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, 2020** Commission File Number **001-34984**

FIRST MAJESTIC SILVER CORP.

(Exact name of registrant as specified in its charter)

British Columbia, Canada	**1041**	**Not Applicable**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

925 West Georgia Street, Suite 1800
Vancouver, British Columbia V6C 3L2, Canada
(604) 688-3033
(Address and telephone number of Registrant's principal executive offices)

National Registered Agents, Inc.
1090 Vermont Avenue N.W., Suite 910
Washington D.C. 20005
(202) 371-8090
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities 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, no par value	**AG**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**
For annual reports, indicate by check mark the information filed with this Form.

☒ Annual information form ☒ Audited annual financial statements

Indicate the 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. **222,804,476**

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 X 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 X 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.

___

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes X No ___

NOTE TO UNITED STATES READERS - DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

First Majestic Silver Corp. (the "Company" or the "Registrant") is permitted, under a multi-jurisdictional disclosure system adopted by the United States, to prepare this annual report on Form 40-F in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company prepares its financial statements (the "Audited Financial Statements") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The AIF filed as Exhibit 99.1 to this annual report on Form 40-F has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") -CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in the United States Securities and Exchange Commission ("SEC") rules and regulations applicable to domestic United States companies

Accordingly, information contained in this annual report on Form 40-F and the documents incorporated by reference herein containing descriptions of the Company's mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

ANNUAL INFORMATION FORM

The AIF is filed as Exhibit 99.1 to, and incorporated by reference in, this annual report on Form 40-F.

AUDITED ANNUAL FINANCIAL STATEMENTS

The Audited Financial Statements for the year ended December 31, 2020, including the report of the independent registered public accounting firm with respect thereto, are filed as Exhibit 99.2 to, and incorporated by reference in, this annual report on Form 40-F. Such Audited Financial Statements have been amended from the version initially furnished under cover of Form 6-K on February 18, 2021, in order to correct certain typographical errors contained therein. Specifically, the corrections are changes to the Consolidated Statements of Financial Position and Note 4 to correct arithmetical errors for the 2019 total assets and total liabilities and Note 23(a) to correct typographical errors to the tabular number of shares issued and tabular net proceeds from the Company's ATM Program during the year ended December 31, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's management's discussion and analysis of results of operations and financial condition for the year ended December 31, 2020 is filed as Exhibit 99.3 to, and incorporated by reference in, this annual report on Form 40-F.

CERTIFICATIONS

See Exhibits 99.4, 99.5, 99.6 and 99.7, which are included as Exhibits to this annual report on Form 40-F.

DISCLOSURE CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

At the end of the period covered by this annual report on Form 40-F, the Company's management, with the participation of its President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's CEO and CFO have concluded that, as of December 31, 2020, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

The Company's management, with the participation of its CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in the rules of the United States Securities and Exchange Commission and the Canadian Securities Administrators. The 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 IFRS as issued by the IASB. The Company's internal control over financial reporting includes policies and procedures that:

- maintain records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary for preparation of financial statements in accordance with IFRS as issued by the IASB;
- provide reasonable assurance that the Company's receipts and expenditures are made only in accordance with authorizations of management and the Company's Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

The Company's internal control over financial reporting may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

The Company's management evaluated the effectiveness of our internal control over financial reporting based upon the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's evaluation, our CEO and CFO concluded that our ICFR was effective as of December 31, 2020.

There has been no change in the Company's internal control over financial reporting during the year ended December 31, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's independent registered public accounting firm, Deloitte LLP, has audited the Audited Financial Statements for the year ended December 31, 2020, filed as Exhibit 99.2, and has issued an attestation report dated February 18, 2021 on the Company's internal control over financial reporting based on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Limitations of Controls and Procedures

The Company's management, including the President and Chief Executive Officer and Chief Financial Officer, believes that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, may not prevent or detect all misstatements because of inherent limitations. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

AUDIT COMMITTEE

Audit Committee

The Company's board of directors has a separately designated standing audit committee established in accordance with section 3(a)(58)(A) of the Exchange Act. The members of the Company's audit committee are identified on page 116 of the AIF, filed as Exhibit 99.1 and incorporated by reference herein. In the opinion of the Company's board of directors, all members of the audit committee are independent (as determined under Rule 10A-3 of the Exchange Act and the rules of the New York Stock Exchange) and are financially literate.

Audit Committee Financial Expert

The Company's board of directors has determined that Douglas Penrose is an audit committee financial expert, as such term is defined in Form 40-F, in that he has an understanding of generally accepted accounting principles and financial statements; is able to assess the general application of accounting principles, including, in connection with the accounting for estimates, accruals and reserves; has experience preparing, auditing, analyzing or evaluating financial statements that entail accounting issues of equal breadth and complexity to the Company's financial statements (or actively supervising another person who did so); has an understanding of internal controls and procedures for financial reporting; and has an understanding of audit committee functions

CODE OF ETHICS

The Company has adopted a written Code of Ethical Conduct that qualifies as a "code of ethics" within the meaning of such term in Form 40-F. A copy of this code is available on the Company's website at http://www.firstmajestic.com or to any person without charge, by written request addressed to: First Majestic Silver Corp., Attention: Corporate Secretary, Suite 1800 - 925 West Georgia Street, Vancouver, British Columbia V6C 3L2 Canada (604) 688-3033, or by email (info@firstmajestic.com).

If any amendment to the Code of Ethical Conduct is made, or if any waiver from the provisions thereof is granted, the Company may elect to disclose the information about such amendment or waiver required by Form 40-F to be disclosed, by posting such disclosure on the Company's website, which may be accessed at www.firstmajestic.com.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

Deloitte LLP acted as the Company's independent registered public accounting firm for the financial year ended December 31, 2020. See page 117 of the AIF, which is attached hereto as Exhibit 99.1, for the total amount billed to the Company by Deloitte LLP for services performed in the last two financial years by category of service (for audit fees, audit-related fees, tax fees and all other fees) in United States dollars.

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

See Appendix "A" of the AIF filed as Exhibit 99.1 hereto and incorporated by reference herein.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors, or relationships with unconsolidated special purpose entities.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The information provided under the heading "Management's Discussion and Analysis - Management of Risks and Uncertainties - Liquidity Risk" contained in Exhibit 99.3 hereto contains the Company's disclosure of contractual obligations and is incorporated by reference herein.

NEW YORK STOCK EXCHANGE DISCLOSURE

Presiding Director at Meetings of Non-Management Directors

The Company schedules regular executive sessions in which the Company's "non-management directors" (as that term is defined in the rules of the New York Stock Exchange) meet without management participation. Douglas Penrose serves as the presiding director (the "Presiding Director") at such sessions. Each of the Company's non-management directors is "independent" within the meaning of the rules of the New York Stock Exchange.

The Company also holds executive sessions at least four times per year in which the Company's independent directors meet without participation from management or non-independent directors.

Communication with Non-Management Directors

Shareholders may send communications to the Company's non-management directors by writing to Douglas Penrose, Chairman of the board of directors, c/o Corporate Secretary, First Majestic Silver Corp., 925 West Georgia Street, Suite 1800, Vancouver, British Columbia, V6C 3L2. Communications will be referred to the Presiding Director for appropriate action. The status of all outstanding concerns addressed to the Presiding Director will be reported to the board of directors as appropriate.

Board Committee Mandates

The Charters of the Company's audit committee, compensation and nominating committee, and governance committee are each available for viewing on the Company's website at www.firstmajestic.com.

NYSE Statement of Governance Differences

As a Canadian corporation listed on the NYSE, the Company is not required to comply with most of the NYSE corporate governance standards, so long as it complies with Canadian corporate governance practices. In order to claim such an exemption, however, the Company must disclose the significant difference between its corporate governance practices and those required to be followed by U.S. domestic companies under the NYSE's corporate governance standards. The Company has included a description of such significant differences in corporate governance practices on its website, which may be accessed at www.firstmajestic.com.

UNDERTAKINGS

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the SEC staff, and to furnish promptly, when requested to do so by the SEC staff, information relating to: the securities registered pursuant to Form 40-F; 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

The Company filed an Appointment of Agent for Service of Process and Undertaking on Form F-X with respect to the class of securities in relation to which the obligation to file this annual report on Form 40-F arises.

EXHIBIT INDEX

Exhibit	Description
99.1	Annual Information Form of the Company for the year ended December 31, 2020
99.2	Audited consolidated financial statements of the Company and the notes thereto for the years ended December 31, 2020 and 2019, together with the reports of the independent registered public accounting firm
99.3	Management's Discussion and Analysis for the year ended December 31, 2020
99.4	CEO Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.5	CFO Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.6	CEO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Consent of Ramon Mendoza Reyes, P. Eng., Vice President Technical Services of First Majestic Silver Corp.
99.9	Consent of Gregory Kenneth Kulla, P. Geo., Vice President of Exploration of First Majestic Silver Corp.
99.10	Consent of Persio Rosario, P. Eng., Vice-President of Processing, Metallurgy and Innovation
99.11	Consent of Maria E. Vazquez, P. Geo., Geological Database Manager of First Majestic Silver Corp.
99.12	Consent of Phillip J. Spurgeon, P. Geo., Senior Resource Modeler of First Majestic Silver Corp.
99.13	Consent of Brian Boutilier, P.Eng. Manager of Technical Services
99.14	Consent of David Rowe, CPG, Principal Resource Geologist
99.15	Consent of Joaquin Merino, P. Geo.
99.16	Consent of Deloitte LLP, Independent Registered Public Accounting Firm
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition 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.

Date: March 31, 2021

FIRST MAJESTIC SILVER CORP.

By: */s/ Keith Neumeyer*
Keith Neumeyer
Chief Executive Officer



ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2020

March 31, 2021

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PRELIMINARY NOTES

Date of Information

Unless otherwise indicated, all information contained in this Annual Information Form (" **AIF**") of First Majestic Silver Corp. (" **First Majestic**" or the "**Company**") is as of December 31, 2020.

Financial Information

The Company's financial results are prepared and reported in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**") and are presented in United States dollars.

Forward-looking Information

Certain statements contained in this AIF constitute forward-looking information or forward-looking statements under applicable securities laws (collectively, "**forward-looking statements**"). These statements relate to future events or the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to: completion of the proposed acquisition of Jerritt Canyon Canada Ltd., future financings, the redemption and/or conversion of the Company's securities, statements with respect to the Company's business strategy, future planning processes, commercial mining operations, anticipated mineral recoveries, projected quantities of future mineral production, interpretation of drill results and other technical data, anticipated development, expansion, exploration activities and production rates and mine plans and mine life, the estimated cost and timing of plant improvements at the Company's operating mines and development of the Company's development projects, the timing of completion of exploration and drilling programs and preparation of technical reports, viability of the Company's projects, the restarting of operations at the Company's non-operating mines, anticipated reclamation and decommissioning activities, conversion of mineral resources to proven and probable mineral reserves, potential metal recovery rates, analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable, statements with respect to the Company's future financial position including operating efficiencies, cash flow, capital budgets, costs and expenditures, cost savings, allocation of capital, the extension of the New Credit Facility, the Company's share price, payment of dividends, statements with respect to the recovery of value added tax receivables and the tax regime in México, the conduct or outcome of outstanding litigation, regulatory proceedings, negotiations or proceedings under NAFTA (as hereinafter defined) or other claims, the Company's plans with respect to enforcement of certain judgments in favour of the Company and the likelihood of collection under those judgments, the Company's ability to comply with future legislation or regulations including proposed new Mexican outsourcing legislation or amendment to demonopolization legislation, the Company's intent to comply with future regulatory and compliance matters, future regulatory trends, future market conditions, future staffing levels and needs, assessment of future opportunities of the Company, future payments of dividends by the Company, assumptions of management, maintaining relations with local communities, maintaining relations with employees, renewing contracts related to material properties, the Share Repurchase Program (as hereinafter defined), and expectations regarding the effect of the COVID-19 (as hereinafter defined) pandemic on the Company's operations, the global economy and the market for the Company's products and securities. All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable mineral reserves and mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered as and if the property is developed, and in the case of Measured and Indicated Mineral Resources or Proven and Probable Mineral Reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "forecast", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements".

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements involve risks and uncertainties relating to, among other things, satisfaction or waiver of the conditions to closing of the acquisition of Jerritt Canyon Canada Ltd., global economic conditions, including public health threats, changes in commodity prices and, particularly, silver prices, changes in exchange rates, access to skilled mining development and mill production personnel, labour relations, costs of labour, relations with local communities and aboriginal groups, results of exploration and development activities, accuracy of resource estimates, uninsured risks, defects in title, availability and costs of materials and equipment, inability to meet future financing needs on acceptable terms, changes in national or local governments, changes in applicable legislation or application thereof, timeliness of government approvals, actual performance of facilities, equipment, and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Additional factors that could cause actual results to differ materially include, but are not limited to, the risk factors described herein. See "Risk Factors".

The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this AIF should not be unduly relied upon. These statements speak only as of the date of this AIF or as of the date specified in the documents incorporated by reference into this AIF, as the case may be. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. Actual results may differ materially from those expressed or implied by such forward-looking statements.

Cautionary Notes to U.S. Investors Concerning Reserve and Resource Estimates

This AIF has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. All mining terms used herein but not otherwise defined have the meanings set forth in National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). The definitions of Proven and Probable Mineral Reserves ("Mineral Reserves" or "Reserves") used in NI 43-101 differ from the definitions in the SEC Industry Guide 7. Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year history average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and normally are not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities laws, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in certain specific cases. Additionally, disclosure of "contained ounces" in a resource is permitted disclosure under Canadian securities laws, however the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measurements.

Accordingly, information contained in this AIF containing descriptions of the Company's mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of United States federal securities laws and the rules and regulations thereunder.

Currency and Exchange Rate Information

The Company uses the US dollar as its presentation currency. This AIF contains references to both U.S. dollars and Canadian dollars. **All dollar amounts (i.e. "$" or "US$"), unless otherwise indicated, are expressed in U.S. dollars and Canadian dollars are referred to as "C$"**.

On December 31, 2020, the exchange rate of Canadian dollars into US dollars, being the average exchange rate published by the Bank of Canada was US$1.00 equals C$1.2732.

GLOSSARY OF CERTAIN TECHNICAL TERMS

Following is a description of certain technical terms and abbreviations used in this AIF.

"**Ag**" means silver.

"**Ag-Eq**" means silver equivalent.

"**AISC**" means all-in sustaining costs.

"**Au**" means gold.

"**BQ**" means a standard wire line bit size which produces a core diameter of 37 millimetres.

"**CCD**" means counter-current decantation, a separation technique involving water or solution and a solid.

"**Concentrate**" means partially purified ore.

"**CRMs**" means certified reference materials.

"**DD**" means diamond drill.

"**Doré**" means a mixture of gold and silver in cast bars, as bullion.

"**Fe**" means iron.

"**g/t**" means grams per tonne.

"**Grade**" means the metal content of ore in grams per tonne or percent.

"**HQ**" means a standard wire line bit size which produces a core diameter of 63 millimetres.

"**Indicated Mineral Resource**" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill-holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

"**Inferred Mineral Resource**" means that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological grade and continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill-holes.

"**Life of Mine**" or "**LOM**" means the time in which, through the employment of the available capital, the ore reserves, or such reasonable extension of the ore reserves as conservative geological analysis may justify, will be extracted.

"**Ma**" means millions of years.

"**Measured Mineral Resource**" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill-holes that are spaced closely enough to confirm both geological and grade continuity.

"**Merrill-Crowe**" means a separation technique for extracting silver and gold from a cyanide solution.

"**Mineral Reserve**" means the economically mineable part of a Measured Mineral Resource or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

"**Mineral Resource**" means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

"**NQ**" means a standard wire line bit size which produces a core diameter of 48 millimetres.

"**NSR**" means net smelter royalty.

"**Oxides**" or "**Oxide Ore**" means a mixture of valuable minerals and gangue minerals from which at least one of the minerals can be extracted.

"**Pb**" means lead.

"**Probable Mineral Reserve**" means the economically mineable part of an Indicated Mineral Resource, and in some circumstances, a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

"**Proven Mineral Reserve**" means the economically mineable part of a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

"**QA/QC**" means quality assurance and quality control.

"**RC**" means reverse circulation, a type of drilling.

"**Reserves**" means Mineral Reserves.

"**Resources**" means Mineral Resources.

"**Run of Mine**" or "**ROM**" means ore in its natural, unprocessed state.

"**Specific Gravity**" or "**SG**" means a measurement that determines the density of minerals.

"**Sulphide Minerals**" or "**Sulphide Ore**" means any member of a group of compounds of sulfur with one or more metals.

"**tpd**" means metric tonnes per day.

"**UG**" means underground.

"**Zn**" means zinc.

CORPORATE STRUCTURE

Name, Address and Incorporation

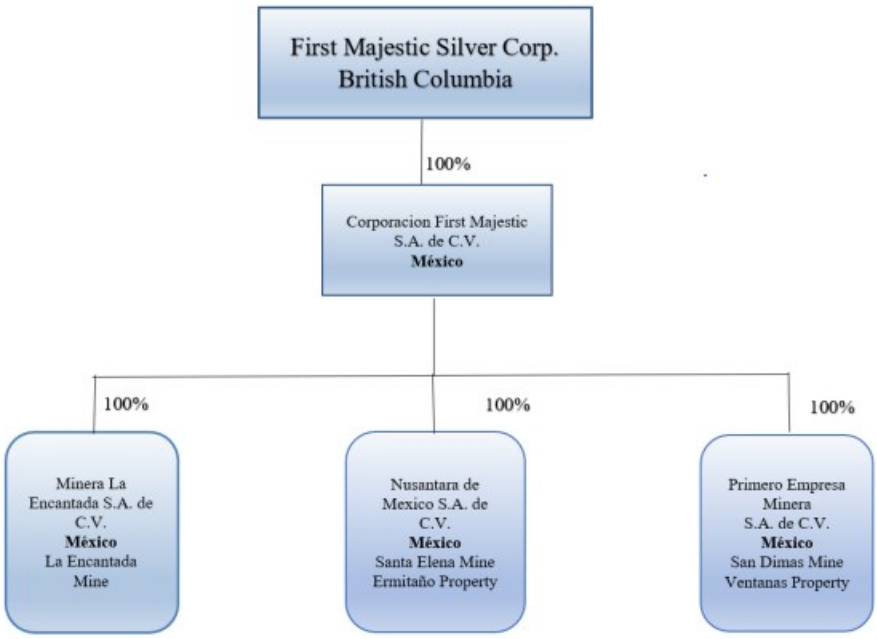
First Majestic is a company existing under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") Since incorporation, First Majestic has undergone three name changes. The last name change occurred on November 22, 2006, when the Company adopted its current name.

The Company's head office is located at Suite 1800 - 925 W. Georgia Street, Vancouver, British Columbia, Canada, V6C 3L2 and its registered office is located at 666 Burrard Street, Suite 2500, Vancouver, British Columbia, V6C 2X8.

The Company is a reporting issuer in each of the provinces of Canada.

Intercorporate Relationships

The chart set out below illustrates the corporate structure of the Company and its material subsidiaries, their respective jurisdictions of incorporation, the percentage of voting securities held and their respective interests in the Company's material mining properties.



DESCRIPTION OF BUSINESS

General

The Company is in the business of the production, development, exploration and acquisition of mineral properties with a focus on silver and gold production in México. As such, the Company's business is dependent on foreign operations in México. The common shares of the Company trade on the Toronto Stock Exchange ("**TSX**") under the symbol "FR" and on the New York Stock Exchange (" **NYSE**") under the symbol "AG". The Company's common shares are also quoted on the Frankfurt Stock Exchange under the symbol "FMV".

The Company owns and operates three producing mines in México:

1. the San Dimas Silver/Gold Mine in Durango State ("**San Dimas Silver/Gold Mine**" or "**San Dimas**");
2. the Santa Elena Silver/Gold Mine in Sonora State ("**Santa Elena Silver/Gold Mine"** or "**Santa Elena"**); and
3. the La Encantada Silver Mine in Coahuila State ("**La Encantada Silver Mine**" or "**La Encantada**").

The Company also owns several non-material mines which are under care and maintenance:

1. the San Martín Silver Mine in Jalisco State ("**San Martín Silver Mine**" or "**San Martín**");
2. the La Parrilla Silver Mine in Durango State ("**La Parrilla Silver Mine**" or "**La Parrilla**");
3. the Del Toro Silver Mine in Zacatecas State ("**Del Toro Silver Mine**" or "**Del Toro**"); and
4. the La Guitarra Silver Mine in México State ("**La Guitarra Silver Mine**" or "**La Guitarra**").

The Company also owns two advanced-stage silver development projects in México: the La Luz Silver Project in San Luis Potosi State and La Joya Silver Project in Durango State (currently under option), as well as a number of exploration projects in México. Up until the end of March, 2020, the Company also owned the Plomosas Silver Project, an additional advanced stage silver project located in Sinaloa State. The Plomosas Silver Project was acquired on March 27, 2020 by GR Silver Mining Ltd. ("GR Silver") through its purchase of all of the issued and outstanding shares of Minera La Rastra, S.A. de C.V. which held 100% of the Plomosas Silver Project. The Company does not consider its mines under care and maintenance or its advanced-stage silver development projects to be material properties for the purposes of National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**") or NI 43-101.

The Company's business is not materially affected by intangibles such as licences, patents and trademarks, nor is it significantly affected by seasonal changes other than weather. The Company is not aware of any aspect of its business that may be affected in the current financial year by renegotiation or termination of contracts.

At December 31, 2020, the Company had 39 employees and contractors based in its Vancouver corporate office, 216 employees and contractors in its Durango offices, 27 employees in its México City office, four employees or contractors in Switzerland, three employees or contractors in Barbados and approximately 4,908 employees, contractors and other personnel in various mining and project locations in México. Additional consultants are also retained from time to time for specific corporate activities, development and exploration programs.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Since inception in 2003, First Majestic has been in the business of acquiring, exploring and developing silver properties and producing primarily silver and other metals from its mines located in México.

Over the past 18 years, the Company has assembled a portfolio of silver mines, properties and projects which presently consists of three producing mines which it owns and operates in México, four mines under care and maintenance, and two advanced-stage development silver projects as well as a number of exploration projects.

The Company's mines and development projects are as follows:

Producing Silver Mines	Location	Acquired
La Encantada Silver Mine	Coahuila State, México	November 2006 to March 2007
Santa Elena Silver/Gold Mine	Sonora State, México	October 2015
San Dimas Silver/Gold Mine	Durango State, México	May 2018

Mines under Care and Maintenance	Location	Acquired
La Parrilla Silver Mine	Durango State, México	January 2004
Del Toro Silver Mine	Zacatecas State, México	March 2004 to August 2005
San Martín Silver Mine	Jalisco State, México	May 2006 to September 2006
La Guitarra Silver Mine	México State, México	July 2012

Development Projects	Location	Acquired
La Luz Silver Project	San Luis Potosí State, México	November 2009
La Joya Silver Project	Durango State, México	October 2015

Most Recent Three Years

2018

Acquisition of Primero

On January 12, 2018, the Company announced that it had entered into an arrangement agreement (the " **Arrangement Agreement**") with Primero Mining Corp. ("**Primero**") pursuant to which the Company agreed to acquire all of the issued and outstanding common shares of Primero (each, a "**Primero Share**") in exchange for 0.03325 of a common share of the Company (each, a " **Common Share**") per Primero Share (the "**Exchange Ratio**").

On May 10, 2018 the Company announced the completion of the acquisition of Primero pursuant to a plan of arrangement pursuant to an arrangement agreement (the "**Arrangement**"). The Company issued an aggregate of 6,418,594 Common Shares in exchange for all of the issued and outstanding Primero Shares and 221,908 replacement stock options (the "**Replacement Stock Options**") to the holders of outstanding stock options of Primero. In addition, following closing of the Arrangement all of the existing and outstanding share purchase warrants of Primero ("**Primero Warrants**") became exercisable to acquire 366,124 Common Shares at an exercise price adjusted by the Exchange Ratio. All such Primero Warrants have subsequently expired. The Arrangement also provided that upon the Arrangement becoming effective all existing deferred share units and phantom share units of Primero were paid out in cash in an amount equal to C$0.30 per deferred share unit or phantom share unit, as applicable. Upon closing of the Arrangement, Primero became a wholly-owned subsidiary of the Company and the former Primero shareholders became shareholders of the Company.

Transactions Related to the Arrangement

Primero Convertible Debentures

On February 9, 2015, Primero issued $75.8 million principal amount of 5.75% convertible unsecured subordinated debentures (the " **Primero Debentures**") pursuant to a trust indenture between Primero and Computershare Trust Company of Canada (the " **Primero Indenture**"). In connection with the Arrangement, on March 13, 2018 the holders of the Primero Debentures approved a resolution pursuant to the Primero Indenture authorizing the acceleration of the maturity date of the Primero Debentures from February 28, 2020 to the next business day following closing of the Arrangement. As a result, the Primero Debentures matured on May 11, 2018 and were paid out in full.

Stream Agreements

Primero was a party to a streaming arrangement with Silver Wheaton Corp., now Wheaton Precious Metals Corp. (" **Wheaton**"), and Silver Wheaton (Caymans) Ltd., now Wheaton Precious Metals International Ltd. ("**WPMI**"), a subsidiary of Wheaton, pursuant to which Silver Trading (Barbados) Limited ("**STB**"), a Barbados incorporated subsidiary of Primero, agreed to sell certain amounts of silver produced at the San Dimas Mine to WPMI (the "**Prior San Dimas Stream Agreement**").

On May 10, 2018 and in connection with the Arrangement, the Prior San Dimas Stream Agreement was terminated between STB and WPMI. The Company concurrently issued to WPMI 20,914,590 Common Shares and entered into a new precious metal purchase agreement (the "**New San Dimas Stream Agreement** ") with WPMI and FM Metal Trading (Barbados) Inc. (" **FMMTB**"), a wholly-owned subsidiary of the Company. Pursuant to the New San Dimas Stream Agreement, WPMI is entitled to receive from the San Dimas mine via FMMTB 25% of the gold equivalent production of San Dimas converted at a fixed exchange ratio of silver to gold at 70 to 1 for ongoing payments by WPMI equal to the lesser of (i) $600 (subject to an annual inflation adjustment) per gold equivalent ounce and (ii) the prevailing market price, for each gold equivalent ounce delivered to an offtaker under the agreement. Should the average gold to silver ratio over a six month period exceed 90:1 or fall below 50:1, the fixed exchange ratio would be increased to 90:1 or decreased to 50:1, respectively. WPMI was granted a security interest over the San Dimas mine securing the obligations of the Company, and such security interest ranks pari passu with the security interests provided to the Lenders under the New Credit Facility (as described below) and are governed by an intercreditor and collateral agency and proceeds agreement.

New Credit Facility

On February 8, 2016, the Company entered into a credit agreement with The Bank of Nova Scotia (" **Scotia Bank**") and Investec Bank PLC as lenders in connection with a senior secured credit facility (the "**Prior Credit Facility**") consisting of a $25 million revolving credit line and a $35 million term loan. The Prior Credit Facility was guaranteed by certain subsidiaries of the Company and was secured by a first charge against the assets of the Company and such subsidiaries. The term loan was repayable in quarterly instalments plus related interest. The revolving credit line was to terminate on maturity, being February 8, 2019.

On May 10, 2018 the Company entered into an amended and restated credit agreement (the " **Credit Agreement**") with Scotia Bank, Bank of Montreal and Investec Bank PLC, each as lenders (the "**Lenders**") for a period of five years, expiring on May 9, 2021. Pursuant to the Credit Agreement, the Lenders agreed, among other things, to provide First Majestic with a $75 million senior secured revolving term credit facility (the "**New Credit Facility** "). The New Credit Facility replaced the Prior Credit Facility and the prior credit facility of Primero.

The New Credit Facility contains market financial covenants including the following, each tested quarterly on a consolidated basis: (a) a leverage ratio based on total debt to rolling four quarters adjusted EBITDA of not more than 3.00 to 1.00; (b) an interest coverage ratio, based on rolling four quarters adjusted EBITDA divided by interest payments, of not less than 4.00 to 1.00; and (c) tangible net worth of not less than $563.5 million plus 50% of its positive earnings subsequent to June 30, 2018. The New Credit Facility also provides for negative and positive covenants, customary for these types of facilities, including standard indebtedness baskets such as capital leases (up to $30 million).

Scotia Bank, on behalf of the Lenders, took a perfected security interest in all the Company's present and future assets, both real and personal, and of certain of the Company's material subsidiaries. Such security interest is first-ranking with the exception of the security granted over the San Dimas Mine securing obligations to WPMI under the New San Dimas Stream Agreement. The security interests provided to WPMI rank pari passu with the security interests provided to the Lenders under the New Credit Facility and are governed by an intercreditor and collateral agency and proceeds agreement.

Convertible Debt Offering

On January 29, 2018, the Company announced the closing of its offering of $150 million aggregate principal amount of 1.875% unsecured convertible senior notes due 2023 (the "**Initial Notes**"). The initial conversion rate for the Initial Notes is 104.3297 Common Shares per $1,000 principal amount of Initial Notes, equivalent to an initial conversion price of approximately $9.59 per Common Share. The Company used the net proceeds from the offering of the Initial Notes to fund the pay out of the Primero Debentures, certain costs and expenses associated with the acquisition of Primero and for general corporate purposes.

On February 15, 2018, the Company announced the issuance of an additional $6.5 million aggregate principal amount of 1.875% unsecured convertible senior notes due 2023 (the "**Over-Allotment Notes**") pursuant to the exercise in part of the over-allotment option granted to the initial purchasers of the Initial Notes. The Over-Allotment Notes have the same terms as the Initial Notes, including the initial conversion rate and initial conversion price.

The Initial Notes and Over-Allotment Notes are governed by an indenture (the " **Note Indenture**") entered into between the Company and Computershare Trust Company, N.A. on January 29, 2018. A copy of the Note Indenture is available under the Company's profile on SEDAR at www.sedar.com.

Other Corporate Events

On May 9, 2018 the Company announced that its board of directors had adopted certain amendments to its advance notice policy (the " **Advance Notice Policy**") relating to director nominations. Pursuant to the Advance Notice Policy, the board has discretion to require a proposed director nominee to provide such information as the board may reasonably require to determine eligibility to act as a director or that could be material to a reasonable shareholder's understanding of the independence of the proposed nominee. Pursuant to these amendments, such discretion was limited such that the board may now only require the nominee to provide such information as may be required by law or stock exchange rules to determine eligibility to act as a director. The amendments further provided that any adjournment or postponement of a shareholder meeting will automatically extend the nomination deadline for a proposed director nominee.

On July 16, 2018 the Company announced its intention to place La Guitarra mine under care and maintenance which became effective on August 3, 2018. The Company considers that the La Guitarra mine is not at present material to its overall business operations. The Company is reviewing strategic options, including the potential sale of the operation, in order to reallocate capital and resources to its other projects.

On September 10, 2018 the Company announced that it had completed a 100% earn-in on both the Ermitaño and Cumobabi projects in Sonora State, México pursuant to option agreements with Evrim Resources Corp ("**Evrim**"). Pursuant to the exercise of these options, First Majestic made a $1.5 million cash payment to Evrim and granted, in accordance with the original 2014 option agreements, a 2% net smelter royalty ("**NSR**") in respect of the Ermitaño project and a 1.5% NSR in respect of the Cumobabi project.

On November 5, 2018, the Company announced it filed a final short form base shelf prospectus (the " **Prior Base Shelf Prospectus**") with the securities regulators in each province of Canada, except for the Province of Quebec, and a corresponding shelf registration statement on Form F-10 (the "**Prior Registration Statement**") with the United States Securities and Exchange Commission (the " **SEC**"). The Prior Base Shelf Prospectus and Registration Statement allowed the Company to make offerings of Common Shares, subscription receipts, units, warrants or any combination thereof of up to $300 million during the 25-month period that the Prior Base Shelf Prospectus and Prior Registration Statement remained effective in the United States and Canada (except for the territories and the Province of Quebec).

On December 27, 2018, the Company entered into an equity distribution agreement with BMO Capital Markets Corp. (" **BMO Capital**") pursuant to which the Company sold an aggregate of 8,039,363 Common Shares for aggregate gross proceeds to the Company of $50.0 million (the "**2018 ATM Offering**"). The 2018 ATM Offering was made by way of a prospectus supplement dated December 27, 2018. Sales of Common Shares were made through "at-the-market distributions" as defined in the Canadian Securities Administrators' National Instrument 44-102-Shelf Distributions ("**NI 44-102**"), including sales made directly on the NYSE. All sales made under the 2018 ATM Offering were made by means of ordinary brokers' transactions on the NYSE at market prices. No offers or sales of Common Shares were made in Canada on the TSX or other trading markets in Canada. The 2018 ATM Offering was fully sold and the Company completed distributions under the 2018 ATM Offering on June 4, 2019.

On November 2, 2018, Republic Metals Corporation (" **Republic**") filed for protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"). The Company had in the past engaged Republic to refine doré from certain of the Company's mines, and as of such date Republic was in possession of approximately 281,000 ounces of silver and 5,528 ounces of gold owned by the Company. As of December 31, 2018, the Company wrote down a total of $7.5 million in inventory as a result of this matter.

The Company retained legal counsel to assert its legal right for the return of its material and to consider alternative legal remedies. On August 21, 2019, the Bankruptcy Court issued an Order granting the Company a settlement payment of $1.6 million in immediately available funds. The Company was also granted an allowed administrative expense claim against Republic under section 503(b)(9) of the United States *Bankruptcy Code* in the amount of $5.0 million (the " **Allowed 503(b)(9) Claim**") and an allowed general unsecured claim against Republic in the amount of approximately $5.3 million (the "**Allowed GUC**"). On May 7, 2020, the Company received a further $526,244 settlement. The Company does not expect to recover any additional funds through bankruptcy proceedings, including its Allowed 503(b)(9) Claim or its Allowed GUC. The Company maintains relationships with other refineries and has not experienced any material disruption in its overall production as a result of these matters.

2019

In May 2019, the Company announced the departure of its Chief Operating Officer, Dustin VanDoorselaere.

In July 2019, the Company announced the appointment of Sophie Hsia as General Counsel.

In July 2019, the Company announced the temporary suspension of all mining and processing activities at the San Martin operation due to a growing level of insecurity in the area and safety concerns for the Company's workforce. The Company is working with authorities to attempt to secure the area in anticipation of restarting the operation, although it is not known when that might occur.

The Company entered into an equity distribution agreement dated August 7, 2019 (the " **2019 Sales Agreement**") with the BMO Capital pursuant to which the Company sold an aggregate of 4,437,957 Common Shares for aggregate gross proceeds to the Company of $48.4 million (the "**2019 ATM Offering**"). The 2019 ATM Offering was made by way of a prospectus supplement dated August 7, 2019. Sales of Common Shares were made through "at-the-market distributions" as defined in NI 44-102, including sales made directly on the NYSE, or any other recognized marketplace upon which the Common Shares are listed or quoted or where the Common Shares are traded in the United States. All sales of Common Shares made under the 2019 Sales Agreement were made by means of ordinary brokers' transactions on the NYSE at market prices. No offers or sales of Common Shares were made in Canada on the TSX or other trading markets in Canada. The Company completed distributions under the 2019 ATM Offering on February 24, 2020.

The La Parrilla operation was placed on temporary suspension on September 2, 2019.

Dr. David Shaw retired from the Board of Directors effective December 31, 2019.

2020

The Board of Directors appointed Dr. Nicole Adshead-Bell as a Director of the Company effective January 1, 2020.

On January 21, 2020, the Company announced that the Del Toro operations were being temporarily suspended in 2020 in order to improve the Company's cash flow and profit margins while focusing on an expanded drill program in the area.

On February 3, 2020, the Company appointed Mr. Steven Holmes as Chief Operating Officer.

In March 2020, the Company sold its Plomosas Silver Project to GR Silver for total consideration of $1.7 million, consisting of 17,097,500 common shares of GR Silver with a fair value of $1.7 million on the measurement date, C$100,000 in cash and a 2% net smelter return royalty on the Plomosas project with half of the NSR being subject to a buy-back option for C$1,000,000.

On April 3, 2020, the Company announced the temporary suspension of operations at San Dimas, Santa Elena and La Encantada in accordance with the Mexican Ministry of Health's Federal Decree to mitigate the spread of COVID-19.

On April 14, 2020, the Company announced total production in the first quarter of 2020 reached 6.2 million silver equivalent ounces consisting of 3.2 million ounces of silver and 32,202 ounces of gold. The Company further confirmed that it had withdrawn its 2020 production and costs guidance as a result of the Mexican Ministry of Health Federal Decree to temporarily suspend all mining operations.

On May 13, 2020, the Mexican government officially confirmed that mining was deemed essential and which enabled the company to apply to restart operations on May 18, 2020. On May 23, 2020, the Mexican government authorized the Company to restart its mining operations. As a result, the Company initiated restart procedures at San Dimas, Santa Elena and La Encantada, while maintaining strict sanitary controls and supporting the local communities. Each of San Dimas, Santa Elena and La Encantada have since resumed normal operations. Worker availability at the Company's mine sites has at times been limited but has been gradually improving and is being mitigated by increasing the use of temporary workers and contractors to replace vulnerable workers (as defined by the Mexican Ministry of Health). The Company has responded to the threat of COVID-19 through implementation of the following measures:

- implemented preventative control measures including social distancing, personal protective equipment protocols, remote working, cancellation of any non-essential visits to the mines, comprehensive sanitation measures for the workplace and Company transportation, and pre-screening for virus symptoms;
- construction of a temporary camp at Santa Elena which can accommodate up to 310 workers;
- managing supply chain risk and disruption by maintaining constant communication with major suppliers and contractors and increasing supplies inventory levels at all units;
- supporting local communities by sponsoring health professionals, medical equipment, personal protective equipment, medicine and health supplements;

- deferring a substantial amount of discretionary capital expenditures into 2021 to maintain a strong balance sheet;
- proactively engaging with local communities and other stakeholders to reduce the risk of COVID-19 from entering the Company's host communities;
- implementing programs within the Company's areas of influence to increase awareness of the COVID-19 virus, promote good hygiene and responsible social interactions to prevent and/or contain the spread of the COVID-19 virus;
- implementing rapid (antibody) testing at its mine sites to screen potential positive COVID-19 cases and to conduct contact tracing;
- working to establish PCR testing (also known as polymerase chain reaction testing) capacity, either directly or through third party providers, at its mine sites; and
- granting paid leave to vulnerable workers (as defined by the Mexican Ministry of Health).

On May 13, 2020, as discussed below under " *Risk Factors - Challenges to Advance Pricing Agreement* ", the Company announced that it had taken steps to serve the Government of México with a Notice of Intent to Submit a Claim (the "**NAFTA Notice**") under the provisions of Chapter 11 of the North American Free Trade Agreement ("**NAFTA**") with respect to the Advance Pricing Agreement (the " **APA**") negotiated and finalized between the Mexican Taxation Authority, Servicio de Administracion Tributaria (the " **SAT**") and Primero Empresa Minera, S.A. de C.V. (" **PEM**"), the Company's Mexican subsidiary that owns and operates the San Dimas mine. The service of the NAFTA Notice by the Company on the Government of México initiated a 90-day process for the Government of México to enter into good faith and amicable negotiations with the Company to resolve the current dispute between the Company and the Government of México. On August 11, 2020, this 90-day process expired without any resolution of the dispute. On September 23, 2020, the Federal Court on Administrative Matters (the "**Federal Court**") issued a decision nullifying the APA and directing the tax authority to re-examine the evidence and basis for the issuance of the APA. On November 12, 2020, the Company announced that it had received the written reasons for the Federal Court's decision. In its decision, the Federal Court directed SAT to re-examine the evidence and basis for the issuance of the APA with retroactive effect, for the following key reasons: (i) the SAT's errors in analyzing PEM's request for the APA and the evidence provided in support of the request; and (ii) the SAT's failure to request from PEM certain additional information before issuing the APA. The SAT has not yet issued a new ruling. On November 30, 2020, the Company filed an appeal of the Federal Court's decision with the Circuit Courts. The Company intends to continue to challenge the actions of the SAT in Mexican courts, however due to the ongoing COVID-19 crisis, the Mexican courts are currently available only on a restricted basis for further hearings on these matters. On March 2, 2021, the Company announced that it has submitted a Request for Arbitration to the International Centre for Settlement of Investment Disputes ("**ICSID**"), on its own behalf and on behalf of PEM, based on Chapter 11 of the North American Free Trade Agreement ("**NAFTA**").

The Company has been in negotiations with the SAT with respect to the APA since its acquisition of PEM in May 2018. The SAT has repeatedly and unilaterally rejected requests for dispute resolution procedures, known as mutual agreement procedures, contained in three separate double taxation treaties to which México is party with Canada, Barbados and Luxembourg. The SAT has taken actions which the Company considers to be contrary to law to secure amounts it claims are owed pursuant to its reassessments of PEM issued in violation of the terms of the APA. These notifications impose certain restrictions on PEM's ability to deal with its assets until this matter is resolved. The Company intends to continue to challenge the actions of the SAT in Mexican courts, however due to the ongoing COVID-19 crisis, the Mexican courts are currently available only on a restricted basis for further hearings on these matters and the outcome of such measures are uncertain.

The Company entered into an equity distribution agreement dated June 9, 2020, (the " **2020 Sales Agreement**") with BMO Capital and TD Securities (USA) LLC pursuant to which the Company sold an aggregate of 4,350,000 Common Shares for aggregate gross proceeds to the Company of $55.5 million (the "**2020 ATM Offering** "). The 2020 ATM Offering was made by way of a prospectus supplement dated June 9, 2020. Sales of Common Shares were made through "at-the-market distributions" as defined in NI 44-102, including sales made directly on the NYSE, or any other recognized marketplace upon which the Common Shares are listed or quoted or where the Common Shares are traded in the United States. All sales of Common Shares made under the 2020 Sales Agreement were made by means of ordinary brokers' transactions on the NYSE at market prices. No offers or sales of Common Shares were made in Canada on the TSX or other trading markets in Canada. The Company completed distributions under the 2020 ATM Offering on September 2, 2020.

On June 9, 2020, Ana Lopez was elected as a director of the Company at the Company's Annual General Meeting of shareholders.

On June 11, 2020, the Company entered into a silver purchase agreement (the " **Springpole Stream Agreement**") with Gold Canyon Resources Inc., a wholly-owned subsidiary of First Mining Gold Corp. ("**First Mining**"), a company listed on the Toronto Stock Exchange, pursuant to which the Company acquired a stream on 50% of payable silver produced from First Mining's Springpole Gold Project ("**Springpole**") located in Ontario, Canada. The Company is required to pay First Mining total consideration of $22.5 million in cash and shares, over three payments, for the silver stream which covers the life of Springpole. Upon completion and public announcement by First Mining of the results of a pre-feasibility study for Springpole, the Company is required to pay an additional $7.5 million to First Mining, consisting of $3.75 million in cash and $3.75 million in common shares of the Company. The third and final payment of $5 million (consisting of $2.5 million in cash and $2.5 million in common shares of the Company) will be due upon receipt by First Mining of a federal or provincial environmental assessment approval for Springpole. The Company made its initial payment of $10.0 million in the third quarter by paying $2.5 million in cash and by issuing 805,698 common shares to First Mining. In January 2021, the Company completed its second payment of $7.5 million to First Mining by paying $3.75 million in cash and issuing 287,300 Common Shares.

In addition, the Company will make ongoing cash payments of 33% of the silver spot price per ounce, to a maximum of $7.50 per ounce, for all payable silver delivered under the Springpole Stream Agreement. In connection with the Springpole Stream Agreement First Mining granted the Company 30,000,000 common share purchase warrants, each of which will entitle the Company to purchase one common share of First Mining at C$0.40 over a period of five years. Raymond Polman (the Chief Financial Officer of the Company) and Keith Neumeyer (the Chief Executive Officer and a director of the Company) are directors of First Mining and abstained from voting on all matters related to the Springpole Stream Agreement.

In August 2020, First Majestic entered into a five-year option agreement with Silver Dollar Resources Inc. (" **Silver Dollar**") which gives Silver Dollar the option to earn an initial 80% interest in the Company's La Joya Silver Project, following the exercise of which it may earn an additional 20% interest for an aggregate 100% interest within five years of executing the option agreement.

- To exercise its first option to acquire an 80% interest in the La Joya project, Silver Dollar will pay the Company C$1.3 million in cash over four years, issue shares equal to 19.9% of Silver Dollar's then-outstanding common shares within one year, incur C$1.0 million of exploration expenditures within the first five years, and grant First Majestic a 2% net smelter returns royalty. If Silver Dollar incurs the exploration expenditures within the first three years; the remaining cash payments to First Majestic will be reduced by C$600,000.
- Silver Dollar may exercise its second option and acquire the remaining 20% (for an aggregate 100% interest) of the La Joya project by providing notice to First Majestic within 30 days of earning the first 80% interest and issuing to First Majestic additional shares equal to 5% of Silver Dollar's then-outstanding common shares.
- During the third quarter of 2020, the Company received C$0.3 million in cash and 19.9% of Silver Dollar's outstanding common shares or 5,146,401 common shares with a fair value of $6.9 million from Silver Dollar.

On September 17, 2020, the Company completed the issuance of 5,000,000 Common Shares at a price of C$15.60 per Common Share to 2176423 Ontario Ltd., a company controlled by Eric Sprott, for gross proceeds of C$78,000,000 (the "**Offering**"). The Offering was completed on a bought deal basis pursuant to an underwriting agreement dated September 14, 2020 entered into by the Company and Cormark Securities Inc., as underwriter. The Offering was made pursuant to a prospectus supplement under the Prior Base Shelf Prospectus.

On November 30, 2020, Dr. Nicole Adshead-Bell resigned as a director of the Company.

On December 7, 2020, the Company announced that its Board of Directors had adopted a dividend policy for the Company under which the Company intends to pay quarterly dividends of 1% of the Company's net revenues commencing after the completion of the first quarter of 2021. Payment of the dividends under the dividend policy will be subject to the discretion of the Board of Directors. The initial quarterly dividend for the first quarter of 2021 is expected to be paid in May. The Company will review the dividend policy on an ongoing basis and may amend the policy at any time in light of the Company's then current financial position, profitability, cash flow, debt covenant compliance, legal requirements and other factors considered relevant.

On December 14, 2020, the Company filed a preliminary short form base shelf prospectus with the securities regulators in each province of Canada, except for the Province of Quebec, and a corresponding shelf registration statement on Form F-10 with the SEC with respect to offerings of Common Shares, subscription receipts, units, warrants or any combination thereof of up to $300 million during the 25-month period from the date of issuance of a final receipt. The specific terms of any offering of securities, including the use of proceeds from any offering, will be set forth in a shelf prospectus supplement, such as the supplements filed on December 27, 2018 and August 7, 2019 discussed before. As of the date hereof the Company has not yet filed or obtained a receipt for a final base shelf prospectus.

2021 to date

On January 20, 2021, the Company announced that total production in the fourth quarter of 2020 reached 5.5 million silver equivalent ounces consisting of 3.5 million ounces of silver and 26,343 ounces of gold. At the end of the fourth quarter, 25 exploration drill rigs were active across the Company's mines and projects consisting of 12 rigs at San Dimas, seven rigs at Santa Elena, four rigs at La Encantada and two rigs at La Parrilla.

The Company's share repurchase program (the **"Share Repurchase Program"**) which initially commenced in March 2013, was renewed for a seventh time in March 2021. Pursuant to the renewed Share Repurchase Program, the Company is authorized to repurchase up to 10,000,000 Common Shares of the Company during the period from March 22, 2021 until March 21, 2022, which represents approximately 4.5% of the 222,681,131 issued and outstanding shares of the Company as of March 8, 2021.

Mr. Thomas Fudge was appointed as a Director of the Company effective February 17, 2021.

On March 11, 2021, the Company entered into a share purchase agreement (the "**Jerritt Canyon Acquisition Agreement**") with Sprott Mining Inc. (the "**Vendor**"), a company controlled by Eric Sprott, pursuant to which (i) the Company agreed to purchase all of the issued and outstanding shares of Jerritt Canyon Canada Ltd. ("**Jerritt Canyon**") in exchange for 26,719,727 Common Shares (the "**Consideration Shares**") (representing $470 million in consideration at a deemed price per share of $17.59), subject to adjustment in certain circumstances as further described below, and five million common share purchase warrants, each exercisable for one Common Share at a price of $20 per share for a period of five years; and (ii) Eric Sprott agreed to complete a private placement concurrent with closing of the acquisition, consisting of $30 million Common Shares (the "**Private Placement Shares**") at a price of $17.59 per share (together, the "**Jerritt Canyon Acquisition**"). The issue price of the Consideration Shares and Private Placement Shares was calculated based on the NYSE trailing 20-day VWAP of the Common Shares as of March 11, 2021. Upon completion of the Jerritt Canyon Acquisition Jerritt Canyon will become a wholly owned subsidiary of the Company and the Vendor, together with its affiliates, will hold approximately 13.1% of the issued and outstanding common shares of the Company. A copy of the Jerritt Canyon Acquisition Agreement has been filed under the Company's profile on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Pursuant to the Jerritt Canyon Acquisition Agreement, the Company agreed to deposit into escrow at closing, the Canadian dollar equivalent of $30 million and the proceeds of the Concurrent Placement (together, the "**Escrowed Funds**"), for an aggregate of $60 million, representing the estimated tax due by Jerritt Canyon as a result of a reorganization to be completed prior to the acquisition of Jerritt Canyon. In effect, the purchase price will be reduced by the amount by which such tax liability exceeds $60 million and increased by the amount by which such tax liability is less than $60 million. In addition, the purchase price will be adjusted by the amount, if any, by which the closing working capital of Jerritt Canyon is greater or less than zero. Any resulting net increase in the purchase price shall be paid to the Vendor from the Escrowed Funds and any resulting net decrease in the purchase price shall be paid to the Company in cash.

The Consideration Shares and Private Placement Shares will be subject to a statutory hold period of four months and a day from the date of closing. In addition, for so long as it holds in excess of 5% of the issued and outstanding Common Shares (on a non-diluted basis) the Vendor has agreed not to assign, deal in, sell, trade or transfer any Common Shares other than through the facilities of an exchange and not more than that number of Common Shares that is greater than 20% of the average daily trading volume of the Common Shares, on either the TSX or NYSE (or such other stock exchange the Common Shares are then listed), for the five preceding trading-days without the prior written approval of the Company.

The Jerritt Canyon Acquisition Agreement contains representations and warranties from both parties customary for transactions of this nature. Closing is subject to the satisfaction of certain conditions including that the representations and warranties of each of the Vendor and the Company shall be true and correct in all respects except where the failure of such representations and warranties to be true and correct do not constitute in aggregate a material adverse change (disregarding any materiality qualification); each party shall have performed, in all material respects, all covenants, conditions and agreements required to be performed or complied with prior to closing; there will have been no material adverse change in the affairs of either Jerritt Canyon of the Company, the approval of the TSX and NYSE and applicable third parties shall have been received, the Vendor shall have delivered a title opinion with respect to unpatented mining claims and title insurance in respect of owned and leased real property, the waiting period under The Hart-Scott-Rodino Antitrust Improvements Act of 1976 shall have expired without further requests and the Vendor shall have completed a pre-closing reorganization as contemplated by the Jerritt Canyon Acquisition Agreement.

The Jerritt Canyon Acquisition Agreement may be terminated (i) upon the mutual consent of the parties, (ii) by either party, if the other is in material breach of any provision of the Jerritt Canyon Acquisition Agreement or there shall occur any material inaccuracy in any of the representations and warranties of that other party (subject to a 15 day cure period), (iii) by either party if the conditions to closing shall not be satisfied by prior to June 9, 2021 (and such failure is not due to the failure of the terminating party to comply with the Jerritt Canyon Acquisition Agreement); (iv) by either party if any law that makes consummation of the acquisition illegal shall be enacted or any governmental authority shall have issued an order restraining or enjoining the transaction or (v) by the Company if all or substantially all of the assets used in the business are destroyed or damaged.

If the Jerritt Canyon Acquisition Agreement is terminated pursuant to either items (ii) or (iii) above then the party in default is required to pay a termination fee of US$2 million in cash.

The Jerritt Canyon Acquisition is expected to close by April 30, 2021, subject to satisfaction or waiver of all applicable closing conditions.

A copy of the Jerritt Canyon Acquisition Agreement has been filed under the Company's profile on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Jerritt Canyon, indirectly, owns and operates the Jerritt Canyon Mine, in Elko County Nevada. The Jerritt Canyon Mine was discovered in 1972, has been in production since 1981 and has produced over 9.5 million ounces of gold over its 40-year production history. The mine currently operates as an underground mine and has one of three permitted gold processing plants in Nevada that uses roasting in its treatment of ore. This processing plant has a capacity of 4,500 tonnes per day ("tpd") and is currently operating at an average rate of approximately 2,200 tpd due to limited ore production from two underground mines. The Jerritt Canyon property also consists of a large, underexplored land package consisting of 30,821 hectares (119 square miles). In 2020, Jerritt Canyon produced 112,749 ounces of gold at a cash cost of US$1,289 per ounce.

Mr. Jean des Rivières was appointed as a Director of the Company effective March 31, 2021.

Principal Markets for Silver

Silver is a precious metal that is a very important industrial commodity with growing uses in several technologies and is also desirable for jewellery and for investment purposes. Silver has a unique combination of characteristics including: durability, malleability, ductility, conductivity, reflectivity and anti-bacterial properties, that make it valuable in numerous industrial applications including solar panels, circuit boards, electrical wiring, semi & superconductors, brazing and soldering, mirror and window coatings, electroplating, chemical catalysts, pharmaceuticals, filtration systems, batteries, televisions, computers, cell phones, household appliances, automobiles and a wide variety of other electronic products.

Silver and gold are global commodities predominantly traded on the London Bullion Market (" **LBM**"), an over-the-counter market and the COMEX, a futures and options exchange in New York where most fund activity in relation to silver is focused. The LBM is the global hub of over-the-counter trading in silver and gold and is the metal's main physical market. Here, a bidding process results in a daily reference price known as the fix. Silver and gold are quoted in US dollars per troy ounce. The Company assigns silver and gold from its doré sales to one of two global banks; whereas, for concentrate sales, metal prices are determined by monthly averages based on contract terms with one of three smelter contracts. Smelter contracts are established with an annual tendering process which fix treatment charges normally to an annual basis. The Company also has streaming obligations for silver and gold from its Santa Elena and San Dimas mines, respectively, which are settled directly with the streaming companies, not through its banking relationships.

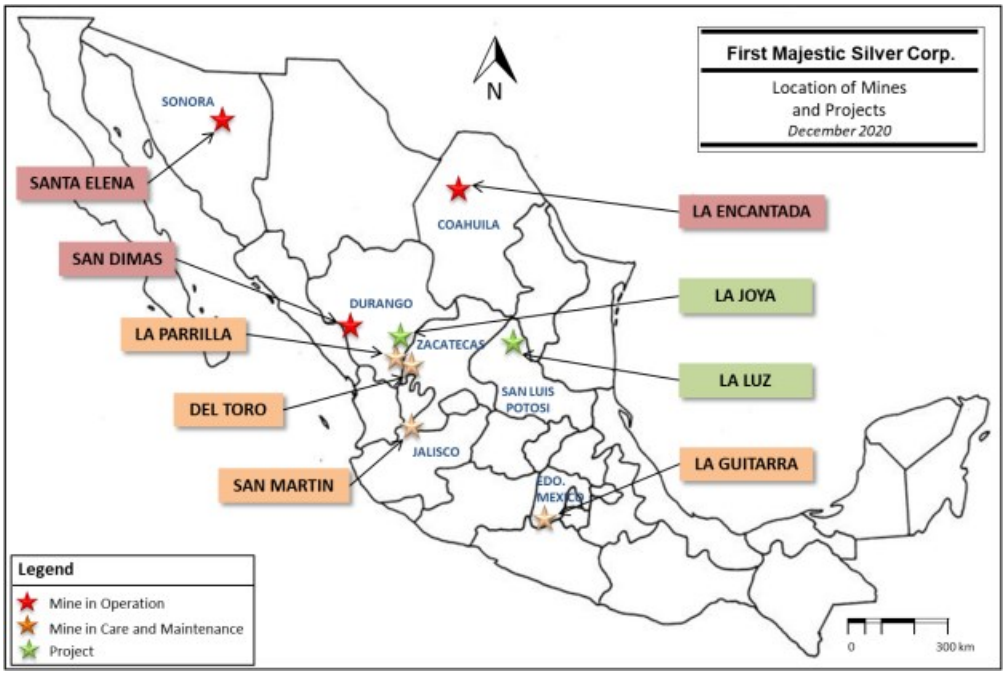
Silver can be supplied as a primary product from mining silver, or as a by-product from the mining of gold or base metals such as lead and zinc. The Company is a primary silver producer with approximately 66% of its revenue in 2020 from the sale of silver.

The Company also maintains an e-commerce website from which it sells a small portion (less than 2%) of its silver production directly to retail buyers (business to consumer) over the internet. See "Product Marketing and Sales".

Mineral Projects

The following properties are material to First Majestic's business: the San Dimas Silver/Gold Mine; the Santa Elena Silver/Gold Mine; and the La Encantada Silver Mine. Production estimates and throughputs for operating mines are quoted as metric tonnes per day ("tpd") related to the tpd capacity of the mine and mill. Production estimates and throughput averages for each mine consider an average of two days of maintenance per month. Annual estimates of production are based on an average of 365 calendar days per year for each of the operating mines, and these mines generally operate 330 days per year even though the throughput rates are based on 365 calendar days average.

The following map indicates the locations of each of the Company's operating mines, care and maintenance mines and other projects in México.



Summary of Mineral Resources and Mineral Reserves

The internal Mineral Resources and Mineral Reserves estimates reported herein represent the most up to date revisions completed by First Majestic. The technical reports from which the following information is derived are set forth under the heading "Technical Reports for Material Properties". Readers are cautioned against relying on such reports and upon the Resource and Reserve estimates therein, as these estimates are based on certain assumptions regarding future events and performance such as: commodity prices, operating costs, taxes, metallurgical performance, and commercial terms. Interpretations and Resource and Reserve estimates are based on limited sampling information. The following three tables set out the Company's Mineral Reserves and Mineral Resources estimated as of December 31, 2020.

In general, the consolidated Mineral Reserves for First Majestic, with an effective date of December 31, 2020, have decreased 38% in terms of tonnage and 16% in terms of silver-equivalent ("**Ag-Eq**") metal content compared to the prior estimate of December 31, 2019. This variation reflects the effect of depletion as normal course of mining at the Company's ongoing operations as well as the re-assessment of the Tailings Deposit No. 4 in La Encantada from Probable Mineral Reserve to Indicated Mineral Resource economic assessment using recent technical and economical data.

TABLE 1
Mineral Reserve estimates for the Material Properties with an Effective Date of December 31, 2020, prepared under the supervision of Ramon Mendoza Reyes, P.Eng.

Mine	Category	Mineral Type	Tonnage	Grades			Metal Content		
			k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
SAN DIMAS									
	Proven (UG)	Sulphides	1,887	368	4.52	822	22,320	274	49,890
	Probable (UG)	Sulphides	2,108	296	3.09	606	20,030	210	41,090
	Total Proven and Probable (UG)	Sulphides	3,995	330	3.77	708	42,350	484	90,980
SANTA ELENA									
	Proven (UG)	Sulphides	826	141	1.62	283	3,760	43	7,510
	Probable (UG)	Sulphides	1,606	118	1.35	236	6,080	70	12,170
	Probable (Pad)	Oxides	509	24	0.56	73	400	9	1,190
	Total Proven and Probable (UG+Pad)	Oxides + Sulphides	2,941	108	1.29	221	10,240	122	20,870
LA ENCANTADA									
	Probable (UG)	Oxides	1,485	201	-	201	9,610	-	9,610
	Total Probable (UG)	Oxides	1,485	201	-	201	9,610	-	9,610
Consolidated FMS									
	Proven (UG)	**All mineral types**	**2,714**	**299**	**3.64**	**658**	**26,080**	**318**	**57,400**
	Probable (UG)	**All mineral types**	**5,708**	**197**	**1.57**	**349**	**36,120**	**289**	**64,060**
	Total Proven and Probable	**All mineral types**	**8,421**	**230**	**2.24**	**449**	**62,200**	**606**	**121,460**

(1) Mineral Reserve estimates have been classified in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.
(2) The Mineral Reserve statement provided in the table above is based on the Technical Reports referred to below which have an effective date of December 31, 2020. The information provided was prepared and reviewed under the supervision of Ramon Mendoza Reyes, PEng, and a Qualified Person ("QP") for the purposes of NI 43-101.
(3) Sample data was collected through a cut-off date of June 30, 2020 for the San Dimas Mineral Resource estimates and December 31, 2020 for all other mines. All properties account for relevant technical information and mining depletion through December 31, 2020.
(4) Silver-equivalent grade (Ag-Eq) is estimated considering metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the selling contract.
(a) The Ag-Eq grade formula used was:
Ag-Eq Grade = Ag Grade + Au Grade * (Au Recovery * Au Payable * Au Price) / (Ag Recovery * Ag Payable * Ag Price).
(b) Metal prices considered for Mineral Reserves estimates were $17.50/oz Ag and $1,700/oz Au for San Dimas; and $20.00/oz Ag and $1,700/oz Au for Santa Elena and La Encantada.
(c) Other key assumptions and parameters include: metallurgical recoveries; metal payable terms; direct mining costs, processing costs, indirect and G&A costs and sustaining costs. These parameters are different for each mine and mining method and are presented in each mine section in the AIF.
(5) A two-step constraining approach was implemented to estimate reserves for each mining method in use. A general cut-off grade was used to delimit new mining areas that will require development of access, infrastructure and all sustaining costs. A second incremental cut-off grade was considered to include adjacent mineralized material which recoverable value pays for all associated costs, including but not limited to the variable cost of mining and processing, indirect costs, treatment, administration costs and plant sustaining costs but excludes the access development assumed to be covered by the block above the general cut-off grade.
The cut-off grades, metallurgical recoveries, payable terms and modifying factors used to convert Mineral Reserves from Mineral Resources are different for all mines and are presented in each mine section in the AIF.
(6) Modifying factors for conversion of resources to reserves include incorporation of planned dilution due to geometrical aspects of the designed stopes and economic zones, and additional dilution considerations due to unplanned events, and materials handling and other operating aspects. Mineable shapes were used as geometric constraints.
(7) Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces. Metal prices and costs are expressed in USD.
(8) Numbers have been rounded as required by reporting guidelines. Totals may not sum due to rounding.
(9) The technical reports from which the above-mentioned information is derived are cited under the heading "Technical Reports for Material Properties" in the AIF.

From December 31, 2019 to December 31, 2020, the Company's consolidated Measured and Indicated Mineral Resources have increased 1% in terms of tonnage and remained unchanged in terms of silver-equivalent metal content as the result of the explorations programs designed to sustain Mineral Resources as well as the conversion of Inferred Resources at Ermitaño to Indicated Resources following the infill exploration program carried out in 2020.

TABLE 2
Measured and Indicated Mineral Resource Estimates with an Effective Date of December 31, 2020, prepared under the supervision of Ramon Mendoza Reyes, P.Eng.

Mine	Category	Mineral Type	Tonnage	Grades					Metal Content				
			k tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Pb (M lb)	Zn (M lb)	Ag-Eq (k Oz)
MATERIAL PROPERTIES													
SAN DIMAS													
	Measured (UG)	Sulphides	2,075	489	6.60	-	-	1,135	32,650	440	-	-	75,750
	Indicated (UG)	Sulphides	2,441	382	3.98	-	-	771	29,950	312	-	-	60,530
	Total Measured and Indicated (UG)	Sulphides	4,516	431	5.18	-	-	939	62,600	753	-	-	136,280
SANTA ELENA													
	Measured Santa Elena (UG)	Sulphides	830	163	1.94	-	-	326	4,350	52	-	-	8,720
	Indicated Santa Elena (UG)	Sulphides	2,277	123	1.47	-	-	247	8,990	107	-	-	18,060
	Indicated Ermitano (UG)	Sulphides	2,452	64	4.25	-	-	458	5,010	335	-	-	36,080
	Indicated (Leach Pad)	Oxides Spent Ore	509	24	0.56	-	-	73	400	9	-	-	1,190
	Total Measured and Indicated (UG+Pad)	All Mineral Types	6,069	96	2.58	-	-	328	18,750	503	-	-	64,050
LA ENCANTADA													
	Indicated Prieta Complex: Ojuelas (UG)	Oxides + Mixed	1,133	189	-	2.31	-	257	6,870	-	57.8	-	9,370
	Indicated Veins Systems (UG)	Oxides	975	286	-	-	-	286	8,970	-	-	-	8,970
	Indicated San Javier Milagros Complex (UG)	Oxides	706	109	-	-	-	109	2,470	-	-	-	2,470
	Indicated Tailings Deposit No. 4	Oxides Tailings	3,210	116	-	-	-	116	12,010	-	-	-	12,010
	Indicated Total (UG + Surface)	All Mineral Types	6,024	156	-	0.44	-	169	30,320	-	57.8	-	32,820
MATERIAL PROPERTIES													
	Total Measured	**All mineral types**	**2,906**	**396**	**5.27**	**-**	**-**	**904**	**37,000**	**492**	**-**	**-**	**84,470**
	Total Indicated	**All mineral types**	**13,703**	**169**	**1.73**	**0.19**	**-**	**337**	**74,670**	**764**	**57.8**	**-**	**148,680**
	Total Measured and Indicated	**All mineral types**	**16,608**	**209**	**2.35**	**0.16**	**-**	**437**	**111,670**	**1,256**	**57.8**	**-**	**233,150**
NON-MATERIAL PROPERTIES													
SAN MARTÍN													
	Measured (UG)	Oxides	70	221	0.40	-	-	255	500	1	-	-	580
	Indicated (UG)	Oxides	958	277	0.53	-	-	321	8,520	16	-	-	9,890
	Total Measured and Indicated (UG)	Oxides	1,028	273	0.52	-	-	317	9,020	17	-	-	10,470
LA PARRILLA													
	Measured (UG)	Sulphides	15	193	-	1.27	1.27	250	90	-	0.4	0.4	120
	Indicated (UG)	Sulphides	1,028	193	0.07	1.78	1.62	277	6,370	2	40.3	36.6	9,160
	Indicated (UG)	Oxides	76	270	0.09	-	-	278	660	0	-	-	680
	Total Measured and Indicated (UG)	Oxides + Sulphides	1,119	198	0.07	1.65	1.50	277	7,120	3	40.7	37.0	9,960
DEL TORO													
	Indicated (UG)	Sulphides	440	193	0.53	3.52	5.75	414	2,720	7	34.2	55.7	5,850
	Indicated (UG)	Oxides + Transition	153	226	0.15	4.97	-	351	1,110	1	16.7	-	1,720
	Total Measured and Indicated (UG)	All Mineral Types	592	201	0.43	3.90	4.27	398	3,830	8	50.9	55.7	7,570
LA GUITARRA													
	Measured (UG)	Sulphides	57	217	1.55	-	-	347	400	3	-	-	640
	Indicated (UG)	Sulphides	644	228	1.19	-	-	328	4,730	25	-	-	6,800
	Total Measured and Indicated (UG)	Sulphides	701	228	1.22	-	-	330	5,130	28	-	-	7,440
NON-MATERIAL PROPERTIES													
	Total Measured	**All mineral types**	**142**	**216**	**0.82**	**0.13**	**0.13**	**291**	**990**	**4**	**0.4**	**0.4**	**1,340**
	Total Indicated	**All mineral types**	**3,298**	**227**	**0.49**	**1.25**	**1.27**	**322**	**24,110**	**52**	**91.1**	**92.4**	**34,100**
	Total Measured and Indicated	**All mineral types**	**3,440**	**227**	**0.50**	**1.21**	**1.22**	**320**	**25,100**	**55**	**91.5**	**92.8**	**35,440**
CONSOLIDATED FMS													
	Total Measured	**All mineral types**	**3,048**	**388**	**5.06**	**0.01**	**0.01**	**875**	**37,990**	**496**	**0.4**	**0.4**	**85,810**
	Total Indicated	**All mineral types**	**17,001**	**181**	**1.49**	**0.40**	**0.25**	**334**	**98,780**	**816**	**148.9**	**92.4**	**182,780**
	Total Measured and Indicated	**All mineral types**	**20,049**	**212**	**2.03**	**0.34**	**0.21**	**417**	**136,770**	**1,311**	**149.3**	**92.8**	**268,590**

1. Mineral Resource estimates have been classified in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into National Instrument NI 43-101.
2. The Mineral Resource estimates provided above have an effective date of December 31, 2020 and were prepared by FMS Internal QPs, who have the appropriate relevant qualifications, and experience in geology and resource estimation. The information provided was compiled by David Rowe, CPG, Internal QP for First Majestic, and reviewed by Ramon Mendoza Reyes, PEng, Internal QP for First Majestic.
3. Sample data was collected through a cut-off date of June 30, 2020 for San Dimas and December 31, 2020 for all other mines. All properties account for relevant technical information and mining depletion through December 31, 2020
4. Metal prices considered for Mineral Resources estimates at San Dimas were $18.50/oz Ag, and $1,750/oz Au. For all other mines the metal prices considered were $22.50/oz Ag, $1,850/oz Au, 0.90/lb Pb and $1.05/lb Zn.
5. Silver-equivalent grade is estimated considering: metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the corresponding contract of each mine. Estimation details are listed in each mine section of the Annual Information Form (AIF).
6. The cut-off grades used to estimate Mineral Resources are different for all mines. The cut-off grades and economic parameters are listed in the applicable section describing each mine section of the AIF.
7. Measured and Indicated Mineral Resource estimates are inclusive of the Mineral Reserve estimates.
8. Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces. Totals may not add up due to rounding.
9. The technical reports from which the above-mentioned information for the material properties is derived are cited under the heading "Current Technical Reports for Material Properties" of the AIF.
10. San Martin, La Parrilla, Del Toro and La Guitarra are currently in temporary suspension of production activities and are considered non-material properties.

Consolidated Inferred Mineral Resource estimates increased by 29% in terms of tonnage and 18% in terms of silver-equivalent metal content as a result of the expansion in the Ermitaño project, the modelling of additional deposits in the La Encantada mine, and the impact of higher metal prices on the economic parameters considered.

TABLE 3
Inferred Mineral Resources with an Effective Date of December 31, 2020
Mineral Resource Statement prepared under the supervision of Ramon Mendoza Reyes, P. Eng.

Mine	Category	Mineral Type	Tonnage	Grades					Metal Content				
			k tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Pb (M lb)	Zn (M lb)	Ag-Eq (k Oz)
MATERIAL PROPERTIES													
SAN DIMAS													
	Inferred Total (UG)	Sulphides	5,501	341	3.63	-	-	696	60,260	642	-	-	123,120
SANTA ELENA													
	Inferred Santa Elena (UG)	Sulphides	1,519	134	1.15	-	-	231	6,540	56	-	-	11,260
	Inferred Ermitaño (UG)	Sulphides	6,022	57	2.69	-	-	307	11,090	522	-	-	59,450
	Inferred Total (UG)	Sulphides	7,541	73	2.38	-	-	292	17,630	578	-	-	70,710
LA ENCANTADA													
	Inferred Prieta Complex: Ojuelas (UG)	Oxides + Mixed	404	123	-	1.35	-	163	1,600	-	12.1	-	2,120
	Inferred Prieta Complex: Other (UG)	Oxides	495	166	-	0.80	-	190	2,650	-	8.7	-	3,020
	Inferred Veins Systems (UG)	Oxides	1,629	231	-	-	-	231	12,090	-	-	-	12,090
	Inferred San Javier Milagros Complex (UG)	Oxides	394	153	-	-	-	153	1,930	-	-	-	1,930
	Inferred Tailings Deposit No. 4	Oxides Tailings	488	117	-	-	-	117	1,830	-	-	-	1,830
	Inferred Total (UG + Surface)	All Mineral Types	3,410	183	-	0.28	-	192	20,100	-	20.8	-	21,000
	Total Inferred Material Properties	**All mineral types**	**16,453**	**185**	**2.31**	**0.06**	**-**	**406**	**97,990**	**1,220**	**20.8**	**-**	**214,830**
NON-MATERIAL PROPERTIES													
SAN MARTÍN													
	Inferred Total (UG)	Oxides	2,533	226	0.36	-	-	256	18,400	29	-	-	20,870
LA PARRILLA													
	Inferred (UG)	Oxides	393	200	0.08	-	-	207	2,530	1	-	-	2,610
	Inferred (UG)	Sulphides	1,028	215	0.09	1.56	1.91	299	7,090	3	35.4	43.3	9,890
	Inferred Total (UG)	All Mineral Types	1,421	211	0.09	1.13	1.38	274	9,620	4	35.4	43.3	12,500
DEL TORO													
	Inferred (UG)	Sulphides	496	185	0.25	3.08	2.73	322	2,950	4	33.7	29.8	5,130
	Inferred (UG)	Oxides + Transition	690	182	0.08	3.74	-	273	4,030	2	56.8	-	6,050
	Inferred Total (UG)	All Mineral Types	1,186	183	0.15	3.46	1.15	293	6,970	6	90.5	30.1	11,180
LA GUITARRA													
	Inferred Total (UG)	Sulphides	1,044	240	0.71	-	-	299	8,040	24	-	-	10,030
	Total Inferred Non-Material Properties	**All mineral types**	**6,184**	**216**	**0.32**	**0.92**	**0.54**	**275**	**43,030**	**63**	**125.9**	**73.4**	**54,580**
	Total Inferred Consolidated FMS	**All mineral types**	**22,636**	**194**	**1.76**	**0.29**	**0.15**	**370**	**141,020**	**1,283**	**146.7**	**73.4**	**269,410**

1. Mineral Resource estimates have been classified in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into National Instrument NI 43-101.
2. The Mineral Resource estimates provided above have an effective date of December 31, 2020 and were prepared by FMS Internal QPs, who have the appropriate relevant qualifications, and experience in geology and resource estimation. The information provided was compiled by David Rowe, CPG, Internal QP for First Majestic, and reviewed by Ramon Mendoza Reyes, PEng, Internal QP for First Majestic.
3. Sample data was collected through a cut-off date of June 30, 2020 for San Dimas and December 31, 2020 for all other mines. All properties account for relevant technical information and mining depletion through December 31, 2020
4. Metal prices considered for Mineral Resources estimates at San Dimas were $18.50/oz Ag, and $1,750/oz Au. For all other mines the metal prices considered were $22.50/oz Ag, $1,850/oz Au, 0.90/lb Pb and $1.05/lb Zn.
5. Silver-equivalent grade is estimated considering: metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the corresponding contract of each mine. Estimation details are listed in each mine section of the Annual Information Form (AIF).
6. The cut-off grades used to estimate Mineral Resources are different for all mines. The cut-off grades and economic parameters are listed in the applicable section describing each mine section of the AIF.
7. Measured and Indicated Mineral Resource estimates are inclusive of the Mineral Reserve estimates.
8. Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces. Totals may not add up due to rounding.
9. The technical reports from which the above-mentioned information for the material properties is derived are cited under the heading "Current Technical Reports for Material Properties" of the AIF.
10. San Martin, La Parrilla, Del Toro and La Guitarra are currently in temporary suspension of production activities and are considered non-material properties.

Technical Reports for Material Properties

Technical reports were prepared in respect of each of the Company's material properties as follows:

1. Technical Report titled "First Majestic Silver Corp., San Dimas Silver/Gold Mine, Durango and Sinaloa States, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with an effective date of December 31, 2020, and prepared by Mr. Ramon Mendoza Reyes, P. Eng., Mr. Joaquin Merino, P.Geo., Ms. Maria Elena Vazquez, P.Geo. and Mr. Persio P. Rosario, P.Eng.;

2. Technical Report titled "First Majestic Silver Corp., Santa Elena Silver/Gold Mine, Sonora, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates", with an effective date of December 31, 2020, and prepared by Mr. Ramon Mendoza Reyes, P. Eng., Mr. Greg Kulla, P. Geo., Mr. Phillip Spurgeon, P.Geo., Ms. Maria Elena Vazquez, P.Geo. and Mr. Persio P. Rosario, P. Eng.; and

3. Technical Report titled "First Majestic Silver Corp., La Encantada Silver Mine, Coahuila, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with an effective date of December 31, 2020, and prepared by Mr. Ramon Mendoza Reyes, P. Eng., Mr. David Rowe, CPG, Ms. Maria Elena Vazquez, P.Geo., Mr. Brian Boutilier, P.Eng., and Mr. Persio P. Rosario, P.Eng.

   (items 1-3 collectively referred to as the " **Technical Reports**")

The following table shows the total tonnage mined from each of the Company's producing properties during 2020, including total ounces of silver and silver equivalent ounces produced from each property and the tonnage mined from delineated Reserves at each property. A portion of the production from each mine came from material other than Reserves, as set out below under the heading "Material Mined from Areas Not in Reserves".

TABLE 4
First Majestic 2020 Production

	Units	SAN DIMAS	SANTA ELENA	LA ENCANTADA	TOTAL
Ore Processed	Tonnes	713,064	640,276	860,613	**2,213,953**
Material from Reserves Mined and Processed	Tonnes	605,561	608,548	624,169	**1,838,279**
Material Mined from Areas Not In Reserves	Tonnes	107,503	31,728	236,444	**375,674**
Silver Produced	Ounces	6,399,667	1,692,761	3,505,953	**11,598,380**
Silver-Equivalent Produced from Gold (1)	Ounces	6,270,859	2,488,947	20,823	**8,780,630**
Silver-Equivalent Produced	Ounces	12,670,526	4,181,708	3,526,776	**20,379,010**

(1) Silver-equivalent ounces are estimated considering metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the corresponding contract of each mine. Details as to the method of calculation can be found in the applicable tables in each mine section of the 2020 Annual Information Form.

San Dimas Silver/Gold Mine, Durango and Sinaloa States, México

The following description of the San Dimas Silver/Gold mine (San Dimas mine) has been summarized from the Technical Report titled "First Majestic Silver Corp., San Dimas Silver/Gold Mine, Durango and Sinaloa States, Mexico NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimate" with effective date December 31, 2020 (the "**2020 San Dimas Technical Report** ") and prepared in accordance with NI 43-101. Reference should be made to the full text of the 2020 San Dimas Technical Report which is available for review on SEDAR at www.sedar.com.

Project Description, Location, and Access

The San Dimas mine is an actively producing silver and gold mining complex owned and operated by the Company's wholly owned indirect subsidiary, Primero Empresa Minera, S.A. de C.V. (Primero Empresa). The San Dimas mine is located near the town of Tayoltita on the borders of the States of Durango and Sinaloa, approximately 125 km northeast of Mazatlán, Sinaloa, and 150 km west of the city of Durango, in Durango State, Mexico. The San Dimas mine is centered on latitude 24°06'38"N and longitude 105°55'36"W.

Access to the San Dimas mine is by air or road from the city of Durango. The Company maintains a de Havilland Twin Otter aircraft and a helicopter, both of which are based at Tayoltita. Travel from either Mazatlán or Durango to Tayoltita requires an approximate half hour flight in the Twin Otter aircraft. Most of the personnel and light supplies for the San Dimas mine arrive on regular Company flights from Durango. Heavy equipment and supplies are brought in by road from Durango. By road the trip requires approximately 6-7 hours. The mine is accessible and operates year-round.

The San Dimas mine consists of 119 individual concessions covering 71,839 ha. In 2013, the Mexican Federal government introduced a mining royalty, effective January 1, 2014, based on 7.5% of taxable earnings before interest and depreciation. In addition, precious metal mining companies must pay a 0.5% royalty on revenues from gold, silver, and platinum. There is no other royalty to be paid on the San Dimas mining concessions.

First Majestic is party to a purchase (streaming) agreement with Wheaton Precious Metals which entitles Wheaton Precious Metals to receive 25% of the gold equivalent production from the San Dimas mine converted at a fixed exchange ratio of silver to gold at 70 to 1 in exchange for ongoing payments equal to the lesser of $606 (subject to a 1% annual inflation adjustment) and the prevailing market price, for each gold equivalent ounce delivered under the agreement. The exchange ratio includes a provision to adjust the gold to silver ratio if the average gold to silver ratio moves above or below 90:1 or 50:1, respectively, for a period of six months.

First Majestic (and its predecessor companies) secured surface rights by either acquisition of private and public land or by entering into temporary occupation agreements with surrounding Ejido communities. The surface right agreements in place with the communities provide for use of surface land for exploration activities and mine-related ventilation infrastructure. Current agreements cover the operation for the LOM plan presented in the Report.

San Dimas holds the necessary permits to operate, including the Environmental License, water rights concessions, federal land occupation concessions, among others.

History

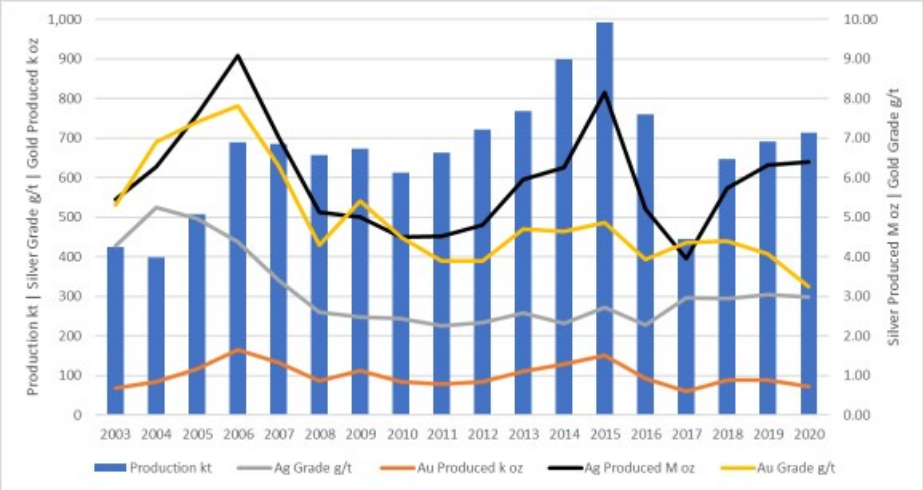
The San Dimas mine area contains a series of epithermal gold silver veins that have been mined intermittently since 1757. Modern mining began in the 1880s and has continued under numerous different owners to the present.

In 1961, Minas de San Luis, a company owned by Mexican interests, acquired 51% of the San Dimas group of properties and assumed operations of the mine. In 1978, the remaining 49% interest in the mine was obtained by Luismin S.A. de C.V (Luismin). In 2002, Wheaton River Minerals Ltd. (Wheaton River) acquired the property from Luismin and in 2005 Wheaton River merged with Goldcorp Inc. (Goldcorp). Under its prior name Mala Noche Inc., Primero Mining Corp. (Primero) acquired the San Dimas mine from subsidiaries of Goldcorp in August 2010. In May 2018, First Majestic acquired 100% interest in the San Dimas mine through acquisition of Primero.

Historical production through December 2020 from the San Dimas district is estimated at more than 748 Moz of silver and more than 11 Moz of gold, placing the district third in Mexico for precious metal production after Pachuca and Guanajuato. The majority of this production is prior to First Majestic's acquisition of the property in 2018. The average production rate by First Majestic during 2019-2020 at the San Dimas Mine was 1,975 tpd.

Historical production from 2003 to 2020 for the San Dimas mine is shown in Figure 2.

Figure 2: San Dimas Production from 2003 to 2020



Geological Setting, Mineralization and Deposit Types

The San Dimas mining district is in the central part of the Sierra Madre Occidental (SMO), near the Sinaloa-Durango state border. The SMO consists of Late Cretaceous to early Miocene igneous rocks including two major volcanic successions, the Lower Volcanic Complex (LVC) and Upper Volcanic Group (UVG), totalling approximately 3,500 m in thickness. The LVC consists of predominantly intermediate volcanic and intrusive rocks formed between 100 Ma and 50 Ma. The UVG volcanism consists of primarily of silicic ignimbrites formed between 35 Ma and 29 Ma and 24 Ma and 20 Ma. The LVC and UVG volcanic rocks are intruded by intermediate rocks and a felsic rocks and basic dikes.

Major north-northwest-trending normal faults with opposite vergence divide the San Dimas district into five fault-bounded blocks that are tilted to the east-northeast or west-northwest. Three deformational events are related to the development of the major faults and structures that host veins and dikes. A late Eocene event produced tension gashes with an east-west to northeast orientation that host the first hydrothermal vein systems. An early Oligocene event produced north-south-trending right-lateral strike-slip that are related to the development of a second set of hydrothermal veins. A late Oligocene-Miocene event produced the tilted fault blocks that affected the entire district and exposed the silver and gold mineralization prior to the deposition of a ~24Ma ignimbrite package. Veins within these tilted fault blocks generally trend east-northeast, within a corridor approximately 10 km wide. The veins are often truncated by the north-northwest-trending major faults, separating the original veins into segments. The veins have been followed underground from a few metres in strike-length to more than 1,500 m. A total of 118 silver and gold mineralized quartz veins have been recognized in the San Dimas Concessions Group, which represents 38% of the total property area. All Mineral Resources reported for San Dimas are hosted in the deposits that have been found in the San Dimas Concessions Group.

Three major stages of mineralization have been recognized in the district: an early stage; an ore forming stage; and a late quartz forming stage. The minerals characteristic of the ore-forming stage consists of white, to light grey, medium to coarse grained crystalline quartz with intergrowths of base metal sulphides (sphalerite, chalcopyrite and galena) as well as pyrite, argentite, polybasite, stromeyerite, native silver and electrum. The veins are formed by filling fractures and typical textures observed include crustiform, comb structure, colloform banding and brecciation.

The vein-hosted mineral deposits within the San Dimas district are considered to be examples of silver- and gold-bearing epithermal quartz veins that formed in a low-sulphidation setting. Vein systems can be laterally extensive, but the associated ore shoots have relatively restricted vertical extent. High-grade ores are commonly form within dilational faults zones near flexures and fault splays. Textures typical of low-sulphidation quartz vein deposits include open-space filling, symmetrical and other layering, crustification, comb structure, colloform banding and complex brecciation.

Exploration

The San Dimas district has been the subject of modern exploration and mine development activities since the early 1970s, and a considerable information database has been developed from both exploration and mining activities. Exploration uses information from surface and underground mapping, sampling, and drilling together with extensive underground mine tunneling to help identify targets. Other exploration activities include prospecting, geochemical surface sampling, geophysical and remote sensing surveys.

Most of the exploration activities carried out in the San Dimas mine area, centered around the Piaxtla River where exposures of silver-gold veins were found. Outside of this area, the Lechuguilla and Ventana Concessions Group areas were explored to some extent during 2008 and 2015-16. The remainder of the concessions have had limited or no exploration as they are covered by thick piles of post-mineral ignimbrites.

The most important exploration strategy at San Dimas has been underground mine tunnelling. Tunnelling consists of advancing mine development to the north at the preferred elevation to intersect quartz veins mapped at surface. This method discovered veins with no surface exposure, such as the Jessica vein, which currently is a major contributor to silver and gold production. This exploration strategy has successfully been used by all companies after Luismin, resulting in more than 500 km of underground mine development.

The San Dimas exploration potential remains open in all the mine zones. As the mine was developed to the north, new veins were found. South of the Piaxtla River, the El Cristo area has potential for new quartz vein discoveries. The West Block is currently being explored by tunnelling. Opportunities to intercept the projection of fault-offset quartz veins from the Graben Block are considered good.

Drilling

Since 1975 the exploration drilling strategy has focused on diamond drilling perpendicular to the preferred vein orientation within the mine zones. Drilling is predominantly done from underground stations, as the rugged topography and the great drilling distance from surface locations to the targets makes surface drilling challenging and expensive. Over 1,059,000 m of core drilling has been completed since 2000, and from 2018 through December 2020, more than 230,600 m of drilling was completed.

Sampling, Analysis and Data Verification

Diamond drill core is delivered to the core logging facility where San Dimas geologists select and mark sample intervals according to lithological contacts, mineralization, alteration, and structural features. Sample intervals range from 0.25-1.20 m in length within mineralized structures to 0.5-1.20 m in length when sampling waste rock. Drill core intervals selected for sampling are cut in half using a diamond saw. Softer rocks are split using a hydraulic guillotine splitter. One half of the core is retained in the core box for further inspection and the other half is placed in a sample bag. For smaller diameter delineation drill core, the entire core is sampled for analysis. The sample number is printed with a marker on the core box beside the sampled interval, and a sample tag is inserted into the sample bag. Sample bags are tied with string and placed in rice bags for shipping.

Underground mine production channel samples are used to support mineral resource estimation at San Dimas. Channel sampling for resource estimation is supervised by San Dimas geologists and undertaken using a hammer and chisel. Sample lengths range from 0.20-1.20 m. The samples are taken as a rough channel along a marked line, with an emphasis on representative volume sampling and respecting vein/wall contacts and textural or mineralogical features. The sample is collected on the tarpaulin, broken with a hammer, and quartered and homogenized to obtain a 3 kg sample. The sample is bagged and labelled with sample number and location details. Sketches and photographs are recorded of the face sampled, showing the samples' physical location from surveying and the measured width of each sample. Since 2011, all channel samples are dispatched to the San Dimas Laboratory.

Specific gravity (SG) measurements were systematically taken on drill core since October 2012. Since 2016, SG measurements were collected on 10 cm or longer whole core vein samples using the unsealed water immersion method.

Since 2004, four different laboratories have been used for sample preparation and analysis of drill core and channel samples. These include:

- San Dimas mine laboratory (San Dimas Laboratory) which is used for ore control channel samples. San Dimas Laboratory is not certified and not independent of First Majestic,
- SGS laboratory in Durango (SGS) which was used for drill core and channel samples. SGS is certified under ISO 17025 and is independent of First Majestic,
- ALS-Chemex laboratory in Zacatecas (ALS) which is used for check assays. ALS is certified under ISO 17025 and independent of First Majestic,
- First Majestic's Central Laboratory (Central Laboratory) in Durango which is used as the primary laboratory for drill core and checks on channel samples. Central Laboratory is certified under ISO 9001 and is not independent of First Majestic.

At San Dimas Laboratory samples are currently dried at 110°C, crushed to 80% passing 2 mm, split into 250 g subsamples and pulverized to 80% passing 75 µm. At SGS samples were dried at 105°C, crushed 75% passing 2 mm, and split into a 250 g subsample and pulverized to 85% passing 75 µm. At the Central Laboratory samples are dried at 100°C, crushed to 85% passing 2 mm, split into a 250 g subsample, and pulverized to 85% passing 75 µm.

Before 2018 samples submitted to San Dimas Laboratory were analyzed for gold using a 10 g fire assay (FA) with a gravimetric finish. Since 2018, samples submitted to the San Dimas Laboratory are analyzed for gold using a 30 g fire assay atomic absorption spectroscopy method (FA-AAS) and by gravimetric finish if the doré bead is greater than 12 mg. Silver is determined using 30 g FA gravimetric finish (FAGR). Between 2013 and 2018, samples sent to SGS Durango were analyzed for gold by a 30 g FA-AAS method. Samples returning >10 g/t Au were reanalyzed by a 30 g FAGR method. Silver was analyzed by a 2 g, three-acid digestion AAS method. Silver values >300 g/t were analyzed by a 30 g FAGR method. A multi-element suite was analyzed by a 0.25 g, aqua regia digestion inductively coupled plasma (ICP) optical emission spectroscopy (OES) method. Samples submitted to the Central Laboratory are analyzed for gold by a two-acid digestion AAS method. Samples with gold values >10 g/t are reanalyzed by a 30 g, FAGR method. Silver values are determined using a 2 g, three-acid digestion AAS method. Samples with silver values >300 g/t are analyzed by a 30 g FAGR method. All exploration samples are analysed by a two-acid multi-element ICP OES method.

There is limited information as to whether a formal quality assurance and quality control (QAQC) program was in place prior to 2013. From 2013 to 2018, the QAQC program for the San Dimas Laboratory samples included insertion of a standard reference material (SRM) and a blank in every batch of 20 samples. From 2013 to 2018, the QAQC program for samples submitted to SGS included insertion of a SRM and a blank in every batch of 20 samples. In 2013, 5% of the coarse reject and pulp duplicates from core samples were randomly selected for analysis at SGS and 5% of pulp checks from core samples were analyzed at ALS. In 2019, Primero Empresa revised the QAQC program to include insertion of three certified reference material (CRM) samples and three blanks in every batch of 50 channel samples analyzed at the San Dimas Laboratory and one CRM and two blanks in every batch of 26 drill core and channel check samples submitted to the Central Laboratory.

Data verification conducted to support the 2020 Mineral Resource Estimate included a review of drill hole and channel sample data collected for several veins (the verification dataset) and included data transcription error checks for assay results, drill hole collar and channel location checks, downhole survey deviation checks, visual inspection of core, and an assessment of accuracy and contamination of primary and check channel samples for silver and gold.

No significant transcription errors or grade accuracy and contamination issues were observed.

Numerous site visits were also completed by the Qualified Persons (QPs) responsible for this technical report. Site visits focused specifically on data verification reviewed current drill core and channel logging and sampling procedures and inspected drill core, core photos, core logs, and QAQC reports. Spot checks were completed by comparing lithology records in the database with archived core. No significant issues were observed.

Mineral Processing and Metallurgical Testing

The San Dimas mine is operating, and the initial test data supporting plant design are superceded by decades of plant performance data. Metallurgical testing, along with mineralogical investigation, is periodically performed. Even when the results are within the expected processing performance, the plant is continually running tests to optimize metal recoveries and operating costs. Composite samples are analyzed monthly to determine the metallurgic behaviour of the mineralized material fed into the processing plant. This metallurgical testing is carried out by the Central Laboratory.

Due to the purity of the San Dimas doré, which exceeds 97% silver and gold, no penalties are applied by the refineries for the presence of other heavy metals.

Mineral Resources and Mineral Reserves

The majority of the Mineral Resource estimates at San Dimas were completed using block modeling techniques. Some of the minor vein resource estimates are still based on two-dimensional polygonal estimation methods, and all polygonal resource estimates were classified as Inferred Mineral Resources.

The Mineral Resource estimates based on block models are constrained by the three-dimensional geological interpretation and modelled domains for vein-hosted mineral deposits. The modelled domains were constructed using information collected by mine geology staff and interpreted by geologists. Information used included underground geological mapping, drill hole logs and drill hole assays, production channel sampling and assays. The interpreted boundaries of the domain models strictly adhered to the contacts of quartz veins with the surrounding country rock to produce reasonable representations of the deposit locations and volumes.

The selected composite sample length varied by domain with the most common composite sample length being 1.0 m. The assay sample intervals were composited within the limits of the domain boundaries and then tagged with the appropriate domain code. Drill hole and channel composite samples were evaluated for high-grade outliers and those outliers were capped to values considered appropriate for each domain.

Mineral Resources were estimated into sub-block models rotated parallel to the resource domain trend. Parent block grades were estimated using inverse distance weighting to the second power (ID^2) interpolation. The block estimates were made with multiple passes to limit the influence the channel production samples at longer ranges: Pass 1 was a restrictive short-range pass that used channel and drill hole composite samples, and subsequent less restrictive passes used drill hole samples only. An average bulk density value of 2.6 t/m^3 was used in estimation for all resource domains.

The Mineral Resource estimates were classified into Measured, Indicated, or Inferred categories and considered confidence in the geological interpretation and models, confidence in the continuity of metal grades, and the sample support for the estimation and reliability of the sample data. Blocks were flagged to be considered for the Measured category if the nominal drill hole spacing from the nearest 3 drill holes was <15 m or the blocks were within 15 m of a mined development with production channel samples and geological control. Blocks were flagged to be considered for the Indicated category if the nominal drill hole spacing was <30 m or the blocks were within 30 m of a mined development with production channel samples and geological control. Blocks were flagged to be considered for the Inferred category if the nominal drill hole spacing was <45 m.

Mineral Resources estimated using polygonal methods commenced with an orthogonal polygon being drawn on a vertical longitudinal section with the vein sample intersection centered in the polygon. The shape and size of the polygon depended on the geological interpretation and thickness of the veins. This ranged between 25 m x 25 m for veins <1.0 m in thickness to 50 m by 50 m for veins >1.5 m thick.

The polygon volume was estimated by length x height x vein thickness or was estimated using AutoCAD software for more complex shapes. The gold and silver grades for the vein sample interval were assigned to the polygon. In cases where there were multiple intercepts within a polygon, the silver and gold grades were estimated using a length-weighted average. To estimate the contained metal the silver and gold grades were multiplied by the true vein thickness for each of the intercepts within the polygon, and then the resulting numbers were totalled and divided by the sum of the total true thicknesses.

All polygonal estimates are currently assigned to the Inferred category. The remaining Inferred polygonal resource estimates are reduced every year as they are converted to block model estimates or depleted by mining.

The Mineral Resource estimates for San Dimas are summarized in Table 5 and Table 6 using a silver equivalent (Ag-Eq) cut-off grade of 255 g/t. Measured and Indicated Mineral Resources are reported inclusive of Mineral Reserves and have an effective date of December 31, 2020. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 5: San Dimas Measured and Indicated Mineral Resource Estimate (effective date December 31, 2020)

Category / Area	Mineral Type	Tonnage	Grades			Metal Content		
		ktonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Measured Central Block	Sulphides	1,438	526	6.75	1,186	24,310	312	54,830
Measured Sinaloa Graben	Sulphides	449	441	7.51	1,176	6,370	108	16,990
Measured Tayoltita	Sulphides	57	324	3.46	663	590	6	1,210
Measured Other Areas	Sulphides	131	326	3.25	644	1,380	14	2,720
Total Measured	**Sulphides**	**2,075**	**489**	**6.60**	**1,135**	**32,650**	**440**	**75,750**
Indicated Central Block	Sulphides	1,266	393	4.23	807	15,980	172	32,820
Indicated Sinaloa Graben	Sulphides	439	383	3.92	766	5,400	55	10,800
Indicated Tayoltita	Sulphides	176	391	4.49	831	2,210	25	4,700
Indicated Other Areas	Sulphides	561	353	3.31	677	6,360	60	12,210
Total Indicated	**Sulphides**	**2,441**	**382**	**3.98**	**771**	**29,950**	**312**	**60,530**
M+I Central Block	Sulphides	2,703	463	5.57	1,008	40,290	484	87,650
M+I Sinaloa Graben	Sulphides	888	412	5.73	974	11,770	164	27,790
M+I Tayoltita	Sulphides	233	375	4.24	790	2,800	32	5,910
M+I Other Areas	Sulphides	692	348	3.30	671	7,740	73	14,930
Total M+I	**Sulphides**	**4,516**	**431**	**5.18**	**939**	**62,600**	**753**	**136,280**

Table 6: San Dimas Inferred Mineral Resource Estimate (effective date December 31, 2020)

Category	Mineral Type	Tonnage	Grades			Metal Content		
		ktonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Inferred Central Block	Sulphides	1,387	339	4.35	765	15,140	194	34,140
Inferred Sinaloa Graben	Sulphides	423	468	5.56	1,013	6,360	76	13,760
Inferred Tayoltita	Sulphides	2,016	311	3.08	612	20,140	199	39,670
Inferred Other Areas	Sulphides	1,675	346	3.21	660	18,620	173	35,550
Total Inferred	**Sulphides**	**5,501**	**341**	**3.63**	**696**	**60,260**	**642**	**123,120**

1. *Mineral Resource estimates have been classified in accordance with the 2014 CIM Definition Standards.*
2. *The Mineral Resource estimates have an effective date of December 31, 2020.*
3. *Drill hole and production channel sample data collected through a cut-off date of June 30, 2020 were used to produce the estimates.*
4. *The Mineral Resource estimates account for mining depletion through December 31, 2020.*
5. *The information provided was prepared and reviewed by Mizrain Sumoza under the supervision of Joaquín Merino, P.Geo.*
6. *The silver-equivalent (Ag-Eq) grade was estimated considering metal price assumptions, metallurgical recovery, and the metal payable terms.*

   Ag-Eq = Ag Grade + (Au Grade x Au Recovery x Au Payable x Au Price) / (Ag Recovery x Ag Payable x Ag Price).

a. *Metal prices considered for Mineral Resources estimates were $18.50/oz Ag and $1,750/oz Au.*
b. *Metallurgical recovery used was 93.2% for silver and 96.4% for gold.*
c. *Metal payable used was 99.95% for silver and gold.*

7. *The reasonable prospects for eventual economic extraction was tested using a silver-equivalent cut-off grade to constrain resources. The cut-off grade was prepared under the assumption of the operation of a mechanized underground mining method, the treatment of the material in a leaching plant and that silver Dore will be produced and sold to a refinery. Operating mining costs are assumed to be $59/t at a nominal production rate of 1.0 Mt/a. Processing costs are assumed to be $30/t, and indirect and general and administrative costs to be $51/t. The resulting cut-off grade that equals estimated payables with the assumed costs was 255 g/t Ag-Eq.*
8. *Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces.*
9. *Totals may not add up due to rounding.*
10. *Measured and Indicated Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.*

Factors that may materially impact the Mineral Resource estimates include: Mineral Resources reported using polygonal assumptions may have the confidence classification reassigned when the polygons are converted into block models that use best practice estimation methods; changes to the assumptions used to generate the silver-equivalent grade cut-off grade including metal price and exchange rates; changes to interpretations of mineralization geometry and continuity; changes to geotechnical, mining, and metallurgical recovery assumptions; assumptions as to the continued ability to access the site, retain mineral and surface rights titles, maintain environment and other regulatory permits, and maintain the social license to operate.

The Mineral Reserves estimation process consists of converting Mineral Resources into Mineral Reserves by identifying material that exceeds the mining cut-off grades while conforming to specified geometrical constraints determined by the applicable mining method and applying modifying factors such as mining dilution and mining recovery factors. If the Mineral Resources comply with the previous constraints, Measured Resources could be converted to Proven Reserves and Indicated Resources could be converted to Probable Reserves, in some instances Measured Resources could be converted to Probable Reserves if any or more of the modifying factors reduces the confidence of the estimates.

The San Dimas Mineral Reserves are presented in Table 7.

Table 7: San Dimas Mineral Reserves Statement (Effective Date December 31, 2020)

Category / Area	Mineral Type	Tonnage	Grades			Metal Content		
		kt	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Proven Central Block	Sulphides	1,307	418	4.81	902	17,570	202.3	37,900
Proven Sinaloa Graben	Sulphides	386	263	4.50	715	3,260	55.8	8,870
Proven Tayoltita	Sulphides	54	265	3.13	579	460	5.4	1,000
Proven Other Areas	Sulphides	140	228	2.41	470	1,030	10.9	2,120
Total Proven	**Sulphides**	**1,887**	**368**	**4.52**	**822**	**22,320**	**274.4**	**49,890**
Probable Central Block	Sulphides	977	333	3.53	687	10,450	110.9	21,590
Probable Sinaloa Graben	Sulphides	421	256	2.55	512	3,460	34.4	6,930
Probable Tayoltita	Sulphides	196	269	3.19	589	1,690	20.1	3,710
Probable Other Areas	Sulphides	514	268	2.67	536	4,430	44.2	8,860
Total Probable	**Sulphides**	**2,108**	**296**	**3.09**	**606**	**20,030**	**209.6**	**41,090**
P+P Central Block	Sulphides	2,285	381	4.26	810	28,020	313.2	59,490
P+P Sinaloa Graben	Sulphides	806	260	3.48	609	6,720	90.2	15,800
P+P Tayoltita	Sulphides	250	268	3.17	587	2,150	25.5	4,710
P+P Other Areas	Sulphides	654	259	2.62	522	5,460	55.1	10,980
Total P+P	**Sulphides**	**3,995**	**330**	**3.77**	**708**	**42,350**	**484.0**	**90,980**

(1) Mineral Reserves have been classified in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.
(2) The Mineral Reserve statement provided in the table above have an effective date of December 31, 2020 and are based on resource models prepared with drill-hole and production channel sample data collected with a cut-off date of June 30, 2020.
(3) The Mineral Reserve estimates account for mining depletion through December 31, 2020.
The information provided was prepared and reviewed under the supervision of Ramón Mendoza Reyes, PEng, and a Qualified Person ("QP") for the purposes of NI 43-101.
(4) Silver-equivalent grade (Ag-Eq) is estimated considering metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the selling contract.
(a) The Ag-Eq grade formula used was:
*Ag-Eq Grade = Ag Grade + Au Grade * (Au Recovery * Au Payable * Au Price) / (Ag Recovery * Ag Payable * Ag Price).*
(b) Metal prices considered for Mineral Reserves estimates were $17.50/oz Ag and $1,700/oz Au.
(c) Other key assumptions and parameters include: Metallurgical recoveries of 93.2% for silver, 96.4% for gold; metal payable of 99.95% for silver and 99.95% for gold; direct mining costs of $55.28/t for Longhole and $63.09/t for Cut and Fill, processing costs of $31.32/t mill feed, indirect and G&A costs of $49.66/t and sustaining costs of $42.28/t for Longhole and $44.28/t for Cut and Fill.
(5) A two-step constraining approach has been implemented to estimate reserves for each mining method in use: A general cut-off grade was used to delimit new mining areas that will require development of access, infrastructure and all sustaining costs. A second incremental cut-off grade was considered to include adjacent mineralized material which recoverable value pays for all associated costs, including but not limited to the variable cost of mining and processing, indirect costs, treatment, administration costs and plant sustaining costs but excludes the access development assumed to be covered by the block above the general cut-off grade.
(6) Modifying factors for conversion of resources to reserves include consideration for planned dilution due to geometric aspects of the designed stopes and economic zones, and additional dilution consideration due to unplanned events, materials handling and other operating aspects. Mineable shapes were used as geometric constraints.
(7) Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces. Metal prices and costs expressed in USD.
(8) Numbers have been rounded as required by reporting guidelines. Totals may not sum due to rounding.

The Company is not aware of any known mining, metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the mineral reserve estimates, other than discussed herein.

Mining Operations

The San Dimas mine includes five underground gold and silver mining areas: West Block (San Antonio mine), Sinaloa Graben Block (Graben Block), Central Block, Tayoltita Block, and the Arana Hanging-wall Block (Santa Rita mine).

Mining activities are conducted by both First Majestic and contractor personnel. Two mining methods are currently being used at San Dimas:

- Cut-and-fill
- Longhole stoping

Cut-and-fill is carried out by either jumbo or jackleg drills, whereas longhole is carried out with pneumatic and electro-hydraulic drills. Primary access is provided by adits and internal ramps.

Ground conditions throughout most of the San Dimas underground workings are considered good. Bolting is used systematically in the main haulage ramps, drifts, and underground infrastructure. For those sectors that present unfavorable rock quality, shotcrete, mesh and/or steel arches are used.

Groundwater inflow has not been a significant concern in the San Dimas mine area.

Processing and Recovery Operations

The processing plant at San Dimas has been successfully operating for several years and continuously achieves high levels of recoveries for silver and gold. The process is based on cyanide tank leaching and Merrill-Crowe of ground plant-feed to produce silver/gold doré bars. The installed plant capacity is for 3,000 tonnes per day. However, the current throughput levels are around 2,300 tonnes per day. The average feed contains head grades in the order of 300 g/t Ag and 3.6 g/t Au.

The San Dimas processing plant is built as a single train with the crushing area split from the remaining areas and connected through a belt conveyor to transfer the crushed product from the screening underflow to the fine-ore bins. The remaining areas are the following: grinding circuits, leach tanks, CCD tanks, Merrill-Crowe, smelting and tailings filtration and stacking.

Infrastructure, Permitting and Compliance Activities

The infrastructure in San Dimas is fully developed to support current mining and mineral processing activities, with part of its facilities located in the town of Tayoltita.

Most of the personnel and light supplies for the San Dimas mine arrive on First Majestic's regular flights from Mazatlán and Durango. Heavy equipment and main supplies are brought by road from Durango and Mazatlán.

The main infrastructure of San Dimas consists of access roads, the San Dimas mines, crushing and processing facilities known as the Tayoltita mill, the Tayoltita/Cupias tailings facilities, an assays laboratory, offices and staff camp, the Las Truchas hydro-electric generation facilities, a diesel-powered emergency generation plant, a local airport and infrastructure supporting the inhabitants of the Tayoltita townsite including a local clinic, schools and sport facilities.

Electrical power is provided by a combination of First Majestic's own hydroelectric generation system (Las Truchas) and the Federal Power Commission supply system (CFE). First Majestic operates the hydroelectric generation plant, which is interconnected with the CFE power grid, and a series of back-up diesel generators for emergencies.

The source of water for industrial use comes partly from mine dewatering stations but mainly from the recycled filtered-tailings water after it has been treated, the balance is sourced from the Santa Rita well which fills from the Piaxtla River. About 80% of the water required for processing activities is being treated and recycled.

Drinking water is supplied by First Majestic to the town of Tayoltita from an underground thermal spring located at the Santa Rita mine.

San Dimas is an operating mine, as such it holds all major environmental permits and licenses required by the Mexican authorities to carry out mineral extracting activities in the mining complex.

The main environmental permit is the environmental license "Licencia Ambiental Unica" (LAU) under which the mine operates its industrial facilities in accordance with the Mexican environmental protection laws administered by SEMARNAT as the agency in charge of environment and natural resources. The most recent update to the main environmental permit was approved in July 2019.

The San Dimas mine has implemented the First Majestic Environmental Management System, which supports the implementation of environmental policy and is applied to standardize tasks and strengthen a culture focused on minimizing environmental impacts. The EMS is based on the requirements of the international standard ISO 14001:2015 and the requirements to obtain the Certificate of Clean Industry, issued by the Mexican environmental authorities, the Ministry of Environment and Natural Resources (SEMARNAT), through the Federal Attorney for Environmental Protection in Mexico (PROFEPA). The EMS includes an annual compliance program to review all environmental obligations.

In May 2018, the San Dimas mine received the Clean Industry Certification for improvements to its environmental management practices at the mine.

In February 2020, for the tenth consecutive year, the San Dimas mine was awarded the Socially Responsible Company (ESR) designation by the Mexican Center for Philanthropy (CEMEFI).

Capital and Operating Costs

The LOM plan includes estimates for sustaining capital expenditures for the planned mining and processing activities.
Sustaining capital expenditures will mostly be allocated for on-going development in waste, infill drilling, mine equipment rebuilding, equipment overhauls or replacements, plant maintenance and on-going refurbishing, and for tailings management facilities expansion as needed. Table 8 presents the summary of the sustaining and expansionary capital expenditures.

Table 8: San Dimas Mining Capital Costs Summary (Sustaining Capital)

Type	Total	2021	2022	2023	2024	2025
Mine Development	**$ 85.6**	$ 26.6	$ 23.7	$ 18.7	$ 16.6	$ -
Exploration	**$ 27.1**	$ 6.0	$ 6.7	$ 7.1	$ 7.3	$ -
Property, Plant & Equipment	**$ 80.8**	$ 12.9	$ 17.9	$ 27.7	$ 20.0	$ 2.3
Other Sustaining Costs	**$ 4.2**	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 0.1
Total Sustaining Capital Costs	***$ 197.7***	***$ 46.5***	***$ 49.3***	***$ 54.5***	***$ 45.0***	***$ 2.4***
Near Mine Exploration	**$ 22.8**	$ 4.9	$ 5.4	$ 5.7	$ 5.8	$ 0.9
Total Capital Costs	***$ 220.6***	***$ 51.5***	***$ 54.7***	***$ 60.2***	***$ 50.8***	***$ 3.3***

Operating costs for San Dimas have been estimated for the underground mining, processing costs, operation's indirect, and general and administrative costs. First Majestic currently estimates operating costs at an average of $129.70 per tonne of ore processed based on current and projected costs.

Table 9: San Dimas Operating Costs

Type	$ /tonne milled
Mining Cost	**$ 53.5**
Processing Cost	**$ 27.0**
Indirect Costs	**$ 43.4**
Total Production Cost	***$ 123.8***
Selling Costs	**$ 5.9**
Total Cash Cost	***$ 129.7***

Exploration, Development and Production

The following general annual exploration drill programs are executed:

- 70,000 metre near mine underground drill program,
- 25,000 metre brownfield underground drill program,
- 25,000 metre brownfield surface drill programs on two or three prospects.

This amount of drilling is expected to continue on an annual basis while production continues but amounts required are be reviewed annually. In addition, an annual prospect generation program consisting of prospecting, soil and rock geochemical surveys, mapping, or geophysical surveys is conducted.

In 2020 the Company continued operating the Jessica vein, the Victoria vein, the Roberta/Robertita veins among other minor veins. During 2020, 713,064 tonnes of mineralized material were processed with an average grade of 297 g/t Ag and 3.24 g/t Au.

Development continues in the San Dimas mine preparing extraction levels in the upper part of the Jessica vein and developing new extraction areas in the West and the Sinaloa/Graben blocks.

Santa Elena Silver/Gold Mine, Sonora State, México

The following information on the Santa Elena Silver/Gold Mine (Santa Elena mine) is based on a Technical Report prepared in accordance with NI 43-101 and titled "First Majestic Silver Corp. Santa Elena Silver/Gold Mine Sonora, Mexico NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with effective date of December 31, 2020 (the "2020 Santa Elena Technical Report"). Reference should be made to the full text of the 2020 Santa Elena Technical Report which is available for review on SEDAR at www.sedar.com.

Property Description, Location and Access

The Santa Elena mine is an actively producing underground gold and silver mining complex owned and operated by the Company's wholly owned indirect subsidiary, Nusantara de México, S.A. de C.V. ("Nusantara"). The property is in Sonora, México, approximately 150 kilometres northeast of the state capital city of Hermosillo and seven kilometres east of the community of Banámichi. The property is centered on latitude 30°01.3'N and longitude 110°09.5'W.

The Santa Elena mine can be easily accessed year-round by paved highways 90 km east from Hermosillo to Ures, then 50 km north along a paved secondary road to the community of Banámichi, then by a well-maintained gravel road for seven kilometres to the mine site. The Ermitaño project can be accessed by a 10 kilometres gravel road from the Santa Elena mine.

In 2015, First Majestic completed the acquisition of SilverCrest Mines Inc., the then-owner of Nusantara and the Santa Elena mine. In 2017, First Majestic expanded the Santa Elena property by purchasing a royalty-free 100% interest in the El Gachi property from Santacruz Silver Mining Ltd. First Majestic expanded the Santa Elena property again in 2018 by completing the acquisition of a 100% interest in the Ermitaño and Cumobabi properties from Evrim Resource Corp (Evrim). Upon completion of the exercise, Evrim retained a 2% net smelter return (NSR) royalty from the sale of mineral products extracted from the Ermitaño property and retained a 1.5% NSR from the sale of mineral products extracted from the Cumobabi property. In addition, there is an underlying NSR royalty where Mining Royalties Mexico, S.A de C.V. retains a 2% NSR from the sale of mineral products extracted from the Ermitaño and Cumobabi properties. In December 2020, First Majestic completed all option payments and work commitments, and acquired 100% interests in the Los Hernandez property from Pan American Silver Corp. Upon completion of the exercise, Pan American Silver Corp retained a 2.5% NSR from the sale of mineral products derived from the Los Hernandez property. The Santa Elena mine complex currently consists of 32 individual concessions covering 102,172 hectares and four concessions applications in process which cover 72 hectares, for a total of 102,244 hectares.

First Majestic is party to a purchase (streaming) agreement with Sandstorm Gold Ltd. ("Sandstorm"). Sandstorm invested $12 million in May 2009 and an additional $10.0 million in March 2014 which entitles Sandstorm to receive 20% of the gold production from the Santa Elena mine in exchange for ongoing payments equal to the lesser of $464/oz Au (as of December 2020 and subject to a 1% annual inflation adjustment) and the prevailing market price, for each gold ounce delivered under the agreement.

Surface rights in the area of the mining concessions are held both privately and through group ownership either as communal or Ejido lands. First Majestic has agreements in place regarding surface rights with Bienes Comunales de Banámichi, Mr. Francisco Maldonado, Dabafa S.P.R. de R.L., Ejido Banámichi, and the Community of Banámichi. As of December 2020, all obligations were met for these agreements.

Santa Elena holds the necessary permits to operate, such as the Environmental License, water rights concessions, and federal land occupation concessions.

Environmental liabilities for the operation are typical of those that would be expected to be associated with an operating underground precious metals mine, including the future closure and reclamation of mine portals and ventilation infrastructure, access roads, processing facilities, power lines, filtered tailings and all surface infrastructure that supports the operations.

History

London-based Consolidated Goldfields of Mexico Limited owned and operated the Santa Elena mine in the late 19th century and mined from surface and underground until around 1910. There is no indication of any further significant mining or exploration at Santa Elena until Industrias Peñoles S.A de C.V. drilled two or three holes on the property in the 1960s. During the early 1980s, Tungsteno de Baviacora (Tungsteno) owned the property and mined 45,000 tones grading 3.5 g/t Au and 60 g/t Ag from an open cut. Tungsteno periodically surface mined high silica/low fluorine material from Santa Elena.

The property remained under control of Tungsteno until 2009, when SilverCrest Mines Inc. acquired 100% of the Santa Elena property. SilverCrest commenced production from the Santa Elena open pit in October 2010 and by year end 2014 had produced 3.7 Mt at an average grade of 53 g/t Ag and 1.47 g/t Au and in 2015 was producing gold and silver by processing 3,000 tpd of mineralized material from open pit, and underground mining, and reprocessing previously heap-leached material.

First Majestic acquired the Santa Elena property in October 2015 and by year end 2020 has produced 3.1 Mt at 127 g/t Ag and 2.28 g/t Au from underground and has reprocessed 1.3 Mt at 41 g/t Ag and 0.69 g/t Au from the leach pad. The 2010 to 2020 production history is summarized in Table 10.

Table 10. Santa Elena Production History

Year	Tonnes	Ag g/t	Au g/t	Production area
2010	336,000	na	na	open pit
2011	979,461	48	1.95	open pit
2012	1,092,305	47	1.43	open pit
2013	1,081,159	73	1.61	open pit
2014	213,017	68	1.03	leach pad and underground
2015	432,709	151	2.35	underground
2016	570,723	127	2.24	underground
2017	553,504	115	2.43	underground
2018	531,072	123	2.44	underground
2019	542,085	131	2.31	underground
2020	422,451	116	1.84	underground
2015	573,607	46	0.69	leachpad
2016	417,339	45	0.77	leachpad
2017	374,232	42	0.71	leachpad
2018	368,298	35	0.63	leachpad
2019	333,352	37	0.66	leachpad
2020	217,826	34	0.64	leachpad

Geological Setting, Mineralization and Deposit Types

The Santa Elena deposits are hosted in rocks of the Sierra Madre Occidental (SMO), an igneous province that extends from the USA-Mexican border south to Guadalajara, Mexico. The SMO geological province consists of Late Cretaceous to early Miocene volcanic and sedimentary rocks that formed during two main periods of continental magmatic activity. The first period, concurrent with the Laramide orogeny, produced an intermediate intrusive suite and its volcanic counterpart. These rocks, named the Lower Volcanic Complex (LVC), include the Late Cretaceous to Paleocene volcanic succession of the Tarahumara Formation and are intruded by the Sonora batholiths. In the late Eocene, volcanism became dominated by rhyolitic ignimbrites. Extensional basins and associated continental sedimentary deposits formed between 27 Ma and 15 Ma in a north-northwest-trending belt along the western half of the SMO.

Many significant porphyry deposits of the SMO occur in the LVC rocks. Northwest-trending fault zones associated with early Eocene east-west directed extension, appear to control epithermal mineralization in the Sonora region. The Santa Elena Main Vein and the Ermitaño Vein have orientations similar to this extensional trend.

The Santa Elena and the Ermitaño deposits are the most significant zones of gold and silver mineralization currently known within the Santa Elena property.

Drilling at the Santa Elena mine has delineated three primary structures occupied by veins. The Main Vein strikes east, dips approximately 55-45° south and is delineated 1,950 m along strike and 750 m down dip. The Alejandra and America Veins are splay of the Main Vein and strike east to east-southeast and dip steeply to the south. Andesite and granodiorite dykes occur adjacent and sub-parallel to the Main Vein.

Drilling at the Ermitaño project has delineated one primary vein, one secondary vein and several sub-parallel tertiary veins. The Ermitaño Vein strikes east, dips 60° to 80° north, and is delineated 1,800 m along strike and 550 m down dip. The vein is best developed where the structure cuts the older, brittle volcanic rocks.

Silver and gold mineralization is hosted in quartz veins and stockworks displaying typical epithermal textures, including banded, crustiform and vuggy quartz, bladed calcite (pseudomorph to quartz) and hydrothermal breccia. Sulphide abundance is generally low within the veins and are dominantly pyrite and pyrrhotite with minor galena, sphalerite, and chalcopyrite. Gold occurs typically as native gold, electrum, and silver occurs as electrum, minor acanthite, and argentite.

The Santa Elena and Ermitaño deposits are typical of low sulphidation gold and silver epithermal vein-hosted deposits.

Exploration

There have been several surface and airborne exploration surveys and studies completed within the Santa Elena mineral concessions since 2006, including prospecting, mapping, rock and soil geochemical sampling, petrographic and spectrographic studies, magnetic, electromagnetic, and induced polarization surveys. Most of this work has focused on the Santa Elena mine and Ermitaño project areas. The regional satellite and airborne surveys have been useful for developing a conceptual geological framework and local mapping and geochemical soil and rock sampling have been useful for identifying prospective drill targets.

Drilling remains the best and most widely used exploration tool within the Santa Elena property.

Drilling

Between 2006 and year-end 2020, 841 drill holes totalling 174,859 m were drilled at the Santa Elena mine, including 469 core drill holes and 76 reverse circulation (RC) and reverse circulation collared with core drill tail holes (RCDD). Drilling in 2020 has shown that mineralization in the Alejandra and America Veins remains open at depth. Mineralization is narrowing at depth in the Main Vein, and current drilling has limited the potential local down dip extent.

Between 2016 and year-end 2020, 198 core drill holes totalling 69,315 m were drilled at the Ermitaño project, including six metallurgical holes and four geotechnical holes. Drilling in 2020 showed that gold and silver mineralization in the Ermitaño Vein remains open to the east.

Between 2011 and year-end 2020, 144 core drill holes totalling 36,657 m of drilling were completed in 11 regional target areas.

Sampling Analysis and Data Verification

The Santa Elena and Ermitaño Mineral Resource estimates are based on logging and sampling of NQ and HQ diameter core and underground channel samples. The entire length of drill core is photographed and logged for lithology, mineralization, structure, and alteration. Core recovery, rock quality designation (RQD) and specific gravity measurements are also collected. Sampling intervals respect lithology and mineralization boundaries. The core is sawn in half for sampling. Channels are taken within a 20 cm wide swath along the line using a hammer and hand chisel and are collected on a tarpaulin and then bagged.

Sample quality control is monitored using certified reference materials (CRMs), blanks, and quarter-core field duplicates, coarse reject duplicates, and pulp duplicates. Coarse reject and pulp samples are prepared and inserted by the primary laboratory during sample preparation. Pulp duplicates are also periodically submitted to a secondary laboratory to assess between-laboratory bias.

Before 2016, samples were dispatched to ALS in Hermosillo or Chihuahua, Mexico and Bureau Veritas in Hermosillo, Mexico. Since 2016, samples from Ermitaño are dispatched to SGS in Durango or Hermosillo, Mexico. The ALS and SGS laboratories are independent of First Majestic. Samples from the Santa Elena mine underground drill holes are dispatched to First Majestic's Central Laboratory in Jose La Parrilla, Durango, Mexico (Central Laboratory). This laboratory is not independent of First Majestic. Underground channel samples are sent to the Santa Elena Laboratory.

The SGS laboratories conform to the ISO/IEC 17025 standard and most regional facilities have been ISO 9001 certified since 2008. The Central Laboratory received ISO 9001 accreditation in mid-2015 and 2017. The Santa Elena laboratory is not certified or accredited but has been managed by the Central Laboratory since 2015.

At SGS samples are dried crushed and pulverized and then analyzed for 34 elements using aqua regia digestion with an inductively-coupled plasma (ICP) atomic emission spectroscopy finish. Samples are also analyzed for silver by three-acid digestion with an atomic absorption (AA) spectroscopy finish. Samples returning greater than 300 g/t Ag from are reanalyzed for silver by 30 g fire assay with a gravimetric method. Gold is analyzed by a 30 g fire assay with an AA finish and samples returning >10 g/t Au are reanalyzed for gold by a 30 g fire assay with a gravimetric finish.

At the First Majestic Central Laboratory samples are dried crushed and pulverized and then analyzed for 34 elements by two-acid digestion with an ICP finish. All samples are also analyzed for silver by three-acid digestion with AA finish. Samples returning greater than 300 g/t Ag are reanalyzed for silver by a 20 g fire assay with a gravimetric finish. Gold is analyzed by two-acid digestion with an AAS finish. Samples returning >10 g/t Au are reanalyzed for gold by a 20 g fire assay with a gravimetric finish.

At the Santa Elena Laboratory samples are dried crushed and pulverized and then analyzed for silver by a 30 g fire assay gravimetric finish. Gold is analyzed by a 30 g fire assay AA finish. Samples with gold values >10 g/t Au are analyzed by a 30 g fire assay gravimetric method.

Data verification included data entry error checks, visual inspections of important data, and a review of QAQC assay results for data collected between 2012 and June 2020 from the Ermitaño, Alejandra, America, Santa Elena Main, and Tortugas veins (the verification dataset). Several site visits were also completed as part of the data verification process at which time drilling, logging, and sampling procedures were observed and cross sections as, core photos, core logs, and QAQC reports were reviewed. No significant transcription errors or grade accuracy and contamination issues were observed.

Mineral Processing and Metallurgical Testing

Santa Elena is an operating mine and the metallurgical test-work data supporting the initial plant design has been proven and reinforced by plant operating results through the years of operation, combined with more recent metallurgical studies.

Metallurgical testing along with mineralogical investigation is periodically performed, and the plant is continually running tests to optimize metal recoveries and operating costs. Composite samples are analyzed monthly to determine the metallurgic behaviour of the mineralized material fed into the processing plant. The metallurgical testing is carried out by the Central Laboratory.

Testing has also been conducted on Ermitaño project core samples. Bench-scale metallurgical test-work performed in the Central Laboratory for some of the Ermitaño drill core samples support metallurgical recovery assumptions of 85% for silver and 96% for gold. These results were used to assess the reasonable prospects of eventual economic extraction for the Ermitaño mineralized material.

Due to the purity of the Santa Elena doré (>98% silver and gold), no penalties are applied by the refineries for the presence of heavy metals.

Mineral Resources and Mineral Reserves

The block model Mineral Resource estimates for the Santa Elena and Ermitaño deposits are based on the current database of exploration drill holes and production channel samples, the underground level geological mapping, the geological interpretation and model, as well as surface topography and underground mining excavation wireframes. Geostatistical analysis, analysis of semi-variograms, block model resource estimation, and validation of the model blocks were completed.

The drill hole and channel composite samples were evaluated for high-grade outliers and those outliers were capped to values considered appropriate for estimation. Capping of composite sample values was limited to a select few extreme values. Outlier restriction was also used to restrict the influence of high-grade samples.

The dominant gold and silver mineralization trends were identified based on the 3D numeric models for the metal in each domain. To establish the metal grade continuity within the domains, model variograms for composite values were developed along the trends identified, and the nugget values were established from downhole variograms.

Bulk density was derived from SG measurements. Bulk density for the resource domains was either estimated into the block models from the SG data or the mean SG value was assigned.

Block grades were estimated by either inverse distance squared (ID2) or ordinary kriging (OK). The method chosen in each case considered the characteristics of the domain, data spacing, variogram quality, and which method produced the best representation of grade continuity.

All channel samples that were used during construction of the geological models were reviewed. Only those channels that completely cross the mineralized deposit were used during grade estimation.

The grade estimation was completed in two successive passes if channel samples were used. The first pass used all composites, including channel samples, and only estimated blocks within a restricted short distance from the channel samples. The second pass applied less restrictive criteria using drill hole composites only. If only drill hole composites were used, the estimation was often completed with a single pass.

The Mineral Resources were classified into Measured, Indicated, or Inferred categories based on the confidence in the geological interpretation and models, the confidence in the continuity of metal grades, the sample support for the estimation and reliability of the sample data, and on the presence of underground mining development providing detailed mapping and production channel sample support.

The Mineral Resource estimates for Santa Elena and Ermitaño are summarized in Table 11 and Table 12 using the Ag-Eq cut-off grades appropriate for the mining method assigned to each domain, and an effective date of December 31, 2020. Measured and Indicated Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The Qualified Person for the estimate is Mr. Phillip Spurgeon, P.Geo, a First Majestic employee.

Table 11: Santa Elena Mineral Resource Estimates, Measured and Indicated Category (Effective Date December 31, 2020)

Project	Domain	Category	Mineral Type	Tonnage	Grades			Metal Content		
				k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Santa Elena	Main Vein	Measured	Sulphides	464	107	1.63	244	1,590	24	3,650
	Alejandras	Measured	Sulphides	230	234	2.67	459	1,730	20	3,390
	America	Measured	Sulphides	137	235	1.74	382	1,030	8	1,680
ALL	**Total Measured**		**Sulphides**	**830**	**163**	**1.94**	**326**	**4,350**	**52**	**8,720**
Santa Elena	Main Vein	Indicated	Sulphides	1,710	91	1.30	200	5,000	71	11,020
	Alejandra	Indicated	Sulphides	259	214	2.23	402	1,780	19	3,350
	Americas	Indicated	Sulphides	189	292	1.39	410	1,780	8	2,490
	Tortuga	Indicated	Sulphides	119	112	2.39	314	430	9	1,200
Heap Leach	Heap Leach Pad	Indicated	Oxides Spent Ore	509	24	0.56	73	400	9	1,190
Ermitano	Ermitano	Indicated	Sulphides	1,402	81	5.62	602	3,640	253	27,120
	Ermitano Stockwork	Indicated	Sulphides	612	40	1.78	204	780	35	4,020
	Intermedias	Indicated	Sulphides	252	58	4.28	454	470	35	3,680
	Other Minor Veins	Indicated	Sulphides	187	20	2.05	210	120	12	1,260
ALL	**Total Indicated**		**All Mineral Types**	**5,238**	**86**	**2.68**	**329**	**14,400**	**452**	**55,330**
ALL	**Total Measured and Indicated**		**All Mineral Types**	**6,069**	**96**	**2.58**	**328**	**18,750**	**503**	**64,050**

Table 12: Santa Elena Mineral Resource Estimates, Inferred Category (Effective Date December 31, 2020)

Project	Domain	Category	Mineral Type	Tonnage	Grades			Metal Content		
				k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Santa Elena	Main Vein	Inferred	Sulphides	845	64	0.91	141	1,730	25	3,830
	Alejandras	Inferred	Sulphides	443	191	1.67	332	2,720	24	4,730
	America	Inferred	Sulphides	202	311	0.99	394	2,020	6	2,560
	Tortuga	Inferred	Sulphides	30	73	0.91	149	70	1	140
Ermitano	Ermitano	Inferred	Sulphides	3,245	50	3.00	329	5,260	313	34,310
	Ermitano Stockwork	Inferred	Sulphides	901	48	1.67	203	1,400	48	5,870
	Intermedias	Inferred	Sulphides	534	65	3.22	364	1,120	55	6,250
	Other Minor Veins	Inferred	Sulphides	887	28	1.81	196	800	52	5,600
	Soledad	Inferred	Sulphides	455	172	3.62	507	2,510	53	7,420
ALL	**Total Inferred**		**Sulphides**	**7,541**	**73**	**2.38**	**292**	**17,630**	**578**	**70,710**

(1) Mineral Resource estimates are classified in accordance with the 2014 CIM Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.

(2) The Mineral Resource estimates are based on internal estimates prepared as of December 31, 2020. The information provided was reviewed and prepared by Phillip Spurgeon, P.Geo., a First Majestic employee.

(3) Silver-equivalent grade is estimated considering metal price assumptions, metallurgical recovery, and the metal payable terms.

Ag-Eq = Ag Grade + (Au Grade x Au Recovery x Au Payable x Au Price) / (Ag Recovery x Ag Payable x Ag Price).

(4) Metal prices used in the Mineral Resources estimates were $22.50/oz Ag and $1,850/oz Au.

(5) Metallurgical recovery was 93% for silver and 95.6% for gold for Santa Elena and the heap leach pad. For Ermitaño, the metallurgical recovery used was 85.2% for silver and 96.1% for gold.
(6) Metal payable used was 99.85% for silver and 99.80% gold.
(7) The cut-off grade used to constrain the Mineral Resource estimate was 95 g/t Ag-Eq for the Main Vein, 65 g/t Ag-Eq for the heap leach pad and 90 g/t Ag-Eq for all other Santa Elena mine domains. The cut-off grades used were based on actual and budgeted operating and sustaining costs. The cut-off grade used to constrain Mineral Resources for the Ermitaño zone domains was 110 g/t Ag-Eq.
(8) Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces.
(9) Totals may not add up due to rounding.
(10) Measured and Indicated Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Risk factors that could materially impact the Mineral Resource estimates include: metal price and exchange rate assumptions; changes to the assumptions used to generate the silver-equivalent grade cut-off grade; changes in the interpretations of mineralization geometry and continuity of mineralized zones; changes to geological and mineralization shape and geological and grade continuity assumptions; changes to geotechnical, mining, and metallurgical recovery assumptions; changes to the assumptions related to the continued ability to access the site, retain mineral and surface rights titles, maintain environment and other regulatory permits, and maintain the social license to operate. The production channel sampling method has some risk of non-representative sampling that could result in poor precision and accuracy.

The Mineral Reserves estimation process consists of converting Mineral Resources into Mineral Reserves by identifying material that exceeds the mining cut-off grades while conforming to specified geometrical constraints determined by the applicable mining method and applying modifying factors such as mining dilution and mining recovery factors. If the Mineral Resources comply with the previous constraints, Measured Resources could be converted to Proven Reserves and Indicated Resources could be converted to Probable Reserves, and, in some instances, Measured Resources could be converted to Probable Reserves if any or more of the modifying factors reduces the confidence of the estimates.

The Mineral Reserves for the Santa Elena mine are presented in Table 13.

Table 13: Santa Elena Mineral Reserves Statement (Effective Date December 31, 2020)

Category	Mineral Type	Tonnage	Grades			Metal Content		
		k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Proven Main Vein (UG)	Sulphides	312	110	1.71	259	1,100	17.2	2,600
Proven Alejandras (UG)	Sulphides	311	166	1.87	329	1,660	18.7	3,290
Proven America (UG)	Sulphides	203	153	1.10	249	1,000	7.2	1,620
Proven Tortuga (UG)	Sulphides	-	-	-	-	-	-	-
Total Proven	**Sulphides**	**826**	**141**	**1.62**	**283**	**3,760**	**43.1**	**7,510**
Probable Main Vein (UG)	Sulphides	921	88	1.31	202	2,600	38.7	5,980
Probable Alejandras (UG)	Sulphides	307	159	1.64	303	1,570	16.2	2,980
Probable America (UG)	Sulphides	269	184	0.84	257	1,590	7.2	2,220
Probable Tortuga (UG)	Sulphides	109	91	2.19	282	320	7.7	990
Probable (PAD)	Oxides Spent Ore	509	24	0.56	73	400	9	1,190
Total Probable	**Oxides + Sulphides**	**2,114**	**95**	**1.16**	**197**	**6,480**	**78.9**	**13,360**
P&P Main Vein (UG)	Sulphides	1,233	93	1.41	216	3,700	55.9	8,580
P&P Alejandras (UG)	Sulphides	618	163	1.76	316	3,230	34.9	6,270
P&P America (UG)	Sulphides	472	171	0.95	253	2,590	14.4	3,840
P&P Tortuga (UG)	Sulphides	109	91	2.19	281	320	7.7	990
P&P (PAD)	Oxides Spent Ore	509	24	0.56	73	400	9	1,190
Total Proven & Probable	**Oxides + Sulphides**	**2,941**	**108**	**1.29**	**221**	**10,240**	**122.0**	**20,870**

(1) Mineral Reserves have been classified in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.
(2) The Mineral Reserves statement provided in the table above is based on internal estimates prepared as of December 31, 2020. The information provided was prepared and reviewed under the supervision of Ramon Mendoza Reyes, P.Eng., a First Majestic employee.
(3) Silver-equivalent grade (Ag-Eq) is estimated based on metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the selling contract.

a) The Ag-Eq grade formula used was:

*Ag-Eq Grade = Ag Grade + Au Grade * (Au Recovery * Au Payable * Au Price) / (Ag Recovery * Ag Payable * Ag Price).*

b) Metal prices considered for Mineral Reserves estimates were $20.00/oz Ag and $1,700.00/oz Au.

c) Other key assumptions and parameters include: metallurgical recoveries of 94.00% for silver, 96.50% for gold; metal payable of 99.85% for silver and 99.80% for gold; direct mining costs of US$25.33/t, mill feed, process and treatment costs of US$31.13/t mill feed and general and administration costs (indirect costs) of US$11.37/t.

(4) A two-step constraining approach was implemented to estimate reserves for each mining method in use: a general cut-off grade was used to delimit new mining areas that will require development of access, infrastructure and all sustaining costs. A second incremental cut-off grade was considered to include adjacent mineralized material which has a recoverable value that pays for all associated costs, including but not limited to the variable cost of mining and processing, indirect costs, treatment, administration costs and plant sustaining costs but excludes the access development assumed to be covered by the block above the general cut-off grade.
(5) Modifying factors for conversion of resources to reserves include consideration of planned dilution due to geometric aspects of the designed stopes and economic zones, and additional dilution consideration due to unplanned events, materials handling and other operating aspects. Mineable shapes were used as geometric constraints.
(6) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces. Metal prices and costs expressed in USD.
(7) Numbers have been rounded as required by reporting guidelines. Totals may not sum due to rounding.

Factors which may materially affect the Mineral Reserve estimates for the Santa Elena mine include fluctuations in commodity prices and exchange rates assumptions used; material changes in the underground stability due to geotechnical conditions that may increase unplanned dilution and mining loss; unexpected variations in equipment productivity; material reduction of the capacity to process the mineralized material at the planned throughput and unexpected reduction of the metallurgical recoveries; higher than anticipated geological variability; cost escalation due to external factors; changes in the taxation considerations; the ability to maintain constant access to all working areas; changes to the assumed permitting and regulatory environment under which the mine plan was developed; the ability to maintain mining concessions and/or surface rights; the ability to renew agreements with the different surface owners in Santa Elena; and the ability to obtain and maintain social and environmental license to operate.

The Company is not aware of any known mining, metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the mineral reserve estimates, other than discussed in the 2020 Santa Elena Technical Report.

Mining Operations

The Santa Elena mine operation consists of an underground mine. Mining activities are conducted by both First Majestic and contractor personnel.

The Santa Elena deposits vary in dip, thickness, and geotechnical conditions along strike and dip. Multiple mining methods are required to achieve the maximum efficient extraction of mineralized material at site. Three well-established methods were selected for mining extraction at Santa Elena:

- Longitudinal longhole stoping;
- Avoca;
- Cut-and-fill.

Ground conditions throughout most of the Santa Elena underground workings are considered good. Bolting is used systematically in the main haulage ramps, drifts, and underground infrastructure. For those sectors that have poorer rock quality, shotcrete, mesh and/or steel arches are used.

Groundwater inflow has been increasing at depth in the Santa Elena mine. Dewatering systems consist of main and auxiliary pumps in place in each of the active mine areas.

The ventilation system consists of a forced air intake system through two main fans located on surface. These fans generate the necessary pressure change for return air to exhaust through the portals and ventilation raises.

Processing and Recovery Operations

The Santa Elena mine processes a blended feed consisting of high-grade underground mineralized material and spent-ore from the existing heap leach pad.

The processing plant has been successfully operating for several years and has continuously improved silver and gold metallurgical recoveries. The process is based on cyanide tank leaching and Merrill-Crowe smelting of fine-ground ore to produce silver-gold doré bars. The installed plant capacity is for 2,800 tpd. Throughput levels averaged 1,830 tpd in 2020.

The process plant is mostly built as a single train with the crushing area split from the remaining areas, and connected through a belt conveyor to transfer the crushed product from the screening underflow to the fine stockpiles. The leaching plant includes a grinding ball mill, leaching tanks, counter-current decantation or washing tanks, a previously-processed leach-pad, a filtering plant and a filtered-tailings storage facility (FTSF).

Infrastructure, Permitting and Compliance Activities

The existing infrastructure can support current and LOM plan mining and mineral processing activities.

Most of the operation's support facilities are located within a 1.5 km radius, facilitating the transportation and logistics of personnel, material, and equipment. Operations personnel are transported by passenger buses from nearby towns. All equipment, supplies and materials are brought in by road.

Most non-local staff and contractor personnel stay in rental homes available in the nearby towns of Banamichi, Huepac and Aconchi. There are multiple hotels available in the area for visitors. In 2020, First Majestic constructed a 310-bed temporary camp within the Santa Elena grounds.

The main infrastructure consists of roads, administrative offices, a first-aid station, warehouse, assay laboratory, diesel and natural gas power generation plants, maintenance shop, water storage tanks, and water supply tank.

The FTSF has 15 Mt of storage capacity, which at current throughput rates can support approximately nine years of operation. The storage capacity of the Santa Elena FTSF is sufficient to support the LOM plan presented in the 2020 Santa Elena Technical Report.

The electric power required for the Santa Elena mine operation and supporting infrastructure is generated on-site. The power generation plant consists of eight diesel-powered generators with a total capacity of 9.2 MW. Power consumption averaged 7 MW per month in 2020.

A project to upgrade the power generation system to a LNG power generation system with capacity of 14 MW is underway. By December 31, 2020, construction of the new LNG generation site and related infrastructure was completed, and commissioning was ongoing with expected completion in the second quarter of 2021.

Industrial water is supplied mainly from the mine dewatering system. A licensed water-well is also equipped and regularly pumps water to an elevated tank for non-process uses.

The Santa Elena mine has implemented the First Majestic Environmental Management System, which supports the implementation of environmental policy and is applied to standardize tasks and strengthen a culture focused on minimizing environmental impacts. The EMS is based on the requirements of the international standard ISO 14001:2015 and the requirements to obtain the Certificate of Clean Industry, issued by the Mexican environmental authorities, the Ministry of Environment and Natural Resources (SEMARNAT), through the Federal Attorney for Environmental Protection in Mexico (PROFEPA). The EMS includes an annual compliance program to review all environmental obligations.

Environmental and social studies are routinely performed to characterize existing conditions and to support the preparation of Risk Assessments and Accident Prevention Programs for the operation and are documented as part of the EMS.

Santa Elena is an operating mine, as such it holds all major environmental permits and licenses required by the Mexican authorities to carry out mineral extracting activities in the mining complex. The environmental permits that are in place at the Report effective date authorize the various works and mining activities that are currently being carried out in the Santa Elena mine, in the surroundings of the site and in the Ermitaño Project.

The main environmental permit is the environmental license "Licencia Ambiental Unica" (LAU) under which the mine operates its industrial facilities in accordance with the Mexican environmental protection laws administered by SEMARNAT as the agency in charge of environment and natural resources. The most recent update to the main environmental permit was approved in July 2018.

Other permits and authorizations include:

- Environmental risk study (ERA);
- Accident prevention program (PPA);
- Mining waste management plan;
- Environmental impact assessment for the Santa Elena mine, FTSF, and the Ermitaño project;
- Change of land use for the Santa Elena mine and the Ermitaño project;
- Industrial water and mine groundwater discharge;
- Power generation permits.

In 2017, the Santa Elena mine started the voluntary process to obtain the Clean Industry Certification. The certification recognizes improvements in environmental management practices, regulatory compliance and environmental performance. At the Report effective date this program was still in process.

In February 2021, for the seventh consecutive year, Nusantara was awarded the Socially Responsible Company (ESR) designation by the Mexican Center for Philanthropy (CEMEFI).

Capital and Operating Costs

The LOM plan includes estimates for sustaining capital expenditures for the planned mining and processing activities.

Sustaining capital expenditures will mostly be allocated for on-going development in waste, infill drilling, mine equipment rebuilding, equipment overhauls or replacements, plant maintenance and on-going refurbishing, and for tailings management facilities expansion as needed. Table 14 presents the summary of the sustaining and expansionary capital expenditures.

Table 14: Santa Elena Mining Capital Costs Summary (Sustaining Capital)

Type (M USD)	Total	2021	2022	2023	2024	2025
Mine Development	**$ 21.5**	$ 11.1	$ 7.4	$ 3.0	$ -	$ -
Infill Drilling	**$ 1.4**	$ 0.4	$ 0.4	$ 0.4	$ 0.2	$ -
Property, Plant & Equipment	**$ 19.2**	$ 6.3	$ 4.2	$ 3.8	$ 2.7	$ 2.3
Other Sustaining Costs	**$ 4.5**	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ -
Total Sustaining Capital Costs	***$ 46.6***	***$ 18.9***	***$ 13.1***	***$ 8.3***	***$ 4.0***	***$ 2.3***
Near Mine Exploration	**$ 5.1**	$ 1.5	$ 1.5	$ 1.5	$ 0.7	$ -
Total Capital Costs	***$ 51.8***	***$ 20.4***	***$ 14.6***	***$ 9.8***	***$ 4.8***	***$ 2.3***

Operating costs for Santa Elena have been estimated for the underground mining, processing costs, operations indirect, and general and administrative costs. First Majestic currently estimates operating costs at an average of $84.90 per tonne of ore processed based on current and projected costs.

Table 15: Santa Elena Operating Costs

Type	$USD/tonne
Mining Cost	**$ 28.7**
Processing Cost	**$ 33.0**
Indirect Costs	**$ 21.1**
Total Production Cost	***$ 82.8***
Selling Costs	**$ 2.0**
Total Cash Cost	***$ 84.9***

Exploration, Development and Production

The following general annual exploration drill programs are contemplated for 2021:

- 4,000 m infill sustaining drill program at the Santa Elena mine
- 15,000 m near-mine drill program at the Santa Elena mine
- 15,000 m near-mine drill program at the Ermitaño project

- 15,000 m brownfield surface drill program regionally.

This amount of drilling is expected to continue on an annual basis while production continues, with amounts required will be reviewed annually. In addition, an annual prospect generation program consisting of prospecting, soil and rock geochemical surveys, mapping, or geophysical surveys is being implemented.

In 2020 the Company continued mining the Main Vein, the Alejandras veins, the Americas veins, the Tortugas vein and reprocessing spent-ore material from the leach-pad. During 2020, 640,276 tonnes of mineralized material were processed with an average grade of 88 g/t Ag and 1.43 g/t Au.

Development continues in the Santa Elena mine preparing extraction levels below the elevation 460 m for the Alejandra vein and developing the Americas veins.

In Ermitaño, development continues to prepare the access ramps and to prepare a test mining block at elevations 793 m and 818 m. The goal of this test-mining program is to provide information to complete the pre-feasibility investigation of geotechnical aspects as well as provide material to run an industrial scale test of the Ermitaño mineralized material in the Santa Elena processing plant.

La Encantada Silver Mine, Coahuila State, México

Except as indicated below, the following information on the La Encantada Silver Mine (La Encantada mine) is based on a Technical Report prepared in accordance with NI 43-101 and titled "First Majestic Silver Corp., La Encantada Silver Mine, Coahuila, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with effective date of December 31, 2020 (the "2020 La Encantada Technical Report"). Reference should be made to the full text of the 2020 La Encantada Technical Report which is available for review on SEDAR at www.sedar.com.

Project Description, Location and Access

La Encantada mine is an actively producing silver mining complex owned and operated by the Company's wholly owned indirect subsidiary, Minera La Encantada, S.A. de C.V. ("Minera La Encantada"). The property is in the municipality of Ocampo, State of Coahuila, Mexico, approximately 120 kilometres northwest of the city of Melchor Múzquiz, Coahuila and approximately 120 kilometres north of the town of Ocampo, Coahuila and is centered on latitude 28°21.5'N and longitude 102°33.5'W.

Access to La Encantada is primarily by charter airplane from Durango city (about two hours flying time), or from the city of Torreón, Coahuila (about 1:15 hours flying time). Minera La Encantada operates its own private airstrip at the La Encantada mine. Driving time from the city of Melchor Múzquiz is approximately 2.5 hours by asphalt road, about five hours from the town of Ocampo and about eight hours from the international airport in Torreón city. The mine can be accessed and operated all-year round.

The La Encantada property consist of 22 exploitation concessions covering 4,076 ha. All 22 concessions are currently in good standing and expire between 2030 and 2065. Minera La Encantada holds a 100 % royalty-free interest in its concessions.

Minera La Encantada owns surface rights covering 2,237 ha on the "Cañon del Regalado" properties. This surface covers access to the mining complex, mine portals, grinding mill and flotation plant (Plant No. 1), cyanidation plant (Plant No. 2), tailings management facilities, the mine camp, offices, and an airstrip. In 2011 the Tenochtitlán Ejido filed a lawsuit against Minera La Encantada in agrarian court claiming title to 1,097 hectares of the land owned by Minera La Encantada. The initial lawsuit was decided in favour of Minera La Encantada and was followed by a series of motions and appeals regarding judicial reviews of the subsequent rulings. Resumption of the initial lawsuit regarding the land title is currently pending a judicial review ruling. Minera La Encantada also holds 19,114 ha of surface rights, "Cielo Norteño" or "Rancho El Granizo" property to the North-East of the mine covering an area with water rights. The remainder of the surface rights in the mining concession areas are held privately and through group ownership either as communal lands or Ejido lands.

Minera La Encantada has all necessary permits for current mining and processing operations, including an operating license for mining and mineral processing activities, a mine water use permit, an Environmental Impact Authorization ("EIA") for the La Encantada mine, processing plants and tailings management facilities, and a permit for power generation.

History

In 1967 Industrias Peñoles S.A.B. de C.V. (Peñoles) and Tormex Industrias S.A. de C.V. established a joint venture partnership (Minera La Encantada) to acquire and develop La Encantada. In July 2004, Peñoles awarded a contract to operate the La Encantada mine, including the processing plant and all mine infrastructure facilities, to the private Mexican company Desmin, S.A. de C.V ("Desmin"). Desmin operated the mine and processing plant until November 1, 2006 when First Majestic purchased all the outstanding shares of Desmin. Subsequently, First Majestic reached an agreement to acquire all the outstanding shares of Minera La Encantada from Peñoles. First Majestic is now the sole owner of La Encantada and all its assets, including mineral rights, surface rights position, water rights, processing plants and ancillary facilities.

From November 2006 to June 2010 La Encantada operated a 1,000 tpd flotation plant. All production during this period from the flotation plant was in the form of a lead-silver concentrate. In 2007 La Encantada commenced construction of a cyanidation plant with a capacity of 3,750 tpd, and in 2009 began producing precipitates and silver doré bars. Commercial production was achieved on April 1, 2010 and the flotation circuit was placed in care-and-maintenance in June 2010. During 2011 several modifications were made to the cyanidation plant increasing its capacity to 4,000 tpd. Since that time, the La Encantada operation has only produced doré bars.

During the period of 2010 to 2013, La Encantada reprocessed old tailings from the flotation circuit with approximately 1,000 tpd of ore feed from the underground mine for a combined throughput of 4,000 tpd. Starting in 2014, silver market economic conditions precluded the reprocessing of tailings, and only ore production from underground workings was fed to the mill and the cyanidation plant. In August 2014, La Encantada began a plant expansion initiative to bring the crushing and grinding capacity to 3,000 tpd. The plant expansion was completed by the end of June 2015, commissioning began in July 2015, allowing for the ramp up to 3,000 tpd, which was completed by October 2015.

In 2017 La Encantada started the construction of a roasting facility with the objective of increasing recoveries when reprocessing tailings. In 2018 the main components of the roasting system were installed, and commissioning tests were started in the last quarter and continued into 2019. Observations from the commissioning tests revealed materials handling issues both at the feed and discharge of the roasting system. Engineering work is in progress to resolve these issues to allow the option of processing tailings material economically.

Mine production tonnes since 2007 is summarised in Figure 3 and silver metal production ounces since 2007 is summarized in Figure 4.

Figure 3: Mine Production since 2007

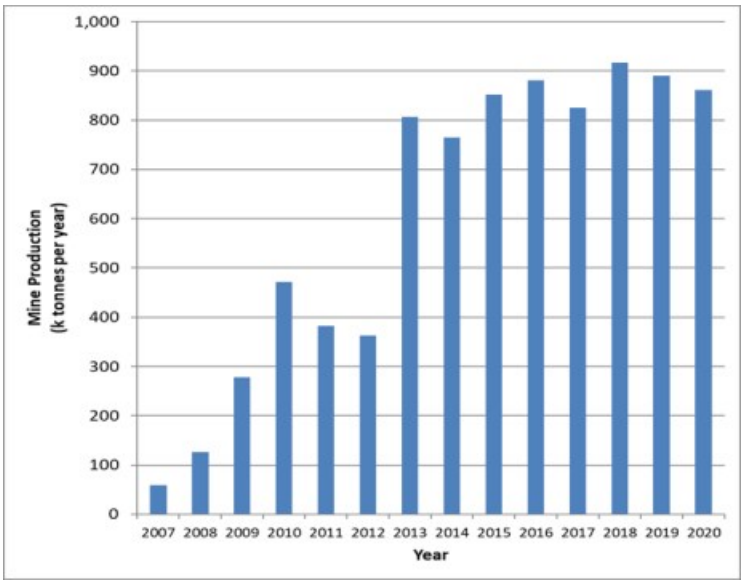
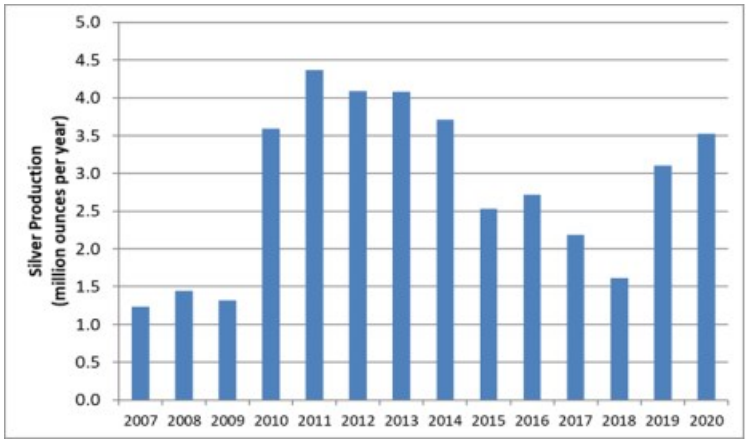


Figure 4: Silver Production since 2007



Geological Setting, Mineralization and Deposit Types

La Encantada is in the Sierra Madre Oriental (SMO) fold and thrust belt where Jurassic and the Cretaceous age Sabinas Basin carbonate rocks overlie the Paleozoic Coahuiltecano terrane. Northeast-southwest oriented compression during the Cretaceous to early Tertiary Laramide Orogeny deformed the Mesozoic sedimentary rocks into a series of north-northwest-trending folds and faults, which gave rise to the SMO fold and thrust belt. Extension in the mid to late Tertiary was accompanied by widespread magmatism, with the related fault zones acting as conduits for the emplacement of shallow level intrusive rocks within the carbonate sedimentary sequence.

The Sabinas Basin Albian age Aurora Formation is the primary host rock for mineralization at La Encantada. The Aurora Formation is a thick limestone sequence comprised of a lower, middle, and upper units. The middle part of the limestone sequence consists mainly of dense, thick-bedded, grayish calcilutite, which forms the distinctive cliff faces at La Encantada. An Eocene-Oligocene age granodiorite stock and rhyolite to basalt dikes intruding the carbonate rocks produced irregular skarn, hornfels and marble aureoles.

La Encantada lies on the southwestern flank of the northwest-trending Sierra de La Encantada anticlinorium where a series of northeast-trending faults and fractures cut obliquely across the regional north-northwest-trending anticlinorium. The northeast-trending normal faults and fractures control the formation of breccia pipes and vein shoots at the intersection with the northwest-trending cross structures.

Because of its spatial relationship to the skarn alteration and mineralization, it is believed that the intrusions are genetically linked to the Ag, Pb and Zn mineralization in the property. Mineralization consists of silver, gold, lead, and zinc in deposits that occur as tabular veins, mantos, massive lens, breccia pipes, and irregular replacement bodies. Oxide minerals including Ag, Fe, Zn, Pb, Cu oxides. Sulphide minerals include native silver, acanthite, pyrite, magnetite, marmatite, galena, chalcopyrite, and covellite. The mineral deposits have been grouped into three geologic mine zones: the Prieta Complex, the San Javier-Milagros Complex, and the Vein System. The property also holds a substantial silver deposit in tailings.

La Encantada has similarities with polymetallic carbonate replacement deposits (CRD). CRD deposits are typically characterized by irregular shaped pods and lenses and roughly tabular masses of Ag, Pb, Zn mineralization hosted in carbonate rocks and associated with proximal intrusive rocks. Discordant near vertical deposits with irregular elongate shapes are referred to as chimneys and breccia pipes. Tabular sub-vertical replacement deposits are referred to as veins which can contain richer mineral shoots or small chimneys at the intersection of northwest-trending faults and fractures. Oxidized concentrations of silver, iron, lead, and zinc are hosted by carbonate sedimentary formations and sulphide mineralization is hosted at deeper structural levels in skarn alteration.

Exploration

Surface exploration work completed by Minera La Encantada includes geological mapping, geochemical sampling, a natural source audio-frequency magnetotellurics geophysical survey, a regional aeromagnetic survey, an Isotopic study, and diamond drilling. Surface geologic mapping and sample geochemistry has been completed at El Camello, Anomaly B, La Escalera and El Plomo. Surface drilling has been carried out at Ojuelas in Prieta Complex, El Camello, El Plomo, Conejo Extension, Brecha Encanto, Veta Sucia and other areas with magnetic analytic signal anomalies. Underground exploration primarily consists of a combination of drilling and mine development along structures.

Drilling

Total drilling between March 2011 and December 2020 amounts to 111,365 metres in 572 surface and underground diamond drillholes and 193 metres from 10 hollow stem auger drillholes. Diamond drilling typically recovers HQ size (63.5 mm core diameter) but is reduced to NQ size (47.6 mm core diameter) where required by ground conditions. Data collected from drilling includes collar surveys, downhole surveys, logging (lithology, alteration, mineralization, structure, veins, sampling, etc.), specific gravity (SG), and geotechnical information. Channel samples are also collected to support geologic modeling, resource estimation, and grade control during production. Between 2007 to 2020 Mineral La Encantada collected 11,418 production channel samples from the San Javier Milagros Complex and along narrow deposits in the Vein System.

Sampling Analysis and Data Verification

Drill core sample intervals range from 0.2 and 1.3 metres in mineralized areas. All drill core intervals selected for sampling are cut in half using a diamond blade saw. One half of the core is retained in the core box and the other half is placed in sample bags for shipment to the laboratory. Sample tickets displaying the sample number are stapled into the core box beside the sampled interval, and a copy is placed in the sample bag. Channel sample intervals range from 0.30 to 1.5 metres and are collected by mine geologists using a hammer and a hand chisel to sample a 20 cm wide swath along a sample line drawn on development faces. Sketches are collected of the sampled face, showing the location and length of each sample. Drill core and channel sample intervals are selected to reflect changes in mineralogy, lithology, and structure. All sample bags are sealed to prevent contamination during handling and transportation.

Since 1995 four different laboratories have been used for sample preparation and analysis. These include:

- First Majestic's Central Laboratory in Durango (Central Laboratory) which is used for drill core and sawn-channel samples and is certified under ISO 9001:2008 in June 2015 and ISO 9001:2015 in June 2018.
- La Encantada's laboratory (La Encantada Laboratory) is used for grade control and production channel sample processing, is not certified and nis ot independent of First Majestic.
- SGS in Durango (SGS) was used for drill core and channel samples prior to 2018 and is now used as a secondary laboratory for check samples. SGS is certified under ISO/IEC 17025 and is independent of First Majestic.
- Bureau Veritas Mineral Laboratories (BV) in Durango was used from 2014-2015 as a secondary lab for check samples. BV is certified under ISO/IEC 17025 and is independent of First Majestic.

At the Central Laboratory drill core samples are currently dried at 100 °C ± 5°C, crushed to 80% passing 2 mm, split to a 250-gram sub-sample and pulverized to 85% passing 75 µm. All samples are analyzed for 34 elements by a 2-acid digestion ICP method. All drill core and channel samples are also analyzed for silver by a 2 g, 3-acid digestion, atomic absorption method. Samples returning greater than 300 g/t silver are reanalyzed for silver by a 30 g, fire assay gravimetric method.

At La Encantada Laboratory samples are currently dried at 105°C, crushed to 80% passing 2 mm, split to 200 g and pulverize to 80% passing 75 µm. Samples are analyzed for silver by a 20 g fire assay gravimetric finish method. Copper, iron, lead, manganese, and zinc are analyzed by a 0.1 g 2-acid digestion atomic absorption finish.

Since 2013 samples submitted to the primary laboratories include Standard Reference Materials (SRMs) and Certified Reference Materials (CRMs), coarse and pulp blanks, and field, coarse and pulp duplicates. Check samples sent to a secondary laboratory was introduced in 2014 and became a common practice by 2018. All quality control results are assessed using statistical analysis and visual inspection of control plots. This process has resulted in a sample database that the Company believes is free of any significant accuracy, contamination, precision, or between laboratory bias issues.

The data verification completed to support the 2020 mineral resource estimate includes data entry error checks, visual inspections of important data collected between 2013 and 2020 from Buenos Aires, Regalo Breccia, Conejo, La Fe, La Prieta, Milagros, Ojuelas, Tailings Deposit No.4, Vein System areas (the verification data set), and a review of QAQC assay results. A random 5 % selection of drill collar locations, down hole surveys, lithology and Ag and Pb assay results of the verification dataset and specific gravity measurements were verified for transcription errors and significant outliers. Data verification through visual inspection consisted of verifying the position of collars relative to the underground workings, down-hole deviation relative to drill trace, lithology, and assay intervals relative to the three-dimension geological models. The visual inspection also included comparison of lithology and assay intervals with core photos. No significant transcription errors or outliers were observed.

Mineral Processing and Metallurgical Testing

The La Encantada mine is an operating mine and the metallurgical test-work data supporting the initial plant design has been proven and reinforced by plant operating results through the years of operation combined with more recent metallurgical studies.

Metallurgical testing, along with mineralogical investigation are performed periodically. The plant is continually running tests to optimize silver recovery and to reduce operating costs, even when the results are within the expected processing performance. Composite samples are analyzed monthly to determine the metallurgic recovery performance of the mineralized material fed into the processing plant. Geometallurgical studies are performed to investigate the similarities and variability related to future ore zones to be mined and processed in the mid and long term. This metallurgical testing is carried out by the Central Laboratory.

The silver content of the doré produced in La Encantada ranges from 60% to 85% due to the presence of copper, lead and zinc. The silver concentration impacts the treatment charge as this charge is levied by weight on the doré produced.

Mineral Resources and Mineral Reserves

The block model Mineral Resource estimates for La Encantada were based on the current database of exploration drill holes and production channel samples, the underground level geological mapping, the geologic interpretation and model, as well as the surface topography and underground mining excavation wireframes. Geostatistical analysis, analysis of semi-variograms, block model resource estimation, and validation of the model blocks were completed.

The Mineral Resource estimates for the deposits at La Encantada are constrained by 3D geological interpretation and resource domain models. Silver and lead estimations are restricted to detailed wireframe domain models. The domain model boundaries strictly adhere to the veins and breccia contacts with the surrounding country rock to produce reasonable representations of each deposit location and volume.

The drill hole and channel composite samples were evaluated for high-grade outliers and those outliers were capped to values considered appropriate for estimation. Outlier values at the high end of the grade distributions were identified for silver and lead from analysis of histograms plots, log cumulative probability plots, mean variance plots, and cumulative metal plots. Capping of composite sample values was limited to a select few extreme values. Outlier restriction was also used to restrict the influence of high-grade samples.

Bulk density was derived from specific gravity estimates ("SG"). Bulk density for the resource domains was either estimated into the block models from the SG data or the mean SG value was assigned.

Block grades were estimated primarily by inverse distance squared and less commonly by ordinary kriging. The method chosen in each case considered the characteristics of the domain, data spacing, variogram quality, and which method produced the best representation of grade continuity, in the opinion of the resource geologist.

All channel samples that were used during construction of the geological models were reviewed. Only those channels that completely cross the mineralized deposit were used during grade estimation. The Mineral Resources were classified into Indicated or Inferred categories based on the confidence in the geological interpretation and models, the confidence in the continuity of metal grades, the sample support for the estimation and reliability of the sample data, and on the presence of underground mining development providing detailed mapping and production channel sample support.

The Mineral Resource estimates for La Encantada are summarized in Table 16 and Table 17 using the silver cut-off grades appropriate for the mining method assigned to each domain, and an effective date of December 31, 2020. Indicated Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The qualified person for the estimate is Mr. David Rowe, CPG. Mr. Rowe is not independent of First Majestic.

Table 16: La Encantada Mineral Resource Estimate Statement, Indicated Category (effective date December 31, 2020)

Mine Domain Group	Category	Mineral Type	Tonnage	Grades			Metal Content		
			k tonnes	Ag (g/t)	Pb (%)	Ag-Eq (g/t)	Ag (k Oz)	Pb (M lb)	Ag-Eq (k Oz)
Prieta Complex: Ojuelas	Indicated (UG)	Oxides + Mixed	1,133	189	2.31	257	6,870	58	9,370
Veins Systems	Indicated (UG)	Oxides	975	286		286	8,970		8,970
San Javier Milagros Complex	Indicated (UG)	Oxides	706	109		109	2,470		2,470
Tailings Deposit No. 4	Indicated	Oxides Tailings	3,210	116		116	12,010		12,010
ALL	**Total Indicated**	**All Mineral Types**	**6,024**	**156**	**0.44**	**169**	**30,320**	**58**	**32,820**

Table 17: La Encantada Mineral Resource Estimate Statement, Inferred Category (effective date December 31, 2020)

Mine Domain Group	Category	Mineral Type	Tonnage	Grades			Metal Content		
			k tonnes	Ag (g/t)	Pb (%)	Ag-Eq (g/t)	Ag (k Oz)	Pb (M lb)	Ag-Eq (k Oz)
Prieta Complex: Ojuelas	Inferred (UG)	Oxides + Mixed	404	123	1.35	163	1,600	12	2,120
Prieta Complex: Other	Inferred (UG)	Oxides	495	166	0.80	190	2,650	9	3,020
Veins Systems	Inferred (UG)	Oxides	1,629	231		231	12,090		12,090
San Javier Milagros Complex	Inferred (UG)	Oxides	394	153		153	1,930		1,930
Tailings Deposit No. 4	Inferred	Oxides Tailings	488	117		117	1,830		1,830
ALL	**Total Inferred**	**All Mineral Types**	**3,410**	**183**	**0.28**	**192**	**20,100**	**21**	**21,000**

1) Mineral Resource estimates are classified in accordance with the 2014 CIM Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.
2) The Mineral Resource estimates are based on internal estimates prepared with an effective date of December 31, 2020 by David Rowe, CPG. Mr. Rowe is not Independent of First Majestic.
3) Silver-equivalent grade (Ag-Eq) is estimated considering metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the mine as of December 31, 2020.
4) Metal prices used in the Mineral Resources estimates were $22.50/oz Ag and $0.90/lb Pb.
*5) Mineral resource estimates are for silver only where Ag g/t = Ag-Eq g/t, except for the Prieta Complex resource domains, where the Ag-Eq metal grades were calculated from silver and lead as follows: Ag-Eq grade = Ag grade + (Pb grade * Pb Factor).*
6) The Cut-off grades used to constrain the Mineral Resource estimates are 75 g/t Ag-Eq for sub-level inclined caving, 115 g/t Ag-Eq for cut-and-fill, 100 g/t Ag-Eq for Longhole stoping, and 105 g/t Ag-Eq for Tailings.
7) Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces.
8) Totals may not add up due to rounding.
9) Indicated Mineral Resources are reported inclusive of Mineral Reserves.
10) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Risk factors that could materially impact the Mineral Resource estimates include: metal price and exchange rate assumptions; changes to the assumptions used to generate the silver-equivalent grade cut-off grade; changes in the interpretations of mineralization geometry and continuity of mineralized zones; changes to geological and mineralization shape and geological and grade continuity assumptions; changes to geotechnical, mining, and metallurgical recovery assumptions; changes to the assumptions related to the continued ability to access the site, retain mineral and surface rights titles, maintain environment and other regulatory permits, and maintain the social license to operate.

Mineral Reserve Estimates

The Mineral Reserve estimation process consists of converting Indicated Mineral Resources to Probable Mineral Reserves by identifying material that exceeds the mining cut-off grades while conforming to specified geometrical constraints determined by the applicable mining method and applying modifying factors such as mining dilution and mining recovery factors. If the Indicated Mineral Resources comply with the previous constraints, Indicated Resource estimates are converted to Probable Mineral Reserves.

The Mineral Reserves estimates for La Encantada are tabulated in Table 18 and have an effective date of December 31, 2020. The QP for the estimate is Mr. Ramón Mendoza Reyes, P.Eng.

Table 18: La Encantada Mineral Reserves Statement (effective date of December 31, 2020)

Category	Mineral Type	Tonnage	Grades	Metal Content
		k tonnes	Ag (g/t)	Ag (k Oz)
Probable Prieta Complex: Ojuelas (UG)	Oxides + Mixed	1,096	155	5,470
Probable Veins Systems (UG)	Oxides	389	331	4,140
Total Probable	**All Mineral Types**	**1,485**	**201**	**9,610**

1) Mineral Reserves have been classified in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.
2) The Mineral Reserves statement provided in the table above is based on internal estimates prepared as of December 31, 2020. The information provided was prepared and reviewed under the supervision of Ramon Mendoza Reyes, PEng, and a Qualified Person ("QP") for the purposes of NI 43-101.
3) Silver grade (Ag) is estimated considering metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the selling contract.
4) Metal prices considered for Mineral Reserves estimates were $20.00/oz Ag.
5) Other key assumptions and parameters include: Metallurgical recoveries per domain of 60% for Prieta Complex: Ojuelas, weighted average of 65.6% for Veins Systems and 78.8% for San Javier Milagros Complex; Cut & Fill direct mining costs of US$31.85/t, Longhole Stoping direct mining costs of US$24.96/t, Sublevel Caving direct mining costs of US$8.49/t, mill feed, process, and treatment costs of US$20.86/t mill feed and general and administration (indirect costs) of US$11.46/t.
6) A two-step constraining approach has been implemented to estimate reserves for each mining method in use: A general cut-off grade was used to delimit new mining areas that will require development of access, infrastructure and all sustaining costs. A second incremental cut-off grade was considered to include adjacent mineralized material which recoverable value pays for all associated costs, including but not limited to the variable cost of mining and processing, indirect costs, treatment, administration costs and plant sustaining costs but excludes the access development assumed to be covered by the block above the general cut-off grade.
7) Modifying factors for conversion of resources to reserves include consideration for planned dilution due to geometric aspects of the designed stopes and economic zones, and additional dilution consideration due to unplanned events, materials handling and other operating aspects. Mineable shapes were used as geometric constraints.
8) Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces.
9) Numbers have been rounded as required by reporting guidelines. Totals may not sum due to rounding.

Factors that could affect the Mineral Reserves estimate include changes to metal prices and exchange rates; unplanned dilution; mining recovery; geotechnical conditions; equipment productivities; metallurgical recoveries; mill throughput capacities; operating cost estimates; capital cost estimates changes to the assumed permitting and regulatory environment under which the mine plan was developed; changes in the taxation conditions; ability to maintain mining concessions and/or surface rights; and ability to obtain and maintain social and environmental license to operate.

The Company is not aware of any known mining, metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the mineral reserve estimates, other than discussed in the 2020 La Encantada Technical Report.

Mining Operations

The La Encantada mine operation consists of an underground mine. Mining activities are conducted by both First Majestic and contractor personnel.

The deposits vary in dip, thickness, and geotechnical conditions along strike and dip. Multiple mining methods are required to achieve the maximum efficient extraction of mineralization. Three well-established methods were selected:

- Inclined and sublevel caving;
- Long hole stoping;
- Cut-and-fill.

Inclined and sub-level caving is well suited for the bulk tonnage deposits at La Encantada such as the San Javier-Milagros breccias and the Ojuelas deposit.

Longhole stoping is being used for near-vertical structures that are relatively consistent along strike and length and have competent wall rock. The minimum planned mining width is 1.4 m, based on a minimum vein width of 1.0 m plus an allowance for 0.2 m on the hangingwall and footwall.

Cut-and-fill is performed using jackleg drilling and is used for vein deposits that are irregular in nature and commonly possess poorer geotechnical conditions. The minimum mining width is 1.3 m, based on a minimum vein width of 1.0 m and an additional 0.15 m was added to both the hangingwall and footwall as planned dilution.

Ground conditions throughout most of the La Encantada mine are considered good. In contrast, the breccia and massive lens-type deposits form weak, soft material that lends itself to caving mining methods. The vein deposits possess fair rock quality and are hosted in competent limestone. Waste pillars are left where necessary to increase stability in longhole stoping.

All working areas are above the water table which is at 1,424 masl. The main water inflow comes from surface filtration during the rainy season. Mine water is pumped from the lowest elevation of 1,509 masl to surface.

Processing and Recovery Operations

The processing plant has been operating for several years and has continuously improved silver metallurgical recoveries. The metallurgical test-work data supporting the initial plant design has been proven and reinforced by plant operating results through years of operation combined with more recent metallurgical studies.

The processing plant is divided into two areas: Plant No. 1 and Plant No. 2. Plant No. 1 consists of the crushing and grinding circuits, while Plant No. 2 is the leaching circuit. The process is based on cyanide tank leaching and Merrill-Crowe of ground run-of-mine mineralized material (ROM) to produce silver doré bars. The installed plant capacity is for 3,000 tpd for the crushing and grinding area, and 4,500 tpd for the leaching circuit.

The plant-feed material is delivered from the underground ROM and discharged into a steel-made coarse ore-bin of 300 t capacity. The coarse ROM is crushed in a three-stage crushing circuit. The crushing plant has a capacity of 3,000 tpd at 18 operating hours per day.

The grinding section is comprised of one Metso ball mill. The nominal capacity of the mill is 3,000 tpd. The cyanide leaching circuit process adds cyanide to leach tanks and lime in slurry form is added as a pH modifier.

Most of the overflow solution from the intermediate thickener goes to the primary thickener, which produces pregnant leach solution (PLS) and is fed to the Merrill Crowe system.

Metallurgical testing, together with mineralogical investigation are periodically performed. The plant is continually running tests to optimize silver recovery and to reduce operating costs, even when the results are within the expected processing performance. Composite samples are analyzed monthly to determine the metallurgical recovery performance of the mineralized material fed into the processing plant. Geometallurgical studies are performed to investigate the similarities and variability related to mineralization to be mined and processed in the mid- and long-term. This metallurgical testing is carried out by the Central Laboratory.

Samples from the Ojuelas deposit were tested by the Central Laboratory using current plant parameters. The expected recovery of silver for the Ojuelas mineralized material varies between 52.2-62.0%, and if reagents are optimized there is potential for the recovery to increase from 56.4-65.6%.

Mineralized material from the Ojuelas deposit also contains significant base metals: 6% of lead and 5% of zinc. Additional bench-scale testing was conducted on this material utilizing flotation as an alternative processing route to investigate the opportunity to recover the base metals contents and improve the silver recovery. Preliminary results are encouraging as recoveries of 70-75% for silver and 75% for lead have been observed.

It has been observed that the presence of manganese limits the silver recovery. A number of tests were conducted on material with high manganese content with the objective of validating the implementation of roasting as a conditioning stage prior to cyanide leaching. Some of these tests showed silver recoveries in the range of 57-73% and supported the addition of a roasting circuit to treat the material from the Tailings Deposit No. 4, pre-conditioning the material before the leaching process. The roasting circuit is currently inoperative but is the object of studies to determine required modifications and upgrades to the cooling stage and materials handling to enable its commissioning.

Roasting tests were also conducted on samples of ROM material from deposits with high manganese content, which is refractory in nature. Mineralized material from the Buenos Aires deposit showed silver recoveries in the range of 68-71% when leached after being roasted.

The metallurgical recovery projections assumed in the life-of-mine (LOM) plan are supported by the historical performance in the processing plant as well as on the results of recent testing. Variability of silver recovery estimates was addressed in the LOM plan by projecting metallurgical recoveries for different domains based on actual performance of the mineralized material from areas currently in operation, such as San Javier-Milagros complex breccias and the Veta Dique San Francisco. Variability is also monitored for LOM plan purposes by projecting recoveries based on laboratory test-work for domains that are planned to be later in the LOM plan, such as Ojuelas, Conejo, and other vein system deposits. The average yearly silver recovery projected in the LOM plan ranges from 60-68%.

The silver content of the doré produced in La Encantada ranges from 60-85% due to the presence of copper, lead and zinc.

Infrastructure, Permitting and Compliance Activities

The existing infrastructure at La Encantada can support current mining and mineral processing activities and the LOM plan.

Most of the operation's support facilities are located near the Plant No. 1 and include administrative offices, a medical clinic, warehouse, assay laboratory, core shed, fuel storage facilities, mine compressor building, surface maintenance shop, mine dry, water storage tanks and contractor offices. The mine camp is located approximately 1 km west of Plant No. 1 and the First Majestic owned airstrip is approximately 6 km west from the mine camp. Plant No. 2 is located 2 km north-west of Plant No. 1 and holds the leaching and roasting processing facilities, including the tailings filter-press plant.

The La Encantada Tailings Management Facilities (TMF) is comprised of two different storage areas. Tailings Deposit No. 5 (TMF-5) is currently in operation and Tailings Deposit No.4 is inactive and holds the material considered for potential reprocessing by roasting. Rainwater management for the TMF includes two main diversion channels. Temporary contact water channels have been built to the north of the facility to distribute the contact water downstream where there is an impervious watershed. Contact water is also diverted to two storage ponds for industrial recycling.

The storage capacity of the TMF-5 is 8.5 Mt of filtered tailings. According to the latest survey conducted in February 2021, the remaining storage capacity is estimated to be approximately 5.5 Mt or more than 5 years of service life at current production rate, which is sufficient to support the LOM plan.

First Majestic's facilities include a camp previously constructed by Peñoles. These facilities were significantly improved in 2020 and include 160 housing units for workers and staff with 440 beds, a new 180 person kitchen/dining area for employees, accommodations for contractor managers and visitors, offices for the union representatives, an elementary school, a chapel, a grocery store, and recreational facilities.

Power demand is presently 4,000 MW per month, which is being supplied by four 1.5 MW MTU natural gas generators and one the 1.5 MW MTU diesel generator, achieving an average mix of 90% natural gas - 10% diesel generation, significantly reducing the greenhouse gas emissions and the energy generation costs. First Majestic plans to add a fifth 1.5 MW MTU generator, which will further reduce greenhouse gas emissions and energy costs, and provide redundant power capacity. By December 2020, construction was underway, and continuous operation of the additional generator is anticipated for Q3-2021.

Fresh water for the offices and employee housing is obtained from a well located in the underground mine. Industrial water for the mine and plant is obtained from a series of wells located 25 km away from the La Encantada mine. This water is pumped to site and stored in a series of storage tanks located throughout the plant and mine facilities.

The La Encantada mine has all of the necessary permits for current mining and processing operations, such as an operating license for mining and mineral processing activities, a mine water use permit, an Environmental Impact Authorization ("EIA") for the La Encantada mine, processing plants and TMF, and a permit for power generation.

In February 2021, the La Encantada mine was distinguished as a Socially Responsible Company (ESR) by the Mexican Center for Philanthropy (CEMEFI). The ESR award is given to companies operating in Mexico that achieve high performance and commitment to sustainable economic, social, and environmentally positive impact in all areas.

Capital and Operating Costs

The LOM plan includes estimates for sustaining capital expenditures for the planned mining and processing activities.

Sustaining capital expenditures will mostly be allocated for on-going development in waste, infill drilling, mine equipment rebuilding, equipment overhauls or replacements, plant maintenance and on-going refurbishing, and for tailings management facilities expansion as needed. Table 19 presents the summary of the sustaining and expansionary capital expenditures.

Table 19: La Encantada Mining Capital Costs Summary (Sustaining Capital)

Type (M USD)	Total	2021	2022	2023	2024
Mine Development	$ 9.6	$ 7.2	$ 2.4	$ -	$ -
Infill Drilling	$ 0.4	$ 0.1	$ 0.1	$ 0.1	$ 0.0
Property, Plant & Equipment	$ 11.2	$ 2.2	$ 5.4	$ 2.7	$ 0.8
Other Sustaining Costs	$ 3.4	$ 1.1	$ 1.1	$ 1.1	$ 0.1
Total Sustaining Capital Costs	*$ 24.5*	*$ 10.6*	*$ 9.0*	*$ 4.0*	*$ 0.9*
Near Mine Exploration	$ 0.4	$ 0.1	$ 0.2	$ 0.2	$ 0.0
Total Capital Costs	*$ 25.0*	*$ 10.7*	*$ 9.2*	*$ 4.1*	*$ 0.9*

Operating costs for La Encantada have been estimated for the underground mining, processing costs, operation's indirect, and general and administrative costs. First Majestic currently estimates operating costs at an average of $46.90 per tonne of ore processed based on current and projected costs.

Table 20: La Encantada Operating Costs

Type	$/tonne
Mining Cost	$ 15.4
Processing Cost	$ 17.2
Indirect Costs	$ 12.4
Total Production Cost	***$ 45.0***
Selling Costs	$ 1.9
Total Cash Cost	***$ 46.9***

Exploration, Development and Production

The following general annual exploration drill programs are planned for 2021:

- An annual 1,000 m infill sustaining drill program to support short-term production plans.
- An annual 7,500 m near mine drill program to support mid-term production projections.
- An annual 7,500 m brownfield surface drill program to identify additional mineralization.

This amount of drilling is expected to continue on an annual basis while production continues and amounts required will be reviewed annually.

In 2020 the Company continued operating the caving system in the San Javier Breccia while mining mineralized material from historical mined areas, in particular the La Prieta area, and the extraction of backfill material.

Total mill throughput in 2020 was 860,613 k tonnes grading an average of 162 g/t Ag which resulted in 3.49 million ounces of silver being produced, in comparison with 3.1 million ounces of silver produced in 2019. The increase in production was primarily due to an 11% increase in silver head grade and a 5% increase in silver recovery, partially offset by a 3% decrease in tonnes milled.

Development and production activities will continue in the underground mine, currently extracting material from the La Prieta complex breccia, the San Javier breccia and from historically mined areas that are out of the Mineral Reserve estimates due to the complexity to drill, survey and compile the estimates.

Mine development is currently focused in preparing the Milagros breccia area for infill drilling and potential production. Also, development will be focused in preparing the Ojuelas deposit for future extraction.

Non-Material Properties

San Martín Silver Mine, Jalisco State, México

The San Martín mine is an underground silver mine and processing facility in Jalisco State, México, approximately 250 km north of the state capital city of Guadalajara, and owned by the Company's wholly owned indirect subsidiary, Minera El Pilón, S.A. de C.V. The Company acquired San Martin in 2006 and operated it until July 2019 when it was placed on temporary suspension due to increased insecurity in the area and safety concerns for the Company's workforce. The surface infrastructure includes a 1,300 tpd cyanidation processing facility, temporary ore stockpiles, a tailings storage facility, water management and diversion structures, a drill core and logging shack, power substations, and power lines. There are also onsite support facilities for the operations, which are located near the plant and include the main administrative offices, warehouse, assay laboratory, maintenance buildings, cafeteria and other employee housing. Existing underground workshop facilities in the Rosario mine include a washing bay, a lube station, and several repair stations for mobile equipment.

Since its acquisition of the mine in 2006 First Majestic has completed 195,628 metres in 1,125 diamond drill-holes. No mining, drilling or exploration was carried out in 2020. A buttressing program was started on tailings impoundment #2 as part of the company's stability and reclamation/closure program.

Table 21 below shows the Mineral Resources for the San Martin mine.

Table 21: Internal Mineral Resource Estimates for the San Martin Silver Mine

Category/ Area	Mineral Type	Tonnage	Grades			Metal Content		
		kt	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Measured Intermedia Zone (UG)	Oxides	5	215	0.04	218	30	-	30
Measured La Veladora (UG)	Oxides	54	240	0.24	261	420	0.4	460
Measured Other Veins (UG)	Oxides	11	128	1.34	241	50	0.5	90
Total Measured (UG)	**Oxides**	**70**	**221**	**0.40**	**255**	**500**	**0.9**	**580**
Indicated Rosario (UG)	Oxides	521	247	0.64	301	4,130	10.7	5,030
Indicated Intermedia Zone (UG)	Oxides	133	358	0.18	373	1,530	0.8	1,590
Indicated La Veladora (UG)	Oxides	93	322	0.31	348	960	0.9	1,040
Indicated Hediondas (UG)	Oxides	54	299	0.84	370	520	1.5	640
Indicated La Lima (UG)	Oxides	39	233	0.15	245	290	0.2	310
Indicated Zuloaga (UG)	Oxides	52	417	0.03	419	690	-	700
Indicated Other Veins (UG)	Oxides	67	183	1.02	269	390	2.2	580
Total Indicated (UG)	**Oxides**	**958**	**277**	**0.53**	**321**	**8,510**	**16.3**	**9,890**
M+I Rosario (UG)	Oxides	521	247	0.64	301	4,130	10.7	5,030
M+I Intermedia Zone (UG)	Oxides	138	352	0.17	367	1,560	0.8	1,630
M+I La Veladora (UG)	Oxides	148	292	0.29	316	1,380	1.4	1,500
M+I Hedionda (UG)	Oxides	54	299	0.84	370	520	1.5	640
M+I La Lima(UG)	Oxides	39	233	0.15	245	290	0.2	310
M+I Zuloaga (UG)	Oxides	52	417	0.03	419	690	-	700
M+I Other Veins (UG)	Oxides	78	176	1.06	265	440	2.6	660
Total Measured and Indicated (UG)	**Oxides**	**1,028**	**273**	**0.52**	**317**	**9,010**	**17.2**	**10,470**

Category / Area	Mineral Type	Tonnage	Grades			Metal Content		
		kt	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Inferred Rosario (UG)	Oxides	830	219	0.53	263	5,840	14.1	7,020
Inferred Intermedia Zone (UG)	Oxides	97	303	0.20	320	950	0.6	1,000
Inferred La Veladora (UG)	Oxides	27	220	0.22	238	190	0.2	200
Inferred Hediondas (UG)	Oxides	150	253	0.65	308	1,220	3.1	1,480
Inferred La Lima (UG)	Oxides	376	218	0.07	223	2,630	0.8	2,700
Inferred Zuloaga (UG)	Oxides	897	245	0.08	252	7,070	2.3	7,270
Inferred Other Veins (UG)	Oxides	156	100	1.63	237	500	8.2	1,190
Total Inferred (UG)	**Oxides**	**2,533**	**226**	**0.36**	**256**	**18,400**	**29.3**	**20,860**

La Parrilla Silver Mine, Durango State, México

The La Parrilla mine is an underground silver mine and processing facility located in Durango State, México, approximately 76 kilometres southeast of the capital city of Durango, and is owned by the Company's wholly owned indirect subsidiary, First Majestic Plata, S.A. de C.V. The Company acquired La Parrilla in 2004 and operated it until September 2, 2019 when mining operations were placed on temporary suspension. Exploration for new deposits continues with an emphasis on brownfield and greenfield targets within the property mineral concessions.

The La Parrilla mine also supports First Majestic's ISO certified Central Laboratory and metallurgical pilot plant testing facilities which continue in operation supporting the Company's metallurgical investigations and assay work for the Company's exploration samples.

The existing surface infrastructure includes a 2,000 tpd dual-circuit processing facility consisting of a 1,000 tpd cyanidation circuit and a 1,000 tpd flotation circuit, repair workshops, an analytical laboratory (First Majestic's Central Laboratory), temporary ore stockpiles, a tailings storage facility, water management and diversion structures, offices, a drill core and logging shack, power substations and power lines. Existing underground workshop facilities include a washing bay, a lubricant station and several repair stations for mobile equipment.

Table 22 below shows the Mineral Resources for the La Parrilla mine.

Table 22: Internal Mineral Resource Estimates for the La Parrilla Silver Mine

Category/ Area	Mineral Type	Tonnage	Grades					Metal Content				
		kt	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Pb (M lb)	Zn (M lb)	Ag-Eq (k Oz)
Measured Quebradillas (UG)	Sulphides	15	193	-	1.27	1.27	250	90	-	0.4	0.4	120
Total Measured (UG)	**Sulphides**	**15**	**193**	**-**	**1.27**	**1.27**	**250**	**90**	**-**	**0.4**	**0.4**	**120**
Indicated Rosarios (UG)	Sulphides	519	179	0.08	1.71	1.33	257	2,980	1.4	19.6	15.2	4,290
Indicated Quebradillas (UG)	Sulphides	321	177	0.08	2.59	2.70	303	1,820	0.8	18.3	19.0	3,120
Indicated San Marcos (UG)	Sulphides	188	260	0.04	0.57	0.56	289	1,570	0.2	2.4	2.3	1,750
Total Indicated (UG)	**Sulphides**	**1,028**	**193**	**0.07**	**1.78**	**1.62**	**277**	**6,370**	**2.4**	**40.3**	**36.6**	**9,160**
Indicated Rosarios (UG)	Oxides	23	300	0.04	-	-	304	220	-	-	-	220
Indicated San Marcos (UG)	Oxides	53	256	0.12	-	-	266	440	0.2	-	-	450
Total Indicated (UG)	**Oxides**	**76**	**270**	**0.09**	**-**	**-**	**278**	**660**	**0.2**	**-**	**-**	**670**
Total Indicated (UG)	**Oxides + Sulphides**	**1,104**	**182**	**0.07**	**1.67**	**1.52**	**261**	**7,030**	**2.6**	**40.3**	**36.6**	**9,830**
Total Measured and Indicated (UG)	**Oxides + Sulphides**	**1,119**	**198**	**0.07**	**1.65**	**1.50**	**277**	**7,120**	**2.6**	**40.7**	**37.0**	**9,950**

Category/ Area	Mineral Type	Tonnage	Grades					Metal Content				
		kt	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Pb (M lb)	Zn (M lb)	Ag-Eq (k Oz)
Inferred Rosarios (UG)	Sulphides	265	154	0.16	1.85	1.48	245	1,310	1.4	10.8	8.6	2,090
Inferred Quebradillas (UG)	Sulphides	578	214	0.08	1.85	2.65	319	3,970	1.6	23.6	33.8	5,920
Inferred San Marcos (UG)	Sulphides	185	304	0.03	0.25	0.22	317	1,810	0.2	1.0	0.9	1,890
Total Inferred (UG)	**Sulphides**	**1,028**	**215**	**0.09**	**1.56**	**1.91**	**299**	**7,090**	**3.2**	**35.4**	**43.3**	**9,900**
Inferred Rosarios (UG)	Oxides	280	198	0.08	-	-	205	1,780	0.7	-	-	1,840
Inferred Quebradillas (UG)	Oxides	43	196	0.14	-	-	208	270	0.2	-	-	290
Inferred San Marcos (UG)	Oxides	70	211	0.04	-	-	214	480	0.1	-	-	480
Total Inferred (UG)	**Oxides**	**393**	**200**	**0.08**	**-**	**-**	**207**	**2,530**	**1.0**	**-**	**-**	**2,610**
Total Inferred (UG)	**Oxides + Sulphides**	**1,421**	**211**	**0.09**	**1.13**	**1.38**	**274**	**9,620**	**4.2**	**35.4**	**43.3**	**12,510**

Del Toro Silver Mine, Zacatecas State, México

Del Toro mine is an underground silver mine and processing facility located in Zacatecas State, México, approximately 150 km northwest of the state capital city of Zacatecas, and is owned by the Company's wholly owned indirect subsidiary, First Majestic Del Toro S.A. de C.V. The Company operated the mine from 2004 until 21 January 2020 when mining operations were placed on temporary suspension.

Project generation exploration continues, with an emphasis on brownfield and greenfield targets within the property mineral concessions.

The existing surface mining infrastructure includes a 2,000 tpd flotation circuit and a 2,000 tpd cyanidation circuit which is currently in care and maintenance, workshops, analytical laboratory, temporary ore stockpiles, waste rock and tailings storage facilities, water management and diversion structures, offices, drill core and logging shack, water ponds, power substations and power lines. The Del Toro mine includes three main independent underground mining areas which are accessed via surface portals, the San Juan mine, the Dolores mine and the Perseverancia mine.

The Mineral Resource estimates for Del Toro are summarized in Table 23.

Table 23: Internal Mineral Resource Estimates for the Del Toro Silver Mine

Category	Mineral Type	Tonnage	Grades					Metal Content				
		ktonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Pb (M lb)	Zn (M lb)	Ag-Eq (k Oz)
Indicated Dolores (UG)	Sulphides	189	210	0.76	2.21	0.93	337	1,270	4.6	9.2	3.9	2,050
Indicated San Juan (UG)	Sulphides	232	179	0.38	4.57	9.97	483	1,330	2.8	23.4	51.0	3,610
Indicated Perseverancia (UG)	Sulphides	14	201	0.04	4.54	2.49	350	90	-	1.4	0.8	160
Indicated Zaragoza (UG)	Sulphides	5	181	0.17	1.60	0.76	244	30	-	0.2	0.1	40
Subtotal Indicated (UG)	**Sulphides**	**440**	**193**	**0.53**	**3.52**	**5.75**	**414**	**2,720**	**7.4**	**34.2**	**55.7**	**5,860**
Indicated Dolores (UG)	Oxides + Transition	44	238	0.29	2.48	-	317	330	0.4	2.4	-	440
Indicated San Juan (UG)	Oxides + Transition	57	279	0.13	6.41	-	435	510	0.2	8.0	-	800
Indicated Perseverancia (UG)	Oxides + Transition	52	159	0.07	5.47	-	289	270	0.1	6.3	-	480
Subtotal Indicated (UG)	**Oxides + Transition**	**153**	**226**	**0.15**	**4.97**	**-**	**351**	**1,110**	**0.7**	**16.7**	**-**	**1,720**
Total Indicated (UG)	**All Mineral Types**	**592**	**201**	**0.43**	**3.90**	**4.27**	**398**	**3,830**	**8.1**	**50.9**	**55.7**	**7,580**

Category	Mineral Type	Tonnage	Grades					Metal Content				
		ktonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Pb (M lb)	Zn (M lb)	Ag-Eq (k Oz)
Inferred Dolores (UG)	Sulphides	158	223	0.46	2.39	0.74	327	1,140	2.3	8.4	2.6	1,670
Inferred San Juan (UG)	Sulphides	182	186	0.12	4.08	4.49	365	1,080	0.7	16.3	18.0	2,130
Inferred Perseverancia (UG)	Sulphides	12	93	0.11	3.12	3.52	234	40	-	0.8	0.9	90
Inferred Zaragoza (UG)	Sulphides	144	149	0.20	2.57	2.64	269	690	0.9	8.2	8.4	1,240
Subtotal Inferred (UG)	**Sulphides**	**496**	**185**	**0.25**	**3.08**	**2.73**	**322**	**2,950**	**3.9**	**33.7**	**29.8**	**5,130**
Inferred Dolores (UG)	Oxides + Transition	83	167	0.32	2.91	-	259	450	0.8	5.3	-	690
Inferred San Juan (UG)	Oxides + Transition	360	196	0.02	3.30	-	273	2,270	0.2	26.2	-	3,160
Inferred Perseverancia (UG)	Oxides + Transition	247	165	0.08	4.64	-	277	1,310	0.6	25.3	-	2,200
Subtotal Inferred (UG)	**Oxides + Transition**	**690**	**182**	**0.08**	**3.74**	**-**	**273**	**4,030**	**1.6**	**56.8**	**-**	**6,050**
Inferred Total (UG)	**All Mineral Types**	**1,186**	**183**	**0.15**	**3.46**	**1.14**	**293**	**6,980**	**5.5**	**90.5**	**29.8**	**11,180**

La Guitarra Silver Mine, México State, México

La Guitarra mine is an underground silver/gold mine and processing facility located in México State, México, approximately 130 kilometres southwest of México City, and is owned and operated by the Company's wholly owned indirect subsidiary, La Guitarra Compañia Minera S.A. de C.V. ("La Guitarra Compania"). The Company acquired the mine in 2012 and operated it until 2018 when it was put on care and maintenance. No mining or exploration is being carried out at this time.

The La Guitarra mine has good access to local infrastructure and services. International airports are in both México City and Toluca. Major population centres in the area include Temascaltepec, San Simon de Guerrero and Valle de Bravo. There are paved roads throughout the Temascaltepec District.

The national power grid crosses the property within 700 metres of the existing plant. All current and projected production centres are near natural water sources. Proximity to the major industrial centres of Toluca and México City provides access to a large variety of suppliers. The infrastructure at the mine site consists of a processing facility with a conventional flotation mill rated at 500 tpd, an analytical laboratory, drill core storage facilities, a flotation plant and mill, offices, repair shops, and warehouses. Water is supplied from the mine workings, surface streams and the Temascaltepec River.

Since its acquisition in 2012 First Majestic has completed approximately 128,671 metres of drilling in 689 diamond drill holes. There has been no drilling since mid-2018. In 2020 the Company initiated a drilling campaign to analyse the tailing impoundment quality. In 2021 this material will undergo metallurgical testing at the company's main pilot plant test facilities at La Parrilla.

Table 24 below shows the Mineral Resources for the La Guitarra mine.

Table 24: Internal Mineral Resource Estimates for the La Guitarra Silver Mine

Category / Area	Mineral Type	Tonnage	Grades			Metal Content		
		kt	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Measured Jessica (UG)	Sulphides	29	207	2.40	408	190	2.2	380
Measured Joya Larga (UG)	Sulphides	16	238	0.50	280	120	0.3	140
Measured Selene (UG)	Sulphides	12	213	0.90	288	80	0.3	110
Total Measured (UG)	**Sulphides**	**57**	**217**	**1.55**	**347**	**390**	**2.8**	**630**
Indicated Jessica (UG)	Sulphides	179	213	2.50	422	1,230	14.4	2,430
Indicated Intermedia (UG)	Sulphides	59	286	0.90	361	540	1.7	690
Indicated Adriana (UG)	Sulphides	17	127	1.00	211	70	0.5	120
Indicated Joya Larga (UG)	Sulphides	66	212	0.90	287	450	1.9	610
Indicated Selene (UG)	Sulphides	58	239	0.90	314	450	1.7	590
Indicated Nazareno (UG)	Sulphides	265	234	0.52	278	2,000	4.4	2,370
Total Indicated (UG)	**Sulphides**	**644**	**228**	**1.19**	**328**	**4,740**	**24.6**	**6,810**
M+I Jessica (UG)	Sulphides	208	212	2.50	421	1,420	16.7	2,820
M+I Intermedia (UG)	Sulphides	59	286	0.90	361	540	1.7	690
M+I Adriana (UG)	Sulphides	17	127	1.00	211	70	0.5	120
M+I Joya Larga (UG)	Sulphides	82	217	0.80	284	570	2.1	750
M+I Selene (UG)	Sulphides	70	234	0.90	309	530	2.0	700
M+I Nazareno (UG)	Sulphides	265	234	0.52	278	2,000	4.4	2,370
Total Measured and Indicated (UG)	**Sulphides**	**701**	**227**	**1.22**	**330**	**5,130**	**27.4**	**7,450**

Category / Area	Mineral Type	Tonnage	Grades			Metal Content		
		kt	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Inferred Jessica (UG)	Sulphides	135	207	2.60	425	900	11.3	1,840
Inferred Intermedia (UG)	Sulphides	52	223	0.80	290	370	1.3	480
Inferred Adriana (UG)	Sulphides	8	125	0.80	192	30	0.2	50
Inferred Adriana 2 (UG)	Sulphides	20	374	0.60	424	240	0.4	270
Inferred Luz Maria (UG)	Sulphides	33	350	0.70	409	370	0.7	430
Inferred Joya Larga (UG)	Sulphides	91	199	0.70	258	580	2.0	750
Inferred Selene (UG)	Sulphides	32	163	0.60	213	170	0.6	220
Inferred Nazareno (UG)	Sulphides	673	248	0.33	276	5,380	7.2	5,980
Total Inferred (UG)	**Sulphides**	**1,044**	**240**	**0.71**	**299**	**8,040**	**23.7**	**10,020**

Risk Factors

Investment in securities of the Company should be considered a speculative investment due to the high-risk nature of the Company's business and the present stage of the Company's development. The following risk factors, as well as risks currently unknown to the Company, could materially adversely affect the future business, operations and financial condition of the Company and could cause them to differ materially from the estimates described in forward-looking statements herein relating to the Company or the Company's business, property or financial results, each of which could cause investors to lose part or all of their investment in the Company's securities. The risks set out below are not the only risks the Company faces; risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also materially and adversely affect the Company's business, financial condition, results of operations and prospects. Investors should carefully consider the following risk factors along with the other information set out in this AIF prior to making an investment in the Company. While First Majestic engages in certain risk management practices, there can be no assurance that such measures will limit the occurrence of events that may negatively impact the Company as many factors are beyond the control of the Company. In addition to the other information presented in this AIF, the risk factors that follow should be given special consideration when evaluating an investment in the Company's securities.

Public Health Crises

Global financial conditions and the global economy in general have, at various times in the past and may in the future, experience extreme volatility in response to economic shocks or other events, such as the ongoing situation concerning COVID-19. Many industries, including the mining industry, are impacted by volatile market conditions in response to the widespread outbreak of epidemics, pandemics or other health crises. Such public health crises and the responses of governments and private actors can result in disruptions and volatility in economies, financial markets and global supply chains as well as declining trade and market sentiment and reduced mobility of people, all of which could impact commodity prices, interest rates, credit ratings, credit risk and inflation.

The Company's business could be materially adversely affected by the effects of the COVID-19 pandemic. As at the date of this AIF, the global reactions to the spread of COVID-19 have led to, among other things, significant restrictions in many jurisdictions on travel and gatherings of individuals, quarantines, temporary business closures and a general reduction in consumer activity. Although quarantines have been lifted in many jurisdictions and vaccination programs have been initiated, certain jurisdictions that have previously lifted quarantines have been required to re-impose them and vaccination programs may be implemented slower than expected or may not be as efficacious as expected due to a variety of factors including delays in distribution or the emergence of new strains which are resistant to vaccines. While these effects are expected to be temporary, the duration of the disruptions to business internationally and the related financial impact on the Company and the economy in general cannot be estimated with any degree of certainty at this time. In addition, the increasing number of individuals infected with COVID-19 has resulted in a widespread global health crisis that has adversely affected global economies and financial markets and could result in a protracted economic downturn that could have an adverse effect on the demand for precious metals and the Company's future prospects.

In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business, including without limitation, employee health, workforce availability and productivity, limitations on travel, supply chain disruptions, increased insurance premiums, increased costs and reduced efficiencies, the availability of industry experts and personnel, restrictions on the Company's exploration and drilling programs and/or the timing to process drill and other metallurgical testing and the slowdown or temporary suspension of operations at some or all of the Company's properties, resulting in reduced production volumes. Although the Company has the capacity to continue certain administrative functions remotely, many other functions, including mining operations, cannot be conducted remotely.

On March 24, 2020, the Mexican federal government implemented a decree imposing certain preventive measures aimed at mitigating the impact of COVID-19. The decree temporarily suspended certain activities relating to physical gatherings and the transit or movement of individuals and was subsequently amended to restrict access and require the closure of the Company's mines from April 3, 2020. On May 13, 2020, the Mexican government officially confirmed that mining was deemed essential and operations were permitted to restart on May 18, 2020. On May 23, 2020, Mexican government authorized the Company to restart its mining operations, however, there can be no guarantee that the decree will not be amended in the future to impose more severe measures or restrictions or that state governments in those jurisdictions in which the Company's facilities are located will not pass similar decrees reducing or preventing access to the Company's facilities, potentially causing disruption or closure of one or more of the Company's mines.

As a result of the temporary closures of its facilities the Company experienced loss of production at its facilities during the second and third financial quarters of 2020. As at early November, the Company's three operating mines had returned to normal operations. Worker availability is a challenge but has been gradually improving and is being mitigated by increasing the use of temporary workers and contractors. There is no guarantee that the Company will not experience significant disruptions to or additional closures of some or all of its active mining operations due to COVID-19 restrictions in the future. Any such disruptions or closures could have a material adverse effect on the Company's production, revenue, net income and business. In addition, parties with whom the Company does business or on whom the Company is reliant, including suppliers and refineries may also be adversely impacted by the COVID-19 pandemic which may in turn cause further disruption to the Company's business, including delays or halts in availability or delivery of consumables and delays or halts in refining of ore from the Company's mines. Any long-term closures or suspensions may also result in the loss of personnel or the workforce in general as employees seek employment elsewhere.

The impact of COVID-19 and government responses thereto may also continue to have a material impact on financial markets and could constrain the Company's ability to obtain equity or debt financing in the future, which may have a material and adverse effect on its business, financial condition and results of operations.

Operational Risks

Uncertainty in the Calculation of Mineral Reserves, Resources and Silver and Gold Recovery

There is a degree of uncertainty attributable to the calculation of Mineral Reserves and Mineral Resources. Until Mineral Reserves or Mineral Resources are actually mined, extracted and processed, the quantity of minerals and their grades must be considered estimates only. In addition, the quantity of Mineral Reserves and Mineral Resources may vary depending on, among other things, applicable metal prices. Any material change in the quantity of Mineral Reserves, Mineral Resources, grade or mining widths may affect the economic viability of some or all of the Company's mineral properties and may have a material adverse effect on the Company's operational results and financial condition. Mineral Reserves with respect to the Company's properties have been calculated on the basis of economic factors at the time of calculation; any subsequent variations in such factors may have an impact on the amount of the Company's Mineral Reserves. In addition, there can be no assurance that silver and gold recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production, or that the existing known and experienced recoveries will continue.

Inaccuracies in Production and Cost Estimates

From time to time, the Company prepares estimates of future production and future production costs for particular operations. No assurance can be given that production and cost estimates will be achieved. These production and cost estimates are based on, among other things, the following factors: the accuracy of Mineral Reserve estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; equipment and mechanical availability; labour; and the accuracy of estimated rates and costs of mining and processing, including the cost of human and physical resources required to carry out the Company's activities. Failure to achieve production or cost estimates, or increases in costs, could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Actual production and costs may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the Mineral Reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; and risks and hazards associated with mining described under "Operating Hazards and Risks" in this section of the AIF. In addition, there can be no assurance that silver recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production, or that the existing known and experienced recoveries will continue. Costs of production may also be affected by a variety of factors including: dilution, widths, ore grade and metallurgy, labour costs, costs of supplies and services (such as, for example, fuel and power), general inflationary pressures and currency exchange rates. Failure to achieve production estimates could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Future Exploration and Development Activities

The Company has projects at various stages of development and there are inherent risks in the development, construction and permitting of all new mining projects. Exploration and development of mineral properties involves significant financial risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish economic reserves by drilling, constructing mining and processing facilities at a site, developing metallurgical processes and extracting precious metals from ore. The Company cannot ensure that its current exploration and development programs will result in profitable commercial mining operations. Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define resources which can be developed and mined economically.

The economic feasibility of development projects is reliant upon many factors, including the accuracy of Mineral Reserve and Mineral Resource estimates, metal recoveries, capital and operating costs, government regulations relating to prices, taxes, royalties, land tenure, land use, importing, exporting, environmental protection, and metal prices, which are highly volatile. Development projects are also subject to the successful completion of economic evaluations or feasibility studies, issuance of necessary governmental permits and availability of adequate financing. Furthermore, material changes in developing resources into economically viable Mineral Reserves can be affected by ore grades, widths and dilution or metal recoveries at any project.

Development projects have no operating history upon which to base estimates of future cash flow. Estimates of Proven and Probable Mineral Reserves, Measured Mineral Resources, Indicated Mineral Resources and Inferred Mineral Resources are, to a large extent, based upon detailed geological and engineering analysis. Further, Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Due to the uncertainty of Inferred Mineral Resources, there is no assurance that Inferred Mineral Resources will be upgraded to Proven or Probable Mineral Reserves as a result of continued exploration.

Need for Additional Mineral Reserves

Because mines have limited lives based primarily on Proven and Probable Mineral Reserves, the Company must continually replace and expand its Mineral Reserves as the Company's mines produce metals. The ability of the Company to maintain or increase its annual production of metals and the Company's future growth and productivity will be dependent in significant part on its ability to identify and acquire additional commercially mineable mineral rights, to bring new mines into production and to continue to invest in exploration and development at the Company's existing mines or projects in order to develop resources into minable economic Mineral Reserves.

Failure to identify additional mineral reserves may result in reduction of mineral production at one or more of the Company's mines and may result in a mine ceasing to be economic and ultimately, may lead to closure of the mine. Mine closure involves long-term management of permanent engineered structures and potential acid rock drainage, achievement of environmental closure standards, orderly termination of employees and contractors and ultimately relinquishment of the site. The successful completion of these and other associated tasks is dependent on sufficient financial resources and the ability to successfully implement negotiated agreements with relevant governmental authorities, community, unions, employees and other stakeholders. The consequences of a difficult closure range from increased closure costs and handover delays to ongoing environmental impacts and corporate reputation damage if desired outcomes cannot be achieved. The Company has limited experience in managing mine closures and there is no assurance that any future mine closures will be successfully managed to the satisfaction of all stakeholders.

Operating Hazards and Risks

The operation and development of a mine or mineral property involves many risks which a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include:

- major or catastrophic equipment failures;
- mine, embankment and/or slope failures;
- deleterious elements materializing in the mined resources;
- environmental hazards and catastrophes;
- industrial accidents and explosions;
- encountering unusual or unexpected geological formations;
- changes in the cost of consumables, power costs and potential power shortages;
- labour shortages (including due to public health issues or strikes);
- theft, fraud, organized crime, civil disobedience, protests and other security issues;
- ground fall and underground cave-ins; and
- natural phenomena, such as inclement or severe weather conditions, floods, droughts, rock slides and earthquakes.

These occurrences could result in environmental damage and liabilities, work stoppages and delayed production, increased production costs, damage to, or destruction of, mineral properties or production facilities, personal injury or death, asset write-downs, monetary losses, liabilities to third parties and other liabilities.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources, water supplies and, in certain cases, air access are important determinants for capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation or development of the Company's projects and may require the Company to construct alternative infrastructure (for example, powerlines and other energy-related infrastructure). If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation of the Company's projects will be commenced or completed on a timely basis, if at all; the resulting operations will achieve the anticipated production volume, or the construction costs and ongoing operating costs associated with the exploitation and/or development of the Company's mines and other projects will not be higher than anticipated. In addition, unusual weather phenomena, sabotage, terrorism, non-governmental organization ("**NGO**") and governmental or other community or indigenous interference in the maintenance or provision of such infrastructure could adversely affect the Company's business, operations and profitability.

While the Company believes that it has adequate infrastructure to support current operations, future developments could limit the availability of certain aspects of the infrastructure. The Company could be adversely affected by the need for new infrastructure. There can be no guarantee that the Company will be successful in maintaining adequate infrastructure for its operations which could adversely affect the Company's business, operations and profitability.

Future increases in metal prices may lead to renewed increases in demand for exploration, development and construction services and equipment used in mineral exploration and development activities. Such increases could result in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability and may cause delays due to the need to coordinate the availability of services or equipment, any of which could materially decrease project exploration and development and/or increase production costs and limit profits.

Aviation Risk

Certain of the Company's mineral properties are accessed primarily through air travel, including airplane and helicopter. An airplane or helicopter incident resulting in loss of life, facility shutdown or regulatory action could result in liability to the Company. In addition, any such incident may result in reduced access or loss of access to a particular facility which the Company may or may not be able to mitigate by alternative air or ground based travel methods. Accordingly, any such incident could have a material adverse effect on the operations of the Company.

Governmental Regulations, Licenses and Permits

The Company's mining, exploration and development projects are located in Mexico and are subject to extensive laws and regulations governing various matters including, but not limited to, exploration, development, production, price controls, exports, taxes, mining royalties, environmental levies, labor standards, expropriation of property, maintenance of mining claims, land use, land claims of local people, water use, waste disposal, power generation, protection and remediation of the environment, reclamation, historic and cultural resource preservation, mine safety, occupational health, and the management and use of toxic substances and explosives, including handling, storage and transportation of hazardous substances.

Such laws and regulations may require the Company to obtain licenses and permits from various governmental authorities. Failure to comply with applicable laws and regulations, including licensing and permitting requirements, may result in civil or criminal fines, penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations, requiring corrective measures, requiring the installation of additional equipment, requiring remedial actions or imposing additional local or foreign parties as joint venture partners, any of which could result in significant expenditures or loss of income by the Company. The Company may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations, licensing requirements or permitting requirements.

The Company's income and its mining, exploration and development projects, could be adversely affected by amendments to such laws and regulations, by future laws and regulations, by more stringent enforcement of current laws and regulations, by changes in the policies of México, Canada and other applicable jurisdictions affecting investment, mining and repatriation of financial assets, by shifts in political attitudes in México and by exchange controls and currency fluctuations. The effect, if any, of these factors cannot be accurately predicted. Further, there can be no assurance that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at the Company's projects.

The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing the Company's mining, exploration and development activities and operations in compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance with such laws and regulations, and new taxes, could become such that the Company would not proceed with mining, exploration and development at one or more of its properties. Moreover, it is possible that future regulatory developments, such as increasingly strict environmental protection laws, regulations and enforcement policies thereunder, and claims for damages to property and persons resulting from the Company's mining, exploration and development projects could result in substantial costs and liabilities for the Company, such that the Company would halt or not proceed with mining, exploration and development at one or more of its properties.

Evolving Foreign Trade Policies

New tariffs and evolving trade policy between the United States and other countries, including China, México and Canada, may have an adverse effect on the Company's business and results of operations. There is currently significant uncertainty about the future relationship between the United States and various other countries, including China, México and Canada, with respect to trade policies, treaties, government regulations and tariffs. Any increased restrictions on international trade or significant increases in tariffs on goods could potentially disrupt the Company's existing supply chains and impose additional costs on the Company's business.

NAFTA is an agreement signed in 1994 by Canada, México and the United States creating a trilateral trade bloc in North America. On November 30, 2018 the three countries entered into a new trade agreement (variously referred to as USMCA or United States- México -Canada Agreement) to replace NAFTA, and such agreement has now been ratified by all three countries. Among other things, USMCA requires its member countries to respect international labour standards including rights to free association and collective bargaining and to uphold their labour laws. Although management has determined that there have been no effects to date on its operations regarding these developments, management cannot predict future potentially adverse developments in the political climate involving Canada, the United States and México and thus these may have an adverse and material impact on the Company's operations and financial performance. Partially due to the new labour standards in USMCA, the Mexican government is considering new outsourcing legislation which could impact the labour relationship between operating mines and the service companies which provide labour to those operating mines, as well as the requirement to increase mandatory profit distributions from the operating mines. As a result, the Company has determined to proactively reorganize its corporate structure in Mexico to eliminate service companies from the care and maintenance companies in its structure. In addition, the government of Mexico is considering changes to prior legislation which had demonopolized the national energy market. Details of any new legislation with respect to outsourcing or the national energy market have not been publicized. As a result, the financial impact on the Company of this legislation, if passed, cannot currently be estimated.

In addition, as a result of the evolving COVID-19 pandemic, a number of countries, including Canada and México, have imposed travel restrictions or closed their borders to foreign nationals. Although, as of the date hereof, neither Canada nor México have imposed restrictions on goods, there can be no guarantee that such restrictions on human mobility will not have an impact on the delivery of products from the Company's mines. Any such restrictions may have a material adverse impact on the Company's operations, income and financial performance.

Environmental and Health and Safety Regulation

The Company's operations are subject to extensive laws and regulations governing environmental protection promulgated by governments and government agencies. Environmental regulation provides for restrictions on, and the prohibition of, spills and the release and emission of various substances related to mining industry operations which could result in environmental pollution.

Environmental laws and regulations are complex and have become more stringent over time. The Company is required to obtain governmental permits and in some instances air, water quality, waste disposal, hazardous substances and mine reclamation permits. Although the Company makes provisions for environmental compliance and reclamation costs, it cannot be assured that these provisions will be adequate to discharge the Company's future obligations for these costs. Failure to comply with applicable environmental laws may result in injunctions, damages, suspension or revocation of permits and imposition of penalties. Environmental regulation is evolving in a manner resulting in stricter standards and the costs of compliance with such standards are increasing while the enforcement of, and fines and penalties for, non-compliance are also becoming more stringent. In addition, certain types of operations require submissions of, and approval of, environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees.

Climate change regulations may become more onerous over time as governments implement policies to further reduce carbon emissions, including the implementation of taxation regimes based on aggregate carbon emissions. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, the cost of compliance with environmental regulation and changes in environmental regulation have the potential to result in increased cost of operations, reducing the profitability of the Company's operations.

There has been increased global attention and the introduction of regulations restricting or prohibiting the use of cyanide and other hazardous substances in mineral processing activities. If legislation restricting or prohibiting the use of cyanide were to be adopted in a region in which the Company relies on the use of cyanide, it would have a significant adverse impact on the Company's results of operations and financial condition as there are few, if any, substitutes for cyanide in extracting metals from certain types of ore.

The Company intends to, and attempts to, fully comply with all applicable environmental regulations, including regulations concerning COVID-19. While responsible environmental stewardship is a top priority for the Company, there can be no assurance that the Company has been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental laws and permits will not materially and adversely affect the Company's business, results of operations or financial condition.

Health and Safety Hazards

Workers involved in mining operations are subject to many inherent health and safety risks and hazards, including, but not limited to, contraction of COVID-19, rock bursts, cave-ins, floods, falls of ground, tailings dam failures, chemical hazards, mineral dust and gases, use of explosives, noise, electricity and moving equipment (especially heavy equipment) and slips and falls, which could result in occupational illness or health issues, personal injury, and loss of life, and/or facility and workforce evacuation. These risks cannot be eliminated and may adversely affect the Company's reputation, business and future operations.

Tailings Storage Facility Management

In order to manage the risk in the operation of mining tailings storage facilities (" **TSF**"), the Company has maintained its approach for more than ten years of investing in technologies that facilitate the handling and storage of tailings, in particular the operation of filter presses and belt filters so that filtered tailings are currently actively produced in San Dimas, Santa Elena and La Encantada mines. Filter presses are also installed in the temporarily suspended operations of Del Toro, La Parrilla and San Martin mines, leaving aside the operation of wet tailings. The San Martin and La Guitarra mines had wet TSFs when the Company acquired them; consequently, the Company has upgraded the San Martin TSF with filtered tailings and waste rock abutments, whereas at La Guitarra, the mine is in care-and-maintenance and a new dry-stack TSF has recently been permitted, but not constructed.

The Company complies with Mexican regulations, such as the standard NOM-141-Semarnat-2003, which establish the procedure to characterize tailings deposits, as well as the specifications and criteria for the characterization and preparation of the deposit sites, construction, operation and closure of tailings deposits. During construction of the Company's paste TSF, the American Society for Testing and Materials standards are being applied. In addition, the designs and operation of the Company TSFs are guided by international standards such as the Canadian Dam Association ("**CDA**"), where the minimum required operational stability factors are established. The designs and current stability conditions have also been reviewed by third party consultants through the Dam Safety Inspection reports, carrying out the risk analysis and classification according to international standards of both the CDA and the International Commission on Large Dams.

Mining is an extractive industry that deals with inherent uncertainties of natural and environmental factors; therefore, the Company may be exposed to liability if accidents and/or contamination arise as a result of any failure in its TSFs. Such failures could result from various risks and hazards, including natural hazards like earthquakes and flooding, uncertainty in the behaviour of rock formations beneath the TSF foundations, industrial accidents and involuntary failures in the design and management of the TSF.

To the extent that the Company is subject to unfunded or uninsured environmental liabilities, the payment for such liabilities would reduce funds otherwise available and could have a material adverse effect on the Company. Should the Company be unable to fund fully the cost of remedying an environmental problem, the Company may be required to suspend operations or enter into interim compliance measures pending completion of required remediation, which could have a material adverse effect on the Company.

Title to Properties

The validity of mining or exploration titles or claims or rights, which constitute most of the Company's property holdings, can be uncertain and may be contested. The Company has used reasonable commercial efforts to investigate the Company's title or claim to its various properties, however, no assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining titles or claims and that such exploration and mining titles or claims will not be challenged or impugned by third parties. Mining laws in México are continually developing and changes in such laws could materially impact the Company's rights to its various properties or interests therein.

Although the Company has obtained title opinions for certain material properties, there is no guarantee that title to such properties will not be challenged or impugned. The Company does not maintain title insurance for any of its properties and the Company may have little or no recourse as a result of any successful challenge to title to any of its properties. The Company's properties may be subject to prior unregistered liens, agreements or transfers, land claims or undetected title defects which may have a material adverse effect on the Company's ability to develop or exploit the properties.

In México, legal rights applicable to mining concessions are different and separate from legal rights applicable to surface lands (as set out below under the heading "Local Groups and Civil Disobedience"); accordingly, title holders of mining concessions must obtain agreement from surface landowners to obtain suitable access to mining concessions and for the amount of compensation in respect of mining activities conducted on such land. If the Company is unable to agree to terms of access with the holder of surface rights with respect to a particular claim, the Company may be able to gain access through a regulatory process in México, however there is no guarantee that such process will be successful or timely or that the terms of such access will be favorable to the Company. In any such event, access to the Company's properties may be curtailed, which may result in reductions in production and corresponding reductions in revenue. Any such reductions could have a material adverse effect on the Company, its business and its results of operations.

Local Groups and Civil Disobedience

In Mexico, an Ejido is a form of communal ownership of land recognized by Mexican federal laws. Following the Mexican Revolution, beginning in 1934 as an important component of agrarian land reform, the Ejido system was introduced to distribute parcels of land to groups of farmers known as Ejidos. While mineral rights are administered by the federal government through federally issued mining concessions, in many cases, an Ejido may control surface rights over communal property. An Ejido may sell or lease lands directly to a private entity, it also may allow individual members of the Ejido to obtain title to specific parcels of land and thus the right to rent, distribute, or sell the land. While the Company has agreements with the Ejidos that may impact the Company's properties, some of these agreements may be subject to renegotiation from time to time. Changes to the existing agreements may have a significant impact on operations at the Company's mines.

If the Company is not able to reach an agreement for the use of the lands with the Ejido, the Company may be required to modify its operations or plans for the development of its mines. In the event that the Company conducts activities in areas where no agreements exist with owners which are Ejidos, the Company may face legal action from the Ejido.

Three of the properties included in the San Dimas Mine and for which the Company holds legal title are subject to legal proceedings commenced separately by the Ejido Guarisamey and the Ejido Guamuchil asserting title to the property. None of the proceedings name the Company or its subsidiaries as a party and the Company therefore has no standing to participate in them. In all cases, the defendants are previous owners of the properties, either deceased individuals who, according to certain public deeds, owned the properties more than 80 years ago, corporate entities that are no longer in existence, or Goldcorp companies. The proceedings also name the Tayoltita Property Public Registry as co-defendant.

In 2015, the Company obtained a federal injunction (known as an amparo) against the Ejido Guamuchil. This proceeding (the " **Guamuchil Suit**") was then reinstated resulting in the Company's subsidiaries gaining standing rights as an affected third party permitted to submit evidence of the Company's legal title. In February 2017, the Company received a favourable decision which was confirmed on appeal. A final appeal of this decision has yet to be resolved.

The Company is also pursuing nullity of a decision obtained by the Ejido Guarisamey.

An additional administrative procedure was initiated before the Federal government by the Ejido San Dimas requesting the purchase of land which is the subject of the Guamuchil Suit for designation as "National Land". The Company has submitted evidence of ownership which it believes invalidates the Ejido San Dimas request. Conclusion of this procedure remains outstanding.

If the Company is not successful in these challenges, the San Dimas mine could face higher costs associated with agreed or mandated payments that would be payable to the Ejidos for use of the properties.

The Company's operations have in the past and may in the future be subject to protest, roadblocks, or other forms of civil disobedience or public expressions against the Company's activities, including action by employees. For example, on June 13, 2020, the National Mine Workers Union halted all work activities, began a blockade of the minesite and commenced an official strike at the San Dimas Mine, following a three week negotiation period. On June 25, 2020, the Company reached an agreement to resolve the issues with the union and to safely restart operations at the mine. There can be no assurance that there will not be further disruptions to workforce availability or site access at any of the Company's projects in the future, which could negatively impact production from the projects and, ultimately, the long-term viability of the projects, any of which may have a material adverse impact on the Company.

Community Relations and License to Operate

The Company's relationships with the communities in which the Company operates are critical to ensuring the future success of existing operations and the construction and development of future projects. There is an increasing level of public interest worldwide relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain NGOs, some of which oppose globalization and resource development, are often vocal critics and attempt to interfere with the mining industry and its practices, including the use of cyanide and other hazardous substances in processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally, or their operations specifically, could have an adverse effect on the Company's reputation or financial condition and may impact the Company's relationship with the communities in which it operates. While the Company believes that it operates in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

Political and Country Risk

The Company currently conducts mining operations solely in México, and as such the Company's operations are exposed to various levels of political and economic risks by factors outside of the Company's control. These potential factors include, but are not limited to: mining royalty and various tax increases or claims by governmental bodies, expropriation or nationalization, foreign exchange controls, high rates of inflation, extreme fluctuations in currency exchange rates, import and export regulations, cancellation or renegotiation of contracts, environmental and permitting regulations, illegal mining operations by third parties on the Company's properties, labor unrest and surface access issues. The Company currently has no political risk insurance coverage against these risks.

The Company is unable to determine the potential impact of these risks on its future financial position or results of operations. Changes, if any, in mining or investment policies or shifts in political attitude in México may substantively affect the Company's exploration, development and production activities.

Violence and other Criminal Activities in México

Certain areas of México have experienced outbreaks of localized violence, thefts, kidnappings and extortion associated with drug cartels and other criminal organizations in various regions. Any increase in the level of violence, or a concentration of violence in areas where the projects and properties of the Company are located, could have an adverse effect on the results and the financial condition of the Company. In July 2019, the Company announced the temporary suspension of all mining and processing activities at the San Martin operation due to a growing level of insecurity in the area and safety concerns for the Company's workforce. The Company is working with authorities to attempt to secure the area in anticipation of restarting the operation, although it is not known when that might if ever occur.

The Company has in the past experienced several incidents of significant theft of products and other incidents of criminal activity have occasionally affected the Company's employees. The Company maintains extensive security at each of its operating facilities and has implemented detailed and timely assaying protocols and enhanced security procedures in an effort to reduce the probability of such events in the future, however, there can be no guarantee that such protocols and procedures will be effective at preventing future occurrences of theft or other criminal activity. If similar events occur in the future, there could be a significant impact on the Company's sale of silver and on its gross and net revenues. Previous losses due to theft have in large part been recovered under the Company's insurance policies, however, any such losses in the future may not be mitigated completely or at all by the Company's insurance policies. Produced metals that are subject to a streaming agreement may still be subject to payment under the agreement where such metals have been stolen, whether or not the resulting losses are covered by insurance.

Changes in Climate Conditions

A number of governments have introduced or are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. If the current regulatory trend continues, this may result in increased costs at some or all of the Company's operations. In addition, the physical risks of climate change may also have an adverse effect on the Company's operations. These risks include the following:

- Changes in sea levels could affect ocean transportation and shipping facilities that are used to transport supplies, equipment and workforce and products from the Company's operations to world markets.
- Extreme weather events (such as prolonged drought or flooding) have the potential to disrupt operations at the Company's mines and may require the Company to make additional expenditures to mitigate the impact of such events. Extended disruptions to supply lines could result in interruption to production.
- The Company's facilities depend on regular supplies of consumables (diesel, tires, sodium cyanide, etc.) and reagents to operate efficiently. In the event that the effects of climate change or extreme weather events cause prolonged disruption to the delivery of essential commodities, production levels at the Company's operations may be reduced.

There can be no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on the Company's operations and profitability.

Substantial Decommissioning and Reclamation Costs

During the year ended December 31, 2020, the Company reassessed its reclamation obligations at each of its material mines based on updated LOM estimates, rehabilitation and closure plans. The total discounted amount of estimated cash flows required to settle the Company's estimated obligations is $51.5 million, which has been discounted using credit adjusted risk free rates ranging from 5.0% to 5.3%, of which $14.1 million of the reclamation obligation relates to the San Dimas Silver/Gold Mine; $10.2 million relates to the La Encantada Silver Mine; $8.3 million relates to the San Martin Silver Mine; $6.2 million relates to the Santa Elena Silver/Gold Mine; $5.2 million relates to the La Parrilla Silver Mine; $4.6 million relates to the Del Toro Silver Mine and $2.3 million relates to the La Guitarra Silver Mine. The present value of the reclamation liabilities may be subject to change based on management's current and future estimates, changes in the remediation technology or changes to applicable laws and regulations. Such changes will be recorded in the accounts of the Company as they occur.

The costs of performing the decommissioning and reclamation must be funded by the Company's operations. These costs can be significant and are subject to change. The Company cannot predict what level of decommissioning and reclamation may be required in the future by regulators. If the Company is required to comply with significant additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than current estimates, this could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Key Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in mining, exploration, development and finance of mining properties is limited and competition for such persons can be intense. As the Company's business activity grows, the Company will require additional key operational, financial, administrative and mining personnel. Although the Company believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such successes. If the Company is not successful in attracting and training and in retaining qualified personnel, the efficiency of the Company's operations could be affected, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. Although the Company has the capacity to continue certain administrative functions remotely, temporary or permanent unavailability of key personnel (including due to contraction of COVID-19 or as a result of mobility restrictions imposed by governments and private actors to combat the spread of COVID-19) may have an adverse impact on the Company's business.

Employee Relations

The Company's ability to achieve its future goals and objectives is dependent, in part, on maintaining positive relations with its employees and minimizing employee turnover. In certain of the Company's operations employees in México are represented by unions and the Company has experienced labor strikes and work stoppages in the past, which were resolved in a relatively short period. However, in some instances, labor strikes and work stoppages may take longer to resolve, such as the strike action which resulted in the complete stoppage of mining and milling activities at the San Dimas mine from June 13, 2020 until June 25, 2020, and such work stoppages may have a material adverse effect on production from the affected mines and on the Company's business, results of operations and financial condition**.** There can be no assurance that the Company will not experience future labor strikes or work stoppages or that, if it does, that such labor strikes or work stoppages will be resolved speedily. Union agreements are periodically renegotiated and there can be no assurance that any future union contracts will be on terms favorable to the Company. Any labor strikes, work stoppages or adverse changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, results of operations and financial condition.

In addition, relations between the Company and its employees may be impacted by changes to labour legislation in México which may be introduced by the relevant governmental authorities. For example, Mexican labour law requires that all collective bargaining agreements which predate 2019 legislative reform are required to be legitimized by workers before 2023. Failure by the unions representing the Company's employees to do so by 2023 could lead to action by government authorities against the Company or to claims under USMCA .

The Company has established and maintains employment policies which are intended to inform and govern the relationship between the Company, its management and its employees. These policies provide guidance and best practices with respect to workplace health and safety, harassment, anti-discrimination and other relevant matters. The Company believes that its current policies are appropriate and that its management and employees are acting in compliance with such policies, however breaches of these policies may result in the Company being held liable for the actions of its management or employees.

Competition

The mining industry is highly competitive in all its phases. The Company competes with a number of companies which are more mature or in later stages of production and may be more able to attract human resources, equipment and materials. These companies may possess greater financial resources, more significant investments in capital equipment and mining infrastructure for the ongoing development, exploration and acquisition of mineral interests, as well as for the recruitment and retention of qualified employees and mining contractors. The Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition or results of operations.

Acquisition Strategy

As part of the Company's business strategy, it has sought and expects to continue to seek new exploration, mining and development opportunities with a focus on silver and gold. As a result, the Company may from time to time acquire additional mineral properties or securities of issuers which hold mineral properties, such as the proposed acquisition of Jerritt Canyon. In pursuit of such opportunities, the Company may fail to select appropriate acquisitions or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into the Company, and such acquired businesses may be subject to unanticipated liabilities.

Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with prior acquisitions, including the acquisition in 2018 of Primero, and in connection with the proposed acquisition of Jerritt Canyon, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, acquires business or properties. Following completion of an acquisition, the Company may discover that it has acquired substantial undisclosed liabilities. The existence of undisclosed liabilities could have an adverse impact on the Company's business, financial condition, results of operations and cash flows. Although the Company will generally seek to obtain extensive representations and warranties relating to an acquired business or property, in the event that there is a breach of such representations and warranties, the Company may have limited or no recourse against any party for such breaches, following consummation of an acquisition. See "Risks Related to the Jerritt Canyon Acquisition", below.

The ability to realize the benefits of an acquisition (including the proposed acquisition of Jerritt Canyon) will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the Company's ability to realize the anticipated growth opportunities and synergies, efficiencies and cost savings from integrating the Company's business and the acquired business following completion of the acquisition. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities following completion of the acquisition and from operational matters during this process.

The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit the Company. Future acquisitions by the Company may be completed through the issuance of equity, in which case the interests of shareholders in the net assets of the Company may be diluted.

Conflicts of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law and the Company's policies to act honestly and in good faith with a view to the best interests of the Company and those of the Company's stakeholders and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises, any director in a conflict is required to disclose his or her interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and the Company's financial position at that time. All employees, including officers, are required to disclose any conflicts of interest pursuant to the Company's Code of Ethical Conduct. Such conflicts of the Company's directors and officers may result in a material and adverse effect on the Company's profitability, results of operation and financial condition. As a result of these conflicts of interest, the Company may miss the opportunity to participate in certain transactions, which may have a material adverse effect on the Company's financial position.

Claims and Legal Proceedings Risks

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business activities. Each of these matters is subject to various uncertainties and it is possible that some of these other matters may be resolved in a manner that is unfavourable to the Company which may result in a material adverse impact on the Company's financial performance, cash flow or results of operations. First Majestic carries liability insurance coverage and establishes provisions for matters that are probable and can be reasonably estimated, however there can be no guarantee that the amount of such coverage is sufficient to protect against all potential liabilities. See "Insurance Risk" below. In addition, the Company may in the future be subjected to regulatory investigations or other proceedings, and may be involved in disputes with other parties, which may result in a significant impact on its financial condition, cash flow and results of operations.

Enforcement of Judgments/Bringing Actions

The Company is organized under the laws of, and headquartered in, British Columbia, Canada. In addition, the majority of the Company's assets are located outside of Canada and the United States. As a result, it may be difficult or impossible for an investor to enforce judgments against the Company and its directors and officers obtained in United States courts or Canadian courts in courts outside of the United States and Canada based upon the civil liability provisions of United States federal securities laws or applicable Canadian securities laws or bring an original action against the Company and its directors and officers to enforce liabilities based upon such United States or Canadian securities laws in courts outside of the United States and Canada.

Anti-Corruption and Anti-Bribery Laws

The Company's operations are governed by, and involve interactions with, many levels of government in numerous countries. The Company is required to comply with anti-corruption and anti-bribery laws, including the *Corruption of Foreign Public Officials Act* (Canada) and the *Foreign Corrupt Practices Act* (Canada) and similar laws in the other jurisdictions in which it operates or maintains a public listing. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third-party agents. The Company's internal procedures and programs may not always be effective in ensuring that it, its employees, contractors or third-party agents will comply strictly with all such applicable laws. If the Company becomes subject to an enforcement action or is found to be in violation of such laws, this may have a material adverse effect on the Company's reputation, result in significant penalties, fines and/or sanctions, and/or have a material adverse effect on the Company's operations.

Compliance with Canada's Extractive Sector Transparency Measures Act

The *Extractive Sector Transparency Measures Act* (Canada) ("**ESTMA**") became effective June 1, 2015, requiring public disclosure of certain payments to governments by mining and oil and gas companies engaged in the commercial development of oil, gas and minerals who are either publicly listed in Canada or with business or assets in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments, and including Aboriginal groups. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure reporting or structuring payments to avoid reporting may result in fines. The Company commenced reporting in May 2017 for the fiscal year ended December 31, 2016 and is currently up to date on its filings under ESTMA. If the Company becomes subject to an enforcement action or in violation of ESTMA, this may result in significant penalties, fines and/or sanctions which may also have a material adverse effect on the Company's reputation.

Critical Operating Systems

Cyber threats have evolved in severity, frequency and sophistication in recent years, and target entities are no longer primarily from the financial or retail sectors. Individuals engaging in cybercrime may target corruption of systems or data, or theft of sensitive data. The Company's mines and mills are for the most part automated and networked such that a cyber-incident involving the Company's information systems and related infrastructure could negatively impact its operations. A corruption of the Company's financial or operational data or an operational disruption of its production infrastructure could, among other potential impacts, result in: (i) loss of production or accidental discharge; (ii) expensive remediation efforts; (iii) distraction of management; (iv) damage to the Company's reputation or its relationship with suppliers and/or counterparties; or (v) in events of noncompliance, which events could lead to regulatory fines or penalties. Any of the foregoing could have a material adverse effect on the Company's business, results of operations and financial condition.

While the Company invests in robust security systems to detect and block inappropriate or illegal access to its key systems and works diligently to ensure data and system integrity, there can be no assurance that a critical system is not inadvertently or intentionally breached and compromised. This may result in business interruption losses, equipment damage, or loss of critical or sensitive information.

Financial Risks

Metal Prices May Fluctuate

The Company's revenue is primarily dependent on the sale of silver and gold and movements in the spot price of silver or gold may have a direct and immediate impact on the Company's income and the value of related financial instruments. The Company's sales are directly dependent on commodity prices. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control including international economic and political trends, expectations for inflation, currency exchange rate fluctuations, interest rates, global and regional supply and demand, consumption patterns, speculative market activities, worldwide production and inventory levels, and sales programs by central banks. Mineral reserves on the Company's properties have been estimated on the basis of economic factors at the time of estimation; variations in such factors may have an impact on the amount of the Company's mineral reserves and future price declines could cause any future development of, and commercial production from, the Company's properties to be uneconomic. Depending on metal prices, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue operations or development at some of its properties or may be forced to sell some of its properties. Future production from the Company's mining properties is dependent on metal prices that are adequate to make these properties economic.

Furthermore, Mineral Reserve estimations and Life of Mine plans using significantly lower metal prices could result in material write-downs of the Company's investment in mineral properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting the Company's possible future reserve estimates and its financial condition, declining metal prices may impact operations by requiring a reassessment of the feasibility of a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Price Volatility of Other Commodities

The Company's cost of operations and profitability are also affected by the market prices of commodities that are consumed or otherwise used in connection with the Company's operations, such as LNG, diesel fuel, electricity, cyanide, explosives and other reagents and chemicals, steel and cement. Prices of such consumable commodities may be subject to volatile price movements over short periods of time and are affected by factors that are beyond the Company's control, such as changes in legislation. Increases in the prices for such commodities could materially adversely affect the Company's results of operations and financial condition.

Global Financial Conditions

Global financial markets are experiencing extreme volatility as a result of the ongoing COVID-19 pandemic. Events in global financial markets, and the volatility of global financial conditions, will continue to have an impact on the global economy. Many industries, including the mining sector, are impacted by market conditions. Some of the key impacts of financial market turmoil include devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. Financial institutions and large corporations may be forced into bankruptcy or need to be rescued by government authorities. Access to financing may also be negatively impacted by future liquidity crises throughout the world. These factors may impact the Company's ability to obtain equity or debt financing and, where available, to obtain such financing on terms favorable to the Company.

Increased levels of volatility and market turmoil could have an adverse impact on the Company's operations and planned growth and the trading price of the securities of the Company may be adversely affected.

Foreign Currency

The Company carries on its primary mining operations activities outside of Canada. Accordingly, it is subject to the risks associated with fluctuation of the rate of exchange of other foreign currencies, in particular the Mexican Peso (MXN), the currency in which the majority of the Company's material and labour costs are paid, and the United States dollar, the currency used for calculating the Company's sales of metals (and the financial statements of the Company), and the Canadian dollar in which some of the Company's treasury is held and in which some of its costs are paid. Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: MXN denominated cash and cash equivalents, short term investments, accounts receivable and value added taxes ("**VAT**") receivable, accounts payable, and investments in mining interests. Such currency fluctuations may materially affect the Company's financial position and results of operations.

Taxation in Multiple Jurisdictions

In the normal course of business, the Company is subject to assessment by taxation authorities in various jurisdictions. Income tax provisions and income tax filing positions require estimates and interpretations of income tax rules and regulations of the various jurisdictions in which the Company and its subsidiaries operate and judgments as to their interpretation and application to the specific situation. The Company's business and operations and the business and operations of its subsidiaries is complex and the Company has, historically, undertaken a number of significant financings, acquisitions and other material transactions.

In assessing the probability of realizing income tax assets recognized, the Company makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, the Company gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. While management believes that the Company's provision for income tax is appropriate and in accordance with IFRS and applicable legislation and regulations, tax filing positions are subject to review and adjustment by taxation authorities who may challenge the Company's interpretation of the applicable tax legislation and regulations. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Any review or adjustment may result in the Company or its subsidiaries incurring additional tax liabilities. Any such liabilities may have a material adverse effect on the Company's financial condition.

The introduction of new tax laws, tax reforms, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in Canada, the USA, México, Barbados, or Switzerland or any other countries in which the Company's subsidiaries may be located, or to which shipments of products are made, could result in an increase in the Company's taxes payable, or other governmental charges, interest and penalties, duties or impositions. No assurance can be given that new tax laws, tax reforms, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted or applied in a manner which could result in the Company's profits being subject to additional taxation, interest and penalties, or which could otherwise have a material adverse effect on the Company.

Challenges to the Advance Pricing Agreement

Overview

The Mexican tax authority (the "**SAT**") initiated a proceeding seeking to nullify the Advance Pricing Agreement (the " **APA**") which it had previously issued to Primero with respect to the San Dimas Mine in 2012. The APA had confirmed Primero's basis for paying taxes on the price Primero realized for silver sales between 2010 and 2014. If the SAT's nullification challenge is successful it would have a material adverse effect on the Company's business, financial condition and results of operations. Although the Company is continuing to advance discussions with SAT, there can be no certainty on the timing or outcome of such discussions, and the ultimate outcome of such discussions may have a material and adverse effect on the Company.

Background

In 2004, affiliates of Goldcorp Inc. (" **Goldcorp**") entered into the Prior San Dimas Stream Agreement with Wheaton in connection with the San Dimas Mine and two other mines in México. Under the Prior San Dimas Stream Agreement, Goldcorp received cash and securities in exchange for an obligation to sell certain silver extracted from the mines at a price set forth in the Prior San Dimas Stream Agreement.

In order to satisfy its obligations under the Prior San Dimas Stream Agreement, sales were made by Goldcorp through a non-Mexican subsidiary to a Wheaton company in the Caymans ("**SWC**"). Upon Primero's acquisition of the San Dimas Mine, the Prior San Dimas Stream Agreement was amended and restated and Primero assumed all of Goldcorp's obligations with respect to the San Dimas Mine concession under the Prior San Dimas Stream Agreement.

As amended and restated, the provisions of the Prior San Dimas Stream Agreement required that, on a consolidated basis, Primero sell to Wheaton during a contract year (August 6th to the following August 5th), 100% of the amount of silver produced from the San Dimas Mine concessions up to 6 million ounces and 50% of silver produced thereafter, at the lower of (i) the current market price and (ii) $4.04 per ounce plus an annual increase of 1% (the "**PEM Realized Price**"). In 2017, the contract price was $4.30. The price paid by Wheaton under the Prior San Dimas Stream Agreement represented the total value that Primero and its affiliates received for the sale of silver to Wheaton. In May 2018 the Prior San Dimas Stream Agreement was terminated between Wheaton and STB in connection with the Company entering into the New San Dimas Stream Agreement.

The specific terms of the Prior San Dimas Stream Agreement required that Primero sell the silver through one of its non-Mexican subsidiaries, STB, to Wheaton's Cayman subsidiary, WPMI. As a result, Primero's Mexican subsidiary that held the San Dimas Mine concessions, PEM, entered into an agreement (the "**Internal Stream Agreement**") to sell the required amount of silver produced from the San Dimas Mine concessions to STB to allow STB to fulfill its obligations under the Prior San Dimas Stream Agreement.

When Primero initially acquired the San Dimas Mine, the sales from PEM to STB were made at the spot market price while the sales by STB to SWC were at the contracted PEM Realized Price, which at that time was $4.04 per ounce. In 2010, PEM amended the terms of sales of silver between itself and STB under the Internal Stream Agreement and commenced to sell the amount of silver due under the Prior San Dimas Stream Agreement to STB at the PEM Realized Price. For Mexican income tax purposes PEM then recognized the revenue on these silver sales on the basis of its actual realized revenue, which was the PEM Realized Price.

APA

In order to obtain assurances that the SAT would accept the PEM Realized Price (and not the spot market silver price) as the proper price to use to calculate Mexican income taxes, Primero applied for and received the APA from the SAT. The APA confirmed the PEM Realized Price would be used as PEM's basis for calculating taxes owed by it on the silver sold to STB under the Internal Stream Agreement. Under Mexican law, an Advanced Pricing Agreement ("**APA**") is valid for five years and therefore the APA represented the SAT's agreement to accept the PEM Realized Price as the basis for calculating taxes for the tax years 2010 through 2014.

Challenges to the APA for 2010 - 2014 tax years

In 2015 the SAT initiated a legal proceeding seeking to nullify the APA: however, SAT did not identify an alternative basis in the legal claim for calculating taxes on the silver sold by PEM for which it receives the PEM Realized Price. Since such time, the SAT issued observation letters to PEM stating that PEM should pay taxes on the market price of silver and began issuing reassessments of taxation years 2010 to 2012 which the company has attempted to defend with Administrative Appeals and Mutual Agreement Procedures. If the SAT is successful in retroactively nullifying the APA, the SAT may seek to audit and reassess PEM in respect of its sales of silver in connection with the Prior San Dimas Stream Agreement for 2010 through 2014.

On May 13, 2020, the Company announced that it has taken steps to serve the Government of México with a NAFTA Notice under the provisions of Chapter 11 of NAFTA with respect to these matters. The service of the NAFTA Notice by the Company on the Government of México initiated a 90-day process for the Government of México to enter into good faith and amicable negotiations with the Company to resolve the current dispute between the Company and the Government of México. On August 11, 2020, this 90-day process deadline expired without any resolution to the dispute.

On September 23, 2020 the Federal Court issued a decision nullifying the APA and directing the SAT to issue a new APA ruling and on November 12, 2020 the Company received written reasons for the decision from the Federal Court. On November 30, 2020 the Company filed an appeal of the Federal Court's decision with the Circuit Courts. The Company intends to continue to challenge the actions of the SAT in Mexican courts, however due to the ongoing COVID-19 crisis, the Mexican courts are currently available only on a restricted basis for further hearings on these matters. The Company is unable to provide any certainty as to the outcome or timing of such challenge. No tax is payable under the reassessments while such challenges are in process.

In 2019, pursuant to the ongoing tax audits and in advance of the expiry of statute barred periods of reassessment, the SAT issued reassessments against PEM for the 2010 to 2012 tax years in the total amount of $260.9 million. Most recently, in 2021, the SAT also issued a reassessment against PEM for the 2013 tax year in the total amount of $132.1 million. The SAT has not yet issued a new APA ruling or re-assessed PEM in respect of its sales of silver for 2014. While the Company may have rights of appeal in connection with any of the foregoing or future reassessments, if the resulting legal proceedings are finally concluded in favor of the SAT, the amount of additional taxes that the SAT could charge PEM for the tax years 2010 through 2014 would likely have a material adverse effect on the Company's results of operations, financial condition and cash flows. In addition, whether or not SAT is successful in any proceedings and whether or not SAT has any legal basis to do so, the SAT may take further measures to restrict or seize PEM's assets in México, which could also have a material adverse effect on the Company.

Primero is an "interested party" in this proceeding. While PEM would have rights of appeal in connection with any reassessments, if the legal proceeding is finally concluded in favor of the SAT, the amount of additional taxes that the SAT could charge PEM for the tax years 2010 through 2014 on the silver sold under the Internal Stream Agreement would likely have a material adverse effect on the Company's results of operations, financial condition and cash flows.

Tax Uncertainties

For the 2015 and subsequent tax years through to the Company's acquisition of PEM, Primero continued to record its revenue from sales of silver for purposes of Mexican tax accounting in a manner consistent with the APA on the basis that the applicable facts and laws have not changed, and has paid its taxes accordingly. To the extent the SAT determines that the appropriate price of silver sales under the Internal Stream Agreement is significantly different from the PEM Realized Price and while PEM would have rights of appeal in connection with any reassessments, it would have a material adverse effect on Company's business, financial condition and results of operations.

Tax Audits and Reassessments

Any reassessment by applicable tax authorities of the Company's tax filings and the continuation or timing of any such process is outside of the Company's control.

In 2019, pursuant to the ongoing tax audits and in advance of the expiry of statute barred periods of reassessment, the SAT issued reassessments against PEM for the 2010 to 2012 tax years in the total amount of $260.9 million. The SAT also issued a reassessment against PEM for the 2013 tax year in the total amount of $132.1 million in 2021. The key elements included reassessments based on the market price of silver ($83.2 million), denial of the deductibility of interest expenses and service fees ($41.6 million), SAT technical error related to double counting of taxes ($19.2 million) and interest and penalties ($234.7million). The Company believes that it continues to have a legally valid, in force APA for the period 2010 to 2014. The Company is vigorously defending its position and believes that SAT is acting outside of domestic and international tax conventions. If the Company is unable to favourably resolve any of these reassessment matters, there may be a material adverse effect on the Company and its financial condition.

VAT Receivables

The Company is subject to credit risk through its significant VAT receivables balance that is collectible from the government of México. Due to legislative rules and a complex collection process, there is a risk that the Company's VAT receivable balance may not be refunded, or payment will be delayed. Even though the Company has in the past recovered VAT routinely, VAT recovery in México remains a highly regulated, complex and, at times, lengthy collection process. If the Company does not receive its VAT receivable balances or if payment to the Company is delayed, the Company's financial condition may be materially adversely affected.

Transfer Pricing

The Company conducts business operations in various jurisdictions and through legal entities incorporated in a number of jurisdictions, including Canada, México, Switzerland, and Barbados. The tax laws of these jurisdictions and other jurisdictions in which the Company may conduct future business operations have detailed transfer pricing rules which require that all transactions with non-resident related parties be priced using arm's-length pricing principles and that contemporaneous documentation must exist to support that pricing. The taxation authorities in the jurisdictions where the Company carries on business could challenge its arm's-length related party transfer pricing policies. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment. If any of these taxation authorities were to successfully challenge the Company's transfer pricing policies, the Company may be subject to additional income tax expenses and could also be subject to interest and penalty charges. Any such increase in the Company's income tax expense and related interest and penalties could have a significant impact on the Company's future earnings and future cash flows.

Hedging Risk

The Company currently does not use derivative instruments to hedge its silver commodity price risk. The effect of price variation factors for silver, gold, lead or zinc cannot accurately be predicted and are at this time completely unhedged. In the past, the Company has entered into forward sales arrangements with respect to a portion of its lead and zinc production. In the future the Company may enter into further forward sales arrangements or other hedging agreements. Hedging involves certain inherent risks including: the risk that the creditworthiness of a counterparty may adversely affect its ability to perform its payment and other obligations under its agreement with the Company or adversely affect the financial and other terms the counter-party is able to offer the Company; the risk that the Company enters into a hedging position that cannot be closed out quickly; and the risk that, in respect of certain hedging products, an adverse change in the market prices for commodities, currencies or interest rates will result in the Company incurring losses in respect of such hedging products as a result of the hedging products being out-of-the money on their settlement dates.

There can be no assurance that a hedging program will be successful, and although hedging may protect the Company from adverse changes in foreign exchange or currency, and interest rate or commodity price fluctuations, it may also prevent the Company from realizing gains from positive changes.

Commitments under Streaming Agreements

The Company's ability to make deliveries under the New San Dimas Stream Agreement, and the stream on the Santa Elena Mine with Sandstorm Gold Ltd. (previously called Sandstorm Resources Ltd.), is dependent on the Company's financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond the Company's control, including the other factors set out in these Risk Factors. Failure to fulfill the Company's commitments under these agreements could result in adverse impacts on the Company's business. Further, if metal prices improve over time, these agreements may reduce the Company's ability to sell resources later at higher market prices due to obligations under these agreements.

The New San Dimas Stream Agreement fixes the ratio that will be used to calculate the amount of gold the Company is required to deliver to WPMI on account of silver production at the San Dimas Mine at 70 to 1, with provisions to adjust the ratio if the ratio of the market price of gold to the market price of silver (calculated in accordance with the New San Dimas Stream Agreement) moves above or below 90 to 1 or 50 to 1, respectively, for any consecutive 6-month period during the term of the New San Dimas Stream Agreement. Any adjustment to the ratio may impact the amount of gold deliverable under the New San Dimas Stream Agreement which may have a material adverse effect on the Company's financial performance depending on the relative market prices of gold and silver. Subject to such adjustment provisions, the ratio that will be used to calculate the amount of gold the Company is required to deliver under the New San Dimas Stream Agreement is fixed. The market prices of gold and silver may fluctuate. At any given time, the amount of gold that the Company is required to deliver under the New San Dimas Stream Agreement may have a greater value than the amount of silver production on which the calculation is based. This may have a material adverse effect on the Company's financial performance.

The Springpole Stream Agreement

As disclosed under "*General Development of the Business - Most Recent Three Years* " the Company has entered into the Springpole Stream Agreement related to the Springpole project, a development stage mining project located in northwest Ontario, Canada that is not currently a producing mine. Accordingly, the Company is subject to risks related to the development of the Springpole project, including the risk that the project may never be developed into a mine and go into production. Development of Springpole into an operating mine is subject to the inherent risks of developing a mining project. The Company is not directly involved in the ownership or operation of Springpole and has no contractual rights relating to its operations. First Mining, not the Company, has the power to determine the manner in which the Springpole project is developed and ultimately exploited, including decisions to develop a mine, commence production, expand, advance, continue, reduce, suspend or discontinue production. As a result, the ability of the Company to purchase payable silver produced at Springpole at the agreed upon price is dependent upon the activities of First Mining, which creates the risk that at any time First Mining may: (i) have business interests or targets that are inconsistent with those of the Company including a decision not to take the Springpole mine into production; (ii) take action contrary to the Company's policies or objectives; (iii) be unable or unwilling to fulfill its obligations under the Springpole Stream Agreement; or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend First Mining's ability to perform its obligations under the Springpole Stream Agreement. In addition, upon certain milestones described in the Springpole Stream Agreement being achieved, the Company is required to make additional payments totalling $12,500,000 in cash and common shares of the Company. In the event the Company fails to make such payments, First Mining would have the ability to terminate the Springpole Stream Agreement. If the Springpole Stream Agreement was terminated, the Company would have no right to purchase payable silver from Springpole under the Springpole Stream Agreement as contemplated.

Counterparty and Market Risks

From time to time the Company may enter into sales contracts to sell its products, including refined silver from doré bars, silver, gold, lead and zinc concentrates, to metal traders after being refined by refining and smelting companies. In addition to these commercial sales, the Company also markets a small portion of its silver production in the form of coins and bullion products to retail purchasers directly through the Company's corporate e-commerce website. There is no assurance that the Company will be successful in entering into or re-negotiating sales contracts with brokers and metal traders or refining and smelting companies and retail purchasers on acceptable terms, if at all. If the Company is not successful in entering into or re-negotiating such sales contracts, it may be forced to sell some or all of its products, or greater volumes of its products than it may desire in adverse market conditions, thereby reducing the Company's revenues on a per ounce basis.

In addition, should any counterparty to any sales contract not honor such contract or become insolvent (as has occurred with Republic (see "General Development of the Business - Most Recent Three Years")), the Company may incur losses for products already shipped, may be forced to sell greater volumes of products, may be forced to sell at lower prices than could be obtained through sales on the spot market, or may not have a market for its products. The Company's future operating results may be materially adversely impacted as a result. Moreover, there can be no assurance that the Company's products will meet the qualitative requirements under future sales contracts or the requirements of buyers.

Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations. The Company's credit risk relates primarily to trade receivables in the ordinary course of business and VAT and other receivables.

The Company sells and receives payment upon delivery of its silver doré and by-products primarily through three customers, with one major international metal broker accounting for 92% of the Company's revenue in 2020. Payments of receivables are scheduled routinely and received normally within sixty days of submission; therefore, the balance of overdue trade receivables owed to the Company in the ordinary course of business is usually not significant.

As at December 31, 2020, VAT receivable was $56.9 million. SAT has not been responsive to VAT refund requests by PEM nor provided any legal basis for withholding these VAT receivables. The Company believes that it has full legal rights to these VAT refunds and expects the amounts to be refunded in the future, however, there can be no guarantee when or if such amounts will be refunded. As at December 31, 2020, VAT receivables totalling $15.3 million are currently being pursued in Mexican Courts.

The carrying amount of financial assets recorded in the consolidated financial statements represents the Company's maximum exposure to credit risk. With the exception of the above, the Company believes it is not exposed to significant credit risk.

Obtaining Future Financing

The further exploitation, development and exploration of mineral properties in which the Company holds an interest or which it acquires may depend upon the Company's ability to obtain financing through equity financing or debt financing, pre-sale arrangements, joint ventures or other means. There is no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile precious metals and equity markets may make it difficult or impossible for the Company to obtain further financing on favorable terms or at all. If the Company is unable to obtain additional financing, it may be required to delay or postpone exploration, development or production on some or all of its properties, potentially indefinitely.

As of December 31, 2020, the Company had approximately $238.6 million of cash and cash equivalents in its treasury and working capital of $254.4 million while total available liquidity, including $65.0 million of undrawn revolving credit facility (under the New Credit Facility), was $319.4 million. As a result of the Company's ability to earn cash flow from its ongoing operations, the Company expects to have sufficient capital to support its current operating requirements in the foreseeable future, provided it can continue to generate cash from its operations and that costs of its capital projects are not materially greater than the Company's projections. There is a risk that commodity prices or demand for the products decline, including as a result of the impact of the COVID-19 crisis, and that the Company is unable to continue generating sufficient cash flow from operations or that the Company requires significant additional cash to fund expansions and potential acquisitions. The availability of such additional cash may be adversely impacted by uncertainty in the financial markets, including as a result of the COVID-19 crisis. Failure to obtain additional financing on a timely basis may cause the Company to postpone acquisitions, major expansion, development and exploration plans.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they arise. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements and contractual obligations.

Based on the Company's current operating plan, the Company believes it has sufficient cash on hand, combined with cash flows from operations, to meet operating requirements as they arise for at least the next 12 months. If commodity prices in the metals market were to decrease significantly, or the Company was to deviate significantly from its operating plan, the Company may need injection of additional capital to address its cash flow requirements.

Indebtedness

As of December 31, 2020, the Company's total consolidated indebtedness was $173.3 million, $10.5 million of which was secured indebtedness.

The Company may be required to use a portion of its cash flow to service principal and interest owing thereunder, which will limit the cash flow available for other business opportunities. The Company may in the future determine to borrow additional funds from lenders.

The Company's ability to make scheduled payments of the principal of, to pay interest on, or to refinance its indebtedness depends on its future performance, which is subject to economic, financial, competitive and other factors beyond the Company's control. The Company may not continue to generate sufficient cash flow from operations in the future to service this debt and to make necessary capital expenditures. If the Company is unable to generate such cash flow, it may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. The Company's ability to refinance its indebtedness will depend on the capital markets and its financial condition at such time. The Company may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on its debt obligations.

The terms of the New Credit Facility require the Company to satisfy various positive and negative covenants, including maintaining at all times, certain financial ratios and tests. These covenants limit, among other things, the Company's ability to incur further indebtedness, assume certain liens or engage in certain types of transactions. Any future or additional indebtedness may be subject to more stringent covenants. The Company can provide no assurances that in the future, the Company will not be constrained in its ability to respond to changes in its business or be restricted in its ability to engage in mergers, acquisitions or dispositions of assets. Failure to comply with these covenants, including a failure to meet the financial tests or ratios, would result in an event of default and would allow the lenders thereunder to accelerate maturity of the debt or realize upon security over the Company's assets. An event of default under the New Credit Facility could result in a cross-default under the Company's equipment leases, streaming agreements or other indebtedness (and vice versa) and could otherwise materially and adversely affect the Company's business, financial condition and results of operations and the Company's ability to meet its payment obligations with respect to the Company's debt facilities, as well as the market price of the Company's common shares. The New Credit Facility expires on May 9, 2021 and there can be no assurances that it will be extended or on what terms it may be extended.

Interest Rate Risk

The Company is exposed to interest rate risk on its short-term investments and debt facilities. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk. The Company's interest-bearing financial assets comprise of cash and cash equivalents which bear interest at a mixture of variable and fixed rates for pre-set periods of time.

As at December 31, 2020, the Company's exposure to interest rate risk on interest bearing liabilities is limited to its debt facilities. The Company's finance leases bear interest at fixed rates. Based on the Company's interest rate exposure at December 31, 2020, a change of 25 basis points increase or decrease of market interest rate does not have a significant impact on net earnings or loss.

Shares Reserved for Future Issuances; Dilution

The Company may issue and sell additional securities of the Company to finance its operations or future acquisitions including sales pursuant one or more "at-the-market" offerings. The Initial Notes and the Over-Allotment Notes are, in accordance with their terms, convertible into common shares of the Company. In addition, the Company has outstanding stock options and, from time to time, may also issue share purchase warrants of the Company pursuant to which common shares may be issued in the future. Any such convertible securities are more likely to be exercised when the market price of the Company's common shares exceeds the exercise price of such instruments. The issuance of shares pursuant to an "At-The-Market" ("ATM") offering and the exercise of convertible securities and the subsequent resale of such common shares in the public markets could adversely affect the prevailing market price of the Company's common shares and the Company's ability to raise equity capital in the future at a time and price which it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional common shares and the Company may grant additional convertible securities. Any share issuances from the Company's treasury will result in immediate dilution to existing shareholders.

Volatility of Share Price

The market price of the shares of precious metals and resource companies, including the Company, tends to be volatile. The trading price of the Company's shares may be subject to large fluctuations and may increase or decrease in response to a number of events and factors, including the following:

- the price of silver and (to a lesser extent) other metals;
- the Company's operating performance and the performance of competitors and other similar companies;
- the public's reaction to the Company's press releases, other public announcements and the Company's filings with securities regulatory authorities;
- changes in earnings estimates or recommendations by research analysts who track the Company's common shares or the shares of other companies in the resources sector;
- changes in general economic conditions;
- the number of the Company's common shares to be publicly traded after an offering, including additional common shares issued pursuant to a prospectus supplement filed in connection with the Company's Base Shelf Prospectus and Registration Statement;
- the arrival or departure of key personnel;
- acquisitions, strategic alliances or joint ventures involving the Company or its competitors; and
- equity or debt financings by the Company.

In addition, the market price of the Company's shares are affected by many variables not directly related to the Company's success and are therefore not within the Company's control, including developments that affect the market for all resource sector shares; the breadth of the public market for the Company's shares; the attractiveness of alternative investments; general economic conditions (including changes to economic conditions as a result of the ongoing COVID-19 crisis); legislative changes; possible efforts by investors, including short sellers, to impact the market price of the common shares through various means including influencing investors through social media and investor discussion forums (such as the recent impact that Reddit users have had on the market price of certain securities) and short selling; and other events and factors outside of the Company's control. Securities markets frequently experience price and volume volatility, and the market price of securities of many companies may experience wide fluctuations not necessarily related to the operating performance, underlying asset values or prospects of such companies. The effect of these and other factors on the market price of the Company's common shares on the exchanges in which the Company trades has historically made the Company's share price volatile and suggests that the Company's share price will continue to be volatile in the future.

Impairments

It is possible that material changes could occur that may adversely affect management's ability to realize the estimated cash generating capability of the carrying value of non-current assets which may have a material adverse effect on the Company. Impairment estimates are based on management's cash generating assumptions of its operating units, and sensitivity analyses and actual future outcomes may differ from these estimates.

Internal Control over Financial Reporting

The Company's management, with the participation of its President and Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in the rules of the United States Securities and Exchange Commission and the Canadian Securities Administrators.

The Company documented and tested during its most recent fiscal year its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act ("**SOX**"), using criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organization of the Treadway Commission ("**COSO**"). SOX requires an annual assessment by management and an independent assessment by the Company's independent registered public accounting firm of the effectiveness of the Company's internal control over financial reporting. The Company may fail to achieve and maintain the adequacy of its internal control over financial reporting as such standards are modified, supplemented, or amended from time to time, and the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting in accordance with Section 404 of SOX. The Company's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company's business and negatively impact the trading price of its common shares or market value of its other securities. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations. There can be no assurance that the Company will be able to remediate material weaknesses, if any, identified in future periods, or maintain all of the controls necessary for continued compliance, and there can be no assurance that the Company will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies. Future acquisitions of companies may provide the Company with challenges in implementing the required processes, procedures and controls in its acquired operations. Acquired companies may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's control and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to expand, the challenges involved in implementing appropriate internal controls over financial reporting will increase and will require that the Company continue to improve its internal controls over financial reporting. Although the Company intends to devote substantial time and incur costs, as necessary, to ensure ongoing compliance, the Company cannot be certain that it will be successful in complying with Section 404 of SOX, or that these controls will prevent theft or fraud, especially where collusion exists amongst employees.

Allocation of Capital - Sustaining and Expansionary Capital

The Company has budgeted $168.4 million for 2021 as sustaining capital and expansionary capital for investments in property, plant and equipment, mine development and exploration. Sustaining capital consists of capital expenditures required to maintain current operations. Expansionary capital is earmarked for growth projects to expand current operations. A total of $55.7 million has been earmarked for sustaining capital and $112.7 million has been planned for expansionary projects in 2021. There can be no assurance that such cost estimates will prove to be accurate. The Company may alter its allocation of capital to provide for revised strategic planning, metal price declines or other external economic conditions. Actual costs may vary from the estimates depending on a variety of factors, many of which are not within the Company's control. Failure to stay within cost estimates or material increases in costs could have a material adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

Factors which may influence costs include the risks outlined under the headings "Operating Hazards and Risks" and "Infrastructure", as well as the following:

- shortages of principal supplies needed for construction;
- restrictions or regulations imposed by power commissions, governmental or regulatory authorities with respect to planning and construction, including permits, licences and environmental assessments;
- changes in the regulatory environment with respect to planning and construction;
- the introduction of new property or capital taxes; and
- significant fluctuations in the exchange rates for certain currencies.

Insurance Risk

Although the Company has multimodal insurance policies that cover: material damage to buildings, including by earthquakes; material damage to contents, including by earthquakes; loss and consequential damages (including removal, utilities, fixed costs, wages and extraordinary expenses); and responsibility to third parties, such insurance might not cover all the potential risks associated with its operations. These policies also carry deductibles for which the Company would be obligated to pay in connection with a claim thereunder. Liabilities that the Company incurs may exceed the policy limits of its insurance coverage, may not be insurable, or may be liabilities against which the Company has elected not to insure due to high premium costs or other reasons. In any such event, the Company could incur significant costs that could adversely impact its business, operations or profitability.

Continued Growth

The Company must generate sufficient internal cash flows and/or be able to utilize available financing sources to finance the Company's continued growth and sustain capital requirements. If the Company does not realize satisfactory prices for its products (principally silver and gold), it could be required to raise significant additional capital through the capital markets and/or incur significant borrowings to meet its capital requirements. These financing requirements may result in dilution to the Company's existing shareholders and could adversely affect the Company's credit ratings and its ability to access the capital markets in the future to meet any external financing requirements the Company might have. In addition, the Company's mining operations and processing and related infrastructure facilities are subject to risks normally encountered in the mining and metals industry. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining or processing, losses and possible legal liability. Any prolonged downtime or shutdowns at the Company's mining or processing operations could materially adversely affect the Company's business, results of operations, financial condition and liquidity.

Benefit of Growth Projects

As part of the Company's strategy, the Company will continue efforts to develop and acquire new mineral projects in the growth stage. A number of risks and uncertainties are associated with the exploration, development and acquisition of these types of projects, including political, regulatory, design, construction, labor, operating, technical and technological risks, uncertainties relating to capital and other costs and financing risks.

The level of production and capital and operating cost estimates relating to the expanded portfolio of growth projects are based on certain assumptions and are inherently subject to significant uncertainties. It is likely that actual results for the Company's projects will differ from current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions which could reduce production below, and/or increase capital and/or operating costs above, current estimates. If actual results are less favorable than current estimates, the combined company's business, results of operations, financial condition and liquidity could be adversely impacted.

Additional Issuances and Dilution

The Company may issue and sell additional securities of the Company from time to time. The Company cannot predict the size of future issuances of securities of the Company or the effect, if any, that future issuances and sales of securities will have on the market price of any securities of the Company that are issued and outstanding from time to time. Sales or issuances of substantial amounts of securities of the Company, or the perception that such sales could occur, may adversely affect prevailing market prices for the securities of the Company that are issued and outstanding from time to time. With any additional sale or issuance of securities of the Company, holders will suffer dilution with respect to voting power and may experience dilution in the Company's earnings per share.

Dividend Policy

On December 7, 2020, the Company announced that its Board of Directors had adopted a dividend policy for the Company under which the Company intends to pay quarterly dividends of 1% of the Company's net revenues commencing after the completion of the first quarter of 2021. The declaration, timing, amount and payment of dividends are at the discretion of the Board of Directors and will depend on then current financial position, profitability, cash flow, debt covenant compliance, legal requirements and other factors considered relevant. The Company will review its dividend policy on an ongoing basis and may amend the policy at any time in light of the Company's then current financial position, profitability, cash flow, debt covenant compliance, legal requirements and other factors considered relevant. As such, no assurances can be made that any future dividends will be declared and/or paid on a quarterly, annual or other basis.

Risks Related to the Jerritt Canyon Acquisition

Completion of the Jerritt Canyon Acquisition

Completion of the Jerritt Canyon Acquisition is subject to applicable regulatory approvals, including the approval of the TSX and NYSE and the satisfaction of certain other closing conditions and anti-trust approvals customary in transactions of this nature. There can be no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. Certain conditions may be waived in the Company's discretion, however certain other conditions are not subject to waiver.

Both the Company and the Vendor have the right to terminate the Jerritt Canyon Acquisition Agreement in certain circumstances. Accordingly, there is no certainty, nor can either party provide any assurance, that the Jerritt Canyon Acquisition Agreement will not be terminated by the other party before completion. If the Jerritt Canyon Acquisition Agreement is terminated in certain circumstances the Company may be entitled to receive a termination fee from the Vendor in the amount of $2.0 million. However, the termination fee is not payable in all circumstances and therefore it is possible that if the Jerritt Canyon Acquisition Agreement is terminated in certain circumstances the Company may not receive the termination fee or other consideration. In addition, notwithstanding that such fee may be payable, the Vendor may be unable to pay such fee or may dispute whether it is required to do so. In the event that the Vendor terminates the Jerritt Canyon Acquisition Agreement the Company may become liable to the Vendor for a termination fee in the amount of $2.0 million in certain circumstances and may also be exposed to significant damages.

If the Jerritt Canyon Acquisition is not completed for any reason, the market price of the Common Shares may decline to the extent that the current market price reflects a market assumption that the Jerritt Canyon Acquisition will be completed, and the Company's business may suffer. In addition, the Company will remain liable for significant consulting, accounting and legal costs relating to the Jerritt Canyon Acquisition and will not realize anticipated synergies, growth opportunities and other anticipated benefits of the Jerritt Canyon Acquisition in the event that the Jerritt Canyon Acquisition is not completed. If the Jerritt Canyon Acquisition is delayed, the achievement of anticipated synergies and the realization of growth opportunities could be delayed and may not be available to the same extent.

Unexpected Costs or Liabilities

Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with the Jerritt Canyon Acquisition, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, Jerritt Canyon. Following the Jerritt Canyon Acquisition, the Company may discover that it has acquired substantial undisclosed liabilities. The existence of undisclosed liabilities could have an adverse impact on the Company's business, financial condition, results of operations and cash flows. Although the Jerritt Canyon Acquisition Agreement contains extensive representations and warranties relating to the business of Jerritt Canyon, in the event that there is a breach of such representations and warranties, the Company's recourse against the Vendor after completion of the Jerritt Canyon Acquisition for such breaches will be limited by the terms of the Jerritt Canyon Acquisition Agreement which provides, among other things that: except in the case of a breach by the Vendor of certain fundamental representations, the Vendor's liability in respect of a claim by the Company for indemnification for losses arising from a breach of a representation, warranty or covenant, a pre-closing liability (including taxes) or losses arising from the pre-closing reorganization shall not exceed the purchase price and, only to the extent the claims by the Company exceed $500,000. Except in the case of claims made in respect of a breach of a representation regarding tax, the pre-closing reorganization and environmental matters, all claims must be made within 18 months of closing. Claims for indemnification for losses arising from a breach of representation regarding taxes or in respect of the pre-closing reorganization must be made not later than the day that is 90 days after the date on which the relevant tax period becomes closed for assessment or reassessment under applicable law. Claims for indemnification for losses arising from a breach of the Vendor's representations regarding environmental matters must be made within 24 months of closing. In the event that a breach arises prior to the consummation of the Jerritt Canyon Acquisition, the Company may only terminate the Jerritt Canyon Acquisition Agreement in certain limited circumstances, including where such breach results in a Material Adverse Effect (as defined in the Jerritt Canyon Acquisition Agreement) on Jerritt Canyon. In the event of termination in certain circumstances, the Company may be entitled to receipt of a $2 million termination fee, however, the Vendor may be unable to pay such fee or may dispute whether it is required to do so and therefore there can be no certainty that the Company will receive such fee. The Company may also determine, in its sole discretion, to waive breaches by the Vendor of a representation or warranty arising prior to the consummation of the Jerritt Canyon Acquisition, in which case the Company will have no recourse for such breach.

Although the Jerritt Canyon Acquisition Agreement contains covenants on the part of the Vendor regarding the operation of the business of Jerritt Canyon prior to closing the Jerritt Canyon Acquisition, the Company will not control Jerritt Canyon and its subsidiaries until completion of the Jerritt Canyon Acquisition and Jerritt Canyon's business and results of operations may be adversely affected by events that are outside of the Company's control during the intervening period. In the event that there is a breach of such covenants, the Company's recourse may be limited. The Company may, in certain circumstances, terminate the Jerritt Canyon Acquisition Agreement for breach of covenants by the Vendor prior to the consummation of the Jerritt Canyon Acquisition or the Company may also determine, in its sole discretion, to waive breaches by the Vendor of a covenant arising prior to the consummation of the Jerritt Canyon Acquisition, in which case the Company may have limited or no recourse for such breach.

Historic and current performance of Jerritt Canyon 's business and operations may not be indicative of success in future periods. The future performance of Jerritt Canyon may be influenced by, among other factors, economic downturns, increased environmental regulation, turmoil in financial markets, unfavorable legal or administrative decisions, rising interest rates and other factors beyond the Company's control. As a result of any one or more of these factors, among others, the operations and financial performance of Jerritt Canyon may be negatively affected during such period and may not be as currently expected by the Company which may adversely affect the Company's future financial results.

Additional Risks Related to Jerritt Canyon

Upon completion of the Jerritt Canyon Acquisition, Jerritt Canyon will become a wholly-owned subsidiary of the Company and its business and properties will become a part of the Company's overall business. As the business of Jerritt Canyon also involves the exploration and development of precious metals properties, the business of Jerritt Canyon is subject to many of the risk factors described above with respect to the Company's current business.

While the Company has extensive experience in the mining of minerals and, in particular, precious metals, in Mexico, it does not have extensive experience in managing operating mines in Nevada. While the actual mining of minerals from one jurisdiction to another follows many of the same basic principles, the legal and social environment in Nevada is considerably different from the legal and social environment in Mexico and the Company may encounter difficulties or inefficiencies as a result, which could have a material impact on production or on financial results.

Ownership by a Single Shareholder

On closing of the Jerritt Canyon Acquisition, the Company is required to issue 26,719,727 Common Shares as consideration together with a further 1,705,514 Private Placement Shares to the Vendor. Upon closing Eric Sprott, through himself or affiliated controlled companies (including the Vendor), will own 32,925,241 shares, including current shareholdings, representing approximately 13.1% of the issued and outstanding Common Shares. As such, Mr. Sprott will be in a position to exert influence over matters requiring shareholder approval, including the determination of significant corporate actions that could otherwise be beneficial to the Company's other shareholders, including the election and removal of directors, amendments to the Company's corporate governing documents and business combinations. The Company's interests and those of Mr. Sprott may at times conflict, and this conflict might be resolved against the Company's interests. The concentration of ownership by a single shareholder may reduce the possibility of an unsolicited take-over bid for the Common Shares, and this may adversely impact the value and trading price of the Common Shares.

Product Marketing and Sales

Silver and gold are sold by the Company using a small number of international metal brokers who buy from the Company and act as intermediaries between the Company, the LBM or end consumers. The final product from the Company's facilities comes in two forms: silver, and silver/gold doré bars and in the past various concentrates of silver, lead, zinc and gold. The physical doré bars usually contain a majority of their value in silver with some gold and other impurities are delivered to one of two refineries where doré bars are refined to commercially marketable 99.9% pure silver bars. The production of concentrates in the past in their powder form containing silver, lead, zinc and gold are delivered to brokers in Manzanillo, México where they are blended with other producers' concentrates and shipped abroad to smelters where they are smelted to separate the base metal by-products of lead and/or zinc from the silver and gold content for delivery to the global buyers of silver, gold, lead or zinc. The metal refineries charge tolling fees to the Company for their refining and smelting services, and deliver refined products of silver, and gold. Refining of doré bars is a fraction of the cost of smelting concentrates for silver, lead and zinc as measured on a per silver ounce basis. At December 31, 2020, all of the three operating units of the Company were producing doré bars and no concentrates were being commercially produced.

The Company delivers its production via a combination of private aircraft, armoured cars and trucks to a number of refineries who then, once they have refined the silver and gold to commercial grades, transfer the silver and gold to the physical market. Doré of precious metal is turned out from refineries usually within 25 to 30 calendar days and any final variances in assays is settled at that time through the refiner assigning any liquidation differences to the metal brokers. The Company normally receives 95% to 98% of the value of its sales of doré on delivery to the refinery with final settlements upon outturn of the refined metals, less processing tolling fees. In the event that any such refinery were to become insolvent (as has occurred with Republic (see "General Development of the Business - Most Recent Three Years")), the Company may incur losses for products already shipped to such refinery and would also be required to re-route additional products to alternative refineries, which may result in additional expense and delay in selling the Company's products.

As the Company has a number of metal brokers , refineries and smelters with which it does business, the Company is not economically dependent on any one of its brokers, refineries or smelters, however, in 2020 approximately 92% of the Company's revenue was derived from sales through one metal broker. In the event such broker were to become insolvent, the Company may incur losses. The Company's future operating results may be negatively impacted as a result.

First Majestic's senior management in Vancouver and Europe negotiate sales contracts. Contracts with refining companies are generally negotiated annually, and metals brokers and traders are re-negotiated as required. The Company currently sells its silver (and silver/gold) doré through one international brokerage organization. Additionally, the Company has contractual obligations to deliver a portion of silver and gold through streaming agreements with two international streaming companies.

First Majestic continually reviews its cost structures and relationships with smelting and refining companies and metal traders in order to maintain the most competitive pricing possible while not remaining completely dependent on any single smelter, refiner or trader.

In addition to these commercial sales, First Majestic also markets a small portion of its silver production in the form of coins and silver bullion products to retail purchasers directly over its corporate e-commerce web site. Less than 2% of the Company's production was sold in retail transactions during 2020. Products sold included half ounce and one-ounce rounds, 10 gram cubes, five ounce ingots, 10 ounce ingots, one kilogram bars, 50 ounce poured bars and an 18 ounce custom coin set.

Social and Environmental Policies

First Majestic recognizes the growing strategic importance of the management of social and environmental performance to assure the sustainability of the Company's operations, and land access requirements. First Majestic works to avoid, minimize, rehabilitate, offset or compensate for any social or environmental impacts of the Company's activities, while always abiding by environmental regulations and pursuing international best practices.

Aligned with the Company values and commitments to continuous improvement, the Company has developed a strategic and systematic approach to social and environmental management. Responsible practices and systems of governance are incorporated into corporate strategy, policies and management standards, and the Company continuously evaluates and improves its social and environmental performance.

Corporate Social Responsibility ("**CSR**")

First Majestic is committed to socially responsible mining: working ethically and with integrity, taking responsibility for its impacts on the environment and the communities where it operates, while contributing to local sustainable development. First Majestic recognizes that only by acting in a socially responsible manner and integrating such practices into its management systems and standards, can it assure the sustainability of its business.

The Company seeks to develop and maintain collaborative relationships with host communities and aims to contribute to the quality of life and sustainable development in the locations in which it operates. The Company has its Social Management System ("**SMS**") that addresses key aspects of social performance management and guides its local teams to work to standards aligned with international best practices. First Majestic's approach is rooted in constructive dialogue with local and regional partners, and demonstrating transparency regarding its operational plans and activities while respecting the rights, traditions and cultural identity of local communities.

Local teams engage in constructive dialogue with local and regional partners, demonstrating transparency regarding its operational plans and activities and respecting the rights, traditions and cultural identity of local communities.

First Majestic aims to proactively support the development needs of local communities and leverage the social and economic benefits that can be generated by its operations and projects. The Company works to identify and collaboratively address development opportunities that intersect with its business, and actively engage with host communities and other stakeholders to ensure social investments are aligned with local priorities and contribute to development that meets the needs and expectations of our host communities for present and future generations. The Company's local teams work closely with municipal governments, local schools, medical services, local business associations and the agricultural sector on a variety of initiatives in the form of infrastructure projects and educational activities in areas such as water, sanitation, agriculture, youth sports, arts and culture programs, health promotion, environmental management and emergency response.

In 2020, these social investments focused on access to potable water, road construction, sanitation and waste management infrastructure, education, health and communications facilities and programs as well as support for the development of rural economic livelihoods such as small businesses capacity building, agriculture and ranching. Additionally, funding for social development projects in communities was obtained through contributions made by the Company to the México Mining Tax Fund.

Ultimately, First Majestic acts to build and maintain the trust of local communities, respecting their rights and interests, and contributing in a net positive manner to their socio-economic wellbeing. The policies, programs and procedures First Majestic has developed provides the basis for more measurable and systematic management of social performance of the Company's mining operations and exploration projects.

The First Majestic SMS is based on knowledge management, social performance best practices, clear performance indicators, structured analysis and a longer-term planning process for operational continuity and sustainability. The following core elements of the First Majestic SMS are incorporated at all First Majestic operation and exploration sites:

- Stakeholder mapping, engagement management plans;

- Risk assessment and management plans;
- External grievance mechanisms;
- Social incidents management; and
- Local content and local employment management.

The Company's operations in Durango at the La Parrilla Mine have been recognized for twelve consecutive years with the Socially Responsible Business Distinction Award by The Mexican Center for Philanthropy (Centro Mexicano para la Filantropía). The San Dimas Mine also received the distinction for the tenth consecutive year. The Santa Elena Mine was also recognized early in 2021 for the seventh consecutive year. In 2021, the La Encantada and Del Toro mines achieved its first Distinction. Currently, all of the operating First Majestic's mines are recognized as Socially Responsible Business. This honour from within the Mexican community recognizes excellence in CSR management, corporate ethics, work environment, community involvement and environmental responsibility. The awards affirm First Majestic's commitment to sound CSR practices and demonstrates the Company's commitment to transparency, and social responsibility within its operations and projects in México.

Environmental Stewardship

The Company's operations are subject to, and materially conform with, all current environmental laws and regulations in the jurisdictions where it operates. These environmental regulations provide strict restrictions and prohibitions against spills, releases and emission of various substances related to industrial mining operations that could result in environmental contamination.

First Majestic has an Environmental Management System ("**EMS**") that is applied in all operations to standardize tasks and strengthen a culture focused on preventing, minimizing and mitigating environmental impacts. The EMS is based on international standards and best practices and aligns with all requirements for obtaining the Mexican Clean Industry Accreditation issued by the Secretariat of Environment and Natural Resources (SEMARNAT) through the Federal Attorney of Environmental Protection ("**PROFEPA**") in México. External audits of First Majestic's EMS are aimed at reviewing the performance of each of its mining operations. These audits are conducted by PROFEPA-accredited external environmental consultants for evaluating compliance to applicable environmental regulations.
This is part of a strategy for continuous improvement and achieving the Company's goal of obtaining or renewing the Clean Industry Certificate issued by PROFEPA. The Clean Industry accreditation was renewed for another two years at Del Toro in 2018, and at San Dimas in 2019. Other operation sites are working toward certification.

The First Majestic EMS supports the implementation of the environmental policy and is applied in all operations, to standardize tasks and strengthen a culture focused on minimizing environmental impacts.

First Majestic's EMS has implemented an Annual Compliance Program to review all environmental obligations and these are conducted by each business unit. Additionally, the Company has implemented an on-line risk management platform that contains all the environmental obligations or conditions that must be fulfilled under the environmental permits. Three of First Majestic's business units (Del Toro, Santa Elena and San Dimas) are participating in the voluntary process of audits to assess compliance, through the National Environmental Audit Program of PROFEPA. The San Dimas Mine has completed all requirements for its renewal and is awaiting an announcement by PROFEPA.

The Company has implemented an environmental policy and the general objectives of the policy are to:

- meet all applicable Mexican environmental legal requirements.
- Design, build, operate and remediate at the close of its operations in accordance with applicable local laws and regulations and guided by international best practices.
- Promote the commitment and capacity of its employees to implement the environmental policy using integrated management systems.
- Be proactive with environmental management programs so that, in the future, communities are not left with responsibilities for the Company's operations.
- Communicate openly to employees, the community and governments about the Company's plans, programs and environmental performance.
- Work together with government agencies, local communities, educational institutions and suppliers to ensure the safe handling, use and disposal of all the Company's materials and products.
- Use the best technologies to continuously improve the safe and efficient use of resources, processes and materials.

Responsibilities for activities related to environmental performance are assigned to specific individuals that are responsible for assuring their proper execution. The leader of the mining business unit or project is directly responsible for compliance with its plans and programs and ensuring the proper functioning of the EMS.

Health and Safety
First Majestic believes that all of its employees and contractors have the right to be safe when at work and is committed to providing the means to achieve a safe and healthy workplace free of accidents and injuries.

First Majestic's Occupational Health and Safety Management Policy directs it to identify, understand, eliminate or control any foreseeable hazards in the workplace and to provide ongoing training, equipment and systems to its employees and contractors, as well as procedures and training for emergency preparedness and response.

The Company's Occupational Health and Safety Management System is applied in all operations to standardize tasks, and strengthen a culture focused on keeping our people safe. Key pillars of the system are Visible Felt Leadership, regulatory compliance and fulfillment of the requirements to obtain the Mexico Safe Company Certification, issued by the Mexican Secretariat of Labour and Social Welfare. All of the Company's operations have subscribed to the voluntary program and self-audit process.

Employment Practices
First Majestic's people are its most valuable asset. First Majestic's employees and contractors are the core of its business and the Company believes in a skilled, committed and empowered workforce to contribute to its success.

Wherever the Company works, it strives to be an employer of choice. First Majestic believes that meaningful and productive work is an essential element in human development; it supports its employees and contractors to maintain workplace relationships based on mutual respect, fairness and integrity. Wherever the Company works, it complies with local employment laws and does not tolerate discrimination in any form. First Majestic is committed to fair and equitable employment practices, freedom of association and the right to free collective bargaining, and actively promotes equal opportunity throughout its operations, offices and projects.

Sustainability Performance Reporting

The Company's operations strive to follow the highest industry standards and sustainability frameworks to demonstrate, using qualitative and quantitative data, our performance across non-technical Environmental, Social, and Governance (ESG) issues. As a result of that corporate goal, First Majestic published in 2020 its first Sustainability Report to voluntarily disclose the Company's impacts and benefits across host communities.

The inaugural report sets a foundation to benchmark the Company's sustainability performance for years to come and allows a broader audience to appreciate how business operations are reflected in the Company's commitment to responsible practices and transparency with all stakeholders.

The Company identified as material topics for its operational and care and maintenance sites the following areas:

- Health and Safety
- Local communities and stakeholders engagement
- Water management
- Mining waste and tailings management
- Energy consumption and emissions
- Reclamation and closure
- Human rights
- Governance, diversity, and inclusion

As a result of the Company's systems, policies, and practices implemented, First Majestic collected relevant and comparable data across its operations. The Sustainability Report and ESG disclosure respond to internationally recognized guidance for extractive companies operating globally and in line with Canadian Enhanced Corporate Social Responsibility (CSR) Strategy. Those guides include the OECD Guidelines for Multinational Enterprises, Voluntary Principles on Security and Human Rights, International Finance Corporation Performance Standards, Global Reporting Initiative (GRI), and UN Guiding Principles on Business and Human Rights.

Taxation

The taxation of corporations in México is often complex and is assessed via overlapping layers of taxation on a number of different tax bases, with credits or offsets permitted in certain cases between various tax liabilities. In late 2013, the Mexican government approved major reforms to the Mexican system of taxation, followed by additional reforms enacted in late 2015 and late 2019. The explanation below is not intended to be a detailed and conclusive description of all of the many forms of Mexican corporate taxes, but is a current summary of the most relevant and material forms of corporate taxes impacting mining companies operating in México and expected to apply on a prospective basis.

Taxes in México are levied in the normal course of business and are levied in the form of: (i) Corporate Income Taxes (referred to as ISR), (ii) Special Mining Duty (also referred to as Mining Royalty), (iii) Value Added Taxes ("**VAT**" or "**IVA**"), (iv) Profit sharing taxes ("**PTU**"), (v) Mining Rights Taxes, and (vi) Municipal or Property Taxes. All of these taxes (except for Municipal Taxes) are administered at the federal level by *Servicio de Administration Tributaria* (the "**SAT**") often referred to as "Hacienda".

Corporations resident in México are taxed on their worldwide income. The applicable tax rates and related tax bases applicable to fiscal 2020 are as follows:

(i) *Corporate Income taxes* ("**ISR**") - 30% on a corporation's taxable income in 2020. Normal business expenses may be deducted in computing a corporation's taxable income, including inflationary accounting for certain concepts of revenue and expenses;

(ii) *Special Mining Duty* - 7.5% on a royalty base which is computed as taxable revenues for income tax purposes (except interest and inflationary adjustment), less allowable deductions for income tax purposes (except interest, inflationary adjustment, depreciation and mining fees), less prospecting and exploration expenses of the year. The royalty is deductible for corporate income tax purposes, therefore after taxes the net impact is 70% of 7.5% or 5.25% after tax;

(iii) *Environmental Duty* - 0.5% on revenues from the sale of precious metals (gold, silver, platinum). The duty is deductible for corporate income tax purposes;

(iv) *Value Added Taxes* - 16% payable monthly on taxable receipts from the sales of goods and services in México and 0% on exports, creditable against the IVA paid on deductible services, expenses and imports;

(v) *Profit sharing Taxes* - 10% on a corporation's taxable income and payable to the workers in the corporation, creditable against corporate income taxes payable;

(vi) *Mining Rights Taxes* - a nominal rate charged on a per hectare basis on a corporation's mining rights; and

(vii) *Municipal Taxes* - Zacatecas State (Chalchihuites Municipality) levies a 1.5% tax on the value of constructed facilities at the Del Toro mine.

Dividends received by a Mexican resident from another Mexican resident are exempt from corporate taxes if they are paid out of tax paid retained earnings. Mexican entities have no preferred treatment for capital gains and in some cases capital losses are restricted. A ten-year loss carry-forward period exists, subject to inflation adjustment. The Organization for Economic Co-operation and Development rules apply to transfer pricing matters crossing country borders. Thin capitalization rules are based on a 3 to 1 debt to equity limitation for foreign companies investing in Mexican mining companies.

There is a 10% withholding tax on dividends distributed to resident individuals or foreign residents (including foreign corporations). Per the México-Canada tax treaty this dividend withholding tax rate may be reduced to 5%.

In the past, México allowed corporations at their option to consolidate tax filings, effectively enabling the profits of taxable entities to be offset by tax losses in other companies within the consolidated group. Effective January 1, 2008, management of the Company executed a corporate restructuring for tax purposes, enabling it, on a limited basis, to consolidate tax losses of certain of its subsidiaries against the taxable incomes of other subsidiaries (the "**Tax Consolidation**"). Coincident with the Tax Consolidation, México introduced an alternative minimum tax or flat tax known as the IETU, effective January 1, 2008 to attempt to limit certain companies from avoiding taxes on their cash earnings in México. In December 2009, México introduced tax consolidation reform rules (the "**Tax Reform**"), which effective January 2010, would require companies to begin the recapture of the benefits of tax consolidation within five years of receiving the benefit, and phased in over a five- year period. First Majestic's first tax deferral benefit from the Tax Consolidation was realized in 2008, and as such, the benefit of the Tax Consolidation was expected to be recaptured from 2014 to 2023. The Tax Reform also abolished the existing consolidation regime effective as of January 1, 2014 and requires consolidated groups to deconsolidate. Existing groups that began consolidating after 2007 are now required to pay income taxes deferred by virtue of tax consolidation in annual installments based on a mechanism established in specified transition rules.

The tax deconsolidation results in the availability of entity level loss carry-forwards that were previously used to shelter taxable income of other group companies.

In late 2015, the Mexican government approved another tax reform, effective January 1, 2016 whereby among other things companies with unamortized loss carry-forwards from the period of consolidation can elect to claim a credit against the remaining taxes to be repaid as a result of deconsolidation at a rate of 15% of losses utilized. The Company elected to claim this credit during 2016.

Mexican 2020 Tax Reforms - On December 9, 2019 México introduced additional tax reforms to address its Corporate, VAT, and Excise Taxes, referred to as the 2020 Tax Reforms. In addition to a new General Anti-avoidance Rule, the Mexican tax reform of 2020 proposes to deny, under a broad set of circumstances, the deductibility of payments made by Mexican corporations to foreign-related parties subject to a preferred tax regime, where the effective tax rate is less than 22.5%, regardless of whether the payment is made on an arm's length basis. The impact of these new reforms is being analyzed and may impact the Company's corporate structure and consolidated effective tax rate.

DIVIDENDS

The Company has not paid any dividends since incorporation. On December 7, 2020, the Company announced that its Board of Directors had adopted a dividend policy for the Company under which the Company intends to pay quarterly dividends of 1% of the Company's net revenues commencing after the completion of the first quarter of 2021. Payment of the dividends under the dividend policy will be subject to the discretion of the Board of Directors. The Company will review the dividend policy on an ongoing basis and may amend the policy at any time in light of the Company's then current financial position, profitability, cash flow, debt covenant compliance, legal requirements and other factors considered relevant. All of the common shares of the Company are entitled to an equal share of any dividends declared and paid.

CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of common shares without par value. A total of 222,804,476 common shares of the Company were issued and outstanding as at the date of this AIF.

Each common share of the Company ranks equally with all other common shares of the Company with respect to dissolution, liquidation or winding-up of the Company and payment of dividends. The holders of common shares of the Company are entitled to one vote for each share of record on all matters to be voted on by such holders and are entitled to receive pro rata such dividends as may be declared by the board of directors of the Company out of funds legally available therefore and to receive, pro rata, the remaining property of the Company on dissolution. The holders of common shares of the Company have no redemption, retraction, purchase, pre-emptive or conversion rights. The rights attaching to the common shares of the Company can only be modified by the affirmative vote of at least two-thirds of the votes cast at a meeting of shareholders called for that purpose.

As described above, the Company has issued an aggregate of $156.5 million principal amount of 1.875% unsecured convertible senior notes due 2023 (the "**Notes**"). The Notes may be converted by the holders, in whole or in part, at any time. The initial conversion rate for the Notes is 104.3297 Common Shares per $1,000 principal amount of Notes, equivalent to an initial conversion price of approximately $9.59 per Common Share (subject to certain adjustment provisions). Interest is payable on the Notes semi-annually in arrears on March 1 and September 1 of each year, to holders of record at the close of business on the preceding February 15 and August 15, respectively.

On or after March 6, 2021, the Company may redeem for cash all or part of the outstanding Notes, but only if the last reported sale price of the Common Shares for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day prior to the date the Company provides notice of redemption to holders exceeds 130% of the conversion price in effect on each such trading day. The redemption price will equal to the sum of (1) 100% of the principal amount of the Notes to be redeemed and (2) accrued and unpaid interest, if any, to, but excluding, the redemption date. The outstanding Notes are also redeemable by the Company in the event of certain changes to the laws governing Canadian withholding taxes.

The Company is required to offer to purchase for cash all of the outstanding Notes upon a "fundamental change" as described in the Note Indenture, at a purchase price equal to 100% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest, if any, to, but excluding, the purchase date.

The Notes do not carry any rights to vote alongside the holders of the Company's common shares on any shareholder resolutions.

The Notes are governed by the Note Indenture, a copy of which is available under the Company's profile on SEDAR at www.sedar.com.

MARKET FOR SECURITIES

Trading Price and Volume

The common shares of the Company are listed and posted for trading on the TSX under the trading symbol "FR". The following table sets forth the high and low trading prices and trading volume of the common shares of the Company as reported by the TSX for the periods indicated:

Period	High (C$)	Low (C$)	Volume
December 2020	17.47	13.35	22,003,967
November 2020	15.90	12.56	24,075,430
October 2020	14.78	12.52	23,240,001
September 2020	16.69	12.48	28,822,717
August 2020	19.32	14.41	25,084,099
July 2020	19.41	12.70	40,594,509
June 2020	14.72	11.39	23,442,527
May 2020	13.92	10.16	22,187,579
April 2020	12.10	8.33	21,980,104
March 2020	11.34	5.30	36,384,408
February 2020	13.72	9.24	18,014,925
January 2020	16.30	12.82	17,409,571

The common shares of the Company are also listed and posted for trading on the New York Stock Exchange under the trading symbol "AG". The following table sets forth the high and low trading prices and trading volume of the common shares of the Company as reported by the New York Stock Exchange for the periods indicated:

Period	High ($)	Low ($)	Volume
December 2020	13.725	10.46	23,664,278
November 2020	12.20	9.62	24,050,165
October 2020	11.26	9.41	20,051,909
September 2020	12.80	9.33	29,629,920
August 2020	14.57	10.92	25,149,096
July 2020	14.50	9.38	31,878,573
June 2020	10.86	8.38	20,503,930
May 2020	10.07	7.20	18,169,720
April 2020	8.70	5.88	20,453,127
March 2020	8.48	4.23	31,929,227
February 2020	10.285	6.86	22,457,241
January 2020	12.54	9.78	19,415,220

The common shares of the Company are also quoted on the Frankfurt Stock Exchange under the symbol "FMV".

PRIOR SALES

Options

The following table sets forth the date, price and number of options that were granted by the Company during the financial year ended December 31, 2020:

Date of Grant	Number of Options Granted	Exercise Price (C$)
January 2, 2020	824,428	15.93
February 3, 2020	200,000	13.34
March 31, 2020	592,500	9.03
April 13, 2020	5,000	9.86
May 3, 2020	2,500	11.70

June 2, 2020	22,500	14.56
June 9, 2020	21,496	13.25
October 6, 2020	2,500	13.17
October 16, 2020	893,500	14.13
November 18, 2020	32,500	13.92
November 30, 2020	25,000	13.35

Restricted Share Units

The following table sets forth the date and number of restricted share units that were granted by the Company during the financial year ended December 31, 2020:

Date of Grant	Number of RSUs Granted
January 2, 2020	195,419
February 3, 2020	12,000
June 9, 2020	3,773

Performance Share Units

The following table sets forth the date and number of performance share units that were granted by the Company during the financial year ended December 31, 2020:

Date of Grant	Number of PSUs Granted
January 2, 2020	110,575
February 3, 2020	12,000

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets out the names of the current directors and officers of the Company, their respective provinces or states and countries of residence, positions with the Company, principal occupations within the five preceding years, periods during which each director has served as a director and the number of each class of securities of the Company and percentage of such class beneficially owned, directly or indirectly, or subject to control or direction by that person.

The term of each of the current directors of the Company will expire at the Company's next Annual General Meeting unless his or her office is earlier vacated in accordance with the Articles of the Company or he or she becomes disqualified to act as a director. The Company is not required to have an executive committee but it has an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee as indicated below.

Name, Position and City, Province and Country of Residence	Principal Occupation or Employment for Past 5 Years[1]	Period as a Director of the Company	No. and Class of Securities[1]	Percentage of Class[2]
KEITH NEUMEYER CEO, President and Director Zug, Switzerland	President of the Company from November 3, 2001 to present; Director of the Company since December 5, 1998; Director and Chairman of First Mining Gold Corp. from March 31, 2015 to present.	December 5, 1998 to present.	Common 3,769,501 Stock Options 1,034,000 RSUs 96,100 PSUs 77,900	1.7%
DOUGLAS PENROSE, B.Comm., CPA, CA (3) (5) Chairman and Director Summerland, British Columbia, Canada	Retired; Chairman of the Company from January, 2012.	September 7, 2006 to present.	Common 32,000 Stock options 28,527 RSUs 7,927 DSUs 5,855	Less than 1.0%
MARJORIE CO, BSc, LLB, MBA (3)(4) (5) Director Vancouver, British Columbia, Canada	Director, Strategic Relations of Westport Innovations from April, 2012 to February, 2015; Principal of mc3 solutions inc. from February, 2015 to present. Principal of Marjorie Co Law Corporation from March, 2020 to present.	March 1, 2017 to present	Common 12,975 Stock Options 70,524 RSUs 7,927 DSUs 4,976	Less than 1.0%

Name, Position and City, Province and Country of Residence	Principal Occupation or Employment for Past 5 Years[1]	Period as a Director of the Company	No. and Class of Securities[1]	Percentage of Class[2]
ROBERT A. McCALLUM, B.Sc., P. Eng. (3) (4) Director North Vancouver, British Columbia, Canada	Professional consulting engineer and President of Robert A. McCallum Inc. from 1999 to present.	December 15, 2005 to present	Common 30,035 Stock Options 25,626 RSUs 7,927 DSUs 5,855	Less than 1.0%
ANA LOPEZ, BA, LLB, CEC (4) (5) Director North Vancouver, British Columbia, Canada	Vice-President, Human Resources of TransLink from August 2013 to August 2016; Vice-President, Human Resources & People Development of British Columbia Institute of Technology from August 2016 to present.	June 9, 2020 to present	Common 12,415 Stock options 21,496 RSUs 6,700 DSUs 4,976	Less than 1.0%
THOMAS FUDGE, JR., P.E., P.Eng. (ret) **Director** **Grand Junction, Colorado** **USA**	Vice President Operations, Mine General Manager and Assistant General Manager of Minera San Rafael from October 2012 to September 2016; Vice President Operations of Tahoe Resources Inc. from September 2016 to February 2019; Semi-retired consultant from February 2019 to present.	February 17, 2021 to present	Common None Stock options None RSUs 2,250 DSUs 3,825	N/A
JEAN des RIVIÈRES, P.Geo., M.Sc.A. **Director** **Hudson Heights, Quebec, Canada**	Vice President Exploration of BHP, Santiago, Chile from August 2013 to June 2020	March 31, 2021 to present	Common 2,390 Stock options None RSUs 1,989 DSUs 3,382	Less than 1.0%

Name, Position and City, Province and Country of Residence	Principal Occupation or Employment for Past 5 Years[1]	Period as a Director of the Company	No. and Class of Securities[1]	Percentage of Class[2]
STEVEN C. HOLMES Chief Operating Officer Safford, Arizona USA	Chief Operating Officer of KGHM International from July 2015 to September 2017; Vice President Joint Venture Portfolio of Barrick Gold Corporation from May 2018 to February 2019; self-employed mining executive from February 2019 to February 2020, Chief Operating Officer of the Company from February 2020 to present.	N/A	Common 22,500 Stock options 247,000 RSUs 37,200 PSUs 30,900	Less than 1%
RAYMOND L. POLMAN, CPA, CA Chief Financial Officer Vancouver, British Columbia, Canada	Chief Financial Officer of the Company from February 2007 to present; Director of First Mining Gold Corp. from March 2015 to present.	N/A	Common 179,200 Stock options 540,000 RSUs 32,600 PSUs 28,200	Less than 1.0%
SOPHIE HSIA, LLB, BCL, LLM General Counsel North Vancouver, British Columbia, Canada	General Counsel of Imperial Metals Corporation from March 2015 to July 2019; General Counsel of the Company from July 2019 to present.	N/A	Common 1,000 Options 162,500 RSUs 16,600 PSUs 12,700	Less than 1.0%
CONNIE LILLICO Corporate Secretary Coquitlam, British Columbia, Canada	Corporate Secretary of the Company from August 2007 to present; Corporate Secretary of First Mining Gold Corp. from March 2015 to June 2016.	N/A	Common 111,500 Stock options 397,500 RSUs 15,400 PSUs 11,800	Less than 1.0%

(1) The information as to principal occupation and shares beneficially owned has been furnished by the respective individuals.

(2) Based upon the 222,804,476 common shares of the Company issued and outstanding as of the date of this AIF.
(3) Member of the Audit Committee.
(4) Member of the Compensation Committee.
(5) Member of the Corporate Governance and Nominating Committee.

The directors and senior officers of the Company beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 4,173,516 common shares of the Company or approximately 2% of the common shares of the Company issued and outstanding as of the date of this AIF.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company nor a shareholder holding a sufficient number of common shares of the Company to materially affect the control of the Company, nor a personal holding company of any of them,

(a) is, at the date of this AIF or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company), that while that person was acting in that capacity,

  (i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

  (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities registration, for a period of more than 30 consecutive days; or

  (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or comprise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

To the knowledge of the Company, no director or executive officer of the Company, nor a shareholder holding a sufficient number of common shares of the Company to affect materially the control of the Company, nor a personal holding company of any of them, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain directors of the Company are also directors or officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law and by the Company's policies to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

AUDIT COMMITTEE INFORMATION

Pursuant to the provisions of National Instrument 52-110 Audit Committees (" **NI 52-110**") the Company is required to provide the following disclosure with respect to its Audit Committee.

Audit Committee Mandate

The text of the Audit Committee's Charter is attached as Appendix "A" to this AIF.

Composition of the Audit Committee

Members of the Audit Committee are Douglas Penrose, Robert McCallum and Marjorie Co. All three members are independent within the meaning of applicable securities laws and all three members are considered financially literate.

Relevant Education and Experience

Douglas Penrose received his Bachelor of Commerce degree from the University of Toronto. He has been a member of the Institute of Chartered Accountants of Ontario from 1974 to 2008 and the Institute of Chartered Accountants of British Columbia since 1978. He brings over 20 years of experience in leadership positions in corporate finance, including the position of Chief Financial Officer and was most recently the Vice President of Finance and Corporate Services at the British Columbia Lottery Corporation.

Robert McCallum graduated in 1959 from the University of Witwatersrand, South Africa with a Bachelor of Science (Mining) followed in 1971 by completing the Program for Management Development at Harvard Graduate School of Business, Boston, Massachusetts. He was most recently President and CEO of Kensington Resources Ltd. prior to its merger with Shore Gold Inc. in 2005.

Marjorie Co was called to the British Columbia Bar in 1996 and is a Member of the Law Society of British Columbia. Ms. Co obtained her Master of Business Administration and Bachelor of Laws degrees from the University of British Columbia, and her Bachelor of Science degree from Simon Fraser University. Ms. Co currently provides business development and legal advice for technology-focused organizations and start-up companies. Her previous roles have included being the Director of Strategic Relations at Westport Innovations and Chief Development Officer at The Proof Centre of Excellence.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

a. the exemption in section 2.4 (*De Minimis Non-Audit Services*) of NI 52-110;

b. the exemption in section 3.2 (*Initial Public Offerings*) of NI 52-110;

c. the exemption in section 3.4 (*Events Outside the Control of the Member*) of NI 52-110;

d. the exemption in section 3.5 (*Death, Disability or Resignation of Audit Committee Member*) of NI 52-110; or

e. an exemption from NI 52-110 in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee Oversight

For the year ended December 31, 2020, the Company's Board of Directors adopted all recommendations by the Audit Committee with respect to the nomination and compensation of the external auditor.

Pre-Approval Policy and Procedures

The Audit Committee has adopted specific policies for the engagement of non-audit services to be provided to the Company by the external auditor which require the auditor to submit to the Audit Committee a proposal for services to be provided and cost estimates for approval.

External Auditor Service Fees

The following table sets out the fees billed to the Company by Deloitte LLP, Independent Registered Public Accounting Firm , and its affiliates for professional services in each of the years ended December 31, 2019 and December 31, 2020, respectively.

Category	Year ended December 31, 2020	Year ended December 31, 2019
Audit Fees	$1,039,000	$1,041,000
Audit Related Fees	$37,000	$59,000
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil

Audit fees include fees for services rendered by the Independent Registered Public Accounting Firm in relation to the audit and review of our financial statements and in connection with our statutory and regulatory filings. The 2020 fee includes amounts for 2020 audit services as well as final billings from the 2019 audit which were received in 2020.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or persons or companies who beneficially own, control or direct, directly or indirectly, more than 10 percent of any class of outstanding voting securities of the Company, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transactions with the Company within the three most recently completed financial years or during the current financial year, that has materially affected or is reasonably expected to have a material effect on the Company.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Trust Company of Canada (" **Computershare**"). Computershare's register of transfers for the common shares of the Company is located at 510 Burrard Street, Second Floor, Vancouver, British Columbia, Canada, V6C 3B9.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Davila Santos Litigation

Pursuant to a share purchase agreement (the "**FSR Purchase Agreement**") dated April 3, 2006, the Company acquired a controlling interest in First Silver Reserve ("**FSR**") for an aggregate purchase price of C$53.4 million. The purchase price was payable to Hector Davila Santos (" **Davila Santos**") in three instalments. The first and second instalments totaling C$40.0 million were paid in accordance with the FSR Purchase Agreement. The final 25% instalment of C$13.3 million was not paid to Davila Santos as a result of a dispute between the Company and Davila Santos and his private company involving a mine in México (the "**Bolaños Mine**") as set out further below.

In November 2007, the Company and FSR commenced an action against Davila Santos (the " **Action**"). The Company and FSR alleged, among other things that, while holding the positions of director, President and Chief Executive Officer of FSR, Davila Santos through his private company, acquired control of the Bolaños Mine in breach of his fiduciary duties to FSR.

In April 2013, the Company received a positive judgment (the " **BC Judgment**") from the Supreme Court of British Columbia (the " **BC Court**"), which awarded the sum of C$96.3 million in favour of First Majestic. The Company received the sum of C$14.85 million (representing monies previously held in trust by Davila Santos' lawyer) on June 27, 2013 in partial payment of the April 24, 2013 judgment, leaving an unpaid amount of approximately C$81.45 million. Subsequently, the BC Court granted orders restricting any transfer or encumbrance of the Bolaños Mine by the defendant and limiting mining at the Bolaños Mine. The orders also require that the defendant preserve net cash flow from the Bolaños Mine in a holding account and periodically provide to the Company certain information regarding the Bolaños Mine and the holding account and periodically provide to the Company certain information regarding the Bolaños Mine (collectively, the "**BC Orders**").

As of December 2016, Davila Santos had exhausted all possible appeals in Canada of the BC Judgment. The Company is now seeking to enforce the BC Judgment and BC Orders in México and elsewhere. To that end, the Company obtained a favourable judgment from the Third Civil District Judge of México City on December 27, 2018, which was later confirmed on appeal on May 17, 2019. Davila Santos then filed a claim before the First Circuit Court which declared on October 25, 2019 that the BC Judgment was contrary to the public order of the Mexican State (the "**Public Order Judgment**"). The Company filed an appeal for review of the Public Order Judgment on November 14, 2019 before the Thirteenth Federal Court on Civil Matters in Mexico City. Before the Thirteenth Federal Court could render its judgment, Davila Santos filed a petition on August 25, 2020 to Mexico's Supreme Court of Justice (the "**MX Supreme Court**") to attract the case, and on November 18, 2020, the MX Supreme Court made the determination that the case met the threshold requirements for its review. Resolution of the appeal by the MX Supreme Court remains outstanding due to pandemic-related restrictions on the judiciary.

There can be no guarantee of collection on any of the remaining C$81.45 million of the judgment amount and it is likely that it will be necessary to take additional action in México and/or elsewhere to recover the balance. Therefore, the Company has not accrued in its financial statements any additional amounts related to the remaining unpaid judgment in favour of the Company.

Mexican Tax Proceedings

As described above under "*Risk Factors - Challenges to the Advance Pricing Agreement* ", the SAT, the Mexican tax authority, initiated a legal proceeding seeking to nullify the APA which it issued to Primero in 2012. The APA confirmed Primero's basis for paying taxes on the price it realized for certain silver sales between 2010 and 2014. In 2019 and 2021, pursuant to the ongoing tax audits and in advance of the expiry of statute barred periods of reassessment, the SAT issued reassessments against PEM for the 2010 to 2013 tax years in the total amount of $378.7 million. The SAT has not yet issued a new APA ruling or re-assessed PEM in respect of its sales of silver for 2014. On September 23, 2020 the Federal Court issued a decision nullifying the APA and directing the SAT to issue a new APA ruling and on November 12, 2020 the Company received written reasons for the decision from the Federal Court. On November 30, 2020 the Company filed an appeal of the Federal Court's decision with the Circuit Courts. The Company intends to continue to challenge the actions of the SAT in Mexican courts, however due to the ongoing COVID-19 crisis, the Mexican courts are currently available only on a restricted basis for further hearings on these matters. The Company is unable to provide any certainty as to the outcome or timing of such challenge. No tax is payable under the reassessments while such challenges are in process. If the Company's challenge is not successful it would have a material adverse effect on the Company's business, financial condition and results of operations.

For the 2015 and subsequent tax years through to the Company's acquisition of PEM, Primero continued to record its revenue from sales of silver for purposes of Mexican tax accounting in a manner consistent with the APA on the basis that the applicable facts and laws have not changed, and has paid its taxes accordingly. To the extent the SAT determines that the appropriate price of silver sales under the Internal Stream Agreement is significantly different from the PEM Realized Price and while PEM would have rights of appeal in connection with any reassessments, it would have a material adverse effect on the Company's business, financial condition and results of operations.

Regulatory Actions

No penalties or sanctions were imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the year ended December 31, 2020.

No penalties or sanctions were imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision.

The Company did not enter into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority during the year ended December 31, 2020.

MATERIAL CONTRACTS

Other than material contracts entered into in the ordinary course of business and upon which the Company's business is not substantially dependent, the following contracts are considered material contracts of the Company:

- the Note Indenture;
- the 2019 Sales Agreement; and
- The Jerritt Canyon Acquisition Agreement.

INTERESTS OF EXPERTS

Deloitte LLP is the independent registered public accounting firm of the Company and is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British and the applicable rules and regulations of the Securities and Exchange Commission and the Public Company Accounting Oversight Board (United States).

Ramon Mendoza Reyes, P. Eng., Gregory Kenneth Kulla, P. Geo., Persio P. Rosario, P.Eng., Maria Elena Vazquez, P. Geo., Phillip J. Spurgeon, P. Geo., Brian Boutilier, P.Eng. of the Company and David Rowe, CPG and Joaquin Merino, P. Geo, prepared certain technical reports or information relating to the Company's mining properties. To management's knowledge, Mr. Rowe and Mr. Merino, do not have any registered or beneficial interests, direct or indirect, in any securities or other property of the Company (or of any of its associates or affiliates). Mr. Rowe is a Consulting Principal Resource Geologist and Mr. Merino is a Senior Advisor in Geology for the Company. Mr. Mendoza-Reyes is the Vice President of Technical Services of the Company, Mr. Kulla is the Vice President of Exploration of the Company, Mr. Rosario is the Vice President of Processing, Metallurgy and Innovation of the Company, Ms. Vazquez is the Geological Database Manager of the Company, Mr. Spurgeon is the Senior Resource Geologist of the Company, and Mr. Boutilier is Manager of Technical Services of the Company. Each of Mr. Mendoza-Reyes, Mr. Kulla, Mr. Rosario, Ms. Vazquez, Mr. Spurgeon and Mr. Boutilier hold stock options, restricted share units and/or performance share units of the Company which represent less than 1% of the outstanding shares of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under the Company's equity compensation plan, as applicable, is contained in the Company's information circular for its most recent annual general meeting.

Additional financial information is provided in the Company's audited financial statements (amended) for the years ended December 31, 2021 and 2020 and the Management's Discussion and Analysis of the Company for the year ended December 31, 2020, a copy of which may be requested from First Majestic's head office, or may be viewed on the Company's website (www.firstmajestic.com) or on SEDAR (www.sedar.com).

APPENDIX "A"

TO THE ANNUAL INFORMATION FORM OF

AUDIT COMMITTEE CHARTER

INTRODUCTION

The purpose of the Audit Committee (the "**Committee**") is to assist the board of directors (the "**Board**") of the Company in its oversight responsibilities for:

- the quality and integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements;
- the qualifications, independence and performance of the Company's external auditor;
- the Company's systems of disclosure controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by the Company.

Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures, and practices at all levels. The Committee should also provide for open communication among the Company's external auditor, financial and senior management, and the Board.

AUTHORITY

The Committee has the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisers, as necessary, to perform its duties and responsibilities.

In carrying out its duties and responsibilities, the Committee shall also have the authority to meet with and seek any information it requires from employees, officers, directors, or external parties.

The Company will provide appropriate funding, as determined by the Committee, for compensation to the Company's external auditor, to any advisers that the Committee chooses to engage, and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

COMPOSITION

1. The Audit Committee must be composed of a minimum of three members. Every member of the Audit Committee must be a director of the Company.

2. All members of the Committee must, to the satisfaction of the Board, be independent and financially literate in accordance with applicable corporate and securities laws, regulations and stock exchange rules and have such other qualifications as determined by the Board from time to time.

3. No Committee member may serve on the audit committees of more than two other reporting issuers.

RESPONSIBILITIES

To fulfill its responsibilities and duties, the Committee will:

Financial Reporting

4. Meet with management and, where appropriate, the Company's external auditor to review:

   (i) the annual audited financial statements, with the report of the Company's external auditors, Management's Discussion and Analysis for such period and the impact of unusual items and changes in accounting policies and estimates;

   (ii) interim unaudited financial statements, Management's Discussion and Analysis for such period and the impact of unusual items and changes in accounting policies and estimates;

   (iii) financial information in earnings press releases, including the type and presentation of information, paying particular attention to any pro forma or adjusted non-IFRS information;

   (iv) financial information in annual information forms, and annual reports;

   (v) prospectuses;

   (vi) the report that the United States Securities and Exchange Commission requirements be included in the Company's annual proxy statement; and

   (vii) financial information in other public reports and public filings requiring approval by the Board.

5. Discuss with management financial information and earnings guidance provided to analysts and ratings agencies. Such discussions may be in general terms (i.e., discussion of the types of information to be disclosed and the type of presentations to be made).

External Auditor

6. Recommend for appointment by shareholders, compensate, retain, and oversee the work performed by the Company's external auditor retained for the purpose of preparing or issuing an audit report or related work.

7. Review the performance and independence of the Company's external auditor, including obtaining written confirmation from the Company's external auditor that it is objective and independent within the meaning of applicable securities legislation and the applicable governing body of the institute to which the external auditor belongs, and remove the Company's external auditor if circumstances warrant.

8. Actively engage in dialogue with the Company's external auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the auditor and take appropriate actions to oversee the independence of the Company's external auditor.

9. Review and preapprove (which may be pursuant to preapproval policies and procedures) all services (audit and non-audit) to be provided by the Company's external auditor. The authority to grant preapprovals may be delegated to one or more designated members of the Committee, whose decisions will be presented to the full Committee at its next regularly scheduled meeting.

10. Consider whether the auditor's provision of permissible non-audit services is compatible with the auditor's independence.

11. Review with the Company's external auditor any problems or difficulties and management's responses thereto.

12. Oversee the resolution of disagreements between management and the Company's external auditor if any such disagreement arises.

13. Hold timely discussions with the Company's external auditor regarding the following:

    a) *All critical accounting policies and practices;*

    b) *All alternative treatments of financial information within IFRS related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Company's external auditor; and*

    c) *Other material written communications between the Company's external auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.*

14. At least annually, obtain and review a report by the Company's external auditor describing:

    a) *The Company's external auditor's internal quality-control procedures;*

    b) *Any material issues raised by the most recent internal quality-control review or peer review, or by any inquiry or investigation by governmental or professional authorities within the preceding five years with respect to independent audits carried out by the Company's external auditor, and any steps taken to deal with such issues; and*

    c) *All relationships between the Company's external auditor and the Company.*

This report should be used to evaluate the Company's external auditor's qualifications, performance, and independence. Further, the committee will review the experience and qualifications of the lead audit partner each year and consider whether all partner rotation requirements, as promulgated by applicable rules and regulations, have been complied with. The committee will also consider whether there should be rotation of the Company's external auditor itself. The Committee should present its conclusions to the full board.

15. Set policies, consistent with governing laws and regulations, for hiring former personnel of the Company's external auditor.

Financial Reporting Processes, Accounting Policies and Internal Control Structure

16. In consultation with the Company's external auditor, review the integrity of the Company's financial reporting processes.

17. Periodically review the adequacy and effectiveness of the Company's disclosure controls and procedures and the Company's internal control over financial reporting, including any significant deficiencies and significant changes in internal controls.

18. Understand the scope of the Company's external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management responses.

19. Receive and review any disclosure from the Company's Chief Executive Officer and Chief Financial Officer made in connection with the certification of the Company's quarterly and annual financial statements, regarding:

    a) *significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and*

    b) *any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.*

20. Review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; major issues as to the adequacy of the Company's internal controls; and any special audit steps adopted in light of material control deficiencies.

21. Review analyses prepared by management and the Company's external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative accounting methods on the financial statements.

22. Review the effect of regulatory and accounting initiatives, as well as off-balance-sheet structures, on the financial statements of the Company.

23. Review and report to the Board with respect to all related-party transactions, unless a special committee has been established by the Board to consider a particular matter.

24. Establish and oversee procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, including procedures for confidential, anonymous submissions by Company employees regarding questionable accounting or auditing matters.

Ethical Compliance, Legal Compliance and Risk Management

25. Oversee, review, and periodically update the Company's Code of Ethical Conduct and the Company's system to monitor compliance with and enforce this code.

26. Review, with the Company's counsel, legal compliance and legal matters that could have a significant impact on the Company's financial statements.

27. Discuss policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process, as well as the Company's major financial risk exposures and the steps management has undertaken to control them.

28. Consider the risk of management's ability to override the Company's internal controls.

29. Review with the Company's external auditors, and if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements.

30. Review adequacy of security of information, information systems and recovery plans.

31. Review the Company's insurance, including directors' and officers' coverage, and provide recommendations to the Board .

Other Responsibilities

32. Report regularly to the Board regarding the execution of the Committee's duties and responsibilities, activities, any issues encountered and related recommendations.

33. Discuss, with the Company's external auditor the extent to which changes or improvements in financial or accounting practices have been implemented.

34. Conduct an annual performance assessment relative to the Committee's purpose, duties, and responsibilities outlined herein.

EFFECTIVE DATE

This Charter was approved and adopted by the Board on March 10, 2014 as amended on November 30, 2017 (the " **Effective Date**") and is and shall be effective and in full force and effect in accordance with its terms and conditions from and after such date.

GOVERNING LAW

This Charter shall be interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in that province.


FIRST MAJESTIC
SILVER CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Management's Responsibilities over Financial Reporting

The consolidated financial statements of First Majestic Silver Corp. (the "Company") are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements have been audited by Deloitte LLP and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.



Keith Neumeyer
President & CEO
February 18, 2021



Raymond Polman, CA
Chief Financial Officer
February 18, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of First Majestic Silver Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of First Majestic Silver Corp. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of earnings (loss), comprehensive income (loss), changes in equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also 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, 2020, 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 February 18, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the 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.

Primero Tax Rulings — Refer to Note 26 to the financial statements

Critical Audit Matter Description

The Company has an ongoing dispute with the Mexican Tax Authorities, the Servicio de Administracion Tributaria (“SAT”). The dispute relates to the determination of the transfer price, which is based upon an Advanced Pricing Agreement ("APA") from the SAT, applied to intercompany silver sales in connection with a silver streaming arrangement with an unrelated third party. In 2020, the Mexican Federal Court on Administrative Matters issued a decision nullifying the APA and directing the SAT to re-examine the evidence and basis for the issuance of the APA; the Company has appealed this decision to the Mexican Circuit Courts. As a result of the tax dispute with the SAT, should the Company ultimately be required to pay tax on its intercompany silver revenues based on market prices, the incremental income tax for the years 2010 - 2018 would be approximately $219.2 million, before interest and penalties, without any mitigating adjustments. The Company has not recognized a tax liability related to the Primero tax dispute with the SAT.

The evaluation of the accounting and the disclosure of the matter requires significant management judgment to determine the probability of having to pay incremental income tax. Auditing the accounting and the disclosures related to the tax matter required a high degree of auditor judgment due to the significant judgment by management and evaluating whether the audit evidence supports management's position. This resulted in an increased extent of audit effort, including the involvement of tax specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures relating to the evaluation of the accounting and disclosure related to the tax matter included the following, among others:

- Inquired of management to understand the developments of the tax dispute;
- Evaluated the effectiveness of management's controls over the evaluation of the appropriateness of income tax filing positions and corresponding disclosures in the financial statements;
- Obtained and evaluated management's assessment of the dispute, including analysis from the Company's external counsel;
- With the assistance of tax specialists, analyzed the Company's accounting position related to the tax dispute; and
- Evaluated the Company's disclosures for consistency with our knowledge of the Company's tax matters and audit evidence obtained.

/s/ Deloitte LLP

Chartered Professional Accountants

Vancouver, Canada

February 18, 2021

We have served as the Company's auditor since 2005.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of First Majestic Silver Corp.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of First Majestic Silver Corp. and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2020, of the Company and our report dated February 18, 2021, expressed an unqualified opinion on those 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 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 included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and 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.

/s/ Deloitte LLP

Chartered Professional Accountants

Vancouver, Canada

February 18, 2021

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CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

Audited Consolidated Financial Statements | (In thousands of US dollars, except share and per share amounts)

The Consolidated Statements of Earnings (Loss) provide a summary of the Company's financial performance and net earnings or loss over the reporting periods.

		Year Ended December 31,	
	Note	2020	2019
Revenues	5	**$363,876**	**$363,944**
Mine operating costs			
Cost of sales	6	194,305	232,146
Cost of sales - standby costs	6	10,112	—
Depletion, depreciation and amortization		54,405	65,584
		258,822	**297,730**
Mine operating earnings		**105,054**	**66,214**
General and administrative expenses	7	24,855	26,800
Share-based payments		8,255	8,325
Mine holding costs	8	21,583	7,579
Loss on divestiture of exploration projects	14	3,685	—
Impairment of non-current assets	17	—	58,739
Foreign exchange loss (gain)		6,319	(3,243)
Operating earnings (loss)		**40,357**	**(31,986)**
Fair value adjustment on foreign currency derivatives		(982)	—
Investment and other income	9	5,127	8,109
Finance costs	10	(14,773)	(15,147)
Earnings (loss) before income taxes		**29,729**	**(39,024)**
Income taxes			
Current income tax expense		9,966	16,423
Deferred income tax recovery		(3,324)	(14,973)
		6,642	1,450
Net earnings (loss) for the year		**$23,087**	**($40,474)**
Earnings (loss) per common share			
Basic	11	**$0.11**	**($0.20)**
Diluted	11	**$0.11**	**($0.20)**
Weighted average shares outstanding			
Basic	11	**213,879,622**	**201,615,489**
Diluted	11	**215,878,829**	**201,615,489**

Approved by the Board of Directors



Keith Neumeyer, Director



Douglas Penrose, Director

The accompanying notes are an integral part of the audited consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

The Consolidated Statements of Comprehensive Income (Loss) provide a summary of total comprehensive earnings or loss and summarizes items recorded in other comprehensive income that may or may not be subsequently reclassified to profit or loss depending on future events.

	Note	Year Ended December 31,	
		2020	2019
Net earnings (loss) for the year		**$23,087**	**($40,474)**
Other comprehensive income			
Items that will not be subsequently reclassified to net earnings (loss):			
Unrealized gain (loss) on fair value of investments in marketable securities, net of tax	13(b)	10,249	(255)
Realized gain on investments in marketable securities, net of tax	13(b)	211	572
Remeasurement of retirement benefit plan		(515)	—
Other comprehensive income		9,945	317
Total comprehensive income (loss)		**$33,032**	**($40,157)**

The accompanying notes are an integral part of the audited consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

The Consolidated Statements of Cash Flows provide a summary of movements in cash and cash equivalents during the reporting periods by classifying them as operating, investing or financing activities.

	Note	Year Ended December 31, 2020	2019
Operating Activities			
Net earnings (loss) for the year		$23,087	($40,474)
Adjustments for:			
Depletion, depreciation and amortization		56,283	67,220
Share-based payments		8,255	8,325
Income tax expense		6,642	1,450
Finance costs	10	14,773	15,147
Loss on divestiture of exploration projects	14	3,894	—
Fair value adjustment on foreign currency derivatives		982	—
Impairment of non-current assets	17	—	58,739
Unrealized gains from marketable securities and silver futures derivatives		(4,051)	(1,765)
Unrealized foreign exchange (gain) loss		(2,522)	273
Operating cash flows before movements in working capital and taxes		**107,343**	**108,915**
Net change in non-cash working capital items	25	(22,831)	37,327
Income taxes paid		(4,799)	(6,217)
Cash generated by operating activities		**79,713**	**140,025**
Investing Activities			
Expenditures on mining interests		(68,647)	(76,983)
Acquisition of property, plant and equipment		(43,322)	(41,625)
Deposits paid for acquisition of non-current assets		(13,846)	(1,748)
Acquisition of Springpole Silver Stream	14(c)	(2,521)	—
Other	25	1,221	3,422
Cash used in investing activities		**(127,115)**	**(116,934)**
Financing Activities			
Proceeds from prospectus offerings, net of share issue costs	23(a)	126,132	81,916
Proceeds from exercise of stock options		14,011	16,663
Repayment of lease liabilities	20	(7,706)	(5,213)
Finance costs paid		(4,200)	(5,686)
Proceeds from debt facility	19	10,000	—
Repayment of debt facility	19	(19,969)	—
Shares repurchased and cancelled	23(e)	(1,694)	—
Cash provided by financing activities		**116,574**	**87,680**
Effect of exchange rate on cash and cash equivalents held in foreign currencies		397	1,225
Increase in cash and cash equivalents		**69,172**	**110,771**
Cash and cash equivalents, beginning of the year		169,009	57,013
Cash and cash equivalents, end of year		**$238,578**	**$169,009**
Cash		$207,132	$161,268
Short-term investments		31,446	7,741
Cash and cash equivalents, end of year		**$238,578**	**$169,009**
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The accompanying notes are an integral part of the audited consolidated financial statements

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020 AND 2019

The Consolidated Statements of Financial Position provides a summary of assets, liabilities and equity, as well as their current versus non-current nature, as at the reporting date.

	Note	December 31, 2020	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		$238,578	$169,009
Trade and other receivables		4,271	4,295
Value added taxes receivable	24(c)	41,641	29,637
Inventories	12	32,512	30,517
Other financial assets	13	36,319	7,488
Prepaid expenses and other		2,725	2,033
Total current assets		**356,046**	**242,979**
Non-current assets			
Mining interests	14	509,730	463,391
Property, plant and equipment	15	258,220	236,639
Right-of-use assets	16	14,330	12,034
Deposits on non-current assets		14,246	2,189
Non-current income taxes receivable	22	—	4,579
Non-current value added taxes receivable	24(c)	15,301	—
Deferred tax assets	22	69,644	51,141
Total assets		**$1,237,517**	**$1,012,952**
Liabilities and Equity			
Current liabilities			
Trade and other payables	18	$76,002	$59,123
Unearned revenue	5	2,717	4,486
Current portion of debt facilities	19	10,975	1,175
Current portion of lease liabilities	20	5,358	6,920
Income taxes payable	22	6,574	149
Total current liabilities		**101,626**	**71,853**
Non-current liabilities			
Debt facilities	19	141,733	154,643
Lease liabilities	20	15,217	15,016
Decommissioning liabilities	21	51,471	40,528
Other liabilities		5,406	4,675
Non-current income taxes payable	22	23,099	—
Deferred tax liabilities	22	48,729	63,916
Total liabilities		**$387,281**	**$350,631**
Equity			
Share capital		1,087,139	933,182
Equity reserves		101,997	90,692
Accumulated deficit		(338,900)	(361,553)
Total equity		**$850,236**	**$662,321**
Total liabilities and equity		**$1,237,517**	**$1,012,952**

Commitments (Note 14; Note 24(c)); Subsequent event (Note 29)

The accompanying notes are an integral part of the audited consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31 2020 AND 2019

Audited Consolidated Financial Statements (In thousands of US dollars, except share and per share amounts)

The Consolidated Statements of Changes in Equity summarizes movements in equity, including common shares, share capital, equity reserves and retained earnings or accumulated deficit.

	Share Capital		Equity Reserves					
	Shares	Amount	Share-based payments[a]	Other comprehensive income(loss)[b]	Equity component of convertible debenture[c]	Total equity reserves	Accumulated deficit	Total equity
Balance at December 31, 2018	**193,873,335**	**$827,622**	**$71,715**	**($2,849)**	**$19,164**	**$88,030**	**($321,079)**	**$594,573**
Net loss for the year	—	—	—	—	—	—	(40,474)	(40,474)
Other comprehensive income	—	—	—	317	—	317	—	317
Total comprehensive loss	**—**	**—**	**—**	**317**	**—**	**317**	**(40,474)**	**(40,157)**
Share-based payments	—	—	9,319	—	—	9,319	—	9,319
Shares issued for:								
Prospectus offerings (Note 23(a))	11,172,982	81,916	—	—	—	—	—	81,916
Exercise of stock options (Note 23(b))	2,918,518	22,649	(5,986)	—	—	(5,986)	—	16,663
Settlement of restricted share units (Note 23(c))	145,576	988	(988)	—	—	(988)	—	—
Shares cancelled	1,661	7	—	—	—	—	—	7
Balance at December 31, 2019	**208,112,072**	**$933,182**	**$74,060**	**($2,532)**	**$19,164**	**$90,692**	**($361,553)**	**$662,321**
Net earnings for the year	—	—	—	—	—	—	23,087	23,087
Other comprehensive income	—	—	—	9,945	—	9,945	—	9,945
Total comprehensive income	**—**	**—**	**—**	**9,945**	**—**	**9,945**	**23,087**	**33,032**
Share-based payments	—	—	8,255	—	—	8,255	—	8,255
Shares issued for:								
Prospectus offerings (Note 23(a))	10,654,338	126,132	—	—	—	—	—	126,132
Exercise of stock options (Note 23(b))	2,473,926	19,914	(5,903)	—	—	(5,903)	—	14,011
Acquisition of Springpole Silver Stream (Note 14(c))	805,698	7,479	—	—	—	—	—	7,479
Acquisition of mining interests	66,997	700	—	—	—	—	—	700
Settlement of restricted share units (Note 23(c))	127,000	992	(992)	—	—	(992)	—	—
Shares repurchased and cancelled (Note 23(e))	(275,000)	(1,260)	—	—	—	—	(434)	(1,694)
Balance at December 31, 2020	**221,965,031**	**$1,087,139**	**$75,420**	**$7,413**	**$19,164**	**$101,997**	**($338,900)**	**$850,236**

(a) Share-based payments reserve records the cumulative amount recognized under IFRS 2 share-based payments in respect of stock options granted, restricted share units and shares purchase warrants issued but not exercised or settled to acquire shares of the Company.

(b) Other comprehensive income reserve principally records the unrealized fair value gains or losses related to fair value through other comprehensive income ("FVTOCI") financial instruments and re-measurements arising from actuarial gains or losses and return on plan assets in relation to San Dimas' retirement benefit plan.

(c) Equity component of convertible debenture reserve represents the estimated fair value of its conversion option of $26.3 million, net of deferred tax effect of $7.1 million. This amount is not subsequently remeasured and will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance will remain in equity reserves.

The accompanying notes are an integral part of the audited consolidated financial statements

1. NATURE OF OPERATIONS

First Majestic Silver Corp. (the “Company” or “First Majestic”) is in the business of silver production, development, exploration, and acquisition of mineral properties with a focus on silver production in Mexico. The Company owns three producing mines: the San Dimas Silver/Gold Mine, the Santa Elena Silver/Gold Mine and the La Encantada Silver Mine, four mines in suspension: the San Martin Silver Mine, the Del Toro Silver Mine, the La Parrilla Silver Mine and the La Guitarra Silver/Gold Mine, and several exploration stage projects.

First Majestic is incorporated in Canada with limited liability under the legislation of the Province of British Columbia and is publicly listed on the New York Stock Exchange under the symbol “AG”, on the Toronto Stock Exchange under the symbol “FR” and on the Frankfurt Stock Exchange under the symbol “FMV”. The Company’s head office and principal address is located at 925 West Georgia Street, Suite 1800, Vancouver, British Columbia, Canada, V6C 3L2.

2. BASIS OF PRESENTATION

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The significant accounting policies, estimates and judgments applied in preparing these consolidated financial statements are summarized in Note 3 of the consolidated financial statements and have been consistently applied throughout all periods presented.

These audited consolidated financial statements have been prepared on an historical cost basis except for certain items that are measured at fair value including derivative financial instruments (Note 24(a)) and other financial assets (Note 13). All dollar amounts presented are in thousands of United States dollars unless otherwise specified.

These audited consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its subsidiaries (see Note 27). Intercompany balances, transactions, income and expenses are eliminated on consolidation.

These audited consolidated financial statements of First Majestic Silver Corp. for the years ended December 31, 2020 and 2019 were approved and authorized for issue by the Board of Directors on February 18, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The preparation of audited consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amounts, events or actions, actual results may differ from these estimates.

Amended IFRS standards that are effective for the current year

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board ("IASB") that were effective for annual periods that begin on or after January 1, 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. This amendment did not have a significant impact to the Company's financial statements as the Company does not currently apply hedge accounting.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Amendments to IFRS 16 Leases

To provide practical relief to lessees in accounting for rent concessions arising as a result of COVID-19 the International Accounting Standards Board ("IASB") proposed an amendment to IFRS 16 which provides lessees with a practical expedient that relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. This amendment did not have a significant impact to the Company's financial statements as the Company has not received any COVID-19 related rent concessions as of the date of these financial statements.

Amendments to IFRS 3 Definition of a Business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020. The Company will assess the impact of these amendments on future acquisitions to all business combinations and asset acquisitions.

Business Combinations

Accounting Policy:

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed and equity instruments issued by the Company to the former owners of the acquiree in exchange for control of the acquiree. Acquisition-related costs incurred for the business combination are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the consideration of the acquisition over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized in earnings or loss immediately. Goodwill may also arise as a result of the requirement under IFRS to record a deferred tax liability on the excess of the fair value of the acquired assets over their corresponding tax bases, with the corresponding offset recorded as goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Goodwill

Accounting Policy:

Goodwill arising on the acquisition of a business is carried at cost as established at the date of the acquisition less accumulated impairment losses, if any. Goodwill is allocated to each of the Company's cash-generating units that is expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statements of earnings or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods. As at December 31, 2020, the Company had $nil goodwill (2019 - $nil).

Foreign Currency

Accounting Policy:

The consolidated financial statements are presented in U.S. dollars. The individual financial statements of each entity are presented in their functional currency, which is the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies are translated into the entities' functional currencies at the exchange rates at the date of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the U.S. dollar are translated using exchange rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the transactions. Revenue and expense items are translated at the exchange rates in effect at the date of the underlying transaction, except for depletion and depreciation related to non-monetary assets, which are translated at historical exchange rates. Exchange differences are recognized in the statements of earnings or loss in the period in which they arise.

Accounting Estimates and Judgments:

Determination of Functional Currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined that the functional currency of each entity is the U.S. dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Revenue Recognition (Note 5)

Accounting Policy:

The Company's primary product is silver. Other metals, such as gold, lead and zinc, produced as part of the extraction process are considered to be by-products arising from the production of silver. Smelting and refining charges are net against revenue from the sale of metals.

Revenue relating to the sale of metals is recognized when control of the metal or related services are transferred to the customer in an amount that reflects the consideration the Company expects to receive in exchange for the metals.

When considering whether the Company has satisfied its performance obligation, it considers the indicators of the transfer of control, which include, but are not limited to, whether: the Company has a present right to payment; the customer has legal title to the asset; the Company has transferred physical possession of the asset to the customer; and the customer has the significant risks and rewards of ownership of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Revenue Recognition (Note 5) (continued)

Accounting Policy: (continued)

Metals in doré sold are priced on date of transfer of control. Final weights and assays are adjusted on final settlement which is approximately one month after delivery. Metals in concentrate sold are provisionally priced at the date of transfer of control as the final selling price is subject to movements in the monthly average prices up to the final settlement date, typically one to three months after delivery to the customer. Upon transfer of control of the concentrate, the Company recognizes revenue on a provisional basis based on spot price and, at each period end, subsequently re-estimated by reference to forward market prices of the estimated month of settlement, with the impact of changes in the forward market prices recognized as revenue adjustments as they occur until final settlement.

Revenue from the sale of coins, ingots and bullion is recorded when the products have been shipped and funds have been received. When cash was received from customers prior to shipping of the related finished goods, the amounts are recorded as unearned revenue until the products are shipped.

Accounting Estimates and Judgments:

Determination of Performance Obligations

The Company applied judgment to determine if a good or service that is promised to a customer is distinct based on whether the customer can benefit from the good or service on its own or together with other readily available resources and whether the good or service is separately identifiable. Based on these criteria, the Company determined the primary performance obligation relating to its sales contracts is the delivery of the bullion, doré and concentrates. Shipping and insurance services arranged by the Company for its concentrate sales customers that occur after the transfer of control are also considered to be performance obligations.

Inventories (Note 12)

Accounting Policy:

Mineral inventories, including stockpiled ore, work in process and finished goods, are valued at the lower of weighted average cost and estimated net realizable value. Cost includes all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization and directly attributable overhead costs. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and future metal prices less estimated future production costs to convert the inventories into saleable form.

Any write-downs of inventory to net realizable value are recorded as cost of sales. If there is a subsequent increase in the value of inventories, the previous write-downs to net realizable value are reversed to the extent that the related inventory has not been sold.

Stockpiled ore inventory represents ore that has been extracted from the mine and is available for further processing. Costs added to stockpiled ore inventory are valued based on current mining cost per tonne incurred up to the point of stockpiling the ore and are removed at the weighted average cost per tonne. Stockpiled ore tonnage is verified by periodic surveys and physical counts.

Work in process inventory includes precipitates, inventories in tanks and in the milling process. Finished goods inventory includes metals in their final stage of production prior to sale, including primarily doré and dried concentrates at our operations and finished goods in-transit.

Materials and supplies inventories are valued at the lower of weighted average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Exploration and Evaluation Expenditures (Note 14)

Accounting Policy:

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes:

- acquiring the rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- compiling pre-feasibility and feasibility studies.

Capitalization of exploration and evaluation expenditures commences on acquisition of a beneficial interest or option in mineral rights. Capitalized costs are recorded as mining interests at cost less impairment charges, if applicable. No amortization is charged during the exploration and evaluation phase as the asset is not available for use.

The majority of the Company's exploration and evaluation expenditures focus on mineral deposits in proximity to its existing mining operations. Where the Company is acquiring a new property, the Company makes a preliminary evaluation to determine that the property has significant potential to develop an economic ore body.

Exploration and evaluation expenditures are transferred to development or producing mining interests when technical feasibility and commercial viability of the mineral resource have been demonstrated. Factors taken into consideration include:

- there is sufficient geological certainty of converting the mineral deposit into proven and probable reserves;
- life of mine plan and economic modeling support the economic extraction of such reserves and resources;
- for new properties, a scoping study and/or feasibility study demonstrates that the additional reserves and resources will generate a positive economic outcome; and
- operating and environmental permits exist or are reasonably assured as obtainable.

Exploration and evaluation expenditures remain as exploration mining interests and do not qualify as producing mining interests until the aforementioned criteria are met. Exploration and evaluation expenditures are transferred to development or producing mining interests when the technical feasibility and commercial viability of a mineral resource has been demonstrated according to the above mentioned factors.

Accounting Estimates and Judgments:

Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs

Management has determined that exploratory drilling, evaluation, development and related costs incurred which were capitalized have potential future economic benefits and are potentially economically recoverable, subject to impairment analysis. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Mining Interests (Note 14)

Accounting Policy:

Exploration, development and field support costs directly related to mining interests are deferred until the property to which they directly relate is placed into production, sold, abandoned or subject to a condition of impairment. The deferred costs are amortized over the useful life of the ore body following commencement of production, or written off if the property is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific property are expensed as incurred.

Upon commencement of commercial production, mining interests are depleted on a units-of-production basis over the estimated economic life of the mine. In applying the units of production method, depletion is determined using quantity of material extracted from the mine in the period as a portion of total quantity of material to be extracted in current and future periods based on reserves and resources considered to be highly probable to be economically extracted over the life of mine. If no published reserves and resources are available, the Company may rely on internal estimates of economically recoverable mineralized material, prepared on a basis consistent with that used for determining reserves and resources, for purpose of determining depletion.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee with no obligation or sale until exercised or expired and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received.

Accounting Estimates and Judgments:

Mineral Reserve and Resource Estimates

Mineral reserve and resource estimates affect the determination of recoverable value used in impairment assessments, the depletion and depreciation rates for non-current assets using the units of production method and the expected timing of reclamation and closure expenditures.

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101 ("NI 43-101") Technical Report standards. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position, results of operation and cash flows.

Accounting Estimates and Judgments:

Depletion Rate for Mining Interests

Depletion expenses are allocated based on estimated useful life of the asset. Should the expected asset life and associated depletion rate differ from the initial estimate, the change in estimate would be made prospectively in the consolidated statements of earnings or loss.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Stream Asset (Note 14)

Accounting Policy:

A stream asset is a long-term metal purchase agreement for which settlement is called for in silver, the amount of which is based on production at a mine corresponding to the specific agreement. On acquisition of a stream asset, it is recorded at cost and is accounted for in accordance with IFRS 6, Exploration and Evaluation of Mineral Resources ("IFRS 6"). A stream asset where the mine corresponding to the specific agreement is an exploration and evaluation stage property is classified as exploration and evaluation asset and is assessed for impairment whenever indicators of impairment exist in accordance with IFRS 6. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount.

Once the technical feasibility, commercial viability and a development decision have been established, the value of the stream asset is reclassified and accounted for in accordance with IAS 16, Property, Plant and Equipment ("IAS 16"). The exploration and evaluation asset is subject to an impairment test prior to reclassification in accordance with IFRS 6. It is subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any.

A producing stream asset is depleted using the units-of-production method over the life of the property to which the interest relates, which is estimated using available information of proven and probable reserves and the portion of resources expected to be classified as mineral reserves at the mine corresponding to the specific agreement.

Property, Plant and Equipment (Note 15)

Accounting Policy:

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and borrowing costs related to the acquisition or construction of qualifying assets.

Property, plant and equipment are depreciated using either the straight-line or units-of-production method over the shorter of the estimated useful life of the asset or the expected life of mine. Where an item of property, plant and equipment comprises of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Assets under construction are recorded at cost and re-allocated to machinery and equipment when it becomes available for use.

Depreciation commences when the asset is in the condition and location necessary for it to operate in the manner intended by management. Depreciation charges on assets that are directly related to mineral properties are allocated to those mineral properties.

The Company conducts an annual review of residual balances, useful lives and depreciation methods utilized for property, plant and equipment. Any changes in estimate that arise from this review are accounted for prospectively.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Property, Plant and Equipment (Note 15) (continued)

Accounting Estimates and Judgments:

Commencement of Commercial Production

Prior to reaching commercial production levels intended by management, costs incurred are capitalized as part of the related mine or mill and proceeds from mineral sales are offset against costs capitalized. Depletion of capitalized costs for mining properties and depreciation and amortization of property, plant and equipment begin when operating levels intended by management have been reached.

Determining when a mine or mill is in the condition necessary for it to be capable of operating in the manner intended by management is a matter of judgment dependent on the specific facts and circumstances. The following factors may indicate that commercial production has commenced:

- substantially all major capital expenditures have been completed to bring the asset to the condition necessary to operate in the manner intended by management;
- the mine or mill has reached a pre-determined percentage of design capacity;
- the ability to sustain a pre-determined level of design capacity for a significant period of time (i.e. the ability to process ore continuously at a steady or increasing level);
- the completion of a reasonable period of testing of the mine plant and equipment;
- the ability to produce a saleable product (i.e. the ability to produce concentrate within required sellable specifications);
- the mine or mill has been transferred to operating personnel from internal development groups or external contractors; and
- mineral recoveries are at or near the expected production levels.

Accounting Estimates and Judgments:

Depreciation and Amortization Rates for Property, Plant and Equipment

Depreciation and amortization expenses are allocated based on estimated useful life of the asset. Should the expected asset life and associated depreciation rates differ from the initial estimate, the change in estimate would be made prospectively in the consolidated statements of earnings or loss.

Borrowing Costs

Accounting Policy:

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset until the asset is substantially ready for its intended use. Other borrowing costs are recognized as an expense in the period incurred. As at December 31, 2020 and 2019, the Company does not have any qualifying assets under construction.

Right of Use Assets (Note 16) and Lease Liabilities (Note 20)

Accounting Policy:

Effective January 1, 2019, the Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Right of Use Assets (Note 16) and Lease Liabilities (Note 20) (continued)

Accounting Policy (continued):

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Accounting Policy:

The right-of-use assets comprise of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Impairment of Non-Current Assets (Note 17)

Accounting Policy:

At each statement of financial position date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate independent cash inflows, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset or CGU is determined to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and an impairment loss is recognized as an expense in the consolidated statements of earnings or loss. Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU").

FVLCD is determined as the amount that would be obtained from the sale of the asset or CGU in an arm's length transaction between knowledgeable and willing parties. The Company considers the use of a combination of its internal discounted cash flow economic models and in-situ value of reserves, resources and exploration potential of each CGU for estimation of its FVLCD. These cash flows are discounted by an appropriate post-tax discount rate to arrive at a net present value of the asset. VIU is determined as the present value of the estimated cash flows expected to arise from the continued use of the asset or CGU in its present form and its eventual disposal. VIU is determined by applying assumptions specific to the Company's continued use and does not take into account future development.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset or CGU in prior periods, adjusted for additional amortization which would have been recorded had the asset or CGU not been impaired. A reversal of an impairment loss is recognized as a gain in the statements of earnings or loss.

Accounting Estimates and Judgments:

Indications of Impairment and Reversal of Impairment

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's property, plant and equipment and mining interests are impaired or previous impairments should be reversed. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its property, plant and equipment and mining interests. Internal sources of information management consider include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

For exploration and evaluation assets, indications include but are not limited to expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned, and if the entity has decided to discontinue exploration activity in the specific area.

Fair Value Estimates

In determining the recoverable amounts of the Company's property, plant and equipment and mining interests, management makes estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs of disposal of the mining properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in an impairment of the carrying amounts of the Company's non-current assets. Conversely, favourable changes to the aforementioned factors can result in a reversal of previous impairments.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Share-based Payment Transactions (Note 23(b))

Accounting Policy:

Employees (including directors and officers) of the Company may receive a portion of their remuneration in the form of stock options which are share-based payment transactions ("share-based payments"). Stock options issued to employees are measured by reference to their fair value using the Black-Scholes model at the date on which they were granted. Forfeitures are estimated at grant date and adjusted prospectively based on actual forfeitures. Share-based payments expense, for stock options that are forfeited or cancelled prior to vesting, is reversed. The costs of share-based payments are recognized, together with a corresponding increase in the equity reserve, over the period in which the services and/or performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). On exercise by the employee, the associated option value in the equity reserve is reclassified to share capital.

The Company adopted the 2019 LTIP to allow the Company to grant to its directors, employees and consultants non-transferable Restricted Share Units ("RSU's") based on the value of the Company's share price at the date of grant. Unless otherwise stated, the awards typically have a graded vesting schedule over a three-year period and can be settled either in cash or equity upon vesting at the discretion of the Company. The Company intends to settle all RSU's in equity.

In situations where equity instruments are issued to non-employees, the share-based payments are measured at the fair value of goods or services received. If some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment.

Accounting Estimates and Judgments:

Valuation of Share-based Payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Taxation (Note 22)

Accounting Policy:

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case they are recognized in other comprehensive income or directly in equity.

Current income tax is based on taxable earnings for the year. The tax rates and tax laws to compute the amount payable are those that are substantively enacted in each tax regime at the date of the statement of financial position.

Deferred income tax is recognized, using the liability method, on temporary differences between the carrying value of assets and liabilities in the statement of financial position, unused tax losses, unused tax credits and the corresponding tax bases used in the computation of taxable earnings, based on tax rates and tax laws that are substantively enacted at the date of the statement of financial position and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences to the extent that the realization of the related tax benefit through future taxable earnings is probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax assets against the current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Taxation (Note 22) (continued)

Accounting Policy (continued):

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences to the extent that the realization of the related tax benefit through future taxable earnings is probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax assets against the current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Accounting Estimates and Judgments:

Recognition of Deferred Income Tax Assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed, reviewed by management and are consistent with the forecasts utilized for business planning and impairment testing purposes. Weight is attached to tax planning opportunities that are within the Company's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses recognized and unrecognized income tax assets.

Accounting Estimates and Judgments:

Tax Contingencies

The Company's operations involve dealing with uncertainties and judgments in the application of tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with tax authorities in various jurisdictions and resolution of disputes arising from tax audits. The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues based on its estimate of whether, and the extent to which, additional taxes will be due. The Company adjusts these liabilities in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result.

Cash and Cash Equivalents

Accounting Policy:

Cash in the statement of financial position includes cash on hand and held at banks and cash equivalents include short-term guaranteed investment certificates redeemable within three months or less at the date of purchase.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Financial Instruments

Accounting Policy:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

Amortized cost

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

The Company's financial assets at amortized cost primarily include cash and cash equivalents, trade and other receivables and value added taxes receivable included in other current and non-current financial assets in the Consolidated Statement of Financial Position.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has designated certain investments in marketable securities that are not held for trading as FVTOCI (note 13).

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings.

Financial assets measured subsequently at fair value through profit or loss ("FVTPL")

By default, all other financial assets, including derivatives, are measured subsequently at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. Fair value is determined in the manner described in note 24. The Company's financial assets at FVTPL include its account receivable arising from sales of metal contained in concentrates.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Financial Instruments (continued)

Accounting Policy:

Financial assets measured subsequently at fair value through profit or loss ("FVTPL")

By default, all other financial assets, including derivatives, are measured subsequently at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. Fair value is determined in the manner described in note 24. The Company's financial assets at FVTPL include its account receivable arising from sales of metal contained in concentrates.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as FVTPL, are measured at amortized cost using the effective interest method. The Company's financial liabilities at amortized cost primarily include trade and other payables, debt facilities (note 19) and lease liabilities (note 20).

Provisions (Note 21)

Accounting Policy:

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate of the obligation can be made. The amount recognized as a provision is the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as finance costs.

Accounting Estimates and Judgments:

Estimated Reclamation and Closure Costs

The Company's provision for decommissioning liabilities represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs at the end of the mine's life. The provision reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties. Adjustments to the carrying amounts of related mining properties can result in a change to future depletion expense.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Earnings or Loss per Share (Note 11)

Accounting Policy:

Basic earnings or loss per share for the period is calculated by dividing the earnings or loss attributable to equity holders of the Company by the weighted average number of shares outstanding during the reporting period.

Diluted earnings or loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options and share purchase warrants, and assumes the receipt of proceeds upon exercise of the options to determine the number of shares assumed to be purchased at the average market price during the period.

Future Changes in Accounting Policies Not Yet Effective as at December 31, 2020

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2021, with early application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. The Company will recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings at the beginning of that earliest period presented. This amendment will impact the Company's accounting for proceeds from mineral sales prior to reaching commercial production levels intended by management.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2023, with early application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

4. SEGMENTED INFORMATION

All of the Company's operations are within the mining industry and its major products are precious metals doré which are refined or smelted into pure silver and gold and sold to global metal brokers. Historically, the Company has also produced industrial metals of lead and zinc from its sales of concentrates. Transfer prices between reporting segments are set on an arms-length basis in a manner similar to transactions with third parties. Coins and bullion cost of sales are based on transfer prices.

(Tabular amounts are expressed in thousands of US dollars)

4. SEGMENTED INFORMATION (continued)

A reporting segment is defined as a component of the Company that:

- engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

For the year ended December 31, 2020, the Company's reporting segments includes its three operating mines in Mexico. Effective January 1, 2020, the Company no longer considers the La Parrilla, Del Toro, San Martin and La Guitarra mines, which have been placed on suspension, as significant reporting segments. Accordingly, these mines have been grouped as "non-producing properties" category for the year ended December 31, 2020 and 2019. "Others" consists primarily of the Company's corporate assets including cash and cash equivalents, other development and exploration properties (Note 14), debt facilities (Note 19), intercompany eliminations, and corporate expenses which are not allocated to operating segments. The Company's chief operating decision maker ("CODM") evaluates segment performance based on mine operating earnings. Therefore, other income and expense items are not allocated to the segments. The segmented information for the comparative periods have been adjusted to reflect the Company's reporting segments for the reporting year ended December 31, 2020 for consistency.

Significant information relating to the Company's reportable operating segments is summarized in the tables below:

Year Ended December 31, 2020 and 2019		Revenue	Cost of sales	Depletion, depreciation, and amortization	Mine operating earnings (loss)	Capital expenditures
Mexico						
San Dimas	**2020**	**$211,759**	**$110,782**	**$33,738**	**$67,239**	**$43,772**
	2019	185,999	100,120	28,491	57,388	42,511
Santa Elena	**2020**	**76,051**	**52,990**	**10,472**	**12,589**	**33,739**
	2019	94,378	53,605	12,204	28,569	23,004
La Encantada	**2020**	**73,632**	**37,794**	**8,265**	**27,573**	**10,733**
	2019	50,867	36,609	11,648	2,610	13,225
Non-producing Properties	**2020**	**183**	**1,362**	**848**	**(2,027)**	**4,338**
	2019	32,204	40,910	12,162	(20,868)	20,258
Others	**2020**	**2,251**	**1,489**	**1,082**	**(320)**	**32,453**
	2019	496	902	1,079	(1,485)	25,196
Consolidated	**2020**	**$363,876**	**$204,417**	**$54,405**	**$105,054**	**$125,035**
	2019	**$363,944**	**$232,146**	**$65,584**	**$66,214**	**$124,194**

During the year ended December 31, 2020, the Company had three (December 31, 2019 - six) customers that accounted for 99% of its sales revenue, with one major metal broker accounting for 92% of total revenue (2019 - 85%).

At December 31, 2020 and 2019		Mining Interests		Property, plant and equipment	Total mining assets	Total assets	Total liabilities
		Producing	Exploration				
Mexico							
San Dimas	**2020**	**$204,592**	**$17,179**	**$112,105**	**$333,876**	**$439,145**	**$105,462**
	2019	193,433	8,699	116,556	318,688	360,387	46,504
Santa Elena	**2020**	**52,892**	**33,951**	**49,245**	**136,088**	**166,525**	**33,467**
	2019	45,046	18,592	47,787	111,425	134,666	23,867
La Encantada	**2020**	**25,865**	**2,955**	**16,555**	**45,375**	**99,185**	**29,354**
	2019	23,091	1,104	14,736	38,931	71,255	21,563
Non-producing Properties	**2020**	**108,837**	**37,004**	**29,888**	**175,729**	**219,109**	**40,274**
	2019	105,778	32,938	31,050	169,766	213,061	36,261
Others	**2020**	**—**	**26,456**	**50,427**	**76,883**	**313,553**	**178,724**
	2019	—	34,710	26,510	61,220	233,583	222,436
Consolidated	**2020**	**$392,185**	**$117,545**	**$258,220**	**$767,950**	**$1,237,517**	**$387,281**
	2019	**$367,348**	**$96,043**	**$236,639**	**$700,030**	**$1,012,952**	**$350,631**

5. REVENUES

The majority of the Company's revenues are from the sale of precious metals contained in doré form. The Company's primary products are precious metals of silver and gold. Revenues from sale of metal, including by-products, are recorded net of smelting and refining costs.

Revenues for the period are summarized as follows:

	Year Ended December 31,			
	2020		**2019**	
Gross revenue from payable metals:				
Silver	$242,338	66 %	$215,301	58 %
Gold	124,264	34 %	143,029	39 %
Lead	74	— %	6,988	2 %
Zinc	—	— %	3,517	1 %
Gross revenue	**366,676**	**100 %**	**368,835**	**100 %**
Less: smelting and refining costs	(2,800)		(4,891)	
Revenues	**$363,876**		**$363,944**	

As at December 31, 2020, the Company had $2.7 million of unearned revenue (December 31, 2019 - $4.5 million) that has not satisfied performance obligations.

(a) Gold Stream Agreement with Sandstorm Gold Ltd.

The Santa Elena mine has a purchase agreement with Sandstorm Gold Ltd. ("Sandstorm"), which requires the Company to sell 20% of its gold production over the life of mine from its leach pad and a designated area of its underground operations. The selling price to Sandstorm is the lesser of the prevailing market price or $450 per ounce, subject to a 1% annual inflation. During the year ended December 31, 2020, the Company delivered 5,697 ounces (2019 - 9,164 ounces) of gold to Sandstorm at an average price of $463 per ounce (2019 - $458 per ounce).

(b) Gold Stream Agreement with Wheaton Precious Metals Corporation

In 2018, the San Dimas mine entered into a purchase agreement with Wheaton Precious Metals International ("WPMI"), which entitles Wheaton Precious Metals Corp. ("WPM") to receive 25% of the gold equivalent production (based on a fixed exchange ratio of 70 silver ounces to 1 gold ounce) at San Dimas in exchange for ongoing payments equal to the lesser of $600 (subject to a 1% annual inflation adjustment) and the prevailing market price, for each gold equivalent ounce delivered. Should the average gold to silver ratio over a six month period exceed 90:1 or fall below 50:1, the fixed exchange ratio would be increased to 90:1 or decreased to 50:1, respectively. The fixed gold to silver exchange ratio was revised to 90:1 on April 1, 2020 and reverted to 70:1 on October 14, 2020 after the average gold to silver price ratio over a six month period fell back below 90:1.

During the year ended December 31, 2020, the Company delivered 38,604 ounces (2019 - 44,667 ounces) of gold to WPM at $610 (2019 - $604) per ounce.

(Tabular amounts are expressed in thousands of US dollars)

6. COST OF SALES

Cost of sales excludes depletion, depreciation and amortization and are costs that are directly related to production and generation of revenues at the operating segments. Significant components of cost of sales are comprised of the following:

	Year Ended December 31,	
	2020	**2019**
Consumables and materials	$36,760	$45,947
Labour costs	103,075	118,229
Energy	25,075	35,135
Other costs	11,275	13,243
Production costs	**$176,185**	**$212,554**
Transportation and other selling costs	2,288	2,735
Workers participation costs	14,245	9,036
Environmental duties and royalties	2,010	1,438
Inventory changes	(423)	3,459
Cost recovery related to Republic Metals Refining Corp. bankruptcy [(1)]	—	(1,600)
Standby Costs[(2)]	—	2,879
Restructuring costs[(3)]	—	1,645
Cost of Sales	**$194,305**	**$232,146**
Cost of Sales - Standby Costs[(4)]	**$10,112**	**$—**

(1) In November 2018, one of the refineries used by the Company, Republic Metals Refining Corp. ("Republic"), announced it filed for bankruptcy. As a result, the Company wrote off $7.5 million in inventory that was in Republic's possession for refining. In September 2019, the Company reached a partial litigation settlement for $1.6 million. The Company continues to pursue legal channels to recover the remaining balance of inventory, but there is no assurance that this inventory is recoverable.

(2) Effective from July 2019, the Company temporarily suspended all mining and processing activities at the San Martin operation due to a growing insecurity in the area and safety concerns for its workforce. The Company is working with authorities to secure the area and is uncertain of a restart date. From January 1, 2020, such costs were classified as mine holding costs (Note 8) due to continued uncertainty with respect to the timing of restart at San Martin.

(3) Effective September 2019, the Company temporarily suspended milling operations at the La Parrilla mine. Restructuring costs include severance and plant closure costs incurred for re-organizing the operation.

(4) Cost of sales for the year ended December 31, 2020 included standby costs of $10.1 million, primarily related to direct costs incurred at the San Dimas ($3.5 million), Santa Elena ($2.0 million) and La Encantada ($1.7 million) mines due to temporary suspensions following Mexico's Ministry of Health's Federal Decree requiring all non-essential businesses, including mining, to temporarily suspend activities throughout most of April and May in response to the global pandemic. In addition, the Company incurred $2.0 million in standby costs related to the 13-day union work stoppage at San Dimas in June 2020.

7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are incurred to support the administration of the business that are not directly related to production. Significant components of general and administrative expenses are comprised of the following:

	Year Ended December 31,	
	2020	**2019**
Corporate administration	$5,012	$5,202
Salaries and benefits	11,271	13,797
Audit, legal and professional fees	5,353	4,943
Filing and listing fees	499	429
Directors fees and expenses	842	793
Depreciation	1,878	1,636
	$24,855	**$26,800**

(Tabular amounts are expressed in thousands of US dollars)

8. MINE HOLDING COSTS

The Company's mine holding costs are primarily comprised of labour costs associated with care and maintenance staffs, electricity, security, environmental and community support costs for the following mines which are currently under temporary suspension:

	Year Ended December 31,	
	2020	**2019**
Del Toro	$7,999	$—
La Parrilla	5,563	5,010
San Martin	5,265	—
La Guitarra	2,757	2,569
	$21,583	**$7,579**

9. INVESTMENT AND OTHER INCOME

The Company's investment and other income (loss) are comprised of the following:

	Year Ended December 31,	
	2020	**2019**
Gain from investment in marketable securities (Note 13(a))	$1,973	$528
Gain from investment in silver futures derivatives	2,079	1,237
Interest income and other	1,075	6,344
	$5,127	**$8,109**

10. FINANCE COSTS

Finance costs are primarily related to interest and accretion expense on the Company's debt facilities, lease liabilities and accretion of decommissioning liabilities. The Company's finance costs in the period are summarized as follows:

	Year Ended December 31,	
	2020	**2019**
Debt facilities[1] (Note 19)	$10,593	$10,885
Lease liabilities (Note 20)	1,479	1,142
Accretion of decommissioning liabilities	2,362	2,410
Silver sales and other	339	710
	$14,773	**$15,147**

(1) Finance costs for debt facilities include $6.8 million of non-cash accretion expense for the year ended December 31, 2020 (2019 - $6.4 million).

(Tabular amounts are expressed in thousands of US dollars)

11. EARNINGS OR LOSS PER SHARE

Basic earnings or loss per share is the net earnings or loss available to common shareholders divided by the weighted average number of common shares outstanding during the period. Diluted net earnings or loss per share adjusts basic net earnings per share for the effects of potential dilutive common shares.

The calculations of basic and diluted earnings or loss per share for the years ended December 31, 2020 and 2019 are as follows:

	Year Ended December 31,	
	2020	**2019**
Net earnings (loss) for the year	$23,087	($40,474)
Weighted average number of shares on issue - basic	213,879,622	201,615,489
Impact of effect on dilutive securities:		
Stock options	1,705,689	—
Restricted and performance share units	293,518	—
Weighted average number of shares on issue - diluted (1)	**215,878,829**	**201,615,489**
Earnings (loss) per share - basic and diluted	**$0.11**	**($0.20)**

(1) For the year ended December 31, 2020, diluted weighted average number of shares excluded 2,666,819 (2019 - 7,583,439) options, nil restricted and performance share units (2019 - 128,944) and 16,327,598 (2019 - 16,327,598) common shares issuable under the convertible debentures (Note 19(a)) that were anti-dilutive.

12. INVENTORIES

Inventories consist primarily of materials and supplies and products of the Company's operations, in varying stages of the production process, and are presented at the lower of weighted average cost or net realizable value.

	December 31, 2020	December 31, 2019
Finished goods - doré	$2,812	$1,965
Work-in-process	2,780	3,229
Stockpile	1,336	2,130
Silver coins and bullion	956	291
Materials and supplies	24,628	22,902
	$32,512	**$30,517**

The amount of inventories recognized as an expense during the period is equivalent to the total of cost of sales plus depletion, depreciation and amortization for the period.

13. OTHER FINANCIAL ASSETS

As at December 31, 2020, other financial assets consists of the Company's investment in marketable securities and foreign exchange derivatives comprised of the following:

	December 31, 2020	December 31, 2019
FVTPL marketable securities (a)	$13,876	$5,626
FVTOCI marketable securities (b)	22,444	880
Total marketable securities	**$36,319**	**$6,506**
Foreign currency derivatives (Note 24)	—	982
Total other financial assets	**$36,319**	**$7,488**

(a) Fair Value through Profit or Loss ("FVTPL") Marketable Securities

Gain in marketable securities designated as FVTPL for the year ended December 31, 2020 was $2.0 million (2019 - loss of $0.5 million) and was recorded through profit or loss.

As consideration for the acquisition of the Springpole Silver Stream (Note 14(c)), the Company received 30 million common share purchase warrants of First Mining Gold Corp., each of which will entitle the Company to purchase one common share of First Mining at CAD$0.40 over a period of five years. The fair value of the warrants was measured at $5.7 million using the Black-Scholes model at the time of the acquisition, and subsequently remeasured at $4.7 million at December 31, 2020.

(b) Fair Value through Other Comprehensive Income ("FVTOCI") Marketable Securities

Changes in fair value of marketable securities designated as FVTOCI for the year ended December 31, 2020 was $10.5 million (2019 - $0.3 million), net of tax, and was recorded through other comprehensive income and will not be transferred into earnings or loss upon disposition or impairment.

As part of the consideration received for the option arrangement of the La Joya Project (see Note 14(d)), in September 2020, the Company received 5,146,401 common shares of Silver Dollar Resources Inc. ("Silver Dollar") with a fair value of $6.9 million. In September and December 2020, the Company participated in two private placements of Silver Dollar to acquire an additional 700,000 common shares for $0.7 million. As at December 31, 2020, the fair value of these shares was $8.6 million.

As part of consideration received for the sale of the Plomosas Silver Project (see Note 14(e)), the Company received 17,097,500 common shares of GR Silver Mining Ltd. with a fair value of $1.7 million on March 27, 2020. In May 2020, the Company participated in a private placement by GR Silver Mining Ltd. ("GR Silver") and for $0.8 million acquired an additional 4,000,000 shares with 2,000,000 one-year warrants with a strike price of CAD$0.40 per share. As at December 31, 2020, the fair value of these shares was $12.9 million. These shares are designated as FVTOCI marketable securities while the warrants are designated as FVTPL marketable securities.

(Tabular amounts are expressed in thousands of US dollars)

14. MINING INTERESTS

Mining interests primarily consist of acquisition, development and exploration costs directly related to the Company's operations and projects. Upon commencement of commercial production, mining interests for producing properties are depleted on a units-of-production basis over the estimated economic life of the mine. In applying the units of production method, depletion is determined using quantity of material extracted from the mine in the period as a portion of total quantity of material, based on reserves and resources, considered to be highly probable to be economically extracted over the life of mine plan.

The Company's mining interests are comprised of the following:

	December 31, 2020	December 31, 2019
Depletable properties	$392,185	$367,348
Non-depletable properties (exploration and evaluation costs)	117,545	96,043
	$509,730	**$463,391**

Depletable properties are allocated as follows:

Depletable properties	San Dimas	Santa Elena	La Encantada	Non-producing Properties[1]	Total
Cost					
At December 31, 2018	**$193,305**	**$45,041**	**$99,436**	**$478,883**	**$816,665**
Additions	24,596	6,813	5,995	9,088	46,492
Change in decommissioning liabilities (Note 21)	301	2,338	500	6,161	9,300
Transfer from exploration properties	2,456	7,462	5,659	—	15,577
At December 31, 2019	**$220,658**	**$61,654**	**$111,590**	**$494,132**	**$888,034**
Additions	21,263	6,218	4,201	—	31,682
Change in decommissioning liabilities (Note 21)	4,527	1,191	2,049	3,059	10,826
Transfer from exploration properties	3,645	4,229	472	—	8,346
At December 31, 2020	**$250,093**	**$73,292**	**$118,312**	**$497,191**	**$938,888**
Accumulated depletion, amortization and impairment					
At December 31, 2018	**($10,871)**	**($11,594)**	**($59,872)**	**($380,677)**	**($463,014)**
Depletion and amortization	(16,354)	(5,014)	(6,025)	(7,677)	(35,070)
Impairment	—	—	(22,602)	—	(22,602)
At December 31, 2019	**($27,225)**	**($16,608)**	**($88,499)**	**($388,354)**	**($520,686)**
Depletion and amortization	(18,277)	(3,792)	(3,948)	—	(26,017)
At December 31, 2020	**($45,502)**	**($20,400)**	**($92,447)**	**($388,354)**	**($546,703)**
Carrying values					
At December 31, 2019	**$193,433**	**$45,046**	**$23,091**	**$105,778**	**$367,348**
At December 31, 2020	**$204,592**	**$52,892**	**$25,865**	**$108,837**	**$392,185**

(1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines.

14. MINING INTERESTS (continued)

Non-depletable properties costs are allocated as follows:

Non-depletable properties	San Dimas[a]	Santa Elena[b]	La Encantada	Non-producing Properties[1]	Exploration Projects[2]	Springpole Stream[c]	Total
At December 31, 2018	**$3,705**	**$14,316**	**$5,660**	**$24,841**	**$33,440**	**$—**	**$81,962**
Exploration and evaluation expenditures	7,450	11,738	2,164	8,097	1,032	—	30,481
Change in decommissioning liabilities (Note 21)	—	—	—	—	238	—	238
Impairment	—	—	(1,061)	—	—	—	(1,061)
Transfer to producing properties	(2,456)	(7,462)	(5,659)	—	—	—	(15,577)
At December 31, 2019	**$8,699**	**$18,592**	**$1,104**	**$32,938**	**$34,710**	**$—**	**$96,043**
Exploration and evaluation expenditures	12,125	19,588	2,323	4,066	1,142	4,356	43,601
Change in decommissioning liabilities (Note 21)	—	—	—	—	59	—	59
Sale of exploration project	—	—	—	—	(13,812)	—	(13,812)
Transfer to producing properties	(3,645)	(4,229)	(472)	—	—	—	(8,346)
At December 31, 2020	**$17,179**	**$33,951**	**$2,955**	**$37,004**	**$22,099**	**$4,356**	**$117,545**

(1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines.

(2) Exploration projects include the La Luz, La Joya, Los Amoles, Jalisco Group of Properties and Jimenez del Tuel projects, as well as the Plomosas project which was sold during 2020.

(a) San Dimas Silver/Gold Mine, Durango State

In 2018, the San Dimas Mine is subject to a gold and silver streaming agreement with WPMI which entitles WPM to receive 25% of the gold equivalent production (based on a fixed exchange ratio of 70 silver ounces to 1 gold ounce) at San Dimas in exchange for ongoing payments equal to the lesser of $600 (subject to a 1% annual inflation adjustment commencing in May 2019) and the prevailing market price, for each gold ounce delivered. Should the average gold to silver ratio over a six month period exceed 90:1 or fall below 50:1, the fixed exchange ratio would be increased to 90:1 or decreased to 50:1, respectively. The fixed gold to silver exchange ratio was revised to 90:1 on April 1, 2020 and reverted to 70:1 on October 14, 2020 after the average gold to silver price ratio over a six month period fell back below 90:1.

(b) Santa Elena Silver/Gold Mine, Sonora State

The Santa Elena Mine is subject to a gold streaming agreement with Sandstorm, which requires the mine to sell 20% of its life of mine gold production from its leach pad and a designated area of its underground operations to Sandstorm. The selling price to Sandstorm is currently the lesser of $464 per ounce, subject to a 1% annual inflation increase every April, and the prevailing market price.

(c) Springpole Silver Stream, Ontario, Canada

On July 2, 2020, the Company completed an agreement with First Mining Gold Corp. (“First Mining”) to purchase 50% of the life of mine payable silver produced from the Springpole Gold Project ("Springpole Silver Stream"), a development stage mining project located in Ontario, Canada. Pursuant to the agreement, First Majestic agreed to pay First Mining consideration of $22.5 million in cash and shares, in three milestone payments, for the right to purchase silver at a price of 33% of the silver spot price per ounce, to a maximum of $7.50 per ounce (subject to annual inflation escalation of 2%, commencing at the start of the third anniversary of production). Commencing with its production of silver, First Mining must deliver 50% of the payable silver which it receives from the offtaker within five business days of the end of each quarter.

14. MINING INTERESTS (continued)

(c) Springpole Silver Stream, Ontario, Canada (continued)

Transaction consideration paid and payable by First Majestic is summarized as follows:

- The first payment of $10.0 million, consisting of $2.5 million in cash and $7.5 million in First Majestic shares (805,698 common shares) was paid to First Mining on July 2, 2020;
- The second payment consisting of $3.75 million in cash and $3.75 million in First Majestic shares (287,300 common shares) was paid on January 21, 2021 upon the completion and public announcement by First Mining of the results of a Pre-Feasibility Study for Springpole; and
- The third payment consisting of $2.5 million in cash and $2.5 million in First Majestic shares (based on 20 days volume weighted average price) will be paid upon receipt by First Mining of a Federal or Provincial Environmental Assessment approval for Springpole.

In connection with the agreement, First Mining also granted First Majestic 30 million common share purchase warrants, each of which will entitle the Company to purchase one common share of First Mining at CAD$0.40 over a period of five years. The fair value of the warrants was measured at $5.7 million using the Black-Scholes model.

First Mining shall have the right to repurchase 50% of the silver stream for $22.5 million at any time prior to the commencement of production at Springpole leaving the Company with a reduced silver stream of 25% of life of mine payable silver production.

As at December 31, 2020, the Company has paid $10.0 million in consideration to First Mining as part of the agreement, of which $5.7 million was allocated to other financial assets and $4.3 million was allocated to the Springpole Silver Stream recognized within exploration and evaluation assets.

First Mining is a related party with two independent board members who are also directors and/or officers of First Majestic.

(d) La Joya Silver Project, Durango, Mexico

In August 2020, the Company entered into a five year option agreement with Silver Dollar Resources Inc. ("Silver Dollar"), which gives Silver Dollar the option to earn an initial 80% interest in the Company's La Joya Project, following the exercise of which it may earn an additional 20% for an aggregate 100% interest.

To exercise its first option to acquire an 80% interest in the La Joya Project, Silver Dollar will pay the Company CAD$1.3 million in cash over four years, issue shares equal to 19.9% of Silver Dollar's then-outstanding common shares within one year, incur $1 million of exploration expenditures within the first five years, and grant First Majestic a 2% net smelter returns royalty. If Silver Dollar incurs the exploration expenditures within the first three years; however, First Majestic will waive the remaining $0.6 million of the cash option payments.

Silver Dollar may exercise its second option and acquire the remaining 20% (for an aggregate 100% interest) of the La Joya Project by providing notice to First Majestic within 30 days of earning the first 80% interest and issuing to First Majestic additional shares equal to 5% of Silver Dollar's then-outstanding common shares within five years.

As at December 31, 2020, the Company received $0.3 million in cash and 5,146,401 common shares with a fair value of $6.9 million from Silver Dollar. The Company deducted proceeds received from Silver Dollar from the carrying value of the La Joya project ($0.6 million), reducing its carrying value to $nil and recognized the remaining $6.5 million of proceeds as a gain on divestiture of exploration project.

(e) Plomosas Silver Project, Sinaloa, Mexico

In March 2020, the Company divested its subsidiary Minera La Rastra, S.A. de C.V. ("MLR"), which holds the Plomosas Silver Project, to GR Silver for total consideration of $1.7 million, consisting of 17,097,500 common shares of GR Silver with a fair value on the measurement date of $1.7 million, CAD$0.1 million in cash and a 2% net smelter return royalty ("NSR"). GR Silver has the option to repurchase half of the NSR for CAD$1.0 million. As at the date of the transaction, MLR had a carrying value of $11.8 million, including $13.1 million in mining interests, resulting in a loss of $10.2 million on the disposal.

(Tabular amounts are expressed in thousands of US dollars)

15. PROPERTY, PLANT AND EQUIPMENT

The majority of the Company's property, plant and equipment is used in the Company's operating mine segments. Property, plant and equipment is depreciated using either the straight-line or units-of-production method over the shorter of the estimated useful life of the asset or the expected life of mine. Where an item of property, plant and equipment comprises of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Assets under construction are recorded at cost and re-allocated to land and buildings, machinery and equipment or other when they become available for use.

Property, plant and equipment are comprised of the following:

	Land and Buildings[1]	Machinery and Equipment	Assets under Construction[2]	Other	Total
Cost					
At December 31, 2018	**$177,864**	**$430,862**	**$35,673**	**$23,410**	**$667,809**
Additions	—	1,991	44,709	521	47,221
Transfers and disposals	20,548	23,802	(52,737)	507	(7,880)
At December 31, 2019	**$198,412**	**$456,655**	**$27,645**	**$24,438**	**$707,150**
Additions	—	2,096	47,266	391	49,753
Transfers and disposals	917	9,873	(19,242)	3,822	(4,630)
At December 31, 2020	**$199,329**	**$468,624**	**$55,669**	**$28,651**	**$752,273**
Accumulated depreciation, amortization and impairment					
At December 31, 2018	**($111,258)**	**($291,959)**	**$—**	**($13,508)**	**($416,725)**
Depreciation and amortization	(4,980)	(23,829)	—	(2,122)	(30,931)
Transfers and disposals	271	5,189	—	459	5,919
Impairment	(13,073)	(15,701)	—	—	(28,774)
At December 31, 2019	**($129,040)**	**($326,300)**	**$—**	**($15,171)**	**($470,511)**
Depreciation and amortization	(4,188)	(19,833)	—	(2,555)	(26,576)
Transfers and disposals	72	2,754	—	208	3,034
At December 31, 2020	**($133,156)**	**($343,379)**	**$—**	**($17,518)**	**($494,053)**
Carrying values					
At December 31, 2019	**$69,372**	**$130,355**	**$27,645**	**$9,267**	**$236,639**
At December 31, 2020	**$66,173**	**$125,245**	**$55,669**	**$11,133**	**$258,220**

(1) Included in land and buildings is $11.2 million (2019 - $11.5 million) of land which is not subject to depreciation.
(2) Assets under construction includes certain innovation projects, such as high-intensity grinding ("HIG") mills and related modernization, plant improvements, other mine infrastructures and equipment overhauls.

(Tabular amounts are expressed in thousands of US dollars)

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment, including land and buildings, machinery and equipment, assets under construction and other assets above are allocated by mine as follow:

	San Dimas	Santa Elena	La Encantada	Non-producing Properties[1]	Other	Total
Cost						
At December 31, 2018	**$127,763**	**$76,671**	**$132,146**	**$299,037**	**$32,192**	**$667,809**
Additions	10,465	4,453	5,066	3,073	24,164	47,221
Transfers and disposals	(1,925)	9,638	90	(4,870)	(10,813)	(7,880)
At December 31, 2019	**$136,303**	**$90,762**	**$137,302**	**$297,240**	**$45,543**	**$707,150**
Additions[2]	10,384	7,933	4,209	272	26,955	49,753
Transfers and disposals	41	(1,364)	1,999	(3,751)	(1,555)	(4,630)
At December 31, 2020	**$146,728**	**$97,331**	**$143,510**	**$293,761**	**$70,943**	**$752,273**
Accumulated depreciation, amortization and impairment						
At December 31, 2018	**($7,545)**	**($37,007)**	**($89,086)**	**($265,811)**	**($17,276)**	**($416,725)**
Depreciation and amortization	(12,355)	(6,989)	(5,278)	(4,378)	(1,931)	(30,931)
Transfers and disposals	153	1,021	572	3,999	174	5,919
Impairment	—	—	(28,774)	—	—	(28,774)
At December 31, 2019	**($19,747)**	**($42,975)**	**($122,566)**	**($266,190)**	**($19,033)**	**($470,511)**
Depreciation and amortization	(15,032)	(6,451)	(2,646)	(592)	(1,855)	(26,576)
Transfers and disposals	156	1,340	(1,743)	2,909	372	3,034
At December 31, 2020	**($34,623)**	**($48,086)**	**($126,955)**	**($263,873)**	**($20,516)**	**($494,053)**
Carrying values						
At December 31, 2019	**$116,556**	**$47,787**	**$14,736**	**$31,050**	**$26,510**	**$236,639**
At December 31, 2020	**$112,105**	**$49,245**	**$16,555**	**$29,888**	**$50,427**	**$258,220**

(1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines.

(2) Additions classified in "Other" primarily consist of innovation projects and construction-in-progress.

(Tabular amounts are expressed in thousands of US dollars)

16. RIGHT-OF-USE ASSETS

The Company entered into operating leases to use certain land, building, mining equipment and corporate equipment for its operations. The Company is required to recognize right-of-use assets representing its right to use these underlying leased asset over the lease term.

Right-of-use asset is initially measured at cost, equivalent to its obligation for payments over the term of the leases, and subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recorded on a straight-line basis over the shorter period of lease term and useful life of the underlying asset.

Right-of-use assets are comprised of the following:

	Land and Buildings	Machinery and Equipment	Other	Total
At December 31, 2018	**$—**	**$—**	**$—**	**$—**
Initial adoption	2,624	1,036	22	3,682
Additions	571	14,132	—	14,703
Remeasurements	1,686	232	—	1,918
Depreciation and amortization	(674)	(1,286)	(7)	(1,967)
Impairment	—	(6,302)	—	(6,302)
At December 31, 2019	**$4,207**	**$7,812**	**$15**	**$12,034**
Additions	1,939	554	—	2,494
Remeasurements	2,789	(10)	—	2,779
Depreciation and amortization	(848)	(2,106)	(7)	(2,961)
Disposals	—	(16)	—	(16)
At December 31, 2020	**$8,087**	**$6,234**	**$8**	**$14,330**

17. IMPAIRMENT OF NON-CURRENT ASSETS

The Company did not identify any indicators of potential impairment or impairment reversal on its non-current assets and CGUs during the year ended December 31, 2020.

During the year ended December 31, 2019, the Company determined that the La Encantada mine had an indicator of potential impairment on its non-current assets due to a decrease in economics of the roaster project and mine plan. Based on the Company's assessment in 2019, the Company concluded that the La Encantada mine had estimated recoverable value, based on its FVLCD, below its carrying value and impairment charge was required:

	Year Ended December 31, 2019
Impairment of non-current assets	**$58,739**
Deferred income tax recovery	(6,300)
Impairment of non-current assets, net of tax	**$52,439**

The impairment charge recognized for the year ended December 31, 2019 in respect of La Encantada was allocated as follows:

	Mining interests		Right of use assets	Property, plant and equipment	Total
	Producing	Exploration			
La Encantada Silver Mine	$22,602	$1,061	$6,302	$28,774	$58,739

Recoverable values are determined based on fair market value of the asset and estimated using internal discounted cash flow economic models projected using management's best estimate of recoverable mineral reserves and resources, future operating costs, capital expenditures and long-term foreign exchange rates.

17. IMPAIRMENT OF NON-CURRENT ASSETS (continued)

Metal price assumptions used to determine the recoverable amounts for the year ended December 31, 2019 are summarized in the following table:

	December 31, 2019	
Commodity Prices	**2020-2023 Average**	**Long-term**
Silver (per ounce)	$18.84	$19.50
Gold (per ounce)	$1,536	$1,416

A discount rate of 4.5%, equivalent to the Company's weighted average cost of capital for the year ended December 31, 2019 was used to determine FVLCD based on an internal discounted cash flow economic model.

The internal discounted cash flow economic model used to determine FVLCD is significantly affected by changes in key assumptions for future metal prices, Reserve and Resource levels and recovery rates. Management's estimate of FVLCD is classified as level 3 in the fair value hierarchy. There was no material change in the valuation techniques utilized to determine FVLCD in the year ended December 31, 2020.

18. TRADE AND OTHER PAYABLES

The Company's trade and other payables are primarily comprised of amounts outstanding for purchases relating to mining operations, exploration and evaluation activities and corporate expenses. The normal credit period for these purchases is usually between 30 to 90 days.

Trade and other payables are comprised of the following items:

	December 31, 2020	**December 31, 2019**
Trade payables	$31,262	$23,984
Trade related accruals	18,635	12,314
Payroll and related benefits	21,427	19,059
Environmental duty	2,156	1,483
Other accrued liabilities	2,522	2,283
	$76,002	**$59,123**

19. DEBT FACILITIES

The movement in debt facilities during the year ended December 31, 2020 and year ended December 31, 2019, respectively, are comprised of the following:

	Convertible Debentures (a)	Revolving Credit Facility (b)	Total
Balance at December 31, 2018	**$130,807**	**$18,705**	**$149,512**
Finance costs			
Interest expense	2,975	1,498	4,473
Accretion	5,758	654	6,412
Payments of finance costs	(2,933)	(1,646)	(4,579)
Balance at December 31, 2019	**$136,607**	**$19,211**	**$155,818**
Finance costs			
Interest expense	2,984	763	3,747
Accretion	6,168	678	6,846
Proceeds from drawdown of Revolving Credit Facility	—	10,000	10,000
Repayments of principal	—	(19,969)	(19,969)
Payments of finance costs	(2,934)	(801)	(3,735)
At December 31, 2020	**$142,825**	**$9,882**	**$152,707**
Statements of Financial Position Presentation			
Current portion of debt facilities	$1,043	$132	$1,175
Non-current portion of debt facilities	135,564	19,079	154,643
Balance at December 31, 2019	**$136,607**	**$19,211**	**$155,818**
Current portion of debt facilities	$1,092	$9,882	$10,975
Non-current portion of debt facilities	141,733	—	141,733
At December 31, 2020	**$142,825**	**$9,882**	**$152,707**

(a) Convertible Debentures

During the first quarter of 2018, the Company issued $156.5 million of unsecured senior convertible debentures (the “Notes”). The Company received net proceeds of $151.1 million after transaction costs of $5.4 million. The Notes mature on March 1, 2023 and bear an interest rate of 1.875% per annum, payable semi-annually in arrears in March and September of each year.

The Notes are convertible into common shares of the Company at any time prior to maturity at a conversion rate of 104.3297 common shares per $1,000 principal amount of Notes converted, representing an initial conversion price of $9.59 per common share, subject to certain anti-dilution adjustments. In addition, if certain fundamental changes occur, holders of the Notes may be entitled to an increased conversion rate.

The Company may not redeem the Notes before March 6, 2021, except in the event of certain changes in Canadian tax law. At any time on or after March 6, 2021 and until maturity, the Company may redeem all or part of the Notes for cash if the last reported share price of the Company’s common shares for 20 or more trading days in a period of 30 consecutive trading days exceeds 130% of the conversion price or $12.47 per common share. The redemption price is equal to the sum of: (i) 100% of the principal amount of the notes to be redeemed and (ii) accrued and unpaid interest, if any, to the redemption date.

The Company is required to offer to purchase for cash all of the outstanding Notes upon a fundamental change, at a cash purchase price equal to 100% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest, if any, to the fundamental change purchase date.

19. DEBT FACILITIES (continued)

(a) Convertible Debentures (continued)

The component parts of the convertible debentures, a compound instrument, are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instrument is an equity instrument.

At initial recognition, net proceeds of $151.1 million from the Notes were allocated into its debt and equity components. The fair value of the debt portion was estimated at $124.8 million using a discounted cash flow model method with an expected life of five years and a discount rate of 6.14%. This amount is recorded as a financial liability on an amortized cost basis using the effective interest method using an effective interest rate of 6.47% until extinguished upon conversion or at its maturity date.

The conversion option is classified as equity and was estimated based on the residual value of $26.3 million. This amount is not subsequently remeasured and will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance will remain in equity reserves. Deferred tax liability of $7.1 million related to taxable temporary difference arising from the equity portion of the convertible debenture was recognized in equity reserves.

Transaction costs of $5.4 million that relate to the issuance of the convertible debentures were allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible debentures using the effective interest method.

(b) Revolving Credit Facility

On May 10, 2018, the Company entered into a $75.0 million senior secured revolving credit facility ("Revolving Credit Facility") with the Bank of Nova Scotia, Bank of Montreal and Investec Bank PLC, as lenders. The Revolving Credit Facility will mature on its third anniversary date on May 10, 2021. Interest on the drawn balance will accrue at LIBOR plus an applicable range of 2.25% to 3.5% while the undrawn portion is subject to a standby fee with an applicable range of 0.5625% to 0.875%, dependent on certain financial parameters of First Majestic. As at December 31, 2020, the applicable rates were 2.9% to 0.6875%, respectively.

These debt facilities are guaranteed by certain subsidiaries of the Company and are also secured by a first priority charge against the assets of the Company, and a first priority pledge of shares of the Company’s subsidiaries.

The Revolving Credit Facility includes financial covenants, to be tested quarterly on a consolidated basis, requiring First Majestic to maintain the following: (a) a leverage ratio based on total debt to rolling four quarters adjusted EBITDA of not more than 3.00 to 1.00; (b) an interest coverage ratio, based on rolling four quarters adjusted EBITDA divided by interest payments, of not less than 4.00 to 1.00; and (c) tangible net worth of not less than $563.5 million plus 50% of its positive earnings subsequent to June 30, 2018. The debt facilities also provide for negative covenants customary for these types of facilities and allows the Company to enter into finance leases up to $30.0 million. As at December 31, 2020 and December 31, 2019, the Company was in compliance with these covenants.

20. LEASE LIABILITIES

The Company has finance leases, operating leases and equipment financing liabilities for various mine and plant equipment, office space and land. Finance leases and equipment financing obligations require underlying assets to be pledged as security against the obligations and all of the risks and rewards incidental to ownership of the underlying asset being transferred to the Company. For operating leases, the Company controls but does not have ownership of the underlying right-of-use assets.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

Certain lease agreements may contain lease and non-lease components, which are generally accounted for separately. For certain equipment leases, such as vehicles, the Company has elected to account for the lease and non-lease components as a single lease component.

The movement in lease liabilities during the year ended December 31, 2020 and year ended December 31, 2019 are comprised of the following:

	Finance Leases (a)	Operating Leases (b)	Equipment Financing (c)	Total
Balance at December 31, 2018	**$409**	**$—**	**$5,438**	**$5,847**
Initial adoption of IFRS 16	—	3,682	—	3,682
Additions	—	14,706	—	14,706
Remeasurements	—	1,918	—	1,918
Finance costs	18	789	335	1,142
Repayments of principal	(359)	(2,395)	(2,459)	(5,213)
Payments of finance costs	(18)	—	(379)	(397)
Foreign exchange loss	—	251	—	251
Balance at December 31, 2019	**$50**	**$18,951**	**$2,935**	**$21,936**
Additions	—	2,494	—	2,494
Remeasurements	—	2,779	—	2,779
Finance costs	—	1,396	83	1,479
Repayments of principal	(50)	(5,353)	(2,303)	(7,706)
Payments of finance costs	—	—	(126)	(126)
Foreign exchange gain	—	(281)	—	(281)
At December 31, 2020	**$—**	**$19,986**	**$589**	**$20,575**
Statements of Financial Position Presentation				
Current portion of lease liabilities	$50	$4,518	$2,352	$6,920
Non-current portion of lease liabilities	—	14,433	583	15,016
Balance at December 31, 2019	**$50**	**$18,951**	**$2,935**	**$21,936**
Current portion of lease liabilities	$—	$4,820	$538	$5,358
Non-current portion of lease liabilities	—	15,166	51	15,217
At December 31, 2020	**$—**	**$19,986**	**$589**	**$20,575**

(a) Finance Leases

From time to time, the Company may purchase equipment under finance leases with terms ranging from 24 to 48 months. As at December 31, 2020, the Company has fully repaid all of its finance leases and all pledges on related property, plant and equipment have been released.

20. LEASE LIABILITIES (continued)

(b) Operating Leases

Operating leases primarily relate to equipment and building rental contracts, land easement contracts and service contracts that contain embedded leases for property, plant and equipment. These operating leases have remaining lease terms of one to ten years, some of which include options to terminate the leases within a year, with incremental borrowing rates ranging from 5.8% to 12.4%.

During the year ended December 31, 2020 and 2019, the amounts of lease payments recognized in the profit and loss are summarized as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Expenses relating to variable lease payments not included in the measurement of lease liability	$25,560	$14,241
Expenses relating to short-term leases	19,607	42,994
Expenses relating to low value leases	81	—
	$45,248	**$57,235**

(c) Equipment Financing

During 2017, the Company entered into a $7.9 million credit facility with repayment terms ranging from 12 to 16 equal quarterly installments in principal plus related interest. The facility bears an interest rate of LIBOR plus 4.60%. Proceeds from the equipment financing were primarily used for the purchase and rehabilitation of property, plant and equipment. The equipment financing is secured by certain equipment of the Company and is subject to various covenants, including the requirement for First Majestic to maintain a leverage ratio based on total debt to rolling four quarters adjusted EBITDA. As at December 31, 2020 and year ended December 31, 2019, the Company was in compliance with these covenants.

As at December 31, 2020, the net book value of property, plant and equipment includes $1.9 million (2019 - $3.3 million) of equipment pledged as security for the equipment financing.

21. DECOMMISSIONING LIABILITIES

The Company has an obligation to undertake decommissioning, restoration, rehabilitation and environmental work when environmental disturbance is caused by the development and ongoing production of a mining operation. Movements in decommissioning liabilities during the years ended December 31, 2020 and 2019 are allocated as follow:

	San Dimas	Santa Elena	La Encantada	San Martin	La Parrilla	Del Toro	La Guitarra	La Luz	Total
Balance at December 31, 2018	**$8,412**	**$2,321**	**$6,709**	**$2,694**	**$3,245**	**$2,498**	**$1,615**	**$302**	**$27,796**
Movements during the year:									
Change in rehabilitation provision	301	2,338	500	4,051	696	945	469	238	9,538
Reclamation costs incurred	—	—	—	—	—	—	(104)	—	(104)
Interest or accretion expense	744	207	592	237	282	219	129	—	2,410
Foreign exchange loss	(15)	105	311	121	114	107	69	76	888
Balance at December 31, 2019	**$9,442**	**$4,971**	**$8,112**	**$7,103**	**$4,337**	**$3,769**	**$2,178**	**$616**	**$40,528**
Movements during the year:									
Disposition of exploration project	—	—	—	—	—	—	(153)	—	(153)
Change in rehabilitation provision	4,527	1,191	2,049	1,240	830	772	217	59	10,885
Reclamation costs incurred	—	(55)	—	(81)	(20)	—	—	—	(156)
Interest or accretion expense	565	295	477	418	259	226	122	—	2,362
Foreign exchange loss	(476)	(252)	(415)	(359)	(216)	(190)	(86)	(2)	(1,995)
Balance at December 31, 2020	**$14,059**	**$6,150**	**$10,223**	**$8,321**	**$5,190**	**$4,577**	**$2,278**	**$673**	**$51,471**

21. DECOMMISSIONING LIABILITIES (continued)

A provision for decommissioning liabilities is estimated based on current regulatory requirements and is recognized at the present value of such costs. The expected timing of cash flows in respect of the provision is based on the estimated life of the Company's mining operations. The discount rate is a risk-free rate determined based on Mexican pesos default swap rates ranging between 5.0% to 5.3% (2019 - 6.6% to 6.8%) for the respective estimated life of the operations.

The inflation rate used is based on historical Mexican inflation rate of 3.9% (2019 - 4.0%). The present value of reclamation liabilities may be subject to change based on changes to cost estimates, remediation technologies or applicable laws and regulations. Changes in decommissioning liabilities are recorded against mining interests.

22. INCOME TAXES

The following is a reconciliation of income taxes calculated at the combined Canadian federal and provincial statutory tax rate to the income tax expense for the year ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	**2019**
Earnings (loss) before tax	**$29,729**	**($39,024)**
Combined statutory tax rate	27.00 %	27.00 %
Income tax expense (recovery) computed at statutory tax rate	**8,027**	**(10,536)**
Reconciling items:		
Effect of different foreign statutory tax rates on earnings of subsidiaries	(4,760)	(24,320)
Impact of foreign exchange on deferred income tax assets and liabilities	15,688	(10,194)
Change in unrecognized deferred income tax asset	(4,596)	30,399
7.5% mining royalty in Mexico	7,415	(814)
Other non-deductible expenses	758	3,256
Impact of inflationary adjustments	(1,317)	(2,412)
Change in tax provision estimates	10,387	23,987
Impact of divestitures and restructurings	(16,724)	—
Other	(8,236)	(7,916)
Income tax expense	**$6,642**	**$1,450**
Statements of Earnings (Loss) Presentation		
Current income tax expense	$9,966	$16,423
Deferred income tax recovery	(3,324)	(14,973)
Income tax expense	**$6,642**	**$1,450**
Effective tax rate	**22 %**	**(4 %)**

As at December 31, 2020 and 2019, the Company has the following income tax receivable and payable balances:

	Year Ended December 31,	
	2020	**2019**
Current income tax receivable	$—	$—
Non-current income tax receivable	—	4,579
	$—	**$4,579**
Current income tax payable	$6,574	$149
Non-current income tax payable	23,099	—
	$29,673	**$149**

22. INCOME TAXES (continued)

During the years ended December 31, 2020 and 2019, the movement in deferred tax assets and deferred tax liabilities is shown as follows:

Deferred tax assets	Losses	Provisions	Deferred tax asset not recognized	Other	Total
At December 31, 2018	**$118,393**	**$16,508**	**($68,348)**	**$3,556**	**$70,109**
Benefit (expense) to income statement	8,079	6,379	(32,156)	4,295	(13,403)
Charged to equity	—	—	—	994	994
At December 31, 2019	**$126,472**	**$22,887**	**($100,504)**	**$8,845**	**$57,700**
Benefit to income statement	21,327	2,389	11,788	456	35,960
At December 31, 2020	**$147,799**	**$25,276**	**($88,716)**	**$9,301**	**$93,660**

Deferred tax liabilities	Property, plant and equipment and mining interests	Effect of Mexican tax deconsolidation	Other	Total
At December 31, 2018	**$65,382**	**$6,744**	**$37,688**	**$109,814**
(Benefit) expense to income statement	(32,381)	498	(4,643)	(36,526)
Reclassed to current income taxes payable	—	(2,813)	—	(2,813)
At December 31, 2019	**$33,001**	**$4,429**	**$33,045**	**$70,475**
(Benefit) expense to income statement	23,883	(113)	(18,311)	5,459
Reclassed to current income taxes payable	—	(2,245)	—	(2,245)
Charged to OCI	—	—	1,633	1,633
Divestiture of exploration projects	—	—	(2,577)	(2,577)
At December 31, 2020	**$56,884**	**$2,071**	**$13,790**	**$72,745**

Statements of Financial Position Presentation	
Deferred tax assets	$51,141
Deferred tax liabilities	63,916
At December 31, 2019	**$12,775**
Deferred tax assets	$69,644
Deferred tax liabilities	48,729
At December 31, 2020	**($20,915)**

At December 31, 2020, the Company recognized $69.6 million (2019 - $51.1 million) of net deferred tax assets in entities that have had a loss for tax purposes in either 2020 or 2019, or both. In evaluating whether it is probable that sufficient taxable income will be generated to realize the benefit of these deferred tax assets, the Company considered all available evidence, including approved budgets, forecasts and business plans and, in certain cases, tax planning opportunities.

The aggregate amount of taxable temporary differences associated with investments in subsidiaries for which deferred taxes have not been recognized, as at December 31, 2020 was $236.5 million (2019 - $379.3 million).

22. INCOME TAXES (continued)

As at December 31, 2020 and 2019, the Company has available Canadian, Swiss and Mexican non-capital tax losses, which if not utilized will expire as follows:

Year of expiry	Canadian non-capital losses	Mexican non-capital losses	December 31, 2020	December 31, 2019
2020	$—	$—	$—	544
2021	—	3,835	3,835	7,825
2022	—	3,878	3,878	4,060
2023	—	2,071	2,071	2,213
2024	—	34,964	34,964	39,319
2025	—	38,901	38,901	51,911
2026	—	104,044	104,044	113,630
2027	—	21,040	21,040	56,760
2028	—	57,809	57,809	99,315
2029	—	68,074	68,074	89,754
2030 and after	3,141	149,721	152,862	22,209
Total	**$3,141**	**$484,337**	**$487,478**	**$487,540**
Unrecognized losses	**$—**	**$199,775**	**$199,775**	**$208,253**

23. SHARE CAPITAL

(a) Authorized and issued capital

The Company has unlimited authorized common shares with no par value.

The movement in the Company's issued and outstanding capital during the year is summarized in the consolidated statements of changes in equity.

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Number of Shares	Net Proceeds	Number of Shares	Net Proceeds
ATM program[1]	5,654,338	$67,892	11,172,982	$81,916
Prospectus offering[2]	5,000,000	58,240	—	—
	10,654,338	**$126,132**	**11,172,982**	**$81,916**

(1) In December 2018, and subsequently amended in August 2019 and June 2020, the Company filed prospectus supplements to its short form base shelf prospectus, pursuant to which the Company may, at its discretion and from time-to-time, sell common shares of the Company for aggregate gross proceeds of up to $200.0 million. The sale of common shares is to be made through "at-the-market distributions" ("ATM"), as defined in the Canadian Securities Administrators' National Instrument 44-102 Shelf Distributions, directly on the New York Stock Exchange. During the year ended December 31, 2020, First Majestic sold 5,654,338 common shares (December 31, 2019 - 11,172,982 common shares) of the Company under the ATM program at an average price of $12.31 (2019 - $7.55) for gross proceeds of $69.6 million (December 31, 2019 - $84.4 million), or net proceeds of $67.9 million (December 31, 2019 - $81.9 million) after costs. At December 31, 2020, the Company completed $154.0 million of the ATM program and the remaining $46.0 million balance of the program has been cancelled.

(2) In September 2020, the Company completed a bought deal prospectus offering to sell 5,000,000 common shares at a price of $11.82 (CAD$15.60) per common share for gross proceeds of $59.1 million (CAD$78.1 million), or net proceeds of $58.2 million after costs.

23. SHARE CAPITAL (continued)

(b) Stock options

Under the terms of the Company's 2020 Long-Term Incentive Plan ("LTIP"), the maximum number of shares reserved for issuance under the LTIP is 8% of the issued shares on a rolling basis. Options may be exercisable over periods of up to ten years as determined by the Board of Directors of the Company and the exercise price shall not be less than the closing price of the shares on the day preceding the award date, subject to regulatory approval. All stock options granted are subject to vesting with 25% vesting on first anniversary from the date of grant, and 25% vesting each six months thereafter.

The following table summarizes information about stock options outstanding as at December 31, 2020:

	Options Outstanding			Options Exercisable		
Exercise prices (CAD$)	Number of Options	Weighted Average Exercise Price (CAD $/Share)	Weighted Average Remaining Life (Years)	Number of Options	Weighted Average Exercise Price (CAD $/Share)	Weighted Average Remaining Life (Years)
4.80 - 10.00	2,821,206	8.60	7.70	1,323,015	8.67	7.07
10.01 - 15.00	3,276,063	12.23	4.96	1,833,567	11.12	1.46
15.01 - 20.00	831,928	15.95	7.59	117,232	16.04	1.14
20.01 - 126.01	144,895	53.85	0.68	144,895	53.85	0.68
	7,074,092	12.07	6.27	3,418,709	12.15	3.59

The movements in stock options issued during the years ended December 31, 2020 and 2019 are summarized as follows:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Number of Options	Weighted Average Exercise Price (CAD $/Share)	Number of Options	Weighted Average Exercise Price (CAD $/Share)
Balance, beginning of the year	7,583,439	10.70	9,266,098	10.76
Granted	2,621,924	13.46	2,601,680	8.83
Exercised	(2,473,926)	7.50	(2,918,518)	7.54
Cancelled or expired	(657,345)	18.96	(1,365,821)	14.31
Balance, end of the year	7,074,092	12.07	7,583,439	10.70

During the year ended December 31, 2020, the aggregate fair value of stock options granted was $12.1 million (December 31, 2019 - $8.5 million), or a weighted average fair value of $4.63 per stock option granted (December 31, 2019 - $3.26).

During the year ended December 31, 2020, total share-based payments expense related to stock options was $7.0 million (2019 - $6.5 million).

(Tabular amounts are expressed in thousands of US dollars)

23. SHARE CAPITAL (continued)

(b) Stock options (continued)

The following weighted average assumptions were used in estimating the fair value of stock options granted using the Black-Scholes Option Pricing Model:

Assumption	Based on	Year Ended December 31, 2020	Year Ended December 31, 2019
Risk-free interest rate (%)	Yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life	1.03	2.01
Expected life (years)	Average of the expected vesting term and expiry term of the option	5.83	5.80
Expected volatility (%)	Historical and implied volatility of the precious metals mining sector	49.00	51.29
Expected dividend yield (%)	Annualized dividend rate as of the date of grant	—	—

The weighted average closing share price at date of exercise for the year ended December 31, 2020 was CAD$15.61 (December 31, 2019 - CAD$12.81).

(c) Restricted Share Units

The Company adopted the 2019 LTIP to allow the Company to grant to its directors, employees and consultants non-transferable Restricted Share Units ("RSU's") based on the value of the Company's share price at the date of grant. Unless otherwise stated, the awards typically have a graded vesting schedule over a three-year period and can be settled either in cash or equity upon vesting at the discretion of the Company. The Company intends to settle all RSU's in equity.

The associated compensation cost is recorded as share-based payments expense against equity reserves.

The following table summarizes the changes in RSU's for the years ended December 31, 2020 and 2019:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Number of shares	Weighted Average Fair Value (CAD$)	Number of shares	Weighted Average Fair Value (CAD$)
Outstanding, beginning of the year	128,944	10.36	—	—
Granted	211,192	15.72	274,520	9.67
Settled	(127,000)	10.32	(145,576)	9.06
Forfeited	(28,653)	15.93	—	—
Outstanding, end of the year	184,483	15.66	128,944	10.36

During the year ended December 31, 2020, total share-based payments expense related to RSUs was $0.8 million (2019 - $1.8 million).

23. SHARE CAPITAL (continued)

(d) Performance Share Units

The Company adopted the 2019 LTIP to allow the Company to grant to its directors, employees and consultants non-transferable Performance Share Units ("PSU's"). The amount of units to be issued on the vesting date will vary from 0% to 200% of the number of PSU's granted, depending on the Company's total shareholder return compared to the return of a selected group of peer companies. Unless otherwise stated, the awards typically vest three years from the grant date. The fair value of a PSU based on the value of the Company's share price at the date of grant and will be adjusted based on actual units issued on the vesting date. The Company intends to settle all PSU's in equity.

The following table summarizes the changes in PSU's granted to employees and consultants for the year ended December 31, 2020:

	Year Ended December 31, 2020	
	Number of shares	Weighted Average Fair Value (CAD$)
Outstanding, beginning of the year	—	—
Granted	122,575	15.65
Forfeited	(13,540)	(15.93)
Outstanding, end of the year	109,035	19.57

During the year ended December 31, 2020, total share-based payments expense related to PSUs was $0.5 million (2019 - $nil).

(e) Share Repurchase Program

The Company has an ongoing share repurchase program to repurchase up to 5% of the Company's issued and outstanding shares. The normal course issuer bids will be carried through the facilities of the Toronto Stock Exchange and alternative Canadian marketplaces. During the year ended December 31, 2020, the Company repurchased and cancelled 275,000 common shares for a total consideration of $1.7 million through a normal course issuer bid in the open market as approved by the Toronto Stock Exchange. No shares were repurchased during the year ended December 31, 2019.

24. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

The Company's financial instruments and related risk management objectives, policies, exposures and sensitivity related to financial risks are summarized below.

(a) Fair value and categories of financial instruments

Financial instruments included in the consolidated statements of financial position are measured either at fair value or amortized cost. Estimated fair values for financial instruments are designed to approximate amounts for which the instruments could be exchanged in an arm's-length transaction between knowledgeable and willing parties.

The Company uses various valuation techniques in determining the fair value of financial assets and liabilities based on the extent to which the fair value is observable. The following fair value hierarchy is used to categorize and disclose the Company's financial assets and liabilities held at fair value for which a valuation technique is used:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: All inputs which have a significant effect on the fair value are observable, either directly or indirectly, for substantially the full contractual term.

Level 3: Inputs which have a significant effect on the fair value are not based on observable market data.

24. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(a) Fair value and categories of financial instruments (continued)

The table below summarizes the valuation methods used to determine the fair value of each financial instrument:

Financial Instruments Measured at Fair Value	Valuation Method
Trade receivables (related to concentrate sales)	Receivables that are subject to provisional pricing and final price adjustment at the end of the quotational period are estimated based on observable forward price of metal per London Metal Exchange (Level 2)
Marketable securities Silver futures derivatives Foreign currency derivatives	Based on quoted market prices for identical assets in an active market (Level 1) as at the date of statements of financial position

Financial Instruments Measured at Amortized Cost	Valuation Method
Cash and cash equivalents Trade and other receivables Trade and other payables	Approximated carrying value due to their short-term nature
Debt facilities	Assumed to approximate carrying value as discount rate on these instruments approximate the Company's credit risk.

The following table presents the Company's fair value hierarchy for financial assets and financial liabilities that are measured at fair value:

	December 31, 2020			December 31, 2019		
		Fair value measurement			Fair value measurement	
	Carrying value	Level 1	Level 2	Carrying value	Level 1	Level 2
Financial assets						
Trade receivables	$—	$—	$—	$1,182	$—	$1,182
Marketable securities (Note 13)	36,319	30,996	5,323	6,506	6,506	—
Foreign currency derivatives (Note 13)	—	—	—	982	982	—

There were no transfers between levels 1, 2 and 3 during the years ended December 31, 2020 and 2019.

(b) Capital risk management

The Company's objectives when managing capital are to maintain financial flexibility to continue as a going concern while optimizing growth and maximizing returns of investments from shareholders.

The Company monitors its capital structure and, based on changes in operations and economic conditions, may adjust the structure by repurchasing shares, issuing new shares, issuing new debt or retiring existing debt. The Company prepares annual budget and quarterly forecasts to facilitate the management of its capital requirements. The annual budget is approved by the Company's Board of Directors.

24. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(b) Capital risk management (continued)

The capital of the Company consists of equity (comprising of issued capital, equity reserves and retained earnings or accumulated deficit), debt facilities, lease liabilities, net of cash and cash equivalents as follows:

	December 31, 2020	December 31, 2019
Equity	$850,236	$662,321
Debt facilities	152,708	155,818
Lease liabilities	20,575	21,936
Less: cash and cash equivalents	(238,578)	(169,009)
	$784,941	**$671,066**

The Company's investment policy is to invest its cash in highly liquid short-term investments with maturities of 90 days or less, selected with regards to the expected timing of expenditures from operations. The Company expects that its available capital resources will be sufficient to carry out its development plans and operations for at least the next 12 months.

The Company is not subject to any externally imposed capital requirements with the exception of complying with covenants under the debt facilities (Note 19) and lease liabilities. As at December 31, 2020 and December 31, 2019, the Company was in compliance with these covenants.

(c) Financial risk management

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, commodity price risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations. The Company's credit risk relates primarily to chartered banks, trade receivables in the ordinary course of business, value added taxes receivable and other receivables.

As at December 31, 2020, value added taxes ("VAT") receivable was $56.9 million (2019 - $29.6 million), of which $37.9 million (2019 - $14.2 million) relates to Primero Empresa Minera, S.A. de C.V. ("PEM"). Servicio de Administración Tributaria ("SAT") has not been responsive to VAT refund requests by PEM nor provided any legal basis for withholding these VAT receivables. The Company believes that it has full legal rights to these VAT refunds and expects the amounts to be refunded in the future. As at December 31, 2020, VAT receivables totaling $15.3 million are currently being pursued in Mexican Courts. Due to the uncertain timeline associated with recovery of these amounts, the Company reclassified such amounts as non-current assets though, in the Company's opinion, such amounts are currently due and payable to the Company.

The Company sells and receives payment upon delivery of its silver doré and by-products primarily through three international customers. All of the Company's customers have good ratings and payments of receivables are scheduled, routine and fully received within 60 days of submission; therefore, the balance of trade receivables owed to the Company
in the ordinary course of business is not significant.

The carrying amount of financial assets recorded in the consolidated financial statements represents the Company's maximum exposure to credit risk. With the exception to the above, the Company believes it is not exposed to significant credit risk.

(Tabular amounts are expressed in thousands of US dollars)

24. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(c) Financial risk management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they arise. The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and our holdings of cash and cash equivalents.

The following table summarizes the maturities of the Company's financial liabilities as at December 31, 2020 based on the undiscounted contractual cash flows:

	Carrying Amount	Contractual Cash Flows	Less than 1 year	2 to 3 years	4 to 5 years	After 5 years
Trade and other payables	$76,002	$76,002	$76,002	$—	$—	$—
Debt facilities	152,708	174,082	13,180	160,902	—	—
Lease liabilities	20,575	16,520	4,557	6,562	4,692	709
Other liabilities	5,406	5,406	—	—	—	5,406
	$254,691	**$272,010**	**$93,739**	**$167,464**	**$4,692**	**$6,115**

At December 31, 2020, the Company had working capital of $254.4 million (December 31, 2019 – $171.1 million). Total available liquidity at December 31, 2020 was $319.4 million, including $65.0 million of undrawn revolving credit facility.

The Company believes it has sufficient cash on hand, combined with cash flows from operations, to meet operating requirements as they arise for at least the next 12 months. If the Company needs additional liquidity to meet obligations, the Company may consider drawing on its debt facility, securing additional debt financing and/or equity financing.

Currency Risk

The Company is exposed to foreign exchange risk primarily relating to financial instruments that are denominated in Canadian dollars or Mexican pesos, which would impact the Company's net earnings or loss. To manage foreign exchange risk, the Company may occasionally enter into short-term foreign currency derivatives, such as forwards and options, to hedge its cash flows.

The sensitivity of the Company's net earnings or loss and comprehensive income or loss due to changes in the exchange rates of the Canadian dollar and the Mexican peso against the U.S. dollar is included in the table below:

					December 31, 2020		
	Cash and cash equivalents	Trade and other receivables	Value added taxes receivable	Other financial assets	Trade and other payables	Net assets (liabilities) exposure	Effect of +/- 10% change in currency
Canadian dollar	$75,958	$74	$—	$10,140	($3,133)	$83,039	$8,304
Mexican peso	8,369	—	53,201	—	(42,763)	18,807	1,881
	$84,327	**$74**	**$53,201**	**$10,140**	**($45,896)**	**$101,846**	**$10,185**

The Company utilizes certain derivatives to manage its foreign exchange exposures to the Mexican Peso. During the year ended December 31, 2020, the Company realized a foreign exchange loss of $11.5 million (2019 - gain of $2.1 million) and an unrealized loss of $0.9 million (2019 - gain of $1.0 million) on fair value adjustments to its foreign currency derivatives. As at December 31, 2020, the Company does not hold any foreign currency derivatives (2019 - $0.9 million).

24. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(c) Financial risk management (continued)

Commodity Price Risk

The Company is exposed to commodity price risk on silver and gold, which have a direct and immediate impact on the value of its related financial instruments and net earnings. The Company's revenues are directly dependent on commodity prices that have shown volatility and are beyond the Company's control. The Company does not use derivative instruments to hedge its commodity price risk to silver

The following table summarizes the Company's exposure to commodity price risk and their impact on net earnings:

	December 31, 2020		
	Effect of +/- 10% change in metal prices		
	Silver	Gold	Total
Metals in doré inventory	$104	$226	$330
	$104	**$226**	**$330**

Interest Rate Risk

The Company is exposed to interest rate risk on its short-term investments, debt facilities and lease liabilities. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk. The Company's interest bearing financial assets comprise of cash and cash equivalents which bear interest at a mixture of variable and fixed rates for pre-set periods of time.

As at December 31, 2020, the Company's exposure to interest rate risk on interest bearing liabilities is limited to its debt facilities and lease liabilities. Based on the Company's interest rate exposure at December 31, 2020, a change of 25 basis points increase or decrease of market interest rate does not have a significant impact on net earnings or loss.

(Tabular amounts are expressed in thousands of US dollars)

25. SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended December 31,	
	2020	**2019**
Other adjustments to investing activities:		
Purchase of marketable securities	($1,522)	$—
Proceeds from disposal of marketable securities	664	867
Cash received on settlement of derivatives	2,079	2,555
	$1,221	**$3,422**
Net change in non-cash working capital items:		
Decrease in trade and other receivables	$24	$1,304
(Increase) decrease in value added taxes receivable	(27,525)	30,028
(Increase) decrease in inventories	(4,288)	2,829
(Increase) decrease in prepaid expenses and other	(692)	776
Decrease in income taxes payable	(1,115)	(6,569)
Increase in trade and other payables	10,765	8,959
	($22,831)	**$37,327**
Non-cash investing and financing activities:		
Transfer of share-based payments reserve upon settlement of RSUs	$992	$988
Transfer of share-based payments reserve upon exercise of options	5,903	5,986
Acquisition of mining interests	(8,179)	—

As at December 31, 2020, cash and cash equivalents include $6.4 million (2019 - $5.2 million) that are held in-trust as bonds for tax audits in Mexico that are expected to be resolved within the next 12 months.

26. CONTINGENCIES AND OTHER MATTERS

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is probable and the amount can be reasonably estimated. In the opinion of management, these matters will not have a material effect on the consolidated financial statements of the Company.

Claims and Legal Proceedings Risks

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business activities. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements or information and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: availability of time on court calendars in Canada and elsewhere; the recognition of Canadian judgments under Mexican law; the possibility of settlement discussions; the risk of appeal of judgment; and the insufficiency of the defendant's assets to satisfy the judgment amount. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavourably to the Company. First Majestic carries liability insurance coverage and establishes provisions for matters that are probable and can be reasonably estimated. In addition, the Company may be involved in disputes with other parties in the future which may result in a significant impact on our financial condition, cash flow and results of operations.

Although the Company has taken steps to verify ownership and legal title to mineral properties in which it has an interest, according to the usual industry standards for the stage of mining, development and exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, and title may be affected by undetected defects. However, management is not aware of any such agreements, transfers or defects.

26. CONTINGENCIES AND OTHER MATTERS (continued)

Primero Tax Rulings

When Primero Mining Corp. ("Primero") acquired the San Dimas Mine in August 2010, it had a Silver Purchase Agreement (“Old Stream Agreement”) that required PEM to sell 100% of the silver produced from the San Dimas mine to WPMI, up to 6 million ounces and 50% of silver produced thereafter, at the lower of: (i) the spot market price and (ii) $4.04 per ounce plus an annual increase of 1%.

In order to reflect commercial realities and the effects of the Old Stream Agreement, for Mexican income tax purposes, PEM recognized the revenue on these silver sales based on its actual realized revenue (“PEM Realized Price”) instead of at spot market prices.

To obtain assurance that the SAT would accept the PEM Realized Price as the price to use to calculate Mexican income taxes, Primero applied for and received an Advance Pricing Agreement (“APA”) from the SAT. The APA confirmed that the PEM Realized Price would be used as Primero’s basis for calculating taxes owed by Primero on the silver sold under the Old Stream Agreement. Primero believed that the intent of an APA was to have SAT provide tax certainty and as a result made significant investments in Mexico based on that certainty. On October 4, 2012, Primero received the APA Ruling from SAT which confirmed the appropriate price for sales of silver under the Old Stream Agreement was the PEM Realized Price. Under Mexican tax law, an APA ruling is generally applicable for a five year period and this ruling was made effective for 2010 to 2014.

In February 2016, PEM received a legal claim from the SAT seeking to nullify the APA. The legal claim initiated does not identify any different basis for paying taxes. The Company is continuing PEM's effort to vigorously defend the validity of its APA. If the SAT were successful in retroactively nullifying the APA, the SAT may seek to audit and reassess PEM in respect of its sales of silver in connection with the Old Stream Agreement for 2010 through 2014. If the SAT were successful in retroactively nullifying the APA and issuing reassessments, it would likely have a material adverse effect on the Company’s results of operations, financial condition and cash flows. Should the Company ultimately be required to pay tax on its silver revenues based on market prices without any mitigating adjustments, the incremental income tax for the years 2010-2018 would be approximately $219.2 million (4,373 million MXN), before interest or penalties.

In 2019, as part of the ongoing annual audits of the PEM tax returns, the SAT issued reassessments (the "Reassessments") for the 2010 to 2012 tax years in the total amount of $246.6 million (4,919 million MXN) inclusive of interest, inflation, and penalties. The Company believes that the Reassessments were issued in violation of the terms of the APA. The key items relate to the view that PEM should pay taxes based on the market price of silver and denial of the deductibility of interest expense and service fees in Mexico all of which the Company disagrees with. The Company continues to defend the APA in the Mexican legal proceedings, and initiated proceedings under relevant tax treaties between the competent tax authorities of Mexico, Canada, Luxembourg and Barbados, all of which were subsequently dismissed on a unilateral basis by the SAT ("Dismissals") in May 2020. The Company believes that the Dismissals have no legal basis and breach international obligations regarding double taxation treaties, and that the APA remains valid and legally binding. The Company will continue disputing the Reassessments, exhausting its domestic and international remedies.

While the Company continues to vigorously defend the validity of the APA and its transfer pricing position, it is also engaging in various proceedings with the SAT seeking to resolve matters and bring tax certainty through a negotiated solution. Despite these extensive efforts and ongoing legal challenges to the Reassessments and the Dismissals, in April 2020, SAT issued notifications to PEM to attempt to secure amounts it claims are owed pursuant to its reassessments issued. These notifications impose certain restrictions on PEM including its ability to dispose its concessions and real properties.

26. CONTINGENCIES AND OTHER MATTERS (continued)

Primero Tax Rulings (continued)

The Company has challenged SAT's Reassessments and Dismissals through all domestic means available to it, including annulment suits before the Mexican Federal Tax Court on Administrative Matters ("Federal Court"), which has yet to be resolved, and a complaint before Mexico's Federal Taxpayer Defense Attorney's Office (known as "PRODECON"), which determined that PEM has all legal remedies at its disposal and it has already challenged every SAT ruling, thus the matter must be decided by Mexican Courts. The Company believes that these actions are neither fair nor equitable and are discriminatory against the Company as a foreign investor and amount to a denial of justice under international law, in addition to violating various provisions of the Federal Constitution of the United Mexican States and Mexican domestic law, and Mexican court precedents. As a result, on May 13, 2020, the Company provided to the Government of Mexico notice of its intention to initiate an international arbitration proceeding ("Notice of Intent") pursuant to the North American Free Trade Agreement ("NAFTA"). The Notice of Intent initiated a 90-day period for the Government of Mexico to enter into good faith and amicable negotiations with the Company to resolve the dispute. On August 11, 2020, the 90-day period expired without any resolution of the dispute.

In September 2020, the Company was served with a decision made by the Federal Court to nullify the APA granted to PEM. The Federal Court's decision directs SAT to re-examine the evidence and basis for the issuance of the APA with retroactive effect, for the following key reasons:
(i) SAT's errors in analyzing PEM's request for the APA and the evidence provided in support of the request; and
(ii) SAT's failure to request from PEM certain additional information before issuing the APA.

The Company's legal advisors reviewed the written reasons and are of the view that the Federal Court's decision is flawed both due to SAT's procedural irregularities and failure to address the relevant evidence and legal authorities. In addition, they consider that the laws applied to PEM in the decision are unconstitutional. As a result, the Company filed an appeal of the decision to the Mexican Circuit Courts on November 30, 2020.

Based on the Company's assessments with third party advisors, the Company believes Primero filed its tax returns compliant with applicable Mexican law and, therefore, no liability has been recognized in the financial statements.

To the extent it is ultimately determined that the appropriate price of silver sales under the Old Stream Agreement is significantly different from the PEM Realized Price and while PEM would have rights of appeal in connection with any reassessments, it is likely to have a material effect on the Company's business, financial position and results of operations.

La Encantada Tax Re-assessments

In December 2019, as part of the ongoing annual audits of the tax returns of Minera La Encantada S.A. de C.V. ("MLE"), the SAT issued tax assessments for fiscal 2012 and 2013 in the amount of $7.8 million and $6.3 million, respectively. The key items relate to forward silver purchase agreement and denial of the deductibility of mine development costs and service fees. The Company continues to defend the validity of the forward silver purchase agreement and will vigorously dispute the assessments that have been issued. The Company, based on advice from legal and financial advisors believes MLE's tax filings were appropriate and its tax filing position is correct, therefore no liability has been recognized in the financial statements.

First Silver litigation

In April 2013, the Company received a positive judgment on the First Silver litigation from the Supreme Court of British Columbia (the "Court"), which awarded the sum of $93.8 million in favour of First Majestic against Hector Davila Santos (the "Defendant"). The Company received a sum of $14.1 million in June 2013 as partial payment of the judgment, leaving an unpaid amount of approximately $62.8 million (CAD$81.5 million). As part of the ruling, the Court granted orders restricting any transfer or encumbrance of the Bolaños Mine by the Defendant and limiting mining at the Bolaños Mine. The orders also require that the Defendant to preserve net cash flow from the Bolaños Mine in a holding account and periodically provide to the Company certain information regarding the Bolaños Mine. However, there can be no guarantee that the remainder of the judgment amount will be collected and it is likely that it will be necessary to take additional action in Mexico and/or elsewhere to recover the balance. Therefore, as at December 31, 2020, the Company has not accrued any of the remaining $64.2 million (CAD$81.5 million) unrecovered judgment in favour of the Company.

(Tabular amounts are expressed in thousands of US dollars)

27. SUBSIDIARIES

The consolidated financial statements of the Company include the following significant subsidiaries as at December 31, 2020 and 2019 as follows:

Name of subsidiary	Operations and Projects	Location	2020 % Ownership	2019 % Ownership
First Majestic Silver Corp.	Parent company and bullion sales	Canada	100%	100%
Corporación First Majestic, S.A. de C.V.	Holding company	Mexico	100%	100%
Primero Empresa Minera, S.A de C.V.	San Dimas Silver/Gold Mine	Mexico	100%	100%
Nusantara de Mexico, S.A. de C.V.	Santa Elena Silver/Gold Mine	Mexico	100%	100%
Minera La Encantada, S.A. de C.V.	La Encantada Silver Mine	Mexico	100%	100%
First Majestic Plata, S.A. de C.V.	La Parrilla Silver Mine	Mexico	100%	100%
Minera El Pilón, S.A. de C.V.	San Martin Silver Mine	Mexico	100%	100%
First Majestic Del Toro, S.A. de C.V.	Del Toro Silver Mine	Mexico	100%	100%
La Guitarra Compañia Minera, S.A. de C.V.	La Guitarra Silver Mine	Mexico	100%	100%
Majestic Services, S.A. de C.V.	Service company	Mexico	100%	100%
FM Metal Trading (Barbados) Ltd.	Metals trading company	Barbados	100%	100%
FMS Trading AG	Metals trading company	Switzerland	100%	100%

28. KEY MANAGEMENT COMPENSATION

	Year Ended December 31,	
	2020	2019
Salaries, bonuses, fees and benefits		
Independent members of the Board of Directors	$803	$790
Other members of key management	3,937	4,267
Share-based payments		
Independent members of the Board of Directors	402	439
Other members of key management	2,646	2,975
	$7,788	**$8,471**

29. SUBSEQUENT EVENTS

Completion of Second Payment to First Mining for Acquisition of the Springpole Stream

On January 21, 2021, First Majestic completed its second payment of $7.5 million to First Mining for the acquisition of the Springpole Stream by paying $3.75 million in cash and issuing 287,300 common shares. The payment was due upon First Mining's announcement on January 20, 2021 of its positive results of a Pre-Feasibility Study ("PFS") for the Springpole Gold Project, located in northwestern Ontario, Canada. The PFS results support a 30,000 tonnes-per-day open pit mining operation over an 11 year mine life.



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR AND QUARTER ENDED DECEMBER 31, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This Management's Discussion and Analysis of Results of Operations and Financial Condition ("MD&A") should be read in conjunction with the audited consolidated financial statements of First Majestic Silver Corp. ("First Majestic" or "the Company") for the year ended December 31, 2020 which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). All dollar amounts are expressed in United States ("US") dollars and tabular amounts are expressed in thousands of US dollars, unless otherwise indicated. Certain amounts shown in this MD&A may not add exactly to total amounts due to rounding differences.

This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained at the end of this MD&A. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of February 18, 2021 unless otherwise stated.

COMPANY OVERVIEW

First Majestic is a multinational mining company headquartered in Vancouver, Canada, focused on primary silver production in México, pursuing the exploration and development of its existing mineral properties and acquiring new assets. The Company owns three producing mines: the San Dimas Silver/Gold Mine, the Santa Elena Silver/Gold Mine, the La Encantada Silver Mine, and four mines currently in care and maintenance: the San Martin Silver Mine, the Del Toro Silver Mine, the La Parrilla Silver Mine and the La Guitarra Silver/Gold Mine.

First Majestic is publicly listed on the New York Stock Exchange under the symbol "AG", on the Toronto Stock Exchange under the symbol "FR" and on the Frankfurt Stock Exchange under the symbol "FMV".

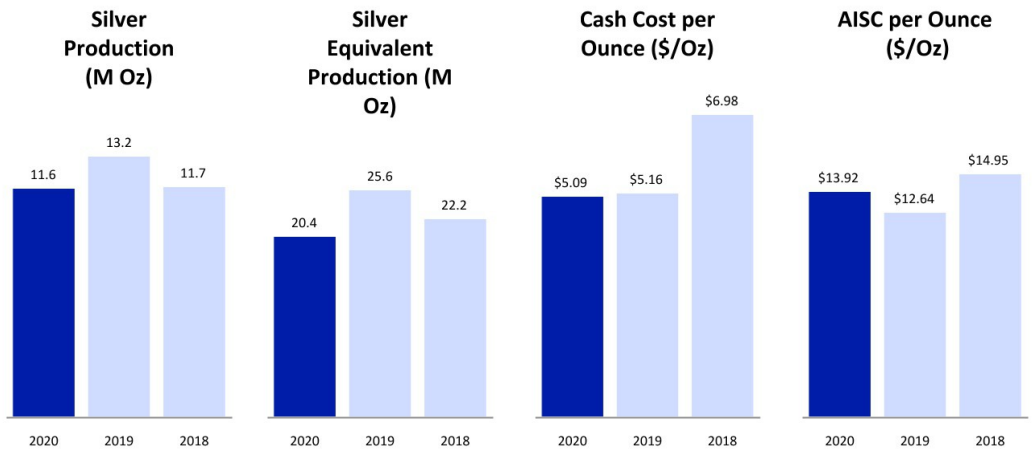


2020 ANNUAL HIGHLIGHTS

Key Performance Metrics	2020	2019	2018	Change '20 vs '19
Operational				
Ore Processed / Tonnes Milled	2,213,954	2,831,999	3,375,452	(22 %)
Silver Ounces Produced	11,598,380	13,241,118	11,679,452	(12 %)
Silver Equivalent Ounces Produced	20,379,010	25,554,288	22,243,071	(20 %)
Cash Costs per Ounce (1)	$5.09	$5.16	$6.98	(1 %)
All-in Sustaining Cost per Ounce(1)	$13.92	$12.64	$14.95	10 %
Total Production Cost per Tonne (1)	$79.59	$75.05	$60.71	6 %
Average Realized Silver Price per Ounce(1)	$21.15	$16.40	$15.53	29 %
Financial (in $millions)				
Revenues	$363.9	$363.9	$300.9	0 %
Mine Operating Earnings (Loss)	$105.1	$66.2	($11.9)	59 %
Earnings (Loss) before Income Taxes	$29.7	($39.0)	($263.0)	176 %
Net Earnings (Loss)	$23.1	($40.5)	($204.2)	157 %
Operating Cash Flows before Working Capital and Taxes	$107.3	$108.9	$61.6	(1 %)
Cash and Cash Equivalents	$238.6	$169.0	$57.0	41 %
Working Capital (1)	$254.4	$171.1	$108.1	49 %
Shareholders				
Earnings (Loss) per Share ("EPS") - Basic	$0.11	($0.20)	($1.11)	154 %
Adjusted EPS (1)	$0.18	$0.04	($0.21)	NM
Cash Flow per Share(1)	$0.50	$0.54	$0.34	(7 %)

NM - Not meaningful

(1) The Company reports non-GAAP measures which include cash costs per ounce produced, all-in sustaining cost per ounce, total production cost per tonne, average realized silver price per ounce sold, working capital, adjusted EPS and cash flow per share. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and the methods used by the Company to calculate such measures may differ from methods used by other companies with similar descriptions. See "Non-GAAP Measures" on pages 39 to 45 for a reconciliation of non-GAAP to GAAP measures.



Operational Highlights

Annual Production Summary	San Dimas	Santa Elena	La Encantada	Consolidated
Ore Processed / Tonnes Milled	713,064	640,276	860,613	**2,213,954**
Silver Ounces Produced	6,399,667	1,692,761	3,505,953	**11,598,380**
Gold Ounces Produced	71,598	28,242	241	**100,081**
Silver Equivalent Ounces Produced	12,670,526	4,181,708	3,526,776	**20,379,010**
Cash Costs per Ounce[1]	$2.04	$5.81	$10.27	**$5.09**
All-in Sustaining Cost per Ounce[1]	$8.75	$12.78	$12.43	**$13.92**
Total Production Cost per Tonne[1]	$127.91	$78.44	$40.37	**$79.59**

(1) See "Non-GAAP measures"

- **Annual silver production** of 11,598,380 ounces, which achieved the top-end of the Company's revised guidance range of 11.0 to 11.7 million ounces. Strong silver production from La Encantada and San Dimas in the second half of 2020 helped to offset some of the production losses during the Mexican national COVID-19 shutdowns in the second quarter of 2020.
- **Annual gold production** of 100,081 ounces, which was slightly below the Company's revised guidance range of 106,000 to 112,000 ounces, primarily due to lower production rates at Santa Elena and lower gold grades at San Dimas in the second half of 2020.
- **La Encantada achieved highest annual silver production since 2014** with 3.5 million ounces of silver produced during the year, representing a 14% increase from the prior year and beating the Company's revised production guidance of 3.1 to 3.3 million silver ounces.
- **Record consolidated silver recoveries** of 88% during 2020, the highest in the Company's 18-year history due primarily to the continued success with fine grinding technologies and mill modernizations.
- **The impact of COVID-19 on business and operations:**
    - In compliance with the decree issued by the Mexican Ministry of Health on March 31, 2020, the Company temporarily suspended operations at its three operating mines during most of April and May ("COVID-19 Suspensions"). Operations resumed following the Mexican Government's decision to allow the restart of mining activities on May 23, 2020.
    - In order to accommodate COVID-19 related protocols, all mines have been operating with reduced workforce levels. Worker availability continues to be a challenge but is currently being mitigated by increasing the use of temporary workers and contractors to replace vulnerable workers.
    - The Company continues to support its vulnerable workers with paid leave including base pay and medical services as needed. Vulnerable workers currently account for approximately 9% of the Company's workforce at its three operating mines, an improvement from 18% at the end of the second quarter.
- **Cash cost per ounce:** Cash cost per payable silver ounce in the year was $5.09, a marginal decrease compared to the previous year. The decrease in cash cost was primarily due to cost savings from suspension of higher cost mines in 2019 and a 12% weaker Mexican Peso, partially offset by lower by-product credits and decrease in production attributed to the COVID-19 Suspensions in the second quarter, as well as higher mining contractor costs and COVID-19 related costs.
- **All-in sustaining cost ("AISC"):** AISC per payable silver ounce in 2020 was $13.92, compared to $12.64 in the previous year. The increase in AISC per ounce was primarily attributed to an increase in fixed overhead costs, such as general and administration expenses and annual workers participation benefits, being divided by 12% less silver ounces produced due to the required COVID-19 Suspensions.

Financial Highlights

- **Robust cash position and liquidity:** The Company ended the year with cash and cash equivalents of $238.6 million compared to $169.0 million at the end of the previous year, while working capital improved to $254.4 million compared to $171.1 million.
- **Revenue:** The Company generated annual revenues of $363.9 million in 2020, consistent with 2019 as lost production from COVID-19 Suspensions and worker availability were offset by a 29% increase in average realized silver price, which averaged $21.15 per ounce during the year compared to $16.40 in 2019.

- **Mine operating earnings:** During the year, the Company recognized mine operating earnings of $105.1 million compared to $66.2 million in 2019. The increase in mine operating earnings was primarily driven by higher margins attributed to higher silver and gold prices, as well as shifting a greater proportion of the Company's production to its larger and lower cost operations.

- **Net earnings:** The Company recognized net earnings of $23.1 million (earnings per share of $0.11) in 2020 compared to net loss of $40.5 million (loss per share of $0.20) in 2019. Net loss in 2019 was primarily due to the $52.4 million after tax impairment on non-current assets taken in 2019.

- **Adjusted earnings:** Adjusted earnings (see “Non-GAAP Measures”), normalized for non-cash or unusual items such as COVID-19 standby costs, share-based payments and deferred income taxes for the year ended December 31, 2020 was $37.4 million ($0.18 per share), compared to adjusted earnings of $7.3 million ($0.04 per share) in 2019.

- **Cash flow from operations:** During the year, cash flow from operations before changes in working capital and income taxes was $107.3 million ($0.50 per share) compared to $108.9 million ($0.54 per share) in 2019.

Corporate Development and Other

- **Acquisition of Springpole Silver Stream from First Mining Gold Corp. ("First Mining"):** On July 2, 2020, the Company completed an agreement with First Mining to purchase 50% of the life of mine payable silver produced from the Springpole Gold Project ("Springpole Silver Stream"), a development stage mining project located in Ontario, Canada. Under the agreement, First Majestic agreed to pay First Mining total upfront consideration of $22.5 million in cash and shares, over three milestone payments, with ongoing payments of 33% of the silver spot price per ounce, to a maximum of $7.50 per ounce (subject to annual inflation escalation of 2% commencing at the start of the third anniversary of production), as payable silver is delivered by First Mining. The Company made its initial payment of $10.0 million in the third quarter by paying $2.5 million in cash and $7.5 million by issuing 805,698 common shares to First Mining. In January 2021, the Company completed its second payment of $7.5 million to First Mining for the acquisition of the Springpole Stream by paying $3.75 million in cash and issuing 287,300 common shares. The payment was due upon First Mining's announcement on January 20, 2021 of its positive results of the Pre-Feasibility Study ("PFS") for the Springpole Gold Project, located in northwestern Ontario, Canada. The PFS results support a 30,000 tonnes-per-day open pit mining operation over an 11 year mine life.
- **Option Agreement with Silver Dollar Resources Inc. ("Silver Dollar") for Sale of the La Joya Project:** In August 2020, First Majestic entered into a five year option agreement which gives Silver Dollar the option to earn an initial 80% interest in the Company's La Joya Project, following the exercise of which it may earn an additional 20% for an aggregate 100% interest within five years of executing the option agreement.
    - To exercise its first option to acquire an 80% interest in the La Joya Project, Silver Dollar will pay the Company CAD$1.3 million in cash over four years, issue shares equal to 19.9% of Silver Dollar's then-outstanding common shares within one year, incur CAD$1.0 million of exploration expenditures within the first five years, and grant First Majestic a 2% net smelter returns royalty. If Silver Dollar incurs the exploration expenditures within the first three years; however, First Majestic will waive CAD$600,000 of the remaining cash option payments.
    - Silver Dollar may exercise its second option and acquire the remaining 20% (for an aggregate 100% interest) of the La Joya Project by providing notice to First Majestic within 30 days of earning the first 80% interest and issuing to First Majestic additional shares equal to 5% of Silver Dollar's then-outstanding common shares.
    - During the third quarter, the Company has received CAD$0.3 million in cash and 19.9% of Silver Dollar’s outstanding common shares or 5,146,401 common shares with a fair value of $6.9 million from Silver Dollar. After netting La Joya's carrying value of $0.6 million, the Company recognized a gain of $6.5 million on the transaction.
- **Divestiture of the Plomosas Silver Project** In March 2020, the Company sold its Plomosas Silver Project to GR Silver Mining Ltd. ("GR Silver") for total consideration of $1.7 million, consisting of 17,097,500 common shares of GR Silver with a fair value of $1.7 million on the measurement date, CAD$100,000 in cash and a 2% net smelter return royalty on the Plomosas Project with half of the NSR being subject to a buy-back option for CAD$1,000,000.

2020 FOURTH QUARTER HIGHLIGHTS

Key Performance Metrics	2020-Q4	2020-Q3	Change Q4 vs Q3	2019-Q4	Change Q4 vs Q4
Operational					
Ore Processed / Tonnes Milled	625,332	655,920	(5 %)	626,482	0 %
Silver Ounces Produced	3,452,959	3,158,866	9 %	3,348,424	3 %
Silver Equivalent Ounces Produced	5,477,492	5,201,085	5 %	6,233,412	(12 %)
Cash Costs per Ounce (1)	$6.53	$2.49	162 %	$3.73	75 %
All-in Sustaining Cost per Ounce (1)	$15.92	$9.94	60 %	$12.25	30 %
Total Production Cost per Tonne (1)	$85.68	$71.56	20 %	$78.62	9 %
Average Realized Silver Price per Ounce (1)	$24.88	$22.58	10 %	$17.46	43 %
Financial (in $millions)					
Revenues	$117.1	$125.9	(7 %)	$96.5	21 %
Mine Operating Earnings	$43.7	$48.0	(9 %)	$23.9	82 %
Net Earnings (Loss)	$34.5	$30.9	12 %	($39.9)	NM
Operating Cash Flows before Movements in Working Capital and Taxes	$48.2	$52.2	(8 %)	$32.9	47 %
Cash and Cash Equivalents	$238.6	$232.4	3 %	$169.0	41 %
Working Capital (1)	$254.4	$266.7	(5 %)	$171.1	49 %
Shareholders					
Earnings (Loss) per Share ("EPS") - Basic	$0.16	$0.14	8 %	($0.19)	NM
Adjusted EPS (1)	$0.11	$0.12	(9 %)	$0.00	NM
Cash Flow per Share (1)	$0.22	$0.24	(10 %)	$0.16	36 %

NM - Not meaningful

(1) See "Non-GAAP Measures"

Fourth Quarter Production Summary	San Dimas	Santa Elena	La Encantada	Consolidated
Ore Processed / Tonnes Milled	208,648	168,276	248,408	**625,332**
Silver Ounces Produced	1,941,286	418,153	1,093,521	**3,452,959**
Gold Ounces Produced	19,980	6,294	69	**26,343**
Silver Equivalent Ounces Produced	3,477,061	901,630	1,098,800	**5,477,492**
Cash Costs per Ounce	$3.23	$11.69	$10.39	**$6.53**
All-in Sustaining Cost per Ounce	$10.09	$23.02	$12.37	**$15.92**
Total Production Cost per Tonne	$135.13	$86.32	$43.72	**$85.68**

Operational Highlights

- **Total production in the fourth quarter was 5.5 million silver equivalent ounces** , consisting of 3.5 million ounces of silver and 26,343 ounces of gold. Quarterly silver and gold production increased 9% and 2%, respectively, compared to the prior quarter.
- **San Dimas achieved its highest quarterly silver production since the mine was acquired by First Majestic** and produced 1.9 million ounces of silver and 19,980 ounces of gold, representing an increase of 16% and 9%, respectively, from the prior quarter.
- **La Encantada reached its highest quarterly production since the second quarter of 2013** and produced 1.1 million silver ounces, representing a 12% increase from the prior quarter.
- **Cash cost per ounce** for the quarter was $6.53 per payable silver ounce, compared to $2.49 per ounce in the previous quarter. The increase in cash cost was primarily due to: higher gold by-product credits realized in the third quarter attributed to inventory that rolled over from the second quarter, which contributed an additional $7.4 million or $2.34 per ounce in by-product credits in the previous quarter; a 6% stronger Mexican Peso against the U.S. Dollar compared to the previous quarter; as well as higher COVID-19 related expenses.
- **AISC per ounce** in the fourth quarter was $15.92 per ounce compared to $9.94 per ounce in the previous quarter. The increase in AISC per ounce was primarily attributed to increase in cash cost per ounce, higher sustaining development and capital expenditure activities as the mines ramp up operations after the COVID-19 Suspensions.
- **Project Updates:**
    - **San Dimas Mill Modernization Project:** A new contractor camp for over 100 workers is being constructed at San Dimas to support the high-intensity grinding ("HIG") mill installation and plant modernization programs. Demolition work and new process piping runs have continued throughout the quarter, however, due to current COVID-19 restrictions the phase-1 HIG mill project completion date has been extended to the second half of 2021.
    - **Santa Elena's Ermitaño Project:** the Company completed approximately 923 metres of underground development during the quarter. The underground ventilation circuit, which ties together the West and East ramps, was completed at the end of November. On surface, the construction of the transmission power line and housing for the temporary diesel generators were completed. The diesel generators were delivered to site in early January and are currently undergoing installation.
    - **Santa Elena LNG Project:** Liquefied Natural Gas ("LNG") generators were successfully installed at Santa Elena's new LNG power facility during the quarter and the project was approximately 90% complete at year end. Electromechanical activities such as the installation of the natural gas pipelines, cooling system, instrumentation and controls, plant safety infrastructure and connection of the main electric cables continued throughout the quarter. Dry-testing and commissioning activities have commenced and the power generation plant is expected to be fully operational in the second quarter of 2021 after completing the commissioning and ramp-up period.
- **Exploration program in the fourth quarter expanded** as the Company returned to normal operations resulting from the construction of additional camp facilities and the reduction of the COVID-19 pandemic restrictions. At the end of the fourth quarter, 25 exploration drill rigs were active across the Company's mines and projects consisting of 12 rigs at San Dimas, seven rigs at Santa Elena, four rigs at La Encantada and two rigs at La Parrilla.

Financial Highlights

- In the fourth quarter, the Company generated revenues of $117.1 million compared to $96.5 million in the fourth quarter of 2019. The increase in revenues was attributed primarily to a 43% increase in average realized silver price, partially offset by a 13% decrease in silver equivalent ounces sold.
- The Company realized mine operating earnings of $43.7 million compared to $23.9 million in the fourth quarter of 2019. The increase in mine operating earnings was primarily attributed to higher metal prices.
- Net earnings for the quarter was $34.5 million (EPS of $0.16) compared to net loss of $39.9 million (EPS of ($0.19)) in the fourth quarter of 2019. The increase in net earnings was primarily attributed to a $52.4 million after-tax impairment loss taken in the fourth quarter of the prior year.

- Adjusted net earnings for the quarter, normalized for non-cash or unusual items such as unrealized gain or loss on mark-to-market adjustment of foreign currency derivatives and marketable securities, share-based payments, impairment of non-current assets and deferred income taxes for the quarter ended December 31, 2020, was $24.2 million (Adjusted EPS of $0.11) compared to adjusted net earnings of $0.3 million (Adjusted EPS of $0.00) in the fourth quarter of 2019.
- Cash flow generated by operations before movements in working capital and income taxes in the quarter was $48.2 million ($0.22 per share) compared to $32.9 million ($0.16 per share) in the fourth quarter of 2019.
- Cash and cash equivalents at December 31, 2020 increased to record levels of $238.6 million and working capital was $254.4 million.

2021 PRODUCTION OUTLOOK AND COST GUIDANCE UPDATE

This section provides management's production outlook and cost guidance for 2021. These are forward-looking estimates and are subject to the cautionary note regarding the risks associated with relying on forward-looking statements at the end of this MD&A. Actual results may vary based on production and other external factors.

The Company expects 2021 production from its three operating mines to range between 12.5 to 13.9 million ounces of silver and 100,000 to 112,000 ounces of gold for total production (with gold credits converted to silver ounces) of between 20.6 to 22.9 million silver equivalent ounces. Based on the midpoint of the guidance range the Company expects a 14% increase in silver production and a 7% increase in total production when compared to 2020. The expected increases are primarily due to higher throughputs and silver grades at San Dimas and having a full year of production following Mexico's two month national shutdown in 2020, offset by a lower silver to gold ratio which impacts the calculation of conversion to silver equivalent ounces.

A mine-by-mine breakdown of the 2021 production guidance is included in the table below. Effective 2021, the Company is adjusting its cost guidance and future reporting to reflect cash costs and all-in sustaining cost per ounce ("AISC") on a per silver equivalent payable ounce basis compared to previous disclosure of only silver payable ounces. For 2021, the Company is using an 80:1 silver to gold ratio compared to a 100:1 silver to gold ratio in its revised 2020 guidance. Metal price and foreign currency assumptions for calculating equivalents are: silver $22.50/oz, gold $1,800/oz, USD:MXN 20:1.

Guidance for 2021

Mine	Silver Oz (M)	Gold Oz (K)	Silver Eqv Oz (M)	Cash Costs per AgEq Oz ($)	AISC per AgEq Oz ($)*
San Dimas	7.1 – 8.0	72 – 80	12.9 – 14.4	7.94 – 8.43	11.36 – 12.23
Santa Elena	2.0 – 2.2	29 – 32	4.3 – 4.8	12.93 – 13.71	16.49 – 17.68
La Encantada	3.4 – 3.7	–	3.4 – 3.7	11.20 – 11.89	13.72 – 14.70
Consolidated	**12.5 – 13.9**	**100 – 112**	**20.6 – 22.9**	**$9.52 – $10.10**	**$14.81 – $15.99**

*Certain amounts shown may not add exactly to the total amount due to rounding differences.
*Cash Cost and AISC is a non-GAAP measure. Consolidated AISC includes Corporate General & Administrative cost estimates and non-cash costs of $1.74 to $1.94 per payable silver equivalent ounce. The Company calculates consolidated AISC in the manner set out in the table below.

The Company is projecting its 2021 AISC to be within a range of $14.81 to $15.99 on a per consolidated payable silver equivalent ounce basis. Excluding non-cash items, the Company anticipates its 2021 AISC to be within a range of $14.17 to $15.29 per payable silver equivalent ounce. An itemized AISC cost table is provided below:

All-In Sustaining Cost Calculations [1]	FY 2021 ($/AgEq oz)
Total Cash Costs per Payable Silver Equivalent Ounce [2]	9.52 – 10.10
General and Administrative Costs	1.10 – 1.23
Sustaining Development Costs	1.37 – 1.53
Sustaining Property, Plant and Equipment Costs	1.04 – 1.16
Sustaining Exploration Costs	0.02 – 0.03
Workers Participation Costs	0.74 – 0.82
Lease Payments	0.37 – 0.42
Share-based Payments (non-cash)	0.52 – 0.58
Accretion of Reclamation Costs (non-cash)	0.12 – 0.13
All-In Sustaining Costs:	**$14.81 – $15.99**
All-In Sustaining Costs: (excluding non-cash items)	**$14.17 – $15.29**

1. AISC is a non-GAAP measure and is calculated based on the Company's consolidated operating performance. Other mining companies may calculate AISC differently as a result of differences in underlying accounting principles, the definition of "sustaining costs" and the distinction between sustaining and expansionary capital costs.
2. Total cash cost per payable silver equivalent ounce includes estimated royalties and 0.5% mining environmental fee of $0.11 per payable silver equivalent ounce.

Ermitaño Development and Construction Remain Key Focus in 2021

Since its initial discovery in 2016, the high-grade Ermitaño project has been a priority exploration project for the Company. Located four kilometres east of the existing Santa Elena mill facility, the project has the potential to add significant mine life to the Santa Elena operation.

Since 2016, the Company has completed approximately 72,270 metres of diamond drilling on the property. The Company is planning to release a Preliminary Economic Assessment ("PEA") and updated Resource statement for Ermitaño, with an effective cut-off date of December 31, 2020, by the end of the first quarter of 2021. Furthermore, the Company is currently conducting hydrogeological and geotechnical drilling and testing which will be used as key study work for a planned Pre-Feasibility Study ("PFS") on the project. The PFS is expected to be released in the second half of 2021 and will define initial Reserves, production rates, costs and estimated life of mine for the Ermitaño project.

In 2021, the Company has budgeted a total of $42.1 million to be invested at Ermitaño to prepare for initial limited mine ore production in the second half of 2021 followed by production ramp up in early 2022. Procurement for the underground mobile mining fleet is expected to occur in the first half of 2021. The Company expects to begin initial test block mining at Ermitaño by mid-2021 to assess the geotechnical conditions, subject to delineation drilling results, and extract approximately 30,000 to 60,000 tonnes of ore material to be used for industrial metallurgical testing purposes. In addition, blending and batching test work is expected to be completed by mid-year to determine the ideal processing procedure to apply at the Santa Elena processing plant.

Investing for Future Growth

In 2021, the Company plans to invest a total of $168.4 million on capital expenditures consisting of $55.7 million for sustaining investments and $112.7 million for expansionary projects (including $42.1 million on the Ermitaño project). This represents a 35% increase compared to the Company's 2020 capital expenditures (a 15% increase excluding the Ermitaño project) and is aligned with the Company's future growth strategy of investments in fine grinding technology, processing plant modernizations, mine development and to prepare the Ermitaño project for production in early 2022.

The 2021 annual budget includes: total capital investments of $75.9 million to be spent on underground development; $49.8 million towards property, plant and equipment; $27.6 million in exploration; and $15.1 million towards corporate innovation projects. Management may revise the guidance and budget during the year to reflect actual and anticipated changes in metal prices or to the business.

The Company plans to increase underground development in 2021 to approximately 47,000 metres compared to 38,504 metres completed in 2020. The 2021 development program consists of approximately 27,800 metres at San Dimas; 8,800 metres at Santa Elena; 4,600 metres at La Encantada; and 5,800 metres at the Ermitaño project near Santa Elena. This year-over-year increase is primarily due to the return to normal operating levels following the two-month national shutdown in the second quarter of 2020 and increased ore development within existing mines. In addition, higher development rates are planned at the Ermitaño project in order to prepare the mine for initial production in early 2022.

The Company also plans to increase exploration drilling in 2021 to approximately 184,150 metres compared to 156,244 metres completed in 2020. The 2021 drilling program will consist of approximately 104,000 metres at San Dimas with infill and step out holes focusing on near mine and brownfield targets in the West, Central, and Tayoltita blocks; 37,600 metres at Santa Elena with near mine, brownfield and greenfield holes continuing to test the Main, America and Alejandra veins and new targets north and south of the mine area; 14,550 metres at La Encantada with infill and step out holes testing the potential of several near mine and brownfield targets; 13,900 metres at the Ermitaño project intended to increase resource confidence and add new mineral resources; and 7,600 metres at Del Toro and 6,500 metres at La Parrilla intended to test new brownfield and greenfield targets identified through generative exploration in 2020.

Mr. Ramon Mendoza Reyes, Vice President of Technical Services for First Majestic, is a "Qualified Person" as such term is defined under National Instrument 43-101 and has reviewed and approved the technical information disclosed in this MD&A.

OVERVIEW OF OPERATING RESULTS

Selected Production Results for the Past Eight Quarters

	2020				2019			
PRODUCTION HIGHLIGHTS	**Q4**	**Q3**	**Q2[4]**	**Q1**	**Q4[3]**	**Q3[1][2]**	**Q2**	**Q1**
Ore processed/tonnes milled								
San Dimas	208,648	189,918	114,390	200,109	182,265	173,679	172,368	163,264
Santa Elena	168,276	204,577	89,590	177,834	196,640	229,094	229,761	219,941
La Encantada	248,408	261,425	129,579	221,200	221,049	191,926	207,421	269,611
San Martin	—	—	—	—	—	—	39,213	62,148
La Parrilla	—	—	—	—	—	33,439	61,544	72,551
Del Toro	—	—	—	—	26,528	27,829	26,587	25,138
Consolidated	**625,332**	**655,920**	**333,559**	**599,142**	**626,482**	**655,967**	**736,896**	**812,654**
Silver equivalent ounces produced								
San Dimas	3,477,061	3,125,662	2,395,633	3,672,169	3,516,117	3,502,102	3,641,139	3,172,270
Santa Elena	901,630	1,091,026	595,651	1,593,400	1,592,397	1,859,170	1,461,345	1,403,364
La Encantada	1,098,800	984,397	514,092	929,487	991,856	891,205	492,957	723,699
San Martin	—	—	—	—	—	—	271,450	421,091
La Parrilla	—	—	—	—	—	258,683	420,712	441,095
Del Toro	—	—	—	—	133,042	125,557	122,879	112,158
Consolidated	**5,477,492**	**5,201,085**	**3,505,376**	**6,195,057**	**6,233,412**	**6,636,716**	**6,410,483**	**6,273,677**
Silver ounces produced								
San Dimas	1,941,286	1,678,075	1,102,931	1,677,376	1,658,721	1,639,481	1,603,016	1,404,454
Santa Elena	418,153	502,375	222,100	550,133	619,321	632,216	596,872	587,195
La Encantada	1,093,521	978,416	509,544	924,472	987,630	885,627	489,194	720,959
San Martin	—	—	—	—	—	—	224,056	331,539
La Parrilla	—	—	—	—	—	135,420	202,698	219,485
Del Toro	—	—	—	—	82,752	74,997	77,729	67,757
Consolidated	**3,452,959**	**3,158,866**	**1,834,575**	**3,151,980**	**3,348,424**	**3,367,740**	**3,193,566**	**3,331,388**
Cash cost per payable silver ounce								
San Dimas	$3.23	($1.50)	$3.77	$3.08	$0.74	$2.28	$1.64	$0.93
Santa Elena	$11.69	$0.85	$15.10	$2.12	($1.40)	($7.24)	$4.28	$2.81
La Encantada	$10.39	$10.14	$9.38	$10.77	$10.12	$10.72	$16.57	$12.60
San Martin	$—	$—	$—	$—	$—	$—	$16.52	$11.35
La Parrilla	$—	$—	$—	$—	$—	$16.27	$14.13	$16.58
Del Toro	$—	$—	$—	$—	$28.62	$29.83	$27.29	$27.20
Consolidated	**$6.53**	**$2.49**	**$6.73**	**$5.16**	**$3.73**	**$3.83**	**$6.84**	**$6.34**
All-in sustaining cost per payable silver ounce								
San Dimas	$10.09	$4.09	$13.04	$9.02	$7.41	$7.30	$8.49	$5.65
Santa Elena	$23.02	$6.37	$24.71	$6.03	$3.66	($5.17)	$7.73	$6.37
La Encantada	$12.37	$12.11	$11.60	$13.31	$12.67	$12.67	$18.87	$13.72
San Martin	$—	$—	$—	$—	$—	$—	$21.15	$15.67
La Parrilla	$—	$—	$—	$—	$—	$28.81	$21.61	$25.62
Del Toro	$—	$—	$—	$—	$38.84	$39.77	$36.33	$35.89
Consolidated	**$15.92**	**$9.94**	**$18.57**	**$12.99**	**$12.25**	**$10.76**	**$14.76**	**$12.91**
Production cost per tonne								
San Dimas	$135.13	$120.60	$129.67	$126.33	$127.19	$135.71	$142.42	$122.17
Santa Elena	$86.32	$71.44	$74.50	$81.04	$68.77	$57.78	$58.88	$56.53
La Encantada	$43.72	$36.04	$36.80	$43.82	$43.92	$47.86	$38.29	$32.71
San Martin	$—	$—	$—	$—	$—	$—	$109.51	$80.39
La Parrilla	$—	$—	$—	$—	$—	$89.40	$75.96	$76.78
Del Toro	$—	$—	$—	$—	$106.99	$98.98	$91.89	$95.06
Consolidated	**$85.68**	**$71.56**	**$78.78**	**$82.41**	**$78.62**	**$78.87**	**$77.93**	**$66.65**

1) La Parrilla was placed on temporary suspension effective September 2, 2019.

2) San Martin was placed on temporary suspension effective July 1, 2019 due to a growing insecurity in the area and safety concerns for our workforce. The re-opening date is contingent on security conditions in the region and cannot be determined at this time.
3) Del Toro's mining and milling operations were placed on temporary suspension effective January 1, 2020 to improve overall operating cash flows while focusing on an expanded drill program in the area.
4) In response to the COVID-19 pandemic, the Mexican Ministry of Health issued a decree requiring non-essential businesses, including mining, to temporarily suspend activities until May 23, 2020. As a result, production and costs were adversely affected during the quarter.

Operating Results – Consolidated Operations

CONSOLIDATED	2020-Q4	2020-Q3	2020-Q2	2020-Q1	2020-YTD	2019-YTD	Change Q4 vs Q3	Change '20 vs '19
Ore processed/tonnes milled	625,332	655,920	333,559	599,142	2,213,954	2,831,999	(5 %)	(22 %)
Average silver grade (g/t)	194	170	193	185	184	169	14 %	9 %
Average gold grade (g/t)	1.37	1.27	1.52	1.74	1.46	1.54	7 %	(5 %)
Silver recovery (%)	89 %	88 %	89 %	89 %	88 %	86 %	1 %	2 %
Gold recovery (%)	96 %	96 %	96 %	96 %	96 %	96%	0 %	0 %
Production								
Silver ounces produced	3,452,959	3,158,866	1,834,575	3,151,980	11,598,380	13,241,118	9 %	(12 %)
Gold ounces produced	26,343	25,771	15,764	32,202	100,081	134,580	2 %	(26 %)
Pounds of lead produced	—	—	—	—	—	7,935,566	0 %	(100 %)
Pounds of zinc produced	—	—	—	—	—	3,691,100	0 %	(100 %)
Silver Equivalent Ounces Produced	5,477,492	5,201,085	3,505,376	6,195,057	20,379,010	25,554,288	5 %	(20 %)
Cost								
Cash cost per payable silver ounce	$6.53	$2.49	$6.73	$5.16	$5.09	$5.16	162 %	(1 %)
All-In sustaining costs per ounce	$15.92	$9.94	$18.57	$12.99	$13.92	$12.64	60 %	10 %
Total production cost per tonne	$85.68	$71.56	$78.78	$82.41	$79.59	$75.05	20 %	6 %
Underground development (m)	12,004	9,575	4,666	10,888	38,504	54,517	25 %	(29 %)
Diamond drilling (m)	57,147	46,516	10,250	40,458	156,244	204,371	23 %	(24 %)

The Impact of COVID-19 on Business and Operations

In compliance with the decree issued by the Mexican Ministry of Health on March 31, 2020, the Company temporarily suspended operations at its three operating mines during most of April and May ("COVID-19 Suspensions"). Operations resumed following the Mexican Government's decision to allow the restart of mining activities on May 23, 2020 contingent on the government approving sanitary control plans for each operations.

In order to accommodate COVID-19 related protocols, all mines have been operating with reduced workforce levels. Worker availability continues to be a challenge but is currently being mitigated by increasing the use of temporary workers and contractors to replace vulnerable workers.

The Company continues to support its vulnerable workers with paid leave including base pay and medical services as needed. "Vulnerable employees" as defined by the Mexican Ministry of Health consists of any of the following list of conditions including: anyone 60 years of age or older and workers with pre-existing conditions or compromised immune systems. Vulnerable workers currently account for approximately 9% of the Company's workforce at its three operating mines. The Company is also supporting local communities by sponsoring health professionals, medical equipment, personal protective equipment, medicine and health supplements.

During the fourth quarter, the Company constructed and advanced Polymerase Chain Reaction ("PCR") laboratory test facility in the city of Durango and partnered with a test labs at Hermosillo, Sonora to speed up COVID-19 testing capabilities at its mine sites. Preventative control measures to protect the safety and health of our employees, contractors and communities in which we operate, including social distancing, remote working, cancellation of any non-essential visits to the mines, comprehensive sanitation measures for the workplace and company transportation, as well as pre-screening for virus symptoms remain in effect.

Production

During the year, the Company produced 20.4 million silver equivalent ounces, consisting of 11.6 million ounces of silver and 100,081 ounces of gold. Silver production achieved the top-end of the Company's revised guidance range of 11.0 to 11.7 million ounces. Strong silver production from La Encantada and San Dimas in the second half of 2020 helped to offset some of the production losses during the Mexican national COVID-19 shutdowns in the second quarter of 2020. Gold production was slightly below the Company's guidance range of 106,000 to 112,000 ounces, primarily due to lower production rates at Santa Elena and lower gold grades at San Dimas in the second half of 2020.

Consolidated silver recoveries achieved a record of 88% during the year, the highest in the Company's 18-year history due primarily to the continued success with fine grinding technologies and mill modifications.

In the fourth quarter, total production was 5.5 million silver equivalent ounces, consisting of 3.5 million ounces of silver and 26,343 ounces of gold. Quarterly silver and gold production increased 9% and 2%, respectively, compared to the prior quarter.

Despite COVID-19 related challenges, San Dimas and La Encantada both achieved significant milestones during the fourth quarter:

- San Dimas achieved its highest quarterly silver production since the mine was acquired by First Majestic and produced 1.9 million ounces of silver and 19,980 ounces of gold, representing an increase of 16% and 9%, respectively, from the prior quarter; and
- La Encantada reached its highest quarterly production since the second quarter of 2013 and produced 1.1 million silver ounces, representing a 12% increase from the prior quarter.

Consolidated silver grades in the quarter averaged 194 g/t compared to 170 g/t in the previous quarter and consolidated gold grades averaged 1.37 g/t compared to 1.27 g/t in the prior quarter. Consolidated silver and gold recoveries averaged 89% and 96%, respectively, consistent with the previous quarter. La Encantada continues to achieve higher recoveries as a result of improved blending procedures of stockpiles and processing ore with low manganese content.

Cash Cost and All-In Sustaining Cost per Ounce

Cash cost per payable silver ounce in the year was $5.09, a slight decrease compared to the previous year. The decrease in cash cost was primarily due to cost savings from suspension of higher cost mines in 2019 and a 12% weaker Mexican Peso, partially offset by lower by-product credits and decrease in production attributed to the COVID-19 Suspensions in the second quarter, as well as higher mining contractor costs and COVID-19 related costs.

AISC per payable silver ounce in 2020 was $13.92, compared to $12.64 in the previous year. The increase in AISC per ounce was primarily attributed to an increase in fixed overhead costs, such as general and administration expenses and annual workers participation benefits, being divided by 12% less silver ounces produced due to the required COVID-19 Suspensions.

Cash cost per payable silver ounce for the quarter was $6.53 per payable silver ounce, compared to $2.49 per ounce in the previous quarter. The increase in cash cost was primarily due to higher gold by-product credits realized in the third quarter attributed to inventory that rolled over from the second quarter, which contributed an additional $7.4 million or $2.34 per ounce in by-product credits in the previous quarter, a 6% stronger Mexican Peso against the U.S. Dollar compared to the previous quarter, as well as higher COVID-19 related expenses.

AISC per payable silver ounce in the fourth quarter was $15.92 per ounce compared to $9.94 per ounce in the previous quarter. The increase in AISC per payable silver ounce was primarily attributed to increase in cash cost per ounce, higher sustaining development and capital expenditure activities as the mines restarted major capital projects after the COVID-19 Suspensions.

Development and Exploration

In 2020, the Company completed 38,504 metres of underground development and 156,244 metres of diamond drilling, a decrease of 29% and 24%, respectively, compared to the previous year. At the end of the year, 25 exploration drill rigs were active across the Company's mines and projects consisting of 12 at San Dimas, seven at Santa Elena, four at La Encantada and two at La Parrilla.

The 2020 exploration program primarily included completion of 87,659 metres in 259 drill holes at San Dimas, 16,323 metres in 74 holes at Santa Elena, 16,250 metres in 48 holes at Ermitaño and 18,611 metres in 61 holes at La Encantada. In addition, the Company completed 18,971 metres of regional drilling in 50 holes, including 6,560 metres of greenfield drilling in 21 holes at Santa Elena's Los Hernandez project and 10,224 metres of brownfield drilling in 19 holes at La Parrilla.

The 2021 drilling program is planned to consist of 192,900 metres including approximately 84,750 metres at San Dimas intended to add new mineral resources with a focus on the West, Central, and Tayoltita blocks; 30,500 metres at Santa Elena to continue exploring the Main, Alejandra Bajo and America veins, and to test greenfield targets around Los Hernandez; 15,000 metres at the Ermitaño project intended to increase resource confidence and add new mineral resources; 21,200 metres at La Encantada with an emphasis on exploring the mineral potential of several brownfield targets; and 22,450 metres at Del Toro and 19,000 metres at La Parrilla intended to test near mine, brownfield, and greenfield targets.

San Dimas Silver/Gold Mine, Durango, México

The San Dimas Silver/Gold Mine is located approximately 130 km northwest of Durango, Durango State, Mexico and consists of 71,868 hectares of mining claims located in the states of Durango and Sinaloa, Mexico. San Dimas is one of the country's most prominent silver mines and the largest producing underground mine in the state of Durango with over 250 years of operating history. The San Dimas operating plan involves processing ore from several underground mining areas with a 2,500 tpd capacity milling operation which produces silver/gold doré bars. The mine is accessible via a 40-minute flight from the Durango International Airport to the private airstrip in the town of Tayoltita. The Company owns 100% of the San Dimas mine.

San Dimas	2020-Q4	2020-Q3	2020-Q2	2020-Q1	2020-YTD	2019-YTD	Change Q4 vs Q3	Change '20 vs '19
Total ore processed/tonnes milled	208,648	189,918	114,390	200,109	713,064	691,576	10 %	3 %
Average silver grade (g/t)	309	290	318	280	297	305	7 %	(3 %)
Average gold grade (g/t)	3.10	3.11	3.38	3.44	3.24	4.08	0 %	(21 %)
Silver recovery (%)	94 %	95 %	94 %	93 %	94 %	93 %	(1 %)	1 %
Gold recovery (%)	96 %	96 %	97 %	96 %	96 %	96 %	0 %	0 %
Production								
Silver ounces produced	1,941,286	1,678,075	1,102,931	1,677,376	6,399,667	6,305,672	16 %	1 %
Gold ounces produced	19,980	18,268	12,042	21,308	71,598	87,424	9 %	(18 %)
Silver equivalent ounces produced	3,477,061	3,125,662	2,395,633	3,672,169	12,670,526	13,831,627	11 %	(8 %)
Cost								
Cash cost per ounce	$3.23	($1.50)	$3.77	$3.08	$2.04	$1.41	NM	45 %
All-In sustaining costs per ounce	$10.09	$4.09	$13.04	$9.02	$8.75	$7.26	147 %	21 %
Total production cost per tonne	$135.13	$120.60	$129.67	$126.33	$127.91	$131.90	12 %	(3 %)
Underground development (m)	8,454	7,111	3,488	7,100	26,154	24,021	19 %	9 %
Diamond drilling (m)	26,537	30,004	9,031	22,087	87,659	76,467	(12)%	15 %

NM - Not meaningful

2020 vs. 2019

In 2020, San Dimas produced 6,399,667 ounces of silver and 71,598 ounces of gold for a total production of 12,670,526 equivalent silver ounces, an 8% decrease compared to 13,831,627 silver equivalent ounces in 2019. The mill processed a total of 713,064 tonnes compared to 691,576 tonnes in the previous year. Strong silver production from San Dimas in the second half of 2020 helped to offset some of the production losses resulting from the national COVID-19 shutdowns which occurred in the second quarter of 2020.

During 2020, silver and gold grades averaged 297 g/t and 3.24 g/t, respectively, compared to 305 g/t and 4.08 g/t in the previous year. Silver and gold recoveries averaged 94% and 96%, respectively, which were consistent with 2019.

During the year, cash cost per payable silver ounce averaged $2.04 compared to $1.41 per ounce in 2019. AISC averaged $8.75 per ounce in 2020 compared to $7.26 per ounce in 2019. The increase was primarily attributed to higher union costs, mining contractor costs to replace vulnerable workers, COVID-19 related medical and supplies expenditures, as well as lower by-product credits due to the reduction in gold produced, partially offset by a 12% weaker Mexican Peso against the U.S. Dollar compared to the previous year.

The San Dimas mine is subject to a gold and silver streaming agreement with Wheaton Precious Metals Corp. ("Wheaton" or "WPM") which entitles Wheaton to receive 25% of the gold equivalent production (based on a fixed exchange ratio of 70 silver ounces to 1 gold ounce) at San Dimas in exchange for ongoing payments equal to the lesser of $600 (subject to a 1% annual inflation adjustment commencing in May 2019) and the prevailing market price, for each gold ounce delivered. Should the average gold to silver ratio over a six month period exceed 90:1 or fall below 50:1, the fixed exchange ratio would be increased to 90:1 or decreased to 50:1, respectively. The fixed gold to silver exchange ratio was revised to 90:1 on April 1, 2020 and reverted to 70:1 on October 14, 2020 after the average gold to silver price ratio over a six month period fell back below 90:1. During the year ended December 31, 2020, the Company delivered 38,604 ounces (2019 - 44,667 ounces) of gold to WPM at $610 (2019 - $604) per ounce.

During the year, a total of 26,154 metres of underground development and 87,659 metres of diamond drilling were completed compared to 24,021 metres and 76,467 metres, respectively, in the prior year.

2020Q4 vs. 2020Q3

During the fourth quarter, San Dimas produced a total of 3,477,061 silver equivalent ounces compared to 3,125,662 silver equivalent ounces in the prior quarter. The mine recorded its highest quarterly silver production under First Majestic's ownership which produced 1,941,286 ounces of silver and 19,980 ounces of gold representing an increase of 16% and 9%, respectively compared to the prior quarter.

The mill processed a total of 208,648 tonnes with average silver and gold grades of 309 g/t and 3.10 g/t, respectively, compared to 189,918 tonnes milled with average silver and gold grades of 290 g/t and 3.11 g/t in the previous quarter. The Central Block and Sinaloa Graben areas contributed approximately 72% and 24%, respectively, of the total production during the quarter.

Silver and gold recoveries averaged 94% and 96%, respectively, during the quarter which were consistent with the prior quarter.

In the fourth quarter, cash cost per ounce was $3.23 per ounce compared to negative $1.50 per ounce in the prior quarter. The increase in cash cost was primarily due to higher gold by-product credits realized in the third quarter attributed to the sale of withheld metal inventory from the second quarter, an increase in mining contractor costs and productivity bonus as a result of increase in throughput during the quarter.

AISC for the quarter was $10.09 per ounce compared to $4.09 per ounce in the prior quarter. The increase in AISC was primarily due to the increase in cash cost per ounce, as well as accelerated mine development investments during the quarter.

A total of 8,454 metres of underground development in the fourth quarter, compared to 7,111 metres in the prior quarter. Rehabilitation efforts on six kilometres of underground rail-car tracks inside the Tayoltita mine was mostly completed during the quarter. Initial production from the Tayoltita mine began in June and is expected to ramp-up to more than 200 tpd in 2021.

During the fourth quarter, three surface drills and nine underground drills completed 26,537 metres compared to 30,004 metres in the prior quarter. Drilling in the fourth quarter was focused in the Central, Sinaloa and Tayoltita Blocks and one regional project.

The Company is expecting to release an updated NI 43-101 Technical Report on San Dimas by the end of the first quarter of 2021.

Santa Elena Silver/Gold Mine, Sonora, México

The Santa Elena Silver/Gold Mine is located approximately 150 kilometres northeast of the city of Hermosillo, Sonora, Mexico and owns mining concessions totaling over 102,244 hectares. The operating plan for Santa Elena involves the processing of ore in a 3,000 tpd cyanidation circuit from a combination of underground reserves and spent ore from the previous heap leach pad. The Company owns 100% of the Santa Elena mine.

SANTA ELENA	2020-Q4	2020-Q3	2020-Q2	2020-Q1	2020-YTD	2019-YTD	Change Q4 vs Q3	Change '20 vs '19
Total ore processed/tonnes milled	168,276	204,577	89,590	177,834	640,276	875,435	(18 %)	(27 %)
Underground tonnes								
Tonnes milled	105,591	133,108	58,223	125,529	422,451	542,085	(21 %)	(22 %)
Average silver grade (g/t)	113	109	109	130	116	131	4 %	(11 %)
Average gold grade (g/t)	1.58	1.49	1.70	2.48	1.84	2.31	6 %	(20 %)
Heap leach tonnes								
Tonnes milled	62,685	71,469	31,366	52,305	217,826	333,351	(12 %)	(35 %)
Average silver grade (g/t)	33	34	32	36	34	37	(3 %)	(8 %)
Average gold grade (g/t)	0.61	0.61	0.62	0.73	0.64	0.66	0 %	(3 %)
Silver recovery (%)	93 %	93 %	92 %	94 %	93 %	91 %	0 %	2 %
Gold recovery (%)	96 %	95 %	95 %	96 %	96 %	95 %	1 %	1 %
Production								
Silver ounces produced	418,153	502,375	222,100	550,133	1,692,761	2,435,604	(17 %)	(30 %)
Gold ounces produced	6,294	7,428	3,677	10,842	28,242	45,119	(15 %)	(37 %)
Silver equivalent ounces produced	901,630	1,091,026	595,651	1,593,400	4,181,708	6,316,277	(17 %)	(34 %)
Cost								
Cash cost per ounce	$11.69	$0.85	$15.10	$2.12	$5.81	($0.51)	NM	NM
All-In sustaining costs per ounce	$23.02	$6.37	$24.71	$6.03	$12.78	$3.02	NM	NM
Total production cost per tonne	$86.32	$71.44	$74.50	$81.04	$78.44	$60.23	21 %	30 %
Underground development (m)	2,663	1,273	606	1,940	7,851	8,241	109 %	(5 %)
Diamond drilling (m)	16,994	10,308	802	9,474	39,451	56,141	65 %	(30 %)

NM - Not meaningful

2020 vs. 2019

In 2020, Santa Elena produced 1,692,761 ounces of silver and 28,242 ounces of gold for a total production of 4,181,708 silver equivalent ounces, a 34% decrease compared to 6,316,277 silver equivalent ounces in 2019. The mill processed a total of 640,276 tonnes compared to 875,435 tonnes in the previous year. Production was affected primarily due to the national COVID-19 shutdowns which occurred in the second quarter of 2020, as well as lost productivity attributed to operating under limited workforce levels throughout most of the second half of the year.

Silver and gold grades from underground ore averaged 116 g/t and 1.84 g/t, respectively, compared to 131 g/t and 2.31 g/t in the previous year. Silver recoveries improved from 91% in 2019 to 93% this year while gold recoveries remained consistent at 96%. The increase in recoveries was primarily attributed to a full year of milling from the HIG mill that was successfully put into operation in the third quarter of 2019.

During the year, cash cost per silver equivalent ounce averaged $5.81 compared to negative $0.51 per ounce in 2019 while AISC averaged $12.78 per silver equivalent ounce compared to $3.02 per ounce in the previous year. The increase was primarily attributed to 34% lower production, a decrease in by-product credits, higher mining contractor costs to replace vulnerable workers and increase in COVID-19 related expenditures such as camp site and medical supplies costs.

The Santa Elena mine is subject to a gold streaming agreement with Sandstorm Gold Ltd. ("Sandstorm"), which requires the mine to sell 20% of its gold production from the leach pad and a designated area of its underground operations over the life of mine to Sandstorm. The selling price to Sandstorm is currently the lesser of $450 per ounce (subject to a 1% annual inflation increase every April) and the prevailing market price. During the year ended December 31, 2020, the Company delivered 5,697 ounces of gold to Sandstorm at an average price of $463 per ounce.

During the year, a total of 7,851 metres of underground development and 39,451 metres of diamond drilling were completed, including 2,292 metres of underground development at the Ermitaño project near Santa Elena in advance of production ramp up scheduled for early 2022.

2020Q4 vs. 2020Q3

During the fourth quarter, Santa Elena produced 901,630 silver equivalent ounces, consisting of 418,153 ounces of silver and 6,294 ounces of gold, representing a decrease of 17% and 15%, respectively compared to the prior quarter.

The mine processed a total of 168,276 tonnes during the quarter, consisting of 105,591 tonnes from the underground mine ore and 62,685 tonnes from the above ground heap leach pad, a decrease of 18% compared to 204,577 total tonnes in the prior quarter. The decrease in tonnes was primarily due to having limited contractor and equipment availability during the quarter. The Company expects mine and plant production to return to normal operating rates by the second quarter of 2021 following improvements in underground ore haulage and increased production at the Main, Alejandra Bajo and America veins.

During the quarter, silver and gold grades from underground ore averaged 113 g/t and 1.58 g/t, respectively, compared to 109 g/t and 1.49 g/t, respectively in the prior quarter. Above ground heap leach pad averaged 33 g/t and 0.61 g/t respectively during the quarter and where consistent comparing to the prior quarter.

Silver and gold recoveries averaged 93% and 96%, respectively, during the quarter. The Company continues to advance the SAG mill circuit conversion at Santa Elena and anticipates the mill modifications to be commissioned in the third quarter of 2021. Lower operating costs are expected to be achieved once the mill is fully upgraded due to having lower power requirements compared to a standard ball mill as well as a reduction in reagent and grinding media consumption.

Cash cost in the fourth quarter was $11.69 per ounce compared to $0.85 per ounce in the previous quarter. The increase in cash cost was primarily attributed to higher gold by-product credits realized in the third quarter attributed to the sale of withheld metal inventory from the second quarter, which contributed an additional $3.2 million or $6.28 per ounce in by-product credits during the third quarter, an increase in COVID-19 related expenditures such as camp site and medical supplies costs as well as the decrease in production.

AISC for the quarter was $23.02 per ounce compared to $6.37 per ounce in the prior quarter. The increase is primarily attributed to $10.84 per ounce increase in cash cost and a 67% increase in mine development metres, divided over a 17% decrease in silver ounces produced.

The LNG generators were successfully installed at Santa Elena's new LNG power facility during the quarter and the project was approximately 90% complete at year end. Electromechanical activities such as the installation of the natural gas pipelines, cooling system, instrumentation and controls, plant safety infrastructure and connection of the main electric cables continued throughout the quarter. Dry-testing and commissioning activities have commenced and the power generation plant is expected to be fully operational in the second quarter of 2021 after completing the commissioning and ramp-up period. The LNG power facility is expected to significantly reduce energy costs and carbon emissions going forward.

In the fourth quarter, a total of 2,663 metres of development at Santa Elena compared to 1,273 metres in the previous quarter.

At the Ermitaño project near Santa Elena, the Company completed approximately 923 metres of underground development during the quarter. The underground ventilation circuit, which ties together the West and East ramps, was completed at the end of November. On surface, the construction of the transmission power line and housing for the temporary diesel generators were completed. The land use permit (ETJ) was also received in January 2021 thus completing full permitting of the Ermitaño project.

During the fourth quarter, five surface drills and three underground drills completed 7,791 metres compared to 7,269 metres in the previous quarter. Drilling in the quarter was directed towards near mine and greenfield targets. In addition, the Company completed 9,203 metres of exploration drilling at the Ermitaño project during the quarter.

The Company is expecting to release an updated NI 43-101 Technical Report on Santa Elena by the end of the first quarter of 2021.

La Encantada Silver Mine, Coahuila, México

The La Encantada Silver Mine is an underground mine located in the northern México State of Coahuila, 708 kilometres northeast of Torreon. La Encantada has 4,076 hectares of mineral concessions and surface land ownership of 1,343 hectares. La Encantada also has a 4,000 tpd cyanidation plant, a camp with 180 houses as well as administrative offices, laboratory, general store, hospital, airstrip and all infrastructure required for such an operation. The mine is accessible via a two-hour flight from the Durango International Airport to the mine's private airstrip, or via a mostly-paved road from the closest city, Muzquiz, Coahuila State, which is 225 kilometres away. The Company owns 100% of the La Encantada Silver Mine.

LA ENCANTADA	2020-Q4	2020-Q3	2020-Q2	2020-Q1	2020-YTD	2019-YTD	Change Q4 vs Q3	Change '20 vs '19
Ore processed/tonnes milled	248,408	261,425	129,579	221,200	860,613	890,008	(5 %)	(3 %)
Average silver grade (g/t)	172	152	158	165	162	146	13 %	11 %
Silver recovery (%)	80 %	77 %	78 %	79 %	78 %	74 %	4 %	5 %
Production								
Silver ounces produced	1,093,521	978,416	509,544	924,472	3,505,953	3,083,410	12 %	14 %
Gold ounces produced	69	76	45	52	241	190	(9 %)	27 %
Silver equivalent ounces produced	1,098,800	984,397	514,092	929,487	3,526,776	3,099,717	12 %	14 %
Cost								
Cash cost per ounce	$10.39	$10.14	$9.38	$10.77	$10.27	$11.89	2 %	(14 %)
All-In sustaining costs per ounce	$12.37	$12.11	$11.60	$13.31	$12.43	$13.90	2 %	(11 %)
Total production cost per tonne	$43.72	$36.04	$36.80	$43.82	$40.37	$40.06	21 %	1 %
Underground development (m)	888	1,191	572	1,024	3,674	5,444	(25 %)	(33 %)
Diamond drilling (m)	8,101	5,528	417	4,565	18,611	17,739	47 %	5%

2020 vs. 2019

In 2020, La Encantada recorded its highest annual silver production since 2014. During the year, La Encantada produced 3,505,953 ounces of silver and 241 ounces of gold for a total of 3,526,776 silver equivalent ounces, an increase of 14% compared to 3,099,717 silver equivalent ounces in 2019. The increase was primarily due to an 11% increase in silver head grade and a 5% increase in silver recovery, partially offset by a 3% decrease in tonnes milled.

Silver recoveries averaged 78% during the year, compared to 74% in 2019, marking its highest annual recovery rate in the Company's history as a result of improved blending procedures of stockpiles and processing ore with low manganese content.

Silver grades during the year averaged 162 g/t, an increase of 11% compared to 146 g/t in 2019. The improvement in the grade was driven by higher grades from San Javier and La Prieta.

During the year, cash cost per ounce averaged $10.27 compared to $11.89 per ounce in 2019, and AISC averaged $12.43 per ounce in 2020 compared to $13.90 per ounce in 2019. The decrease was primarily attributed to higher production, a 12% weaker Mexican Peso against the U.S. Dollar compared to the previous year, which was partially offset by higher COVID-19 related medical supplies costs.

A total of 3,674 metres of underground development and 18,611 metres of diamond drilling were completed in 2020 compared to 5,444 metres of underground development and 17,739 metres of diamond drilling in the prior year.

2020Q4 vs. 2020Q3

During the quarter, La Encantada produced 1,093,521 silver ounces, representing a 12% increase in production compared to the previous quarter and the highest silver quarterly production since the second quarter of 2013. Silver grades and recoveries during the quarter averaged 172 g/t and 80%, respectively, compared to 152 g/t and 77%, respectively, in the previous quarter.

Strong production from the San Javier and La Prieta caving areas contributed approximately 81% of the total silver production during the quarter. Caving production benefited from higher than expected grades and tonnage during the quarter.

Cash cost and AISC for the quarter were $10.39 and $12.37 per ounce, respectively, consistent with $10.14 and $12.11 per ounce in the previous quarter.

The mill modernization project designed to improve processing efficiencies had some installation delays throughout 2020 due to the impacts caused by the COVID-19 pandemic. As a result, the project is expected to continue into 2021 with the installation of new scrubbers for the foundry, main gear replacement and new impellers for two thickener tanks, filter press upgrades and improvements to the electrical control room.

A total of 888 metres of underground development were completed in the fourth quarter compared to 1,191 metres in the prior quarter. During the quarter, ramp development continued to access the Milagros breccia to prepare the mine for initial sub-level caving production in 2021.

During the fourth quarter, one surface drill and three underground drills completed 8,101 metres of drilling compared to 5,528 metres in the previous quarter. Drilling in the quarter was directed towards near mine targets.

The Company is expecting to release an updated NI 43-101 Technical Report on La Encantada by the end of the first quarter of 2021.

La Parrilla Silver Mine, Durango, México

The La Parrilla Silver Mine, located approximately 65 kilometres southeast of the city of Durango in Durango State, México, is a complex of producing underground operations consisting of the Rosarios, La Blanca and San Marcos mines which are inter-connected through underground workings, and the Vacas and Quebradillas mines which are connected via above-ground gravel roads. The total mining concessions consist of 69,478 hectares. The Company owns 60 hectares, and leases an additional 107 hectares of surface rights, for a total of 167 hectares of surface rights. La Parrilla includes a 2,000 tpd sequential processing plant consisting of a 1,000 tpd cyanidation circuit and a 1,000 tpd flotation circuit, an ISO certified central laboratory, metallurgical pilot plant, buildings, offices and associated infrastructure. The Company owns 100% of the La Parrilla Silver Mine.

Operations at the La Parrilla mine have been temporarily suspended since September 2019. The Company is currently using the La Parrilla mill and its ISO Certified Laboratory on site as a research and development facility while continuing the exploration in the district.

Del Toro Silver Mine, Zacatecas, México

The Del Toro Silver Mine is located 60 kilometres to the southeast of the Company's La Parrilla mine and consists of 2,130 hectares of mining concessions and 219 hectares of surface rights. The Del Toro operation represents the consolidation of three historical silver mines, the Perseverancia, San Juan and Dolores mines, which are approximately one and three kilometres apart, respectively. Del Toro includes a 2,000 tpd flotation circuit and a 2,000 tpd cyanidation circuit. First Majestic owns 100% of the Del Toro Silver Mine.

Effective January 2020, the Company has temporarily suspended Del Toro's mining and milling operations in order to improve overall operating cash flows and profit margins while focusing on the exploration program in the area. The exploration program will include drilling to test near mine, brownfield and greenfield targets in an effort to develop new resources necessary to support a potential reopening in the future, subject to a sufficient improvement in mineral economics to justify a restart.

San Martin Silver Mine, Jalisco, México

The San Martin Silver Mine is an underground mine located near the town of San Martin de Bolaños in the Bolaños river valley, in the northern portion of the State of Jalisco, México. San Martin has 33 contiguous mining concessions in the San Martin de Bolaños mining district covering mineral rights for 12,795 hectares, plus an application to acquire a new mining concession covering 24,723 hectares. In addition, the mine owns 160 hectares of surface land where the processing plant, camp, office facilities, maintenance shops, and tailings dams are located, and an additional 640 hectares of surface rights. The 1,300 tpd mill and processing plant consists of crushing, grinding and conventional cyanidation by agitation in tanks and a Merrill-Crowe doré production system. The mine can be accessed via small plane, 150 kilometres from Durango, or 250 kilometres by paved road north of Guadalajara, Jalisco. The San Martin Silver Mine is 100% owned by the Company.

In July 2019, the Company temporarily suspended all mining and processing activities at the San Martin operation due to growing insecurity in the area and safety concerns for our workforce. The Company continues to work with government authorities to secure the area and is evaluating alternative operating plans. The re-opening date is contingent on economics and security conditions in the region and cannot be determined at this time.

La Guitarra Silver Mine, México State, México

The La Guitarra Silver Mine is located in the Temascaltepec Mining District in the State of México, México, approximately 130 kilometres southwest from México City. The La Guitarra mine covers 39,714 hectares of mining claims and has a 500 tpd flotation processing plant, buildings and related infrastructure. The Company owns 100% of the La Guitarra Silver Mine.

The La Guitarra milling and mining operations were placed under care and maintenance effective August 3, 2018 and the Company is currently reviewing strategic options including the potential sale of the operation. The Company will continue with remediation programs to prepare the operation for a potential reopening in the future, subject to sufficient improvement in the economic situation to justify a restart of the operation. Ongoing care and maintenance activities include pumping, de-watering of the underground mine and water treatment continue.

Springpole Silver Stream, Ontario, Canada

On July 2, 2020, the Company completed an agreement with First Mining Gold Corp. (“First Mining”) to purchase 50% of the life of mine payable silver produced from the Springpole Gold Project ("Springpole Silver Stream"), a development stage mining project located in Ontario, Canada. Pursuant to the agreement, First Majestic agreed to pay First Mining consideration of $22.5 million in cash and shares, in three milestone payments, for the right to purchase silver at a price of 33% of the silver spot price per ounce, to a maximum of $7.50 per ounce (subject to annual inflation escalation of 2%, commencing at the start of the third anniversary of production). Commencing with its production of silver, First Mining must deliver 50% of the payable silver which it receives from the offtaker within five business days of the end of each quarter.

Transaction consideration paid and payable by First Majestic is summarized as follows:

- The first payment of $10.0 million, consisting of $2.5 million in cash and $7.5 million in First Majestic shares (805,698 common shares) was paid to First Mining on July 2, 2020;
- The second payment of $7.5 million, consisting of $3.75 million in cash and $3.75 million in First Majestic shares (287,300 common shares) was paid in on January 21, 2021 upon the completion and public announcement by First Mining of the results of a Pre-Feasibility Study for Springpole; and
- The third payment consisting of $2.5 million in cash and $2.5 million in First Majestic shares (based on 20 days volume weighted average price) will be paid upon receipt by First Mining of a Federal or Provincial Environmental Assessment approval for Springpole.

First Mining shall have the right to repurchase 50% of the silver stream for $22.5 million at any time prior to the commencement of production at Springpole leaving the Company with a reduced silver stream of 25% of life of mine payable silver production.

Springpole is one of Canada’s largest, undeveloped gold projects with permitting underway. In January 2021, First Mining announced positive results of its Pre-Feasibility Study (“PFS”) which supports a 30,000 tonnes-per-day open pit mining operation over an 11 year mine life. First Mining announced resources of 24.3 million ounces of silver in the Indicated category and 1.4 million ounces of silver in the Inferred category, plus 4.6 million ounces of gold in the Indicated category and 0.3 million ounces of gold in the Inferred category.

The Springpole Project also includes large land holdings of 41,913 hectares which are fully encompassed under the silver streaming agreement.

First Mining is a related party with two independent board members who are directors and/or officers of First Majestic.

OVERVIEW OF FINANCIAL PERFORMANCE

For the quarters ended December 31, 2020 and 2019 (in thousands of dollars, except for per share amounts):

	Fourth Quarter 2020	Fourth Quarter 2019	Variance %	
Revenues	**$117,075**	**$96,476**	**21 %**	(1)
Mine operating costs				
Cost of sales	58,008	55,033	5 %	(2)
Depletion, depreciation and amortization	15,399	17,502	(12) %	(3)
	73,407	72,535	1 %	
Mine operating earnings	**43,668**	**23,941**	82 %	
General and administrative expenses	7,205	7,644	(6) %	
Share-based payments	2,227	1,907	17 %	
Mine holding costs	7,017	4,409	59 %	(4)
Impairment of non-current assets	—	58,739	(100) %	(5)
Foreign exchange loss	(2,424)	(1,947)	24 %	
Operating earnings	**29,643**	**(46,811)**	**NM**	
Fair value adjustment on foreign currency derivatives	3,880	—	100 %	(6)
Investment and other (loss) income	(2,333)	1,475	NM	(7)
Finance costs	(3,717)	(3,940)	(6) %	
Earnings (loss) before income taxes	**27,473**	**(49,276)**	**NM**	
Current income tax expense	4,115	10,487	61 %	
Deferred income tax recovery	(11,187)	(19,817)	44 %	
Income tax recovery	(7,072)	(9,330)	24 %	(8)
Net earnings (loss) for the period	**$34,545**	**($39,946)**	**NM**	(9)
Earnings (loss) per share (basic)	**$0.16**	**($0.19)**	**NM**	(9)
Earnings (loss) per share (diluted)	**$0.15**	**($0.19)**	**NM**	(9)

NM - Not meaningful

1. **Revenues** in the quarter increased 21% compared to the same quarter of the previous year primarily attributed to:
   - a 43% increase in realized silver price per ounce sold, which averaged $24.88 during the quarter compared to $17.46 in the fourth quarter of 2019, resulting in a $32.5 million increase in revenues;

Partially offset by:

   - a 13% decrease in payable equivalent silver ounces sold compared to the same quarter of the prior year, resulting in a $12.0 million decrease in revenues.

2. **Cost of sales** in the quarter increased 5% or $3.0 million compared to the same quarter of the previous year as a result of the following factors:
   - a $4.0 million increase in labour costs, primarily due to the temporary use of mining contractors to replace vulnerable workers as well as an increase in workers participation benefits and productivity bonus due to negotiated bonus agreements with the San Dimas union;

Partially offset by:

   - a $1.0 million decrease due to reclassification of San Martin's standby costs from cost of sales to mine holding cost effective January 1, 2020.

3. **Depletion, depreciation and amortization** in the quarter decreased $2.1 million or 12% compared to the same quarter of the previous year, primarily attributed to planned suspension of operating activities at the Del Toro, La Parrilla and San Martin mines, as well as a decrease in depletion, depreciation and amortization at La Encantada due to impairment recognized in the previous year.
4. **Mine holding costs** increased by $2.6 million compared to the same quarter of 2019, primarily due to planned suspension of operating activities at the Del Toro mine on January 1, 2020 as well as the reclassification of San Martin's standby costs from cost of sales to mine holding costs effective January 1, 2020.
5. **Impairment on non-current assets:** In the fourth quarter of the prior year, the Company recorded an impairment charge of $58.7 million, or $52.4 million net of tax, in relation to the La Encantada mine.
6. **Fair value adjustment on foreign currency derivatives** of $3.9 million gain in the fourth quarter relates to mark-to-market adjustments on the Company's foreign currency derivatives, which have been fully settled as at December 31, 2020. The Company utilizes these foreign currency options and swaps to hedge cash flows relating to mining operations, exploration and evaluation activities and corporate expenses in Mexican Pesos.
7. **Investment and other income** for the quarter decreased $3.8 million compared to the same quarter of 2019 primarily due to a $2.4 million unrealized loss on investment in marketable securities in the current quarter compared to a $1.5 million unrealized gain in the prior year.
8. During the quarter, the Company recorded an **income tax recovery** of $7.1 million compared to $9.3 million in the fourth quarter of 2019. The decrease in income tax recovery was attributed primarily to a $6.3 million deferred tax recovery recognized in the previous year in relation to impairment on non-current assets, net of foreign exchange impact on the Company's Mexican Peso denominated future income tax liability balances.
9. As a result of the foregoing, **net earnings** for the quarter was $34.5 million (EPS of $0.16) compared to a net loss of $39.9 million (EPS of ($0.19)) in the same quarter of the prior year.

For the years ended December 31, 2020, 2019 and 2018 (in thousands of dollars, except for per share amounts) :

	Annual 2020	Annual 2019	Annual 2018	Variance % 20 vs '19	
Revenues	**$363,876**	**$363,944**	**$300,929**	**0 %**	(1)
Mine operating costs					
Cost of sales	194,305	232,146	219,162	(16) %	(2)
Cost of sales - standby costs	10,112	—	—	100 %	(3)
Depletion, depreciation and amortization	54,405	65,584	93,667	(17) %	(4)
	258,822	297,730	312,829	(13) %	
Mine operating earnings (loss)	**105,054**	**66,214**	**(11,900)**	59 %	
General and administrative	24,855	26,800	21,428	(7) %	
Share-based payments	8,255	8,325	7,375	(1) %	
Impairment of non-current assets	—	58,739	199,688	(100) %	(5)
Acquisition costs	—	—	4,893	0 %	
Mine holding costs	21,583	7,579	2,109	NM	(6)
Loss on divestiture of exploration projects	3,685	—	—	100 %	(7)
Foreign exchange loss (gain)	6,319	(3,243)	1,874	NM	
Operating earnings (loss)	**40,357**	**(31,986)**	**(249,267)**	**NM**	
Fair value adjustment on foreign currency derivatives	(982)	—	—	100 %	
Investment and other income	5,127	8,109	(744)	(37) %	(8)
Finance costs	(14,773)	(15,147)	(13,036)	(2) %	
Earnings (loss) before income taxes	**29,729**	**(39,024)**	**(263,047)**	**NM**	
Current income tax expense	9,966	16,423	2,148	(39) %	
Deferred income tax recovery	(3,324)	(14,973)	(61,031)	78 %	
Income tax expense (recovery)	6,642	1,450	(58,883)	NM	(9)
Net earnings (loss) for the year	**$23,087**	**($40,474)**	**($204,164)**	**NM**	(10)
Earnings (loss) per share (basic and diluted)	**$0.11**	**($0.20)**	**($1.11)**	**NM**	(10)

NM - Not meaningful

1. **Revenues** in the year ended December 31, 2020 was consistent with the previous year, primarily due to the following offsetting factors:
   - a 29% increase in realized silver price per ounce sold, which averaged $21.15 during the year compared to $16.40 in the prior year, resulting in a $71.5 million increase in revenues;
   - a $2.1 million decrease in smelting and refining charges due to less ounces sold and lower treatment charges for doré production;

   Partially offset by:
   - a 20% decrease in silver equivalent ounces sold compared to the previous year resulting in a $73.7 million decrease in revenue. The decrease in production was primarily attributed to the temporary COVID-19 Suspension and units operating with limited workforce levels.

2. **Cost of sales** in the year decreased $37.8 million or 16% compared to 2019 as a result of the following factors:
   - a $39.5 million cost reduction relates to planned suspension of operating activities at the Company's higher cost operations including Del Toro and La Parrilla during 2019; and

- a decrease in production costs due to reduction in operational days pursuant to the temporary COVID-19 Suspension during the second quarter,
- cost benefits from a weaker Mexican Peso against the U.S. Dollar, which averaged 12% lower than the previous year;

Partially offset by:

- a $5.2 million increase in workers participation benefits and productivity bonus due to negotiated union bonus agreements and higher profitability margins during the year.

3. **Standby costs** in the year were primarily related to direct costs incurred at the San Dimas ($3.5 million), Santa Elena ($2.0 million) and La Encantada ($1.7 million) mines during the temporary COVID-19 Suspensions, as well as $2.0 million incurred during a 13-day union work stoppage at San Dimas during the second quarter of 2020.

4. **Depletion, depreciation and amortization** in the year decreased $11.2 million or 17% compared to the previous year primarily attributed to planned suspension of operating activities at the Del Toro, La Parrilla and San Martin mines.

5. **Impairment on non-current assets:** In 2019, the Company recorded an impairment charge of $58.7 million, or $52.4 million net of tax, in relation to the La Encantada mine.

6. **Mine holding costs** for the year increased $14.0 million compared to the previous year due to a full year of suspension of operating activities at the Del Toro, La Parrilla and San Martin mines which were placed on planned suspension in the second half of 2019.

7. **Loss on divestiture of exploration projects** of $3.7 million during the year relates to $10.2 million loss on the sale of the Plomosas project to GR Silver Mining Ltd. in March 2020, partially offset by $6.5 million gain on the arrangement to option the La Joya project to Silver Dollar Resources Inc. in September 2020.

8. **Fair value adjustment on foreign currency derivatives** of $1.0 million loss during the year relates to mark-to-market adjustments on the Company's foreign currency derivatives, which have been fully settled as at December 31, 2020. The Company utilizes these foreign currency options and swaps to hedge cash flows relating to mining operations, exploration and evaluation activities and corporate expenses in Mexican Pesos.

9. During the year ended December 31, 2020, the Company recorded an **income tax expense** of $6.6 million, compared to an income tax expense of $1.5 million in 2019. The increase in income tax expense was primarily driven by increase in operating earnings, a $6.3 million deferred tax recovery recognized in the previous year in relation to impairment on non-current assets, and the foreign exchange impact on the Company's Mexican Peso denominated future income tax liability balances.

10. As a result of the foregoing, **net earnings** for the year ended December 31, 2020 was $23.1 million (EPS of $0.11), compared to a loss of $40.5 million (EPS of ($0.20)) in the prior year.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for each of the most recent eight quarters:

	2020				2019			
Selected Financial Information	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue	$117,075	$125,881	$34,855	$86,065	$96,476	$96,989	$83,669	$86,810
Cost of sales	$58,008	$60,275	$26,187	$49,835	$55,033	$54,994	$62,772	$59,347
Cost of sales - standby costs	$—	$—	$9,166	$946	$—	$—	$—	$—
Depletion, depreciation and amortization	$15,399	$17,573	$7,264	$14,169	$17,502	$14,181	$16,691	$17,210
Mine operating earnings (loss)	$43,668	$48,033	($7,762)	$21,115	$23,941	$27,814	$4,206	$10,253
Net earnings (loss) after tax	$34,545	$30,946	($9,968)	($32,436)	($39,946)	$8,559	($11,967)	$2,880
Earnings (loss) per share - basic	$0.16	$0.14	($0.05)	($0.15)	($0.19)	$0.04	($0.06)	$0.01
Earnings (loss) per share - diluted	$0.15	$0.14	($0.05)	($0.15)	($0.19)	$0.04	($0.06)	$0.01

During the fourth quarter of 2020, mine operating earnings were $43.7 million compared to $48.0 million in the previous quarter. The decrease in mine operating earnings was primarily due to the third quarter sale of withheld inventories from the second quarter. During the quarter, the Company also recognized a foreign exchange gain of $2.4 million compared to a loss of $5.3 million in the previous quarter. As a result, net earnings for the quarter was $34.5 million compared to $30.9 million in the previous quarter.

LIQUIDITY, CAPITAL RESOURCES AND CONTRACTUAL OBLIGATIONS

Liquidity

As at December 31, 2020, the Company had cash and cash equivalents of $238.6 million, comprised primarily of cash held with reputable financial institutions and is invested in cash accounts and in highly liquid short-term investments with maturities of three months or less. With the exception of $6.4 million held in-trust for tax audits in Mexico, the Company's cash and cash equivalents are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Working capital as at December 31, 2020 was $254.4 million compared to $171.1 million at December 31, 2019. Total available liquidity at December 31, 2020 was $319.4 million (see page 45), including $65.0 million of undrawn revolving credit facility.

The following table summarizes the Company's cash flow activity during the year:

	Year Ended December 31,	
	2020	**2019**
Cash flow		
Cash generated by operating activities	$79,713	$140,025
Cash used in investing activities	(127,115)	(116,934)
Cash generated by financing activities	116,574	87,680
Increase in cash and cash equivalents	**$69,172**	**$110,771**
Effect of exchange rate on cash and cash equivalents held in foreign currencies	397	1,225
Cash and cash equivalents, beginning of the year	169,009	57,013
Cash and cash equivalents, end of year	**$238,578**	**$169,009**

The Company's cash flows from operating, investing and financing activities during the year ended December 31, 2020 are summarized as follows:

- **Cash generated by operating activities** of $79.7 million, primarily due to:

- $107.3 million in operating cash flows from operating activities before movements in working capital and taxes;

net of:

- $22.8 million in net change in non-cash working capital items during the period, including $27.5 million increase in VAT receivables, $4.3 million increase in inventories, net of $10.8 million decrease in trade and other payables; and
- $4.8 million in income taxes paid during the period.

- **Cash used in investing activities** of $127.1 million, primarily related to:
  - $68.6 million spent on mine development and exploration activities;
  - $43.3 million spent on purchase of property, plant and equipment; and
  - $13.8 million spent on deposits on non-current assets.
- **Cash provided by financing activities** of $116.6 million, primarily consists of the following:
  - $126.1 million of net proceeds from prospectus offerings;
  - $14.0 million of net proceeds from the exercise of stock options; and

  net of:
  - $10.0 million net repayment of debt facility;
  - $7.7 million on repayment of lease obligations;
  - $4.2 million payment of financing costs; and
  - $1.7 million on repurchase of shares.

Reconciliation on Use of Proceeds from Prospectus Offerings

At-the-Market Distributions ("ATM") Programs

During the year ended December 31, 2020, the Company sold 5,654,338 common shares under the ATM programs at an average price of $12.31 for gross proceeds of $69.6 million, or net proceeds of $67.9 million after costs. The primary business objectives that the Company expected to use the net proceeds for was for general working capital purposes, for expansion of existing operations, and for one or more other general corporate purposes including to complete corporate acquisitions, to, directly or indirectly, finance future growth opportunities and to repay existing or future indebtedness. The use of proceeds from the amount raised in the current year is reconciled as follows:

Gross Proceeds:	**$67,892**
Use of Proceeds:	
Offering expenses	1,709
Mine development	20,487
Mine exploration	25,880
General working capital	19,816
	$67,892

Prospectus Offering

In September 2020, the Company completed a bought deal prospectus offering to sell 5,000,000 common shares at a price of $11.82 (CAD$15.60) per common share for gross proceeds of $59.1 million (CAD$78.1 million), or net proceeds of $58.3 million after costs. The use of net proceeds from the offering is reconciled as follows:

Use of Proceeds:	Intended	Actual	Variance
Offering expenses	$742	$853	$111
Ermitaño expansion(1)	10,606	11,335	729
La Encantada plant upgrades(2)	2,576	1,712	(864)
Santa Elena plant upgrades(3)	5,833	4,747	(1,086)
San Dimas plant upgrades(4)	11,591	4,331	(7,260)
Working capital and general purposes	27,742	36,112	8,370
	$59,090	**$59,090**	**$—**

(1) Development for the Ermitaño expansion was accelerated during the fourth quarter and the intended proceeds were used in 2020.
(2) Plant upgrades at La Encantada consist of installation of a new HIG mill and mill modernization and are estimated to be complete in the first half of 2022. The remaining balance of proceeds are expected to be expended in 2021 and 2022.
(3) Plant upgrades at Santa Elena consist of installation of HIG mill, AG conversion and dual circuit optimization which are all expected to be complete in the second half of 2021 and installation of a new LNG plant which is expected to be complete in the first quarter of 2021. The remaining balance of proceeds are expected to be expended in 2021.
(4) Plant upgrades at San Dimas consist of mill modernization, which is expected to be complete in the first half of 2022, and assembly and installation of the new HIG mill which is expected to be completed in the second quarter of 2021, followed by commissioning in the fourth quarter of 2021. The remaining balance of proceeds are expected to be expended in 2021 and 2022.

Capital Resources

The Company's objective when managing capital is to maintain financial flexibility to continue as a going concern while optimizing growth and maximizing returns of investments from shareholders.

The Company monitors its capital structure and based on changes in operations and economic conditions, may adjust the structure by repurchasing shares, issuing new shares, issuing new debt or retiring existing debt. The Company prepares an annual budget and quarterly forecasts to facilitate the management of its capital requirements. The annual budget is approved by the Company's Board of Directors.

The Company is not subject to any externally imposed capital requirements with the exception of complying with banking covenants defined in its debt facilities. As at December 31, 2020 and 2019, the Company was fully in compliance with these covenants.

Contractual Obligations and Commitments

As at December 31, 2020, the Company's contractual obligations and commitments are summarized as follows:

	Contractual Cash Flows	Less than 1 year	2 to 3 years	4 to 5 years	After 5 years
Trade and other payables	$76,002	$76,002	$—	$—	$—
Debt facilities	174,082	13,180	160,902	—	—
Lease liabilities	16,520	4,557	6,562	4,692	709
Other liabilities	5,406	—	—	—	5,406
Purchase obligations and commitments	50,541	45,541	5,000	—	—
	$322,551	**$139,280**	**$172,464**	**$4,692**	**$6,115**

At December 31, 2020, the Company had working capital of $254.4 million (2019 – $171.1 million) and total available liquidity of $319.4 million (2019 – $226.2 million), including $65.0 million of undrawn revolving credit facility.

The Company believes it has sufficient cash on hand, combined with cash flows from operations, to meet operating requirements as they arise for at least the next 12 months.

MANAGEMENT OF RISKS AND UNCERTAINTIES

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, commodity price risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations. The Company's credit risk relates primarily to chartered banks, trade receivables in the ordinary course of business, value added taxes receivable and other receivables.

As at December 31, 2020, value added taxes ("VAT") receivable was $56.9 million (2019 - $29.6 million), of which $37.9 million (2019 - $14.2 million) relates to Primero Empresa Minera, S.A. de C.V. ("PEM"). Servicio de Administración Tributaria ("SAT") has not been responsive to VAT refund requests by PEM nor provided any legal basis for withholding these VAT receivables. The Company believes that it has full legal rights to these VAT refunds and expects the amounts to be refunded in the future. As at December 31, 2020, VAT receivables totaling $15.3 million are currently being pursued in Mexican Courts. Due to the uncertain timeline associated with recovery of these amounts, the Company reclassified such amounts as non-current assets though, in the Company's opinion, such amounts are currently due and payable to the Company.

The Company sells and receives payment upon delivery of its silver doré and by-products primarily through three international customers. All of the Company's customers have good ratings and payments of receivables are scheduled, routine and fully received within 60 days of submission; therefore, the balance of trade receivables owed to the Company
in the ordinary course of business is not significant.

The carrying amount of financial assets recorded in the consolidated financial statements represents the Company's maximum exposure to credit risk. With the exception to the above, the Company believes it is not exposed to significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they arise. The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and our holdings of cash and cash equivalents.

Currency Risk

The Company is exposed to foreign exchange risk primarily relating to financial instruments that are denominated in Canadian dollars or Mexican pesos, which would impact the Company's net earnings or loss. To manage foreign exchange risk, the Company may occasionally enter into short-term foreign currency derivatives, such as forwards and options, to hedge its cash flows.

The sensitivity of the Company's net earnings or loss and comprehensive income or loss due to changes in the exchange rates of the Canadian Dollar and the Mexican Peso against the U.S. Dollar is included in the table below:

					December 31, 2020		
	Cash and cash equivalents	Trade and other receivables	Value added taxes receivable	Other financial assets	Trade and other payables	Net assets (liabilities) exposure	Effect of +/- 10% change in currency
Canadian dollar	$75,958	$74	$—	$10,140	($3,133)	$83,039	$8,304
Mexican peso	8,369	—	53,201	—	(42,763)	18,807	1,881
	$84,327	**$74**	**$53,201**	**$10,140**	**($45,896)**	**$101,846**	**$10,185**

Commodity Price Risk

The Company is exposed to commodity price risk on silver and gold, which have a direct and immediate impact on the value of its related financial instruments and net earnings. The Company's revenues are directly dependent on commodity prices that have shown volatility and are beyond the Company's control. The Company does not use derivative instruments to hedge its commodity price risk to silver

The following table summarizes the Company's exposure to commodity price risk and their impact on net earnings:

	December 31, 2020		
	Effect of +/- 10% change in metal prices		
	Silver	Gold	Total
Metals in doré inventory	$104	$226	$330
	$104	**$226**	**$330**

Political and Country Risk

First Majestic currently conducts foreign operations primarily in México, and as such the Company's operations are exposed to various levels of political and economic risks by factors outside of the Company's control. These potential factors include, but are not limited to: royalty and tax increases or claims by governmental bodies, expropriation or nationalization, foreign exchange controls, high rates of inflation, extreme fluctuations in foreign currency exchange rates, import and export tariffs and regulations, lawlessness, cancellation or renegotiation of contracts and environmental and permitting regulations. The Company currently has no political risk insurance coverage against these risks.

The Company is unable to determine the impact of these risks on its future financial position or results of operations. Changes, if any, in mining or investment policies or shifts in political attitude in foreign countries may substantively affect the Company's exploration, development and production activities.

Uncertainty in the Calculation of Mineral Reserves, Resources and Silver Recovery

There is a degree of uncertainty attributable to the calculation of Mineral Reserves and Mineral Resources (as defined in NI 43-101). Until Mineral Reserves or Mineral Resources are actually mined, extracted and processed, the quantity of minerals and their grades must be considered estimates only. In addition, the quantity of Mineral Reserves and Mineral Resources may vary depending on, among other things, applicable metal prices. Any material change in the quantity of Mineral Reserves, Mineral Resources, grade or mining widths may affect the economic viability of some or all of the Company's mineral properties and may have a material adverse effect on the Company's operational results and financial condition. Mineral Reserves on the Company's properties have been calculated on the basis of economic factors at the time of calculation; variations in such factors may have an impact on the amount of the Company's Mineral Reserves. In addition, there can be no assurance that silver recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production, or that the existing known and experienced recoveries will continue.

Public Health Crises

Global financial conditions and the global economy in general have, at various times in the past and may in the future, experience extreme volatility in response to economic shocks or other events, such as the ongoing situation concerning COVID-19. Many industries, including the mining industry, are impacted by volatile market conditions in response to the widespread outbreak of epidemics, pandemics or other health crises. Such public health crises and the responses of governments and private actors can result in disruptions and volatility in economies, financial markets and global supply chains as well as declining trade and market sentiment and reduced mobility of people, all of which could impact commodity prices, interest rates, credit ratings, credit risk and inflation.

The Company's business could be materially adversely affected by the effects of the COVID-19 pandemic. As at the date of this MD&A, the global reactions to the spread of COVID-19 have led to, among other things, significant restrictions in many jurisdictions on travel and gatherings of individuals, quarantines, temporary business closures and a general reduction in consumer activity. Although quarantines have been lifted in many jurisdictions, certain jurisdictions that have previously lifted quarantines have been required to re-impose them. While these effects are expected to be temporary, the duration of the disruptions to business internationally and the related financial impact on the Company and the economy in general cannot be estimated with any degree of certainty at this time. In addition, the increasing number of individuals infected with COVID-19 has resulted in a widespread global health crisis that has adversely affected global economies and financial markets and could result in a protracted economic downturn that could have an adverse effect on the demand for precious metals and the Company's future prospects.

In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business, including without limitation, employee health, workforce availability and productivity, limitations on travel, supply chain disruptions, increased insurance premiums, increased costs and reduced efficiencies, the availability of industry experts and personnel, restrictions on the Company's exploration and drilling programs and/or the timing to process drill and other metallurgical testing and the slowdown or temporary suspension of operations at some or all of the Company's properties, resulting in reduced production volumes. Although the Company has the capacity to continue certain administrative functions remotely, many other functions, including mining operations, cannot be conducted remotely.

On March 24, 2020, the Mexican federal government implemented a decree imposing certain preventive measures aimed at mitigating the impact of COVID-19. The decree temporarily suspended certain activities relating to physical gatherings and the transit or movement of individuals and was subsequently amended to restrict access and require the closure of the Company's mines from April 3, 2020. On May 13, 2020, the Mexican government officially confirmed that mining was deemed essential and operations were permitted to restart on May 18, 2020. On May 23, 2020, Mexican government authorized the Company to restart its mining operations, however, there can be no guarantee that the decree will not be amended in the future to impose more severe measures or restrictions or that state governments in those jurisdictions in which the Company's facilities are located will not pass similar decrees reducing or preventing access to the Company's facilities, potentially causing disruption or closure of one or more of the Company's mines.

As a result of the temporary closures of its facilities the Company experienced loss of production at its facilities during the second and third financial quarters of 2020. As at early November, the Company's three operating mines had returned to normal operations. Worker availability is a challenge but has been gradually improving and is being mitigated by increasing the use of temporary workers and contractors. The Company is in the process of constructing Polymerase Chain Reaction ("PCR") laboratory test facilities on site at San Dimas and partnering with test labs at Santa Elena to speed up COVID-19 testing capabilities at its mine sites. Preventative control measures to protect the safety and health of our employees, contractors and communities in which we operate, including social distancing, remote working, cancellation of any non-essential visits to the mines, comprehensive sanitation measures for the workplace and company transportation, as well as pre-screening for virus symptoms remain in effect.

There is no guarantee that the Company will not experience significant disruptions to or additional closures of some or all of its active mining operations due to COVID-19 restrictions in the future. Any such disruptions or closures could have a material adverse effect on the Company's production, revenue, net income and business. In addition, parties with whom the Company does business or on whom the Company is reliant, including suppliers and refineries may also be adversely impacted by the COVID-19 crisis which may in turn cause further disruption to the Company's business, including delays or halts in availability or delivery of consumables and delays or halts in refining of ore from the Company's mines. Any long term closures or suspensions may also result in the loss of personnel or the workforce in general as employees seek employment elsewhere.

The impact of COVID-19 and government responses thereto may also continue to have a material impact on financial markets and could constrain the Company's ability to obtain equity or debt financing in the future, which may have a material and adverse effect on its business, financial condition and results of operations.

Environmental and Health and Safety Risks

The Company's activities are subject to extensive laws and regulations governing environmental protection and employee health and safety. Environmental laws and regulations are complex and have tended to become more stringent over time. The Company is required to obtain governmental permits and in some instances air, water quality, and mine reclamation rules and permits. The Company has complied with environmental taxes applied to the use of certain fossil fuels according to the Kyoto Protocol. Although the Company makes provisions for reclamation costs, it cannot be assured that these provisions will be adequate to discharge its future obligations for these costs. Failure to comply with applicable environmental and health and safety laws may result in injunctions, damages, suspension or revocation of permits and imposition of penalties. While the health and safety of our people and responsible environmental stewardship are our top priorities, there can be no assurance that First Majestic has been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not materially and adversely affect the Company's business, results of operations or financial condition.

Claims and Legal Proceedings Risks

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business activities. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements or information and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: availability of time on court calendars in Canada and elsewhere; the recognition of Canadian judgments under Mexican law; the possibility of settlement discussions; the risk of appeal of judgment; and the insufficiency of the defendant's assets to satisfy the judgment amount. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavourably to the Company. First Majestic carries liability insurance coverage and establishes provisions for matters that are probable and can be reasonably estimated. In addition, the Company may be involved in disputes with other parties in the future which may result in a significant impact on our financial condition, cash flow and results of operations.

Although the Company has taken steps to verify ownership and legal title to mineral properties in which it has an interest, according to the usual industry standards for the stage of mining, development and exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, and title may be affected by undetected defects. However, management is not aware of any such agreements, transfers or defects.

Primero Tax Rulings

When Primero Mining Corp. ("Primero") acquired the San Dimas Mine in August 2010, it had a Silver Purchase Agreement ("Old Stream Agreement") that required PEM to sell 100% of the silver produced from the San Dimas mine to WPM, up to 6 million ounces and 50% of silver produced thereafter, at the lower of: (i) the spot market price and (ii) $4.04 per ounce plus an annual increase of 1%.

In order to reflect commercial realities and the effects of the Old Stream Agreement, for Mexican income tax purposes, PEM recognized the revenue on these silver sales based on its actual realized revenue ("PEM Realized Price") instead of at spot market prices.

To obtain assurance that the SAT would accept the PEM Realized Price as the price to use to calculate Mexican income taxes, Primero applied for and received an Advance Pricing Agreement ("APA") from the SAT. The APA confirmed that the PEM Realized Price would be used as Primero's basis for calculating taxes owed by Primero on the silver sold under the Old Stream Agreement. Primero believed that the intent of an APA was to have SAT provide tax certainty and as a result made significant investments in Mexico based on that certainty. On October 4, 2012, Primero received the APA Ruling from SAT which confirmed the appropriate price for sales of silver under the Old Stream Agreement was the PEM Realized Price. Under Mexican tax law, an APA ruling is generally applicable for a five year period and this ruling was made effective for 2010 to 2014.

In February 2016, PEM received a legal claim from the SAT seeking to nullify the APA. The legal claim initiated does not identify any different basis for paying taxes. The Company is continuing PEM's effort to vigorously defend the validity of its APA. If the SAT were successful in retroactively nullifying the APA, the SAT may seek to audit and reassess PEM in respect of its sales of silver in connection with the Old Stream Agreement for 2010 through 2014. If the SAT were successful in retroactively nullifying the APA and issuing reassessments, it would likely have a material adverse effect on the Company's results of operations, financial condition and cash flows. Should the Company ultimately be required to pay tax on its silver revenues based on market prices without any mitigating adjustments, the incremental income tax for the years 2010-2018 would be approximately $219.2 million (4,373 million MXN), before interest or penalties.

In 2019, as part of the ongoing annual audits of the PEM tax returns, the SAT issued reassessments (the "Reassessments") for the 2010 to 2012 tax years in the total amount of $246.6 million (4,919 million MXN) inclusive of interest, inflation, and penalties. The Company believes that the Reassessments were issued in violation of the terms of the APA. The key items relate to the view that PEM should pay taxes based on the market price of silver and denial of the deductibility of interest expense and service fees in Mexico all of which the Company disagrees with. The Company continues to defend the APA in the Mexican legal proceedings, and initiated proceedings under relevant tax treaties between the competent tax authorities of Mexico, Canada, Luxembourg and Barbados, all of which were subsequently dismissed on a unilateral basis by the SAT ("Dismissals") in May 2020. The Company believes that the Dismissals have no legal basis and breach international obligations regarding double taxation treaties, and that the APA remains valid and legally binding. The Company will continue disputing the Reassessments, exhausting its domestic and international remedies.

While the Company continues to vigorously defend the validity of the APA and its transfer pricing position, it is also engaging in various proceedings with the SAT seeking to resolve matters and bring tax certainty through a negotiated solution. Despite these extensive efforts and ongoing legal challenges to the Reassessments and the Dismissals, in April 2020, SAT issued notifications to PEM to attempt to secure amounts it claims are owed pursuant to its reassessments issued. These notifications impose certain restrictions on PEM including its ability to dispose its concessions and real properties.

The Company has challenged SAT's Reassessments and Dismissals through all domestic means available to it, including annulment suits before the Mexican Federal Tax Court on Administrative Matters ("Federal Court"), which has yet to be resolved, and a complaint before Mexico's Federal Taxpayer Defense Attorney's Office (known as "PRODECON"), which determined that PEM has all legal remedies at its disposal and it has already challenged every SAT ruling, thus the matter must be decided by Mexican Courts. The Company believes that these actions are neither fair nor equitable and are discriminatory against the Company as a foreign investor and amount to a denial of justice under international law, in addition to violating various provisions of the Federal Constitution of the United Mexican States and Mexican domestic law, and Mexican court precedents. As a result, on May 13, 2020, the Company provided to the Government of Mexico notice of its intention to initiate an international arbitration proceeding ("Notice of Intent") pursuant to the North American Free Trade Agreement ("NAFTA"). The Notice of Intent initiated a 90-day period for the Government of Mexico to enter into good faith and amicable negotiations with the Company to resolve the dispute. On August 11, 2020, the 90-day period expired without any resolution of the dispute.

In September 2020, the Company was served with a decision made by the Federal Court to nullify the APA granted to PEM. The Federal Court's decision directs SAT to re-examine the evidence and basis for the issuance of the APA with retroactive effect, for the following key reasons:
(i) SAT's errors in analyzing PEM's request for the APA and the evidence provided in support of the request; and
(ii) SAT's failure to request from PEM certain additional information before issuing the APA.

The Company's legal advisors reviewed the written reasons and are of the view that the Federal Court's decision is flawed both due to SAT's procedural irregularities and failure to address the relevant evidence and legal authorities. In addition, they consider that the laws applied to PEM in the decision are unconstitutional. As a result, the Company filed an appeal of the decision to the Mexican Circuit Courts on November 30, 2020. The Company is unable to provide any certainty as to the outcome or timing of such challenge. No tax is payable under the Reassessments while such challenges are in process.

Based on the Company's assessments with third party advisors, the Company believes Primero filed its tax returns compliant with applicable Mexican law and, therefore, no liability has been recognized in the financial statements.

To the extent it is ultimately determined that the appropriate price of silver sales under the Old Stream Agreement is significantly different from the PEM Realized Price and while PEM would have rights of appeal in connection with any reassessments, it is likely to have a material effect on the Company's business, financial position and results of operations.

La Encantada Tax Re-assessments

In December 2019, as part of the ongoing annual audits of the tax returns of Minera La Encantada S.A. de C.V. ("MLE"), the SAT issued tax assessments for fiscal 2012 and 2013 in the amount of $7.8 million (155.5 million MXN) and $6.3 million (126.6 million MXN), respectively. The key items relate to a forward silver purchase agreement and denial of the deductibility of mine development costs and service fees. The Company continues to defend the validity of the forward silver purchase agreement and will vigorously dispute the assessments that have been issued. The Company believes MLE's tax filings were appropriate and its tax filing position is correct, therefore no liability has been recognized in the financial statements. The Company's legal and financial advisors continue to believe that the Company has filed its tax returns in compliance with applicable Mexican law.

OTHER FINANCIAL INFORMATION

Share Repurchase Program

The Company has an ongoing share repurchase program to repurchase up to 5% of the Company's issued and outstanding shares. The normal course issuer bids will be carried through the facilities of the Toronto Stock Exchange and alternative Canadian marketplaces.

During the year ended December 31, 2020, the Company repurchased and cancelled 275,000 common shares for a total consideration of $1.7 million, an average price of CAD$8.56 per share, through a normal course issuer bid in the open market as approved by the Toronto Stock Exchange.

Off-Balance Sheet Arrangements

At December 31, 2020, the Company had no material off-balance sheet arrangements such as contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that generate financing, liquidity, market or credit risk to the Company, other than contingent liabilities and vendor liability and interest, as disclosed in this MD&A and the consolidated financial statements and the related notes.

Related Party Disclosures

Amounts paid to related parties were incurred in the normal course of business and measured at the exchange amount, which is the amount agreed upon by the transacting parties and on terms and conditions similar to non-related parties.

In July 2020, the Company completed the agreement with First Mining Gold Corp., to purchase 50% of the payable silver produced from the Springpole Gold Project for total consideration of $22.5 million in cash and shares, over three payments, for the silver stream which covers the life of the Springpole project (see "Corporate Development Highlights"). First Mining is a related party with two independent board members who are directors and/or officers of First Majestic.

With the exception of the agreement with First Mining Gold Corp., there were no transactions with related parties outside of the ordinary course of business during the year ended December 31, 2020.

Outstanding Share Data

As at February 17, 2021, the Company has 222,660,666 common shares issued and outstanding.

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Critical Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformity with IFRS as issued by IASB requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates. During the year ended December 31, 2020, there were no changes in critical accounting judgments and estimates that were significantly different from those disclosed in the Company's annual MD&A as at and for the year ended December 31, 2019.

Future Changes in Accounting Policies Not Yet Effective as at December 31, 2020

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2021, with early application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. The Company will recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings at the beginning of that earliest period presented. This amendment will impact the Company's accounting for proceeds from mineral sales prior to reaching commercial production levels intended by management.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2023, with early application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

NON-GAAP MEASURES

The Company has included certain non-GAAP measures including “Cash costs per ounce”, “Production cost per tonne”, “All-in sustaining costs per ounce”, “Average realized silver price”, “Adjusted earnings per share”, “Cash flow per share” and "Working capital” to supplement its consolidated financial statements, which are presented in accordance with IFRS. The terms IFRS and generally accepted accounting principles (“GAAP”) are used interchangeably throughout this MD&A.

The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-GAAP measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Cash Cost per Ounce, All-In Sustaining Cost per Ounce and Production Cost per Tonne

Cash costs per ounce and total production cost per tonne are non-GAAP measures used by the Company to manage and evaluate operating performance at each of the Company’s operating mining units, and are widely reported in the mining industry as benchmarks for performance, but do not have a standardized meaning and are disclosed in addition to IFRS measures.

All-in sustaining cost (“AISC”) is a non-GAAP measure and was calculated based on guidance provided by the World Gold Council (“WGC”). WGC is not a regulatory industry organization and does not have the authority to develop accounting standards for disclosure requirements. Other mining companies may calculate AISC differently as a result of differences in underlying accounting principles and policies applied, as well as differences in definitions of sustaining versus expansionary capital expenditures. AISC is a more comprehensive measure than cash cost per ounce for the Company’s consolidated operating performance by providing greater visibility, comparability and representation of the total costs associated with producing silver from its current operations.

The Company defines sustaining capital expenditures as, “*costs incurred to sustain and maintain existing assets at current productive capacity and constant planned levels of productive output without resulting in an increase in the life of assets, future earnings, or improvements in recovery or grade. Sustaining capital includes costs required to improve/enhance assets to minimum standards for reliability, environmental or safety requirements. Sustaining capital expenditures excludes all expenditures at the Company’s new projects and certain expenditures at current operations which are deemed expansionary in nature.”*

Expansionary capital expenditure is defined as, *"costs incurred to extend existing assets beyond their current productive capacity and beyond their planned levels of productive output, resulting in an increase in the life of the assets, increasing their future earnings potential, or improving their recoveries or grades which would serve to increase the value of the assets over their useful lives"*. Development and exploration work which moves inferred resources to measured or indicated resources and adds to the Net Present Value of the assets is considered expansionary in nature. Expansionary capital also includes costs required to improve/enhance assets beyond their minimum standard for reliability, environmental or safety requirements.

Consolidated AISC includes total production cash costs incurred at the Company’s mining operations, which forms the basis of the Company’s total cash costs. Additionally, the Company includes sustaining capital expenditures, corporate general and administrative expense, share-based payments, operating lease payments and reclamation cost accretion. AISC by mine does not include certain corporate and non-cash items such as general and administrative expense and share-based payments. The Company believes this measure represents the total sustainable costs of producing silver from current operations, and provides additional information of the Company’s operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of silver production from current operations, new project and expansionary capital at current operations are not included. Certain other cash expenditures, including tax payments, dividends and financing costs are also not included.

Effective January 1, 2021, the Company is transitioning its cost reporting from Cost per Payable Silver Ounce to Cost per Payable Silver Equivalent Ounce ("AgEq Oz") basis. Management believes the change to using Payable AgEq Oz will provide management and investors with an improved ability to evaluate operating performance of the Company, as it eliminates volatility in Cash Cost and AISC per ounce due to market volatility in silver and gold prices as well as timing of by-product credit sales.

The following tables provide detailed reconciliations of these measures to cost of sales, as reported in notes to our consolidated financial statements.

(expressed in thousands of U.S. Dollars, except ounce and per ounce amounts)	Three Months Ended December 31, 2020			
	San Dimas	Santa Elena	La Encantada	Consolidated
Mining cost	$12,669	$4,461	$3,106	$20,236
Milling cost	6,028	6,308	4,573	16,909
Indirect cost	9,497	3,757	3,183	16,437
Total production cost (A)	**$28,194**	**$14,526**	**$10,862**	**$53,582**
Add: transportation and other selling cost	433	134	160	784
Add: smelting and refining cost	471	107	241	819
Add: environmental duty and royalties cost	425	97	141	665
Total cash cost before by-product credits (B)	**$29,523**	**$14,864**	**$11,404**	**$55,850**
Deduct gold by-product credits (C)	($23,256)	($9,981)	($93)	($33,328)
Total cash cost (D = B - C)	**$6,267**	**$4,883**	**$11,311**	**$22,522**
Workers' participation	3,103	55	87	3,245
General and administrative expenses	—	—	—	6,727
Share-based payments	—	—	—	2,227
Accretion of decommissioning liabilities	149	78	125	623
Sustaining capital expenditures	9,999	3,636	1,298	17,507
Operating lease payments	58	963	646	2,024
All-In Sustaining Costs (E)	**$19,576**	**$9,615**	**$13,467**	**$54,875**
Payable silver ounces produced (F)	**1,940,315**	**417,735**	**1,089,147**	**3,447,196**
Payable silver equivalent ounces produced (G)	**3,475,323**	**900,729**	**1,094,268**	**5,470,319**
Tonnes milled (H)	**208,648**	**168,276**	**248,408**	**625,332**
Cash cost per payable silver ounce, before by-product credits (B/F)	**$15.22**	**$35.58**	**$10.47**	**$16.20**
Cash cost per payable silver ounce (D/F)	**$3.23**	**$11.69**	**$10.39**	**$6.53**
AISC per payable silver ounce (E/F)	**$10.09**	**$23.02**	**$12.37**	**$15.92**
Production cost per tonne (A/H)	**$135.13**	**$86.32**	**$43.72**	**$85.68**
Cash cost per payable AgEq Oz (B/G)	**$8.49**	**$16.50**	**$10.42**	**$10.21**
AISC per payable AgEq Oz ((E+C)/G)	**$12.32**	**$21.76**	**$12.39**	**$16.12**

(expressed in thousands of U.S. Dollars, except ounce and per ounce amounts)	Three Months Ended December 31, 2019				
	San Dimas	Santa Elena	La Encantada	Del Toro	Consolidated
Mining cost	$9,803	$4,410	$2,653	$964	$17,830
Milling cost	4,664	6,486	4,394	705	16,249
Indirect cost	8,714	2,629	2,661	1,169	15,173
Total production cost (A)	**$23,182**	**$13,524**	**$9,708**	**$2,838**	**$49,252**
Add: transportation and other selling cost	317	81	83	52	641
Add: smelting and refining cost	448	162	203	138	951
Add: environmental duty and royalties cost	202	127	34	7	370
Total cash cost before by-product credits (B)	**$24,149**	**$13,894**	**$10,028**	**$3,035**	**$51,214**
Deduct by-product credits attributed to:					
Gold by-product credits	(22,895)	(14,759)	(74)	3	(37,725)
Lead by-product credits	—	—	—	(788)	(795)
Zinc by-product credits	—	—	—	—	(50)
Total by-product credits (C)	**($22,895)**	**($14,759)**	**($74)**	**($785)**	**($38,570)**
Total cash cost (D = B - C)	**$1,254**	**($865)**	**$9,954**	**$2,250**	**$12,644**
Workers' participation	1,930	59	78	45	2,413
General and administrative expenses	—	—	—	—	7,230
Share-based payments	—	—	—	—	1,907
Accretion of decommissioning liabilities	186	52	148	55	603
Sustaining capital expenditures	8,879	2,818	1,645	679	15,090
Operating lease payments	57	205	637	25	1,198
All-In Sustaining Costs (E)	**$12,306**	**$2,269**	**$12,462**	**$3,054**	**$41,085**
Payable silver ounces produced (F)	**1,657,891**	**618,702**	**983,680**	**78,614**	**3,338,887**
Payable silver equivalent ounces produced (G)	**3,514,359**	**1,590,805**	**987,779**	**123,491**	**6,216,434**
Tonnes milled (H)	**182,265**	**196,640**	**221,049**	**26,528**	**626,482**
Cash cost per payable silver ounce, before by-product credits (B/F)	**$14.55**	**$22.46**	**$10.19**	**$38.60**	**$15.33**
Cash cost per payable silver ounce (D/F)	**$0.74**	**($1.40)**	**$10.12**	**$28.62**	**$3.73**
AISC per payable silver ounce (E/F)	**$7.41**	**$3.66**	**$12.67**	**$38.84**	**$12.25**
Production cost per tonne (A/H)	**$127.19**	**$68.77**	**$43.92**	**$106.99**	**$78.62**
Cash cost per payable AgEq Oz (B/G)	**$6.86**	**$8.73**	**$10.15**	**$24.58**	**$8.23**
AISC per payable AgEq Oz ((E+C)/G)	**$10.01**	**$10.70**	**$12.69**	**$31.09**	**$12.81**

(expressed in thousands of U.S. Dollars, except ounce and per ounce amounts)	Year Ended December 31, 2020			
	San Dimas	Santa Elena	La Encantada	Consolidated
Mining cost	$40,662	$15,952	$9,597	$66,211
Milling cost	19,318	23,187	15,335	57,840
Indirect cost	31,232	11,088	9,813	52,133
Total production cost (A)	**$91,212**	**$50,227**	**$34,746**	**$176,185**
Add: transportation and other selling cost	1,224	397	425	2,288
Add: smelting and refining cost	1,604	434	749	2,800
Add: environmental duty and royalties cost	1,278	395	337	2,010
Total cash cost before by-product credits (B)	**$95,318**	**$51,453**	**$36,257**	**$183,283**
Deduct by-product credits attributed to:				
Gold by-product credits	(82,252)	(41,630)	(382)	(124,264)
Lead by-product credits	—	—	—	(74)
Deduct gold by-product credits (C)	**($82,252)**	**($41,630)**	**($382)**	**($124,338)**
Total cash cost (D = B - C)	**$13,066**	**$9,823**	**$35,875**	**$58,945**
Workers' participation	13,663	206	377	14,245
General and administrative expenses	—	—	—	22,977
Share-based payments	—	—	—	8,255
Accretion of decommissioning liabilities	565	295	477	2,362
Sustaining capital expenditures	28,361	10,033	4,112	49,003
Operating lease payments	291	1,252	2,573	5,349
All-In Sustaining Costs (E)	**$55,946**	**$21,609**	**$43,414**	**$161,136**
Payable silver ounces produced (F)	**6,396,467**	**1,691,068**	**3,491,929**	**11,579,464**
Payable silver equivalent ounces produced (G)	**12,664,191**	**4,177,527**	**3,512,127**	**20,353,844**
Tonnes milled (H)	**713,064**	**640,276**	**860,613**	**2,213,954**
Cash cost per payable silver ounce, before by-product credits (B/F)	**$14.90**	**$30.43**	**$10.38**	**$15.83**
Cash cost per payable silver ounce (D/F)	**$2.04**	**$5.81**	**$10.27**	**$5.09**
AISC per payable silver ounce (E/F)	**$8.75**	**$12.78**	**$12.43**	**$13.92**
Production cost per tonne (A/H)	**$127.91**	**$78.44**	**$40.37**	**$79.59**
Cash cost per payable AgEq Oz (B/G)	**$7.53**	**$12.32**	**$10.32**	**$9.00**
AISC per payable AgEq Oz ((E+C)/G)	**$10.91**	**$15.14**	**$12.47**	**$14.03**

(1) Production costs in the year ended December 31, 2020 exclude standby costs related to COVID-19 Suspensions at San Dimas ($3.5 million), Santa Elena ($2.0 million) and La Encantada ($1.7 million), as well as the 13-day union work stoppage at San Dimas ($2.0 million).

(expressed in thousands of U.S. Dollars, except ounce and per ounce amounts)	Twelve Months Ended December 31, 2019						
	San Dimas	**Santa Elena**	**La Encantada**	**San Martin**	**La Parrilla**	**Del Toro**	**Consolidated**
Mining cost	$39,230	$17,922	$8,374	$3,390	$5,097	$3,621	$77,633
Milling cost	20,568	25,473	18,139	3,210	4,671	2,734	74,796
Indirect cost	31,420	9,330	9,141	2,690	3,467	4,070	60,118
Total production cost (A)	**$91,219**	**$52,725**	**$35,654**	**$9,290**	**$13,235**	**$10,425**	**$212,548**
Add: transportation and other selling cost	1,138	258	302	85	558	178	2,737
Add: smelting and refining cost	1,234	526	670	142	1,812	508	4,892
Add: environmental duty and royalties cost	739	472	102	52	45	27	1,437
Total cash cost before by-product credits (B)	**$94,330**	**$53,981**	**$36,728**	**$9,569**	**$15,650**	**$11,138**	**$221,614**
Deduct by-product credits attributed to:							
Gold by-product credits	(85,468)	(55,211)	(197)	(2,105)	(42)	(6)	(143,029)
Lead by-product credits	—	—	—	—	(3,997)	(2,991)	(6,988)
Zinc by-product credits	—	—	—	—	(3,517)	—	(3,517)
Total by-product credits (C)	**($85,468)**	**($55,211)**	**($197)**	**($2,105)**	**($7,556)**	**($2,997)**	**($153,534)**
Total cash cost (D = B - C)	**$8,862**	**($1,230)**	**$36,531**	**$7,464**	**$8,094**	**$8,141**	**$68,080**
Workers' participation	7,552	209	313	489	244	99	9,036
General and administrative expenses	—	—	—	—	—	—	25,164
Share-based payments	—	—	—	—	—	—	8,325
Accretion of decommissioning liabilities	744	207	591	237	282	219	2,409
Sustaining capital expenditures	28,378	7,842	4,546	2,091	4,937	2,322	51,203
Operating lease payments	221	318	701	112	99	99	2,397
All-In Sustaining Costs (E)	**$45,757**	**$7,346**	**$42,682**	**$10,393**	**$13,656**	**$10,880**	**$166,614**
Payable silver ounces produced (F)	**6,302,519**	**2,433,169**	**3,071,077**	**555,039**	**519,311**	**288,073**	**13,169,187**
Payable silver equivalent ounces produced (G)	**13,824,712**	**6,309,961**	**3,086,895**	**691,780**	**999,117**	**457,850**	**25,370,314**
Tonnes milled (H)	**691,576**	**875,435**	**890,008**	**101,362**	**167,535**	**106,083**	**2,831,999**
Cash cost per payable silver ounce, before by-product credits (B/F)	**$14.97**	**$22.19**	**$11.96**	**$17.24**	**$30.14**	**$38.66**	**$16.83**
Cash cost per payable silver ounce (D/F)	**$1.41**	**($0.51)**	**$11.89**	**$13.45**	**$15.59**	**$28.26**	**$5.16**
AISC per payable silver ounce (E/F)	**$7.26**	**$3.02**	**$13.90**	**$18.73**	**$26.29**	**$37.77**	**$12.64**
Production cost per tonne (A/H)	**$131.90**	**$60.23**	**$40.06**	**$91.65**	**$78.99**	**$98.29**	**$75.05**
Cash cost per payable AgEq Oz (B/G)	**$6.82**	**$8.55**	**$11.90**	**$13.83**	**$15.66**	**$24.33**	**$8.74**
AISC per payable AgEq Oz ((E+C)/G)	**$9.49**	**$9.91**	**$13.89**	**$18.07**	**$21.23**	**$30.31**	**$12.62**

Average Realized Silver Price per Ounce

Revenues are presented as the net sum of invoiced revenues related to delivered shipments of silver doré bars and concentrates, including associated metal by-products of gold, lead and zinc after having deducted refining and smelting charges, and after elimination of intercompany shipments of silver, silver being minted into coins, ingots and bullion products.

The following is an analysis of the gross revenues prior to refining and smelting charges, and shows deducted smelting and refining charges to arrive at the net reportable revenue for the period per IFRS. Gross revenues are divided into payable equivalent silver ounces sold to calculate the average realized price per ounce of silver equivalents sold.

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Revenues as reported	**$117,075**	**$96,476**	**$363,876**	**$363,944**
Add back: smelting and refining charges	819	950	2,800	4,891
Gross revenues	**117,894**	**97,426**	**366,676**	**368,835**
Less: Sandstorm gold revenues	(580)	(1,078)	(2,636)	(4,200)
Less: Wheaton gold revenues	(7,056)	(6,969)	(23,541)	**(26,994)**
Gross revenues, excluding Sandstorm, Wheaton (A)	**$110,258**	**$89,379**	**$340,499**	**$337,641**
Payable equivalent silver ounces sold	5,319,935	6,125,349	19,614,393	24,509,434
Less: Payable equivalent silver ounces sold to Sandstorm	(81,319)	(200,479)	(499,931)	(789,783)
Less: Payable equivalent silver ounces sold to Wheaton	(807,046)	(804,896)	(3,016,658)	(3,126,715)
Payable equivalent silver ounces sold, excluding Sandstorm and Wheaton (B)	**4,431,570**	**5,119,974**	**16,097,804**	**20,592,936**
Average realized price per ounce of silver sold (A/B)[1)]	**$24.88**	**$17.46**	**$21.15**	**$16.40**
Average market price per ounce of silver per COMEX	$24.44	$17.33	$21.72	$16.20

(1) Average realized price per ounce of silver sold in each reporting period is affected by mark-to-market adjustments and final settlements on concentrate shipments in prior periods. Concentrates sold to third-party smelters are provisionally priced and the price is not settled until a predetermined future date, typically one month after delivery to the customer, based on the market price at that time. The mark-to-market adjustments do not apply to doré sales.

Cash Flow per Share

Cash Flow per Share is determined based on operating cash flows before movements in working capital and income taxes, as illustrated in the consolidated statements of cash flow, divided by the weighted average shares outstanding during the period.

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Operating Cash Flows before Working Capital and Taxes	**$48,224**	**$32,875**	**$107,343**	**$108,915**
Weighted average number of shares on issue - basic	221,463,289	205,753,770	213,879,622	201,615,489
Cash Flow per Share	**$0.22**	**$0.16**	**$0.50**	**$0.54**

Adjusted Earnings per Share ("Adjusted EPS")

The Company uses the financial measure "Adjusted EPS" to supplement information in its consolidated financial statements. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's performance. The Company excludes certain non-cash and unusual items from net earnings to provide a measure which allows the Company and investors to evaluate the operating results of the underlying core operations. The presentation of Adjusted EPS is not meant to be a substitute for EPS presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measure.

The following table provides a detailed reconciliation of net losses as reported in the Company's consolidated financial statements to adjusted net earnings and Adjusted EPS:

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Net earnings (loss) as reported	**$34,545**	**($39,946)**	**$23,087**	**($40,474)**
Adjustments for non-cash or unusual items:				
Deferred income tax recovery	(11,187)	(19,817)	(3,324)	(14,973)
Share-based payments	2,227	1,907	8,255	8,325
Loss (gain) from investment in derivatives and marketable securities	2,445	(243)	(1,973)	(1,765)
Unrealized (gain) loss on foreign currency derivatives	(3,880)	—	982	—
Recovery of mineral inventory	—	(355)	(443)	(2,578)
Impairment of non-current assets	—	58,739	—	58,739
Standby costs related to COVID-19 Suspension	—	—	7,162	—
Loss on divestiture of exploration projects	—	—	3,685	—
Adjusted net earnings	**$24,150**	**$285**	**$37,431**	**$7,274**
Weighted average number of shares on issue - basic	221,463,289	205,753,770	213,879,622	201,615,489
Adjusted EPS	**$0.11**	**$0.00**	**$0.18**	**$0.04**

Working Capital and Available Liquidity

Working capital is determined based on current assets and current liabilities as reported in the Company's consolidated financial statements. The Company uses working capital as a measure of the Company's short-term financial health and operating efficiency. Available liquidity includes the Company's working capital and undrawn revolving credit facility.

	December 31, 2020	December 31, 2019
Current Assets	$356,046	$242,979
Less: Current Liabilities	(101,626)	(71,853)
Working Capital	**$254,420**	**$171,126**
Available Undrawn Revolving Credit Facility	65,000	55,031
Available Liquidity	**$319,420**	**$226,157**

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

The Company's management, with the participation of its President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's CEO and CFO have concluded that, as of December 31, 2020, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

The Company's management, with the participation of its CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in the rules of the United States Securities and Exchange Commission and the Canadian Securities Administrators. The 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 IFRS as issued by the IASB. The Company's internal control over financial reporting includes policies and procedures that:

- maintain records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary for preparation of financial statements in accordance with IFRS as issued by IASB;
- provide reasonable assurance that the Company's receipts and expenditures are made only in accordance with authorizations of management and the Company's Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

The Company's internal control over financial reporting may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

The Company's management evaluated the effectiveness of our internal controls over financial reporting based upon the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's evaluation, our CEO and CFO concluded that our internal controls over financial reporting was effective as of December 31, 2020.

The Company's independent registered public accounting firm, Deloitte LLP, have audited these Consolidated Annual Financial Statements and have issued an attestation report dated February 18, 2021 on the Company's internal control over financial reporting based on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of Treadway Commission.

During the year ended December 31, 2020, the Company implemented social distancing protocols to have majority of its corporate office and site administrative staff to work remotely from home. This change has required certain processes and controls that were previously done or documented manually to be completed and retained in electronic form. Despite the changes required by the current environment, there have been no significant changes in our internal controls during the year ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the President and Chief Executive Officer and Chief Financial Officer, believes that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, may not prevent or detect all misstatements because of inherent limitations. Further, the design of a control

system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

CAUTIONARY STATEMENTS

Cautionary Note regarding Forward-Looking Statements

Certain information contained herein this MD&A constitutes forward-looking statements under applicable securities laws (collectively, " **forward-looking statements**"). These statements relate to future events or the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to: commercial mining operations; anticipated mineral recoveries; projected quantities of future mineral production; statements with respect to the Company's business strategy; future planning processes; anticipated development, expansion, exploration activities and production rates; the estimated cost and timing of plant improvements at the Company's operating mines and development of the Company's development projects; the timing of completion of exploration programs and drilling programs; the repayment of the Debentures; statements with respect to the Company's future financial position including operating efficiencies, cash flow, capital budgets, costs and expenditures; the preparation of technical reports and completion of preliminary economic assessments; the repurchase of the Company's shares; viability of the Company's projects; potential metal recovery rates; the conversion of the Company's securities. All statements other than statements of historical fact may be forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "forecast", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements".

Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, without limitation: the inherent risks involved in the mining, exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project delays or cost overruns or unanticipated excessive operating costs and expenses, uncertainties related to the necessity of financing, the availability of and costs of financing needed in the future, and other factors described in the Company's Annual Information Form under the heading "Risk Factors".

The Company believes that the expectations reflected in any such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included herein this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. Actual results may differ materially from those expressed or implied by such forward-looking statements.

Cautionary Note regarding Reserves and Resources

National Instrument 43-101 ("NI 43-101"), issued by the Canadian Securities Administrators, lays out the standards of disclosure for mineral projects. This includes a requirement that a certified Qualified Person ("QP") (as defined under the NI 43-101) supervises the preparation of the mineral reserves and mineral resources. Ramon Mendoza, P. Eng., Vice President of Technical Services is a certified QP for the Company and has reviewed this MD&A for QP technical disclosures. All NI 43-101 technical reports can be found on the Company's website at www.firstmajestic.com or on SEDAR at www.sedar.com.

Cautionary Note to United States Investors Concerning Estimates of Mineral Reserves and Resources

This Management's Discussion and Analysis has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ in certain material respects from the disclosure requirements of United States securities laws. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian NI 43-101 Standards of Disclosure for Mineral Projects and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in the disclosure requirements promulgated by the Securities and Exchange Commission (the "Commission") and contained in Industry Guide 7 ("Industry Guide 7"). Under Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report mineral reserves, the three-year historical average price is used in any mineral reserve or cash flow analysis to designate mineral reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101. However, these terms are not defined terms under Industry Guide 7 and are not permitted to be used in reports and registration statements of United States companies filed with the Commission. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a mineral resource is permitted disclosure under Canadian regulations. In contrast, the Commission only permits U.S. companies to report mineralization that does not constitute "mineral reserves" by Commission standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this Management's Discussion and Analysis may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations of the Commission thereunder.

Additional Information

Additional information on the Company, including the Company's Annual Information Form and the Company's audited consolidated financial statements for the year ended December 31, 2020, is available on SEDAR at www.sedar.com and on the Company's website at www.firstmajestic.com.

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Keith Neumeyer, certify that:

1. I have reviewed this annual report on Form 40-F of First Majestic Silver Corp.;

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 31, 2021

/s/ Keith Neumeyer
Keith Neumeyer
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Raymond Polman, certify that:

1. I have reviewed this annual report on Form 40-F of First Majestic Silver Corp.;

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 31, 2021

/s/ Raymond Polman
Raymond Polman
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Keith Neumeyer, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(a) the annual report on Form 40-F of First Majestic Silver Corp. for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Form 40-F fairly presents, in all material respects, the financial condition and results of operations of First Majestic Silver Corp.

Date: March 31, 2021

/s/ Keith Neumeyer
Keith Neumeyer
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Raymond Polman, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(a) the annual report on Form 40-F of First Majestic Silver Corp. for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Form 40-F fairly presents, in all material respects, the financial condition and results of operations of First Majestic Silver Corp.

Date: March 31, 2021.

/s/ Raymond Polman
Raymond Polman
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

March 31, 2021

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2020 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2020.

I, Ramon Mendoza Reyes, Vice-President Technical Services of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-251338) of the Company (the "Registration Statement"), in connection with reference to my involvement in the preparation of the following:

- the "San Dimas Silver/Gold Mine, Durango and Sinaloa States, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020;
- the "Santa Elena Silver/Gold Mine, Sonora, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020;
- the "La Encantada Silver Mine, Coahuila, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020;
  (collectively, the "Technical Reports")

and to references to the Technical Reports, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statement, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statement.

Yours truly,

"signed"

Ramon Mendoza Reyes, P. Eng.,
Vice President Technical Services

March 31, 2021

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2020 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2020.

I, Gregory K. Kulla, Vice-President Exploration of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-251338) of the Company (the "Registration Statement"), in connection with reference to my involvement in the preparation of the following:

- the "Santa Elena Silver/Gold Mine, Sonora, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020 (the "Technical Report")

and to references to the Technical Report, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statement, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statement.

Yours truly,

"signed"

Gregory K. Kulla, P. Geo.
Vice President Exploration

March 31, 2021

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2020 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2020.

I, Persio P. Rosario, Vice-President Processing, Metallurgy and Innovation of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-251338) of the Company (the "Registration Statement"), in connection with reference to my involvement in the preparation of the following:

- the "San Dimas Silver/Gold Mine, Durango and Sinaloa States, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020;
- the "Santa Elena Silver/Gold Mine, Sonora, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020;
- the "La Encantada Silver Mine, Coahuila, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020;
  (collectively, the "Technical Reports")

and to references to the Technical Reports, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statement, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statement.

Yours truly,

"signed"

Persio P. Rosario, P. Eng.,
Vice President Processing, Metallurgy and Innovation

March 31, 2021

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2020 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2020.

I, Maria Elena Vazquez, Database Manager of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-251338) of the Company (the "Registration Statement"), in connection with reference to my involvement in the preparation of the following:

- the "San Dimas Silver/Gold Mine, Durango and Sinaloa States, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020;
- the "Santa Elena Silver/Gold Mine, Sonora, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020;
- the "La Encantada Silver Mine, Coahuila, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020;
  (collectively, the "Technical Reports")

and to references to the Technical Reports, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statement, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statement.

Yours truly,

"signed"
María Elena Vázquez, P.Geo.
Database Manager

March 31, 2021

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2020 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2020.

I, Phil Spurgeon, Senior Resource Modeler, of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-251338) of the Company (the "Registration Statement"), in connection with reference to my involvement in the preparation of the following:

- the "Santa Elena Silver/Gold Mine, Sonora, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020 (the "Technical Report")

and to references to the Technical Report, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statement, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statement.

Yours truly,

"signed"
Phil Spurgeon, P. Geo.,
Senior Resource Modeler

March 31, 2021

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2020 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2020.

I, Brian Boutilier, Manager of Technical Services of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-251338) of the Company (the "Registration Statement"), in connection with reference to my involvement in the preparation of the following:

- the "La Encantada Silver Mine, Coahuila, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020 (the "Technical Report")

and to references to the Technical Report, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statement, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statement.

Yours truly,

"signed"
Brian Boutilier, P.Eng.
Manager of Technical Services

March 31, 2021

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2020 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2020.

I, David Rowe, Consulting Principal Resource Geologist, hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-251338) of the Company (the "Registration Statement"), in connection with reference to my involvement in the preparation of the following:

- the "La Encantada Silver Mine, Coahuila, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020 (the "Technical Report")

and to references to the Technical Report, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statement, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statement.

Yours truly,

"signed"
David Rowe, CPG
Consulting Principal Resource Geologist

March 31, 2021

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2020 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2020.

I, Joaquin Merino, Senior Advisor in Geology, of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-251338) of the Company (the "Registration Statement"), in connection with reference to my involvement in the preparation of the following:

- the "San Dimas Silver/Gold Mine, Durango and Sinaloa States, Mexico, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" dated December 31, 2020 (the "Technical Report")

and to references to the Technical Report, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statement, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statement.

Yours truly,

Joaquin Merino, P. Geo.
Senior Advisor in Geology

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-251338 on Form F-10 and to the use of our reports dated February 18, 2021 relating to the financial statements of First Majestic Silver Corp. (the "Company") and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 40-F for the year ended December 31, 2020

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, Canada
March 31, 2021