FIRST MAJESTIC
SILVER CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

(UNAUDITED)

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FIRST MAJESTIC
SILVER CORP.

Management's Responsibilities over Financial Reporting

The condensed interim consolidated financial statements of First Majestic Silver Corp. (the "Company") are the responsibility of the Company's management. The condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*", 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 condensed interim consolidated financial statements prior to their submission to the Board of Directors for approval.

The condensed interim consolidated financial statements have not been audited.

Keith Neumeyer
President & CEO
May 8, 2019

Raymond Polman, CPA, CA
Chief Financial Officer
May 8, 2019

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2019 and 2018

Condensed Interim Consolidated Financial Statements - Unaudited (In thousands of US dollars, except share and per share amounts)

The Condensed Interim Consolidated Statements of Earnings (Loss) provide a summary of the Company's financial performance and net earnings or loss over the reporting periods.

		Three Months Ended March 31,	
	Note	**2019**	**2018**
Revenues	6	**$86,810**	**$58,593**
Mine operating costs			
Cost of sales	7	59,347	39,681
Depletion, depreciation and amortization		17,210	19,335
		76,557	**59,016**
Mine operating earnings (loss)		**10,253**	**(423)**
General and administrative expenses	8	6,500	4,868
Share-based payments		2,075	2,516
Mine care and maintenance costs		808	—
Foreign exchange (gain) loss		(2,369)	2,296
Operating earnings (loss)		**3,239**	**(10,103)**
Investment and other income (loss)	9	2,018	(1,459)
Finance costs	10	(3,705)	(2,459)
Earnings (loss) before income taxes		**1,552**	**(14,021)**
Income taxes			
Current income tax expense		3,464	694
Deferred income tax recovery		(4,792)	(9,123)
		(1,328)	(8,429)
Net earnings (loss) for the period		**$2,880**	**($5,592)**
Earnings (loss) per common share			
Basic	11	**$0.01**	**($0.03)**
Diluted	11	**$0.01**	**($0.03)**
Weighted average shares outstanding			
Basic	11	**195,832,712**	**165,819,786**
Diluted	11	**196,745,512**	**165,819,786**

Approved by the Board of Directors

Keith Neumeyer, Director

Douglas Penrose, Director

The accompanying notes are an integral part of the condensed interim consolidated financial statements

Condensed Interim Consolidated Financial Statements - Unaudited (In thousands of US dollars)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2019 and 2018

The Condensed Interim 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	Three Months Ended March 31,	
		2019	**2018**
Net earnings (loss) for the period		**$2,880**	**($5,592)**
Other comprehensive income (loss)			
Items that will not be subsequently reclassified to profit or loss:			
Unrealized gain (loss) on fair value of investments in marketable securities	14	150	(348)
Other comprehensive income (loss)		150	(348)
Total comprehensive income (loss)		**$3,030**	**($5,940)**

The accompanying notes are an integral part of the condensed interim consolidated financial statements

Condensed Interim Consolidated Financial Statements - Unaudited (In thousands of US dollars)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 and 2018

The Condensed Interim 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.

		Three Months Ended March 31,	
	Note	**2019**	**2018**
Operating Activities			
Net earnings (loss) for the period		$2,880	($5,592)
Adjustments for:			
Depletion, depreciation and amortization		17,664	19,522
Share-based payments		2,075	2,516
Income tax recovery		(1,328)	(8,429)
Finance costs	10	3,705	2,459
Other	23	(1,291)	5,165
Operating cash flows before movements in working capital and taxes		**23,705**	**15,641**
Net change in non-cash working capital items	23	10,246	(5,509)
Income taxes paid		(1,236)	(261)
Cash generated by operating activities		**32,715**	**9,871**
Investing Activities			
Expenditures on mining interests		(19,835)	(16,639)
Acquisition of property, plant and equipment		(10,129)	(6,269)
Deposits paid for acquisition of non-current assets		(640)	(826)
Proceeds from settlement of silver futures derivatives		1,597	—
Cash used in investing activities		**(29,007)**	**(23,734)**
Financing Activities			
Proceeds from ATM program, net of share issue costs	21(a)	32,458	—
Proceeds from exercise of stock options		1,152	683
Repayment of lease liabilities	20(b)	(1,006)	(710)
Finance costs paid		(2,299)	(640)
Net proceeds from convertible debentures	19(a)	—	151,079
Repayment of Scotia debt facilities		—	(3,182)
Shares repurchased and cancelled		—	(1,289)
Cash provided by financing activities		**30,305**	**145,941**
Effect of exchange rate on cash and cash equivalents held in foreign currencies		431	(980)
Increase in cash and cash equivalents		**34,013**	**132,078**
Cash and cash equivalents, beginning of the period		57,013	118,141
Cash and cash equivalents, end of period		**$91,457**	**$249,239**
Cash		$91,457	$211,869
Short-term investments		—	37,370
Cash and cash equivalents, end of period		**$91,457**	**$249,239**
Supplemental cash flow information	23		

The accompanying notes are an integral part of the condensed interim consolidated financial statements

Condensed Interim Consolidated Financial Statements - Unaudited (In thousands of US dollars)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2019 AND DECEMBER 31, 2018

The Condensed interim 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	March 31, 2019	December 31, 2018
Assets			
Current assets			
Cash and cash equivalents		$91,457	$57,013
Trade and other receivables	12	7,929	5,599
Value added taxes receivable	22(c)	49,862	59,665
Income taxes receivable		397	982
Inventories	13	27,358	32,468
Other financial assets	14	8,379	8,458
Prepaid expenses and other		3,801	2,089
Total current assets		**189,183**	**166,274**
Non-current assets			
Mining interests	15	444,659	435,613
Property, plant and equipment	16	253,359	251,084
Right-of-use assets	17	3,869	—
Deposits on non-current assets		3,613	3,464
Non-current income taxes receivable		19,029	18,737
Deferred tax assets		53,893	50,938
Total assets		**$967,605**	**$926,110**
Liabilities and Equity			
Current liabilities			
Trade and other payables	18	$49,424	$50,183
Unearned revenue	6	4,168	3,769
Current portion of debt facilities	19	444	1,281
Current portion of lease liabilities	20	4,269	2,904
Total current liabilities		**58,305**	**58,137**
Non-current liabilities			
Debt facilities	19	149,781	148,231
Lease liabilities	20	4,865	2,943
Decommissioning liabilities		28,702	27,796
Other liabilities		3,985	3,787
Deferred tax liabilities		88,672	90,643
Total liabilities		**$334,310**	**$331,537**
Equity			
Share capital		861,509	827,622
Equity reserves		89,985	88,030
Accumulated deficit		(318,199)	(321,079)
Total equity		**$633,295**	**$594,573**
Total liabilities and equity		**$967,605**	**$926,110**

Commitments (Note 15; Note 22(c))

The accompanying notes are an integral part of the condensed interim consolidated financial statements

Condensed Interim Consolidated Financial Statements - Unaudited (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[b]	Retirement Benefit Plan[c]	Equity component of convertible debenture[d]	Total equity reserves	Accumulated deficit	Total equity
Balance at December 31, 2017	**165,824,164**	**$636,672**	**$65,307**	**($3,004)**	**$—**	**$—**	**$62,303**	**($116,490)**	**$582,485**
Net loss for the period	—	—	—	—	—	—	—	(5,592)	(5,592)
Other comprehensive loss	—	—	—	(348)	—	—	(348)	—	(348)
Total comprehensive loss	**—**	**—**	**—**	**(348)**	**—**	**—**	**(348)**	**(5,592)**	**(5,940)**
Share-based payments	—	—	2,516	—	—	—	2,516	—	2,516
Equity component of convertible debenture, net of tax (Note 19(a))	—	—	—	—	—	19,164	19,164	—	19,164
Shares issued for:									
Exercise of stock options (Note 21(b))	149,490	795	(112)	—	—	—	(112)	—	683
Shares cancelled	(230,000)	(899)	—	—	—	—	—	(390)	(1,289)
Balance at March 31, 2018	**165,743,654**	**$636,568**	**$67,711**	**($3,352)**	**$—**	**$19,164**	**$83,523**	**($122,472)**	**$597,619**
Balance at December 31, 2018	**193,873,335**	**$827,622**	**$71,715**	**($3,514)**	**$665**	**$19,164**	**$88,030**	**($321,079)**	**$594,573**
Net earnings for the period	—	—	—	—	—	—	—	2,880	2,880
Other comprehensive income	—	—	—	150	—	—	150	—	150
Total comprehensive income	**—**	**—**	**—**	**150**	**—**	**—**	**150**	**2,880**	**3,030**
Share-based payments	—	—	2,075	—	—	—	2,075	—	2,075
Shares issued for:									
Exercise of stock options (Note 21(b))	289,641	1,422	(270)	—	—	—	(270)	—	1,152
At-the-Market Distributions (Note 21(a))	5,250,000	32,458	—	—	—	—	—	—	32,458
Shares cancelled	1,661	7	—	—	—	—	—	—	7
Balance at March 31, 2019	**199,414,637**	**$861,509**	**$73,520**	**($3,364)**	**$665**	**$19,164**	**$89,985**	**($318,199)**	**$633,295**

(a) Share-based payments reserve records the cumulative amount recognized under IFRS 2 share-based payments in respect of options granted and shares purchase warrants issued but not exercised 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.

(c) Retirement benefit plan reserve records re-measurements arising from actuarial gains or losses and return on plan assets in relation to San Dimas' retirement benefit plan.

(d) 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.

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 and operates six producing mines: the San Dimas Silver/Gold Mine, the Santa Elena Silver/Gold Mine, the La Encantada Silver Mine, the San Martin Silver Mine, the La Parrilla Silver Mine and the Del Toro Silver Mine.

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 condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *"Interim Financial Reporting",* and International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2018, as some disclosures from the annual consolidated financial statements have been condensed or omitted.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain items that are measured at fair value including derivative financial instruments (Note 22(a)) and marketable securities (Note 14). All dollar amounts presented are in thousands of United States dollars unless otherwise specified.

These condensed interim 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. Intercompany balances, transactions, income and expenses are eliminated on consolidation.

These condensed interim consolidated financial statements were prepared using accounting policies consistent with those in the audited consolidated financial statements as at and for the year ended December 31, 2018, except for the following:

Leases

On January 1, 2019, the Company adopted IFRS 16 - Leases ("IFRS 16") which superseded IAS 17 - Leases. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on balance sheet accounting model that is similar to the finance lease accounting, with limited exceptions for short-term leases or leases of low value assets.

The Company adopted IFRS 16 on its effective date, using the modified retrospective application method, with the cumulative effect of initially applying the standard recorded as an adjustment to retained earnings and no restatement of comparative information. The Company has elected to measure its right-of-use assets at amounts equal to the associated lease liabilities as at the adoption date, which resulted in a $3.7 million increase in right-of-use assets (note 17) and lease liabilities (note 20), with no adjustment necessary to retained earnings.

The Company has elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight line basis for short term leases (lease term of 12 months or less) and low value leases. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short term leases.

For certain leases, such as vehicles, the Company has also elected to account for the lease and non-lease components as a single lease component.

2. BASIS OF PRESENTATION (continued)

Leases (continued)

In transitioning to IFRS 16, the Company analyzed its contracts to identify whether they are or contain a lease arrangement. This analysis identified contracts containing leases that have an equivalent increase to both the Company's right-of-use assets and lease liabilities. Upon the adoption of IFRS 16, the Company recognized additional right-of-use assets and lease liabilities primarily related to the Company's equipment and building rental contracts, land easement contracts and service contracts that contain embedded leases for property, plant and equipment. The incremental borrowing rates for lease liabilities initially recognized on adoption of IFRS 16 was 5.8% to 12.4%. Due to the recognition of additional right-of-use assets and lease liabilities, during the three months ended March 31, 2019, depreciation expense increased by $0.3 million and financing costs increased by $0.1 million, respectively, under IFRS 16 compared to the previous standard. Additionally, operating cash flows increased by $0.3 million with a corresponding $0.3 million increase in financing cash outflows.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management to make assumptions and estimates of the impacts of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

In preparing the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2019, the Company applied the critical judgments and estimates disclosed in note 3 of its audited consolidated financial statements for the year ended December 31, 2018 and the following critical judgments and estimates in applying accounting policies:

Leases as a result of adopting IFRS 16

Identifying Whether a Contract Includes a Lease

IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. The Company had to apply judgment on certain factors, including whether the supplier has substantive substitution rights, does the Company obtain substantially all of the economic benefits and who has the right to direct the use of that asset.

Estimate of Lease Term

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract, or exercise an early termination option. As it is not reasonably certain that the extension or early termination options will be exercised, the Company determined that the term of its leases are the lesser of original lease term or the life of the mine. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

Determining the Discount Rate for Leases

Determining the discount rate for leases IFRS 16 requires the Company to discount the lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate ("IBR"). The Company generally used its IBR rate when recording leases initially, since the implicit rates were not readily available due to information not being available from the lessor regarding the fair value of underlying assets and direct costs incurred by the lessor related to the leased assets. The IBR for each lease was determined on the commencement date of the lease and recalculated at the re-measurement date, where applicable.

4. ACQUISITION OF PRIMERO MINING CORP.

Description of the Transaction

On May 10, 2018, First Majestic completed the acquisition of all of the issued and outstanding common shares (the "Arrangement") of Primero Mining Corp. pursuant to the terms and conditions of an arrangement agreement (the “Arrangement Agreement”) between First Majestic and Primero dated January 11, 2018. Under the terms of the Arrangement Agreement, First Majestic issued an aggregate of 6,418,594 common shares to Primero shareholders, on the basis of 0.03325 of a First Majestic common share for each Primero common share (the "Exchange Ratio").

The Arrangement also provided for the issuance by First Majestic of an aggregate of 221,908 replacement stock options (the "Replacement Options") to the holders of outstanding Primero stock options, at exercise prices adjusted by the Exchange Ratio. Under the Arrangement, all existing warrants of Primero also became exercisable to acquire First Majestic shares at exercise prices adjusted by the Exchange Ratio ("Replacement Warrants"). After the effective date of the Arrangement, such warrants are exercisable for an aggregate of 366,124 common shares of the Company. The fair value of the Replacement Options and Replacement Warrants, determined using a Black-Scholes valuation model, resulted in a nominal value as the exercise prices of the options and warrants are significantly out-of-the-money based on the Exchange Ratio and underlying share price.

With this transaction, First Majestic added the San Dimas Silver/Gold Mine which is located approximately 130 km northwest of Durango, Durango State, Mexico. The mine is accessible via a 40 minute flight from Durango to the mine’s airstrip. The operation consists of an underground mine and a mill with a 2,500 tpd capacity.

Concurrently and in connection and as part of the Arrangement, First Majestic terminated the pre-existing silver purchase agreement with Wheaton Precious Metals Corp. and its subsidiary, Wheaton Precious Metals International Ltd. (“WPMI”), relating to the San Dimas Mine and entered into a new precious metal purchase agreement (the “New Stream Agreement”) with WPMI and FM Metal Trading (Barbados) Inc., a wholly-owned subsidiary of First Majestic. Pursuant to the New Stream Agreement, WPMI is entitled 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 ounce delivered under the New Stream Agreement. As part of the restructuring of the stream agreement, WPMI received 20,914,590 common shares of First Majestic with an aggregate fair market value of approximately $143.1 million based on the closing price of First Majestic common shares on May 9, 2018 of $6.84. The final common share purchase consideration was determined based on the closing market price of First Majestic’s common shares on the day before the closing date of the Arrangement.

Management has concluded that Primero constitutes a business and, therefore, the acquisition is accounted for in accordance with IFRS 3 - Business Combinations. For the purpose of these consolidated financial statements, the purchase consideration has been allocated on a preliminary basis based on management’s best estimates at the time these condensed interim consolidated financial statements were prepared. The Company is continuing its review to determine the recoverability of value added tax receivables that are in arrears and the outcome of the APA Ruling (see Note 24 of the Company’s audited consolidated financial statements as at and for the year ended December 31, 2018) during the allowable measurement period, which shall not exceed one year from the acquisition date. Any future changes to the purchase price allocation may also result in adjustments to mining interests and deferred income taxes.

Condensed Interim Consolidated Financial Statements - Unaudited (Tabular amounts are expressed in thousands of US dollars)

4. ACQUISITION OF PRIMERO MINING CORP. (continued)

Consideration and Purchase Price Allocation

Total consideration for the acquisition was valued at $187.0 million on the acquisition date. The preliminary purchase price allocation, which is subject to final adjustments, is estimated as follows:

Total Consideration		
6,418,594 First Majestic shares to Primero shareholders at $6.84 (CAD$8.80) per share	$	43,903
20,914,590 First Majestic shares to Wheaton Precious Metals Corp. at $6.84 (CAD$8.80) per share		143,056
	$	**186,959**

Allocation of Purchase Price		
Cash and cash equivalents	$	3,871
Value added taxes receivable		27,508
Inventories		15,628
Mining interests		178,183
Property, plant and equipment		122,815
Deposit on non-current assets		60
Non-current income taxes receivable		19,342
Other working capital items		(23,792)
Income taxes payable		(2,888)
Debt facilities		(106,110)
Decommissioning liabilities		(4,095)
Other non-current liabilities		(4,678)
Deferred tax liabilities		(38,885)
Net assets acquired	**$**	**186,959**

Total transaction costs of $4.9 million related to the acquisition were expensed in the year ended December 31, 2018.

5. SEGMENTED INFORMATION

All of the Company’s operations are within the mining industry and its major products are precious metals doré and precious and base metals concentrates which are refined or smelted into pure silver, gold, lead and zinc and sold to global metal brokers. 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.

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 three months ended March 31, 2019, the Company's reporting segments includes its six operating mines in Mexico. Effective January 1, 2019, the Company no longer considers the La Guitarra mine, which was placed on care and maintenance on August 3, 2018 as a significant reporting segment. Accordingly, it has been grouped in the “others” category for the three months ended March 31, 2019 and 2018. “Others” also consists primarily of the Company’s corporate assets including cash and cash equivalents, other development and exploration properties (Note 15), debt facilities (Note 19), intercompany eliminations, and corporate expenses which are not allocated to operating segments. Management 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 period ended March 31, 2019 for consistency.

Condensed Interim Consolidated Financial Statements - Unaudited (Tabular amounts are expressed in thousands of US dollars)

5. SEGMENTED INFORMATION

Significant information relating to the Company's reportable operating segments is summarized in the tables below:

Three Months Ended March 31, 2019 and 2018		Revenue	Cost of sales	Depletion, depreciation, and amortization	Mine operating earnings (loss)	Capital expenditures
Mexico						
San Dimas	**2019**	**$40,885**	**$23,382**	**$6,272**	**$11,231**	**$8,197**
	2018	—	—	—	—	—
Santa Elena	**2019**	**20,133**	**12,767**	**2,288**	**5,078**	**4,821**
	2018	23,730	12,582	2,840	8,308	4,842
La Encantada	**2019**	**11,573**	**9,035**	**3,484**	**(946)**	**2,850**
	2018	7,597	7,627	3,508	(3,538)	3,457
San Martin	**2019**	**6,526**	**5,271**	**3,254**	**(1,999)**	**2,446**
	2018	9,637	5,331	2,162	2,144	2,098
La Parrilla	**2019**	**5,457**	**5,718**	**1,300**	**(1,561)**	**2,825**
	2018	8,196	6,455	6,220	(4,479)	3,130
Del Toro	**2019**	**2,055**	**2,957**	**354**	**(1,256)**	**981**
	2018	5,506	4,821	2,285	(1,600)	2,399
Others	**2019**	**181**	**217**	**258**	**(294)**	**6,590**
	2018	3,927	2,865	2,320	(1,258)	4,180
Consolidated	**2019**	**$86,810**	**$59,347**	**$17,210**	**$10,253**	**$28,710**
	2018	**$58,593**	**$39,681**	**$19,335**	**($423)**	**$20,106**

At March 31, 2019 and December 31, 2018		Mining Interests		Property, plant and equipment	Total mining assets	Total assets	Total liabilities
		Producing	Exploration				
Mexico							
San Dimas	**2019**	**$186,541**	**$3,021**	**$118,641**	**$308,203**	**$350,824**	**$50,055**
	2018	182,434	3,705	120,218	306,357	368,460	59,990
Santa Elena	**2019**	**41,940**	**9,283**	**38,817**	**90,040**	**112,683**	**18,874**
	2018	33,447	14,316	39,664	87,427	104,955	16,753
La Encantada	**2019**	**44,973**	**334**	**42,452**	**87,759**	**109,979**	**10,575**
	2018	39,564	5,660	43,060	88,284	111,887	13,972
San Martin	**2019**	**49,452**	**13,244**	**17,876**	**80,572**	**92,912**	**28,101**
	2018	50,406	12,538	18,373	81,317	92,835	23,386
La Parrilla	**2019**	**17,745**	**4,241**	**7,853**	**29,839**	**55,168**	**7,523**
	2018	17,172	3,486	7,603	28,261	52,383	9,784
Del Toro	**2019**	**9,728**	**3,570**	**5,838**	**19,136**	**35,879**	**6,821**
	2018	9,601	3,082	5,775	18,458	36,760	7,624
Others	**2019**	**21,027**	**39,560**	**21,882**	**82,469**	**210,162**	**212,361**
	2018	21,027	39,175	16,391	76,593	158,830	200,028
Consolidated	**2019**	**$371,406**	**$73,253**	**$253,359**	**$698,018**	**$967,605**	**$334,310**
	2018	**$353,651**	**$81,962**	**$251,084**	**$686,697**	**$926,110**	**$331,537**

During the three months ended March 31, 2019, the Company had six (March 31, 2018 - four) customers that accounted for 100% of its doré and concentrate sales revenue, with one major customer accounting for 82% of total revenue (2018 - two major customers for 63% and 22%).

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6. REVENUES

The Company sells metals in the form of doré and concentrates. The Company's primary product is silver and other metals produced as part of the extraction process, such as gold, lead and zinc, are considered as by-products. Revenues from sale of metal, including by-products, are recorded net of smelting and refining costs.

Revenues for the period are summarized as follows:

	Three Months Ended March 31,			
	2019		2018	
Gross revenue by material:				
Doré	$80,363	91%	$43,864	72%
Concentrate	7,920	9%	17,389	28%
Gross revenue	**$88,283**	**100%**	**$61,253**	**100%**
Gross revenue from payable metals:				
Silver	$52,488	59%	$36,107	59%
Gold	32,031	36%	18,690	31%
Lead	2,529	3%	4,437	7%
Zinc	1,235	1%	2,019	3%
Gross revenue	**88,283**	**100%**	**61,253**	**100%**
Less: smelting and refining costs	(1,473)		(2,660)	
Revenues	**$86,810**		**$58,593**	

As at March 31, 2019, $4.2 million of revenues that have not satisfied performance obligations were recorded as unearned revenue (December 31, 2018 - $3.8 million) and will be recorded as revenue in the subsequent period. During the three months ended March 31, 2019, revenue related to provisional pricing adjustments on concentrate sales was $0.2 million (2018 - $0.2 million).

(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 three months ended March 31, 2019, the Company delivered 1,500 ounces of gold (2018 - 2,715 ounces) to Sandstorm at an average price of $455 per ounce (2018 - $450 per ounce). In September 2017, the Company exceeded 50,000 cumulative ounces delivered to Sandstorm which increased the base selling price from $350 per ounce to $450 per ounce.

(b) Gold Stream Agreement with Wheaton Precious Metals Corporation

The San Dimas mine has a purchase agreement with WPMI, which entitles WPMI 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 under the New Stream Agreement.

During the three months ended March 31, 2019, the Company delivered 11,510 ounces of gold equivalent to WPMI at $600 per ounce.

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7. 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:

	Three Months Ended March 31,	
	2019	**2018**
Consumables and materials	$12,424	$8,312
Labour costs	28,187	17,783
Energy	9,261	8,153
Other costs	4,285	3,714
Production costs	**$54,157**	**$37,962**
Transportation and other selling costs	807	902
Workers participation costs	1,595	341
Environmental duties and royalties	336	255
Inventory changes	2,452	221
	$59,347	**$39,681**

8. 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:

	Three Months Ended March 31,	
	2019	**2018**
Corporate administration	$1,040	$1,107
Salaries and benefits	3,523	2,263
Audit, legal and professional fees	1,161	977
Filing and listing fees	133	150
Directors fees and expenses	189	184
Depreciation	454	187
	$6,500	**$4,868**

9. INVESTMENT AND OTHER INCOME (LOSS)

The Company's investment and other income (loss) are comprised of the following:

	Three Months Ended March 31,	
	2019	**2018**
Gain (loss) from investment in marketable securities (Note 14)	$1,153	($2,149)
Loss from investment in silver futures derivatives	(536)	—
Interest income and other	1,401	690
	$2,018	**($1,459)**

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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:

	Three Months Ended March 31,	
	2019	**2018**
Debt facilities (Note 19)	$2,707	$1,883
Lease liabilities (Note 20)	208	148
Accretion of decommissioning liabilities	604	329
Silver sales and other	186	99
	$3,705	**$2,459**

11. EARNINGS (LOSS) PER SHARE

Basic net earnings (loss) per share is the net earnings (loss) available to common shareholders divided by the weighted average number of common shares outstanding during the period. Diluted net earnings (loss) per share adjusts basic net earnings per share for the effects of dilutive potential common shares.

The calculations of basic and diluted (loss) earnings per share for the period ended March 31, 2019 and 2018 are as follows:

	Three Months Ended March 31,	
	2019	**2018**
Net earnings (loss) for the period	$2,880	($5,592)
Weighted average number of shares on issue - basic	195,832,712	165,819,786
Dilutive impact of stock options	912,800	—
Weighted average number of shares on issue - diluted(1)	196,745,512	165,819,786
Earnings (loss) per share - basic	$0.01	($0.03)
Earnings (loss) per share - diluted	$0.01	($0.03)

(1) Diluted weighted average number of shares excluded 7,680,435 (2018 - 10,398,095) options and 16,327,598 common shares issuable under the convertible debentures (Note 19(a)) that were anti-dilutive for the three months ended March 31, 2019.

12. TRADE AND OTHER RECEIVABLES

Trade and other receivables of the Company are comprised of:

	March 31, 2019	**December 31, 2018**
Trade receivables	$6,136	$4,671
Other	1,793	928
	$7,929	**$5,599**

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13. 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. Inventories of the Company are comprised of:

	March 31, 2019	December 31, 2018
Finished goods - doré and concentrates	$1,762	$2,538
Work-in-process	2,545	4,626
Stockpile	1,220	1,257
Silver coins and bullion	333	351
Materials and supplies	21,498	23,696
	$27,358	**$32,468**

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. As at March 31, 2019, mineral inventories, which consist of stockpile, work-in-process and finished goods, includes a $0.5 million (December 31, 2018 - $3.0 million) net realizable value write-down which was recognized in cost of sales during the period.

14. OTHER FINANCIAL ASSETS

As at March 31, 2019, other financial assets consists of the Company's investment in marketable securities and foreign exchange derivatives comprised of the following:

	March 31, 2019	December 31, 2018
First Mining Gold Corp. (TSX: FF)	$3,957	$2,753
Sprott Physical Silver Trust (NYSE: PSLV)	2,216	2,236
FVTPL marketable securities	**$6,173**	**$4,989**
FVTOCI marketable securities	1,581	1,431
Total marketable securities	**$7,754**	**$6,420**
Silver future derivatives	—	2,038
Foreign exchange derivatives	625	—
Total other financial assets	**$8,379**	**$8,458**

(a) Marketable Securities

Changes in fair value of marketable securities designated as fair value through profit or loss ("FVTPL") for the period ended March 31, 2019 totalling $1.2 million (2018 - $2.1 million) are recorded through profit or loss.

Changes in fair value of marketable securities designated as fair value through other comprehensive income ("FVTOCI") for the period ended March 31, 2019 totalling $0.2 million (2018 - $0.3 million) are recorded through other comprehensive income and will not be transferred into profit or loss upon disposition or impairment.

(b) Silver Future Derivatives

As at March 31, 2019, the Company carried a long position of 200 silver future contracts for 1,000,000 ounces of silver. The silver future derivatives carried a $nil balance (December 31, 2018 -$2.0 million) consisting of an unrealized loss of $0.7 million, net of $0.7 million in deposits. For the period ended March 31, 2019, the Company recognized a $0.5 million net loss on its investment in silver future derivatives (2018 - $nil).

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15. 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:

	March 31, 2019	December 31, 2018
Producing properties	$371,406	$353,651
Exploration properties (non-depletable)	73,253	81,962
	$444,659	**$435,613**

Producing properties are allocated as follows:

Producing properties	San Dimas	Santa Elena	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total
Cost								
At December 31, 2017	**$—**	**$36,371**	**$88,627**	**$155,351**	**$104,635**	**$90,955**	**$106,691**	**$582,630**
Additions	11,030	7,609	5,787	8,336	6,241	3,988	2,686	45,677
Acquisition of Primero (Note 4)	178,183	—	—	—	—	—	—	178,183
Change in decommissioning liabilities	4,092	(633)	3,122	—	—	—	—	6,581
Transfer from exploration properties	—	1,694	1,900	—	—	—	—	3,594
At December 31, 2018	**$193,305**	**$45,041**	**$99,436**	**$163,687**	**$110,876**	**$94,943**	**$109,377**	**$816,665**
Additions	5,284	1,966	1,275	1,815	382	1,134	—	11,856
Transfer from exploration properties	2,456	7,462	5,659	—	—	—	—	15,577
At March 31, 2019	**$201,045**	**$54,469**	**$106,370**	**$165,502**	**$111,258**	**$96,077**	**$109,377**	**$844,098**
Accumulated depletion, amortization and impairment								
At December 31, 2017	**$—**	**($7,639)**	**($55,564)**	**($62,144)**	**($67,154)**	**($40,317)**	**($62,594)**	**($295,412)**
Depletion and amortization	(10,871)	(3,955)	(4,308)	(16,470)	(4,850)	(4,220)	(3,102)	(47,776)
Impairment	—	—	—	(67,901)	(29,271)	—	(22,654)	(119,826)
At December 31, 2018	**($10,871)**	**($11,594)**	**($59,872)**	**($146,515)**	**($101,275)**	**($44,537)**	**($88,350)**	**($463,014)**
Depletion and amortization	(3,633)	(935)	(1,525)	(1,242)	(255)	(2,088)	—	(9,678)
At March 31, 2019	**($14,504)**	**($12,529)**	**($61,397)**	**($147,757)**	**($101,530)**	**($46,625)**	**($88,350)**	**($472,692)**
Carrying values								
At December 31, 2018	**$182,434**	**$33,447**	**$39,564**	**$17,172**	**$9,601**	**$50,406**	**$21,027**	**$353,651**
At March 31, 2019	**$186,541**	**$41,940**	**$44,973**	**$17,745**	**$9,728**	**$49,452**	**$21,027**	**$371,406**

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15. MINING INTERESTS (continued)

Exploration properties are allocated as follows:

Exploration properties	San Dimas	Santa Elena	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Other	Total
Cost									
At December 31, 2017	**$—**	**$7,777**	**$5,221**	**$13,982**	**$10,117**	**$9,599**	**$10,385**	**$29,847**	**$86,928**
Exploration and evaluation expenditures	3,705	8,233	2,339	3,291	2,363	2,939	1,337	3,593	27,800
Impairment	—	—	—	(13,787)	(9,398)	—	(5,987)	—	(29,172)
Transfer to producing properties	—	(1,694)	(1,900)	—	—	—	—	—	(3,594)
At December 31, 2018	**$3,705**	**$14,316**	**$5,660**	**$3,486**	**$3,082**	**$12,538**	**$5,735**	**$33,440**	**$81,962**
Exploration and evaluation expenditures	1,772	2,429	333	755	488	706	—	385	6,868
Transfer to producing properties	(2,456)	(7,462)	(5,659)	—	—	—	—	—	(15,577)
At March 31, 2019	**$3,021**	**$9,283**	**$334**	**$4,241**	**$3,570**	**$13,244**	**$5,735**	**$33,825**	**$73,253**

(a) San Dimas Silver/Gold Mine, Durango State

The San Dimas Mine has a gold and silver streaming agreement with WPMI which entitles WPMI 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 under the New Stream Agreement.

(b) Santa Elena Silver/Gold Mine, Sonora State

The Santa Elena Mine has 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 the lesser of $450 per ounce, subject to a 1% annual inflation increase commencing in April 2018, and the prevailing market price.

In December 2016, the Company entered into an option agreement with Compania Minera Dolores, S.A. de C.V., a subsidiary of Pan American Silver Corp., to acquire the Los Hernandez Property, consisting of 5,802 hectares of mining concessions north of the Santa Elena mine. In exchange, First Majestic has agreed to incur $1.6 million in exploration costs on the property over four years, grant a 2.5% NSR royalty on the related concessions, and to pay $1.4 million in option payments, of which $0.5 million has been paid, $0.2 million due in December 2019 and $0.7 million in December 2020.

(c) Del Toro Silver Mine, Zacatecas State

In October 2016, the Company entered into an agreement to acquire 7,205 hectares of mining concessions adjacent to the Del Toro Silver Mine. The total purchase price amounted to $1.5 million, payable over six equal payments every six months. As at March 31, 2019, $1.2 million (December 31, 2018 - $1.2 million) has been paid.

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16. PROPERTY, PLANT AND EQUIPMENT

The majority of the Company's property, plant and equipment is used in the Company's six 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	Other	Total
Cost					
At December 31, 2017	**$134,398**	**$341,899**	**$21,949**	**$14,711**	**$512,957**
Additions	9	4,411	28,669	621	33,710
Acquisition of Primero (Note 4)	40,404	70,064	7,169	5,178	122,815
Transfers and disposals	3,053	14,488	(22,114)	2,900	(1,673)
At December 31, 2018	**$177,864**	**$430,862**	**$35,673**	**$23,410**	**$667,809**
Additions	—	427	9,552	7	9,986
Transfers and disposals	6,437	(536)	(6,791)	(34)	(924)
At March 31, 2019	**$184,301**	**$430,753**	**$38,434**	**$23,383**	**$676,871**
Accumulated depreciation, amortization and impairment					
At December 31, 2017	**($86,404)**	**($223,353)**	**$—**	**($11,148)**	**($320,905)**
Depreciation and amortization	(8,215)	(36,650)	—	(1,777)	(46,642)
Transfers and disposals	—	1,464	—	48	1,512
Impairment	(16,639)	(33,420)	—	(631)	(50,690)
At December 31, 2018	**($111,258)**	**($291,959)**	**$—**	**($13,508)**	**($416,725)**
Depreciation and amortization	(1,471)	(5,632)	—	(593)	(7,696)
Transfers and disposals	124	713	—	72	909
At March 31, 2019	**($112,605)**	**($296,878)**	**$—**	**($14,029)**	**($423,512)**
Carrying values					
At December 31, 2018	**$66,606**	**$138,903**	**$35,673**	**$9,902**	**$251,084**
At March 31, 2019	**$71,696**	**$133,875**	**$38,434**	**$9,354**	**$253,359**

(1) Included in land and buildings is $11.5 million (December 31, 2018 - $11.5 million) of land which is not subject to depreciation.

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16. 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	La Parrilla	Del Toro	San Martin	La Guitarra	Other	Total
Cost									
At December 31, 2017	**$—**	**$73,684**	**$124,198**	**$96,491**	**$117,201**	**$47,541**	**$28,115**	**$25,727**	**$512,957**
Additions	5,750	3,066	8,812	2,564	3,016	2,375	1,296	6,831	33,710
Acquisition of Primero (Note 4)	122,815	—	—	—	—	—	—	—	122,815
Transfers and disposals	(802)	(79)	(864)	(9)	1,311	1,784	(2,648)	(366)	(1,673)
At December 31, 2018	**$127,763**	**$76,671**	**$132,146**	**$99,046**	**$121,528**	**$51,700**	**$26,763**	**$32,192**	**$667,809**
Additions	1,141	426	1,242	255	111	606	—	6,205	9,986
Transfers and disposals	(43)	168	(328)	(187)	(218)	(4)	(312)	—	(924)
At March 31, 2019	**$128,861**	**$77,265**	**$133,060**	**$99,114**	**$121,421**	**$52,302**	**$26,451**	**$38,397**	**$676,871**
Accumulated depreciation, amortization and impairment									
At December 31, 2017	**$—**	**($28,898)**	**($80,269)**	**($52,984)**	**($93,579)**	**($27,789)**	**($21,654)**	**($15,732)**	**($320,905)**
Depreciation and amortization	(8,179)	(8,397)	(9,646)	(8,489)	(3,761)	(4,388)	(2,161)	(1,621)	(46,642)
Transfers and disposals	—	288	829	92	(804)	(1,150)	1,546	77	1,512
Impairment	634	—	—	(30,062)	(17,609)	—	(3,019)	—	(50,690)
At December 31, 2018	**($7,545)**	**($37,007)**	**($89,086)**	**($91,443)**	**($115,753)**	**($33,327)**	**($25,288)**	**($17,276)**	**($416,725)**
Depreciation and amortization	(2,653)	(1,297)	(1,949)	(37)	(77)	(1,149)	—	(534)	(7,696)
Transfers and disposals	(22)	(144)	427	219	247	50	132	—	909
At March 31, 2019	**($10,220)**	**($38,448)**	**($90,608)**	**($91,261)**	**($115,583)**	**($34,426)**	**($25,156)**	**($17,810)**	**($423,512)**
Carrying values									
At December 31, 2018	**$120,218**	**$39,664**	**$43,060**	**$7,603**	**$5,775**	**$18,373**	**$1,475**	**$14,916**	**$251,084**
At March 31, 2019	**$118,641**	**$38,817**	**$42,452**	**$7,853**	**$5,838**	**$17,876**	**$1,295**	**$20,587**	**$253,359**

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17. RIGHT-OF-USE ASSETS

The Company entered into operating leases to use certain land, building, mining equipment and corporate equipment for its operations. Upon the adoption of IFRS 16, which became effective January 1, 2019 (see note 2), 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 to payments over the term of the respective operating 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 of IFRS 16 (Note 2)	2,624	1,036	22	3,682
Additions	170	307	—	477
Depreciation and amortization	(172)	(116)	(2)	(290)
At March 31, 2019	**$2,622**	**$1,227**	**$20**	**$3,869**

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:

	March 31, 2019	December 31, 2018
Trade payables	$18,349	$26,420
Trade related accruals	12,471	9,351
Payroll and related benefits	15,350	11,255
Environmental duty	1,894	1,536
Other accrued liabilities	1,360	1,621
	$49,424	**$50,183**

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19. DEBT FACILITIES

The movement in debt facilities during the three months ended March 31, 2019 and year ended December 31, 2018, respectively, are comprised of the following:

	Convertible Debentures (a)	Revolving Credit Facility (b)	Scotia Debt Facilities	Primero Debt Facilities	Total
Balance at December 31, 2017	**$—**	**$—**	**$31,769**	**$—**	**$31,769**
Net proceeds from convertible debentures	151,079	—	—	—	151,079
Portion allocated to equity reserves	(26,252)	—	—		(26,252)
Net proceeds from revolving credit facility	—	34,006	—	—	34,006
Acquisition of Primero (Note 4)	—	—	—	106,111	106,111
Finance costs					
Interest expense	2,738	1,170	529	—	4,437
Accretion	4,978	419	555	—	5,952
Repayments of principal	—	(16,000)	(32,072)	(106,111)	(154,183)
Payments of finance costs	(1,736)	(890)	(781)	—	(3,407)
Balance at December 31, 2018	**$130,807**	**$18,705**	**$—**	**$—**	**$149,512**
Finance costs					
Interest expense	734	424	—	—	1,158
Accretion	1,387	162	—	—	1,549
Payments of finance costs	(1,466)	(528)	—	—	(1,994)
Balance at March 31, 2019	**$131,462**	**$18,763**	**$—**	**$—**	**$150,225**
Statements of Financial Position Presentation					
Current portion of debt facilities	$1,002	$279	$—	$—	$1,281
Non-current portion of debt facilities	129,805	18,426	—	—	148,231
Balance at December 31, 2018	**$130,807**	**$18,705**	**$—**	**$—**	**$149,512**
Current portion of debt facilities	$269	$175	$—	$—	$444
Non-current portion of debt facilities	131,193	18,588	—	—	149,781
Balance at March 31, 2019	**$131,462**	**$18,763**	**$—**	**$—**	**$150,225**

(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. The redemption price will 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.

19. DEBT FACILITIES (continued)

(a) Convertible Debentures (continued)

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.

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. 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 March 31, 2019, the applicable rates were 6.1% and 0.875%, 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 March 31, 2019 and December 31, 2018, the Company was in compliance with these covenants.

Condensed Interim Consolidated Financial Statements - Unaudited (Tabular amounts are expressed in thousands of US dollars)

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, and adjusted for interest and lease payments.

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 three months ended March 31, 2019 and year ended December 31, 2018, respectively, are comprised of the following:

	Finance Leases (a)	Operating Leases (b)	Equipment Financing (c)	Total
Balance at December 31, 2017	**$2,109**	**$—**	**$7,196**	**$9,305**
Finance costs	80	—	444	524
Repayments of principal	(1,700)	—	(1,846)	(3,546)
Payments of finance costs	(80)	—	(356)	(436)
Balance at December 31, 2018	**$409**	**$—**	**$5,438**	**$5,847**
Initial adoption of IFRS 16 (Note 2)	—	3,682	—	3,682
Additions	—	478	—	478
Finance costs	8	99	101	208
Repayments of principal	(103)	(292)	(611)	(1,006)
Payments of finance costs	(8)	—	(110)	(118)
Foreign exchange loss	—	43	—	43
Balance at March 31, 2019	**$306**	**$4,010**	**$4,818**	**$9,134**
Statements of Financial Position Presentation				
Current portion of lease liabilities	$352	$—	$2,552	$2,904
Lease liabilities	57	—	2,886	2,943
Balance at December 31, 2018	**$409**	**$—**	**$5,438**	**$5,847**
Current portion of lease liabilities	$306	$1,416	$2,547	$4,269
Lease liabilities	—	2,594	2,271	4,865
Balance at March 31, 2019	**$306**	**$4,010**	**$4,818**	**$9,134**

(a) Finance Leases

From time to time, the Company purchases equipment under finance leases, with terms ranging from 24 to 48 months with interest rates ranging from 6.9% to 7.5%.

As at March 31, 2019, the net book value of property, plant and equipment includes $0.6 million (December 31, 2018 - $0.6 million) of equipment in property, plant and equipment pledged as security under finance leases.

20. LEASE LIABILITIES (continued)

(b) Operating Leases

Upon the adoption of IFRS 16, the Company recognized $3.7 million in operating lease liabilities as at January 1, 2019, primarily related to certain 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 10 years, some of which include options to terminate the leases within a year, with incremental borrowing rates ranging from 5.8% to 12.4%.

(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 March 31, 2019 and year ended December 31, 2018, the Company was in compliance with these covenants.

As at March 31, 2019, the net book value of property, plant and equipment includes $4.6 million (December 31, 2018 - $4.6 million) of equipment pledged as security for the equipment financing.

21. 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 period is summarized in the consolidated statements of changes in equity.

In May 2018, the Company completed an arrangement agreement to acquire all of the issued and outstanding shares of Primero by issuing 27,333,363 common shares at a price of $6.84 (CAD$8.80) based on the Company's quoted market price as at the acquisition date. See Note 4 for details.

In 2018, the Company filed a prospectus supplement to the 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 $50.0 million. The sale of common shares would 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 three months ended March 31, 2019, First Majestic sold 5,250,000 common shares of the Company under the ATM program at an average price of $6.34 per share for gross proceeds of $33.6 million, or net proceeds of $32.5 million after costs.

(b) Stock options

Under the terms of the Company's Stock Option Plan, the maximum number of shares reserved for issuance under the Plan is 10% 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.

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21. SHARE CAPITAL (continued)

(b) Stock options (continued)

The following table summarizes information about stock options outstanding as at March 31, 2019:

	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)
2.01 - 5.00	1,318,957	4.79	1.76	1,318,957	4.79	1.76
5.01 - 10.00	5,243,026	7.97	7.33	1,609,430	7.03	3.44
10.01 - 15.00	3,203,102	11.04	2.86	2,364,203	11.07	2.62
15.01 - 20.00	125,000	16.36	2.38	125,000	16.36	2.38
20.01 - 250.00	206,913	74.26	1.95	206,913	74.26	1.95
	10,096,998	9.99	5.01	5,624,503	10.88	2.63

The movements in stock options issued during the three months ended March 31, 2019 and year ended December 31, 2018 are summarized as follows:

	Three Months Ended March 31, 2019		Year Ended December 31, 2018	
	Number of Options	Weighted Average Exercise Price (CAD $/Share)	Number of Options	Weighted Average Exercise Price (CAD $/Share)
Balance, beginning of the period	9,266,098	10.76	9,431,737	9.35
Granted	1,909,180	8.21	2,552,796	15.95
Exercised	(289,641)	5.30	(973,948)	5.28
Cancelled or expired	(788,639)	16.43	(1,744,487)	13.78
Balance, end of the period	10,096,998	9.99	9,266,098	10.76

During the three months ended March 31, 2019, the aggregate fair value of stock options granted was $5.9 million (December 31, 2018 - $7.8 million), or a weighted average fair value of $3.08 per stock option granted (December 31, 2018 - $3.07).

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	Three Months Ended March 31, 2019	Year Ended December 31, 2018
Risk-free interest rate (%)	Yield curves on Canadian government zero- coupon bonds with a remaining term equal to the stock options' expected life	2.19	1.87
Expected life (years)	Average of the expected vesting term and expiry term of the option	5.76	5.40
Expected volatility (%)	Historical and implied volatility of the precious metals mining sector	52.00	58.70
Expected dividend yield (%)	Annualized dividend rate as of the date of grant	—	—

The weighted average closing share price at date of exercise for the three months ended March 31, 2019 was CAD$8.70 (December 31, 2018 - CAD$8.86).

22. 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.

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 exchange 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 Value added taxes receivable 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.

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22. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(a) Fair value and categories of financial instruments (continued)

The following table presents the Company's fair value hierarchy for financial assets and financial liabilities that are measured at fair value:

	March 31, 2019			December 31, 2018		
		Fair value measurement			Fair value measurement	
	Carrying value	Level 1	Level 2	Carrying value	Level 1	Level 2
Financial assets						
Trade receivables	$2,972	$—	$2,972	$2,559	$—	$2,559
Marketable securities (Note 14)	7,754	7,754	—	6,420	6,420	—
Silver futures derivatives (Note 14)	—	—	—	2,038	2,038	—

There were no transfers between levels 1, 2 and 3 during the three months ended March 31, 2019 and year ended December 31, 2018.

(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.

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:

	March 31, 2019	December 31, 2018
Equity	$633,295	$594,573
Debt facilities	150,225	149,512
Lease liabilities	9,134	5,847
Less: cash and cash equivalents	(91,457)	(57,013)
	$701,197	$692,919

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 continuing 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 (Note 20). As at March 31, 2019 and December 31, 2018, the Company was in compliance with these covenants.

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22. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(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 trade receivables in the ordinary course of business, value added taxes receivable and other receivables.

As at March 31, 2019, value added taxes receivable was $49.9 million (2018 - $59.7 million), majority of which relates to Primero Empresa Minera, S.A. de C.V. ("PEM") due to filings in arrears when First Majestic acquired the entity. Since acquisition, the Company has accelerated its filings and reduced PEM's VAT receivables from $33.0 million to $27.6 million. The Company continues supplying additional information requested by the Servicio de Administración Tributaria ("SAT") in response to the review process and the Company fully expects the amounts to be refunded in the future.

The Company sells and receives payment upon delivery of its silver doré and by-products primarily through three international customers. Silver-lead concentrates and related base metal by-products are sold 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 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.

The following table summarizes the maturities of the Company's financial liabilities as at March 31, 2019 based on the undiscounted contractual cash flows:

	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Trade and other payables	$49,424	$49,424	$49,424	$—	$—	$—
Debt facilities	150,225	191,735	4,628	27,673	159,434	—
Lease liabilities	9,134	10,392	4,552	4,478	1,362	—
Other liabilities	3,985	3,985	—	—	—	3,985
	$212,768	**$255,536**	**$58,604**	**$32,151**	**$160,796**	**$3,985**

At March 31, 2019, the Company had working capital of $130.9 million (December 31, 2018 – $108.1 million). Total available liquidity at March 31, 2019 was $185.9 million, including $55.0 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.

Condensed Interim Consolidated Financial Statements - Unaudited (Tabular amounts are expressed in thousands of US dollars)

22. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(c) Financial risk management (continued)

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. The foreign currency derivatives are not designated as hedging instruments for accounting purposes.

The sensitivity of the Company's net earnings or loss and comprehensive income or loss due to changes in the exchange rate between the Canadian dollar and the Mexican peso against the U.S. dollar is included in the table below:

								March 31, 2019
	Cash and cash equivalents	Trade and other receivables	Value added taxes receivable	Other financial assets	Trade and other payables	Foreign exchange derivative	Net assets (liabilities) exposure	Effect of +/- 10% change in currency
Canadian dollar	$8,204	$70	$—	$3,958	($2,098)	$—	$10,134	$1,013
Mexican peso	8,172	—	42,853	—	(29,949)	35,500	56,576	5,658
	$16,376	**$70**	**$42,853**	**$3,958**	**($32,047)**	**$35,500**	**$66,710**	**$6,671**

Commodity Price Risk

The Company is exposed to commodity price risk on silver, gold, lead and zinc, 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:

					March 31, 2019
	Effect of +/- 10% change in metal prices				
	Silver	Gold	Lead	Zinc	Total
Metals subject to provisional price adjustments	$161	$—	$84	$124	$369
Metals in doré and concentrates inventory	35	143	16	25	219
	$196	**$143**	**$100**	**$149**	**$588**

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 March 31, 2019, the Company's exposure to interest rate risk on interest bearing liabilities is limited to its debt facilities and lease liabilities. The Company's equipment leases bear interest at fixed rates.

Based on the Company's interest rate exposure at March 31, 2019, a change of 25 basis points increase or decrease of market interest rate does not have a significant impact on net earnings or loss.

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23. SUPPLEMENTAL CASH FLOW INFORMATION

		Three Months Ended March 31,	
	Note	2019	2018
Adjustments to reconcile net earnings to operating cash flows before movements in working capital:			
Unrealized foreign exchange loss (gain) and other		($674)	$3,016
Unrealized loss from marketable securities and silver futures derivatives	14	(617)	2,149
		($1,291)	**$5,165**
Net change in non-cash working capital items:			
(Increase) decrease in trade and other receivables		($2,330)	$1,058
Decrease (increase) in value added taxes receivable		9,803	(5,178)
Decrease in inventories		4,554	666
Increase in prepaid expenses and other		(1,712)	(2,480)
Decrease in income taxes payable		(1,935)	(632)
Increase in trade and other payables		1,866	1,057
		$10,246	**($5,509)**
Non-cash investing and financing activities:			
Transfer of share-based payments reserve upon exercise of options		$270	$112

FIRST MAJESTIC

SILVER CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED MARCH 31, 2019

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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 unaudited condensed interim consolidated financial statements of First Majestic Silver Corp. ("First Majestic" or "the Company") for the three months ended March 31, 2019, and the audited consolidated financial statements for the year ended December 31, 2018, 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 May 8, 2019 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 development of its existing mineral properties and acquiring new assets. The Company owns and operates six producing mines: the San Dimas Silver/Gold Mine, the Santa Elena Silver/Gold Mine, La Encantada Silver Mine, San Martin Silver Mine, La Parrilla Silver Mine, and the Del Toro Silver 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".

2019 FIRST QUARTER HIGHLIGHTS

Key Performance Metrics	2019-Q1	2018-Q4	Change Q1 vs Q4	2018-Q1	Change Q1 vs Q1
Operational					
Ore Processed / Tonnes Milled	812,654	850,272	(4%)	809,775	0%
Silver Ounces Produced	3,331,388	3,250,816	2%	2,167,030	54%
Silver Equivalent Ounces Produced	6,273,677	6,485,761	(3%)	3,879,678	62%
Cash Costs per Ounce (1)	$6.34	$6.06	5%	$7.83	(19%)
All-in Sustaining Cost per Ounce (1)	$12.91	$12.83	1%	$16.01	(19%)
Total Production Cost per Tonne (1)	$66.65	$65.31	2%	$46.88	42%
Average Realized Silver Price per Ounce (1)	$15.73	$14.47	9%	$16.76	(6%)
Financial (in $millions)					
Revenues	$86.8	$74.1	17%	$58.6	48%
Mine Operating Earnings (Loss)	$10.3	($9.0)	214%	($0.4)	2,524%
Net Earnings (Loss)	$2.9	($164.4)	102%	($5.6)	152%
Operating Cash Flows before Working Capital and Taxes	$23.7	$11.0	115%	$15.6	52%
Cash and Cash Equivalents	$91.5	$57.0	61%	$249.2	(63%)
Working Capital (1)	$130.9	$108.1	21%	$235.6	(44%)
Shareholders					
Earnings (Loss) per Share ("EPS") - Basic	$0.01	($0.85)	102%	($0.03)	144%
Adjusted EPS (1)	($0.01)	($0.05)	70%	($0.06)	75%
Cash Flow per Share (1)	$0.12	$0.06	113%	$0.09	28%

(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 may differ from methods used by other companies with similar descriptions. See “Non-GAAP Measures” on pages 25 to 30 for a reconciliation of non-GAAP to GAAP measures.

First Quarter Production Summary	San Dimas	Santa Elena	La Encantada	San Martin	La Parrilla	Del Toro	Consolidated
Ore Processed / Tonnes Milled	163,264	219,941	269,611	62,148	72,551	25,138	**812,654**
Silver Ounces Produced	1,404,454	587,195	720,959	331,539	219,485	67,757	**3,331,388**
Silver Equivalent Ounces Produced	3,172,270	1,403,364	723,699	421,091	441,095	112,158	**6,273,677**
Cash Costs per Ounce	$0.93	$2.81	$12.60	$11.35	$16.58	$27.20	**$6.34**
All-in Sustaining Cost per Ounce	$5.65	$6.37	$13.72	$15.67	$25.62	$35.89	**$12.91**
Total Production Cost per Tonne	$122.17	$56.53	$32.71	$80.39	$76.78	$95.06	**$66.65**

Operational Highlights

- Total production in the first quarter reached 6,273,677 silver equivalents ounces, consisting of 3.3 million ounces of silver, 32,037 ounces of gold, 2.7 million pounds lead and 1.3 million pounds of zinc. Total production decreased slightly by 3% due to lower throughput and production at the Del Toro and La Parrilla mines, partially offset by an increase in production from the La Encantada mine. Pure silver production increased 2% as a result of higher grades at the San Dimas and La Encantada mines.
- Total ore processed during the quarter at the Company's mines amounted to 812,654 tonnes, representing a 4% decrease compared to the previous quarter. The slight decrease in tonnes processed compared to the prior quarter was primarily due to the Company's decision to reduce throughput at its two concentrate plants, La Parrilla and Del Toro, offset by a 30% increase in tonnes milled at La Encantada.

- Cash cost per ounce in the quarter was $6.34, an increase of 5% or $0.28 per ounce compared to the previous quarter. The increase in cash cost per ounce was primarily attributed to a decrease in by-product credits which was partially offset by lower mining contractor costs corresponding to planned reduction in throughputs at La Parrilla and Del Toro.
- All-in sustaining cost per ounce ("AISC") in the first quarter was $12.91, comparable to $12.83 per ounce in the previous quarter.

Financial

- In the first quarter the Company generated revenues of $86.8 million, an increase of 48% compared to $58.6 million in the first quarter of 2018 primarily due to the acquisition of the San Dimas mine in the second quarter of 2018, which resulted in a 60% increase in silver equivalent ounces sold, partially offset by a 6% decrease in average realized silver price compared to the same quarter of the prior year.
- The Company recognized mine operating earnings of $10.3 million compared to a mine operating loss of $0.4 million in the first quarter of 2018. The increase in mine operating earnings in the quarter was attributed to the San Dimas and Santa Elena mines, which generated mine operating earnings of $11.2 million and $5.1 million, respectively, offset by small losses at other units due to scaled back production at Del Toro and La Parrilla mines.
- Net earnings for the quarter was $2.9 million (EPS of $0.01) compared to a net loss of $5.6 million (EPS of $(0.03)) in the first quarter of 2018. Adjusted net loss for the quarter was $2.9 million (adjusted loss per share of $(0.01)), after excluding non-cash and non-recurring items including deferred income tax recovery, share-based payments, gain from marketable securities and loss from silver futures derivatives (see "Adjusted EPS" on page 29).
- Cash flow from operations before movements in working capital and income taxes in the quarter was $23.7 million ($0.12 per share) compared to $15.6 million ($0.09 per share) in the first quarter of 2018.
- Cash and cash equivalents at March 31, 2019 was $91.5 million, an increase of $34.5 million compared to the previous quarter, while working capital increased to $130.9 million. The increase was primarily attributed to the sale of 5,250,000 common shares of the Company for net proceeds of $32.5 million through "at-the-market distributions" directly on the New York Stock Exchange as announced in December 2018.

OVERVIEW OF OPERATING RESULTS

Selected Production Results for the Past Eight Quarters

	2019	2018				2017		
PRODUCTION HIGHLIGHTS	**Q1**	**Q4**	**Q3[2]**	**Q2[1]**	**Q1**	**Q4**	**Q3**	**Q2**
Ore processed/tonnes milled								
San Dimas	163,264	172,641	176,884	85,765	—	—	—	—
Santa Elena	219,941	221,945	225,873	228,054	223,498	232,575	232,662	232,451
La Encantada	269,611	206,812	196,030	237,862	276,191	198,845	212,092	148,039
San Martin	62,148	66,924	67,926	74,431	75,374	72,503	69,113	67,073
La Parrilla	72,551	125,751	117,130	123,642	125,114	138,124	132,389	132,880
Del Toro	25,138	56,200	65,323	65,879	79,769	56,753	60,501	81,843
La Guitarra	—	—	14,891	35,715	29,829	37,885	23,896	29,547
Consolidated	**812,654**	**850,272**	**864,056**	**851,349**	**809,775**	**736,684**	**730,652**	**691,833**
Silver equivalent ounces produced								
San Dimas	3,172,270	3,127,871	3,225,352	1,698,382	—	—	—	—
Santa Elena	1,403,364	1,587,396	1,475,635	1,407,880	1,543,776	1,653,941	1,503,376	1,399,940
La Encantada	723,699	451,244	379,773	327,458	452,420	489,071	610,307	375,563
San Martin	421,091	511,911	557,746	524,843	574,838	617,879	604,686	577,598
La Parrilla	441,095	563,703	537,986	605,826	615,541	643,799	612,116	593,852
Del Toro	112,158	243,637	427,218	323,714	437,743	369,992	472,804	712,714
La Guitarra	—	—	136,605	249,214	255,359	290,654	182,986	229,276
Consolidated	**6,273,677**	**6,485,761**	**6,740,315**	**5,137,318**	**3,879,678**	**4,065,336**	**3,986,274**	**3,888,944**
Silver ounces produced								
San Dimas	1,404,454	1,367,028	1,445,918	808,923	—	—	—	—
Santa Elena	587,195	567,754	598,693	535,015	521,784	582,789	560,054	557,914
La Encantada	720,959	449,632	378,983	325,603	449,522	486,514	609,138	374,901
San Martin	331,539	404,523	438,061	419,815	483,740	514,678	471,893	425,645
La Parrilla	219,485	312,144	330,047	360,862	337,332	401,090	424,358	425,060
Del Toro	67,757	149,734	231,350	167,591	236,478	185,695	233,015	365,323
La Guitarra	—	—	82,292	138,454	138,173	166,698	117,504	138,345
Consolidated	**3,331,388**	**3,250,816**	**3,505,344**	**2,756,263**	**2,167,030**	**2,337,463**	**2,415,962**	**2,287,188**
Cash cost per ounce								
San Dimas	$0.93	$0.58	($0.40)	$0.24	—	—	—	—
Santa Elena	$2.81	($1.06)	$5.77	$1.39	($4.74)	($6.93)	($0.18)	$1.24
La Encantada	$12.60	$15.60	$21.15	$23.05	$16.93	$15.23	$12.47	$13.59
San Martin	$11.35	$10.40	$9.78	$9.68	$8.04	$7.55	$7.11	$5.43
La Parrilla	$16.58	$13.80	$16.29	$10.42	$11.02	$11.21	$12.26	$11.15
Del Toro	$27.20	$27.69	$13.07	$18.01	$13.66	$12.53	$6.41	$3.99
La Guitarra	$—	$—	$6.99	$12.89	$7.97	$11.20	$19.02	$12.65
Consolidated	**$6.34**	**$6.06**	**$6.85**	**$7.59**	**$7.83**	**$6.76**	**$8.15**	**$7.01**
All-in sustaining cost per ounce								
San Dimas	$5.65	$5.35	$6.74	$5.41	—	—	—	—
Santa Elena	$6.37	$2.18	$9.03	$6.60	($0.17)	($2.01)	$3.08	$5.02
La Encantada	$13.72	$18.70	$27.25	$30.81	$20.97	$19.20	$14.98	$17.95
San Martin	$15.67	$13.60	$13.37	$12.49	$9.98	$9.73	$10.03	$7.53
La Parrilla	$25.62	$21.18	$23.34	$16.39	$17.66	$15.28	$18.85	$17.12
Del Toro	$35.89	$37.83	$24.48	$32.08	$20.61	$25.48	$12.92	$7.93
La Guitarra	$—	$—	$12.30	$18.11	$15.76	$17.77	$31.55	$19.51
Consolidated	**$12.91**	**$12.83**	**$15.12**	**$16.43**	**$16.01**	**$14.13**	**$15.36**	**$14.17**
Production cost per tonne								
San Dimas	$122.17	$113.66	$105.91	$148.91	—	—	—	—
Santa Elena	$56.53	$54.55	$63.15	$55.97	$54.31	$47.13	$55.65	$54.44
La Encantada	$32.71	$33.20	$40.20	$31.09	$27.00	$36.42	$34.77	$33.65
San Martin	$80.39	$83.27	$88.15	$72.77	$68.06	$73.14	$76.81	$69.37
La Parrilla	$76.78	$52.47	$58.18	$49.10	$48.12	$48.00	$50.75	$44.54
Del Toro	$95.06	$84.67	$73.50	$69.23	$58.12	$72.77	$71.80	$57.16
La Guitarra	$—	$—	$68.47	$83.68	$86.50	$83.61	$120.09	$93.49
Consolidated	**$66.65**	**$65.31**	**$68.87**	**$61.04**	**$46.88**	**$50.81**	**$54.15**	**$51.53**

1) San Dimas production results in the second quarter of 2018 included 52 days from the period May 10, 2018 to June 30, 2018.

2) La Guitarra was placed on care and maintenance on August 3, 2018.

Operating Results – Consolidated Operations

CONSOLIDATED	2019-Q1	2018-Q4	2018-Q1	Change Q1 vs Q4	Change '19 vs '18
Ore processed/tonnes milled	812,654	850,272	809,775	(4%)	0%
Average silver grade (g/t)	153	144	111	6%	38%
Average gold grade (g/t)	1.26	1.31	0.66	(4%)	91%
Average lead grade (g/t)	1.85	1.98	1.77	(7%)	5%
Average zinc grade (g/t)	1.22	0.95	0.69	28%	77%
Silver recovery (%)	83%	83%	75%	0%	11%
Gold recovery (%)	96%	96%	93%	0%	3%
Lead recovery (%)	67%	58%	62%	16%	8%
Zinc recovery (%)	48%	53%	57%	(9%)	(16%)
Production					
Silver ounces produced	3,331,388	3,250,816	2,167,030	2%	54%
Gold ounces produced	32,037	34,487	15,887	(7%)	102%
Pounds of lead produced	2,661,088	3,294,360	4,448,378	(19%)	(40%)
Pounds of zinc produced	1,265,438	1,466,812	1,611,699	(14%)	(21%)
Total production - ounces silver equivalent	6,273,677	6,485,761	3,879,678	(3%)	62%
Cost					
Cash cost per ounce	$6.34	$6.06	$7.83	5%	(19%)
All-In sustaining costs per ounce	$12.91	$12.83	$16.01	1%	(19%)
Total production cost per tonne	$66.65	$65.31	$46.88	2%	42%
Underground development (m)	15,947	16,587	14,914	(4%)	7%
Diamond drilling (m)	37,716	32,532	44,827	16%	(16%)

Production

Total production in the first quarter reached 6,273,677 silver equivalents ounces, consisting of 3.3 million ounces of silver, 32,037 ounces of gold, 2.7 million pounds lead and 1.3 million pounds of zinc. Total production decreased slightly by 3% due to scaled back throughput and production at the Del Toro and La Parrilla mines, partially offset by a significant increase in production from the La Encantada mine. Pure silver production increased 2% as a result of higher grades at the San Dimas and La Encantada mines.

The commissioning of the new La Encantada roaster advanced in the month of March but remained below expected throughput for the full quarter. Nevertheless, La Encantada recorded a significant 60% increase in silver production in the quarter due to higher grades and tonnes processed. Investments in new innovations, such as high-intensity grinding ("HIG") and microbubbles, are expected to begin to bear fruit in the second half of 2019 with higher recoveries and production at the Santa Elena and La Encantada operations.

Total ore processed during the quarter at the Company's mines amounted to 812,654 tonnes, representing a 4% decrease compared to the previous quarter. The slight decrease in tonnes processed compared to the prior quarter was primarily due to the Company’s decision to reduce throughput at its two concentrate plants, La Parrilla and Del Toro, offset by a 30% increase of tonnes processed at La Encantada.

Consolidated silver grades in the quarter averaged 153 g/t compared to 144 g/t in the previous quarter. The 6% increase was primarily the result of higher grades at San Dimas and La Encantada. Consolidated gold grades averaged 1.26 g/t compared to 1.31 g/t in the prior quarter representing a 4% decrease due to lower underground grades at Santa Elena.

Consolidated silver and gold recoveries averaged 83% and 96%, respectively, consistent with plans and the previous quarter. The Company continues to expect further improvements in recoveries associated with the installation of the microbubble flotation cells at La Parrilla and the HIG mills at Santa Elena and La Encantada in the second half of the year.

Cash Cost and All-In Sustaining Cost per Ounce

Cash cost per ounce for the quarter was $6.34 per payable ounce of silver, an increase of 5% from $6.06 per ounce in the fourth quarter of 2018. The increase in cash cost per ounce was primarily attributed to a decrease in by-product credits which was partially offset by lower mining contractor costs corresponding to planned reduction in throughputs at La Parrilla and Del Toro.

All-in sustaining cost per ounce (“AISC”) in the first quarter was $12.91, comparable to $12.83 per ounce in the previous quarter.

Development and Exploration

During the first quarter, the Company completed 15,947 metres of underground development, representing a decrease of 4% compared to the previous quarter and 25% of the Company's planned 64,610 metres program for 2019.

The Company also completed a total of 37,716 metres of diamond drilling, an increase of 16% compared to the previous quarter and 20% of the planned 188,000 metres program for 2019. The 2019 drilling program will consist of approximately 11,600 metres of sustaining diamond drilling to support mining activities at the six operating mines; approximately 152,000 metres of expansionary diamond drilling intended to improve confidence and increase Mineral Resources with a focus on the Santa Elena Main Vein and the Central Block at San Dimas; 16,000 metres to infill and expand Mineral Resources at Ermitaño; and approximately 8,400 metres intended to test greenfield targets at Santa Elena and Del Toro.

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 contains 71,867 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 as well as the largest producing underground mine in the state of Durango, with over 250 years of operating history. First Majestic acquired the San Dimas mine in May 2018 with the acquisition of Primero Mining Corp. The San Dimas operating plan involves processing ore from an underground mine with a 2,500 tpd capacity milling operation. The mine is accessible via a 40 minute flight from Durango airport to the airstrip in the town of Tayoltita. The Company owns 100% of the San Dimas mine.

San Dimas	2019-Q1	2018-Q4	Change Q1 vs Q4
Total ore processed/tonnes milled	163,264	172,641	(5%)
Average silver grade (g/t)	287	262	10%
Average gold grade (g/t)	4.18	3.88	8%
Silver recovery (%)	93%	94%	(1%)
Gold recovery (%)	96%	97%	(1%)
Production			
Silver ounces produced	1,404,454	1,367,028	3%
Gold ounces produced	21,095	20,839	1%
Total production - ounces silver equivalent	3,172,270	3,127,871	1%
Cost			
Cash cost per ounce	$0.93	$0.58	60%
All-In sustaining costs per ounce	$5.65	$5.35	6%
Total production cost per tonne	$122.17	$113.66	7%
Underground development (m)	5,669	5,321	7%
Diamond drilling (m)	16,191	13,664	18%

During the first quarter, the San Dimas mine produced 1,404,454 ounces of silver and 21,095 ounces of gold for a total production of 3,172,270 silver equivalent ounces, a small increase compared to the prior quarter as a result of higher head grades.

During the quarter, the mill processed a total of 163,264 tonnes with average silver and gold grades of 287 g/t and 4.18 g/t, respectively. Silver and gold grades improved 10% and 8%, respectively, compared to the prior quarter due to higher grades in the Victoria and Jessica areas along with improvements in mine dilution controls.

In the first quarter, cash cost per ounce increased to $0.93 compared to $0.58 in the prior quarter and AISC increased to $5.65 per ounce compared to $5.35 per ounce in the prior quarter. The increase was primarily attributed to retroactive adjustments to workers' salaries and bonuses upon reaching a new collective bargaining agreement with the union, as well as higher contribution of energy costs from the national power grid as less energy is available from the hydroelectric dam prior to the return of the rainy season in July.

With the acquisition of Primero, First Majestic renegotiated San Dimas' streaming agreement with Wheaton Precious Metals International Ltd. ("WPM"), which is entitled to receive 25% of the gold equivalent production (based on a fixed exchange ratio of 70 silver ounces to 1 gold ounce) from 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 ounce delivered, with provisions 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. The New Stream Agreement enables the operation to generate sufficient cash flows and First Majestic to deploy capital towards exploration and underground development in areas of the mine that were previously deemed uneconomic. During the period ended March 31, 2019, the Company delivered 11,510 ounces of gold to WPM at $600 per ounce under the New Stream.

A total of 5,669 metres of underground development was completed in the first quarter, an increase of 7% compared to the prior quarter while diamond drilling increased 18% to 16,191 metres from 13,664 metres in the prior quarter. Six underground rigs were active during the quarter, completing 62 in-fill and step-out holes at the Santa Jessica, Santa Rita, Santa Gertrudis, San Jose, Victoria, and Pozolera veins.

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 over a total of 101,772 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	2019-Q1	2018-Q4	2018-Q1	Change Q1 vs Q4	Change '19 vs '18
Total ore processed/tonnes milled	219,941	221,945	223,498	(1%)	(2%)
Underground tonnes					
Tonnes milled	136,984	142,534	124,827	(4%)	10%
Average silver grade (g/t)	121	120	124	1%	(2%)
Average gold grade (g/t)	1.87	2.39	2.88	(22%)	(35%)
Heap leach tonnes					
Tonnes milled	82,957	79,410	98,671	4%	(16%)
Average silver grade (g/t)	47	36	32	31%	47%
Average gold grade (g/t)	0.8	0.6	0.6	33%	33%
Silver recovery (%)	89%	88%	87%	1%	2%
Gold recovery (%)	95%	96%	95%	(1%)	0%
Production					
Silver ounces produced	587,195	567,754	521,784	3%	13%
Gold ounces produced	9,735	12,081	12,887	(19%)	(24%)
Total production - ounces silver equivalent	1,403,364	1,587,396	1,543,776	(12%)	(9%)
Cost					
Cash cost per ounce	$2.81	($1.06)	($4.74)	(365%)	(159%)
All-In sustaining costs per ounce	$6.37	$2.18	($0.17)	192%	(3,847%)
Total production cost per tonne	$56.53	$54.55	$54.31	4%	4%
Underground development (m)	2,277	2,585	3,030	(12%)	(25%)
Diamond drilling (m)	11,291	9,701	7,097	16%	59%

During the first quarter, Santa Elena produced 587,195 ounces of silver and 9,735 ounces of gold for a total production of 1,403,364 silver equivalent ounces, a decrease of 12% compared to the prior quarter primarily due to a 22% decrease in underground gold grades which resulted in a 19% decrease in gold production.

The mill processed a total of 219,941 tonnes during the quarter, consisting of 136,984 tonnes of underground ore and 82,957 tonnes from the above ground heap leach pad. Silver and gold grades from underground ore averaged 121 g/t and 1.87 g/t, respectively. Silver and gold grades from the above ground heap leach pad averaged 47 g/t and 0.78 g/t, respectively.

Cash cost in the first quarter increased to $2.81 per payable silver ounce compared to ($1.06) per payable silver ounce in the previous quarter. AISC in the first quarter increased to $6.37 per ounce compared to $2.18 per ounce in the previous quarter. The increase in cash cost and AISC per ounce were primarily attributed to a decrease in by-product credits as a result of a 19% decrease in gold production. The Company is planning to convert Santa Elena from diesel power to liquid natural gas (“LNG”) generated power, which is expected to substantially reduce energy costs.

The installation of the HIG mill and related auxiliary facilities were approximately 70% complete at the end of March. Concrete foundations and buildings for the electrical control room and motor control center were completed during the quarter. The HIG mill motor and water flow meters were delivered to site and will be installed in April. The project remains on time with commissioning activities beginning in the second quarter and expected to complete by July.

In the first quarter, a total of 2,277 metres of underground development was completed compared to 2,585 metres in the previous quarter, while a total of 11,291 metres of diamond drilling was completed compared with 9,701 metres drilled in the previous quarter. During the quarter, three surface rigs drilled 24 in-fill and step-out holes at Ermitaño and two underground rigs drilled 13 step-out holes at the Santa Elena Main, America, and Alejandra veins.

The Santa Elena mine has 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 quarter ended March 31, 2019 the Company delivered 1,500 ounces of gold to Sandstorm.

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 village 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 Durango, Durango State to the mine's private airstrip, or via a mostly-paved road from the closest city, Muzquiz, which is 225 kilometres away. The Company owns 100% of the La Encantada Silver Mine.

LA ENCANTADA	2019-Q1	2018-Q4	2018-Q1	Change Q1 vs Q4	Change '19 vs '18
Ore processed/tonnes milled	269,611	206,812	276,191	30%	(2%)
Average silver grade (g/t)	126	110	85	15%	48%
Silver recovery (%)	66%	61%	60%	8%	10%
Production					
Silver ounces produced	720,959	449,632	449,522	60%	60%
Gold ounces produced	33	19	37	74%	(11%)
Total production - ounces silver equivalent	723,699	451,244	452,420	60%	60%
Cost					
Cash cost per ounce	$12.60	$15.60	$16.93	(19%)	(26%)
All-In sustaining costs per ounce	$13.72	$18.70	$20.97	(27%)	(35%)
Total production cost per tonne	$32.71	$33.20	$27.00	(1%)	21%
Underground development (m)	1,426	1,055	1,445	35%	(1%)
Diamond drilling (m)	2,279	1,449	4,574	57%	(50%)

Total production for the first quarter was 723,699 silver equivalent ounces, representing a 60% increase from the previous quarter, primarily due to a 30% increase in tonnes milled, a 15% increase in silver head grade, and an 8% increase in silver recovery. Production from the San Javier and La Prieta sub-level caving areas as well as the 660 area produced 118,043 tonnes with an average silver grade of 118 g/t, or approximately 44% of total quarterly production.

Silver grades and recoveries during the quarter averaged 126 g/t and 66%, respectively an increase of 15% and 8%, respectively, over the previous quarter primarily due higher grades obtained from the caving areas.

Cash cost per ounce for the quarter improved to $12.60 per ounce, a decrease of 19% compared to $15.60 per ounce in the previous quarter, while AISC per ounce was $13.72 compared to $18.70 in the previous quarter. The decrease in cash cost and AISC per ounce was primarily attributed to the 60% increase in silver production, partially offset by higher energy costs.

A total of 1,426 metres of underground development was completed in the first quarter compared to 1,055 metres in the fourth quarter of 2018. Access to La Prieta area has been completed and production from this area is in the ramp-up stage from several draw-points prepared in the quarter. Development and preparation of a lower production level in the San Javier caving area continued during the quarter and production from this level is expected in the second quarter of 2019.

A total of 2,279 metres of underground drilling was completed in the first quarter compared to 1,449 metres in the previous quarter. Two underground rigs were active during the quarter and completed 8 step-out holes at the Conejo and San Francisco veins.

Commissioning activities for the roaster continued throughout the first quarter with the circuit processing a total of 8,686 tonnes of tailings material (912 tonnes in January, 999 tonnes in February and 6,775 tonnes in March) in several production campaigns. Silver grades and recoveries averaged 100 g/t and 65%, respectively. Commissioning activities will continue throughout the second quarter with additional modifications to optimize the material discharge area and to control the amount of ultra-fine particles feeding the dust collectors. Throughput is expected to continue to ramp up as system modifications are completed.

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 37,902 hectares, including the 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.

SAN MARTIN	2019-Q1	2018-Q4	2018-Q1	Change Q1 vs Q4	Change '19 vs '18
Ore processed/tonnes milled	62,148	66,924	75,374	(7%)	(18%)
Average silver grade (g/t)	187	212	234	(12%)	(20%)
Average gold grade (g/t)	0.60	0.64	0.52	(6%)	15%
Silver recovery (%)	89%	89%	85%	0%	5%
Gold recovery (%)	93%	93%	91%	0%	2%
Production					
Silver ounces produced	331,539	404,523	483,740	(18%)	(31%)
Gold ounces produced	1,069	1,272	1,148	(16%)	(7%)
Total production - ounces silver equivalent	421,091	511,911	574,838	(18%)	(27%)
Cost					
Cash cost per ounce	$11.35	$10.40	$8.04	9%	41%
All-In sustaining costs per ounce	$15.67	$13.60	$9.98	15%	57%
Total production cost per tonne	$80.39	$83.27	$68.06	(3%)	18%
Underground development (m)	3,091	2,866	2,966	8%	4%
Diamond drilling (m)	4,863	3,125	4,928	56%	(1%)

During the quarter, San Martin produced 331,539 silver ounces and 1,069 ounces of gold for a total production of 421,091 silver equivalent ounces, an 18% decrease compared to the prior quarter. The decrease in production was primarily attributed to lower throughput due to labour disruptions and lower silver grades.

Silver grades and recoveries averaged 187 g/t and 89%, respectively, during the quarter while gold grades and recoveries averaged 0.60 g/t and 93%, respectively. The decrease in silver grades was primarily due to resource variability and lower grade ore being sourced from the Rosario mine.

In the first quarter, cash cost per ounce increased by 9% to $11.35 compared to $10.40 in the previous quarter, primarily due to an 18% decrease in silver production. AISC in the quarter was $15.67 compared to $13.60 in the fourth quarter.

In the first quarter, a total of 3,091 metres of underground development was completed compared to 2,866 metres in the previous quarter and a total of 4,863 metres of diamond drilling was completed compared with 3,125 metres drilled in the previous quarter. During the quarter, three rigs were on site and drilled 25 holes in the Rosario, Hedionda and Intermedia veins.

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 which was recently reconfigured to move to cyanidation subsequent to flotation to process the tails of flotation consisting of a 1,000 tpd cyanidation circuit and a 1,000 tpd flotation circuit, an ISO certified central laboratory, buildings, offices and associated infrastructure. The Company owns 100% of the La Parrilla Silver Mine.

LA PARRILLA	2019-Q1(1)	2018-Q4	2018-Q1	Change Q1 vs Q4	Change '19 vs '18
Total ore processed/tonnes milled	72,551	125,751	125,114	(42%)	(42%)
Average silver grade (g/t)	119	103	113	16%	5%
Average lead grade (%)	1.76	1.52	1.32	16%	33%
Average zinc grade (%)	1.64	1.67	1.68	(2%)	(2%)
Silver recovery (%)	79%	75%	74%	5%	7%
Lead recovery (%)	69%	72%	73%	(4%)	(5%)
Zinc recovery (%)	48%	53%	57%	(9%)	(16%)
Production					
Silver ounces produced	219,485	312,144	337,332	(30%)	(35%)
Gold ounces produced	82	238	247	(66%)	(67%)
Pounds of lead produced	1,946,096	1,816,180	1,606,332	7%	21%
Pounds of zinc produced	1,265,438	1,466,812	1,611,699	(14%)	(21%)
Total production - ounces silver equivalent	441,095	563,703	615,541	(22%)	(28%)
Cost					
Cash cost per ounce	$16.58	$13.80	$11.02	20%	50%
All-In sustaining costs per ounce	$25.62	$21.18	$17.66	21%	45%
Total production cost per tonne	$76.78	$52.47	$48.12	46%	60%
Underground development (m)	2,452	2,936	3,254	(16%)	(25%)
Diamond drilling (m)	2,100	3,728	8,358	(44%)	(75%)

(1) Due to low margins at current metal prices and limited underground oxide resources, the mine suspended oxide ore feed and the cyanidation circuit was reconfigured in January 2019 to reprocess the tailings from the flotation circuit as a means to improve overall silver recoveries.

In the first quarter, total production from the La Parrilla mine was 441,095 silver equivalent ounces, a decrease of 22% compared to 563,703 equivalent ounces of silver in the previous quarter.

During the quarter, the flotation circuit processed 72,551 tonnes (803 tpd) with an average silver grade of 119 g/t and a 79% recovery, which improved 5% from the previous quarter due to the cyanidation circuit reprocessing of flotation tails. The lead circuit processed ore with an average lead grade of 1.76% with recoveries of 69% for a total lead production of 1,946,096 pounds, representing a 7% increase compared to the previous quarter. The zinc circuit processed an average zinc grade of 1.64% with recoveries of 48% for a total zinc production of 1,265,438 pounds, representing a 14% decrease compared to the previous quarter.

Cash cost in the first quarter was $16.58 per ounce, an increase of 20% compared to $13.80 per ounce in the previous quarter. AISC per ounce in the quarter was $25.62 compared to $21.18 in the previous quarter. The increases in cash cost and AISC per ounce were primarily attributed to a 30% decrease in silver ounces produced compared to the previous quarter and severance payments of $0.2 million.

The microbubble flotation columns, which are designed to increase metallurgical recoveries, are expected to be delivered and installed during the second quarter followed by commissioning activities in the third quarter.

A total of 2,452 metres of underground development and 2,100 metres of exploration drilling was completed in the quarter compared to 2,936 metres of development and 3,728 metres of diamond drilling in the fourth quarter of 2018. One drill rig was active during the quarter and completed seven in-fill holes focusing on the San Nicolas vein at the Quebradillas mine.

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 2,132 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 which is currently in care and maintenance. First Majestic owns 100% of the Del Toro Silver Mine.

DEL TORO	2019-Q1	2018-Q4	2018-Q1	Change Q1 vs Q4	Change '19 vs '18
Ore processed/tonnes milled	25,138	56,200	79,769	(55%)	(68%)
Average silver grade (g/t)	114	132	133	(14%)	(14%)
Average lead grade (%)	2.12	2.59	2.85	(18%)	(26%)
Silver recovery (%)	74%	63%	69%	17%	7%
Lead recovery (%)	61%	46%	57%	33%	7%
Production					
Silver ounces produced	67,757	149,734	236,478	(55%)	(71%)
Pounds of lead produced	714,992	1,478,180	2,842,046	(52%)	(75%)
Total production - ounces silver equivalent	112,158	243,637	437,743	(54%)	(74%)
Cost					
Cash cost per ounce	$27.20	$27.69	$13.66	(2%)	99%
All-In sustaining costs per ounce	$35.89	$37.83	$20.61	(5%)	74%
Total production cost per tonne	$95.06	$84.67	$58.12	12%	64%
Underground development (m)	1,032	1,824	2,836	(43%)	(64%)
Diamond drilling (m)	993	865	5,824	15%	(83%)

During the first quarter, the Del Toro mine produced 67,757 ounces of silver and 714,992 pounds of lead for a total of 112,158 silver equivalent ounces, a 54% decrease compared to 243,637 ounces produced in the previous quarter. The decrease was primarily due to the Company's decision to reduce mill throughput to approximately 270 tpd in order to give the Company time to drill, develop additional resources and re-engineer the mine plan throughout 2019. During the quarter, Del Toro production was sourced from the Dolores mine where the Santa Teresa and Purisima veins are being exploited with the objective of getting better recoveries from the sulphides of these areas.

Silver grades and recoveries during the quarter averaged 114 g/t and 74%, respectively. Lead grades and recoveries averaged 2.12% and 61%, respectively, producing a total of 0.7 million pounds of lead representing a 52% decrease compared to the previous quarter.

Cash cost and AISC per ounce for the quarter were $27.20 and $35.89, respectively, comparable to $27.69 and $37.83 per ounce in the previous quarter.

In the first quarter, a total of 1,032 metres of development were completed compared to 1,824 metres in the fourth quarter. Total exploration metres drilled in the quarter amounted to 993 metres compared to 865 metres of drilling in the previous quarter. One underground rig was active during the quarter and completed six holes in the Selma, Purisima, Pamela and Vania veins.

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 current permitting activities and 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 and de-watering of the underground mine, preparation for closure of tailings dam to prepare for closure and water treatment. Ongoing care and maintenance costs for the mine are expected to average approximately $0.8 million per quarter.

OVERVIEW OF FINANCIAL PERFORMANCE

For the quarters ended March 31, 2019 and 2018 (in thousands of dollars, except for per share amounts):

	First Quarter 2019	First Quarter 2018	Variance %	
Revenues	**$86,810**	**$58,593**	**48 %**	(1)
Mine operating costs				
Cost of sales	59,347	39,681	50 %	(2)
Depletion, depreciation and amortization	17,210	19,335	(11)%	(3)
	76,557	59,016	30 %	
Mine operating earnings (loss)	**10,253**	**(423)**	**(2,524)%**	(4)
General and administrative expenses	6,500	4,868	34 %	(5)
Share-based payments	2,075	2,516	(18)%	
Mine care and maintenance costs	808	—	100 %	
Foreign exchange (gain) loss	(2,369)	2,296	(203)%	(6)
Operating earnings (loss)	**3,239**	**(10,103)**	**(132)%**	
Investment and other income (loss)	2,018	(1,459)	(238)%	(7)
Finance costs	(3,705)	(2,459)	51 %	(8)
Earnings (loss) before income taxes	**1,552**	**(14,021)**	**(111)%**	
Current income tax expense	3,464	694	399 %	
Deferred income tax recovery	(4,792)	(9,123)	(47)%	
Income tax recovery	(1,328)	(8,429)	(84)%	(9)
Net earnings (loss) for the period	**$2,880**	**($5,592)**	**(152)%**	(10)
Earnings (loss) per share (basic and diluted)	**$0.01**	**($0.03)**	**(144)%**	(10)

1. **Revenues** in the quarter increased 48% compared to the same quarter of the previous year primarily attributed to:
   - a 60% increase in ***silver equivalent ounces sold*** compared to the first quarter of 2018, mainly due to the addition of the San Dimas mine in May 2018, which contributed to an increase of $35.6 million in revenues; and
   - ***smelting and refining*** costs decreased from $2.7 million ($1.06 per ounce) to $1.5 million ($0.45 per ounce). The savings in smelting and refining costs per ounce were primarily attributed to a higher volume of doré production at San Dimas, as well as lower smelting and refining rates renegotiated in July 2018;

   Partially offset by:

- a 6% decrease in ***average realized silver price*** of $15.73 per ounce compared to $16.76 per ounce in the same quarter of the prior year, which resulted in a decrease in revenues of $6.2 million.

2. **Cost of sales** in the quarter increased 50% or $19.7 million compared to the same quarter of the previous year as a result of the following factors:
   - the ***addition of the San Dimas mine*** which incurred $23.4 million in cost of sales;

   Partially offset by:
   - a $2.9 million reduction in cost of sales pursuant to ***the La Guitarra mine being placed on care and maintenance effective August 3, 2018.***

3. **Depletion, depreciation and amortization** in the quarter decreased $2.1 million or 11% compared to the same quarter of the previous year primarily as a result of:
   - a combined $6.8 million reduction at the ***Del Toro and La Parrilla mines*** primarily attributed to impairment recognized in the fourth quarter of 2018; and
   - a $2.1 million reduction at the ***La Guitarra mine*** pursuant to the mine being placed on care and maintenance effective August 3, 2018;

   Partially offset by:
   - the ***addition of the San Dimas mine***, which added $6.3 million of depletion, depreciation and amortization during the quarter.

4. **Mine operating earnings** during the quarter increased by $10.7 million to a mine operating earnings of $10.3 million compared to a loss of $0.4 million in the first quarter of 2018. During the quarter, the San Dimas mine and the Santa Elena mine generated mine operating earnings of $11.2 million and $5.1 million, respectively, offset by small losses at other units due to scaled back production at Del Toro and La Parrilla mines.

5. **General and administrative expenses** increased by $1.6 million or 34% during the quarter compared to the same quarter of 2018, primarily attributed to incremental general and administrative costs from the addition of Primero and numerous legal costs associated with the Republic Metals Chapter 11 bankruptcy, Primero APA litigation and regulatory filings.

6. **Foreign exchange gain** for the quarter was $2.4 million compared to a loss of $2.3 million in the same quarter of 2018. Foreign exchange gain in the quarter was primarily attributed to a $1.4 million gain on foreign exchange derivatives as well as a 2% stronger Mexican peso related to the Company's peso denominated value added taxes receivable.

7. **Investment and other income** in the quarter increased $3.5 million compared to the same quarter of the prior year and related to unrealized mark-to-market adjustment on investment in marketable securities of $1.2 million in the current quarter compared to an unrealized loss of $2.1 million in the same quarter of the prior year.

8. **Finance costs** increased by $1.2 million compared to the same quarter of the prior year, primarily attributed to $0.8 million increase in finance costs related to convertible notes, which were issued at the end of January 2018 and incurred only two months of interest in the first quarter of 2018 compared to three full months in the current quarter.

9. During the quarter, the Company recorded a **net income tax recovery** of $1.3 million compared to an income tax recovery of $8.4 million in the first quarter of 2018. The decrease in income tax recovery in the quarter was attributed primarily to a decrease in loss before income taxes, partially offset by foreign exchange impact on the Company's Mexican Peso denominated tax balances.

10. As a result of the foregoing, **net earnings** for the quarter was $2.9 million (EPS of $0.01) compared to net loss of $5.6 million (EPS of ($0.03)) in the same quarter of the prior year.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for each of the most recent eight quarters:

	2019	2018				2017		
Selected Financial Information	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Revenue	$86,810	$74,128	$88,521	$79,687	$58,593	$61,165	$61,901	$60,116
Cost of sales	$59,347	$56,230	$63,966	$59,285	$39,681	$39,309	$40,290	$40,004
Depletion, depreciation and amortization	$17,210	$26,925	$24,701	$22,706	$19,335	$20,454	$18,436	$18,707
Mine operating (loss) earnings	$10,253	($9,027)	($146)	($2,304)	($423)	$1,402	$3,175	$1,405
Net earnings (loss) after tax	$2,880	($164,443)	$5,904	($40,033)	($5,592)	($56,084)	($1,320)	$1,412
Earnings (loss) per share - basic	$0.01	($0.85)	$0.03	($0.22)	($0.03)	($0.34)	($0.01)	$0.01
Earnings (loss) per share - diluted	$0.01	($0.85)	$0.03	($0.22)	($0.03)	($0.34)	($0.01)	$0.01

During the first quarter of 2019, mine operating earnings was $10.3 million compared to a net loss of $9.0 million in the previous quarter. The increase in mine operating loss was primarily attributed to a 9% increase in average realized silver price, a decrease in depletion, depreciation and amortization costs, as well as a $7.5 million inventory loss recognized in the previous quarter due to Republic Metal Corp.'s Chapter 11 bankruptcy. Net earnings after tax increased $167.3 million compared to the previous quarter primarily due to an impairment charge of $168.0 million recognized in the fourth quarter of 2018.

LIQUIDITY, CAPITAL RESOURCES AND CONTRACTUAL OBLIGATIONS

Liquidity

As at March 31, 2019, the Company had cash and cash equivalents of $91.5 million, an increase of $34.4 million during the quarter. The Company's cash and cash equivalents primarily comprised 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. The funds 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.

On December 27, 2018, the Company announced it has entered into an At The Market ("ATM") Equity Distribution Agreement pursuant to which the Company may, at its discretion and from time-to-time, sell through an agent, such number of common shares of the Company to an aggregate gross proceeds up to US$50.0 million. The sale of these common shares will be made through “at-the-market distributions” as defined in the Canadian Securities Administrators’ National Instrument 44-102-Shelf Distributions, including sales made directly on the New York Stock Exchange (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.

During the three months ended March 31, 2019, First Majestic sold 5,250,000 common shares of the Company under the ATM program at an average price of $6.34 per share for gross proceeds of $33.6 million, or net proceeds of $32.5 million after costs.

The following table summarizes the Company's cash flow activity during the period:

	Three Months Ended March 31,	
	2019	**2018**
Cash flow		
Cash generated by operating activities	32,715	9,871
Cash used in investing activities	(29,007)	(23,734)
Cash generated by financing activities	30,305	145,941
Increase in cash and cash equivalents	**34,013**	**132,078**
Effect of exchange rate on cash and cash equivalents held in foreign currencies	431	(980)
Cash and cash equivalents, beginning of the period	57,013	118,141
Cash and cash equivalents, end of period	**$91,457**	**$249,239**

The Company's cash flows from operating, investing and financing activities during the three months ended March 31, 2019 are summarized as follows:

- **Cash provided from operating activities** of $32.7 million, primarily due to:
  - $23.7 million in operating cash flows from operating activities before movements in working capital and taxes; and
  - a $9.8 million decrease in value added taxes receivable as the Mexican tax authorities have made good progress in releasing payment for San Dimas filings that were in arrears.
- **Cash used in investing activities** of $29.0 million, primarily related to:
  - $19.8 million spent on mine development and exploration activities;
  - $10.1 million spent on purchase of property, plant and equipment; and
  - $0.6 million spent on deposits on non-current assets; and
- **Cash provided from financing activities** of $30.3 million, primarily consists of the following:
  - $32.5 million of net proceeds from the issuance of the ATM;
  - $1.2 million of net proceeds from the exercise of stock options;

  net of:
  - $2.3 million payment of financing costs; and
  - $1.0 million on repayment of lease obligations.

Working capital as at March 31, 2019 was $130.9 million compared to $108.1 million at December 31, 2018. Total available liquidity at March 31, 2019 was $185.9 million (see page 30), including $55.0 million of undrawn revolving credit facility.

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 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 March 31, 2019 and December 31, 2018, the Company was fully in compliance with these covenants.

Contractual Obligations and Commitments

As at March 31, 2019, the Company's contractual obligations and commitments are summarized as follows:

	Contractual Cash Flows	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Trade and other payables	$49,424	$49,424	$—	$—	$—
Debt facilities	191,735	4,628	27,673	159,434	—
Equipment financing obligations	10,392	4,552	4,478	1,362	—
Other liabilities	3,985	—	—	—	3,985
Purchase obligations and commitments	14,209	13,509	700	—	—
	$269,745	**$72,113**	**$32,851**	**$160,796**	**$3,985**

Management is of the view that the above contractual obligations and commitments will be sufficiently funded by current working capital, future operating cash flows, and available debt facilities as at the date of this MD&A.

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 trade receivables in the ordinary course of business, value added taxes receivable and other receivables.

As at March 31, 2019, value added taxes receivable was $49.9 million (2018 - $59.7 million), majority of which relates to Primero Empresa Minera, S.A. de C.V. ("PEM") due to filings in arrears when First Majestic acquired the entity. Since acquisition, the Company has accelerated its filings and reduced PEM's VAT receivables from $33.0 million to $27.6 million. The Company continues supplying additional information requested by the Servicio de Administración Tributaria ("SAT") in response to the review process and the Company fully expects the amounts to be refunded in the future.

The Company sells and receives payment upon delivery of its silver doré and by-products primarily through three international customers. Silver-lead concentrates and related base metal by-products are sold 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 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 metal markets were to decrease significantly, or the Company was to deviate significantly from its operating plan, the Company may need further injection of capital to address its cash flow requirements.

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. The foreign currency derivatives are not designated as hedging instruments for accounting purposes.

The sensitivity of the Company's net earnings or loss and comprehensive income or loss due to changes in the exchange rate between the Canadian dollar and the Mexican peso against the U.S. dollar is included in the table below:

								March 31, 2019
	Cash and cash equivalents	**Trade and other receivables**	**Value added taxes receivable**	**Other financial assets**	**Trade and other payables**	**Foreign exchange derivative**	**Net assets (liabilities) exposure**	**Effect of +/- 10% change in currency**
Canadian dollar	$8,204	$70	$—	$3,958	($2,098)	$—	$10,134	$1,013
Mexican peso	8,172	—	42,853	—	(29,949)	35,500	56,576	5,658
	$16,376	**$70**	**$42,853**	**$3,958**	**($32,047)**	**$35,500**	**$66,710**	**$6,671**

Commodity Price Risk

The Company is exposed to commodity price risk on silver, gold, lead and zinc, 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:

					March 31, 2019
	Effect of +/- 10% change in metal prices				
	Silver	**Gold**	**Lead**	**Zinc**	**Total**
Metals subject to provisional price adjustments	$161	$—	$84	$124	$369
Metals in doré and concentrates inventory	35	143	16	25	219
	$196	**$143**	**$100**	**$149**	**$588**

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, 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.

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.

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 $59.7 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 and the Company is taking additional action in Mexico and/or elsewhere to attempt to recover the balance. Therefore, as at March 31, 2019, the Company has not accrued any of the remaining $59.7 million (CAD$81.5 million) unrecovered judgment in favour of the Company.

Primero Tax Rulings

Since Primero acquired the San Dimas Mine in August 2010, it has had a Silver Purchase Agreement ("Old Stream Agreement") that required Primero Empresa Minera, S.A. de C.V. ("PEM") to sell 100% of the silver produced from the San Dimas 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 assurances that the Servicio de Administración Tributaria ("SAT") would accept the PEM Realized Price as the proper 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 function of an APA was to 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. Under Mexican tax law, an APA ruling is generally applicable for up to a five year period which made this ruling effective retrospectively from 2010 to 2014.

In February 2016, PEM received a legal claim from the SAT seeking retroactively to nullify the APA. The legal claim initiated does not identify any different basis for paying taxes, nor have any tax reassessments been received from SAT. The Company intends to continue Primero'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 Primero in respect of its sales of silver in connection with the Old Stream Agreement for 2010 through 2014. If the SAT is 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. PEM would have rights of appeal in connection with any reassessments.

In June 2017 and October 2017, as part of the ongoing annual audits of the PEM tax returns, the SAT issued observations letters for the 2010 and 2011 tax years, respectively. Observations letters are issued to a taxpayer in advance of a reassessment being issued and provide an outline of the SAT's position on matters under audit, and affords the taxpayer an opportunity to respond to such position in advance of the reassessment being issued. In the observations letters issued to PEM, the SAT made explicit its view that PEM should pay taxes based on the market price of silver. As the Company continues to defend the APA in the Mexican legal proceeding, the APA remains valid and the Company will vigorously dispute any reassessment that may be issued in the future on a basis that assesses taxes on PEM's historical silver revenues that is inconsistent with the APA. The observations letter does not represent a tax reassessment and no liability has been recognized in the financial statements. Based on the Company's assessments, the Company believes Primero's filings were appropriate and continues to believe its tax filing position based upon the APA is correct. 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 $185 million, before interest or penalties.

While the Company continues to vigorously defend the validity of the APA and its transfer pricing position, it is also engaging in dialogue with the SAT seeking to resolve matters and bring tax certainty through a negotiated solution. Since January 1, 2015, PEM has recorded its revenue from the sale 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. The Company's legal and financial advisors continue to believe that the Company has filed its tax returns compliant with applicable Mexican law. Due to the uncertainty in timing of resolution to this matter, which may take more than one year, the Company has classified its income taxes receivable of $19.0 million as non-current as at March 31, 2019.

To the extent the SAT determines that the appropriate price of silver sales under the Silver Purchase Agreement is significantly different from the realized price and while PEM would have rights of appeal in connection with any reassessments, it is likely to have a material adverse effect on the Company's business, financial position and results of operations.

Primero Class Action Suit

In July 2016, Primero and certain of its officers were served with a class action lawsuit that was filed in federal court in the State of California seeking to recover damages for investors in the Company's common shares under the U.S. federal securities laws. Primero filed a motion to dismiss this action which was granted on January 30, 2017. The plaintiff's claims were dismissed without prejudice and the plaintiffs filed an amended complaint on February 27, 2017. On July 14, 2017 the Company's motion to dismiss the amended complaint was granted and the plaintiffs' claims were dismissed without prejudice. Rather than amend the complaint again, the plaintiffs asked the federal court to enter final judgment and initiated an appeal of the dismissal to the Ninth Circuit Court of Appeals on September 8, 2017 which was heard in appeals court on March 18, 2019. The parties have made their appearances, filed their briefs in this appeal, and a ruling on the appeal is expected sometime in the second or third quarter of 2019. The Company continues to vigorously defend this class action lawsuit on behalf of Primero and no liability has been recognized in the financial statements.

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, 2018, the Company repurchased and cancelled 230,000 common shares for a total consideration of $1.3 million through a normal course issuer bid in the open market as approved by the Toronto Stock Exchange. No shares were repurchased during the three months ended March 31, 2019

Off-Balance Sheet Arrangements

At March 31, 2019, 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. There were no transactions with related parties outside of the ordinary course of business during the three months ended March 31, 2019.

Outstanding Share Data

As at the date on which this MD&A was approved and authorized for issue by the Board of Directors, the Company has 200,547,707 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. With the exception of the adoption of IFRS 16 - *"Leases"* as outlined in Note 2 and Note 3 of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2019, 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, 2018.

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.

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 March 31, 2019						
	San Dimas	Santa Elena	La Encantada	La Parrilla	Del Toro	San Martin	Consolidated
Mining cost	$7,986	$4,274	$1,987	$2,318	$892	$1,891	$19,348
Milling cost	4,802	5,964	4,719	1,867	666	1,775	19,793
Indirect cost	7,159	2,196	2,114	1,386	832	1,329	15,017
Total production cost (A)	**$19,947**	**$12,434**	**$8,821**	**$5,570**	**$2,389**	**$4,996**	**$54,157**
Add: transportation and other selling cost	317	76	68	190	50	53	807
Add: smelting and refining cost	349	153	163	588	136	85	1,474
Add: environmental duty and royalties cost	168	93	23	15	7	30	336
Total cash cost before by-product credits (B)	**$20,781**	**$12,756**	**$9,075**	**$6,363**	**$2,582**	**$5,164**	**$56,774**
Deduct by-product credits attributed to:							
Gold by-product credits[1]	(19,469)	(11,105)	(25)	(28)	—	(1,404)	(32,031)
Lead by-product credits	—	—	—	(1,698)	(831)	—	(2,529)
Zinc by-product credits	—	—	—	(1,235)	—	—	(1,235)
Total by-product credits	**($19,469)**	**($11,105)**	**($25)**	**($2,961)**	**($831)**	**($1,404)**	**($35,795)**
Total cash cost (C)	**$1,312**	**$1,651**	**$9,050**	**$3,402**	**$1,751**	**$3,760**	**$20,979**
Workers' participation	1,226	66	78	75	68	81	1,595
General and administrative expenses	—	—	—	—	—	—	6,046
Share-based payments	—	—	—	—	—	—	2,075
Accretion of decommissioning liabilities	186	52	148	71	55	60	605
Sustaining capital expenditures	5,196	1,932	566	1,693	412	1,270	11,137
Operating lease payments	18	33	12	17	25	19	292
All-In Sustaining Costs (D)	**$7,938**	**$3,734**	**$9,854**	**$5,258**	**$2,311**	**$5,190**	**$42,729**
Payable silver ounces produced (E)	**1,403,752**	**586,608**	**718,075**	**205,228**	**64,369**	**331,207**	**3,309,239**
Tonnes milled (F)	**163,264**	**219,941**	**269,611**	**72,551**	**25,138**	**62,148**	**812,654**
Total cash cost per ounce, before by-product credits (B/E)	**$14.80**	**$21.74**	**$12.64**	**$31.01**	**$40.12**	**$15.59**	**$17.16**
Total cash cost per ounce (C/E)	**$0.93**	**$2.81**	**$12.60**	**$16.58**	**$27.20**	**$11.35**	**$6.34**
All-in sustaining cost per ounce (D/E)	**$5.65**	**$6.37**	**$13.72**	**$25.62**	**$35.89**	**$15.67**	**$12.91**
Production cost per tonne (A/F)	**$122.17**	**$56.53**	**$32.71**	**$76.78**	**$95.06**	**$80.39**	**$66.65**

(expressed in thousands of U.S. dollars, except ounce and per ounce amounts)	Three Months Ended March 31, 2018						
	Santa Elena	**La Encantada**	**San Martin**	**La Parrilla**	**Del Toro**	**La Guitarra**	**Consolidated**
Mining cost	$4,130	$1,283	$1,990	$2,327	$1,693	$850	$12,272
Milling cost	5,713	4,401	1,714	2,116	1,619	708	16,270
Indirect cost	2,296	1,774	1,425	1,578	1,324	1,022	9,420
Total production cost (A)	**$12,139**	**$7,458**	**$5,130**	**$6,020**	**$4,636**	**$2,580**	**$37,962**
Add: transportation and other selling cost	136	43	114	266	153	139	902
Add: smelting and refining cost	121	96	101	1,043	1,075	224	2,660
Add: environmental duty and royalties cost	119	14	48	31	21	22	255
Total cash cost before by-product credits (B)	**$12,515**	**$7,610**	**$5,393**	**$7,360**	**$5,885**	**$2,965**	**$41,779**
Deduct by-product credits attributed to:							
Gold by-product credits	(14,986)	(31)	(1,505)	(249)	—	(1,919)	(18,690)
Lead by-product credits	—	—	—	(1,613)	(2,824)	—	(4,437)
Zinc by-product credits	—	—	—	(2,019)	—	—	(2,019)
Total by-product credits	**($14,986)**	**($31)**	**($1,505)**	**($3,881)**	**($2,824)**	**($1,919)**	**($25,146)**
Total cash cost (C)	**($2,471)**	**$7,579**	**$3,888**	**$3,479**	**$3,061**	**$1,046**	**$16,633**
Workers' participation	44	80	39	81	76	21	341
General and administrative expenses	—	—	—	—	—	—	4,681
Share-based payments	—	—	—	—	—	—	2,516
Accretion of decommissioning liabilities	57	70	53	63	54	32	329
Sustaining capital expenditures	2,279	1,660	847	1,954	1,425	970	9,482
All-In Sustaining Costs (D)	**($91)**	**$9,389**	**$4,827**	**$5,577**	**$4,616**	**$2,069**	**$33,982**
Payable silver ounces produced (E)	**521,262**	**447,724**	**483,256**	**315,745**	**223,981**	**131,264**	**2,123,233**
Tonnes milled (F)	**223,498**	**276,191**	**75,374**	**125,114**	**79,769**	**29,829**	**809,775**
Total cash cost per ounce, before by-product credits (B/E)	**$24.01**	**$17.00**	**$11.16**	**$23.31**	**$26.27**	**$22.60**	**$19.68**
Total cash cost per ounce (C/E)	**($4.74)**	**$16.93**	**$8.04**	**$11.02**	**$13.66**	**$7.97**	**$7.83**
All-in sustaining cost per ounce (D/E)	**($0.17)**	**$20.97**	**$9.98**	**$17.66**	**$20.61**	**$15.76**	**$16.01**
Production cost per tonne (A/F)	**$54.31**	**$27.00**	**$68.06**	**$48.12**	**$58.12**	**$86.50**	**$46.88**

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 March 31,	
	2019	**2018**
Revenues as reported	**$86,810**	**$58,593**
Add back: smelting and refining charges	1,473	2,660
Gross revenues	**88,283**	**61,253**
Less: Sandstorm gold revenues	(682)	(1,222)
Less: Wheaton gold revenues	(6,906)	—
Gross revenues, excluding Sandstorm, Wheaton (A)	**$80,695**	**$60,031**
Payable equivalent silver ounces sold	6,061,389	3,798,412
Less: Payable equivalent silver ounces sold to Sandstorm	(127,257)	(217,004)
Less: Payable equivalent silver ounces sold to Wheaton	(805,727)	—
Payable equivalent silver ounces sold, excluding Sandstorm and Wheaton (B)	**5,128,405**	**3,581,408**
Average realized price per ounce of silver sold (A/B)(1)	**$15.73**	**$16.76**
Average market price per ounce of silver per COMEX	$15.55	$16.69

(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 March 31,	
	2019	**2018**
Operating Cash Flows before Working Capital and Taxes	**$23,705**	**$15,641**
Weighted average number of shares on issue - basic	195,832,712	165,819,786
Cash Flow per Share	**$0.12**	**$0.09**

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 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 March 31,	
	2019	**2018**
Net earnings (loss) as reported	**$2,880**	**($5,592)**
Adjustments for non-cash or unusual items:		
Deferred income tax recovery	(4,792)	(9,123)
Share-based payments	2,075	2,516
(Gain) loss from investment in derivatives and marketable securities	(617)	2,149
Recovery of mineral inventory	(2,481)	(87)
Adjusted net loss	**($2,935)**	**($10,137)**
Weighted average number of shares on issue - basic	195,832,712	165,819,786
Adjusted EPS	**($0.01)**	**($0.06)**

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.

	March 31, 2019	**December 31, 2018**
Current Assets	$189,183	$166,274
Less: Current Liabilities	(58,305)	(58,137)
Working Capital	**$130,878**	**$108,137**
Available Undrawn Revolving Credit Facility	55,031	55,031
Available Liquidity	**$185,909**	**$163,168**

ADDITIONAL GAAP MEASURES

The Company uses additional financial measures which should be evaluated in conjunction with IFRS. It is intended to provide additional information and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. The following additional GAAP measures are used:

Mine Operating Earnings

Mine operating earnings represents the difference between revenue less mine operating costs. Management believes that mine operating earnings provides useful information to investors because mine operating earnings excludes expenses not directly associated with commercial production.

Operating Cash Flows before Working Capital and Taxes

Operating cash flows before working capital and taxes represents cash flows generated from operations before changes in working capital and income taxes paid. Management believes that this measure allows investors to evaluate the Company's pre-tax cash flows generated from operations adjusted for fluctuations in non-cash working capital items due to timing issues and the Company's ability to service its debt.

The terms described above do not have a standardized meaning prescribed by IFRS, therefore the Company's definitions may not be comparable to similar measures presented by other companies.

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 March 31, 2019, 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.

There has been no change in the Company's internal control over financial reporting during the three months ended March 31, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's 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

Mineral reserves and mineral resources are determined in accordance with National Instrument 43-101 ("NI 43-101"), issued by the Canadian Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and mineral resources. 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, 2018, is available on SEDAR at www.sedar.com and on the Company’s website at www.firstmajestic.com.