METHANEX CORP
Form SUPPL
December 14, 2012
Table of Contents

Filed pursuant to General Instruction II.L of Form F-10;
File No. 333-185335
File No. 333-177632

PROSPECTUS SUPPLEMENT

(to Base Shelf Prospectus dated November 10, 2011 as amended by Amendment No. 1 dated December 7, 2012)

US$350,000,000

METHANEX CORPORATION

3.250% Senior Notes due 2019

The US$350,000,000 aggregate principal amount of 3.250% Senior Notes due 2019 (the Notes) offered by this prospectus supplement will bear interest at the rate of 3.250% per year from December 17, 2012 and will mature on December 15, 2019. We will pay interest on the Notes on June 15 and December 15 of each year, beginning on June 15, 2013. The Notes will be unsecured obligations and will rank equally with all of our other unsecured and unsubordinated obligations. We may redeem the Notes, in whole or in part, at any time at the redemption prices described in this prospectus supplement, plus accrued interest.

This prospectus supplement does not qualify the distribution of any Notes which may be offered or sold in any province of Canada, including the Province of British Columbia, and any such sales will only be made pursuant to private placement exemptions from the prospectus requirements of the securities laws of such provinces. See Underwriting .

We will not apply to list the Notes on any securities exchange or to include the Notes in any automated quotation system. Accordingly, there is no market through which the Notes may be sold and purchasers may not be able to resell Notes purchased under this prospectus supplement. This may affect the pricing of the Notes in the secondary market, the transparency and availability of trading prices, the liquidity of the Notes and the extent of issuer regulation. See Risk Factors .

Investing in the Notes involves risks. See Risk Factors beginning on page S-15 of this prospectus supplement and on page 7 of the accompanying Base Shelf Prospectus dated November 10, 2011, as amended by Amendment No 1. dated December 7, 2012 (together, referred to as the accompanying prospectus in this prospectus supplement).

	Per Note	Total
Public offering price[(1)]	99.098%	US$ 346,843,000
Underwriting discount	0.625%	US$ 2,187,500
Proceeds, before expenses, to Methanex	98.473%	US$ 344,655,500

(1) Plus accrued interest, if any, from December 17, 2012.

Neither the U.S. Securities and Exchange Commission (the SEC) nor any state or provincial securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We are permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare this prospectus supplement and the accompanying prospectus in accordance with Canadian disclosure requirements, which are different from U.S. disclosure requirements. Our financial statements, which are incorporated by reference herein, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and they are subject to Canadian generally accepted auditing standards and auditor independence standards. As a result, they may not be comparable to financial statements of U.S. companies.

Owning the Notes may subject you to tax consequences both in the United States and Canada. This prospectus supplement may not describe these tax consequences fully. You should read the tax discussion under Material Income Tax Considerations and should consult with your own tax advisor with respect to your own particular circumstances.

Your ability to enforce civil liabilities under U.S. federal securities laws may be affected adversely by the fact that we are incorporated in Canada, most of our officers and directors and the experts named in this prospectus supplement and the accompanying prospectus are not residents of the United States, and many of our assets and all or a substantial portion of the assets of such persons are located outside of the United States.

Affiliates of the underwriters are lenders to us under a revolving credit facility and to certain of our subsidiaries under certain debt obligations. Consequently, we may be considered to be a connected issuer of such underwriters under applicable Canadian securities legislation. See Underwriting .

We expect that delivery of the Notes will be made to investors in book-entry form through the facilities of The Depository Trust Company and its participants, including Euroclear Bank S.A./N.V., an operator of the Euroclear system, and Clearstream Banking, *société anonyme*, on or about December 17, 2012.

Joint Book-Running Managers

J.P. Morgan **RBC Capital Markets**

BNP PARIBAS **RBS**

Co-Managers

HSBC **nabSecurities, LLC**

December 12, 2012

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

Amendment No. 1 to Base Shelf Prospectus

Base Shelf Prospectus

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus and on the other information included in the registration statement of which the accompanying prospectus forms a part. We have not, and the underwriters have not, authorized any other person to provide any information or represent anything about us other than the information incorporated by reference or contained in this prospectus supplement or the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. If any person provides you with different or additional information, you should not rely on it. We are not making an offer of the Notes in any jurisdiction where the offer is not permitted by law. You should not assume that the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement and the accompanying prospectus, respectively.

Table of Contents

ABOUT THIS DOCUMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of Notes and also adds to and updates certain information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering of Notes. This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein contain important information about the Notes and other information investors should know before investing in the Notes. To the extent that the description of the Notes varies between this prospectus supplement and the accompanying prospectus, you should rely only on the information in this prospectus supplement.

In this prospectus supplement and the accompanying prospectus, all references to dollars , $ or US$ are to U.S. dollars and all references to Canadian dollars and CDN$ are to Canadian dollars. Unless otherwise indicated, all financial information included or incorporated by reference in this prospectus supplement or the accompanying prospectus is in U.S. dollars and determined using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Except as set forth under Description of the Notes , and unless the context otherwise requires, all references in this prospectus supplement to we , us and our and similar terms, as well as references to Methanex and the Company , refer to Methanex Corporation and its subsidiaries.

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, contain certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as forward-looking statements). 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 , potential , estimates , targe interest , planning or other comparable terminology and similar statements of a future or forward-looking nature identify forward-looking statements. These statements speak only as of the date of the prospectus supplement or the accompanying prospectus, as the case may be, or the date of the documents incorporated by reference herein and therein. 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 in the vicinity of our plants;

our expected capital expenditures, including, without limitation, those to support natural gas exploration and development for our plants and the restart of our idled methanol facilities;

anticipated production rates of our plants;

Table of Contents

- 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;
- ability to meet covenants or obtain waivers associated with our long-term debt obligations, including, without limitation, the Egypt limited recourse debt facilities that have conditions associated with finalization of certain land title registration and related mortgages that require action by Egyptian governmental entities;
- availability of committed credit facilities and other financing;
- our shareholder distribution strategy and anticipated distributions to shareholders;
- the 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 the planned relocation of one of our idle Chile methanol plants to Geismar, Louisiana (Geismar I) and certain initiatives in New Zealand;
- 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, government agencies, gas suppliers, courts, tribunals or other third parties; and
- expected impact on our operations in Egypt or our financial condition as a consequence of civil unrest or actions taken or inaction by the government of Egypt and its agencies.

We believe that we have a reasonable basis for making such forward-looking statements. The forward-looking statements in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, 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, oil and oil derivatives;
- the success of our natural gas exploration in Chile and New Zealand and our ability to procure economically priced natural gas in Chile, New Zealand, Trinidad, Canada and the United States;

production rates of our facilities;

receipt of remaining required permits in connection with the Geismar I relocation project;

receipt or issuance of third party consents or approvals, including, without limitation, governmental registrations of land title and related mortgages in Egypt, governmental approvals related to natural gas exploration rights or rights to purchase natural gas;

receipt of governmental approvals related to natural gas exploration rights;

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;

Table of Contents

- timing of completion and cost of the Geismar I relocation project and our initiatives to increase production in New Zealand;
- 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.

While we believe the assumption on which we have based forward-looking statements are reasonable, such statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. Such 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 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;
- the success of natural gas exploration and development activities in southern Chile and New Zealand and our ability to obtain any additional gas in Chile and New Zealand on commercially acceptable terms;
- the ability to successfully 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 requirements;
- competing demand for natural gas, especially with respect to domestic needs for gas and electricity in Chile and Egypt;
- actions of governments and governmental authorities, including, without limitation, implementation of policies or other measures that could impact the supply 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; and

- world-wide economic conditions.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. Accordingly, you should not place undue reliance on forward-looking statements. Such statements are not a substitute for the exercise of one s own due diligence and judgment. You should also carefully consider the matters discussed under Risk Factors on page S-15 of this prospectus supplement, page 7 of the accompanying prospectus and under the heading Risk Factors and Risk Management in our Management s Discussion and Analysis for the year ended December 31, 2011 incorporated by reference herein. The outcome anticipated in forward-looking statements may not occur and we do not undertake to update any forward-looking statements or the foregoing list of factors whether as a result of new information or future events or otherwise, except as may be required by applicable securities laws.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form F-10 under the U.S. Securities Act of 1933, as amended (the Securities Act), with respect to the Notes, of which this prospectus supplement and the accompanying prospectus form a part (the Registration Statement). This prospectus supplement and the accompanying prospectus do not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. Reference is made to such Registration Statement and the exhibits thereto for further information with respect to us and the Notes.

You may also access our disclosure documents and any reports, statements or other information that we file with the securities regulatory authorities in each of the provinces of Canada through the Internet on the Canadian System for Electronic Document Analysis and Retrieval, which is commonly known by the acronym SEDAR and which may be accessed at www.sedar.com. SEDAR is the Canadian equivalent of the SEC s Electronic Document Gathering and Retrieval System, which is commonly known by the acronym EDGAR and which may be accessed at www.sec.gov. In addition to our continuous disclosure obligations under the securities laws of the provinces of Canada, we are subject to the information requirements of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), and, in accordance with the Exchange Act, we file reports with and furnish other information to the SEC.

You may read or obtain copies, at a fee, of any document we file with or furnish to the SEC at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 or access its website at www.sec.gov for further information on the public reference room. Our filings are also electronically available on EDGAR, as well as from commercial document retrieval services.

DOCUMENTS INCORPORATED BY REFERENCE

We file with the British Columbia Securities Commission (the BCSC), a commission of authority in the Province of British Columbia, similar to the SEC, and with the various securities commissions or similar authorities in each of the provinces of Canada, annual and quarterly reports, material change reports and other information.

Under the multijurisdictional disclosure system adopted by the United States and Canada, the SEC and the BCSC allow us to incorporate by reference certain information that we file with them, which means that we can disclose important information to you by referring you to those documents. Information that is incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus.

This prospectus supplement is deemed to be incorporated by reference into the accompanying prospectus, solely for the purpose of the Notes offered by this prospectus supplement. Other documents are also incorporated or deemed to be incorporated by reference into the accompanying prospectus and reference should be made to the accompanying prospectus for full particulars. In addition to the documents incorporated by reference into the accompanying prospectus, the following documents, filed by us with the various securities commissions or similar authorities in each of the provinces of Canada and filed with or furnished to the SEC, are specifically incorporated by reference into, and form an integral part of, this prospectus supplement:

(a) our Annual Information Form dated March 15, 2012 for the year ended December 31, 2011;

(b) our Audited Consolidated Financial Statements, and the related notes thereto, of our financial position as at December 31, 2011, December 31, 2010 and January 1, 2011 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, together with the related notes, and the Auditors Report thereon;

(c) our Management s Discussion and Analysis for the year ended December 31, 2011;

(d) our Condensed Consolidated Interim Financial Statements, and the related notes thereto, for the three month and nine month periods ended September 30, 2012 and 2011;

(e) our Management s Discussion and Analysis for the three and nine month periods ended September 30, 2012;

(f) our Material Change Report filed September 21, 2012; and

(g) our Information Circular dated March 2, 2012 for our annual meeting of shareholders held on April 26, 2012.

Any document of the type referred to in the preceding paragraph (excluding confidential material change reports), the content of any news release publicly disclosing financial information for a period more recent than the period for which financial statements are required to be incorporated herein, and certain other documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 *Short Form Prospectus Distributions* filed by us with a securities commission or similar authority in Canada after the date of the accompanying prospectus and prior to the termination of the distribution of Notes offered by this prospectus supplement and the accompanying prospectus will be deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus. These documents are available through the Internet on SEDAR which can be accessed at www.sedar.com. In addition, to the extent that any document or information incorporated by reference in this prospectus supplement and the accompanying prospectus is included in a report that is filed or furnished to the SEC on Form 40-F, 20-F or 6-K (or any respective successor form), such document or information shall also be deemed to be incorporated by reference as an exhibit to the registration statement on Form F-10 of which the accompanying prospectus forms a part.

Copies of the documents incorporated herein by reference may be obtained on request without charge from Randy Milner, Senior Vice President, General Counsel and Corporate Secretary of Methanex Corporation at 1800 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, Canada V6C 3M1 (telephone: 604-661-2600).

Any statement contained in this prospectus supplement, the accompanying prospectus or in a document incorporated or deemed to be incorporated by reference herein or therein will be deemed to be modified or superseded for the purposes of this prospectus supplement and the accompanying prospectus to the extent that a statement contained in this prospectus supplement, the accompanying prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference in this prospectus supplement or the accompanying prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement and the accompanying prospectus. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Table of Contents

SUMMARY

The following section summarizes more detailed information presented later in this prospectus supplement, in the accompanying prospectus or in the documents incorporated by reference herein and therein. You should read the entire prospectus including, in particular, the Risk Factors beginning on page S-15 of this prospectus supplement and on page 7 of the accompanying prospectus, as well as the documents incorporated by reference herein and therein, including our consolidated financial statements and the related management s discussion and analysis.

Our Company

Overview

We are the world s largest supplier of methanol to the major international markets of Asia Pacific, North America, Europe and Latin America. In 2011, our total sales volumes of 7.5 million tonnes represented 15% of worldwide methanol demand. We have production facilities in Chile, Trinidad, New Zealand, Egypt and Canada. The geographically diverse location of our production sites allows us to deliver methanol cost-effectively to customers in all major global markets. Our global distribution and supply infrastructure, which includes a dedicated fleet of ocean-going vessels and terminal capacity within all major international markets, enables us to enhance value to customers by providing a reliable and secure supply. In addition to the methanol produced at our sites, we purchase methanol produced by others under methanol off-take contracts and on the spot market. We also have marketing rights for 100% of the methanol produced from our jointly owned EMethanex and Atlas facilities. Having the right to market our partners share of production from these facilities provides us with up to 1.2 million tonnes per year of additional methanol supply. This gives us flexibility in managing our supply chain while continuing to meet customer needs and support our marketing efforts.

Annual production capacity at our production sites in Chile, Trinidad, Egypt, New Zealand and Canada, including our proportionate share of jointly owned facilities, is 9.3 million tonnes per year. Total production from these facilities in 2011 and the nine months ended September 30, 2012 was 3.85 million tonnes and 3.0 million tonnes, respectively. We have one idle plant in New Zealand and three idle plants in Chile. We are currently pursuing opportunities to maximize production from our currently operating assets as well as to increase production from our idled assets, including relocating one or more plants to other locations.

In New Zealand, we have three plants with up to 2.2 million tonnes of annual production capacity. Two of these plants are currently in operation at our Motunui site. While these plants have a maximum combined annual production capacity of approximately 1.7 million tonnes per year, current combined annual production capacity is 1.5 million tonnes due to current distillation capacity constraints (see note (2) in the table on page S-8). We have recently entered into two long-term supply agreements to underpin production from the Motunui facilities. In January 2012, we entered into a natural gas supply contract for a term of up to ten years, representing up to 0.8 million tonnes of annual production. In November 2012, we entered into a five-year natural gas supply agreement representing up to 0.5 million tonnes of annual production. We continue to believe the natural gas dynamics in New Zealand are favourable. We are currently assessing the feasibility of debottlenecking the Motunui site by removing distillation constraints, and the potential to restart the nearby 0.5 million tonne per year plant at the Waitara Valley site. These two initiatives could allow us to potentially operate at our full 2.2 million tonnes of annual production capacity in New Zealand by the end of 2013. A further increase of 0.2 million tonnes in annual production capacity could potentially be achieved if we can secure access to high carbon dioxide natural gas, bringing total potential capacity to 2.4 million tonnes per year. We continue to pursue opportunities to obtain competitively priced natural gas in New Zealand in support of these initiatives. We are also pursuing natural gas exploration and development opportunities in New Zealand. We have an agreement with Kea Exploration, an oil and gas exploration and development company, to explore areas of the Taranaki basin, which is close to our plants.

Table of Contents

In Chile, we currently have three plants with 2.8 million tonnes of annual production capacity and a fourth plant with one million tonnes of annual production capacity which is currently being dismantled for relocation to Geismar, Louisiana. We have been operating only one of our methanol production plants in Chile for the past several years. During that time, we have pursued investment opportunities to accelerate natural gas exploration and development in Chile with the goal of progressively increasing production at our Chile site with natural gas from suppliers in Chile. While both Methanex and its natural gas suppliers have made significant investments in natural gas exploration and development in southern Chile and there have been new gas discoveries in the region, the timelines for a potential significant increase in gas deliveries to our plants are much longer than we originally anticipated. In addition, existing gas fields are experiencing declines. As a result, the short-term outlook for gas supply in Chile continues to be challenging. We cannot provide assurance as to the level of natural gas supply or that we will be able to source sufficient natural gas to operate in any capacity in Chile. In view of these conditions and the changing natural gas dynamic in North America, we reached a final investment decision in July 2012 to proceed with the project to relocate the Chile II plant to Geismar, Louisiana. The Geismar I plant is expected to be operational by the end of 2014 and to add up to one million tonnes of annual production. We have received the key construction-related permits for the project and are currently pursuing opportunities to secure competitively priced longer-term committed natural gas supplies in support of the Geismar I plant. We are also currently examining the viability of moving a second Chilean plant to the Geismar site and we expect to make a final investment decision in the first half of 2013.

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

	Commenced Production	Operating Capacity	Production		
			2010	2011	2012 Q3 YTD
Chile					
Chile I	1988	882			
Chile II [1]	1996	990	159		
Chile III	1999	1,088	776	554	254
Chile IV	2005	840			
		3,800	935	554	254
Trinidad					
Titan	2000	900	891	711	597
Atlas (63.1% interest)	2004	1,150	884	891	646
		2,050	1,775	1,602	1,243
New Zealand					
Motunui I [2]	1985	850			174
Motunui II [2]	1985	850	830	830	556
Waitara Valley	1983	530			
		2,230	830	830	730
Egypt					
Egypt (60% interest)	March 2011	760		532	428
North America					
Medicine Hat, Alberta	April 2011	470		329	349
Geismar I, Louisiana [1]	NA				
		470		329	349
Total		9,310	3,540	3,847	3,004

(1)

In July 2012, we reached a final investment decision to proceed with the project to relocate the Chile II facility to Geismar, Louisiana. The plant is expected to be operational by the end of 2014.

(2) The Motunui II facility was re-started in July 2012. Due to current distillation capacity constraints at the Motunui site, the combined operating capacity of both plants is approximately 1.5 million tonnes, which is lower than the combined nameplate capacity shown above of 1.7 million tonnes.

Methanol Industry and Outlook

Methanol is a clear liquid commodity chemical that is used as a chemical feedstock in the manufacture of other products and is predominantly produced from natural gas and, particularly in China, from coal. Approximately two-thirds of all methanol demand is used to produce traditional chemical derivatives including formaldehyde, acetic acid and a variety of other chemicals that form the basis of a large number of chemical derivatives, the demand for which is correlated to industrial production and gross domestic product. Energy-related applications consume about one third of global methanol demand and over the last few years higher oil prices have driven strong demand growth for methanol into energy applications such as gasoline blending and dimethyl ether, primarily in China. Growth of methanol blending into gasoline in China has been particularly strong and we believe that future growth in this application is supported by regulatory changes in that country. Many provinces in China have implemented fuel blending standards and China also has national standards in place for methanol fuel blending (M85 and M100, or 85% methanol and 100% methanol, respectively). Methanol demand into olefins (MTO) is emerging as a significant methanol derivative. In China, there are three integrated and one merchant MTO plants in production and there is a second merchant plant expected to commence operation by the end of this year which could consume up to 1.8 million tonnes of merchant methanol. We believe demand potential into energy-related applications and olefins production will continue to grow.

In 2011 and 2012, major methanol industry capacity additions, outside of China, consisted primarily of our initiatives to increase production. During the first half of 2011, we commenced operation of the 1.3 million tonne per year methanol plant in Egypt and successfully restarted our 0.5 million tonne per year methanol plant in Medicine Hat, Alberta. In July 2012, we restarted a second Motunui facility, which restored 0.75 million tonnes of annual production capacity in New Zealand. We have also entered into an off-take agreement pursuant to which we have secured the rights to acquire a substantial quantity of production from a 0.9 million tonne plant in Beaumont, Texas, which restarted production in the third quarter of 2012. Over the next few years, there is a modest level of new capacity which we expect to come on-stream relative to demand growth expectations. The Geismar I relocation project is expected to add up to one million tonnes of annual production and to be operational by the end of 2014. There is also a plant with a capacity of up to 0.8 million tonnes expected to restart in Channelview, Texas in 2013, and a 0.7 million tonne plant expected to start up in Azerbaijan in 2013. We expect that production from new capacity in China will be consumed in that country and that higher cost production capacity in China will need to operate in order to satisfy demand growth.

The global methanol demand outlook is strong, supported by a higher global energy price environment, and few capacity additions expected outside of China over the next several years. We believe that this positive outlook, combined with our opportunities to increase production from our assets, positions us well in the industry, with upside potential to our cash flows and earnings.

Our Strategy and Competitive Strengths

Continue to strengthen our asset position

We continue to take steps to strengthen our asset position within the methanol industry and are focused on increasing production from our idled capacity in New Zealand and Chile over the next few years. In New Zealand, we have been successful in entering into longer term natural gas contracts to underpin the restart of idled capacity. In July 2012, we restarted a second plant at our Motunui site and we are continuing to pursue other opportunities which could allow us to increase production by up to 0.7 million tonnes per year in New Zealand by the end of 2013 and could add a further 0.2 million tonnes of future annual production capacity if we can secure access to high carbon dioxide natural gas. We continue to pursue opportunities to accelerate natural gas development in southern Chile, but do not anticipate a significant increase in production in the near term. We are proceeding with the Geismar I relocation project and are assessing the feasibility of relocating a second Chile

Table of Contents

plant to Geismar, with a final investment decision targeted for the first half of 2013. We are also working on an initiative to increase annual capacity at our Medicine Hat facility by up to 90,000 tonnes. We believe these initiatives will further enhance our competitive cost structure and our ability to cost-effectively deliver methanol to customers.

Maintain global leadership in methanol marketing, logistics and sales

We sell methanol through an extensive global marketing and distribution system, which has enabled us to become the world s largest supplier of methanol to each of the major international markets of North America, Asia Pacific, Europe and Latin America. Our leadership position has enabled us to play an important role in the industry, which includes publishing Methanex reference prices that are generally used in each major market as a pricing reference for most of our customer contracts and which we believe enhances market transparency. We continue to pursue opportunities which will allow us to maintain and enhance our industry leadership position.

Focus on operational excellence

To differentiate ourselves from our competitors, we strive to be the best operator in all aspects of our business and to be the preferred supplier to customers. We believe that reliability of supply is critical to the success of our customers businesses and our goal is to deliver methanol reliably and cost-effectively. We believe our production base and global marketing and distribution system, which includes our ability to purchase methanol produced by others, provides us with a competitive advantage and has differentiated us from competitors in the industry.

Financial discipline

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 September 30, 2012, we had a strong balance sheet with a cash balance of US$403 million (including US$30 million related to the non-controlling interest in Egypt) and a US$200 million undrawn credit facility which expires in mid-2015.

Selected Consolidated Financial and Operating Data

The following selected consolidated financial data set forth below should be read in conjunction with our consolidated financial statements and the related management s discussion and analysis incorporated by reference in this prospectus supplement. The statements of financial position data as at December 31, 2010 and 2011 and the statement of income and cash flows data for each of the years then ended have been derived from our audited annual consolidated financial statements, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. The statements of financial position data as at September 30, 2012 and the statement of income and cash flows data for the nine months then ended have been derived from our unaudited condensed consolidated interim financial statements which are incorporated by reference in this prospectus supplement and the accompanying prospectus. The financial information as at and for the nine months ended September 30, 2012 includes, in the opinion of our management, all adjustments which are necessary for the fair presentation of this unaudited financial information.

Our financial information included or incorporated by reference in this prospectus supplement and the accompanying prospectus is presented in accordance with IFRS. IFRS differs in some material respects from accounting principles generally accepted in the United States (U.S. GAAP), and so this financial information may not be comparable to the financial information of companies reporting under U.S. GAAP. As a foreign private issuer under U.S. securities laws reporting under IFRS, we are not required to prepare, and the prospectus supplement does not include, reconciliation between IFRS and U.S. GAAP.

Table of Contents

	Fiscal year ended December 31 2010 Audited	Fiscal year ended December 31 2011 Audited	Nine months ended September 30 2012 Unaudited
(in millions US$, unless otherwise noted)			
Statements of income data:			
Revenue	$ 1,967	$ 2,608	$ 1,977
Cost of sales and operating expenses	(1,695)	(2,107)	(1,614)
Depreciation and amortization	(137)	(157)	(130)
Other operating income and expenses[1]	22		(65)
Operating income before undernoted items	157	344	168
Finance costs[2]	(31)	(62)	(56)
Finance income and other (expense)	3	2	(2)
Income (loss) before income taxes	129	284	110
Income tax expense	(35)	(56)	(9)
Net income	$ 94	$ 228	$ 101
Attributable to:			
Methanex Corporation shareholders	$ 96	$ 201	$ 72
Non-controlling interests	(2)	27	29
Statements of financial position (end of period):			
Cash and cash equivalents	194	351	403
Total assets	3,141	3,394	3,410
Total long-term debt	897	652	856
Shareholders equity	1,253	1,405	1,441
Other financial data:			
Cash flows from operating activities	183	480	360
Adjusted cash flows from operating activities attributable to Methanex Corporation shareholders[3]	303	392	302
Adjusted EBITDA attributable to Methanex Corporation shareholders[4]	291	427	310
Capital expenditures	146	158	168
Other selected operating data (thousands of tonnes, unless otherwise noted):			
Methanol production volume (attributable to Methanex Corporation shareholders):	3,540	3,847	3,004
Methanol sales volume:			
Produced product (attributable to Methanex Corporation shareholders)	3,540	3,853	2,980
Purchased product	2,880	2,815	1,901
Commission sales[5]	509	846	679
Total methanol sales volume	6,929	7,514	5,560
Methanex average realized methanol price (dollars per tonne)[6]	$ 306	$ 374	$ 380

(1) Other operating income and expenses represent items considered by management to be unusual and non-operational. 2012 charges are comprised of Louisiana project relocation expenses and charges, and the 2010 income represents a gain on the sale of Kitimat assets.

(2) Finance costs breaks down as follows:

	Fiscal year ended December 31 2010 Audited	Fiscal year ended December 31 2011 Audited	Nine months ended September 30 2012 Unaudited

Finance costs before capitalized interest	$ (69)	$ (69)	$ (57)
Less capitalized interest	38	7	1
	$ (31)	$ (62)	$ (56)

(3) Adjusted cash flows from operating activities differs from the most comparable IFRS measure, cash flows from operating activities, because it does not include cash flows associated with the 40% non-controlling interest in the methanol facility in Egypt, changes in non-cash working capital and the cash portion of Louisiana project relocation expenses and charges.

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

	Fiscal year ended December 31		Nine months ended September 30
	2010	2011	2012
	Audited	*Audited*	*Unaudited*
Cash flows from operating activities	$ 183	$ 480	$ 360
Add (deduct) non-controlling interest adjustment:			
Net (income) loss	2	(27)	(29)
Non-cash items	(2)	(25)	(32)
Changes in non-cash working capital	120	(36)	(37)
Cash portion of Louisiana project relocation expenses and charges			39
Adjusted cash flows from operating activities attributable to Methanex Corporation shareholders	$ 303	$ 392	$ 301

(4) We present Adjusted EBITDA because we believe it is an important supplemental measure of our performance and believe that it is used by investors, securities analysts and others in the evaluation of companies in our industry. We believe these parties consider it useful in measuring the capacity of our company to service debt. However, Adjusted EBITDA should be considered in addition to, and not as a substitute for, operating income, net income, cash flows and other measures of financial performance and liquidity reported in accordance with IFRS. Adjusted EBITDA differs from the most comparable IFRS measure, net income attributable to Methanex shareholders, because it excludes finance costs, finance income and other expenses, income tax expense (recovery), depreciation and amortization, mark-to-market impact of share-based compensation and other operating income and expenses as described on Note (1).

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 share appreciation rights, tandem share appreciation rights, deferred share units, restricted share units and performance share units. The mark-to-market impact related to performance share units that is excluded from Adjusted EBITDA and Adjusted net income is calculated as the difference between the grant date value determined using a Methanex total shareholder return factor of 100% and the fair value recorded at each period

	Fiscal year ended December 31		Nine months ended September 30
	2010	2011	2012
	Audited	*Audited*	*Unaudited*
Net income attributable to Methanex shareholders	$ 96	$ 201	$ 72
Add (deduct):			
Finance costs	31	62	56
Finance income and other expenses	(3)	(2)	2
Income tax expense (recovery)	35	56	9
Depreciation and amortization	137	157	130
Mark-to-market impact of share-based compensation	19	(21)	8
Other operating income and expenses	(22)		65
Non-controlling interest adjustment*	(2)	(26)	(32)
Adjusted EBITDA attributable to Methanex Corporation shareholders	$ 291	$ 427	$ 310

* *This adjustment represents finance costs, finance income and other expenses, income tax expense, and depreciation and amortization associated with the 40% noncontrolling interest in the methanol facility in Egypt.*

(5) Commission sales represent volumes marketed on a commission basis related to the 36.9% of the Atlas methanol facility and 40% of the Egypt methanol facility that we do not own.

(6) Methanex average realized methanol price is calculated as revenue, excluding commissions earned and the Egypt non-controlling interest share of revenue, divided by the total sales volumes of Methanex-produced (attributable to Methanex shareholders) and purchased methanol.

Table of Contents

The Offering

As used in this summary of the offering, references to we , us , our and similar terms, as well as references to Methanex , refer only to Methanex Corporation and its successors and not to any of its subsidiaries.

Issuer	Methanex Corporation.
Notes Offered	US$350,000,000 principal amount of 3.250% Senior Notes due December 15, 2019.
Maturity	December 15, 2019.
Issue Price	99.098% plus accrued interest, if any, from December 17, 2012.
Interest	3.250% per annum.
Interest Payment Dates	Semi-annually on June 15 and December 15 of each year, commencing on June 15, 2013.
Ranking	The Notes will be general unsecured obligations of Methanex and will rank equally in right of payment with all of our other unsubordinated and unsecured indebtedness, including our 6.00% unsecured notes due August 15, 2015 and our 5.25% unsecured notes due March 1, 2022. The Notes, however, will be structurally subordinated to any indebtedness and other liabilities of our subsidiaries unless guaranteed in accordance with the indenture under which we will issue the Notes (referred to in this prospectus supplement as the Indenture). As of September 30, 2012, we had no secured debt outstanding and our subsidiaries and joint venture companies had approximately US$1,032 million of liabilities (which amount includes approximately US$299 million of trade, other payables and accrued liabilities).
Optional Redemption	We will have the option to redeem the Notes in whole or in part at any time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes (exclusive of interest accrued to the date of redemption) discounted to the redemption date, calculated on a semi-annual basis (assuming a 360-day year of twelve 30-day months), at the Treasury Rate (as defined in the Indenture) plus 35 basis points, together in each case with accrued interest to the date of redemption. See Description of the Notes Optional Redemption.
Additional Amounts	All payments with respect to the Notes made by us will be made without withholding or deduction for Canadian taxes unless required by law or by the interpretation or administration thereof, in which case, subject to certain exceptions, we will pay such Additional Amounts (as defined in the Indenture) as may be necessary, so that the net amount received by the holders after such withholding or deduction will not be less than the amount that would have been received in the absence of such withholding or deduction. See Description of Debt Securities Additional Amounts for Canadian

	Withholding Taxes in the accompanying prospectus.
Redemption in the Event of Changes in Canadian Withholding Taxes	If we become obligated to pay Additional Amounts as a result of certain changes affecting Canadian withholding taxes, we may redeem all, but not less than all, of the Notes at 100% of their

	principal amount plus accrued and unpaid interest to the date of redemption. See Description of the Notes Redemption for Changes in Canadian Withholding Taxes .
Change of Control Offer	Upon the occurrence of a Change of Control Triggering Event, which occurs only if a Change of Control and a Ratings Decline (as such terms are defined in the Indenture) both occur, we are required to offer to purchase all outstanding Notes at 101% of their principal amount plus accrued and unpaid interest to the date of purchase. See Description of Debt Securities Certain Covenants Change of Control in the accompanying prospectus.
Certain Covenants	The Indenture will, among other things, restrict our ability and the ability of certain of our subsidiaries to: incur liens; enter into sale/leaseback transactions; in the case of certain of our subsidiaries, incur indebtedness without guaranteeing the Notes; enter into or conduct transactions with unrestricted subsidiaries; and amalgamate or consolidate with, or merge with or into, or transfer all or substantially all of our assets or those of certain of our subsidiaries to any person. These covenants are subject to important qualifications and limitations. For more details, see the section Description of Debt Securities Certain Covenants in the accompanying prospectus.
Use of Proceeds	The net proceeds from the sale of the Notes offered hereby are estimated to be approximately US$344 million. We intend to use the estimated net proceeds primarily for capital expenditures, and any one or more of debt repayments, working capital or other general corporate purposes. Pending such use, the net proceeds may be invested in short-term marketable securities or cash term deposits with highly rated institutions.
No Public Trading Market	We do not intend to list the Notes on any national securities exchange or to arrange for quotation on any automated dealer quotation system. There can be no assurance that an active trading market will develop for the Notes.
Governing Law	The Notes and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

Form and Denomination	The Notes will be issued only in registered form in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof.
Risk Factors	An investment in the Notes is subject to certain risks.
	You should consider carefully all of the information set forth in this prospectus supplement and the accompanying prospectus and, in particular, you should evaluate the specific factors discussed in the section Risk Factors , beginning on page S-15 of this prospectus supplement and on page 7 of the accompanying prospectus, before deciding to invest in the Notes.

Table of Contents

RISK FACTORS

An investment in the Notes involves risk. Before deciding whether to invest in the Notes, you should consider carefully the risks described below as well as the other information contained and incorporated by reference in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein (including subsequent documents incorporated by reference herein). These are not the only risks and uncertainties that we face. In particular, please read Risk Factors in the accompanying prospectus and Statements Regarding Forward-Looking Information herein, where we describe additional risks and uncertainties associated with our business and the forward-looking statements contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. Additional risks not presently known to us or that we currently consider immaterial may also materially and adversely affect us. If any of the events identified in these risks and uncertainties were to actually occur, our business, financial condition or results of operations could be materially harmed.

Our structure as a holding company could adversely affect our ability to meet our obligations under the Notes.

We are structured primarily as a holding company with limited material business operations, sources of income or assets of our own other than the shares of our subsidiaries. The Notes will be our obligations exclusively. Unless certain covenants in the Indenture become applicable, our subsidiaries will not guarantee the payment of principal or interest on the Notes and the Notes will therefore be structurally subordinated to the obligations of our subsidiaries as a result of our being structured as a holding company. In the event of insolvency, liquidation or other reorganization of any of our subsidiaries, our creditors (including the holders of the Notes) will not have any right to proceed against the assets of that subsidiary or to cause the liquidation or bankruptcy of such subsidiary under applicable bankruptcy laws. Creditors of such subsidiary would be entitled to payment in full from its assets before we would be entitled to receive any distribution from such assets. Except to the extent that we may ourselves be a creditor with recognized claims against a subsidiary, claims of creditors of that subsidiary will have priority with respect to the assets and earnings of that subsidiary over the claims of our creditors, including claims under the Notes. As of September 30, 2012, our subsidiaries and joint venture companies had approximately US$1,032 million of liabilities (which amount includes approximately US$299 million of trade, other payables and accrued liabilities).

In addition, as a result of our holding company structure, our operating cash flow and our ability to service our debt, including the Notes, are dependent upon the operating cash flow of our subsidiaries and the payment of funds by our subsidiaries to us in the form of dividends, loans or otherwise. Our subsidiaries are distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due under the Notes or to make any funds available therefor, whether by dividends, interest, loans, advances or other payments. In addition, the payment of dividends and the making of loans, advances and other payments to us by our subsidiaries may be subject to statutory or contractual restrictions, are contingent upon the earnings of our subsidiaries and joint venture companies and are subject to various business and