. Future methanol prices will ultimately depend on the strength of global demand, which is driven by a number of factors described above, along with methanol industry operating rates and new methanol industry capacity additions. The ultimate impact that COVID-19 and lower oil prices will have on methanol prices is not known and could be material.

OUR STRATEGY
Our primary objective is to create value through 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. We also pride ourselves in being a leader in Responsible Care (an operating ethic and set of principles for sustainability developed by the Chemistry Industry Association of Canada and recognized by the United Nations) to manage issues related to employee health and safety, environmental protection, community involvement, social responsibility, sustainability, security and emergency preparedness. 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 creating value through 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 2019 sales volume of 11.1 million tonnes of methanol represented approximately 13% of global methanol demand. This scale allows us the flexibility to meet customer needs across international markets. Our leadership position has also 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 we continue to invest 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 9.2 million tonnes of operating capacity in 2019. We achieved a third consecutive year of record production in 2019 with 7.6 million tonnes despite an unplanned outage experienced at our Egypt facility from April to August 2019. For a number of years, our Chile operations operated well below full capacity. After signing new gas agreements, the restart of our Chile IV plant in late 2018 returned Chile to a two plant operation at 75% annual operating rates with further potential to increase production over the near term. In addition, we made significant progress on near-term growth projects in Louisiana to increase production by approximately 10% at our existing Geismar facilities and in 2019 we reached a final investment decision to construct a new 1.8 million tonne plant which will be our third plant in Geismar, Louisiana.

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 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 enhanced 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 and applications aimed to promote the use of clean-burning fuels.

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 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.

We manage our natural gas costs in two ways: through gas contracts linked to methanol price and through fixed price contracts. Our production facilities outside North America are largely underpinned by natural gas purchase agreements where the natural gas price is linked to methanol prices. This pricing relationship enables these facilities to be competitive throughout the methanol price cycle. In North America, we have fixed price contracts and hedges in place for our Geismar and Medicine Hat facilities with a higher portion of our gas requirements at fixed prices in the near-term, with the percentage at fixed prices declining as contracts within our portfolio expire to 2032. In the near-term, we have approximately 70% of our gas requirement at fixed prices. We purchase our remaining North American gas requirements through the spot market. Our hedging strategy in North America manages the natural gas price risk and its impact on our cost structure.

Our production facilities are well located to supply global methanol markets. Still, the cost to distribute methanol from production locations to customers is a significant component of total operating costs. These include costs for ocean shipping, in-market storage facilities and in-market distribution. We continually focus on identifying initiatives to reduce these costs, including optimizing the use of our shipping fleet, third-party backhaul arrangements and taking advantage of prevailing conditions in the shipping market by varying the type and length of term of ocean vessel contracts. In 2019, we added four new flex-fuel vessels to our existing seven that can run on conventional low-sulphur fuels or methanol providing us flexibility in choosing cost competitive bunker fuels. We also look for opportunities to leverage our global asset position by entering into geographic product exchanges with other methanol producers to reduce distribution and transportation 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, Responsible Care and financial management.

To differentiate ourselves from competitors, we strive to be the best operator and 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. Our commitment to Responsible Care drives our commitment to adhere to the highest principles of health, safety, environmental stewardship, and social responsibility. We believe this commitment helps us achieve an excellent overall environmental and safety record and aligns our community involvement and social investments with our core values.

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 for methanol and methanol applications through active participation in local and international industry associations, seminars and conferences and online education initiatives.

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. As at December 31, 2019, we had a cash balance of $417 million, no unsecured notes due until 2022 and two undrawn credit facilities to provide further liquidity: an $800 million construction credit facility specifically related to the Geismar 3 project and a $300 million revolving credit facility, both with a syndicate of highly rated financial institutions that expire in July 2024. We actively manage our liquidity and capital structure in light of changes to economic conditions, the underlying risks inherent in our operations and the capital requirements of our business. This is particularly important in the current uncertain economic environment, and we are taking steps to strengthen our balance sheet while maintaining our financial flexibility.

FINANCIAL HIGHLIGHTS

($ Millions, except as noted)	**2019**	2018
Production (thousands of tonnes) (attributable to Methanex shareholders)	**7,589**	7,211
Sales volume (thousands of tonnes)		
Methanex-produced methanol	**7,611**	7,002
Purchased methanol	**2,492**	3,032
Commission sales	**1,031**	1,174
Total sales volume[1]	**11,134**	11,208
Methanex average non-discounted posted price ($ per tonne)[2]	**353**	481
Average realized price ($ per tonne)[3]	**295**	405
Revenue[4]	**3,284**	4,483
Adjusted revenue[5]	**2,988**	4,033
Adjusted EBITDA[5]	**566**	1,071
Cash flows from operating activities	**515**	980
Net income (attributable to Methanex shareholders)	**88**	569
Adjusted net income[5]	**71**	556
Basic net income per common share ($ per share)	**1.15**	7.07
Diluted net income per common share ($ per share)	**1.01**	6.92
Adjusted net income per common share ($ per share)[5]	**0.93**	6.86
Common share information (millions of shares)		
Weighted average number of common shares	**77**	80
Diluted weighted average number of common shares	**77**	81
Number of common shares outstanding, end of year	**76**	77

1 Methanex-produced methanol represents our equity share of volume produced at our facilities and excludes volume marketed on a commission basis related to 36.9% of the Atlas facility and 50% of the Egypt facility that we do not own. Methanex-produced methanol includes any volume produced in Chile using natural gas supplied from Argentina under a tolling arrangement ("Tolling Volume"). No Tolling Volume was produced in 2019 compared to 108,000 MT of Tolling Volume in 2018.

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 Revenue for 2019 has been adjusted as compared to revenue reported in our quarterly MD&A and condensed quarterly financial statements issued for 2019 based on a restatement for the recognition of revenue on Atlas produced methanol. Revenue for 2018 has been restated. Refer to note 25 of the consolidated financial statements.

5 The Company has used the terms Adjusted EBITDA, Adjusted net income, Adjusted net income 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 41 for a description of each non-GAAP measure and reconciliations to the most comparable GAAP measures.

PRODUCTION SUMMARY

The following table details the annual operating capacity and actual production at our facilities in 2019 and 2018:

(Thousands of tonnes)	Annual operating capacity[1]	**2019 Production**	2018 Production
New Zealand[2]	2,200	**1,865**	1,606
USA (Geismar)	2,000	**1,929**	2,078
Trinidad (Methanex interest)[3]	2,000	**1,743**	1,702
Chile[4]	1,720	**1,050**	612
Egypt (50% interest)	630	**392**	613
Canada (Medicine Hat)	600	**610**	600
	9,150	**7,589**	7,211

1 Annual operating capacity reflects, among other things, average expected plant outages, turnarounds and average age of the facility's catalyst. The operating capacity of our production facilities may be higher or lower than original nameplate capacity as, over time, these figures have been adjusted to reflect ongoing operating efficiencies at these facilities and expected feedstock composition. 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.

2 The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility. The New Zealand facilities are capable of producing up to 2.4 million tonnes annually, depending on natural gas composition and availability. We have revised the Annual Operating Capacity from 2.4 million tonnes to 2.2 million tonnes in 2019 based on the current outlook for available high CO_2 natural gas. (refer to the *New Zealand* section below).

3 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).

4 The operating capacity of our Chile I and IV facilities is 1.7 million tonnes annually assuming access to natural gas feedstock. For 2018, our operating capacity in Chile was 0.9 million tonnes. In the fourth quarter of 2018 we restarted our 0.8 million tonne Chile IV plant that had been idle since 2007. (refer to the *Chile* section below).

New Zealand

In New Zealand, we produced 1.9 million tonnes of methanol in 2019 compared with 1.6 million tonnes in 2018. Production for 2019 was higher than 2018 due to planned turnarounds and maintenance activities at both the Motunui and Waitara Valley sites in 2018 and more significant gas supply constraints due to planned and unplanned gas field and pipeline maintenance and repairs in 2018 as compared to 2019. In December 2019, the Waitara Valley plant was taken offline temporarily to complete unplanned repairs.

Significant field development work is underway in the upstream gas sector in New Zealand, however, we do not expect to see the benefit of this in 2020. Based on our current contracted gas position, our production guidance for New Zealand is approximately 85% operating rates in 2020, or approximately 1.9 million tonnes annually. Our New Zealand facilities are ideally situated to supply the Asia Pacific market. Refer to the *Risk Factors and Risk Management – New Zealand* section on page 29 for more information.

United States

The Geismar facilities produced 1.9 million tonnes of methanol in 2019 compared with 2.1 million tonnes in 2018. Production at the Geismar site was lower for 2019 compared with 2018 due primarily to a planned turnaround at Geismar 1 in the first quarter of 2019 and unplanned outages at Geismar 2 in the fourth quarter of 2019. Refer to the *Risk Factors and Risk Management - United States* section on page 30 for more information.

Trinidad

Our ownership interest in the methanol facilities in Trinidad represents 2.0 million tonnes of annual capacity. The Trinidad facilities produced a total of 1.7 million tonnes of methanol (Methanex share) in both 2019 and 2018. Production in Trinidad was similar in 2019 and 2018 as a turnaround completed at the Titan plant in 2019 offset the impact of lower unplanned outages in 2019 compared to 2018.

The Titan and Atlas facilities in Trinidad are well located to supply global methanol markets. The Atlas facility is underpinned by a natural gas purchase agreement where the natural gas price varies with methanol sales. The Titan facility's natural gas purchase agreement expired at the end of 2019. An interim agreement with the National Gas Company of Trinidad and Tobago Limited ("NGC") for the interruptible supply of natural gas to the Titan facility is in place for the first quarter of 2020 while negotiations continue with NGC for a medium-term natural gas supply agreement. In March 2020, the Company announced the idling of its Titan plant effective March 16, 2020 for an indefinite period. The idling of the plant is in response to the anticipated impact on methanol demand in the second quarter of 2020 due to a substantial reduction in manufacturing activity in countries that have had significant outbreaks of COVID-19. Refer to the *Risk Factors and Risk Management – Trinidad* section on page 30 for more information.

Chile

The Chile facilities, Chile I and IV, produced 1.1 million tonnes of methanol in 2019 from a combination of Chile and Argentina sourced natural gas. This compares to 0.6 million tonnes for Chile I in 2018. Production increased for 2019 as compared to 2018 as a result of improved natural gas availability from Chilean and Argentine suppliers and due to the restart of our Chile IV plant in the fourth quarter of 2018 which operated throughout the majority of 2019. In 2019 we undertook a refurbishment of the Chile I facility timed to coincide with lower gas availability in Chile in the southern hemisphere winter. In the fourth quarter of 2019 we achieved our highest quarterly production from Chile since the second quarter of 2007.

We expect that our current gas agreements will allow for a two-plant operation in Chile during the southern hemisphere summer months and up to a maximum of 75% of a two-plant operation annually in the near-term. In March 2020, the Company announced the idling of its Chile IV plant effective April 1, 2020 for an indefinite period. The idling of the plant is in response to the anticipated impact on methanol demand in the second quarter of 2020 due to a substantial reduction in manufacturing activity in countries that have had significant outbreaks of COVID-19.

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 year-round on economic terms from Chile and Argentina. We are optimistic that we will be able to secure sufficient gas to underpin a full two-plant operation over the coming years. Refer to the *Risk Factors and Risk Management—Chile* section on page 30 for more information.

Egypt

We operate the 1.3 million tonne per year methanol facility in Egypt, that we have a 50% economic interest in, and have marketing rights for 100% of the production. The Egypt methanol facility is well located to supply the domestic and European methanol markets, and can also supply Asia Pacific. We produced 0.8 million tonnes of methanol (Methanex share of 0.4 million) at the plant during 2019, compared to 1.2 million tonnes (Methanex share of 0.6 million) in 2018. Production for 2019 was lower compared to 2018 as the Egypt facility experienced an outage in April 2019 and remained off-line until August 2019 for inspections and repair work. The plant ran at full rates subsequent to the plant restarting in August. Refer to the *Risk Factors and Risk Management - Egypt* section on page 31 for more information.

Canada

The Medicine Hat facility produced 0.6 million tonnes of methanol in both 2019 and 2018. Refer to the *Risk Factors and Risk Management – Canada* section on page 31 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, finance costs, finance income and other expenses, and income taxes.

The Company has used the terms Adjusted EBITDA, Adjusted net income, Adjusted net income 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 41 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, including produced and purchased methanol and 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 including produced and purchased methanol and 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, respectively. For purposes of analyzing our business, Adjusted EBITDA, Adjusted net income, Adjusted net income 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 and excludes amounts related to Atlas.

We own 50% of the 1.3 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 as we have greater than 50% voting control, which results in 100% of the revenues and expenses being included in our financial statements. We also consolidate less than wholly-owned entities for which we have a controlling interest. Non-controlling interests are included in the Company's consolidated financial statements and represent thenon-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, Adjusted net income per common share and Adjusted revenue exclude the amounts associated with non-controlling interests.

FINANCIAL RESULTS

For the year ended December 31, 2019, we reported net income attributable to Methanex shareholders of $88 million ($1.01 income per common share on a diluted basis), compared with net income attributable to Methanex shareholders of $569 million ($6.92 income per common share on a diluted basis) for the year ended December 31, 2018.

For the year ended December 31, 2019, we reported Adjusted EBITDA of $566 million and Adjusted net income of $71 million ($0.93 Adjusted net income per common share), compared with Adjusted EBITDA of $1,071 million and Adjusted net income of $556 million ($6.86 Adjusted net income per common share) for the year ended December 31, 2018.

We calculate Adjusted EBITDA and Adjusted net income 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. For 2018 and 2019, there have been no specifically identified events impacting Adjusted EBITDA or Adjusted net income.

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

($ Millions, except number of shares and per share amounts)		**2019**		2018
Net income attributable to Methanex shareholders	**$**	**88**	$	569
Mark-to-market impact of share-based compensation, net of tax		**(17)**		(13)
Adjusted net income	**$**	**71**	$	556
Diluted weighted average shares outstanding (millions)		**77**		81
Adjusted net income per common share	**$**	**0.93**	$	6.86

A summary of our consolidated statements of income for 2019 and 2018 is as follows:

($ Millions)		**2019**		2018
Consolidated statements of income:				
Revenue[1]	**$**	**3,284**	$	4,483
Cost of sales and operating expenses [1]		**(2,800)**		(3,408)
Egypt insurance recovery		**50**		—
Mark-to-market impact of share-based compensation		**(18)**		(17)
Adjusted EBITDA (attributable to associate)		**115**		140
Amounts excluded from Adjusted EBITDA attributable to non-controlling interests		**(65)**		(127)
Adjusted EBITDA (attributable to Methanex shareholders)		**566**		1,071
Mark-to-market impact of share-based compensation		**18**		17
Depreciation and amortization[2]		**(344)**		(245)
Finance costs[2]		**(124)**		(94)
Finance income and other expenses		**4**		4
Income tax expense		**(4)**		(153)
Earnings of associate adjustment[3]		**(64)**		(69)
Non-controlling interests adjustment[3]		**36**		38
Net income attributable to Methanex shareholders	**$**	**88**	$	569
Net income	**$**	**116**	$	658

1 Revenue and cost of sales and operating expenses for 2019 have been adjusted as compared to amounts reported in our quarterly MD&A and condensed quarterly financial statements issued for 2019 based on a restatement for the recognition of revenue on Atlas produced methanol. Revenue and cost of sales and operating expenses for 2018 has been restated. Refer to note 25 of the consolidated financial statements.

2 Depreciation and amortization and finance costs for the periods ended December 31, 2019 includes the impact of the adoption of IFRS 16 "Leases". The comparative period in 2018 has not been restated as the Company has adopted IFRS 16 using the modified retrospective approach.

3 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. The methanol business is a global commodity industry affected by supply and demand fundamentals. Based on the diversity of end products in which methanol is used, demand for methanol is driven by a number of factors including: strength of global and regional economies, industrial production levels, energy prices, pricing of end products and government regulations and policies. Revenue was $3.3 billion in 2019 compared to $4.5 billion in 2018. The lower revenue reflects a decrease in our average realized price in 2019 compared to 2018.

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 2019 was $353 per tonne compared with $481 per tonne in 2018. Our average realized price in 2019 was $295 per tonne compared to $405 per tonne in 2018.

Distribution of Revenue

The geographic distribution of revenue by customer location for 2019 was comparable to 2018. Details are as follows:

($ Millions, except where noted)	2019		2018	
China	**$ 998**	**30%**	$ 1,228	27%
Europe	**635**	**19%**	934	21%
United States	**582**	**18%**	814	18%
South Korea	**320**	**11%**	490	11%
South America	**308**	**9%**	393	9%
Canada	**145**	**4%**	188	4%
Other Asia	**296**	**9%**	436	10%
	$ 3,284	**100%**	$ 4,483	100%

Revenue for 2019 has been adjusted as compared to revenue reported in our quarterly MD&A and condensed quarterly financial statements issued for 2019 based on a restatement for the recognition of revenue on Atlas produced methanol. Revenue for 2018 has been restated. Refer to note 25 of the consolidated financial statements.

Adjusted EBITDA (Attributable to Methanex Shareholders)

2019 Adjusted EBITDA was $566 million compared with 2018 Adjusted EBITDA of $1,071 million, a decrease of $505 million. The key drivers of change 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)	2019 vs. 2018
Average realized price	**$ (1,117)**
Sales volume	**9**
Total cash costs	**491**
IFRS 16 leasing impact [1]	**112**
Decrease in Adjusted EBITDA	**$ (505)**

[1] Refer to the *Adoption of New Accounting Standards* section on page 40 for more information relating to the adoption of IFRS 16.

Average Realized Price

Our average realized price for the year ended December 31, 2019 was $295 per tonne compared to $405 per tonne for 2018, and this decreased Adjusted EBITDA by $1,117 million (refer to the *Financial Results – Revenue* section on page 16 for more information).

Sales Volume

Methanol sales volume, excluding commission sales volume, for the year ended December 31, 2019 increased by 0.1 million tonnes to 10.1 million tonnes from 10.0 million tonnes in 2018, and this increased Adjusted EBITDA by $9 million. Including commission sales volume from the Atlas and Egypt facilities, our total methanol sales volume was 11.1 million tonnes in 2019 compared with 11.2 million tonnes in 2018.

Total Cash Costs

The primary drivers of change in our total cash costs are changes in the cost of Methanex-produced methanol and changes in the cost of methanol we purchase from others ("purchased methanol"). 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, which impacts many of our natural gas price agreements, and the timing of inventory flows.

In a rising price environment, our margins at a given price are higher than in a stable price environment as a result of methanol purchases and production versus sales. Generally, the opposite applies when methanol prices are decreasing.

The changes in Adjusted EBITDA due to changes in total cash costs for 2019 compared with 2018 were due to the following:

($ Millions)	2019 vs. 2018
Methanex-produced methanol costs	$ 137
Proportion of Methanex-produced methanol sales	113
Purchased methanol costs	276
Logistics costs	(29)
Egypt insurance recovery	25
Other, net	(31)
Increase in Adjusted EBITDA due to changes in total cash costs	$ 491

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 more than half of our production 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 linked to methanol prices above a certain level. Methanex-produced methanol costs were lower in 2019 compared with 2018 by $137 million, primarily due to the impact of lower realized methanol prices on the variable portion of our natural gas costs 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 25.

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 proportion of Methanex-produced methanol sales increased in 2019 due to increased production and this increased Adjusted EBITDA by $113 million for 2019 compared with 2018.

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 lower methanol prices in 2019 and the timing of inventory flows and purchases, the cost of purchased methanol per tonne decreased and this increased Adjusted EBITDA by $276 million compared with 2018.

Logistics Costs
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. Logistics costs in 2019 were $29 million higher than in 2018, decreasing Adjusted EBITDA. Logistics costs were primarily higher due to changes in the mix of Methanex-produced methanol sales volume resulting in longer supply chains and higher costs per delivered tonne. Specifically, the Egypt plant outage experienced in 2019 led to longer supply chains and higher costs for delivery to our customers in the Mediterranean, while a terminal fire in Houston and high water levels on the Mississippi river have led to higher in-region logistics costs in North America primarily in the second quarter of 2019.

Egypt Insurance Recovery
We experienced an outage at the Egypt plant from April to August 2019. We have recorded a $50 million ($25 million our share) insurance recovery which partially offsets repair costs charged to earnings and lost margins incurred earlier in 2019.

Other, Net
Other, net relates to unabsorbed fixed costs, selling, general and administrative expenses and other operational items. For the year ended December 31, 2019 compared with the same period in 2018, other costs were higher by $31 million, primarily due to unabsorbed fixed costs at our manufacturing sites during scheduled turnarounds and plant outages, repair costs incurred during the Egypt plant outage in 2019, and higher selling, general and administrative expenses including cloud-based computing system implementation costs required to be expensed under IFRS.

IFRS 16 Leasing Impact
As at January 1, 2019 we adopted IFRS 16, a significant change to lease accounting under IFRS. The adoption of IFRS 16 in 2019 has increased Adjusted EBITDA by $112 million for the year ended December 31, 2019 compared with the same period for 2018 as our 2018 results do not reflect IFRS 16. The lower lease costs included in the calculation of Adjusted EBITDA due to the adoption of IFRS 16 in 2019 are approximately offset by higher depreciation and amortization by $97 million and finance costs by $21 million recognized in the year ended December 31, 2019. Refer to the *Adoption of New Accounting Standards* section on page 40 for more information.

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. 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 and is analyzed separately.

($ Millions, except share price)	**2019**	2018
Methanex Corporation share price [1]	**$ 38.63**	$ 48.17
Grant-date fair value expense included in Adjusted EBITDA and Adjusted net income	**14**	11
Mark-to-market impact due to change in share price [2]	**(18)**	(17)
Total share-based compensation recovery, before tax	**$ (4)**	$ (6)

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.

2 For the periods presented, the mark-to-market impact on share-based compensation is primarily due to changes in the Methanex Corporation share price.

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 non-dilutive 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 granted prior to 2018 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 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.

Performance share units granted in 2019 reflect a new long-term incentive plan. The performance share units granted under the new plan are redeemable for cash based on the market value of the Company's common shares and are non-dilutive to shareholders. They vest over three years and include two performance factors: (i) relative total shareholder return of Methanex shares versus a specific market index (the market performance factor), and (ii) three year average Return on Capital Employed (the non-market performance factor). The market performance factor is measured by the Company at the grant date and each reporting date using a Monte-Carlo simulation model to determine fair value. The non-market performance factor reflects the actual Return on Capital Employed for historical periods and management's best estimate for forecast periods to determine the expected number of units to vest. Based on these performance factors the performance share unit payout will range between 0% to 200%.

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.

The price of the Company's common shares as quoted on the NASDAQ Global Select Market decreased from $48.17 per share at December 31, 2018 to $38.63 per share at December 31, 2019. As a result of the decrease in the share price and the resulting impact on the fair value of the outstanding units, we recorded an $18 million mark-to-market recovery related to share-based compensation during 2019.

Depreciation and Amortization

Depreciation and amortization was $344 million for the year ended December 31, 2019 compared with $245 million for the year ended December, 31 2018. The increase in depreciation and amortization in 2019 compared with 2018 of $99 million was primarily due to the adoption of IFRS 16 in 2019 which resulted in an additional $97 million of depreciation of right-of-use (leased) assets.

Finance Costs

($ Millions)	**2019**	2018
Finance costs before capitalized interest	**$ 127**	$ 95
Less capitalized interest	**(3)**	(1)
Finance costs	**$ 124**	$ 94

Finance costs are primarily comprised of interest on borrowings and lease obligations and were $124 million for the year ended December 31, 2019 compared to $94 million for the year ended December 31, 2018. Finance costs are higher due to the adoption of IFRS 16 in 2019 which resulted in an additional $21 million of finance costs relating to lease obligations previously treated as operating lease expenses, and higher borrowings. Capitalized interest relates to interest costs capitalized for the Geismar 3 project. Refer to the *Liquidity and Capital Resources* section of page 21 for more information.

Finance Income and Other Expenses
Finance income and other expenses was a gain of $4 million for the years ended December 31, 2019 and December 31, 2018. Finance income and other expenses is primarily related to the impact of changes in foreign exchange rates and changes in interest earned on cash balances.

Income Taxes
A summary of our income taxes for 2019 compared with 2018 is as follows:

($ Millions, except where noted)	**2019**		2018	
	Net Income	**Adjusted Net Income**	Net Income	Adjusted Net Income
Amount before income tax	**$ 121**	**$ 102**	$ 811	$ 737
Income tax expense	**(5)**	**(31)**	(153)	(181)
Amount after income tax	**$ 116**	**$ 71**	$ 658	$ 556
Effective tax rate	**4%**	**30%**	19%	25%

We earn the majority of our income in New Zealand, Trinidad, the United States, Egypt, Canada and Chile. In Trinidad and Chile, the statutory tax rate is 35%. The statutory tax rate in New Zealand is 28%. In Canada, the statutory tax rate applicable to Methanex is currently 26.8% and will decrease to 25.6% over the next three years based on recently enacted legislation in Alberta. The United States statutory tax rate applicable to Methanex is 23% and the Egypt statutory tax rate applicable to Methanex is 27.5%. We accrue for taxes that will be incurred upon distributions from its subsidiaries when it is probable that the earnings will be repatriated. 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 excluded from total income taxes but included in the calculation of Adjusted net income.

The effective tax rate related to Adjusted net income was 30% for the year ended December 31, 2019 compared with 25% on an Adjusted net income for the year ended December 31, 2018. Adjusted net income 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. In addition, the effective tax rate is impacted by changes in tax legislation in the jurisdictions in which we operate. The 2018 effective tax rate was also lower than the 2019 effective tax rate due to the utilization of unrecognized loss carryforwards in Egypt which were fully utilized in 2018.

For additional information regarding income taxes, refer to note 16 of our 2019 consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

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

($ Millions)	**2019**	2018
Cash flows from / (used in) operating activities:		
Cash flows from operating activities before changes in non-cash working capital	**$ 506**	$ 974
Changes in non-cash working capital	**9**	6
	515	980
Cash flows from / (used in) financing activities:		
Dividend payments	**(108)**	(106)
Interest paid	**(115)**	(90)
Repayment of long-term debt	**(388)**	(214)
Repayment of lease obligations	**(102)**	(8)
Payments for the repurchase of shares	**(53)**	(444)
Net proceeds on issue of long-term debt	**696**	166
Distributions to non-controlling interests	**(24)**	(104)
Other	**(10)**	7
	(104)	(793)
Cash flows from / (used in) investing activities:		
Property, plant and equipment	**(208)**	(191)
Geismar plant under construction	**(115)**	(54)
Restricted cash for vessels under construction	**62**	(61)
Changes in non-cash working capital relating to investing activities	**11**	–
	(250)	(306)
Increase (decrease) in cash and cash equivalents	**161**	(119)
Cash and cash equivalents, end of year	**$ 417**	$ 256

Cash Flow Highlights

Cash Flows from Operating Activities

Cash flows from operating activities for the year ended December 31, 2019 were $515 million compared with $980 million for the year ended December 31, 2018. The decrease in cash flows from operating activities is primarily due to lower net income resulting from a lower realized methanol price. The adoption of IFRS 16 for 2019 results in higher cash flows from operating activities for the year ended December 31, 2019 compared to 2018 by $112 million. The increase in operating cash inflows from IFRS 16 is offset by an increase in financing cash outflows compared to 2018. The increase in financing cash outflows reflects the repayments on lease obligations including financing costs. The adoption of IFRS 16 has no net cash impact.

The following table provides a summary of these items for 2019 and 2018:

($ Millions)	**2019**	2018
Net income	**$ 116**	$ 658
Deduct earnings of associate	**(52)**	(72)
Add dividends received from associate	**56**	63
Add (deduct) non-cash items:		
Depreciation and amortization	**344**	245
Income tax expense	**4**	153
Share-based compensation recovery	**(4)**	(6)
Finance costs	**124**	94
Income taxes paid	**(44)**	(106)
Other	**(38)**	(55)
Cash flows from operating activities before changes in non-cash working capital	**506**	974
Changes in non-cash working capital:		
Trade and other receivables	**26**	22
Inventories	**120**	(78)
Prepaid expenses	**(6)**	(3)
Accounts payable and accrued liabilities, including long-term payables	**(131)**	65
	9	6
Cash flows from operating activities	**$ 515**	$ 980

For a discussion of the changes in net income, depreciation and amortization, share-based compensation recovery and finance costs, refer to the *Financial Results* section on page 15.

Changes in non-cash working capital increased cash flows from operating activities by $9 million for the year ended December 31, 2019, compared with an increase of $6 million for the year ended December 31, 2018. Trade and other receivables decreased in 2019 and this increased cash flows from operating activities by $26 million, primarily due to lower methanol prices in 2019 compared to 2018. Inventories also decreased primarily due to the impact of lower methanol prices in 2019 compared to 2018 which increased cash flows from operating activities by $120 million. Accounts payable and accrued liabilities decreased in 2019 compared to 2018 due to the impact of lower methanol prices on purchased methanol and lower natural gas prices which decreased cash flows from operating activities by $131 million.

Cash Flows from Financing Activities

During 2019, we increased our regular quarterly dividend to $0.36 per common share from $0.33 per common share. Total dividend payments in 2019 were $108 million compared with $106 million in 2018 and total interest payments in 2019 were $115 million compared with $90 million in 2018. The increase in total interest payments in 2019 compared to 2018 was primarily due to the adoption of IFRS 16 with interest related to leases.

In 2019, we repurchased 1,069,893 common shares under a normal course issuer bid for approximately $53 million. In 2018, we repurchased 6,590,095 common shares for approximately $444 million.

In 2019, the Company issued $700 million of senior unsecured notes bearing a coupon of 5.25%, due December 15, 2029 and repaid $388 million of debt, including the $350 million notes due in December 2019, $28 million relating to our limited recourse Egypt debt

facility and $9 million relating to other limited recourse debt facilities for ocean vessels. The remaining proceeds from the debt issuance in 2019 are primarily to fund the Geismar 3 project.

Total debt issuances in 2018 were $166 million, limited recourse and all through 50% owned entities relating to ocean going vessels. Total debt repayments in 2018 were $214 million and all relating to other limited recourse debt.

Distributions to non-controlling interests including the 50% ownership of the Egypt entity and the 50% ownership in multiple ocean going vessels not attributable to Methanex were $24 million in 2019 compared to $104 million in 2018.

Cash Flows from Investing Activities

During 2019, we incurred capital expenditures relating to our consolidated operations of $208 million primarily related to regular capital maintenance projects in Trinidad, Geismar 1, project work for the refurbishment of our Chile I plant, and construction of two ocean going vessels. In addition, we incurred capital expenditures of $115 million related to the construction of the Geismar 3 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 a 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, 2019 and December 31, 2018:

($ Millions, except where noted)	**2019**	2018
Liquidity:		
Cash and cash equivalents	**$ 417**	$ 256
Undrawn credit facilities	**300**	300
Undrawn construction facilities	**800**	–
Total liquidity	**$ 1,517**	$ 556
Capitalization:		
Unsecured notes, including current portion	**$ 1,536**	$ 1,190
Egypt limited recourse debt facilities, including current portion	**75**	101
Other limited recourse debt facilities, including current portion	**158**	167
Total debt	**1,769**	1,458
Non-controlling interests	**299**	297
Shareholders' equity	**1,332**	1,511
Total capitalization	**$ 3,400**	$ 3,266
Total debt to capitalization[1]	**52%**	45%
Net debt to capitalization[2]	**45%**	40%

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 for the 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 maintain financial flexibility. As at December 31, 2019, we had a cash balance of $417 million and access to two undrawn credit facilities, an $800 million construction credit facility specifically related to the Geismar 3 project and a $300 million revolving credit facility, both with a syndicate of highly rated financial institutions and expiry in July 2024. We do not have any debt maturities until

March 2022 other than normal course obligations for principal repayments related to our Egypt and other 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 facilities. 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 two credit facilities include:

a) the obligation to maintain an EBITDA to interest coverage ratio of not less than or equal to 2:1 calculated on a four-quarter trailing basis, where for only one quarter during the term of the credit facility the ratio can be as low as, but not less than 1.25:1, and a debt to capitalization ratio of less than or equal to 57.5%, both 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 credit facilities also include other customary covenants including restrictions on the incurrence of additional indebtedness, with specific restrictions against the sale or abandonment of the Geismar 3 project, as well as requirements associated with completion of plant construction and commissioning.

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 requirement to fulfill certain conditions before the payment of cash or other shareholder distributions. Shareholder distributions are not permitted unless the average gas deliveries over the prior 12 months are greater than 70% of gas nominations.

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, 2019, management believes the Company was in compliance with all significant terms and default provisions related to its long-term debt obligations.

Capital Projects

Our planned capital expenditure program directed towards maintenance, turnarounds and catalyst changes for existing operations, including our 63.1% share of Atlas and 50% of Egypt, is currently estimated to be approximately $150 million for 2020. The planned projects and expenditures may change as a result of the market conditions and work restrictions caused by the COVID-19 pandemic.

To date, we have made significant progress on the debottlenecking project at our existing Geismar 1 and Geismar 2 facilities to increase production by approximately 10%.

In July 2019, the Board reached a unanimous final investment decision to construct Geismar 3, a 1.8 million tonne methanol plant adjacent to our existing Geismar 1 and Geismar 2 facilities. The Geismar 3 project has substantial capital and operating cost advantages compared to a standalone project. The cost of the Geismar 3 project is expected to be between $1.3 to $1.4 billion, excluding capitalized interest. Capitalized costs of approximately $152 million, excluding capitalized interest of $4 million, have been incurred for the project to December 31, 2019.

Given the uncertainty in the global economy and challenging commodity price environment, we are evaluating all capital spending, including our Geismar 3 project.

Summary of Contractual Obligations and Commercial Commitments

A summary of the amount and estimated timing of cash flows related to our contractual obligations and minimum commercial commitments as at December 31, 2019 is as follows:

($ Millions)	2020	2021-2022	2023-2024	After 2024	Total
Long-term debt repayments	$ 39	$ 318	$ 322	$ 1,111	$ 1,790
Long-term debt interest obligations	91	167	146	532	936
Lease obligations	134	212	184	478	1,008
Repayments of other long-term liabilities	34	61	49	170	314
Natural gas and other	459	755	732	1,386	3,332
Other commitments	59	2	1	3	65
	$ 816	$ 1,515	$ 1,434	$ 3,680	$ 7,445

Long-Term Debt Repayments and Long-Term Debt Interest Obligations

We have $250 million of unsecured notes that mature in 2022, $300 million of unsecured notes that mature in 2024, $700 million of unsecured notes that mature in 2029, 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, 2019. For additional information, refer to note 8 of our 2019 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, Egypt and certain contracts in Chile are take-or-pay contracts denominated in United States dollars and include base and variable price components to manage our commodity price risk exposure. The variable price component of each natural gas contract is adjusted by a formula linked to methanol prices. 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 representative of the minimum take-or-pay commitment.

We also have multi-year fixed price natural gas contracts and hedges to manage exposure to natural gas price risk and supply our production facilities in Geismar and Medicine Hat. We believe that the fixed price contracts, hedges and long-term natural gas dynamics in North America support the long-term operation of these facilities. In the above table, we have included natural gas commitments, not accounted for as financial instruments, in North America for Geismar and Medicine Hat at the contractual volume and prices.

We have marketing rights for 100% of the production from our jointly owned Atlas and Egypt plants which results in purchase commitments of up to an additional 1.3 million tonnes per year of methanol offtake supply when these plants operate at capacity. As at December 31, 2019, the Company also had commitments to purchase methanol from other suppliers for approximately 1.2 million tonnes for 2020 and 1.2 million tonnes in aggregate 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.

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

Other Commitments

We have future minimum lease payments under leases relating primarily to vessel charter, terminal facilities, office space and equipment that are outside the scope of IFRS 16. For additional information refer to the *Adoption of New Accounting Standards* section on page 40 and note 22 of our 2019 consolidated financial statements.

Off-Balance Sheet Arrangements

As at December 31, 2019, 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 certain 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 items as at December 31, 2019 and December 31, 2018:

($ Millions)	**2019**	2018
Financial assets:		
Financial assets not measured at fair value:		
Cash and cash equivalents	**$ 417**	$ 256
Trade and other receivables, excluding tax receivable	**474**	505
Restricted cash included in other assets	**39**	19
Restricted cash and cash equivalents for vessels under construction	**—**	66
Total financial assets[2]	**$ 930**	$ 846
Financial liabilities:		
Financial liabilities measured at fair value:		
Derivative instruments designated as cash flow hedges [1]	**$ 196**	$ 106
Financial liabilities not measured at fair value:		
Trade, other payables and accrued liabilities, excluding tax payable	**406**	524
Long-term debt, including current portion	**1,769**	1,458
Total financial liabilities	**$ 2,371**	$ 2,088

[1] Geismar and Medicine Hat 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, 2019, 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 relationships.

The Company has derivative instruments designated as cash flow hedges for Geismar and Medicine Hat to manage its exposure to changes in natural gas prices 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 37, to be among the most important for understanding the issues that face our business and our approach to risk management.

Pandemic (COVID-19) Risk

Early in 2020, we have seen a substantial reduction in manufacturing activity in countries that have had significant outbreaks of COVID-19, including China. In addition, the price of oil has dropped sharply, sparked by lower demand driven by impacts from COVID-19, and from an oil price war resulting from disagreements on supply cuts between oil producing nations. This adds additional uncertainty as higher oil prices are generally positive for the methanol industry. As a result, we are anticipating lower demand and prices for methanol in the near-term. In response, we have idled two methanol plants for an indefinite period.

Significant uncertainty remains with respect to the potential future impact of COVID-19 as a declared pandemic on our business. The magnitude of the impact will depend on future developments which cannot currently be predicted, including the speed at which manufacturing activity will return to prior levels, the impacts on supply chains, our ability to operate our facilities, and our ability to carry-out large-scale maintenance activities at our facilities as a result of labour shortages due to government imposed travel and assembly restrictions. We are actively assessing, and responding where possible, to the potential effects of the COVID-19 outbreak on our employees, customers, suppliers, and logistics providers, and evaluating the impact of governmental actions being taken to curtail its spread. We expect that our financial results for 2020 will be negatively impacted by the pandemic and we cannot currently estimate the overall severity or duration of any resulting adverse impact on our business, results of operations and financial condition. Finally, considering what has been experienced to date and further potential impacts, we cannot provide assurance that the deterioration in economic conditions will not have an adverse impact on our results of operations and financial condition.

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, which are driven by a number of factors that are 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

Based on the diversity of end products in which methanol is used, demand for methanol is driven by a number of factors including: strength of global and regional economies, industrial production levels, energy prices, pricing of end products and government regulations and policies. Changes in methanol demand based on availability of substitute products, consumer preference, government regulation, or other factors may have a significant negative effect on our results of operations and financial condition irrespective of energy prices or economic growth rates. We cannot provide assurance that changes in methanol demand will not negatively impact methanol demand growth, which could have an adverse effect on our results of operations and financial condition.

Energy Prices

Demand for energy-related applications, which represents just under 50% of global methanol demand, includes a number of applications including methanol-to-olefins (“MTO”), methyl tertiary-butyl ether (“MTBE”), fuel applications (including vehicle fuel, marine fuel and as a fuel for industrial boilers and kilns), di-methyl ether (“DME”) and biodiesel.

Over the past number of years, methanol demand growth has been led by strong demand from these applications, in part, 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.

Over the past few years, the fastest growing application where methanol serves as a substitute for an energy product has been methanol-to-olefins, where methanol is an alternative feedstock in the production ofolefins. Methanol-to-olefins use makes up approximately 16% of total methanol demand. MTO competes with olefins made from ethane, propane and naptha which are natural gas and oil based feedstocks. The price of methanol relative to the price of ethane, propane and naptha can impact the competitiveness of methanol in this application. The price of olefins and downstream derivative products are also affected by their supply and demand. In a low olefin and/or downstream derivative product price environment, methanol could be a less competitive feedstock in the production of olefins, which could reduce demand for methanol or contribute to negative pressure on methanol prices.

Methanol can also be blended directly with gasoline,and di-methyl ether (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.

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

Traditional chemical demand, which represents over 50% of global 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 wide variety of industrial and consumer products. Traditional chemical demand is influenced by the strength of global and regional economies and industrial production levels. Any slowdown in the global or regional economies, specifically manufacturing and industrial 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.

Above certain inhalation and ingestion levels, methanol is toxic to humans. The United States Environmental Protection Agency (“EPA”) issued a draft assessment for methanol in 2010 classifying methanol as likely to be carcinogenic to humans. A final non-cancer assessment released by the EPA in 2013 established the maximum ingestion and inhalation levels for methanol that it claims will not result in adverse health impacts. 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 take actions related to methanol. Any reclassification could reduce future methanol demand, which could have an adverse effect on our results of operations and financial condition.

In 2019, methanol demand for the production of formaldehyde represented just under 30% of global methanol demand and is the largest demand segment. 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.

Formaldehyde is classified as a known human carcinogen by the EPA, and as carcinogenic to humans by the World Health Organization. The EPA classifies a substance in this manner when there is sufficient evidence of carcinogenicity from studies in

humans, which indicates a causal relationship between exposure to the agent, substance, or mixture, and human cancer. In 2019, formaldehyde was selected as one of twenty priority chemicals for review under the Toxic Substances Control Act of the EPA with an anticipated final risk evaluation date of December 2022. We are unable to determine whether the current classification or future reclassifications of formaldehyde could impose limits or restrictions related to formaldehyde 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.

Further, any government regulation or policy relating to any other methanol derived product could also reduce future methanol demand for that product, which could have an adverse effect on our results of operations and financial condition.

Methanol Supply

An increase in economically competitive 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 including coal and natural gas, freight costs, capital costs and government policies. Methanol supply may increase due to the construction of new methanol plants, restarts of idle methanol plants, carrying out major expansions of existing plants or by debottlenecking existing plants to increase their production capacity.

Approximately four million tonnes of new annualized capacity, including existing capacity expansions, outside of China was introduced in 2019, including our 0.8 million tonne Chile IV methanol plant that restarted in late 2018, the 2.4 million tonne Kaveh methanol plant that started up in early 2019 in Iran, a 0.4 million tonne OCI plant in the Netherlands that restarted in the second half of 2019 and capacity expansions in the US and Middle East. In China, we estimate that approximately three million tonnes of net new production capacity was added in 2019.

Over the next few years, the majority of large-scale capacity additions outside of China are expected to be in the Americas and the Middle East. Caribbean Gas Chemical Limited is constructing a 1.0 million tonne plant in Trinidad with production expected in 2020. Koch Methanol Investments and Yuhuang Chemical Industries are progressing their 1.7 million tonne YCI Methanol One project in St. James Parish, Louisiana with an announced target completion date in the second half of 2020. During 2019, we also made a final investment decision to construct a third plant in Geismar with an expected production capacity of 1.8 million tonnes. There are other large-scale projects under discussion in North America; however, we believe that none have yet reached a final investment decision. There are a number of projects at various stages of construction in Iran, including the Bushehr plant which we understand is closest to completion, that we continue to monitor. We anticipate that new non-integrated capacity additions in China will be tempered by a continuing degree of restrictions placed by the Chinese government on new standalone coal-based capacity additions. We expect that production from new capacity in China will be consumed in that country.

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 operating capacity of 2.2 million tonnes of methanol per year. 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 2029. 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 linked 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 us to operate at capacity. We cannot provide assurance that we will be able to obtain natural gas at economic terms or with the optimal CO_2 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 operating capacity of 2.0 million tonnes. In addition, we have made significant progress on debottlenecking projects that will increase production by approximately 10%. During 2019, we also made a final investment decision to construct a third plant in Geismar with an expected production capacity of 1.8 million tonnes.

We have a fixed price agreement for the supply of substantially all of the natural gas requirements for the Geismar 1 facility that expires in 2025. We have forward contracts to hedge approximately 40% of the natural gas prices for the Geismar 2 facility through 2025. Additionally, we have a fixed price agreement for the supply of approximately one-third of the Geismar 3 facility's expected annual natural gas requirements from 2023 to 2032. The remainder of natural gas requirements at Geismar are purchased in the spot market.

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 our contracted suppliers will be able to meet their commitments or 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

We have two plants in Trinidad, Atlas and Titan, with Methanex's interest representing an operating capacity of 2.0 million tonnes per year. Natural gas for our Atlas methanol production facility in Trinidad, with our share of total production capacity being 1.1 million tonnes per year, is supplied under a take-or-pay contract 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 certain limitations. The contract for Atlas has a U.S. dollar base and variable price components, where the variable portion is adjusted by a formula linked to methanol prices above a certain level and expires in 2024. The gas contract for Titan with the NGC expired at the end of 2019. Negotiations for a new gas supply contract are ongoing and Titan has an interruptible gas supply agreement in place for the first quarter of 2020.

Since 2011, large industrial consumers in Trinidad, including our Titan and Atlas facilities, have experienced curtailments of natural gas supply due to a mismatch between upstream supply to NGC and downstream demand from NGC's customers. While we believe the supply and demand fundamentals for natural gas in Trinidad will support the continued operation of these facilities, we cannot provide assurance that we will be able to renew gas contracts at economic terms. Additionally, 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. If, for any reason, we are unable to obtain sufficient natural gas for our Trinidad 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 impact on our results of operations and financial condition.

Chile

Natural gas for our two plants in Chile is supplied by various producers in Chile and Argentina. A portion of the contracted gas is subject to deliver or pay and take or pay provisions. We believe that our current gas agreements will allow for a two-plant operation

in Chile during the southern hemisphere summer months and up to a maximum of 75% of a two-plant operation on an annual basis, or annual production of up to 1.3 million tonnes, in the near-term. The price paid for natural gas is a mix of both fixed price and a U.S. dollar base price plus a variable price component that is adjusted by a formula linked to methanol prices above a certain level.

Our primary Chilean natural gas supplier is Empresa Nacional del Petróleo ("ENAP"). ENAP has made significant investments in the development of natural gas from unconventional reservoirs and this effort has resulted in increased gas deliveries from ENAP to our facilities. In 2019, we announced a restructuring of our existing commercial arrangements with ENAP for natural gas supply to underpin approximately 25% of the 1.7 million tonnes of annual operating capacity for 2020 through 2025.

Throughout 2019, we received natural gas from Argentina from four different natural gas suppliers pursuant to interruptible supply agreements. These agreements expire at the end of 2020. We also received Argentine natural gas in 2019 from a fifth supplier, YPF S.A., pursuant to a gas supply agreement that expires at the end of 2025.

We continue to work with gas suppliers in Chile and Argentina to secure sufficient natural gas to sustain our Chile operations.

The future of our Chile operations is primarily dependent on the level of exploration and development of natural gas 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 and that this will not have an adverse impact on our results of operations or financial condition.

Egypt

We have a 25-year, take-or-pay natural gas supply agreement expiring in 2036 for the 1.3 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 linked 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.

Following the plant commencing operations in 2011, Egypt has experienced periods of significant social unrest, including acts of sabotage and government transitions. We believe that these factors previously contributed to constraints in the development of new supplies of natural gas coming to market resulting in our Egypt plant operating below full capacity before late 2016. The current government has been in place since 2014 and has made significant efforts to improve the gas supply situation in the country by encouraging natural gas exploration and commencing an economic reform program. These efforts coupled with continuing natural gas discoveries have successfully strengthened the natural gas supply and demand balance in Egypt. We have received 100% of contracted gas supply since late 2016.

In spite of these positive developments in Egypt, the restrictions experienced in past years may occur in the future. We cannot provide assurance that we will not experience natural gas restrictions and that this would not have an adverse impact on our results of operations and financial condition.

Canada

We have entered into fixed price contracts to supply substantially all of our natural gas requirements for our Medicine Hat facility through 2031. In addition to hedges in place through 2022, we have a long-term, fixed price physical supply contract with a progressively growing supply commitment that started in 2018 and increases to 80-90% of the plant's natural gas requirements from 2023 through 2031.

We cannot provide assurance that our contracted suppliers will be able to meet their commitments or 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.

Global Economic Conditions
In addition to the potential influence of global economic activity levels on methanol demand and price, changing global economic conditions can also result in changes in capital markets. A deterioration in economic conditions, which may result from a viral outbreak leading to a pandemic event, could have a negative impact on supply of demand for methanol, our investments, diminish our ability to access existing or future credit and increase the risk of defaults by customers, suppliers, insurers and other counterparties. Considering these potential impacts, we cannot provide assurance that a deterioration in economic conditions will not have an adverse impact on our results of operations and financial condition.

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, including lack of certainty with respect to foreign legal systems, corruption and other factors inconsistent with the rule of law. Many of the foregoing risks related to foreign operations may also exist for our domestic operations in North America. The Company is committed to doing business in accordance with all applicable laws and its code of business conduct, but there is a risk that it, its subsidiaries or affiliated entities or their respective officers, directors, employees or agents could act in violation of its codes and applicable laws. Any such violation could severely damage our reputation and could result in substantial civil and criminal fines or penalties. Such damage to our reputation and fines and penalties could materially affect the Company's business and have an adverse impact on our results of operations and financial condition.

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.

Trade in methanol is subject to duty in a number of jurisdictions. Methanol sold in certain markets from our producing regions is currently subject to import duties ranging from 0% to 5.5%. As well, there is currently a 25% tariff on methanol imported from the US to China and from China to the US. There can be no assurance that duties 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"). Methanol produced in Sanctioned Countries may sell at lower price to methanol produced in non-sanctioned countries creating competitive price pressure for the methanol we produce. 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.

Taxation Risk
The Company is subject to taxes, duties, levies, governmental royalties and other government-imposed compliance costs in numerous jurisdictions. New taxes and/or increases to the rates at which these amounts are determined could have an adverse impact on our results of operations and financial condition.

We have organized our operations in part based on certain assumptions about various tax laws (including capital gains, withholding taxes and transfer pricing), 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. The results of audit of prior tax filings and the final determination of these events may have a material impact on the Company. Refer to *Litigation Risk and Legal Proceedings* on page 37 for more information related to current legal matters. Further, if such foreign jurisdictions were to change or modify such laws, we could suffer adverse tax and financial consequences.

Liquidity Risk

As at December 31, 2019, we had a cash balance of $417 million and two undrawn credit facilities, an $800 million construction credit facility specifically related to the Geismar 3 project and a $300 million revolving credit facility, both with a syndicate of highly rated financial institutions that expire in July 2024. Our ability to maintain access to each 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 at December 31, 2019, our long-term debt obligations include $1,536 million in unsecured notes, $158 million related to other limited recourse debt for ocean going vessels (100% basis) and $75 million related to the Egypt limited recourse debt facilities (100% basis).

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 2019 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 facilities 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.

Foreign Currency Risk

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.

Customer Credit Risk

Our customers are large global or regional petrochemical manufacturers or distributors and a number are highly leveraged, though we have not experienced significant credit losses in the past. 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.

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 customers. A prolonged plant shutdown at any of our major facilities could have an adverse effect on our results of operations and financial condition.

Technological Risks

Many of our methanol plants have been in operation for multiple decades and with appropriate maintenance they are still capable of operating efficiently and cost effectively today as new methanol production technologies have been primarily incremental rather than transformational. Alternative feedstocks and methods for methanol production exist today, but are not currently economically competitive at scale. The introduction of new technologies for methanol production, including those that reduce the CO_2 emissions intensity of methanol production, may make our plants less cost competitive or obsolete over time. As a result, we cannot provide assurance that new technologies in methanol production will not have an adverse effect on our results of operations and financial condition.

Joint Arrangement Risk

Certain Methanex assets are jointly held and are governed by partnership and shareholder agreements. As a result, certain decisions regarding these assets require a simple majority, while others require 100 percent approval of the owners. In addition, certain of these assets (ocean going vessels) are operated by unrelated third-party entities. The operating results of these assets is to some extent dependent on the effectiveness of the business relationship and decision making among Methanex and the other joint owner(s) and the expertise and ability of these third-party operators to successfully operate and maintain the assets. While Methanex believes that there are prudent governance and contractual rights in place, there can be no assurance that Methanex will not encounter disputes with partners. Such events could impact operations or cash flows of these assets which, in turn, 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 the global leader in the production and marketing of methanol, we may continue pursuing new opportunities to enhance our strategic position in the methanol industry. Our ability to successfully identify, develop and complete new capital projects, including the Geismar 3 Project, is subject to a number of risks, including finding and selecting favourable locations for new facilities where sufficient natural gas and other feedstock is available 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. In addition, the COVID-19 pandemic could impact our ability to access necessary parts and equipment in a timely manner, meet key equipment delivery timelines, obtain permits, complete testing and inspection, and carry out project activities as a result of labour shortages due to government imposed travel and assembly restrictions. All of which, could result in schedule delays to complete new capital projects, including the Geismar 3 project. We cannot provide assurance that we will be able to identify or develop new methanol projects or that any changes to the targeted timing of completion or estimated cost to complete the Geismar 3 project or other capital projects or future ability to operate at production capacity which could have an adverse impact on our results of operations and financial condition.

Climate Change

Climate change poses a number of potential risks and impacts to Methanex which remain uncertain today, however these potential risks and impacts may increase over time. The prospective impact of climate change may have an adverse impact on our operations, our suppliers or customers and thus impact Methanex. The impacts of climate change may include water shortages, changing sea or river levels, changing storm patterns and intensities, and changing temperature levels, and the impact of these changes could be severe.

Four of our methanol production sites rely on access to fresh water, converted to steam, in the methanol production process. Our other two sites, Trinidad and Chile, have desalination units. Water shortages at sites without desalination units may have the impact of restricting methanol production. Our transport of methanol relies primarily on vessels to ship methanol from our production sites to customers around the world. We have, at times, experienced logistics delays in our supply chain due to high river levels. More severe and prolonged water shortages, rising sea or river levels, or other impacts from climate change could have a material adverse impact on our operating capacity and supply chain. We cannot predict the prospective impact of climate change on our operations, suppliers or customers, which could have an adverse impact on our results of operations and financial condition.

Environmental Regulation

The countries in which we operate and international and jurisdictional waters in which our vessels operate have laws, regulations, treaties and conventions in force 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 with respect to 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.

Although we have formal and proactive compliance management systems in place, 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.

Carbon and GHG Legislation

Carbon dioxide ("CO_2") is a by-product of the methanol production process. The amount of CO_2 generated by the methanol production process depends on the production technology, plant age, feedstock and any export of the by-product hydrogen. CO_2 emissions are also generated from our marine operations when fuel is consumed during the global transport of methanol. We monitor and manage our CO_2 emissions intensity, defined as the quantity of CO_2 released per unit of production or transported tonne, relating to both methanol production and marine operations. Our CO_2 emissions intensity has decreased over time due to newer technology and higher efficiency at our plants and in our vessel fleet. 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 mix of production assets and vessels in operation.

Under the United Nations Framework Convention on Climate Change through the Kyoto Protocol, and more recently the Paris Agreement (in effect from 2020), many of the countries we operate in have agreed to put forth efforts to reduce greenhouse gas ("GHG") emissions and/or impose carbon taxes. We are currently subject to GHG regulations in New Zealand, Canada and Chile, but our production in the United States, Trinidad and Egypt is currently not subject to such regulations. These regulations result in additional costs to produce methanol. Many of our competitors produce methanol in countries with no imposed GHG regulations or carbon taxes, as such, further increases in regulations or carbon taxes in the countries in which we operate may negatively impact our competitive position within the methanol industry.

There are ongoing reviews and potential changes to government GHG regulations in New Zealand, Canada and Chile. In New Zealand, an Emissions Trading Scheme ("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. Our Medicine Hat facility is in the Canadian province of Alberta, which implemented legislation, the Carbon Competitiveness Incentive Regulation ("CCIR"), with the aim to reduce large industrial GHG emissions. In 2020, the CCIR was replaced by the Technology Innovation and Emissions Reduction ("TIER") program which provides up to 90% free emission allocations. To the extent Methanex does not have free emission allocations we must purchase offset credits for an additional cost. Since 2017, Chile has imposed a carbon tax on certain CO_2 emissions. More recent legislation will have the effect of increasing carbon taxes in Chile over the coming years. We cannot provide assurance that GHG legislation changes or new legislation will not have an adverse impact 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, CO_2, health or safety matters), whether true or not. Further risks arise from changing stakeholder perceptions related to the way in which we are viewed as contributing to (or hindering) a transition to a low carbon economy and responding to climate change. Our reputation could be impacted by evolving perceptions of carbon intensive industries, petrochemical industries, and most specifically the methanol industry and its associated downstream derivatives. 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 that are interconnected with external networks, which increases the threat of cyber attack and the importance of cyber security. In particular, if a cyber attack was targeted at our production facilities or our ability to transport methanol, the result could harm our plants, people and our ability to meet customer commitments for a period of time. In addition, 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. We have previously 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.

We have a comprehensive program to protect our assets, detect an intrusion and respond in the event of a cyber security incident. As the cyber threat landscape continues to evolve, we implement continuous mitigation efforts, including: cyber education for our staff, risk prioritized controls to protect against known and emerging threats; tools to provide automated monitoring and alerting; and backup and recovery systems to restore systems and return to normal operations. 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.

Methanex collects, uses and stores sensitive data in the normal course of business, including intellectual property, proprietary business information and personal information of Methanex's employees and third parties. Despite our security measures in place, our IT systems may be vulnerable to cyber attacks or breaches. Any such breach could compromise information used or stored on our IT systems and/or networks and, as a result, the information could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences, including disruption to our operations and damage to Methanex's reputation, which could have an adverse impact on our results of operations and financial condition.

Litigation Risk and Legal Proceedings

The Company is subject, from time to time, to litigation and may be involved in disputes with other parties in the future, which may result in litigation and claims under such litigation may be material. Various types of claims may be raised in these proceedings, including, but not limited to breach of contract, product liability, tax, employment matters and in relation to an attack, breach or unauthorized access to Methanex's information technology and infrastructure, environmental damage, climate change and the impact thereof, antitrust, bribery, and other forms of corruption. The Company cannot predict the outcome of any litigation. Defense and settlement costs may be substantial, even with respect to claims that have no merit. If the Company cannot resolve these disputes favourably, its business, financial condition, results of operations and future prospects may be materially adversely affected.

Trinidad

The Board of Inland Revenue of Trinidad and Tobago has audited and issued assessments against our 63.1% owned joint venture, Atlas, in respect of the 2005 to 2013 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 with affiliates that commenced in 2005 and continued through 2019. The long-term fixed-price sales contracts with affiliates were established as part of the formation of Atlas and management believes were reflective of market considerations at that time. Atlas had partial relief from corporation income tax until late July 2014.

During the periods under assessment and continuing through 2014, approximately 50% of Atlas produced methanol was sold under these fixed-price contracts. From late 2014 through 2019 fixed-prices sales represent approximately 10% of Atlas produced methanol.

Management believes it is impractical to disclose a reasonable estimate of the potential contingent liability due to the wide range of assumptions and interpretations implicit in the assessments.

The Company has 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 advice from legal counsel, we believe our position should be sustained, that Atlas has filed its tax returns and paid applicable taxes in compliance with Trinidadian tax law, and as such has not accrued for any amounts relating to these assessments. Contingencies inherently involve the exercise of significant judgment, and as such the outcomes of these assessments and the financial impact to the Company could be material.

We anticipate the resolution of this matter in the court system to be lengthy and, at this time, cannot predict a date as to when we expect this matter to be resolved.

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, leases, income taxes and fair

value measurement of financial instruments require us to make assumptions relating to operations and 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 29. See note 2 to our 2019 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, 2019, the net book value of our property, plant and equipment was $3.6 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, 2019, 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 at installation, excluding costs related to turnarounds, initially 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. The estimated useful life of production facilities may be adjusted from time-to-time based on turnarounds, plant refurbishments and gas availability. 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

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. In relation to previous impairment charges, we do not believe that there are significant changes in events or circumstances that would support their reversal.

Leases

Effective January 1, 2019, the Company adopted IFRS 16, which specifies how to recognize, measure, present, and disclose leases. On transition to IFRS 16, we recognized $411 million of lease assets and $453 million of lease liabilities, with the difference of $42 million ($38 million net of tax), recorded as an adjustment in equity.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed upon a trigger by an event or a significant change in circumstances. As part of the initial application of IFRS 16, we elected to use hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Certain leases contain non-lease components, excluded from the right-of-use asset and lease liability, related to operating charges for ocean vessels and terminal facilities. Judgment is applied in the determination of the stand-alone price of the lease and non-lease components. All related operating charges are classified as variable payments and all such costs are accounted for as a non-lease component charged to the consolidated statement of operations as incurred.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. In measuring lease liabilities, the Company discounts lease payments using the incremental borrowing rate applicable at lease inception. The incremental borrowing rate is determined using an credit rating specific to the entity, location, asset security and term of the lease.

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. Management routinely reviews these judgments. As at December 31, 2019, we had recognized deferred tax assets of $112 million primarily relating to non-capital loss carryforwards and other temporary differences in the United States. As at December 31, 2019, the Company had $323 million of unrecognized deductible temporary differences in the United States. 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, or new interpretations or guidance emerge on the application of tax legislation, our results from operations and financial position could be materially impacted.

Financial Instruments Measured at Fair Value
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 certain 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, determination of whether contracts contain embedded derivatives to be separated, 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 their complex nature and the potential impact on our financial statements.

ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 16, Leases
We adopted IFRS 16, Leases ("IFRS" or "the standard") as issued by the IASB in 2016, which eliminates the operating/finance lease dual accounting model for lessees and replaces it with a single, on-balance sheet accounting model, similar to the previous 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.

We transitioned to IFRS 16 in accordance with the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. The modified retrospective approach does not require restatement of comparative periods. As part of the initial application of IFRS 16, we elected to use hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to IFRS 16, we recognized $411 million of lease assets and $453 million of lease liabilities, with the difference of $42 million ($38 million net of tax), recorded as an adjustment in equity. When measuring lease liabilities, we discounted lease payments using the incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 4.4%.

The following table denotes the impact to Adjusted EBITDA and adjusted net income (before tax), depreciation and amortization and finance costs attributable to Methanex and reported for the year ended December 31, 2019:

	2019		
For the year ended December 31	Excluding IFRS 16	IFRS 16 Impact	Including IFRS 16
Adjusted EBITDA	$ 454	$ 112	$ 566
Less:			
Depreciation and amortization	245	97	342
Finance costs	98	21	119
Other	3	—	3
Adjusted net income—before tax	$ 108	$ (6)	$ 102

IFRIC 23, Uncertainty Over Income Tax Treatments

The Company also adopted IFRIC 23, Uncertainty Over Income Tax Treatments, as issued by the IASB in 2017, which clarifies the accounting for uncertainties over income taxes, and which is effective for annual periods beginning on or after January 1, 2019. Application of the interpretation had no impact on the Company's results of operations or financial position.

ANTICIPATED CHANGES TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company does not expect that any new or amended standards or interpretations that are effective as of January 1, 2020 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 IFRS, we present certain supplemental measures that are not defined terms under IFRS (non-GAAP measures). These are Adjusted EBITDA, Adjusted net income, Adjusted net income 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, 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 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 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 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 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 may differ from the total settlement cost.

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

($ Millions)	2019	2018
Net income attributable to Methanex shareholders	**$ 88**	$ 569
Mark-to-market impact of share-based compensation	**(18)**	(17)
Depreciation and amortization[1]	**344**	245
Finance costs[1]	**124**	94
Finance income and other expenses	**(4)**	(4)
Income tax expense	**4**	153
Earnings of associate adjustment[2]	**64**	69
Non-controlling interests adjustment[2]	**(36)**	(38)
Adjusted EBITDA (attributable to Methanex shareholders)	**$ 566**	$ 1,071

[1] Depreciation and amortization and finance costs for the periods ended December 31, 2019 includes the impact of the adoption of IFRS 16 "Leases". The comparative period in 2018 has not been restated as the Company has adopted IFRS 16 using the modified retrospective approach.

[2] 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.

Adjusted Net Income and Adjusted Net Income per Common Share

Adjusted net income and Adjusted net income 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. The following table shows a reconciliation from net income attributable to Methanex shareholders to Adjusted net income and the calculation of Adjusted diluted net income per common share:

($ Millions, except number of shares and per share amounts)	2019	2018
Net income attributable to Methanex shareholders	**$ 88**	$ 569
Mark-to-market impact of share-based compensation, net of tax	**(17)**	(13)
Adjusted net income	**$ 71**	$ 556
Diluted weighted average shares outstanding (millions)	**77**	81
Adjusted net income per common share	**$ 0.93**	$ 6.86

Adjusted Revenue (attributable to Methanex shareholders)

Adjusted revenue differs from the most comparable GAAP measure, revenue, because it excludes our partners' share of revenue marketed on a commission basis related to 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)	2019	2018
Revenue[1]	**$ 3,284**	$ 4,483
Non-Methanex share of Atlas revenue[2]	**(175)**	(196)
Non-controlling interests' share of Egypt revenue[2]	**(115)**	(250)
Other adjustments	**(6)**	(4)
Adjusted revenue (attributable to Methanex shareholders)	**$ 2,988**	$ 4,033

[1] Revenue for 2019 has been adjusted as compared to revenue reported in our quarterly MD&A and condensed quarterly financial statements issued for 2019 based on a restatement for the recognition of revenue on Atlas produced methanol. Revenue for 2018 has been restated. Refer to Note 25 of the Consolidated Financial Statements.

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

Amounts excluding the impact of IFRS 16

Amounts for the year ended December 31, 2019 excluding the impact of IFRS 16 presented for the year ended December 31, 2019 MD&A have been reconciled to a GAAP measure, being depreciation and amortization and finance costs including IFRS 16 in the *Adoption of New Accounting Standards* section on page 40. Additionally, Adjusted EBITDA excluding the impact of IFRS 16 has been

reconciled to Adjusted EBITDA including IFRS 16 in the *Adoption of New Accounting Standards* section on page 40 with the reconciliation of Adjusted EBITDA to a GAAP measure on page 41.

QUARTERLY FINANCIAL DATA (UNAUDITED)

Our operations consist of a single operating segment – the production and sale of methanol. Quarterly results vary due to the average realized price of methanol, sales volume and total cash costs. 2019 periods presented reflect the adoption of IFRS 16. Financial information in all comparative periods does not reflect the impact of IFRS 16. Refer to the *Adoption of New Accounting Standards* section on page 40 for more information.

Revenue and cost of sales and operating expenses for 2019 and 2018 have been restated as compared to the amounts reported in our quarterly MD&A and condensed quarterly financial statements previously issued based on a restatement for the presentation of revenue and cost of sales for Atlas produced methanol. Refer to note 25 of the consolidated financial statements.

A summary of selected financial information including the restated revenue and cost of sales and operating expenses is as follows:

	Three months ended			
($ Millions, except per share amounts)	Dec 31	Sep 30	Jun 30	Mar 31
2019				
Revenue (restated)	**$ 770**	**$ 765**	**$ 847**	**$ 902**
Cost of sales and operating expenses (restated)	**664**	**696**	**689**	**751**
Adjusted EBITDA[1]	**136**	**90**	**146**	**194**
Net income (loss) (attributable to Methanex shareholders)	**9**	**(10)**	**50**	**38**
Adjusted net income (loss)	**10**	**(21)**	**26**	**56**
Basic net income (loss) per common share	**0.12**	**(0.13)**	**0.65**	**0.50**
Diluted net income (loss) per common share	**0.12**	**(0.21)**	**0.51**	**0.50**
Adjusted net income (loss) per common share	**0.13**	**(0.27)**	**0.34**	**0.73**
2018				
Revenue (restated)	$ 1,101	$ 1,175	$ 1,096	$ 1,111
Cost of sales and operating expenses (restated)	825	915	858	810
Adjusted EBITDA	197	293	275	306
Adjusted net income	90	152	143	171
Net income (attributable to Methanex shareholders)	161	128	111	169
Adjusted net income per common share	1.15	1.92	1.75	2.03
Basic net income per common share	2.07	1.62	1.36	2.02
Diluted net income per common share	1.68	1.61	1.36	2.00

1 Adjusted EBITDA for 2019 includes the adoption of IFRS 16. The comparative periods have not been adjusted for IFRS 16.

As described in note 25 to the annual consolidated financial statements, the Company has restated its 2018 financial statements to correct an error in the accounting for revenues relating to the Company's sales of methanol from the Atlas joint venture. Previously, the Company accounted for the sales on a net commission basis and has now determined that these sales should be recognized on a gross basis, increasing revenues and cost of sales, with no impact on net income, cash flows or financial position. In the quarterly table above, the Company has restated each of the quarters in 2018 and 2019 to account for Atlas joint venture revenue and cost of sales on a gross basis. The adjustments are as follows:

	2019 Three months ended				2018 Three months ended			
($ Millions)	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31
Revenue as previously stated	**659**	**650**	**734**	**742**	977	1,044	950	961
Adjustment	**111**	**115**	**113**	**160**	124	131	146	150
Revenue as restated	**770**	**765**	**847**	**902**	1,101	1,175	1,096	1,111

	2019 Three months ended				2018 Three months ended			
($ Millions)	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31
Cost of sales as previously stated	**553**	**581**	**576**	**591**	701	784	712	660
Adjustment	**111**	**115**	**113**	**160**	124	131	146	150
Cost of sales as restated	**664**	**696**	**689**	**751**	825	915	858	810

The restatement of revenue and cost of sales and operating expenses had the following year to date impact:

For the 6 month period ended June 30, 2019 an increase in revenue from $1,476 million to $1,749 million (2018 -$1,911 million to $2,207 million) and for cost of sales and operating expenses from $1,167 million to $1,440 million (2018 - $1,372 million to $1,668 million).

For the 9 month period ended September 30, 2019 an increase in revenue from $2,126 million to $2,514 million (2018 - $2,955 million to $3,382 million) and for cost of sales and operating expenses from $1,748 million to $2,136 million (2018 - $2,156 million to $2,583 million).

For the year ended December 31, 2019 an increase in revenue from $2,785 million to $3,284 million (2018 - $3,932 million to $4,483 million) and for cost of sales and operating expenses from $2,301 million to $2,800 million (2018 -$2,857 million to $3,408 million).

A discussion and analysis of our results for the fourth quarter of 2019 is set out in our fourth quarter of 2019 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)	**2019**	2018	2017
Revenue[1]	**$ 3,284**	$ 4,483	$ 3,584
Adjusted EBITDA[2]	**566**	1,071	838
Adjusted net income	**71**	556	409
Net income (attributable to Methanex shareholders)	**88**	569	316
Adjusted net income per common share	**0.93**	6.86	4.71
Basic net income per common share	**1.15**	7.07	3.64
Diluted net income per common share	**1.01**	6.92	3.64
Cash dividends declared per common share	**1.440**	1.320	1.175
Total assets[2]	**5,197**	4,609	4,611
Total long-term financial liabilities[2]	**2,645**	1,473	1,851

[1] Revenue for 2019 has been adjusted as compared to revenue reported in our quarterly MD&A and condensed quarterly financial statements issued for 2019 based on a restatement for the recognition of revenue on Atlas produced methanol. Revenue for 2018 and 2017 has been restated. Refer to note 25 of the consolidated financial statements.

[2] Adjusted EBITDA, total assets and total long-term financial liabilities for 2019 includes the adoption of IFRS 16. The comparative periods have not been adjusted for IFRS 16.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a 15(e) and 15d 15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), 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, 2019, 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 not effective as of that date as a result of the material weakness described below.

Notwithstanding the material weakness, management concluded that the consolidated financial statements included in this Annual Report present fairly, in all material respects, the financial position of the Company at December 31, 2019 in conformity with GAAP and our external auditors have issued an unqualified opinion on our consolidated financial statements as of and for the year ended December 31, 2019.

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 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. 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.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

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, 2019, based on the framework set forth in Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. Under this framework, a material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual financial statements will not be prevented or detected on a timely basis. Based on its evaluation under this framework, management have concluded that, as at December 31, 2019, the Company had a "material weakness" related to ineffective controls over research and technical accounting analysis. Because of this deficiency, the Company did not reach the appropriate conclusion with regards to the adoption and application of IFRS 15 *Revenue from Contracts with Customers*, relating to the presentation of revenue from our Atlas joint venture. On adoption of IFRS 15, we performed a comprehensive review of revenue recognition including criteria for assessing whether the Company was acting as principal or agent in the sale of methanol from Atlas (our equity investee). Initially, the Company determined that there was no change to our assessment on the adoption of IFRS 15 that the Company acts as agent in these transactions. As a result, the Company continued to account for the transactions on a net basis, recognizing the commission earned on Atlas sales through revenue. After discussions with regulators and experts, and further consideration of interpretations of IFRS 15, the Company has concluded it is the principal in these transactions. As a result, management has identified a change in the application of IFRS 15, and has recognized revenue on a gross basis for the year ended December 31, 2019 and adjusted cost of sales accordingly, and restated revenue and cost of sales for the year ended December 31, 2018 with no impact on net income, cash flows or financial position. Refer to note 25 of the consolidated financial statements for details of the restatement.

The control deficiency creates a reasonable possibility that a material misstatement to the consolidated financial statements will not be prevented or detected on a timely basis. Accordingly, management has concluded that our internal control over financial reporting is not effective as of December 31, 2019.

The effectiveness of internal control over financial reporting has also been audited by KPMG LLP, an independent registered public accounting firm, who has issued an adverse opinion on the effectiveness of our internal control over financial reporting as of December 31, 2019 as stated in their report that is included in our consolidated financial statements on page 52.

Remediation of Material Weakness
The control deficiency described above was detected in the first quarter of 2020 based on discussion with regulatory authorities. The Company has prioritized the remediation of the above material weakness and is working under the oversight of the Audit, Finance and Risk Committee to resolve the issue, as follows:

Management immediately reviewed its technical analysis and accounting memorandums, and engaged in consultation with technical accounting experts in order to determine the most appropriate accounting treatment. Specific actions to remediate this material weakness includes the following:

(1) Consult with experts to assist in the evaluation of technical accounting matters.

(2) Extend documentation on analysis of contracts, including revision of management's accounting checklist used to assess accounting implications for complex contracts.

(3) Implement review controls prior to and subsequent to adoption of new accounting standards to identify and resolve differences in accounting interpretations of standards and implement an additional layer of review by the Company's newly hired Assistant Controller, before review by the Company's VP & Controller and CFO.

However, management believes more time must pass to adequately evidence that the controls and procedures for research and technical accounting analysis are operating as intended.

Changes in Internal Control over Financial Reporting
On January 1, 2019, we adopted IFRS 16 and implemented a new lease accounting system enabling us to comply with the IFRS 16 requirements. As a result, we have made additions and modifications to our internal controls over financial reporting. Notably, we have:

- updated our policies and procedures related to how we account for leases; and
- implemented controls surrounding contract review and new lease accounting system to ensure the inputs, processes, and outputs are accurate and complete.

Other than the material weakness and items described above related to IFRS 16, no changes were made in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

This 2019 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 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,
- 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, including our Geismar 3 Project,
- 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,
- expected actions of governments, governmental agencies, gas suppliers, courts, tribunals or other third-parties, and
- the potential future impact of the COVID-19 pandemic.

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 or 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,
- timing of completion and cost of our Geismar 3 Project,
- 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,
- our ability to meet timeline and budget targets for our Geismar 3 Project, including cost pressures arising from labour costs,
- competing demand for natural gas, especially with respect to any domestic needs for gas and electricity,
- 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,
- the future impact of the COVID-19 pandemic, and
- other risks described in this 2019 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 not effective as of December 31, 2019. Management has identified a material weakness related to ineffective controls over research and technical accounting as more fully described within the *Controls and Procedures* section of the 2019 Management's Discussion and Analysis.

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 LLP has full and unrestricted access to the Committee. KPMG LLP audited the consolidated financial statements and the effectiveness of internal controls over financial reporting. Their opinions are included in the annual report.



Benita Warmbold
Chair of the Audit,
Finance and Risk Committee
March 24, 2020



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:

Opinion on the Consolidated Financial Statements
We have audited the accompanying consolidated statements of financial position of Methanex Corporation (the Company) as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for each of the years in the two-year period ended December 31, 2019, 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) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 24, 2020 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle
As discussed in Note 2 to the consolidated financial statements, the Company has adopted IFRS 16 *Leases* using the modified retrospective method, under which the cumulative effect of initial application was recognized in retained earnings at January 1, 2019, the date of initial application.

Restatement
As discussed in Note 25 to the consolidated financial statements, the 2018 financial statements have been restated to correct an accounting error.

Basis for Opinion
These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter
The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or

complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of Recognition and Measurement of Uncertain Tax Positions

As discussed in Notes 2(q) and 16 to the consolidated financial statements, the Company has recognized uncertain tax positions ("tax positions") including associated interest and penalties. The Company's tax positions are subject to audit by local taxing authorities across multiple global subsidiaries and the resolution of such audits may span multiple years. Tax law is complex and often subject to varied interpretations. Accordingly, the ultimate outcome with respect to taxes the Company may owe may differ from the amounts recognized.

We identified the assessment of recognition and measurement of tax positions as a critical audit matter. A higher degree of auditor judgment was required in evaluating both the Company's (1) determination of the probability that the tax authorities would accept the Company's tax positions and (2) judgments regarding the ultimate resolution of the tax positions, including potential outcomes and associated probabilities.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's process to account for tax positions. This included controls over (1) the interpretation of tax law and identification of tax positions, (2) the determination of the probability that the tax authorities would accept the Company's tax positions, and (3) the estimation of reserves recorded for tax positions. We involved domestic and international tax professionals with specialized skills and knowledge who assisted in:

- inspecting correspondence between the Company and the applicable taxing authorities;
- assessing tax positions, transfer pricing studies, and information obtained from external tax specialists and legal counsel;
- assessing the Company's compliance with applicable laws and regulations;
- evaluating the Company's interpretation of tax laws by developing an independent assessment based on our understanding and interpretation of tax laws; and
- evaluating the Company's estimation of reserves by considering potential outcomes and associated probabilities.



Chartered Professional Accountants
We have served as the Company's auditor since 1992.
Vancouver, Canada
March 24, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Methanex Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Methanex Corporation's (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2019, 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 the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated March 24, 2020 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to ineffective controls over research and technical accounting analysis has been identified and included in management's assessment. The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2019 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting 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.

Definition and Limitations of Internal Control Over Financial Reporting

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.



Chartered Professional Accountants
Vancouver, Canada
March 24, 2020

Consolidated Statements of Financial Position

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

As at	Dec 31 2019	Dec 31 2018
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 416,763**	$ 256,077
Trade and other receivables (note 3)	**488,721**	514,568
Inventories (note 4)	**281,052**	387,959
Prepaid expenses	**37,805**	32,541
Other assets (note 7)	**8,180**	60,931
	1,232,521	1,252,076
Non-current assets:		
Property, plant and equipment (note 5)	**3,576,195**	3,025,095
Investment in associate (note 6)	**193,474**	197,821
Deferred income tax assets (note 16)	**111,614**	59,532
Other assets (note 7)	**82,811**	74,475
	3,964,094	3,356,923
	$ 5,196,615	$ 4,608,999
LIABILITIES AND EQUITY		
Current liabilities:		
Trade, other payables and accrued liabilities	**$ 493,754**	$ 617,414
Current maturities on long-term debt (note 8)	**38,420**	383,793
Current maturities on lease obligations (note 9)	**89,820**	9,232
Current maturities on other long-term liabilities (note 10)	**26,252**	36,914
	648,246	1,047,353
Non-current liabilities:		
Long-term debt (note 8)	**1,730,433**	1,074,493
Other long-term liabilities (note 10)	**286,071**	207,570
Lease obligations (note 9)	**628,685**	190,528
Deferred income tax liabilities (note 16)	**272,820**	281,214
	2,918,009	1,753,805
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, 2019 were 76,196,080 (2018 – 77,263,273)	**440,472**	446,544
Contributed surplus	**1,783**	1,597
Retained earnings	**1,039,819**	1,145,476
Accumulated other comprehensive loss	**(150,389)**	(82,404)
Shareholders' equity	**1,331,685**	1,511,213
Non-controlling interests	**298,675**	296,628
Total equity	**1,630,360**	1,807,841
	$ 5,196,615	$ 4,608,999

Commitments and contingencies (notes 6 and 22)
See accompanying notes to consolidated financial statements.

Approved by the Board:



Benita Warmbold (Director)



John Floren (Director)

Consolidated Statements of Income

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

For the years ended December 31	2019	2018 (As restated - note 25)
Revenue (note 25)	$ 3,283,514	$ 4,482,702
Cost of sales and operating expenses (note 11 and 25)	(2,799,937)	(3,407,775)
Depreciation and amortization (note 11)	(344,127)	(245,303)
Egypt insurance recovery (note 3)	50,000	–
Operating income	189,450	829,624
Earnings of associate (note 6)	52,218	72,001
Finance costs (note 12)	(124,426)	(94,416)
Finance income and other expenses	3,598	4,266
Income before income taxes	120,840	811,475
Income tax (expense) recovery (note 16):		
Current	(38,809)	(91,027)
Deferred	34,335	(62,464)
	(4,474)	(153,491)
Net income	$ 116,366	$ 657,984
Attributable to:		
Methanex Corporation shareholders	$ 87,767	$ 568,982
Non-controlling interests (note 24)	28,599	89,002
	$ 116,366	$ 657,984
Income per common share for the period attributable to Methanex Corporation shareholders:		
Basic net income per common share (note 13)	$ 1.15	$ 7.07
Diluted net income per common share (note 13)	$ 1.01	$ 6.92
Weighted average number of common shares outstanding	76,592,413	80,494,302
Diluted weighted average number of common shares outstanding	76,692,494	80,889,525

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

(thousands of U.S. dollars)

For the years ended December 31	2019	2018
Net income	**$ 116,366**	$ 657,984
Other comprehensive income:		
Items that may be reclassified to income:		
Change in fair value of cash flow hedges (note 19)	**(120,540)**	362
Forward elements excluded from hedging relationship (note 19)	**30,571**	(14,874)
Items that will not be reclassified to income:		
Actuarial loss on defined benefit pension plans (note 21(a))	**(4,479)**	(1,483)
Taxes on above items	**22,049**	3,980
	(72,399)	(12,015)
Comprehensive income	**$ 43,967**	$ 645,969
Attributable to:		
Methanex Corporation shareholders	**$ 15,368**	$ 556,967
Non-controlling interests (note 24)	**28,599**	89,002
	$ 43,967	$ 645,969

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, 2017	83,770,254	$ 480,331	$ 2,124	$ 1,088,150	$ (69,841)	$ 1,500,764	$ 244,347	$ 1,745,111
Net income	–	–	–	568,982	–	568,982	89,002	657,984
Other comprehensive income (loss)	–	–	–	548	(12,563)	(12,015)	–	(12,015)
Compensation expense recorded for stock options	–	–	362	–	–	362	–	362
Issue of shares on exercise of stock options	83,114	3,210	–	–	–	3,210	–	3,210
Reclassification of grant-date fair value on exercise of stock options	–	889	(889)	–	–	–	–	–
Payment for shares repurchased	(6,590,095)	(37,886)	–	(406,528)	–	(444,414)	–	(444,414)
Dividend payments to Methanex Corporation shareholders ($1.320 per common share)	–	–	–	(105,676)	–	(105,676)	–	(105,676)
Distributions made and accrued to non-controlling interests	–	–	–	–	–	–	(36,721)	(36,721)
Equity contributions by non-controlling interests	–	–	–	–	–	–	–	–
Balance, December 31, 2018	77,263,273	$ 446,544	$ 1,597	$ 1,145,476	$ (82,404)	$ 1,511,213	$ 296,628	$ 1,807,841
Net income	**–**	**–**	**–**	**87,767**	**–**	**87,767**	**28,599**	**116,366**
Other comprehensive loss	**–**	**–**	**–**	**(4,414)**	**(67,985)**	**(72,399)**	**–**	**(72,399)**
Compensation expense recorded for stock options	**–**	**–**	**212**	**–**	**–**	**212**	**–**	**212**
Issue of shares on exercise of stock options	**2,700**	**86**	**–**	**–**	**–**	**86**	**–**	**86**
Reclassification of grant-date fair value on exercise of stock options	**–**	**26**	**(26)**	**–**	**–**	**–**	**–**	**–**
Payment for shares repurchased	**(1,069,893)**	**(6,184)**	**–**	**(46,621)**	**–**	**(52,805)**	**–**	**(52,805)**
Dividend payments to Methanex Corporation shareholders ($1.440 per common share)	**–**	**–**	**–**	**(107,876)**	**–**	**(107,876)**	**–**	**(107,876)**
Distributions made and accrued to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(20,978)**	**(20,978)**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(2,219)**	**(2,219)**
Impact of adoption of IFRS 16	**–**	**–**	**–**	**(34,513)**	**–**	**(34,513)**	**(3,355)**	**(37,868)**
Balance, December 31, 2019	**76,196,080**	**$ 440,472**	**$ 1,783**	**$ 1,039,819**	**$ (150,389)**	**$ 1,331,685**	**$ 298,675**	**$ 1,630,360**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(thousands of U.S. dollars)

For the years ended December 31	2019	2018
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Net income	**$ 116,366**	$ 657,984
Deduct earnings of associate	**(52,218)**	(72,001)
Dividends received from associate	**56,159**	63,102
Add (deduct) non-cash items:		
Depreciation and amortization	**344,127**	245,303
Income tax expense	**4,474**	153,491
Share-based compensation recovery	**(3,950)**	(6,289)
Finance costs	**124,426**	94,416
Other	**(901)**	3,681
Income taxes paid	**(43,909)**	(106,035)
Other cash payments, including share-based compensation	**(38,569)**	(59,444)
Cash flows from operating activities before undernoted	**506,005**	974,208
Changes in non-cash working capital (note 17(a))	**9,426**	5,998
	515,431	980,206
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Payments for repurchase of shares	**(52,805)**	(444,414)
Dividend payments to Methanex Corporation shareholders	**(107,876)**	(105,676)
Interest paid	**(115,283)**	(90,008)
Net proceeds on issue of long-term debt	**695,533**	–
Repayment of long-term debt and financing fees	**(388,216)**	(213,622)
Repayment of lease obligations	**(101,812)**	(8,293)
Restricted cash for debt service accounts	**(10,067)**	3,804
Cash distributions to non-controlling interests	**(23,613)**	(104,258)
Proceeds on issue of shares on exercise of stock options	**86**	3,210
Proceeds from limited recourse debt	**–**	166,000
	(104,053)	(793,257)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Property, plant and equipment	**(208,467)**	(190,561)
Geismar plant under construction	**(115,393)**	(53,915)
Restricted cash for capital projects	**61,657**	(60,931)
Changes in non-cash working capital related to investing activities (note 17(a))	**11,511**	(944)
	(250,692)	(306,351)
Increase (decrease) in cash and cash equivalents	**160,686**	(119,402)
Cash and cash equivalents, beginning of year	**256,077**	375,479
Cash and cash equivalents, end of year	**$ 416,763**	$ 256,077

See accompanying notes to consolidated financial statements.

(Tabular dollar amounts are shown in thousands of U.S. dollars, except where noted)
Year ended December 31, 2019

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 24, 2020.

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 controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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. 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)), leases (note 2(i)), 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 records provisions for expected credit losses for receivables measured at amortized cost. The Company records an allowance for doubtful accounts or writes down the receivable to estimated net realizable value, if not collectible in full, based on expected credit losses. Expected credit losses are based on historic and forward looking customer specific factors including historic credit losses incurred.

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 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 at installation, excluding costs related to turnarounds, initially 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. The estimated useful life of production facilities may be adjusted from time-to-time based on turnarounds, plant refurbishments and gas availability. 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.

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:
The Company transitioned to IFRS 16 in accordance with the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. The modified retrospective approach does not require restatement of comparative periods and therefore continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 9.

Policy applicable from January 1, 2019
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives ofright-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is assessed for impairment losses, should a trigger be identified and adjusted for impairment if required. Lease terms range up to 19 years for vessels, terminals, equipment, and other items.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed upon a trigger by an event or a significant change in circumstances.

Certain leases contain non-lease components, excluded from the right-of-use asset and lease liability, related to operating charges for ocean vessels and terminal facilities. Judgment is applied in the determination of the stand-alone price of the lease and non-lease components.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, except for terminal and vessel leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before January 1, 2019

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.

Assets under finance lease are depreciated to their estimated residual value based on the shorter of their useful lives and 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 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 granted prior to 2019 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 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.

Performance share units granted in 2019 reflect a new long-term incentive plan. The performance share units granted under the new plan are redeemable for cash based on the market value of the Company's common shares and are non-dilutive to shareholders. They vest over three years and include two performance factors: (i) relative total shareholder return of Methanex shares versus a specific market index (the market performance factor) and (ii) three year average Return on Capital Employed ("ROCE") (the non-market performance factor). The market performance factor is measured by the Company at the grant date and reporting date using a Monte-Carlo simulation model to determine fair value. The non-market performance factor reflects management's best estimate of ROCE over the performance period (using actual ROCE as applicable) to determine the expected number of units to vest. Based on these performance factors the performance share unit payout will range between 0% to 200%.

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 14.

m) Net income per common share:

The Company calculates basic net income per common share by dividing net income attributable to Methanex shareholders by the weighted average number of common shares outstanding and calculates diluted net income per common share under the treasury stock method. Under the treasury stock method, diluted net income 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 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 per common share.

The calculation of basic net income per common share and a reconciliation to diluted net income per common share is presented in note 13.

n) Revenue recognition:

Revenue is recognized based on individual contract terms at the point in time when control of 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 contractual performance obligation has not been met during shipment. For methanol sold on a consignment basis, revenue is recognized at the point in time the customer draws down the consigned methanol. Revenue is measured and recorded at the most likely amount of consideration the Company expects to receive.

By contract, the Company sells all the methanol produced by the Atlas Joint Venture and earns a commission on the sale of the methanol. As the Company obtains title and control of the methanol from the Atlas facility and directs the sale of the methanol to the Company's customers, the Company recognizes the revenue on these sales to customers at the gross amount receivable from the customers based on the Company's revenue recognition policy noted above. Cost of sales is recognized for these sales as the amount due to the Atlas Joint Venture which is the gross amount receivable less the commission earned by the Company (see note 25).

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.

Assessment of contracts as derivative instruments, applicability of the own use exemption, determination of whether hybrid instruments contain embedded derivatives to be separated, 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.

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 19.

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. 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) Application of new and revised accounting standards:

IFRS 16, Leases
The Company adopted IFRS 16, Leases ("IFRS" or "the standard") which eliminates the operating/finance lease dual accounting model for lessees and replaces it with a single, on-balance sheet accounting model, similar to the previous 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.

The Company transitioned to IFRS 16 in accordance with the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. The modified retrospective approach does not require restatement of comparative periods. As part of the initial application of IFRS 16, the Company elected to use hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to IFRS 16, the Company recognized $411 million of lease assets and $453 million of lease liabilities, with the difference of $42 million ($38 million net of tax), recorded as an adjustment in equity. When measuring lease liabilities, the Company discounted lease payments using the incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 4.4%. The following reconciliation to the opening balance for lease liabilities as at January 1, 2019 is based upon the operating lease commitments as at December 31, 2018:

	Jan 1, 2019
Operating lease commitments at December 31, 2018	$ 427,289
Discounted using the incremental borrowing rate at January 1, 2019	4.4%
Finance lease liabilities recognized as at December 31, 2018	**$ 358,440**
Recognition exception for:	
Short-term leases	(777)
Leases of low-value assets	(8)
Extension and termination options reasonably certain to be exercised	75,753
Scope changes due to IFRS 16	18,880
Other	594
Lease liabilities at January 1, 2019	**$ 452,882**

IFRIC 23, Uncertainty Over Income Tax Treatments
The Company adopted IFRIC 23, Uncertainty Over Income Tax Treatments, as issued by the IASB in 2017, which clarifies the accounting for uncertainties over income taxes, and which is effective for annual periods beginning on or after January 1, 2019. Application of the interpretation had no impact on the Company's results of operations or financial position.

u) Anticipated changes to International Financial Reporting Standards:
The Company does not expect that any new or amended standards or interpretations that are effective as of January 1, 2020 will have a significant impact on the Company's results of operations or financial position.

3. Trade and other receivables:

As at	Dec 31 2019	Dec 31 2018
Trade	**$ 343,959**	$ 412,662
Egypt insurance recovery[(a)]	**50,000**	–
Value-added and other tax receivables	**44,408**	37,823
Egypt gas contract recoveries	**–**	6,227
Other	**50,354**	57,856
	$ 488,721	$ 514,568

a) Egypt insurance recovery:
We experienced an outage at the Egypt plant from April to August 2019. We have recorded a $50 million ($25 million our share) insurance recovery which partially offsets repair costs charged to earnings and lost margins incurred in the second and third quarters of 2019. At December 31, 2019, the insurance recovery is included in Trade and other receivables as final settlement has not been received.

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, 2019 is $2,742 million (2018 - $3,309 million). Cost of sales and operating expenses for 2018 has been restated to reflect the new accounting policy. Refer to note 25 for more information.

5. Property, plant and equipment:

	Owned Assets (a)	Right-of-use assets (b)	Total
Net book value at December 31, 2019	**$ 2,940,777**	**$ 635,418**	**$ 3,576,195**
Net book value at December 31, 2018	$ 2,857,266	$ 167,829	$ 3,025,095

a) Owned assets:

	Buildings, plant installations and machinery	Plants under construction	Ocean going vessels	Other	TOTAL
Cost at January 1, 2019	**$ 4,698,142**	**$ –**	**$ 183,419**	**$ 189,058**	**$ 5,070,619**
Additions	**150,570**	**118,249**	**57,479**	**4,338**	**330,636**
Disposals and other	**(61,197)**	**–**	**(38,951)**	**(1,306)**	**(101,454)**
Transfers[1]	**–**	**37,622**	**–**	**(37,622)**	**–**
Cost at December 31, 2019	**4,787,515**	**155,871**	**201,947**	**154,468**	**5,299,801**
Accumulated depreciation at January 1, 2019	**2,047,735**	**–**	**48,426**	**117,192**	**2,213,353**
Disposals and other	**(63,169)**	**–**	**(31,620)**	**(1,597)**	**(96,386)**
Depreciation	**230,494**	**–**	**8,642**	**2,921**	**242,057**
Accumulated depreciation at December 31, 2019	**2,215,060**	**–**	**25,448**	**118,516**	**2,359,024**
Net book value at December 31, 2019	**$ 2,572,455**	**$ 155,871**	**$ 176,499**	**$ 35,952**	**$ 2,940,777**

[1] During 2019, the Company reclassified $38 million of assets, including $19 million of land, relating to the construction of Geismar 3 from Other to Plants under construction upon announcement of its final investment decision in July 2019.

	Buildings, plant installations and machinery	Plants under construction	Ocean going vessels	Other	TOTAL
Cost at January 1, 2018	$ 4,648,924	$ –	$ 144,423	$ 131,070	$ 4,924,417
Additions	180,437	–	40,284	58,349	279,070
Disposals and other	(131,219)	–	(1,288)	(361)	(132,868)
Cost at December 31, 2018	4,698,142	–	183,419	189,058	5,070,619
Accumulated depreciation at January 1, 2018	1,956,317	–	40,427	111,193	2,107,937
Disposals and other	(124,920)	–	(1,194)	(360)	(126,474)
Depreciation	216,338	–	9,193	6,359	231,890
Accumulated depreciation at December 31, 2018	2,047,735	–	$ 48,426	117,192	2,213,353
Net book value at December 31, 2018	$ 2,650,407	$ –	$ 134,993	$ 71,866	$ 2,857,266

b) Right-of-use (leased) assets:

	Ocean going vessels	Terminals and tanks	Plant installations and machinery	Other	TOTAL
Cost at January 1, 2019	**$ 370,654**	**$ 207,721**	**$ 19,705**	**$ 30,399**	**$ 628,479**
Additions	**144,764**	**13,582**	**3,908**	**9,738**	**171,992**
Disposals and other	**(757)**	**–**	**–**	**(1,617)**	**(2,374)**
Cost at December 31, 2019	**514,661**	**221,303**	**23,613**	**38,520**	**798,097**
Accumulated depreciation at January 1, 2019	**15,204**	**29,333**	**5,444**	**–**	**49,981**
Disposals and other	**–**	**–**	**–**	**–**	**–**
Depreciation	**74,439**	**29,907**	**2,423**	**5,929**	**112,698**
Accumulated depreciation at December 31, 2019	**89,643**	**59,240**	**7,867**	**5,929**	**162,679**
Net book value at December 31, 2019	**$ 425,018**	**$ 162,063**	**$ 15,746**	**$ 32,591**	**$ 635,418**

	Ocean going vessels	Terminals and tanks	Plant installations and machinery	Other	TOTAL
Cost at January 1, 2018	$ 87,800	$ 111,941	$ 16,032	$ –	$ 215,773
Additions	–	2,037	–	–	2,037
Disposals and other	–	–	–	–	–
Cost at December 31, 2018	87,800	113,978	16,032	–	217,810
Adjustments due to IFRS 16	282,854	93,743	3,673	30,399	410,669
Adjusted cost at January 1, 2019	370,654	207,721	19,705	30,399	628,479
Accumulated depreciation at January 1, 2018	9,351	20,777	3,799	–	33,927
Disposals and other	–	–	–	–	–
Depreciation	5,853	8,556	1,645	–	16,054
Accumulated depreciation at December 31, 2018	15,204	29,333	5,444	–	49,981
Net book value at December 31, 2018	$ 72,596	$ 84,645	$ 10,588	$ –	$ 167,829

Refer to note 2 for the impact upon adoption of IFRS 16 on the right-of-use assets and note 9 for lease obligations.

6. Investment in associate:

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 2019	Dec 31 2018
Cash and cash equivalents	**$ 50,149**	$ 9,367
Other current assets[1]	**60,709**	104,742
Non-current assets	**241,860**	255,822
Current liabilities[1]	**(28,191)**	(32,022)
Other long-term liabilities, including current maturities	**(138,866)**	(145,359)
Net assets at 100%	**$ 185,661**	$ 192,550
Net assets at 63.1%	**$ 117,152**	$ 121,499
Long-term receivable from Atlas[1]	**76,322**	76,322
Investment in associate	**$ 193,474**	$ 197,821

Consolidated statements of income for the years ended December 31	2019	2018
Revenue[1]	$ 359,425	$ 512,214
Cost of sales and depreciation and amortization	(217,333)	(322,325)
Operating income	142,092	189,889
Finance costs, finance income and other expenses	(11,381)	(10,841)
Income tax expense	(47,957)	(64,942)
Net earnings at 100%	$ 82,754	$ 114,106
Earnings of associate at 63.1%	$ 52,218	$ 72,001
Dividends received from associate	$ 56,159	$ 63,102

[1] Includes related party transactions between Atlas and the Company (see note 23).

b) Contingent liability:

The Board of Inland Revenue of Trinidad and Tobago has audited and issued assessments against Atlas in respect of the 2005 to 2013 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 with affiliates that commenced in 2005 and continued through 2019. The long-term fixed-price sales contracts with affiliates were established as part of the formation of Atlas and management believes were reflective of market considerations at that time. Atlas had partial relief from corporation income tax until late July 2014.

During the periods under assessment and continuing through 2014, approximately 50% of Atlas produced methanol was sold under these fixed-price contracts. From late 2014 through 2019 fixed-price sales represented approximately 10% of Atlas produced methanol.

The Company believes it is impractical to disclose a reasonable estimate of the potential contingent liability due to the wide range of assumptions and interpretations implicit in the assessments.

The Company has lodged objections to the assessments. No deposits have been required to lodge objections. Based on the merits of the cases and advice from legal counsel, the Company believes its position should be sustained, that Atlas has filed its tax returns and paid applicable taxes in compliance with Trinidadian tax law, and as such has not accrued for any amounts relating to these assessments. Contingencies inherently involve the exercise of significant judgment, and as such the outcomes of these assessments and the financial impact to the Company could be material.

The Company anticipates the resolution of this matter in the court system to be lengthy and, at this time, cannot predict a date as to when this matter is expected to be resolved.

7. Other assets:

As at	Dec 31 2019	Dec 31 2018
Restricted cash(a)	$ 39,413	$ 18,545
Restricted cash and cash equivalents for vessels under construction (b)	–	66,452
Chile VAT receivable	20,874	22,595
Investment in Carbon Recycling International	4,620	4,620
Defined benefit pension plans (note 21)	5,856	5,150
Other	20,228	18,044
Total other assets	$ 90,991	$ 135,406
Less current portion(c)	(8,180)	(60,931)
	$ 82,811	$ 74,475

a) Restricted cash

The Company holds $39.4 million (2018 – $18.5 million) of restricted cash for the funding of debt service accounts.

b) Restricted cash and cash equivalents for vessels under construction

As at December 31, 2019, the Company holds nil (2018 – $66.5 million, of which $60.9 million was recorded as current) in short-term, highly liquid investments held under restricted terms, for the construction of vessels.

c) Current portion of other assets

Other assets reclassified to current as at December 31, 2019 includes $3.3 million of restricted cash received as a government grant and restricted for specific capital use, as well as $4.9 million for an asset held for sale representing a vessel which the Company has entered into agreement to sell to a third party.

8. Long-term debt:

As at	Dec 31 2019	Dec 31 2018
Unsecured notes		
(i) 3.25% due December 15, 2019	**$ –**	$ 349,026
(ii) 5.25% due March 1, 2022	**248,912**	248,480
(iii) 4.25% due December 1, 2024	**297,607**	297,232
(iv) 5.25% due December 15, 2029	**693,822**	–
(v) 5.65% due December 1, 2044	**295,321**	295,238
	1,535,662	1,189,976
Egypt limited recourse debt facilities	**75,165**	101,226
Other limited recourse debt facilities		
(i) LIBOR+0.75% to LIBOR+2.5% due through 2019 to 2021	**1,526**	5,483
(ii) 5.58% due through June 30, 2031	**73,700**	77,709
(iii) 5.35% due through September 30, 2033	**82,800**	83,892
	158,026	167,084
Total long-term debt[1]	**1,768,853**	1,458,286
Less current maturities[1]	**(38,420)**	(383,793)
	$ 1,730,433	$ 1,074,493

[1] Long-term debt and current maturities are presented net of discounts and deferred financing fees of $20.4 million as at December 31, 2019 (2018 – $17.6 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. During 2018, the Company, through 50% owned entities, issued other limited recourse debt for $86 million bearing an interest rate of 5.35% with principal repayments due through September 2033. The debt was used to acquire two ocean going vessels in 2019. During 2018, the Company also issued $80 million of other limited recourse debt facilities bearing an interest rate of 5.58% with principal repayments due through June 2031, using the proceeds to repay $60.6 million of other limited recourse debt facilities.

For the year ended December 31, 2019,non-cash accretion, on an effective interest basis, of deferred financing costs included in finance costs was $3.6 million (2018 – $3.6 million).

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

	Egypt limited recourse debt facilities	Other limited recourse debt facilities	Unsecured notes	Total
2020	$ 29,525	$ 9,852	$ –	$ 39,377
2021	31,552	9,128	–	40,680
2022	16,606	10,213	250,000	276,819
2023	–	10,778	–	10,778
2024	–	10,841	300,000	310,841
Thereafter	–	110,763	1,000,000	1,110,763
	$ 77,683	$ 161,575	$ 1,550,000	$ 1,789,258

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.

During 2019, the Company issued $700 million of senior unsecured notes bearing a coupon of 5.25%, due December 15, 2029 and repaid $350 million of unsecured notes due December 15, 2019. The Company also secured an $800 million non-revolving construction facility for the Geismar 3 project and renewed its $300 million committed revolving credit facility, both with highly rated financial institutions. As at December 31, 2019 both credit facilities are undrawn and expire in July 2024.

Significant covenants and default provisions under both facilities include:

i) the obligation to maintain an EBITDA to interest coverage ratio of not less than or equal to 2:1 calculated on a four-quarter trailing basis where for only one quarter during the term of the credit facility the ratio can be as low as, but not less than 1.25:1, and a debt to capitalization ratio of less than or equal to 57.5%, both ratios calculated in accordance with definitions in the credit agreement that include adjustments related to the limited recourse subsidiaries,

ii) 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

iii) 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 credit facilities also include other customary covenants including restrictions on the incurrence of additional indebtedness, restrictions against the sale or abandonment of the Geismar 3 project, as well as requirements associated with completion of plant construction and commissioning.

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. Shareholder distributions are not permitted unless the average gas deliveries over the prior 12 months are greater than 70% of gas nominations.

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, 2019, management believes the Company was in compliance with all significant terms and default provisions related to long-term debt obligations.

9. Lease obligations:

Finance lease obligations at December 31, 2018	$	199,760
Adjustment on initial adoption of IFRS 16 (note 2 (t))		452,882
Lease obligations – IFRS 16 adjusted		652,642
Additions, net of disposals		168,216
Interest expense		43,288
Lease payments		(145,100)
Effect of movements in exchange rates and other		(541)
Lease obligations at December 31, 2019		718,505
Less: current portion		(89,820)
Lease obligations – non current portion	$	628,685

The Company incurs lease payments related to ocean vessels, terminal facilities, rail cars, vehicles and equipment, and office facilities. Leases are entered into and exited in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased assets.

The following table presents the contractual undiscounted cash flows for lease obligations as at December 31, 2019:

	Lease payments	Interest component	Lease obligations
2020	$ 134,175	$ 44,355	$ 89,820
2021	111,305	41,136	70,169
2022	100,715	37,453	63,262
2023	95,606	33,677	61,929
2024	88,445	30,011	58,434
Thereafter	477,850	102,959	374,891
	$ 1,008,096	$ 289,591	$ 718,505

Variable lease payments and short-term and low value leases

Certain leases contain non-lease components, excluded from the right-of-use asset and lease liability, related to operating charges for ocean vessels and terminal facilities. The total expense recognized in cost of sales relating to operating charges for 2019 was $83.7 million. Short-term leases are leases with a lease term of twelve months or less while low-value leases comprised of information technology and miscellaneous equipment. Such items recognized within cost of sales in 2019 were $0.5 million.

Extension options

Some leases contain extension options exercisable by the Company. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses, at lease commencement, whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. Total potential future lease payments not included in the lease liabilities should the Company exercise these extension options totals $70.6 million.

	Lease liabilities recognized (discounted)	Potential future lease payments not included in lease liabilities (undiscounted)
Ocean going vessels	$ 462,843	$ 22,464
Terminal and tanks	194,665	31,210
Other	60,997	16,914
Total	$ 718,505	$ 70,588

Leases not yet commenced

As at December 31, 2019, the Company has entered into lease agreements for which the leases have not yet commenced. Total exposure to future cash outflows not reflected in lease liabilities is $6.6 million.

10. Other long-term liabilities:

As at	Dec 31 2019	Dec 31 2018
Site restoration costs	**$ 31,092**	$ 27,638
Share-based compensation liability (note 14)	**18,382**	52,794
Cash flow hedges (note 19)	**195,124**	105,721
Defined benefit pension plans (note 21)	**28,121**	24,783
Land mortgage	**29,849**	30,242
Government grant construction obligation	**3,173**	–
Other	**6,582**	3,306
	312,323	244,484
Less current maturities	**(26,252)**	(36,914)
	$ 286,071	$ 207,570

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, 2019, the total undiscounted amount of estimated cash flows required to settle the liabilities was $38.1 million (2018 – $37.6 million). The movement in the provision during the year is explained as follows:

		2019		2018
Balance at January 1	$	27,638	$	33,975
New or revised provisions		2,638		(7,036)
Accretion expense		816		699
Balance at December 31	$	31,092	$	27,638

11. Expenses:

For the years ended December 31		2019		2018 (As restated – note 25)
Cost of sales	$	2,570,840	$	3,128,237
Selling and distribution		498,738		464,474
Administrative expenses		74,486		60,367
Total expenses by function	$	3,144,064	$	3,653,078
Cost of raw materials and purchased methanol	$	2,169,027	$	2,742,370
Ocean freight and other logistics		334,650		399,293
Employee expenses, including share-based compensation		184,171		182,519
Other expenses		112,089		83,593
Cost of sales and operating expenses [1]		2,799,937		3,407,775
Depreciation and amortization		344,127		245,303
Total expenses by nature	$	3,144,064	$	3,653,078

[1] Cost of sales and operating expenses for 2018 has been restated. Refer to note 25 for more information.

For the year ended December 31, 2019 we recorded a share-based compensation recovery of $4.0 million (2018 – recovery of $6.3 million), the majority of which is included in administrative expenses for the total expenses by function presentation above.

Included in cost of sales is $359 million (2018 – $512 million) of cost of sales which are recognized as sales to Methanex in our Atlas equity investee's statements of income.

12. Finance costs:

For the years ended December 31		2019		2018
Finance costs before capitalized interest	$	127,282	$	95,631
Less capitalized interest related to Geismar plant under construction		(2,856)		(1,215)
Finance costs	$	124,426	$	94,416

Finance costs are primarily comprised of interest on borrowings and lease obligations, amortization of deferred financing fees and accretion expense associated with site restoration costs.

13. Net income per common share:
Diluted net income 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 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 per common share as compared to the cash-settled method. The equity-settled method was more dilutive for the year ended December 31, 2019 and 2018, and an adjustment was required for both the numerator and denominator for TSARS.

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, 2019 and 2018, stock options were considered dilutive resulting in an adjustment to the denominator in both periods.

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

For the years ended December 31	**2019**	2018
Numerator for basic net income per common share	**87,767**	$ 568,982
Adjustment for the effect of TSARs:		
Cash-settled recovery included in net income	**(5,433)**	(4,314)
Equity-settled expense	**(4,807)**	(4,769)
Numerator for diluted net income per common share	**77,527**	$ 559,899

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

For the years ended December 31	**2019**	2018
Denominator for basic net income per common share	**76,592,413**	80,494,302
Effect of dilutive stock options	**17,325**	67,631
Effect of dilutive TSARS	**82,756**	327,592
Denominator for diluted net income per common share	**76,692,494**	80,889,525

For the years ended December 31, 2019 and 2018, basic and diluted net income per common share attributable to Methanex shareholders were as follows:

For the years ended December 31	**2019**	2018
Basic net income per common share	**$ 1.15**	$ 7.07
Diluted net income per common share	**$ 1.01**	$ 6.92

14. 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, 2019, the Company had 4,311,729 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, 2019 and 2018 are as follows:

	SARs		TSARs	
	Number of units	Exercise price USD	Number of units	Exercise price USD
Outstanding at December 31, 2017	1,450,077	$ 45.11	2,043,495	$ 46.62
Granted	141,300	55.28	330,400	55.37
Exercised	(669,931)	39.00	(918,327)	42.48
Cancelled	(16,582)	53.12	(8,267)	47.25
Expired	(7,981)	28.74	—	—
Outstanding at December 31, 2018	896,883	$ 51.27	1,447,301	$ 51.24
Granted	**29,320**	**57.60**	**294,680**	**56.70**
Exercised	**(39,662)**	**37.25**	**(45,769)**	**37.08**
Cancelled	**(29,134)**	**54.72**	**(34,885)**	**53.38**
Outstanding at December 31, 2019	**857,407**	**$ 52.02**	**1,661,327**	**$ 52.55**

Information regarding the SARs and TSARs outstanding as at December 31, 2019 is as follows:

	Units outstanding at December 31, 2019			Units exercisable at December 31, 2019	
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					
$25.97 to $35.51	**3.17**	**186,980**	**$ 34.59**	**186,980**	**$ 34.59**
$38.24 to $50.17	**2.91**	**191,684**	**46.39**	**141,597**	**45.07**
$54.65 to $78.59	**2.91**	**478,743**	**61.08**	**362,759**	**62.73**
	2.97	**857,407**	**$ 52.02**	**691,336**	**$ 51.50**
TSARs					
$25.97 to $35.51	**3.17**	**308,837**	**$ 34.59**	**308,837**	**$ 34.59**
$38.24 to $50.17	**3.52**	**386,471**	**47.62**	**263,269**	**46.82**
$54.65 to $78.59	**4.06**	**966,019**	**60.27**	**482,156**	**63.91**
	3.77	**1,661,327**	**$ 52.55**	**1,054,262**	**$ 51.05**

The fair value of each outstanding SARs and TSARs grant was estimated on December 31, 2019 and 2018 using the Black-Scholes option pricing model with the following weighted average assumptions:

	2019	2018
Risk-free interest rate	**1.6%**	2.6%
Expected dividend yield	**3.7%**	2.7%
Expected life of SARs and TSARs (years)	**1.2**	1.5
Expected volatility	**38%**	35%
Expected forfeitures	**0.1%**	0.2%
Weighted average fair value (USD per share)	**$ 3.03**	$ 7.93

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 for the proportion of the service that has been rendered at each reporting date. The fair value as at December 31, 2019 was $7.8 million compared with the recorded liability of $7.3 million. The difference between the fair value and the recorded liability of $0.5 million will be recognized over the weighted average remaining vesting period of approximately 1.6 years.

For the year ended December 31, 2019, compensation expense related to SARs and TSARs included a recovery in cost of sales and operating expenses of $8.7 million (2018 – recovery of $1.2 million). This included a recovery of $13.7 million (2018 – recovery of $7.8 million) related to the effect of the change in the Company's share price.

b) Deferred, restricted and performance share units (old plan and new plan):
Deferred, restricted and performance share units (old plan and new plan) outstanding as at December 31, 2019 and 2018 are as follows:

	Number of deferred share units	Number of restricted share units	Number of performance share units (old plan)	Number of performance share units (new plan)
Outstanding at December 31, 2017	224,846	20,455	604,895	–
Granted	7,752	8,700	149,200	–
Performance factor impact on redemption[1]	–	–	(127,733)	–
Granted in lieu of dividends	4,495	545	12,303	–
Redeemed	(28,001)	(12,339)	(42,577)	–
Cancelled	–	–	(16,310)	–
Outstanding at December 31, 2018	209,092	17,361	579,778	–
Granted	**14,158**	**79,240**	**–**	**134,930**
Performance factor impact on redemption[1]	**–**	**–**	**132,215**	**–**
Granted in lieu of dividends	**4,031**	**2,840**	**9,909**	**4,464**
Redeemed	**(137,515)**	**(15,428)**	**(396,635)**	**–**
Cancelled	**–**	**(845)**	**(21,822)**	**(1,356)**
Outstanding at December 31, 2019	**89,766**	**83,168**	**303,445**	**138,038**

1 Performance share units granted prior to 2019 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. These units relate to performance share units redeemed in the quarter ended March 31, 2018 and March 31, 2019.

Performance share units granted in 2019 reflect a new long-term incentive plan. The performance share units granted under the new plan are redeemable for cash based on the market value of the Company's common shares and are non-dilutive to shareholders. They vest over three years and include two performance factors: (i) relative total shareholder return of Methanex shares versus a specific market index (the market performance factor) and (ii) three year average Return on Capital Employed (the non-market performance factor). The market performance factor is measured by the Company at the grant date and reporting date using a Monte-Carlo simulation model to determine fair value. The non-market performance factor reflects management's best estimate to determine the expected number of units to vest. Based on these performance factors the performance share unit payout will range between 0% to 200%, with the first payout of the new performance share units in 2022.

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 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, 2019 was $14.7 million compared with the recorded liability of $11.0 million. The difference between the fair value and the recorded liability of $3.7 million will be recognized over the weighted average remaining vesting period of approximately 1.9 years.

For the year ended December 31, 2019, compensation expense related to deferred, restricted and performance share units included in cost of sales and operating expenses was an expense of $4.5 million (2018 – recovery of $5.1 million). This included a recovery of $4.9 million (2018 – recovery of $8.9 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, 2019 and 2018 are as follows:

	Number of stock options	Weighted average exercise price
Outstanding at December 31, 2017	262,535	$ 45.09
Granted	21,900	54.65
Exercised	(83,114)	38.89
Cancelled	(3,100)	57.26
Outstanding at December 31, 2018	198,221	$ 48.55
Granted	**7,410**	**57.60**
Exercised	**(2,700)**	**31.73**
Cancelled	**(2,300)**	**52.31**
Outstanding at December 31, 2019	**200,631**	**$ 49.07**

Information regarding the stock options outstanding as at December 31, 2019 is as follows:

	Options outstanding at December 31, 2019			Options exercisable at December 31, 2019	
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					
$25.97 to $35.51	**3.17**	**53,767**	**$ 34.59**	**53,767**	**$ 34.59**
$38.24 to $50.17	**1.96**	**56,554**	**43.56**	**47,751**	**42.35**
$54.65 to $78.59	**2.88**	**90,310**	**61.14**	**69,033**	**62.82**
	2.70	**200,631**	**$ 49.07**	**170,551**	**$ 48.19**

For the year ended December 31, 2019, compensation expense related to stock options was $0.2 million (2018 – $0.4 million).

15. 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, 2019 and 2018, 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
2019	**$ 998,302**	**$ 634,647**	**$ 581,631**	**$ 320,394**	**$ 307,706**	**$ 145,386**	**$ 295,448**	**$ 3,283,514**
	30%	**19%**	**18%**	**11%**	**9%**	**4%**	**9%**	**100%**
2018	$ 1,228,239	$ 933,981	$ 813,558	$ 489,609	$ 392,519	$ 188,500	$ 436,296	$ 4,482,702
(As restated - note 25)	27%	21%	18%	11%	9%	4%	10%	100%

As at December 31, 2019 and 2018, the net book value of property, plant and equipment by country was as follows:

Property, plant and equipment[1]	United States	Egypt	New Zealand	Trinidad	Canada	Chile	WFS	Other	TOTAL
December 31, 2019	**$ 1,548,165**	**$ 657,961**	**$ 282,493**	**$ 146,273**	**$ 127,075**	**$ 145,892**	**$ 602,344**	**$ 65,992**	**$ 3,576,195**
December 31, 2018	$ 1,407,693	$ 680,730	$ 314,281	$ 142,045	$ 126,488	$ 132,494	$ 207,840	$ 13,524	$ 3,025,095
Adjustments due to IFRS 16	48,029	14,551	1,070	849	–	9,687	282,854	53,629	410,669
January 1, 2019	$ 1,455,722	$ 695,281	$ 315,351	$ 142,894	$ 126,488	$ 142,181	$ 490,694	$ 67,153	$ 3,435,764

[1] Includes impact of IFRS 16.

16. Income and other taxes:

a) Income tax expense:

For the years ended December 31	2019	2018
Current tax recovery (expense):		
Current period before undernoted items	$ (38,953)	$ (117,496)
Benefit from unrecognised loss carry forwards	–	23,860
Adjustments to prior years	144	2,609
	(38,809)	(91,027)
Deferred tax recovery (expense):		
Origination and reversal of temporary differences	31,389	(56,258)
Adjustments to prior years	(138)	(2,331)
Changes in tax rates	2,141	35
Other	943	(3,910)
	34,335	(62,464)
Total income tax expense	$ (4,474)	$ (153,491)

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 before income taxes as follows:

For the years ended December 31	2019	2018
Income before income taxes	$ 120,840	$ 811,475
Deduct earnings of associate	(52,218)	(72,001)
	68,622	739,474
Canadian statutory tax rate	26.8%	27.0%
Income tax expense calculated at Canadian statutory tax rate	(18,411)	(199,658)
Decrease (increase) in income tax expense resulting from:		
Impact of income and losses taxed in foreign jurisdictions	7,001	15,754
Utilization of unrecognised loss carryforwards and temporary differences	6,945	31,325
Impact of tax rate changes	2,141	35
Impact of foreign exchange	(484)	(173)
Other business taxes	(2,798)	(7,750)
Impact of non-taxable recovery items	1,826	7,015
Adjustments to prior years	6	278
Other	(700)	(317)
Total income tax expense	$ (4,474)	$ (153,491)

Effective from July 1, 2019 changes in Alberta provincial corporate income tax rates resulted in a lower statutory tax rate applicable to Methanex in Canada in 2019 when compared to 2018.

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, 2019			Jan 1, 2019		
	Net	**Deferred tax assets**	**Deferred tax liabilities**	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment (owned)	**$ (447,077)**	**$ (250,890)**	**$ (196,187)**	$ (425,743)	$ (212,087)	$ (213,656)
Right-of-use assets	**(45,501)**	**(26,725)**	**(18,776)**	(53,400)	(39,600)	(13,800)
Repatriation taxes	**(93,363)**	**–**	**(93,363)**	(94,446)	–	(94,446)
Other	**(10,424)**	**(48)**	**(10,376)**	(14,930)	(6,700)	(8,230)
	(596,365)	**(277,663)**	**(318,702)**	(588,519)	(258,387)	(330,132)
Non-capital loss carryforwards	**286,004**	**286,004**	**–**	233,237	233,237	–
Lease obligations	**56,802**	**33,979**	**22,823**	63,415	45,239	18,176
Share-based compensation	**3,075**	**–**	**3,075**	10,908	1,170	9,738
Other	**89,278**	**69,294**	**19,984**	63,806	38,806	25,000
	435,159	**389,277**	**45,882**	371,366	318,452	52,914
Net deferred income tax assets (liabilities)	**$ (161,206)**	**$ 111,614**	**$ (272,820)**	$ (217,153)	$ 60,065	$ (277,218)

The comparative as at January 1, 2019 has been presented to reflect the adjustments in adoption of IFRS 16. Deferred tax assets/liabilities in respect of finance leases held as at December 31, 2018 that were previously reflected under Other have been presented under the right-of-use assets and lease obligations as at January 1, 2019 and as at December 31, 2019. The table below shows the impact of the adjustment on adoption of IFRS 16 and new presentation to the December 31, 2018 finance lease balances:

As at	Jan 1, 2019			Dec 31, 2018		
	Net	**Deferred tax assets**	**Deferred tax liabilities**	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment (owned)	**$ (425,743)**	**$ (212,087)**	**$ (213,656)**	$ (425,743)	$ (212,087)	$ (213,656)
Right-of-use assets	**(53,400)**	**(39,600)**	**(13,800)**	–	–	–
Repatriation taxes	**(94,446)**	**–**	**(94,446)**	(94,446)	–	(94,446)
Other	**(14,930)**	**(6,700)**	**(8,230)**	(14,930)	(6,700)	(8,230)
	(588,519)	**(258,387)**	**(330,132)**	(535,119)	(218,787)	(316,332)
Non-capital loss carryforwards	**233,237**	**233,237**	**–**	233,237	233,237	–
Lease obligations	**63,415**	**45,239**	**18,176**	–	–	–
Share-based compensation	**10,908**	**1,170**	**9,738**	10,908	1,170	9,738
Other	**63,806**	**38,806**	**25,000**	69,292	43,912	25,380
	371,366	**318,452**	**52,914**	313,437	278,319	35,118
Net deferred income tax assets (liabilities)	**$ (217,153)**	**$ 60,065**	**$ (277,218)**	$ (221,682)	$ 59,532	$ (281,214)

As at December 31, 2019, deferred income tax assets have been recognized in respect ofnon-capital loss carryforwards generated in the United States. These loss carryforwards expire as follows:

	Dec 31, 2019	
	Gross amount	**Tax effect**
Expire		
Losses generated in 2015 (expires 2035)	**$ 333,240**	**$ 76,645**
Losses generated in 2016 (expires 2036)	**432,581**	**99,494**
Losses generated in 2017 (expires 2037)	**234,941**	**54,036**
	1,000,762	**230,175**
No expiry		
Losses generated in 2019	**242,734**	**55,829**
Total non-capital loss carryforwards	**$ 1,243,496**	**$ 286,004**

Losses generated in the United States on or after January 1, 2018 may be carried forward indefinitely against future taxable income. Tax losses generated before December 31, 2017 may be carried forward for a 20 year period.

As at December 31, 2019 the Company had $323 million (2018 – $ 354 million) of deductible temporary differences in the United States that have not been recognized.

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

	2019			2018		
	Net	**Deferred tax assets**	**Deferred tax liabilities**	Net	Deferred tax assets	Deferred tax liabilities
Balance, January 1	**$ (221,682)**	**$ 59,532**	**$ (281,214)**	$ (164,091)	$ 102,341	$ (266,432)
Adjustment on adoption of IFRS 16	**4,529**	**533**	**3,996**	–	–	–
Balance, January 1 (restated)	**(217,153)**	**60,065**	**(277,218)**	(164,091)	102,341	(266,432)
Deferred income tax recovery (expense) included in net income	**34,335**	**28,875**	**5,460**	(62,464)	(44,277)	(18,187)
Deferred income tax recovery included in other comprehensive income	**22,049**	**21,871**	**178**	3,980	1,253	2,727
Other	**(437)**	**803**	**(1,240)**	893	215	678
Balance, December 31	**$ (161,206)**	**$ 111,614**	**$ (272,820)**	$ (221,682)	$ 59,532	$ (281,214)

17. Supplemental cash flow information:

a) Changes in non-cash working capital:

Changes in non-cash working capital for the years ended December 31, 2019 and 2018 are as follows:

For the years ended December 31	**2019**	2018
Changes in non-cash working capital:		
Trade and other receivables	**$ 25,847**	$ 22,068
Inventories	**106,907**	(83,495)
Prepaid expenses	**(5,264)**	(5,993)
Trade, other payables and accrued liabilities, including long-term payables included in other long-term liabilities	**(123,660)**	(9,403)
	3,830	(76,823)
Adjustments for items not having a cash effect and working capital changes relating to taxes and interest paid	**17,107**	81,877
Changes in non-cash working capital	**$ 20,937**	$ 5,054
These changes relate to the following activities:		
Operating	**$ 9,426**	$ 5,998
Financing	**–**	–
Investing	**11,511**	(944)
Changes in non-cash working capital	**$ 20,937**	$ 5,054

b) Reconciliation of movements in liabilities to cash flows arising from financing activities:

	Long term debt (note 8)	Lease obligations (note 9)
Balance at December 31, 2018	$ 1,458,286	$ 199,760
Lease obligation recognized on adoption of IFRS16	–	452,882
Balance at January 1, 2019	$ 1,458,286	652,642
Changes from financing cash flows		
Repayment of long-term debt and financing fees	(388,216)	–
Net proceeds on issue of long-term debt	695,533	–
Payment of lease obligations	–	(101,812)
Total changes from financing cash flows	$ 307,317	$ (101,812)
Liability-related other changes		
Finance costs	$ 3,250	$ –
New lease obligations	–	168,216
Other	–	(541)
Total liability-related other changes	$ 3,250	$ 167,675
Balance at December 31, 2019	$ 1,768,853	$ 718,505

18. 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 2019**	Dec 31 2018
Liquidity:		
Cash and cash equivalents	**$ 416,763**	$ 256,077
Undrawn credit facilities	**300,000**	300,000
Undrawn construction facilities	**800,000**	–
Total liquidity	**$ 1,516,763**	$ 556,077
Capitalization:		
Unsecured notes, including current portion	**$ 1,535,662**	$ 1,189,976
Egypt limited recourse debt facilities, including current portion	**75,165**	101,226
Other limited recourse debt facilities, including current portion	**158,026**	167,084
Total debt	**1,768,853**	1,458,286
Non-controlling interests	**298,675**	296,628
Shareholders' equity	**1,331,685**	1,511,213
Total capitalization	**$ 3,399,213**	$ 3,266,127
Total debt to capitalization[1]	**52%**	45%
Net debt to capitalization[2]	**45%**	40%

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

[2] Total debt (including 100% of Egypt and Other 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, private placements by limited recourse subsidiaries, 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.

During 2019, Company renewed its $300 million committed revolving credit facility, and also secured an $800 milliomon-revolving construction facility for the Geismar 3 project. As at December 31, 2019 both credit facilities are undrawn, are with a syndicate of highly rated financial institutions, and expire in July 2024. The credit facilities are subject to certain financial covenants (note 8).

19. 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 certain 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 2019**		Dec 31 2018
Financial assets:				
Financial assets measured at fair value:				
Derivative instruments designated as cash flow hedges [1]	**$**	**10**	$	327
Financial assets not measured at fair value:				
Cash and cash equivalents		**416,763**		256,077
Trade and other receivables, excluding tax receivable		**473,980**		504,661
Restricted cash included in other assets		**39,413**		18,545
Restricted cash and cash equivalents for vessels under construction included in other assets		**–**		66,452
Total financial assets[2]	**$**	**930,166**	$	846,062
Financial liabilities:				
Financial liabilities measured at fair value:				
Derivative instruments designated as cash flow hedges [1]	**$**	**195,504**	$	105,721
Financial liabilities not measured at fair value:				
Trade, other payables and accrued liabilities, excluding tax payable		**406,260**		523,965
Long-term debt, including current portion		**1,768,853**		1,458,286
Total financial liabilities	**$**	**2,370,617**	$	2,087,972

[1] The Geismar and Medicine Hat 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, 2019, 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 relationships.

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 a portion of its North American natural gas requirements by executing a number of fixed price forward contracts: both financial and physical. The Company has entered into financial forward contracts to manage its exposure to changes in natural gas prices for 40% of the Geismar 2 gas requirements to 2025, and a physical forward contract for the equivalent of approximately one-third of the Geismar 3 facility from 2023 to 2032, which are designated as cash flow hedges. Natural gas is fungible across the Geismar site. The Company has also entered into physical forward contracts to manage its exposure to changes in natural gas prices for the Medicine Hat facility for 2021 and 2022 designated as cash flow hedges for its highly probable forecast natural gas purchases in Medicine Hat. Other costs incurred to transport natural gas from the contracted delivery point, either Henry Hub or AECO, to the relevant production facility 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 2019.

As at December 31, 2019, the Company had outstanding forward contracts designated as cash flow hedges with a notional amount of $970 million (2018 – $426 million) and a net negative fair value of $195.1 million (2018 – $105.7 million) included in other long-term liabilities. As at December 31, 2019, the forward contracts for the Geismar 2 facility had an average contract price of $3.89 per mmbtu (2018 – $3.81 per mmbtu) over the remaining six year term, new Geismar forward contracts with an average contract price of $3.24 per mmbtu (2018 – nil) from 2023-2032, and for the forward contracts for the Medicine Hat facility had an average contract price of $1.96 per mmbtu (2018 – $1.96 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 2019.

As at December 31, 2019, 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 18 million euros (2018 – 45 million euros) and a negative fair value of $0.4 million included in current liabilities (2018 – positive fair value of $0.3 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 contracted 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, if any, are held with investment-grade counterparties and therefore the settlement day risk exposure is considered to be negligible.

As at	**Dec 31 2019**	Dec 31 2018
Within one year	**$ 17,620**	$ 6,679
1-3 years	**45,432**	35,551
3-5 years	**56,887**	40,130
More than 5 years	**124,365**	40,928
	$ 244,304	$ 123,288

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 nil as at December 31, 2019 (2018 – $0.3 million).

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

As at	**December 31, 2019**		December 31, 2018	
	Carrying value	**Fair value**	Carrying value	Fair value
Long-term debt excluding deferred financing fees	**$ 1,786,025**	**$ 1,831,292**	$ 1,472,117	$ 1,442,046

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.

20. 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. The profitability of the Company is directly related to the market price of methanol. A decline in the market price of methanol could negatively impact the Company's future operations. The Company does not hedge its methanol sales through derivative contracts. The Company manages its methanol price risk, to a certain degree, through natural gas supply contracts that include a variable price component linked to methanol prices, as described below.

Natural gas price risk

Natural gas is the primary feedstock for the production of methanol. The Company has entered into multi-year natural gas supply contracts for its production facilities in New Zealand, Trinidad, Egypt and certain contracts in Chile that 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 multi-year fixed price natural gas contracts to supply its production facilities in Geismar, Medicine Hat and Chile and natural gas hedges in Geismar and Medicine Hat to manage its exposure to natural gas price risk.

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 2019**		Dec 31 2018
Fixed interest rate debt:				
Unsecured notes	**$**	**1,535,662**	$	1,189,976
Other limited recourse debt facilities		**156,500**		161,601
	$	**1,692,162**	$	1,351,577
Variable interest rate debt:				
Egypt limited recourse debt facilities	**$**	**75,165**	$	101,226
Other limited recourse debt facilities		**1,526**		5,483
	$	**76,691**	$	106,709

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 19) of approximately $130.6 million as of December 31, 2019 (2018 – $76.0 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 $0.8 million as of December 31, 2019 (2018 – $1.1 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, 2019, the Company had a net working capital asset of $74.2 million in non U.S. dollar currencies (2018 – $104.4 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 $7.4 million (2018 – $10.4 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, 2019, the Company had $417 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 July 2024. The Company also has an undrawn credit facility of $800 million for the construction of the Geismar 3 project that expires in July 2024.

In addition to the above-mentioned sources of liquidity, the Company 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, 2019	Carrying amount	Contractual cash flows	1 year or less	1-3 years	3-5 years	More than 5 years
Trade and other payables [1]	$ 397,173	$ 397,173	$ 397,173	$ –	$ –	$ –
Lease obligations	718,505	1,008,096	134,175	212,020	184,051	477,850
Long-term debt[2]	1,768,853	2,724,777	129,901	484,025	467,933	1,642,918
Cash flow hedges[3]	195,504	244,304	17,620	45,432	56,887	124,365
	$ 3,080,035	$ 4,374,350	$ 678,869	$ 741,477	$ 708,871	$ 2,245,133

1 Excludes tax and accrued interest.

2 Contractual cash flows include contractual interest payments related to debt obligations and lease obligations. Interest rates on variable rate debt are based on prevailing rates as at December 31, 2019.

3 Cash flow hedges includes the impact of discounting and credit valuation adjustments

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, 2019 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.

21. 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 2019	Dec 31 2018
Accrued benefit obligations:		
Balance, beginning of year	**$ 60,618**	$ 65,393
Current service cost	**2,639**	1,981
Past service cost	**–**	1,279
Interest cost on accrued benefit obligations	**2,196**	2,247
Benefit payments	**(7,092)**	(3,558)
Actuarial (gain) loss	**8,041**	(652)
Foreign exchange (gain) loss	**(341)**	(6,072)
Balance, end of year	**66,061**	60,618
Fair values of plan assets:		
Balance, beginning of year	**40,955**	46,991
Interest income on assets	**1,396**	1,420
Contributions	**4,056**	2,452
Benefit payments	**(7,092)**	(3,558)
Return (loss) on plan assets	**2,500**	(2,846)
Foreign exchange gain (loss)	**2,076**	(3,504)
Balance, end of year	**43,891**	40,955
Unfunded status	**22,170**	19,663
Minimum funding requirement	**–**	–
Defined benefit obligation, net	**$ 22,170**	$ 19,663

The Company has an unfunded retirement obligation of $28.1 million as at December 31, 2019 (2018 – $24.8 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 $7.0 million in 2020. 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, 2019 (2018 – $4.7 million) for certain employees and retirees in Canada and a net funded retirement asset of $0.2 million as at December 31, 2019 (2018 – $0.4 million) in Europe. The Company estimates that it will make additional contributions relating to its defined benefit pension plan in Canada of $1.0 million in 2020.

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 8 years.

The Company's net defined benefit pension plan expense charged to the consolidated statements of income for the years ended December 31, 2019 and 2018 is as follows:

For the years ended December 31	**2019**	2018
Net defined benefit pension plan expense:		
Current service cost	**$ 2,639**	$ 1,981
Past service cost	**–**	1,279
Net interest cost	**800**	827
Total net defined benefit pension plan expense	**$ 3,439**	$ 4,087

The Company's current year actuarial losses, recognized in the consolidated statements of comprehensive income for the years ended December 31, 2019 and 2018, are as follows:

For the years ended December 31	**2019**	2018
Actuarial loss	**$ (4,479)**	$ (1,483)

The Company had no minimum funding requirement for the years ended December 31, 2019 and 2018.

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, 2020.

The discount rate is the most significant actuarial assumption used in accounting for the defined benefit pension plans. As at December 31, 2019, the weighted average discount rate for the defined benefit obligation was 3.0% (2018 – 3.9%). 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 $5.2 million.

The asset allocation for the defined benefit pension plan assets as at December 31, 2019 and 2018 is as follows:

As at	**Dec 31 2019**	Dec 31 2018
Equity securities	**18%**	20%
Debt securities	**57%**	57%
Cash and other short-term securities	**25%**	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, 2019 was $9.6 million (2018 – $8.7 million).

22. 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 2042. The minimum estimated commitment under these contracts, except as noted below, is as follows:

As at December 31, 2019

2020	2021	2022	2023	2024	Thereafter
$ 458,859	$ 398,267	$ 356,268	$ 356,861	$ 375,281	$ 1,386,390

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

b) Other commitments:
The Company has future minimum payments relating primarily to vessel charters, terminal facilities, and other commitments that are not leases, as follows:

As at December 31, 2019

2020	2021	2022	2023	2024	Thereafter
$ 58,715	$ 1,390	$ 539	$ 539	$ 539	$ 3,273

c) 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 1.2 million tonnes per year of methanol offtake supply when these plants operate at capacity. As at December 31, 2019, the Company also had commitments to purchase methanol from other suppliers for approximately 1.2 million tonnes for 2020 and 1.2 million tonnes in aggregate 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.

23. Related parties:
The Company has interests in significant subsidiaries and joint ventures as follows:

Name	Country of incorporation	Principal activities	Interest % Dec 31 2019	Interest % Dec 31 2018
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 SpA	Chile	Production	**100%**	100%
Methanex New Zealand Limited	New Zealand	Production	**100%**	100%
Methanex Trinidad (Titan) Unlimited	Trinidad	Production	**100%**	100%
Methanex USA LLC	United States	Production	**100%**	100%
Methanex Louisiana LLC	United States	Production	**100%**	100%
Waterfront Shipping Company Limited [1]	Cayman Islands	Shipping	**100%**	100%
Significant joint ventures:				
Atlas Methanol Company Unlimited [2]	Trinidad	Production	**63.1%**	63.1%

1 Waterfront Shipping Company Limited has a controlling interest in multiple ocean going vessels owned through less than wholly-owned entities as disclosed in note 24.

2 Summarized financial information for the group’s investment in Atlas is disclosed in note 6.

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, 2019 of $359 million (2018 – $512 million) is a related party transaction included in cost of sales of the Company as Methanex has marketing rights for 100% of the methanol produced by Atlas. Balances outstanding with Atlas as at December 31, 2019 and provided in the summarized financial information in

note 6 include receivables owing from Atlas to the Company of $17 million (2018 – $10 million), and payables to Atlas of $69 million (2018 – $134 million). The Company has total loans outstanding to Atlas as at December 31, 2019 of $76 million (2018 – $76 million) which are unsecured and due at maturity.

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

For the years ended December 31	2019	2018
Short-term employee benefits	$ 9,097	$ 6,829
Post-employment benefits	767	977
Other long-term employee benefits	50	52
Share-based compensation expense (recovery) [1]	127	(4,725)
Total	$ 10,041	$ 3,133

[1] Balance includes realized and unrealized gains (losses) from share-based compensation awards granted.

24. 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, 2019			Dec 31, 2018		
	Methanex Egypt	Vessels[1]	Total	Methanex Egypt	Vessels[1]	Total
Current assets	$ 158,436	$ 25,471	$ 183,907	$ 158,903	$ 73,431	$ 232,334
Non-current assets	653,495	182,248	835,743	670,819	142,790	813,609
Current liabilities	(74,498)	(22,326)	(96,824)	(86,155)	(13,625)	(99,780)
Non-current liabilities	(156,058)	(153,842)	(309,900)	(170,034)	(165,766)	(335,800)
Net assets	581,375	31,551	612,926	573,533	36,830	610,363
Carrying amount of Methanex non-controlling interests	$ 278,780	$ 19,895	$ 298,675	$ 275,303	$ 21,325	$ 296,628

For the years ended December 31	2019			2018		
	Methanex Egypt	Vessels[1]	Total	Methanex Egypt	Vessels[1]	Total
Revenue	$ 171,532	$ 36,500	$ 208,032	$ 404,936	$ 34,759	$ 439,695
Net and total comprehensive income	4,182	7,834	12,016	118,099	9,168	127,267
Net and total comprehensive income attributable to Methanex non-controlling interests	24,697	3,902	28,599	84,418	4,584	89,002
Equity contributions by non-controlling interests	$ –	$ –	$ –	$ –	$ 5	$ 5
Acquisition of non-controlling interests	–	(2,219)	(2,219)	–	–	–
Impact of adoption of IFRS 16	(3,355)	–	(3,355)	–	–	–
Distributions paid and accrued to non-controlling interests	$ (17,865)	$ (3,113)	$ (20,978)	$ (25,715)	$ (11,006)	$ (36,721)

For the years ended December 31	2019			2018		
	Methanex Egypt	Vessels[1]	Total	Methanex Egypt	Vessels[1]	Total
Cash flows from (used in) operating activities	$ 68,022	$ 24,267	$ 92,289	$ 254,030	$ 21,556	$ 275,586
Cash flows from (used in) financing activities	(74,675)	(21,606)	(96,281)	(333,595)	62,382	(271,213)
Cash flows from (used in) investing activities	$ (8,859)	$ (3,723)	$ (12,582)	$ (3,619)	$ (99,463)	$ (103,082)

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

25. Restatement:
On adoption of IFRS 15, Revenue from Contracts with Customers, we performed a comprehensive review of our revenue recognition including the criteria for assessing whether the Company was acting as a principal or as an agent in the sale of methanol from Atlas (our equity investee). Initially, the Company determined that there was no change to our assessment on adoption of IFRS 15 that the Company acts as an agent in these sales transactions. As a result, the Company continued to account for these transactions on a net basis, recognizing the commission earned on Atlas sales through revenue. After discussion with regulators and experts, and further consideration of interpretations of IFRS 15, the Company has changed its assessment of the control of Atlas produced methanol and determined it is the principal in these transactions. As a result, the Company has corrected the error and restated the presentation of revenue and cost of sales of Atlas produced methanol on a gross basis in the financial statements. As a result, the Company has restated its consolidated revenue and cost of sales in the consolidated statement of income for the year ended December 31, 2018 as noted below. There was no impact on operating income or net income from this change.

For the years ended December 31	**2019**	2018 As previously stated	Restatement to present Atlas revenue and cost of sales on gross basis	2018 As restated
Revenue[1]	**$ 3,283,514**	$ 3,931,847	$ 550,855	$ 4,482,702
Cost of sales and operating expenses [1]	**$ (2,799,937)**	$ (2,856,920)	$ (550,855)	$ (3,407,775)

[1] Revenue and cost of sales and operating expenses for 2018 has been restated.

26. Subsequent events:
In March 2020, the Company announced the idling of its Titan plant effective March 16, 2020 and its Chile IV plant effective April 1, 2020 for an indefinite period. Both the Titan and Chile IV plants are adjacent to plants with continuing operations and are operated and managed by Methanex teams that continue to serve each site.