FIRST MAJESTIC

SILVER CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(UNAUDITED)

925 West Georgia Street, Suite 1800, Vancouver, B.C., Canada V6C 3L2
Phone: 604.688.3033 | Fax: 604.639.8873| Toll Free: 1.866.529.2807 | Email: info@firstmajestic.com
www.firstmajestic.com

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 5, 2021

Raymond Polman, CPA, CA
Chief Financial Officer
May 5, 2021

TABLE OF CONTENTS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Consolidated Statements of Earnings (Loss) 1
Condensed Interim Consolidated Statements of Comprehensive Income (Loss) 2
Condensed Interim Consolidated Statements of Cash Flows 3
Condensed Interim Consolidated Statements of Financial Position 4
Condensed Interim Consolidated Statements of Changes in Equity 5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

General

Note 1. Nature of Operations 6
Note 2. Basis of Presentation 6
Note 3. Significant Accounting Policies, Estimates and Judgments 6

Statements of Earnings (Loss)

Note 4. Segmented Information 7
Note 5. Revenues 9
Note 6. Cost of Sales 10
Note 7. General and Administrative Expenses 10
Note 8. Mine Holding Costs 11
Note 9. Investment and Other Income (Loss) 11
Note 10. Finance Costs 11
Note 11. Earnings or Loss per Share 12

Statements of Financial Position

Note 12. Inventories 12
Note 13. Other Financial Assets 12
Note 14. Mining Interests 13
Note 15. Property, Plant and Equipment 16
Note 16. Right-of-Use Assets 18
Note 17. Trade and Other Payables 18
Note 18. Debt Facilities 19
Note 19. Lease Liabilities 21
Note 20. Share Capital 22

Other items

Note 21. Financial Instruments and Related Risk Management 25
Note 22. Supplemental Cash Flow Information 29
Note 23. Contingencies and Other Matters 30
Note 24. Subsequent Events 32

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2021 and 2020

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	2021	2020
Revenues	5	**$100,522**	**$86,065**
Mine operating costs			
Cost of sales	6	57,061	49,835
Cost of sales - standby costs	6	—	946
Depletion, depreciation and amortization		15,345	14,169
		72,406	**64,950**
Mine operating earnings		**28,116**	**21,115**
General and administrative expenses	7	6,961	6,284
Share-based payments		3,594	2,378
Mine holding costs	8	3,868	4,779
Loss on divestiture of exploration projects		—	10,106
Foreign exchange gain		(1,797)	(2,826)
Operating earnings		**15,490**	**394**
Unrealized loss on foreign currency derivatives		—	(22,654)
Investment and other income	9	(3,150)	(540)
Finance costs	10	(3,773)	(3,856)
Earnings (loss) before income taxes		**8,567**	**(26,656)**
Income taxes			
Current income tax expense		8,537	1,214
Deferred income tax (recovery) expense		(1,825)	4,566
		6,712	5,780
Net earnings (loss) for the period		**$1,855**	**($32,436)**
Earnings (loss) per common share			
Basic	11	**$0.01**	**($0.15)**
Diluted	11	**$0.01**	**($0.15)**
Weighted average shares outstanding			
Basic	11	**222,544,712**	**209,396,052**
Diluted	11	**225,772,720**	**209,396,052**

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)

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,	
		2021	2020
Net earnings (loss) for the period		**$1,855**	**($32,436)**
Other comprehensive (loss) income			
Items that will not be subsequently reclassified to net earnings (loss):			
Unrealized (loss) gain on fair value of investments in marketable securities, net of tax	13(b)	(4,726)	293
Realized loss on investments in marketable securities, net of tax	13(b)	(651)	—
Remeasurement of retirement benefit plan		—	(455)
Other comprehensive loss		(5,377)	(162)
Total comprehensive loss		**($3,522)**	**($32,598)**

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)

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.

	Note	Three Months Ended March 31, 2021	2020
Operating Activities			
Net earnings (loss) for the period		$1,855	($32,436)
Adjustments for:			
Depletion, depreciation and amortization		15,805	14,625
Share-based payments		3,594	2,378
Income tax expense		6,712	5,780
Finance costs	10	3,773	3,856
Write-down on assets held-for-sale	9	2,081	—
Loss on divestiture of exploration projects	14	—	10,176
Fair value adjustment on foreign currency derivatives		—	22,654
Unrealized loss from marketable securities and silver futures derivatives		1,289	1,079
Unrealized foreign exchange gain		(3,980)	(4,799)
Operating cash flows before movements in working capital and taxes		**31,129**	**23,313**
Net change in non-cash working capital items	22	(13,766)	(10,763)
Income taxes paid		(9,932)	(502)
Cash generated by operating activities		**7,431**	**12,048**
Investing Activities			
Expenditures on mining interests		(33,416)	(19,772)
Acquisition of property, plant and equipment		(10,806)	(12,016)
Deposits paid for acquisition of non-current assets		(2,292)	(1,518)
Proceeds from sale of marketable securities		250	—
Cash used in investing activities		**(46,264)**	**(33,306)**
Financing Activities			
Proceeds from prospectus offerings, net of share issue costs	20(a)	—	13,792
Proceeds from exercise of stock options		4,363	1,841
Repayment of lease liabilities	19	(1,328)	(1,779)
Finance costs paid		(1,759)	(1,956)
Repayment of debt facilities	18(b)	—	(10,000)
Shares repurchased and cancelled	20(f)	—	(1,694)
Cash provided by financing activities		**1,276**	**204**
Effect of exchange rate on cash and cash equivalents held in foreign currencies		663	(2,768)
Decrease in cash and cash equivalents		**(37,557)**	**(21,054)**
Cash and cash equivalents, beginning of the period		238,578	169,009
Cash and cash equivalents, end of period		**$201,684**	**$145,187**
Cash		$169,818	$138,065
Short-term investments		31,866	7,122
Cash and cash equivalents, end of period		**$201,684**	**$145,187**
Supplemental cash flow information	22		

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, 2021 AND DECEMBER 31, 2020

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, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		$201,684	$238,578
Trade and other receivables		3,780	4,271
Value added taxes receivable	21(c)	48,256	41,641
Inventories	12	36,079	32,512
Other financial assets	13	31,681	36,319
Prepaid expenses and other		4,826	2,725
Assets held-for-sale	9	3,432	—
Total current assets		**329,738**	**356,046**
Non-current assets			
Mining interests	14	537,547	509,730
Property, plant and equipment	15	257,717	258,220
Right-of-use assets	16	13,297	14,330
Deposits on non-current assets		11,349	14,246
Non-current value added taxes receivable	21(c)	17,036	15,301
Deferred tax assets		68,014	69,644
Total assets		**$1,234,698**	**$1,237,517**
Liabilities and Equity			
Current liabilities			
Trade and other payables	17	$69,344	$76,002
Advance for assets held-for-sale	9	4,449	—
Unearned revenue	5	2,025	2,717
Current portion of debt facilities	18	10,400	10,975
Current portion of lease liabilities	19	4,944	5,358
Income taxes payable		5,741	6,574
Total current liabilities		**96,903**	**101,626**
Non-current liabilities			
Debt facilities	18	143,314	141,733
Lease liabilities	19	14,272	15,217
Decommissioning liabilities		50,347	51,471
Other liabilities		5,503	5,406
Non-current income taxes payable		21,707	23,099
Deferred tax liabilities		43,505	48,729
Total liabilities		**$375,551**	**$387,281**
Equity			
Share capital		1,097,140	1,087,139
Equity reserves		99,052	101,997
Accumulated deficit		(337,045)	(338,900)
Total equity		**$859,147**	**$850,236**
Total liabilities and equity		**$1,234,698**	**$1,237,517**

Commitments (Note 14; Note 21(c)); Subsequent event (Note 24)

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(loss)[(b)]	Equity component of convertible debenture[(c)]	Total equity reserves	Accumulated deficit	Total equity
Balance at December 31, 2019	**208,112,072**	**$933,182**	**$74,060**	**($2,532)**	**$19,164**	**$90,692**	**($361,553)**	**$662,321**
Net loss for the period	—	—	—	—	—	—	(32,436)	(32,436)
Other comprehensive loss	—	—	—	(162)	—	(162)	—	(162)
Total comprehensive loss	**—**	**—**	**—**	**(162)**	**—**	**(162)**	**(32,436)**	**(32,598)**
Share-based payments	—	—	2,378	—	—	2,378	—	2,378
Shares issued for:								
Prospectus offerings (Note 20(a))	1,304,338	13,792	—	—	—	—	—	13,792
Exercise of stock options (Note 20(b))	295,816	2,549	(708)	—	—	(708)	—	1,841
Settlement of restricted share units (Note 20(c))	112,000	879	(879)	—	—	(879)	—	—
Shares repurchased and cancelled (Note 20(f))	(275,000)	(1,260)	—	—	—	—	(434)	(1,694)
Balance at March 31, 2020	**209,549,226**	**$949,142**	**$74,851**	**($2,694)**	**$19,164**	**$91,321**	**($394,423)**	**$646,040**
Balance at December 31, 2020	**221,965,011**	**$1,087,139**	**$75,420**	**$7,413**	**$19,164**	**$101,997**	**($338,900)**	**$850,236**
Net earnings for the period	—	—	—	—	—	—	1,855	1,855
Other comprehensive loss	—	—	—	(5,377)	—	(5,377)	—	(5,377)
Total comprehensive loss	**—**	**—**	**—**	**(5,377)**	**—**	**(5,377)**	**1,855**	**(3,522)**
Share-based payments	—	—	4,345	—	—	4,345	—	4,345
Shares issued for:								
Exercise of stock options (Note 20(b))	543,864	6,146	(1,783)	—	—	(1,783)	—	4,363
Acquisition of Springpole Silver Stream (Note 14(c))	287,300	3,750	—	—	—	—	—	3,750
Settlement of restricted share units (Note 20(c))	8,301	105	(130)	—	—	(130)	—	(25)
Balance at March 31, 2021	**222,804,476**	**$1,097,140**	**$77,852**	**$2,036**	**$19,164**	**$99,052**	**($337,045)**	**$859,147**

(a) Share-based payments reserve records the cumulative amount recognized under IFRS 2 share-based payments in respect of stock options granted, restricted share units and shares purchase warrants issued but not exercised or settled to acquire shares of the Company.

(b) Other comprehensive income reserve principally records the unrealized fair value gains or losses related to fair value through other comprehensive income ("FVTOCI") financial instruments and re-measurements arising from actuarial gains or losses and return on plan assets in relation to San Dimas' retirement benefit plan.

(c) Equity component of convertible debenture reserve represents the estimated fair value of its conversion option of $26.3 million, net of deferred tax effect of $7.1 million. This amount is not subsequently remeasured and will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance will remain in equity reserves.

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

1. NATURE OF OPERATIONS

First Majestic Silver Corp. (the “Company” or “First Majestic”) is in the business of silver production, development, exploration, and acquisition of mineral properties with a focus on silver and gold production in North America. The Company owns three producing mines: the San Dimas Silver/Gold Mine, the Santa Elena Silver/Gold Mine and the La Encantada Silver Mine, four mines in suspension: the San Martin Silver Mine, the Del Toro Silver Mine, the La Parrilla Silver Mine and the La Guitarra Silver/Gold Mine, and several exploration stage projects. The Company acquired the Jerritt Canyon Gold Mine in Nevada, USA on April 30, 2021.

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”*. 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, 2020, 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 21(a)) and marketable securities (Note 13). 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, 2020 except as outlined in Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES, 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, 2021, the Company applied the accounting policies, critical judgments and estimates disclosed in note 3 of its audited consolidated financial statements for the year ended December 31, 2020 and the following accounting policies, critical judgments and estimates in applying accounting policies:

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

New and amended IFRS standards that are effective for the current year:

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments were applied effective January 1, 2021 and did not have a material impact on the Company's financial statements.

Future Changes in Accounting Policies Not Yet Effective as at March 31, 2021:

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. The Company will recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings at the beginning of that earliest period presented. This amendment will impact the Company's accounting for proceeds from mineral sales prior to reaching commercial production levels intended by management.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2023, with early application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

4. SEGMENTED INFORMATION

All of the Company's operations are within the mining industry and its major products are precious metals doré which are refined or smelted into pure silver and gold and sold to global metal brokers. 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, 2021, the Company's reporting segments includes its three operating mines in Mexico and its "non-producing properties" which include the La Parrilla, Del Toro, San Martin and La Guitarra mines, which have been placed on suspension, as significant reporting segments. "Others" consists primarily of the Company's corporate assets including cash and cash equivalents, other development and exploration properties (Note 14), debt facilities (Note 18), coins and bullion sales, and corporate expenses which are not allocated to operating segments. The Company's chief operating decision maker ("CODM") evaluates segment performance based on mine operating earnings. Therefore, other income and expense items are not allocated to the segments.

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

4. SEGMENTED INFORMATION (continued)

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

Three Months Ended March 31, 2021 and 2020		Revenue	Cost of sales	Depletion, depreciation, and amortization	Mine operating earnings (loss)	Capital expenditures
Mexico						
San Dimas	**2021**	**$61,789**	**$31,323**	**$9,804**	**$20,662**	**$14,482**
	2020	48,065	26,067	8,781	13,217	12,802
Santa Elena	**2021**	**22,183**	**17,885**	**3,112**	**1,186**	**14,334**
	2020	22,635	13,928	2,791	5,916	7,402
La Encantada	**2021**	**19,702**	**10,043**	**1,833**	**7,826**	**2,729**
	2020	15,294	9,318	2,140	3,836	2,791
Non-producing Properties	**2021**	**—**	**17**	**123**	**(140)**	**932**
	2020	183	1,361	191	(1,369)	2,095
Others(1)	**2021**	**4,793**	**1,720**	**473**	**2,600**	**12,583**
	2020	239	321	266	(348)	4,966
Intercompany elimination(2)	**2021**	**(7,945)**	**(3,927)**	**—**	**(4,018)**	**—**
	2020	(351)	(214)	—	(137)	—
Consolidated	**2021**	**$100,522**	**$57,061**	**$15,345**	**$28,116**	**$45,060**
	2020	**$86,065**	**$50,781**	**$14,169**	**$21,115**	**$30,056**

(1) The "Others" segment includes revenues of $4.8 million from coins and bullion sales of 146,827 silver ounces at an average price of $32.65 per ounce.
(2) Effective January 1, 2021, the Company is presenting its segment revenue, cost of sales and mine operating earnings (loss) on a gross basis, with a new line item to reflect intercompany eliminations. The segmented information for the comparative periods have been adjusted to reflect this change for consistency.

During the three months ended March 31, 2021, the Company had three (March 31, 2020 - three) customers that accounted for 100% (2020 - 100%) of its sales revenue, with one major metal broker accounting for 88% of total revenue (2020 - 90%).

At March 31, 2021 and December 31, 2020		Mining Interests		Property, plant and equipment	Total mining assets	Total assets	Total liabilities
		Producing	Exploration				
Mexico							
San Dimas	**2021**	**$208,452**	**$20,485**	**$109,903**	**$338,840**	**$447,150**	**$106,561**
	2020	204,592	17,179	112,105	333,876	439,145	105,462
Santa Elena	**2021**	**67,458**	**30,717**	**51,430**	**149,605**	**180,719**	**36,182**
	2020	52,892	33,951	49,245	136,088	166,525	33,467
La Encantada	**2021**	**27,076**	**2,393**	**17,466**	**46,935**	**97,908**	**26,642**
	2020	25,865	2,955	16,555	45,375	99,185	29,354
Non-producing Properties	**2021**	**108,837**	**37,893**	**28,258**	**174,989**	**217,685**	**34,683**
	2020	108,837	37,004	29,888	175,730	219,109	40,274
Others	**2021**	**—**	**34,235**	**50,660**	**84,895**	**291,235**	**171,483**
	2020	—	26,455	50,427	76,882	313,553	178,724
Consolidated	**2021**	**$411,823**	**$125,724**	**$257,717**	**$795,263**	**$1,234,698**	**$375,551**
	2020	**$392,185**	**$117,545**	**$258,220**	**$767,950**	**$1,237,517**	**$387,281**

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

5. REVENUES

The majority of the Company's revenues are from the sale of precious metals contained in doré form. The Company's primary products are precious metals of silver and gold. Revenues from sale of metal, including by-products, are recorded net of smelting and refining costs.

Revenues for the period are summarized as follows:

	Three Months Ended March 31,			
	2021		2020	
Gross revenue from payable metals:				
Silver	$72,852	72%	$52,014	60%
Gold	28,338	28%	34,702	40%
Lead	—	—%	74	—%
Gross revenue	**101,190**	**100%**	**86,790**	**100%**
Less: smelting and refining costs	(668)		(725)	
Revenues	**$100,522**		**$86,065**	

As at March 31, 2021, the Company had $2.0 million of unearned revenue (December 31, 2020 - $2.7 million) that has not satisfied performance obligations.

(a) Gold Stream Agreement with Sandstorm Gold Ltd.

The Santa Elena mine has a purchase agreement with Sandstorm Gold Ltd. ("Sandstorm"), which requires the Company to sell 20% of its gold production over the life of mine from its leach pad and a designated area of its underground operations. The selling price to Sandstorm is the lesser of the prevailing market price or $450 per ounce, subject to a 1% annual inflation. During the three months ended March 31, 2021, the Company delivered 1,201 ounces (2020 - 2,161 ounces) of gold to Sandstorm at an average price of $464 per ounce (2020 - $459 per ounce).

(b) Gold Stream Agreement with Wheaton Precious Metals Corporation

In 2018, the San Dimas mine entered into a purchase agreement with Wheaton Precious Metals International ("WPMI"), a wholly owned subsidiary of Wheaton Precious Metals Corp., 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. Should the average gold to silver ratio over a six month period exceed 90:1 or fall below 50:1, the fixed exchange ratio would be increased to 90:1 or decreased to 50:1, respectively. The fixed gold to silver exchange ratio as at March 31, 2021 was 70:1.

During the three months ended March 31, 2021, the Company delivered 10,273 ounces (2020 - 11,357 ounces) of gold to WPMI at $612 (2020 - $606) per ounce.

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

6. COST OF SALES

Cost of sales excludes depletion, depreciation and amortization and are costs that are directly related to production and generation of revenues at the operating segments. Significant components of cost of sales are comprised of the following:

	Three Months Ended March 31,	
	2021	**2020**
Consumables and materials	$10,776	$9,920
Labour costs	32,847	27,323
Energy	8,632	7,778
Other costs	3,040	4,361
Production costs	**$55,295**	**$49,382**
Transportation and other selling costs	662	522
Workers participation costs	3,667	1,998
Environmental duties and royalties	573	396
Inventory changes	(3,136)	(2,463)
Cost of Sales	**$57,061**	**$49,835**
Cost of Sales - Standby Costs(1)	**$—**	**$946**

(1) Standby costs in the prior period relates to mine holding costs for the San Martin mine, which was temporarily suspended effective from July 2019 due to a growing insecurity in the area and safety concerns for its workforce. The Company is working with authorities to secure the area and is uncertain of a restart date. From April 1, 2020, such costs were classified as mine holding costs (Note 8) due to continued uncertainty with respect to the timing of restart at San Martin.

7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are incurred to support the administration of the business that are not directly related to production. Significant components of general and administrative expenses are comprised of the following:

	Three Months Ended March 31,	
	2021	**2020**
Corporate administration	$1,484	$1,277
Salaries and benefits	3,096	3,165
Audit, legal and professional fees	1,656	1,047
Filing and listing fees	88	155
Directors fees and expenses	177	184
Depreciation	460	456
	$6,961	**$6,284**

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

8. MINE HOLDING COSTS

The Company's mine holding costs are primarily comprised of labour costs associated with care and maintenance staffs, electricity, security, environmental and community support costs for the following mines which are currently under temporary suspension:

	Three Months Ended March 31,	
	2021	**2020**
Del Toro	$969	$2,182
La Parrilla	1,033	1,719
San Martin	1,019	—
La Guitarra	848	878
	$3,868	**$4,779**

9. INVESTMENT AND OTHER (LOSS) INCOME

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

	Three Months Ended March 31,	
	2021	**2020**
Loss from investment in marketable securities (Note 13(a))	($1,289)	($1,368)
Loss on write-down of assets held-for-sale[1]	(2,081)	—
Gain from investment in silver futures derivatives	—	290
Interest income and other	220	538
	($3,150)	**($540)**

(1) In March 2021, the Company entered into an agreement with Condor Gold PLC ("Condor") to sell its AG Mill equipment for gross proceeds of $6.5 million, including $3.5 million in cash and $3.0 million in common shares of Condor. The transaction is expected to close in the second quarter of 2021 upon shipment of all related equipment to Condor's la India Project in Nicaragua. During the three months ended March 31, 2021, the Company recognized a loss of $2.1 million, being the difference between the proceeds of disposal and the carrying amount of the project's net assets, as loss on write-down of assets held-for-sale. As at March 31, 2021, the Company has reclassified $3.4 million of its non-current assets as assets held-for-sale, and $4.4 million of proceeds from Condor as advance on assets held-for-sale.

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,	
	2021	**2020**
Debt facilities[1] (Note 18)	$2,670	$2,640
Lease liabilities (Note 19)	371	403
Accretion of decommissioning liabilities	640	623
Silver sales and other	92	190
	$3,773	**$3,856**

(1) Finance costs for debt facilities include $1.8 million of non-cash accretion expense for the period ended March 31, 2021 (2020 - $1.7 million).

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

11. EARNINGS OR LOSS PER SHARE

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

The calculations of basic and diluted earnings or loss per share for the period ended March 31, 2021 and 2020 are as follows:

	Three Months Ended March 31,	
	2021	**2020**
Net earnings (loss) for the period	$1,855	($32,436)
Weighted average number of shares on issue - basic	222,544,712	209,396,052
Impact of effect on dilutive securities:		
Stock options	2,477,161	—
Restricted, performance and deferred share units	750,847	—
Weighted average number of shares on issue - diluted(1)	**225,772,720**	**209,396,052**
Earnings (loss) per share - basic and diluted	**$0.01**	**($0.15)**

(1) For the three months ended March 31, 2021, diluted weighted average number of shares excluded 588,773 (2020 - 8,763,331) options, nil restricted and performance share units (2020 - 345,243) and 16,327,598 (2020 - 16,327,598) common shares issuable under the convertible debentures (Note 18(a)) that were anti-dilutive.

12. INVENTORIES

Inventories consist primarily of materials and supplies and products of the Company's operations, in varying stages of the production process, and are presented at the lower of weighted average cost or net realizable value.

	March 31, 2021	December 31, 2020
Finished goods - doré	$2,642	$2,812
Work-in-process	2,615	2,780
Stockpile	2,136	1,336
Silver coins and bullion	5,025	956
Materials and supplies	23,661	24,628
	$36,079	**$32,512**

The amount of inventories recognized as an expense during the period is equivalent to the total of cost of sales plus depletion, depreciation and amortization for the period.

13. OTHER FINANCIAL ASSETS

As at March 31, 2021, other financial assets consists of the Company's investment in marketable securities and foreign exchange derivatives comprised of the following:

	March 31, 2021	December 31, 2020
FVTPL marketable securities (a)	$12,702	$13,876
FVTOCI marketable securities (b)	16,187	22,443
Total other financial assets	**$31,681**	**$36,319**

(a) Fair Value through Profit or Loss ("FVTPL") Marketable Securities

Loss in marketable securities designated as FVTPL for the three months ended March 31, 2021 was $1.3 million (2020 - loss of $1.4 million) and was recorded through profit or loss.

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

13. OTHER FINANCIAL ASSETS (continued)

(b) Fair Value through Other Comprehensive Income ("FVTOCI") Marketable Securities

Changes in fair value of marketable securities designated as FVTOCI for the three months ended March 31, 2021 was $5.4 million (2020 - $0.3 million), net of tax, and was recorded through other comprehensive income and will not be transferred into earnings or loss upon disposition or impairment.

14. MINING INTERESTS

Mining interests primarily consist of acquisition, development and exploration costs directly related to the Company's operations and projects. Upon commencement of commercial production, mining interests for producing properties are depleted on a units-of-production basis over the estimated economic life of the mine. In applying the units of production method, depletion is determined using quantity of material extracted from the mine in the period as a portion of total quantity of material, based on reserves and resources, considered to be highly probable to be economically extracted over the life of mine plan.

The Company's mining interests are comprised of the following:

	March 31, 2021	December 31, 2020
Depletable properties	$411,823	$392,185
Non-depletable properties (exploration and evaluation costs)	125,724	117,545
	$537,547	**$509,730**

Depletable properties are allocated as follows:

Depletable properties	**San Dimas**	**Santa Elena**	**La Encantada**	**Non-producing Properties[(1)]**	**Total**
Cost					
At December 31, 2019	**$220,658**	**$61,654**	**$111,590**	**$494,132**	**$888,034**
Additions	21,263	6,218	4,201	—	31,682
Change in decommissioning liabilities	4,527	1,191	2,049	3,059	10,826
Transfer from exploration properties	3,645	4,229	472	—	8,346
At December 31, 2020	**$250,093**	**$73,292**	**$118,312**	**$497,191**	**$938,888**
Additions	10,001	4,530	895	—	15,426
Transfer from exploration properties	—	11,402	1,293	—	12,695
At March 31, 2021	**$260,094**	**$89,223**	**$120,500**	**$497,191**	**$967,009**
Accumulated depletion, amortization and impairment					
At December 31, 2019	**($27,225)**	**($16,608)**	**($88,499)**	**($388,354)**	**($520,686)**
Depletion and amortization	(18,277)	(3,792)	(3,948)	—	(26,017)
At December 31, 2020	**($45,502)**	**($20,400)**	**($92,447)**	**($388,354)**	**($546,703)**
Depletion and amortization	(6,141)	(1,365)	(977)	—	(8,483)
At March 31, 2021	**($51,643)**	**($21,765)**	**($93,424)**	**($388,354)**	**($555,186)**
Carrying values					
At December 31, 2020	**$204,592**	**$52,892**	**$25,865**	**$108,837**	**$392,185**
At March 31, 2021	**$208,452**	**$67,458**	**$27,076**	**$108,837**	**$411,823**

(1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines.

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

14. MINING INTERESTS (continued)

Non-depletable properties costs are allocated as follows:

Non-depletable properties	San Dimas[a]	Santa Elena[b]	La Encantada	Non-producing Properties[1]	Exploration Projects[2]	Springpole Stream[c]	Total
At December 31, 2019	**$8,699**	**$18,592**	**$1,104**	**$32,938**	**$34,710**	**$—**	**$96,043**
Exploration and evaluation expenditures	12,125	19,588	2,323	4,066	1,142	4,356	43,601
Change in decommissioning liabilities (Note 20)	—	—	—	—	59	—	59
Sale of exploration project	—	—	—	—	(13,812)	—	(13,812)
Transfer to producing properties	(3,645)	(4,229)	(472)	—	—	—	(8,346)
At December 31, 2020	**$17,179**	**$33,951**	**$2,955**	**$37,004**	**$22,099**	**$4,356**	**$117,545**
Exploration and evaluation expenditures	3,306	8,168	731	889	280	7,500	20,874
Transfer to producing properties	—	(11,402)	(1,293)	—	—	—	(12,695)
At March 31, 2021	**$20,485**	**$30,717**	**$2,393**	**$37,893**	**$22,379**	**$11,856**	**$125,724**

(1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines.

(2) Exploration projects include the La Luz, La Joya, Los Amoles, Jalisco Group of Properties and Jimenez del Tuel projects, as well as the Plomosas project which was sold during 2020.

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

In 2018, the San Dimas Mine is subject to a gold and silver streaming agreement with WPMI which entitles 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 commencing in May 2019) and the prevailing market price, for each gold ounce delivered. Should the average gold to silver ratio over a six month period exceed 90:1 or fall below 50:1, the fixed exchange ratio would be increased to 90:1 or decreased to 50:1, respectively. The fixed gold to silver exchange ratio as at March 31, 2021 was 70:1.

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

The Santa Elena Mine is subject to a gold streaming agreement with Sandstorm, which requires the mine to sell 20% of its life of mine gold production from its leach pad and a designated area of its underground operations to Sandstorm. The selling price to Sandstorm is currently the lesser of $464 per ounce, subject to a 1% annual inflation increase every April, and the prevailing market price.

(c) Springpole Silver Stream, Ontario, Canada

On July 2, 2020, the Company completed an agreement with First Mining Gold Corp. (“First Mining”) to purchase 50% of the life of mine payable silver produced from the Springpole Gold Project ("Springpole Silver Stream"), a development stage mining project located in Ontario, Canada. Pursuant to the agreement, First Majestic agreed to pay First Mining consideration of $22.5 million in cash and shares, in three milestone payments, for the right to purchase silver at a price of 33% of the silver spot price per ounce, to a maximum of $7.50 per ounce (subject to annual inflation escalation of 2%, commencing at the start of the third anniversary of production). Commencing with its production of silver, First Mining must deliver 50% of the payable silver which it receives from the offtaker within five business days of the end of each quarter.

14. MINING INTERESTS (continued)

(c) Springpole Silver Stream, Ontario, Canada (continued)

Transaction consideration paid and payable by First Majestic is summarized as follows:

- The first payment of $10.0 million, consisting of $2.5 million in cash and $7.5 million in First Majestic shares (805,698 common shares) was paid to First Mining on July 2, 2020;
- The second payment consisting of $3.75 million in cash and $3.75 million in First Majestic shares (287,300 common shares) was paid on January 21, 2021 upon the completion and public announcement by First Mining of the results of a Pre-Feasibility Study for Springpole; and
- The third payment consisting of $2.5 million in cash and $2.5 million in First Majestic shares (based on 20 days volume weighted average price) will be paid upon receipt by First Mining of a Federal or Provincial Environmental Assessment approval for Springpole.

In connection with the agreement, First Mining also granted First Majestic 30 million common share purchase warrants, each of which will entitle the Company to purchase one common share of First Mining at CAD$0.40 over a period of five years. The fair value of the warrants was measured at $5.7 million using the Black-Scholes model.

First Mining shall have the right to repurchase 50% of the silver stream for $22.5 million at any time prior to the commencement of production at Springpole leaving the Company with a reduced silver stream of 25% of life of mine payable silver production.

As at March 31, 2021, the Company has paid $17.5 million in consideration to First Mining as part of the agreement, of which $5.7 million was allocated to other financial assets and $11.8 million was allocated to the Springpole Silver Stream recognized within exploration and evaluation assets.

First Mining is a related party with two independent board members who are also directors and/or officers of First Majestic.

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

15. PROPERTY, PLANT AND EQUIPMENT

The majority of the Company's property, plant and equipment is used in the Company's operating mine segments. Property, plant and equipment is depreciated using either the straight-line or units-of-production method over the shorter of the estimated useful life of the asset or the expected life of mine. Where an item of property, plant and equipment comprises of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Assets under construction are recorded at cost and re-allocated to land and buildings, machinery and equipment or other when they become available for use.

Property, plant and equipment are comprised of the following:

	Land and Buildings[1]	Machinery and Equipment	Assets under Construction[2]	Other	Total
Cost					
At December 31, 2019	**$198,412**	**$456,655**	**$27,645**	**$24,438**	**$707,150**
Additions	—	2,096	47,266	391	49,753
Transfers and disposals	917	9,873	(19,242)	3,822	(4,630)
At December 31, 2020	**$199,329**	**$468,624**	**$55,669**	**$28,651**	**$752,273**
Additions	—	344	8,363	53	8,760
Transfers and disposals	1,005	1,355	(4,988)	2,237	(391)
At March 31, 2021	**$200,334**	**$470,323**	**$59,044**	**$30,941**	**$760,642**
Accumulated depreciation, amortization and impairment					
At December 31, 2019	**($129,040)**	**($326,300)**	**$—**	**($15,171)**	**($470,511)**
Depreciation and amortization	(4,188)	(19,833)	—	(2,555)	(26,576)
Transfers and disposals	72	2,754	—	208	3,034
At December 31, 2020	**($133,156)**	**($343,379)**	**$—**	**($17,518)**	**($494,053)**
Depreciation and amortization	(1,227)	(4,959)	—	(748)	(6,934)
Transfers and disposals	—	119	—	24	143
Write-down on assets-held-for-sale	—	—	—	(2,081)	(2,081)
At March 31, 2021	**($134,383)**	**($348,219)**	**$—**	**($20,323)**	**($502,925)**
Carrying values					
At December 31, 2020	**$66,173**	**$125,245**	**$55,669**	**$11,133**	**$258,220**
At March 31, 2021	**$65,951**	**$122,104**	**$59,044**	**$10,618**	**$257,717**

(1) Included in land and buildings is $11.2 million (2020 - $11.2 million) of land which is not subject to depreciation.
(2) Assets under construction includes certain innovation projects, such as high-intensity grinding ("HIG") mills and related modernization, plant improvements, other mine infrastructures and equipment overhauls.

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

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment, including land and buildings, machinery and equipment, assets under construction and other assets above are allocated by mine as follow:

	San Dimas	Santa Elena	La Encantada	Non-producing Properties(1)	Other	Total
Cost						
At December 31, 2019	**$136,303**	**$90,762**	**$137,302**	**$297,240**	**$45,543**	**$707,150**
Additions	10,384	7,933	4,209	272	26,955	49,753
Transfers and disposals	41	(1,364)	1,999	(3,751)	(1,555)	(4,630)
At December 31, 2020	**$146,728**	**$97,331**	**$143,510**	**$293,761**	**$70,943**	**$752,273**
Additions(2)	1,175	1,636	1,102	43	4,804	8,760
Transfers and disposals	1,646	4,732	836	(5,733)	(1,872)	(391)
At March 31, 2021	**$149,549**	**$103,699**	**$145,448**	**$288,071**	**$73,875**	**$760,642**
Accumulated depreciation, amortization and impairment						
At December 31, 2019	**($19,747)**	**($42,975)**	**($122,566)**	**($266,190)**	**($19,033)**	**($470,511)**
Depreciation and amortization	(15,032)	(6,451)	(2,646)	(592)	(1,855)	(26,576)
Transfers and disposals	156	1,340	(1,743)	2,909	372	3,034
At December 31, 2020	**($34,623)**	**($48,086)**	**($126,955)**	**($263,873)**	**($20,516)**	**($494,053)**
Depreciation and amortization	(3,949)	(1,608)	(647)	(66)	(664)	(6,934)
Transfers and disposals	(1,074)	(2,575)	(380)	4,126	46	143
Write-down on assets held-for-sale	—	—	—	—	(2,081)	(2,081)
At March 31, 2021	**($39,646)**	**($52,269)**	**($127,982)**	**($259,813)**	**($23,215)**	**($502,925)**
Carrying values						
At December 31, 2020	**$112,105**	**$49,245**	**$16,555**	**$29,888**	**$50,427**	**$258,220**
At March 31, 2021	**$109,903**	**$51,430**	**$17,466**	**$28,258**	**$50,660**	**$257,717**

(1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines.

(2) Additions classified in "Other" primarily consist of innovation projects and construction-in-progress.

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

16. RIGHT-OF-USE ASSETS

The Company entered into operating leases to use certain land, building, mining equipment and corporate equipment for its operations. The Company is required to recognize right-of-use assets representing its right to use these underlying leased asset over the lease term.

Right-of-use asset is initially measured at cost, equivalent to its obligation for payments over the term of the leases, and subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recorded on a straight-line basis over the shorter period of lease term and useful life of the underlying asset.

Right-of-use assets are comprised of the following:

	Land and Buildings	Machinery and Equipment	Other	Total
At December 31, 2019	**$4,207**	**$7,812**	**$15**	**$12,034**
Additions	1,939	554	—	2,494
Remeasurements	2,789	(10)	—	2,779
Depreciation and amortization	(848)	(2,106)	(7)	(2,961)
Impairment	—	(16)	—	(16)
At December 31, 2020	**$8,087**	**$6,234**	**$8**	**$14,330**
Remeasurements	45	(115)	—	(70)
Depreciation and amortization	(247)	(399)	(2)	(648)
Disposals	(186)	(130)	—	(315)
At March 31, 2021	**$7,700**	**$5,590**	**$7**	**$13,297**

17. 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, 2021	December 31, 2020
Trade payables	$18,523	$31,262
Trade related accruals	23,503	18,635
Payroll and related benefits	25,221	21,427
Environmental duty	584	2,156
Other accrued liabilities	1,513	2,522
	$69,344	**$76,002**

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

18. DEBT FACILITIES

The movement in debt facilities during the three months ended March 31, 2021 and year ended December 31, 2020, respectively, are comprised of the following:

	Convertible Debentures (a)	Revolving Credit Facility (b)	Total
Balance at December 31, 2019	**$136,607**	**$19,211**	**$155,818**
Finance costs			
Interest expense	2,984	763	3,747
Accretion	6,168	678	6,846
Proceeds from drawdown of Revolving Credit Facility	—	10,000	10,000
Repayments of principal	—	(19,969)	(19,969)
Payments of finance costs	(2,934)	(800)	(3,734)
Balance at December 31, 2020	**$142,825**	**$9,883**	**$152,708**
Finance costs			
Interest expense	733	183	916
Accretion	1,582	172	1,754
Payments of finance costs	(1,467)	(197)	(1,664)
Balance at March 31, 2021	**$143,673**	**$10,041**	**$153,714**

Statements of Financial Position Presentation			
Current portion of debt facilities	$1,092	$9,883	$10,975
Non-current portion of debt facilities	141,733	—	141,733
Balance at December 31, 2020	**$142,825**	**$9,883**	**$152,708**
Current portion of debt facilities	$359	$10,041	$10,400
Non-current portion of debt facilities	143,314	—	143,314
Balance at March 31, 2021	**$143,673**	**$10,041**	**$153,714**

(a) Convertible Debentures

During the first quarter of 2018, the Company issued $156.5 million of unsecured senior convertible debentures (the “Notes”). The Company received net proceeds of $151.1 million after transaction costs of $5.4 million. The Notes mature on March 1, 2023 and bear an interest rate of 1.875% per annum, payable semi-annually in arrears in March and September of each year.

The Notes are convertible into common shares of the Company at any time prior to maturity at a conversion rate of 104.3297 common shares per $1,000 principal amount of Notes converted, representing an initial conversion price of $9.59 per common share, subject to certain anti-dilution adjustments. In addition, if certain fundamental changes occur, holders of the Notes may be entitled to an increased conversion rate.

The Company may not redeem the Notes before March 6, 2021, except in the event of certain changes in Canadian tax law. At any time on or after March 6, 2021 and until maturity, the Company may redeem all or part of the Notes for cash if the last reported share price of the Company’s common shares for 20 or more trading days in a period of 30 consecutive trading days exceeds 130% of the conversion price or $12.47 per common share. The redemption price is equal to the sum of: (i) 100% of the principal amount of the notes to be redeemed and (ii) accrued and unpaid interest, if any, to the redemption date.

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

18. DEBT FACILITIES (continued)

(a) Convertible Debentures (continued)

The component parts of the convertible debentures, a compound instrument, are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instrument is an equity instrument.

At initial recognition, net proceeds of $151.1 million from the Notes were allocated into its debt and equity components. The fair value of the debt portion was estimated at $124.8 million using a discounted cash flow model method with an expected life of five years and a discount rate of 6.14%. This amount is recorded as a financial liability on an amortized cost basis using the effective interest method using an effective interest rate of 6.47% until extinguished upon conversion or at its maturity date.

The conversion option is classified as equity and was estimated based on the residual value of $26.3 million. This amount is not subsequently remeasured and will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance will remain in equity reserves. Deferred tax liability of $7.1 million related to taxable temporary difference arising from the equity portion of the convertible debenture was recognized in equity reserves.

Transaction costs of $5.4 million that relate to the issuance of the convertible debentures were allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible debentures using the effective interest method.

(b) Revolving Credit Facility

On April 1, 2021, the Company renewed its senior secured revolving credit facility ("Revolving Credit Facility") with the Bank of Nova Scotia and Bank of Montreal by extending the maturity date from May 10, 2021 to November 30, 2022 and reducing the credit limit from $75.0 million to $50.0 million. 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, 2021, the applicable rates were 2.9% to 0.6875%, respectively.

These debt facilities are guaranteed by certain subsidiaries of the Company and are also secured by a first priority charge against the assets of the Company, and a first priority pledge of shares of the Company’s subsidiaries.

The Revolving Credit Facility includes financial covenants, to be tested quarterly on a consolidated basis, requiring First Majestic to maintain the following: (a) a leverage ratio based on net indebtedness 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, excluding any leases that would have been classified as operating leases in effect immediately prior to the implementation of IFRS 16 - Leases, of up to $30.0 million. As at March 31, 2021 and December 31, 2020, the Company was in compliance with these covenants.

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

19. LEASE LIABILITIES

The Company has finance leases, operating leases and equipment financing liabilities for various mine and plant equipment, office space and land. Finance leases and equipment financing obligations require underlying assets to be pledged as security against the obligations and all of the risks and rewards incidental to ownership of the underlying asset being transferred to the Company. For operating leases, the Company controls but does not have ownership of the underlying right-of-use assets.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

Certain lease agreements may contain lease and non-lease components, which are generally accounted for separately. For certain equipment leases, such as vehicles, the Company has elected to account for the lease and non-lease components as a single lease component.

The movement in lease liabilities during the three months ended March 31, 2021 and year ended December 31, 2020 are comprised of the following:

	Finance Leases	Operating Leases (a)	Equipment Financing (c)	Total
Balance at December 31, 2019	**$50**	**$18,951**	**$2,935**	**$21,936**
Additions	—	2,494	—	2,494
Remeasurements	—	2,779	—	2,779
Finance costs	—	1,396	83	1,479
Repayments of principal	(50)	(5,353)	(2,303)	(7,706)
Payments of finance costs	—	—	(126)	(126)
Foreign exchange loss	—	(281)	—	(281)
Balance at December 31, 2020	**$—**	**$19,986**	**$589**	**$20,575**
Remeasurements	—	(70)	—	(70)
Disposals	—	(126)	—	(126)
Finance costs	—	367	4	371
Repayments of principal	—	(1,112)	(216)	(1,328)
Payments of finance costs	—	—	(3)	(3)
Foreign exchange gain	—	(203)	—	(203)
Balance at March 31, 2021	**$—**	**$18,842**	**$374**	**$19,216**
Statements of Financial Position Presentation				
Current portion of lease liabilities	$—	$4,820	$538	$5,358
Non-current portion of lease liabilities	—	15,166	51	15,217
Balance at December 31, 2020	**$—**	**$19,986**	**$589**	**$20,575**
Current portion of lease liabilities	$—	$4,570	$374	$4,944
Non-current portion of lease liabilities	—	14,272	—	14,272
Balance at March 31, 2021	**$—**	**$18,842**	**$374**	**$19,216**

(a) Operating Leases

Operating leases primarily relate to equipment and building rental contracts, land easement contracts and service contracts that contain embedded leases for property, plant and equipment. These operating leases have remaining lease terms of one to ten years, some of which include options to terminate the leases within a year, with incremental borrowing rates ranging from 5.8% to 12.4%.

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

19. LEASE LIABILITIES (continued)

(b) 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, 2021 and year ended December 31, 2020, the Company was in compliance with these covenants.

As at March 31, 2021, the net book value of property, plant and equipment includes $1.2 million (December 31, 2020 - $1.9 million) of equipment pledged as security for the equipment financing.

20. 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 periods is summarized in the consolidated statements of changes in equity.

	Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
	Number of Shares	Net Proceeds	Number of Shares	Net Proceeds
ATM program[1]	—	$—	1,304,338	$13,792

(1) In December 2018, and subsequently amended in August 2019 and June 2020, the Company filed prospectus supplements to its short form base shelf prospectus, pursuant to which the Company may, at its discretion and from time-to-time, sell common shares of the Company for aggregate gross proceeds of up to $200.0 million. The sale of common shares is to be made through “at-the-market distributions” ("ATM"), as defined in the Canadian Securities Administrators’ National Instrument 44-102 Shelf Distributions, directly on the New York Stock Exchange. During the three months ended March 31, 2020, First Majestic sold 1,304,338 common shares of the Company under the ATM program at an average price of $10.79 for gross proceeds of $14.1 million, or net proceeds of $13.8 million after costs. At December 31, 2020, the Company completed $154.0 million of the ATM program and the remaining $46.0 million balance of the program has been cancelled. No shares were issued under the ATM program during three months ended March 31, 2021.

(b) Stock options

Under the terms of the Company’s 2020 Long-Term Incentive Plan ("LTIP"), the maximum number of shares reserved for issuance under the LTIP is 8% of the issued shares on a rolling basis. Options may be exercisable over periods of up to ten years as determined by the Board of Directors of the Company and the exercise price shall not be less than the closing price of the shares on the day preceding the award date, subject to regulatory approval. All stock options granted are subject to vesting with 25% vesting on first anniversary from the date of grant, and 25% vesting each six months thereafter.

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

20. SHARE CAPITAL (continued)

(b) Stock options (continued)

The following table summarizes information about stock options outstanding as at March 31, 2021:

	Options Outstanding			Options Exercisable		
Exercise prices (CAD$)	Number of Options	Weighted Average Exercise Price (CAD $/Share)	Weighted Average Remaining Life (Years)	Number of Options	Weighted Average Exercise Price (CAD $/Share)	Weighted Average Remaining Life (Years)
4.80 - 10.00	2,538,859	8.61	7.62	1,566,640	8.63	7.30
10.01 - 15.00	3,038,993	12.31	4.91	1,694,497	11.18	1.51
15.01 - 20.00	1,224,696	16.30	8.14	272,674	15.98	5.46
20.01 - 126.01	76,773	25.21	2.38	64,273	25.85	0.92
	6,879,321	11.80	6.46	3,598,084	10.70	4.32

The movements in stock options issued during the three months ended March 31, 2021 and year ended December 31, 2020 are summarized as follows:

	Three Months Ended March 31, 2021		Year Ended December 31, 2020	
	Number of Options	Weighted Average Exercise Price (CAD $/Share)	Number of Options	Weighted Average Exercise Price (CAD $/Share)
Balance, beginning of the year	7,074,092	12.07	7,583,439	10.70
Granted	422,500	17.15	2,621,924	13.46
Exercised	(543,864)	10.17	(2,473,926)	7.50
Cancelled or expired	(73,407)	80.59	(657,345)	18.96
Balance, end of the period	6,879,321	11.80	7,074,092	12.07

During the three months ended March 31, 2021, the aggregate fair value of stock options granted was \$2.6 million (December 31, 2020 - \$12.1 million), or a weighted average fair value of \$6.18 per stock option granted (2020 - \$4.63).

During the three months ended March 31, 2021, total share-based payments expense related to stock options was \$2.3 million (December 31, 2020 - \$7.0 million).

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, 2021	Year Ended December 31, 2020
Risk-free interest rate (%)	Yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life	0.59	1.03
Expected life (years)	Average of the expected vesting term and expiry term of the option	5.87	5.83
Expected volatility (%)	Historical and implied volatility of the precious metals mining sector	49.00	49.00
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, 2021 was CAD\$20.98 (December 31, 2020 - CAD\$15.61).

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

20. SHARE CAPITAL (continued)

(c) Restricted Share Units

The Company adopted the 2019 LTIP to allow the Company to grant to its directors, employees and consultants non-transferable Restricted Share Units ("RSU's") based on the value of the Company's share price at the date of grant. Unless otherwise stated, the awards typically have a graded vesting schedule over a three-year period and can be settled either in cash or equity upon vesting at the discretion of the Company. The Company intends to settle all RSU's in equity.

The associated compensation cost is recorded as share-based payments expense against equity reserves.

The following table summarizes the changes in RSU's for the three months ended March 31, 2021 and the year ended December 31, 2020:

	Three Months Ended March 31, 2021		Year Ended December 31, 2020	
	Number of shares	**Weighted Average Fair Value (CAD$)**	**Number of shares**	**Weighted Average Fair Value (CAD$)**
Outstanding, beginning of the year	184,483	15.66	128,944	10.36
Granted	291,697	17.13	211,192	15.72
Settled	(9,968)	15.93	(127,000)	10.32
Forfeited	—	—	(28,653)	15.93
Outstanding, end of the period	466,212	16.57	184,483	15.66

During the three months ended March 31, 2021, total share-based payments expense related to RSUs was $0.6 million (December 31, 2020 - $0.8 million).

(d) Performance Share Units

The Company adopted the 2019 LTIP to allow the Company to grant to its directors, employees and consultants non-transferable Performance Share Units ("PSU's"). The amount of units to be issued on the vesting date will vary from 0% to 200% of the number of PSU's granted, depending on the Company's total shareholder return compared to the return of a selected group of peer companies. Unless otherwise stated, the awards typically vest three years from the grant date. The fair value of a PSU is based on the value of the Company's share price at the date of grant and will be adjusted based on actual units issued on the vesting date. The Company intends to settle all PSU's in equity.

The following table summarizes the changes in PSU's granted to employees and consultants for the three months ended March 31, 2021 and the year ended December 31, 2020:

	Three Months Ended March 31, 2021		Year Ended December 31, 2020	
	Number of shares	**Weighted Average Fair Value (CAD$)**	**Number of shares**	**Weighted Average Fair Value (CAD$)**
Outstanding, beginning of the year	109,035	15.61	—	—
Granted	175,600	17.08	122,575	15.65
Forfeited	—	—	(13,540)	15.93
Outstanding, end of the period	284,635	16.52	109,035	15.61

During the three months ended March 31, 2021, total share-based payments expense related to PSUs was $0.3 million (year ended December 31, 2020 - $0.5 million).

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

20. SHARE CAPITAL (continued)

(e) Deferred Share Units

The Company adopted the 2019 LTIP to allow the Company to grant to its directors, employees and consultants non-transferrable Deferred Share Units ("DSU's"). Unless otherwise stated, the awards typically vest immediately at the grant date. The fair value of a DSU is based on the value of the Company's share price at the date of grant. The Company intends to settle all DSU's in equity.

The following table summarizes the changes in DSU's granted to directors for the three months ended March 31, 2021:

	Three Months Ended March 31, 2021	
	Number of shares	Weighted Average Fair Value (CAD$)
Outstanding, beginning of the year	—	—
Granted	28,869	17.97
Outstanding, end of the period	28,869	17.97

During the three months ended March 31, 2021, total share-based payments expense related to DSUs was $0.4 million (year ended December 31, 2020 - $nil).

(f) Share Repurchase Program

The Company has an ongoing share repurchase program to repurchase up to 5% of the Company's issued and outstanding shares. The normal course issuer bids will be carried through the facilities of the Toronto Stock Exchange and alternative Canadian marketplaces. During the year ended December 31, 2020, the Company repurchased and cancelled 275,000 common shares for a total consideration of $1.7 million through a normal course issuer bid in the open market as approved by the Toronto Stock Exchange. No shares were repurchased during the three months ended March 31, 2021.

21. 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.

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

21. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

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

The table below summarizes the valuation methods used to determine the fair value of each financial instrument:

Financial Instruments Measured at Fair Value	Valuation Method
Trade receivables (related to concentrate sales)	Receivables that are subject to provisional pricing and final price adjustment at the end of the quotational period are estimated based on observable forward price of metal per London Metal Exchange (Level 2)
Marketable securities - common shares Marketable securities - stock warrants Silver futures derivatives	Marketable securities and silver future derivatives are valued based on quoted market prices for identical assets in an active market (Level 1) as at the date of statements of financial position. Marketable securities - stock warrants are valued using the Black Scholes model based on the observable market inputs.

Financial Instruments Measured at Amortized Cost	Valuation Method
Cash and cash equivalents Trade and other receivables Trade and other payables	Approximated carrying value due to their short-term nature
Debt facilities	Approximated carrying value as discount rate on these instruments approximate the Company's credit risk.

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

	March 31, 2021			December 31, 2020		
		Fair value measurement			Fair value measurement	
	Carrying value	Level 1	Level 2	Carrying value	Level 1	Level 2
Financial assets						
Marketable securities (Note 13)	$ 31,681	$ 26,880	$ 4,802	$ 36,319	$ 30,996	$ 5,323

There were no transfers between levels 1, 2 and 3 during the three months ended March 31, 2021 and year ended December 31, 2020.

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.

(b) Capital risk management

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, 2021	December 31, 2020
Equity	$859,147	$850,236
Debt facilities	153,714	152,708
Lease liabilities	19,216	20,575
Less: cash and cash equivalents	(201,684)	(238,578)
	$830,393	**$784,941**

21. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(b) Capital risk management (continued)

The Company's investment policy is to invest its cash in highly liquid short-term investments with maturities of 90 days or less, selected with regards to the expected timing of expenditures from operations. The Company expects that its available capital resources will be sufficient to carry out its development plans and operations for at least the next 12 months.

The Company is not subject to any externally imposed capital requirements with the exception of complying with covenants under the debt facilities (Note 18) and lease liabilities. As at March 31, 2021 and December 31, 2020, the Company was in compliance with these covenants.

(c) Financial risk management

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, commodity price risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit Risk

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

As at March 31, 2021, value added taxes ("VAT") receivable was $65.3 million (December 31, 2020 - $56.9 million), of which $44.6 million (December 31, 2020 - $37.9 million) relates to Primero Empresa Minera, S.A. de C.V. ("PEM"). Servicio de Administración Tributaria ("SAT") has been unresponsive to VAT refund requests by PEM without providing a legal basis for withholding these VAT receivables. The Company believes that it has full legal rights to these VAT refunds and expects the amounts to be refunded in the future. As at March 31, 2021, VAT receivables totaling $17.0 million are currently being pursued in Mexican Courts. Due to the uncertain timeline associated with recovery of these amounts, the Company reclassified such amounts as non-current assets though, in the Company's opinion, such amounts are currently due and payable to the Company.

The Company sells and receives payment upon delivery of its silver doré and by-products primarily through three international customers. All of the Company's customers have good ratings and payments of receivables are scheduled, routine and fully received within 60 days of submission; therefore, the balance of trade receivables owed to the Company in the ordinary course of business is not significant.

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they arise. The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and our holdings of cash and cash equivalents.

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

21. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(c) Financial risk management (continued)

The following table summarizes the maturities of the Company's financial liabilities as at March 31, 2021 based on the undiscounted contractual cash flows:

	Carrying Amount	Contractual Cash Flows	Less than 1 year	2 to 3 years	4 to 5 years	After 5 years
Trade and other payables	$69,344	$69,344	$69,344	$—	$—	$—
Debt facilities	153,714	172,429	12,995	159,434	—	—
Lease liabilities	19,216	19,066	4,888	7,148	5,994	1,036
Other liabilities	5,503	5,493	—	—	—	5,493
	$247,777	**$266,332**	**$87,227**	**$166,582**	**$5,994**	**$6,529**

At March 31, 2021, the Company had working capital of $232.8 million (December 31, 2020 – $254.4 million). Total available liquidity at March 31, 2021 was $297.8 million, including $65.0 million of undrawn revolving credit facility.

The Company believes it has sufficient cash on hand, combined with cash flows from operations, to meet operating requirements as they arise for at least the next 12 months. If the Company needs additional liquidity to meet obligations, the Company may consider drawing on its debt facility, securing additional debt financing and/or equity financing.

Currency Risk

The Company is exposed to foreign exchange risk primarily relating to financial instruments that are denominated in Canadian dollars or Mexican pesos, which would impact the Company's net earnings or loss. To manage foreign exchange risk, the Company may occasionally enter into short-term foreign currency derivatives, such as forwards and options, to hedge its cash flows.

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

							March 31, 2021
	Cash and cash equivalents	Trade and other receivables	Value added taxes receivable	Other financial assets	Trade and other payables	Net assets (liabilities) exposure	Effect of +/- 10% change in currency
Canadian dollar	$78,777	$62	$—	$9,192	($2,682)	$85,349	$8,535
Mexican peso	9,970	—	65,811	—	(41,050)	34,731	3,473
	$88,747	**$62**	**$65,811**	**$9,192**	**($43,732)**	**$120,080**	**$12,008**

The Company utilizes certain derivatives to manage its foreign exchange exposures to the Mexican Peso. During the quarter ended March 31, 2021, the Company did not have any gain or loss (2020 - unrealized loss of $22.7 million and unrealized gain of $1.0 million) on fair value adjustments to its foreign currency derivatives. As at March 31, 2021, the Company does not hold any foreign currency derivatives (2020 - $78.1 million).

Commodity Price Risk

The Company is exposed to commodity price risk on silver and gold, which have a direct and immediate impact on the value of its related financial instruments and net earnings. The Company's revenues are directly dependent on commodity prices that have shown volatility and are beyond the Company's control. The Company does not use derivative instruments to hedge its commodity price risk to silver.

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

21. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(c) Financial risk management (continued)

The following table summarizes the Company's exposure to commodity price risk and their impact on net earnings:

	March 31, 2021		
	Effect of +/- 10% change in metal prices		
	Silver	Gold	Total
Metals in doré inventory	$245	$282	$527
	$245	**$282**	**$527**

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, 2021, the Company's exposure to interest rate risk on interest bearing liabilities is limited to its debt facilities and lease liabilities. Based on the Company's interest rate exposure at March 31, 2021, a change of 25 basis points increase or decrease of market interest rate does not have a significant impact on net earnings or loss.

22. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended March 31,	
	2021	2020
Net change in non-cash working capital items:		
Decrease in trade and other receivables	$491	$751
(Increase) decrease in value added taxes receivable	(8,350)	819
Increase in inventories	(3,156)	(1,700)
Increase in prepaid expenses and other	(2,101)	(4,036)
Increase (decrease) in income taxes payable	292	(482)
Decrease in trade and other payables	(942)	(6,115)
	($13,766)	**($10,763)**
Non-cash investing and financing activities:		
Transfer of share-based payments reserve upon settlement of RSUs	$130	$879
Transfer of share-based payments reserve upon exercise of options	1,783	708
Acquisition of mining interests	(3,750)	—

As at March 31, 2021, cash and cash equivalents include $6.6 million (December 31, 2020 - $6.4 million) that are held in-trust as bonds for tax audits in Mexico that are expected to be resolved within the next 12 months.

23. CONTINGENCIES AND OTHER MATTERS

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is probable and the amount can be reasonably estimated. In the opinion of management, these matters will not have a material effect on the consolidated financial statements of the Company.

Claims and Legal Proceedings Risks

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business activities. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements or information and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: availability of time on court calendars in Canada and elsewhere; the recognition of Canadian judgments under Mexican law; the possibility of settlement discussions; the risk of appeal of judgment; and the insufficiency of the defendant's assets to satisfy the judgment amount. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavourably to the Company. First Majestic carries liability insurance coverage and establishes provisions for matters that are probable and can be reasonably estimated. In addition, the Company may be involved in disputes with other parties in the future which may result in a significant impact on our financial condition, cash flow and results of operations.

Although the Company has taken steps to verify ownership and legal title to mineral properties in which it has an interest, according to the usual industry standards for the stage of mining, development and exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, and title may be affected by undetected defects. However, management is not aware of any such agreements, transfers or defects.

Primero Tax Rulings

When Primero Mining Corp. ("Primero") the previous owner of San Dimas acquired the San Dimas Mine in August 2010, it had a Silver Purchase Agreement ("Old Stream Agreement") that required its subsidiary PEM to sell 100% of the silver produced from the San Dimas mine to WPMI, up to 6 million ounces and 50% of silver produced thereafter, at the lower of: (i) the spot market price and (ii) $4.04 per ounce plus an annual increase of 1%.

In order to reflect commercial realities and the effects of the Old Stream Agreement, for Mexican income tax purposes, PEM recognized the revenue on these silver sales based on its actual realized revenue ("PEM Realized Price") instead of at spot market prices.

To obtain assurance that the SAT would accept the PEM Realized Price as the price to use to calculate Mexican income taxes, Primero applied for and received an Advance Pricing Agreement ("APA") from the SAT. The APA confirmed that the PEM Realized Price would be used as Primero's basis for calculating taxes owed by PEM on the silver sold under the Old Stream Agreement. PEM believed that the intent of an APA was to have SAT provide tax certainty and as a result made significant investments in Mexico based on that certainty. On October 4, 2012, PEM received the APA Ruling from SAT which confirmed the appropriate price for sales of silver under the Old Stream Agreement was the PEM Realized Price. Under Mexican tax law, an APA ruling is generally applicable for a five year period and this ruling was made effective for 2010 to 2014.

In February 2016, PEM received a legal claim from the SAT seeking to nullify the APA. The legal claim initiated did not identify any different basis for paying taxes.

In 2019, the SAT issued reassessments for the 2010 to 2012 tax years in the total amount of $238.7 million (4,919 million MXN) inclusive of interest, inflation, and penalties. In 2021, the SAT also issued a reassessment against PEM for the 2013 tax year in the total amount of $132.1 million (2,869 million MXN) (collectively, the "Reassessments"). The Company believes that the Reassessments were issued in violation of the terms of the APA. The key items in the Reassessments include reassessments based on the market price of silver, denial of the deductibility of interest expense and service fees, SAT technical error related to double counting of taxes, and interest and penalties.

23. CONTINGENCIES AND OTHER MATTERS (continued)

Primero Tax Rulings (continued)

The Company continues to defend the APA in the Mexican legal proceedings, and initiated proceedings under relevant tax treaties between the competent tax authorities of Mexico, Canada, Luxembourg and Barbados, all of which were subsequently dismissed on a unilateral basis by the SAT ("Dismissals") in May 2020. The Company believes that the Dismissals have no legal basis and breach international obligations regarding double taxation treaties, and that the APA remains valid and legally binding. The Company will continue disputing the Reassessments, exhausting its domestic and international remedies.

While the Company continues to vigorously defend the validity of the APA and its transfer pricing position, it is also engaging in various proceedings with the SAT seeking to resolve matters and bring tax certainty through a negotiated solution. Despite these extensive efforts and ongoing legal challenges to the Reassessments and the Dismissals, in April 2020 and February 2021, SAT issued notifications to PEM to attempt to secure amounts it claims are owed pursuant to its reassessments issued. These notifications impose certain restrictions on PEM including its ability to dispose its concessions and real properties.

The Company has challenged SAT’s Reassessments and Dismissals through all domestic means available to it, including annulment suits before the Mexican Federal Tax Court on Administrative Matters ("Federal Court"), which has yet to be resolved, and a complaint before Mexico’s Federal Taxpayer Defense Attorney's Office (known as “PRODECON”), which determined that PEM has all legal remedies at its disposal and it has already challenged every SAT ruling, thus the matter must be decided by Mexican Courts. The Company believes that these actions are neither fair nor equitable and are discriminatory against the Company as a foreign investor and amount to a denial of justice under international law, in addition to violating various provisions of the Federal Constitution of the United Mexican States and Mexican domestic law, and Mexican court precedents. As a result, on May 13, 2020, the Company provided to the Government of Mexico notice of its intention to initiate an international arbitration proceeding (“Notice of Intent”) pursuant to the North American Free Trade Agreement (“NAFTA”). The Notice of Intent initiated a 90-day period for the Government of Mexico to enter into good faith and amicable negotiations with the Company to resolve the dispute. On August 11, 2020, the 90-day period expired without any resolution of the dispute.

In September 2020, the Company was served with a decision made by the Federal Court to nullify the APA granted to PEM. The Federal Court’s decision directs SAT to re-examine the evidence and basis for the issuance of the APA with retroactive effect, for the following key reasons:

(i) SAT’s errors in analyzing PEM’s request for the APA and the evidence provided in support of the request; and
(ii) SAT’s failure to request from PEM certain additional information before issuing the APA.

The Company’s legal advisors reviewed the written reasons and are of the view that the Federal Court’s decision is flawed both due to SAT's procedural irregularities and failure to address the relevant evidence and legal authorities. In addition, they consider that the laws applied to PEM in the decision are unconstitutional. As a result, the Company filed an appeal of the decision to the Mexican Circuit Courts on November 30, 2020. Since two writs of certiorari were filed before the Mexican Supreme Court of Justice, on April 15, 2021, the Plenary of the Supreme Court i) admitted one of those writs, ii) requested the Circuit Court to send the amparo file and iii) assigned such writ to the Second Chamber of the Supreme Court for issuing the corresponding decision. The other writ of certiorari has not been admitted by the Plenary of the Supreme Court. Therefore, the Company is currently waiting for the Supreme Court to issue a resolution towards such writs of certiorari.

The Company intends to continue to challenge the actions of the SAT in Mexican courts, however due to the ongoing COVID-19 crisis, the Mexican courts are currently available only on a restricted basis for further hearings on these matters. On March 2, 2021, the Company announced that it has submitted a Request for Arbitration to the International Centre for Settlement of Investment Disputes ("ICSID"), on its own behalf and on behalf of PEM, based on Chapter 11 of the North American Free Trade Agreement ("NAFTA").

23. CONTINGENCIES AND OTHER MATTERS (continued)

Primero Tax Rulings (continued)

If the SAT were successful in retroactively nullifying the APA, the SAT may seek to audit and reassess PEM in respect of its sales of silver in connection with the Old Stream Agreement for 2010 through 2014. If the SAT were successful in retroactively nullifying the APA and issuing reassessments, it would likely have a material adverse effect on the Company's results of operations, financial condition and cash flows. Should the Company ultimately be required to pay tax on its silver revenues based on market prices without any mitigating adjustments, the incremental income tax for the years 2010-2018 would be approximately $198.1 million (4,083 million MXN), before interest or penalties.

Based on the Company's assessments with third party advisors, the Company believes PEM filed its tax returns compliant with applicable Mexican law and, therefore, no liability has been recognized in the financial statements.

To the extent it is ultimately determined that the appropriate price of silver sales under the Old Stream Agreement is significantly different from the PEM Realized Price and while PEM would have rights of appeal in connection with any reassessments, it is likely to have a material effect on the Company's business, financial position and results of operations.

24. SUBSEQUENT EVENTS

Completion of the Acquisition of Jerritt Canyon

On April 30, 2021, the Company completed the acquisition of 100% of the issued and outstanding shares of Jerritt Canyon Canada Ltd. ("Jerritt Canyon") from Sprott Mining Inc. ("Sprott Mining") in exchange for 26,719,727 common shares of First Majestic (the "Consideration Shares"), five million common share purchase warrants, each exercisable for one common share of the Company at a price of $20 per share for a period of three years (the "Consideration Warrants"). Concurrent with closing of the acquisition, Sprott Mining also completed a private placement consisting of $30.0 million at a price of $17.59 per share for a total of 1,705,514 common shares of the Company (the "Private Placement Shares") (together, the "Acquisition Agreement").

Pursuant to closing of the Acquisition Agreement, the Company deposited into escrow an aggregate of $60.0 million (the "Escrowed Funds"), including $30.0 million from First Majestic and $30.0 million proceeds from the Private Placement Shares, representing the estimated tax due by Jerritt Canyon as a result of a reorganization completed prior to the acquisition of Jerritt Canyon. The parties have agreed that the amount of such tax liability is approximately $46.3 million, which amount will be paid from the Escrowed Funds and the Purchase Price will be increased by $13.7 million, being the difference between such amount and $60 million ("Triggered Tax Adjustment"). In addition, the purchase price will be adjusted by the amount, if any, by which the closing working capital of Jerritt Canyon is greater or less than zero (the "Working Capital Adjustment").

Jerritt Canyon owns and operates the Jerritt Canyon Gold Mine located in Elko County, Nevada. Jerritt Canyon was discovered in 1972 and has been in production since 1981 having produced over 9.5 million ounces of gold over its 40-year production history. The mine currently operates as an underground mine and has one of three permitted gold processing plants in Nevada that uses roasting in its treatment of ore. This processing plant has a capacity of 4,500 tonnes per day ("tpd") and is currently operating at an average rate of approximately 2,200 tpd due to limited ore production from two underground mines. The property consists of a large, underexplored land package consisting of 30,821 hectares (119 square miles). In 2020, Jerritt Canyon produced 112,749 ounces of gold at a cash cost of $1,289 per ounce. First Majestic has identified several opportunities to enhance both the cost and production profile of Jerritt Canyon as well as near-term brownfield potential between the SSX and Smith mines and long-term property wide exploration potential.

Together with First Majestic's existing three operating silver mines in Mexico, the combined company will be a premier North American silver and gold producer with expected pro forma annualized attributable production of 30 to 33 million silver equivalent ounces based on historical production rates.

Management has concluded that Jerritt Canyon constitutes a business and, therefore, the acquisition will be accounted for in accordance with IFRS 3 - Business Combinations. Total consideration for the acquisition is estimated to be valued at $485.5 million, subject to the aforementioned Triggered Tax Adjustment and Working Capital Adjustment.

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

24. SUBSEQUENT EVENTS (continued)

Completion of the Acquisition of Jerritt Canyon (continued)

The preliminary purchase price allocation, which is subject to final adjustments, is estimated as follows:

Total Consideration	
26,719,727 Consideration Shares issued to Sprott Mining with an accounting fair value of $15.59 per share(1)	$416,561
1,705,514 Private Placement Shares issued to Sprott Mining with an accounting fair value of $15.59 per share(1)	26,589
5,000,000 Consideration Warrants issued to Sprott Mining with an accounting fair value of $4.63 per warrant(2)	23,150
Cash paid for Triggered Tax Adjustment	13,723
Cash paid for Working Capital Adjustment	5,494
Total consideration	**$485,517**
Allocation of Purchase Price	
Cash and cash equivalents	$2,226
Inventories	19,324
Trade and other receivables(3)	5,071
Other financial assets	5,101
Prepaid expenses	1,879
Restricted cash	96,971
Mining interest and property, plant and equipment	630,504
Trade and other payables	(21,538)
Lease liabilities	(2,879)
Income taxes payable	(46,277)
Contingent environmental provision(4)	(17,900)
Decommissioning liabilities	(87,345)
Deferred tax liabilities	(99,620)
Net assets acquired	**$485,517**

(1) Fair values of Consideration Shares and Private Placement Shares were estimated at $15.59 per shares based on the opening price of First Majestic's common share on the New York Stock Exchange on April 30, 2021, as compared to their deemed price of $17.59 according to the Acquisition Agreement.

(2) The Consideration Warrants have an exercise price of $20 per share for a three-year term expiring on April 30, 2024. The fair value of Consideration Warrants were estimated using the Black-Scholes method.

(3) Trade and other receivables are expected to be fully recoverable.

(4) Contingent environmental provision relates to funds required to establish a trust agreement with the Nevada Division of Environmental Protection ("NDEP") to cover post-closure water treatment cost at Jerritt Canyon, of which $5.0 million is expected to be funded over the next twelve months with the remaining balance over future instalments. Amount are subject to management review of reclamation plan and cost estimates as well as alternative treatment options after the acquisition. Actual amount may differ significantly from the amount disclosed above.

The purchase consideration has been allocated on a preliminary basis based on management's best estimates at the time these interim consolidated financial statements were prepared. As the acquisition closed only six days prior to release of these interim consolidated financial statements, certain disclosures, such as revenue and profit loss of the combined entity during the current period, purchase price allocation between mining interest and property, plant and equipment, and identification of contingent liabilities, are impracticable at this time. The Company is continuing its review to determine the identification of intangible assets, assumption of liabilities, identification of contingent liabilities, bonding requirements and working capital adjustments during the allowable measurement period, which shall not exceed one year from the acquisition date. Any future changes to the purchase price allocation may result in adjustments to mining interests.

Declaration of Quarterly Dividend

On May 5, 2021, the Company's board of directors approved and declared its inaugural quarterly common share dividend of $0.0045 per share, payable on and after June 4, 2021, to common shareholders of record at the close of business on May 17, 2021. These dividends were declared subsequent to the quarter end and have not been recognized as distributions to owners during the quarter ended March 31, 2021.

FIRST MAJESTIC
SILVER CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED MARCH 31, 2021

925 West Georgia Street, Suite 1800, Vancouver, B.C., Canada V6C 3L2
Phone: 604.688.3033 | Fax: 604.639.8873| Toll Free: 1.866.529.2807 | Email: info@firstmajestic.com
www.firstmajestic.com

TABLE OF CONTENTS

COMPANY OVERVIEW 3

2021 FIRST QUARTER HIGHLIGHTS 4

OVERVIEW OF OPERATING RESULTS
- Summary of Selected Quarterly Production Results 7
- Consolidated Operations 8
- San Dimas Silver/Gold Mine 9
- Santa Elena Silver/Gold Mine 10
- La Encantada Silver Mine 12
- La Parrilla Silver Mine 13
- Del Toro Silver Mine 13
- San Martin Silver Mine 13
- La Guitarra Silver Mine 14
- Springpole Silver Stream 14

OVERVIEW OF FINANCIAL PERFORMANCE
- First Quarter 2021 vs 2020 15
- Summary of Selected Quarterly Results 17

OTHER DISCLOSURES
- Liquidity, Capital Resources and Contractual Obligations 17
- Management of Risks and Uncertainties 18
- Other Financial Information 24
- Subsequent Events 24
- Accounting Policies, Judgments and Estimates 24
- Non-GAAP Measures 25
- Management's Report on Internal Control Over Financial Reporting 31
- Cautionary Statements 32

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 consolidated financial statements of First Majestic Silver Corp. ("First Majestic" or "the Company") for the three months ended March 31, 2021 which are prepared in accordance with International Accounting Standard ("IAS") 34, *"Interim Financial Reporting",* and audited consolidated financial statements of the Company as at and for the year ended December 31, 2020, as some disclosures from the annual consolidated financial statements have been condensed or omitted. 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 5, 2021 unless otherwise stated.

COMPANY OVERVIEW

First Majestic is a multinational mining company headquartered in Vancouver, Canada, focused on primary silver and gold production in North America, pursuing the exploration and development of its existing mineral properties and acquiring new assets. The Company owns three producing mines in Mexico: the San Dimas Silver/Gold Mine, the Santa Elena Silver/Gold Mine, the La Encantada Silver Mine, and four mines currently in care and maintenance: the San Martin Silver Mine, the Del Toro Silver Mine, the La Parrilla Silver Mine and the La Guitarra Silver/Gold Mine. The Company acquired the Jerritt Canyon Gold Mine in Nevada, USA on April 30, 2021.

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".

2021 FIRST QUARTER HIGHLIGHTS

Key Performance Metrics	2021-Q1	2020-Q4	Change Q1 vs Q4	2020-Q1	Change Q1 vs Q1
Operational					
Ore Processed / Tonnes Milled	614,245	625,332	(2%)	599,142	3%
Silver Ounces Produced	2,908,024	3,452,959	(16%)	3,151,980	(8%)
Silver Equivalent Ounces Produced	4,540,296	5,477,492	(17%)	6,195,057	(27%)
Cash Costs per Silver Equivalent Ounce (1)	$12.61	$10.21	24%	$8.25	53%
All-in Sustaining Cost per Silver Equivalent Ounce (1)	$19.35	$16.12	20%	$12.23	58%
Total Production Cost per Tonne (1)	$90.03	$85.68	5%	$82.41	9%
Average Realized Silver Price per Ounce (1)	$27.13	$24.88	9%	$17.36	56%
Financial (in $millions)					
Revenues	$100.5	$117.1	(14%)	$86.1	17%
Mine Operating Earnings	$28.1	$43.7	(36%)	$21.1	33%
Net Earnings (Loss)	$1.9	$34.5	(95%)	($32.4)	NM
Operating Cash Flows before Movements in Working Capital and Taxes	$31.1	$48.2	(35%)	$23.3	33%
Cash and Cash Equivalents	$201.7	$238.6	(15%)	$145.2	39%
Working Capital (1)	$232.8	$254.4	(8%)	$139.8	67%
Shareholders					
Earnings (Loss) per Share ("EPS") - Basic	$0.01	$0.16	(95%)	($0.15)	NM
Adjusted EPS (1)	$0.03	$0.11	(71%)	$0.04	(20%)
Cash Flow per Share (1)	$0.14	$0.22	(36%)	$0.11	26%

NM - Not meaningful

(1) The Company reports non-GAAP measures which include cash costs per silver equivalent ounce produced, all-in sustaining cost per silver equivalent ounce produced, total production cost per tonne, average realized silver price per ounce sold, working capital, adjusted EPS and cash flow per share. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and the methods used by the Company to calculate such measures may differ from methods used by other companies with similar descriptions. See "Non-GAAP Measures" on pages 25 to 30 for a reconciliation of non-GAAP to GAAP measures.

First Quarter Production Summary	San Dimas	Santa Elena	La Encantada	Consolidated
Ore Processed / Tonnes Milled	199,466	185,358	229,421	**614,245**
Silver Ounces Produced	1,716,143	453,528	738,354	**2,908,024**
Gold Ounces Produced	17,448	6,327	97	**23,873**
Silver Equivalent Ounces Produced	2,910,946	884,332	745,018	**4,540,296**
Cash Costs per Silver Equivalent Ounce	$10.00	$20.18	$13.77	**$12.61**
All-in Sustaining Cost per Silver Equivalent Ounce	$14.31	$25.66	$16.30	**$19.35**
Total Production Cost per Tonne	$140.29	$94.15	$42.99	**$90.03**

Acquisition of Jerritt Canyon

On April 30, 2021, the Company completed the acquisition of Jerritt Canyon Canada Ltd. ("Jerritt Canyon") from Sprott Mining Inc. ("Sprott Mining") in exchange for 26,719,727 common shares of First Majestic (the "Consideration Shares") (representing $470.0 million in consideration at a deemed price per share of $17.59), five million common share purchase warrants, each exercisable for one Common Share at a price of $20 per share for a period of three years. Concurrent with closing of the acquisition, Sprott Mining also completed a private placement consisting of $30.0 million at a price of $17.59 per share for a total of 1,705,514 common shares of the Company (the "Private Placement Shares") (together, the "Acquisition Agreement").

Pursuant to closing of the Acquisition Agreement, the Company deposited into escrow an aggregate of $60.0 million (the "Escrowed Funds"), including $30.0 million from First Majestic and $30.0 million proceeds from the Private Placement Shares, representing the estimated tax due by Jerritt Canyon as a result of a reorganization completed prior to the acquisition of Jerritt Canyon. The parties have agreed that the amount of such tax liability is approximately $46.3 million, which amount will be paid from the Escrowed Funds and the Purchase Price will be increased by $13.7 million, being the difference between such amount and $60 million ("Triggered Tax Adjustment"). In addition, the purchase price will be adjusted by the amount, if any, by which the closing working capital of Jerritt Canyon is greater or less than zero (the "Working Capital Adjustment").

Jerritt Canyon owns and operates the Jerritt Canyon Gold Mine located in Elko County, Nevada, USA. Jerritt Canyon was discovered in 1972 and has been in production since 1981 having produced over 9.5 million ounces of gold over its 40-year production history. The mine currently operates as an underground mine and has one of three permitted gold processing plants in Nevada that uses roasting in its treatment of ore. This processing plant has a capacity of 4,500 tonnes per day ("tpd") and is currently operating at an average rate of approximately 2,200 tpd due to limited ore production from two underground mines. The property consists of a large, under-explored land package consisting of 30,821 hectares (119 square miles). In 2020, Jerritt Canyon produced 112,749 ounces of gold at a cash cost of $1,289 per ounce. First Majestic has identified several opportunities to improve both the cost and production profile of Jerritt Canyon as well as near-term brownfield potential between the SSX and Smith mines and long-term property wide exploration potential.

Together with First Majestic's existing three operating silver mines in Mexico, the combined company has become a premier North American silver and gold producer with expected pro forma annualized attributable production of 30 to 33 million silver equivalent ounces based on historical production rates.

Operational Highlights

- Total production in the first quarter was 4.5 million silver equivalent ounces, consisting of 2.9 million ounces of silver and 23,873 ounces of gold, representing a decrease of 16% and 9%, respectively, compared to the Company's record setting production in the previous quarter.
- Cash cost per silver equivalent ("AgEq") ounce for the quarter was $12.61 per ounce, compared to $10.21 per ounce in the previous quarter. The increase in cash cost per AgEq ounce was due to higher ore development and mining contractor costs at Santa Elena in preparation of additional ore faces to increase future production, as well as higher energy costs at San Dimas as a result of lower energy contribution from the hydroelectric dam due to the dry season, which forced the mine to rely on the public electricity grid and diesel generators.
- AISC per AgEq ounce in the first quarter was $19.35 per ounce compared to $16.12 per ounce in the previous quarter. The increase in AISC per AgEq ounce was primarily attributed to increase in cash cost per AgEq ounce, and sustaining costs being divided by 17% less silver equivalent ounces produced combined with increased mine development rates.
- Underground development activities at the Ermitaño project near Santa Elena advanced another 1,453 metres during the quarter. The Company plans to start test stope mining in the second quarter and expects to extract between over 30,000 tonnes of ore over the next six months. On surface, initial construction activities commenced for the access road which will connect the Santa Elena processing plant to the Ermitaño portal area and support surface infrastructure at the portal area.
- Underground ore production and plant throughput rates at Santa Elena steadily increased throughout the quarter and in the month of March exceeded budgeted levels for the first time in over a year. The strong production was achieved following multiple improvement initiatives enacted at the mine over the past nine months. In the month of March, underground mining produced 55,266 tonnes of ore, or approximately 1,783 tonnes per day, accounting for 41% of Santa Elena's total underground production in the entire quarter.

- The Liquified Natural Gas ("LNG") facility at Santa Elena successfully completed all pre-commissioning activities during the quarter and was supplying approximately 85% of power requirements by quarter end. The plant is expected to ramp-up to full capacity in the second quarter which will yield significant energy cost savings and will substantially reduce the carbon footprint of the operation.
- Technical Reports for the Company's three operating mines: San Dimas Silver/Gold Mine, Santa Elena Silver/Gold Mine and La Encantada Silver Mine were updated and published in March 2021.

Financial Highlights

- In the first quarter, the Company generated revenues of $100.5 million compared to $86.1 million in the first quarter of 2020. The increase in revenues was attributed primarily to a 56% increase in average realized silver price, partially offset by a 24% decrease in silver equivalent ounces sold.
- Revenues in the first quarter included a quarterly record of $4.8 million from the sale of 146,827 ounces in coins and bullion at an average silver price of $32.65 per ounce. The amount of coins and bullion revenues in the quarter more than doubled its annual revenue in the prior year.
- The Company realized mine operating earnings of $28.1 million compared to $21.1 million in the first quarter of 2020. The increase in mine operating earnings was primarily attributed to higher metal prices.
- Net earnings for the quarter was $1.9 million (EPS of $0.01) compared to net loss of $32.4 million (EPS of ($0.15)) in the first quarter of 2020. The increase in net earnings was primarily attributed to higher metal prices as well as a $22.7 million loss in the first quarter of 2020 related to mark-to-market adjustments on the Company's foreign currency derivatives.
- Adjusted net earnings for the quarter, normalized for non-cash or unusual items such as unrealized gain or loss on marketable securities, share-based payments, write-down on assets held-for-sale and deferred income taxes for the quarter ended March 31, 2021, was $7.0 million (Adjusted EPS of $0.03) compared to adjusted net earnings of $8.2 million (Adjusted EPS of $0.04) in the first quarter of 2020.
- Operating cash flow before movements in working capital and taxes in the quarter was $31.1 million ($0.14 per share) compared to $23.3 million ($0.11 per share) in the first quarter of 2020.
- As of March 31, 2021, the Company had cash and cash equivalents of $201.7 million and working capital of $232.8 million.
- On April 1, 2021, the Company renewed its senior secured revolving credit facility by extending the maturity date from May 10, 2021 to November 30, 2022 and reducing the credit limit from $75.0 million to $50.0 million. The pricing grid was also revised to calculate expenses on a net debt rather than gross debt basis, which will reduce future finance costs.

OVERVIEW OF OPERATING RESULTS

Selected Production Results for the Past Eight Quarters

	2021	2020				2019		
PRODUCTION HIGHLIGHTS	**Q1**	**Q4**	**Q3**	**Q2[2]**	**Q1**	**Q4**	**Q3**	**Q2**
Ore processed/tonnes milled								
San Dimas	199,466	208,648	189,918	114,390	200,109	182,265	173,679	172,368
Santa Elena	185,358	168,276	204,577	89,590	177,834	196,640	229,094	229,761
La Encantada	229,421	248,408	261,425	129,579	221,200	221,049	191,926	207,421
Non-producing properties[1]	—	—	—	—	—	26,528	61,268	127,344
Consolidated	**614,245**	**625,332**	**655,920**	**333,559**	**599,142**	**626,482**	**655,967**	**736,896**
Silver equivalent ounces produced								
San Dimas	2,910,946	3,477,061	3,125,662	2,395,633	3,672,169	3,516,117	3,502,102	3,641,139
Santa Elena	884,332	901,630	1,091,026	595,651	1,593,400	1,592,397	1,859,170	1,461,345
La Encantada	745,018	1,098,800	984,397	514,092	929,487	991,856	891,205	492,957
Non-producing properties[1]	—	—	—	—	—	133,042	384,240	815,041
Consolidated	**4,540,296**	**5,477,492**	**5,201,085**	**3,505,376**	**6,195,057**	**6,233,412**	**6,636,716**	**6,410,483**
Silver ounces produced								
San Dimas	1,716,143	1,941,286	1,678,075	1,102,931	1,677,376	1,658,721	1,639,481	1,603,016
Santa Elena	453,528	418,153	502,375	222,100	550,133	619,321	632,216	596,872
La Encantada	738,354	1,093,521	978,416	509,544	924,472	987,630	885,627	489,194
Non-producing properties[1]	—	—	—	—	—	82,752	210,417	504,483
Consolidated	**2,908,024**	**3,452,959**	**3,158,866**	**1,834,575**	**3,151,980**	**3,348,424**	**3,367,740**	**3,193,566**
Cash cost per AgEq Ounce[3]								
San Dimas	$ 10.00	$ 8.49	$ 7.74	$ 6.43	$ 7.15	$ 6.86	$ 6.87	$ 6.98
Santa Elena	$ 20.18	$ 16.50	$ 13.81	$ 11.44	$ 9.25	$ 8.73	$ 7.26	$ 9.49
La Encantada	$ 13.77	$ 10.42	$ 10.16	$ 9.55	$ 10.80	$ 10.15	$ 10.72	$ 16.53
Consolidated	**$ 12.61**	**$ 10.21**	**$ 9.48**	**$ 7.76**	**$ 8.25**	**$ 8.23**	**$ 8.16**	**$ 9.43**
All-in sustaining cost per AgEq Ounce[3]								
San Dimas	$ 14.31	$ 12.32	$ 10.74	$ 10.70	$ 9.86	$ 10.01	$ 9.22	$ 10.00
Santa Elena	$ 25.66	$ 21.76	$ 16.36	$ 15.02	$ 10.60	$ 10.70	$ 7.96	$ 10.89
La Encantada	$ 16.30	$ 12.39	$ 12.12	$ 11.76	$ 13.33	$ 12.69	$ 12.65	$ 18.82
Consolidated	**$ 19.35**	**$ 16.12**	**$ 14.01**	**$ 13.95**	**$ 12.23**	**$ 12.81**	**$ 11.68**	**$ 13.39**
Production cost per tonne								
San Dimas	$ 140.29	$ 135.13	$ 120.60	$ 129.67	$ 126.33	$ 127.19	$ 135.71	$ 142.42
Santa Elena	$ 94.15	$ 86.32	$ 71.44	$ 74.50	$ 81.04	$ 68.77	$ 57.78	$ 58.88
La Encantada	$ 42.99	$ 43.72	$ 36.04	$ 36.80	$ 43.82	$ 43.92	$ 47.86	$ 38.29
Consolidated	**$ 90.03**	**$ 85.68**	**$ 71.56**	**$ 78.78**	**$ 82.41**	**$ 78.62**	**$ 78.87**	**$ 77.93**

1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines which are currently placed on temporary suspension.

2) In response to the COVID-19 pandemic, the Mexican Ministry of Health issued a decree requiring non-essential businesses, including mining, to temporarily suspend activities until May 23, 2020. As a result, production and costs were adversely affected during the quarter.

3) Effective January 1, 2021, the Company is reporting its cash costs and all-in sustaining costs on a per silver equivalent ("AgEq") ounce basis, instead of per payable silver ounce basis. Cash cost and AISC per AgEq Ounce for previous comparative periods were updated based on the new metric. See "Non-GAAP" section.

Operating Results – Consolidated Operations

CONSOLIDATED	2021-Q1	2020-Q4	2020-Q1	Change Q1 vs Q4	Change '21 vs '20
Ore processed/tonnes milled	614,245	625,332	599,142	(2%)	3%
Average silver grade (g/t)	166	194	185	(14%)	(10%)
Average gold grade (g/t)	1.26	1.37	1.74	(8%)	(28%)
Silver recovery (%)	89%	89%	89%	0%	0%
Gold recovery (%)	96%	96%	96%	0%	0%
Production					
Silver ounces produced	2,908,024	3,452,959	3,151,980	(16%)	(8%)
Gold ounces produced	23,873	26,343	32,202	(9%)	(26%)
Silver equivalent ounces produced	4,540,296	5,477,492	6,195,057	(17%)	(27%)
Cost					
Cash cost per AgEq Ounce	$12.61	$10.21	$8.25	24%	53%
All-In sustaining costs per AgEq Ounce	$19.35	$16.12	$12.23	20%	58%
Total production cost per tonne	$90.03	$85.68	$82.41	5%	9%
Underground development (m)	13,707	12,004	10,888	14%	26%
Diamond drilling (m)	39,552	57,147	40,458	(31%)	(2%)

Production

Total production in the first quarter was 4.5 million silver equivalent ounces, consisting of 2.9 million ounces of silver and 23,873 ounces of gold, representing a decrease of 16% and 9%, respectively, compared to the Company's record setting production in the previous quarter.

Total ore processed amounted to 614,245 tonnes during the quarter, representing a 2% decrease compared to the previous quarter. The decrease in tonnes processed was primarily due to a severe winter ice storm in the month of February which temporarily reduced plant throughput rates at La Encantada, offset by improved underground ore deliveries and plant production rates at Santa Elena.

Consolidated silver grades in the quarter averaged 166 g/t compared to 194 g/t in the previous quarter and consolidated gold grades averaged 1.26 g/t compared to 1.37 g/t in the prior quarter. The decrease in consolidated grades was primarily due to lower ore grades at the La Encantada and San Dimas mines. Consolidated silver and gold recoveries averaged 89% and 96%, respectively, consistent with the previous quarter.

Cash Cost and All-In Sustaining Cost per Ounce

Cash cost per AgEq ounce for the quarter was $12.61 per ounce, compared to $10.21 per ounce in the previous quarter. The increase in cash cost per AgEq ounce was due to the lower ore grades, higher ore development and mining contractor costs at Santa Elena in preparation of additional ore faces to increase future production, as well as higher energy costs at San Dimas as a result of lower energy contribution from the hydroelectric dam due to dry season, which forced the mine to rely on the public electricity grid and diesel generators.

AISC per AgEq ounce in the first quarter was $19.35 per ounce compared to $16.12 per ounce in the previous quarter. The increase in AISC per AgEq ounce was primarily attributed to increase in cash cost per AgEq ounce, and sustaining costs being divided by 17% less silver equivalent ounces produced combined with increased mine development rates.

Development and Exploration

During the quarter, the Company completed 13,707 metres of underground development and 39,552 metres of diamond drilling, compared to 12,004 metres and 57,147 metres, respectively, in the previous quarter. The increased mine development rates were above plan at San Dimas and Santa Elena and are part of the ore and metal production ramp up plans for 2021.

At quarter end, the Company has completed approximately 21% of its 2021 exploration budget across the Company's mines and projects and had a total of 19 active exploration drill rigs, consisting of 10 rigs at San Dimas, seven rigs at Santa Elena and two rigs at La Encantada.

San Dimas Silver/Gold Mine, Durango, México

The San Dimas Silver/Gold Mine is located approximately 130 km northwest of Durango, Durango State, Mexico and consists of 71,868 hectares of mining claims located in the states of Durango and Sinaloa, Mexico. San Dimas is one of the country's most prominent silver mines and the largest producing underground mine in the state of Durango with over 250 years of operating history. The San Dimas operating plan involves processing ore from several underground mining areas with a 2,500 tpd capacity milling operation which produces silver/gold doré bars. The mine is accessible via a 40-minute flight from the Durango International Airport to the private airstrip in the town of Tayoltita. The Company owns 100% of the San Dimas mine.

San Dimas	2021-Q1	2020-Q4	2020-Q1	Change Q1 vs Q4	Change '21 vs '20
Total ore processed/tonnes milled	199,466	208,648	200,109	(4%)	0%
Average silver grade (g/t)	285	309	280	(8%)	2%
Average gold grade (g/t)	2.83	3.10	3.44	(9%)	(18%)
Silver recovery (%)	94%	94%	93%	0%	1%
Gold recovery (%)	96%	96%	96%	0%	0%
Production					
Silver ounces produced	1,716,143	1,941,286	1,677,376	(12%)	2%
Gold ounces produced	17,448	19,980	21,308	(13%)	(18%)
Silver equivalent ounces produced	2,910,946	3,477,061	3,672,169	(16%)	(21%)
Cost					
Cash cost per AgEq Ounce	$10.00	$8.49	$7.15	18%	40%
All-In sustaining costs per AgEq Ounce	$14.31	$12.32	$9.86	16%	45%
Total production cost per tonne	$140.29	$135.13	$126.33	4%	11%
Underground development (m)	8,242	8,454	7,100	(3%)	16%
Diamond drilling (m)	24,078	26,537	22,087	(9%)	9%

During the first quarter, San Dimas produced 1,716,143 ounces of silver and 17,448 ounces of gold for a total of 2,910,946 silver equivalent ounces, compared to 3,477,061 silver equivalent ounces in the prior quarter.

The mill processed a total of 199,466 tonnes with average silver and gold grades of 285 g/t and 2.83 g/t, respectively, compared to 208,648 tonnes milled with average silver and gold grades of 309 g/t and 3.10 g/t in the previous quarter. Increased ore development rates and lower ore grade from development activities resulted in lower average ore grades processed in the plant. The Central Block and Sinaloa Graben areas contributed approximately 79% and 16%, respectively, of the total production during the quarter. In addition, the Tayoltita and El Cristo areas contributed approximately 4% of total production in the quarter as these additional areas are being brought into production.

Silver and gold recoveries averaged 94% and 96%, respectively, during the quarter which were consistent with the prior quarter.

In the first quarter, cash cost per AgEq ounce was $10.00 per ounce compared to $8.49 per ounce in the prior quarter. The increase in cash cost was primarily due to a 16% decrease in silver equivalent ounces produced, combined with an increase in energy costs as the mine had to rely on electricity from the public grid as a result from lower energy contribution from the hydroelectric plant due to the dry season.

AISC per AgEq ounce for the quarter was $14.31 per ounce compared to $12.32 per ounce in the prior quarter, primarily due to lower silver equivalent ounces produced.

The San Dimas mine is subject to a gold and silver streaming agreement with Wheaton Precious Metals International Ltd. ("WPMI"), a wholly owned subsidiary of Wheaton Precious Metals Corp., 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 commencing in May 2019) and the prevailing market price, for each gold ounce delivered. Should the average gold to silver ratio over a six month period exceed 90:1 or fall below 50:1, the fixed exchange ratio would be increased to 90:1 or decreased to 50:1, respectively. The fixed gold to silver exchange ratio as at March 31, 2021 was 70:1. During the three months ended March 31, 2021, the Company delivered 10,273 ounces (2020 - 11,358 ounces) of gold to WPMI at $612 (2020 - $606) per ounce.

A total of 8,242 metres of underground development was completed in the first quarter, consistent with 8,454 metres in the prior quarter. Rehabilitation efforts on six kilometres of underground rail-car tracks inside the Tayoltita mine was mostly completed during the quarter. Initial production from the Tayoltita mine began in June 2020 and is expected to ramp-up to more than 200 tpd in 2021. In addition, mine development and mineral extraction of the El Cristo mine began and will continue to supplement ore deliveries to the plant during the year.

During the first quarter, 10 underground drills completed 24,078 metres in 75 holes compared to 26,537 metres in the prior quarter. Drilling in the quarter continued to focus in the Central, Sinaloa and Tayoltita Blocks and West Blocks.

Santa Elena Silver/Gold Mine, Sonora, México

The Santa Elena Silver/Gold Mine is located approximately 150 kilometres northeast of the city of Hermosillo, Sonora, Mexico and owns mining concessions totaling over 102,244 hectares. The operating plan for Santa Elena involves the processing of ore in a 3,000 tpd cyanidation circuit from a combination of underground reserves and spent ore from the previous heap leach pad. The Company owns 100% of the Santa Elena mine.

SANTA ELENA	2021-Q1	2020-Q4	2020-Q1	Change Q1 vs Q4	Change '21 vs '20
Total ore processed/tonnes milled	185,358	168,276	177,834	10%	4%
Underground tonnes					
Tonnes milled	122,401	105,591	125,529	16%	(2%)
Average silver grade (g/t)	106	113	130	(6%)	(18%)
Average gold grade (g/t)	1.37	1.58	2.48	(13%)	(45%)
Heap leach tonnes					
Tonnes milled	62,957	62,685	52,305	0%	20%
Average silver grade (g/t)	35	33	36	6%	(3%)
Average gold grade (g/t)	0.61	0.61	0.73	0%	(16%)
Silver recovery (%)	93%	93%	94%	0%	(1%)
Gold recovery (%)	96%	96%	96%	0%	0%
Production					
Silver ounces produced	453,528	418,153	550,133	8%	(18%)
Gold ounces produced	6,327	6,294	10,842	1%	(42%)
Silver equivalent ounces produced	884,332	901,630	1,593,400	(2%)	(45%)
Cost					
Cash cost per AgEq Ounce	$20.18	$16.50	$9.25	22%	118%
All-In sustaining costs per AgEq Ounce	$25.66	$21.76	$10.60	18%	142%
Total production cost per tonne	$94.15	$86.32	$81.04	9%	16%
Underground development (m)	4,500	2,663	1,940	69%	132%
Diamond drilling (m)	12,607	16,994	9,474	(26%)	33%

During the first quarter, Santa Elena produced 884,332 silver equivalent ounces, consisting of 453,528 ounces of silver and 6,327 ounces of gold, representing an increase of 8% and 1%, respectively compared to the prior quarter.

The mine processed a total of 185,358 tonnes during the quarter, consisting of 122,401 tonnes from the underground mine ore and 62,957 tonnes from the above ground heap leach pad, an increase of 10% compared to 168,276 total tonnes in the prior quarter. Production rates returned to higher operating levels following multiple improvements made in mining methods and increased production at the Main, Alejandra Bajo and America veins. At the end of the quarter, mining and milling rates were above budget levels for the first time in over a year as a result of progress made in improving underground infrastructure, development and haulage rates over to the previous nine months. Underground ore production in March totaled 55,266 tonnes compared to 34,379 tonnes in January and 43,809 tonnes in February.

During the quarter, silver and gold grades from underground ore averaged 106 g/t and 1.37 g/t, respectively, compared to 113 g/t and 1.58 g/t in the prior quarter. Above ground heap leach pad averaged 35 g/t and 0.61 g/t respectively during the quarter and were consistent compared to the prior quarter.

Silver and gold recoveries in the first quarter averaged 93% and 96%, respectively, consistent with the previous quarter.

Cash cost per AgEq ounce in the first quarter was $20.18 per ounce compared to $16.50 per ounce in the previous quarter. The increase in cash cost was primarily attributed to higher ore development and mining contractor costs incurred to prepare additional ore faces, which have more than doubled in recent months as improvement projects implemented over the past two quarters begin to materialize. In addition, costs for specialized consulting services were also incurred to establish a more effective Management Operating System (MOS) at the mine.

AISC per AgEq ounce for the quarter was $25.66 per ounce compared to $21.76 per ounce in the prior quarter. The increase was primarily attributed to an increase in cash cost per AgEq ounce and increase in mine development metres. The increase in mine development was above budgeted rates and has prepared Santa Elena to increase ore delivery rates for the remainder of 2021.

The LNG facility at Santa Elena successfully completed all pre-commissioning activities during the quarter and was supplying approximately 85% of power requirements by quarter end. The plant is expected to ramp-up to full capacity in the second quarter which will yield significant energy cost savings and will substantially reduce the carbon footprint of the operation.

The Santa Elena mine is subject to a gold streaming agreement with Sandstorm Gold Ltd. (“Sandstorm”), which requires the mine to sell 20% of its gold production from the leach pad and a designated area of its underground operations over the life of mine to Sandstorm. The selling price to Sandstorm is currently the lesser of $450 per ounce (subject to a 1% annual inflation increase every April) and the prevailing market price. During the quarter, the Company delivered 1,201 ounces (2020- 2,176 ounces) of gold to Sandstorm at an average price of $464 per ounce (2020 - $459 per ounce).

In the first quarter, Santa Elena completed a total of 4,500 metres of underground development, including 1,453 metres at the Ermitaño project, compared to 2,663 metres in the previous quarter.

Ermitaño's underground mining and drilling equipment fleet is expected to be delivered by the end of the third quarter in advance of planned production ramp-up. On surface, fauna and flora clearance in preparation for constructing the main access roadway between the processing plant and the portal area was approximately 70% complete, while contractor selection and major earth moving actions are expected to commence in the second quarter. The Company is also expected to begin underground test stope mining in the second quarter and plans to extract over 30,000 tonnes of ore over the next six months.

A total of seven drill rigs, consisting of four surface rigs and three underground rigs, were active at the end of the quarter, completing 12,607 metres in 32 drill holes compared to 16,994 metres in the prior quarter. Near mine drilling in the quarter focused on the Main and America veins while brownfield drilling targeted the Ermitaño area. Greenfield drilling is following up on 2020 results on a target 20 km north of the Santa Elena mine.

La Encantada Silver Mine, Coahuila, México

The La Encantada Silver Mine is an underground mine located in the northern México State of Coahuila, 708 kilometres northeast of Torreon. La Encantada has 4,076 hectares of mineral concessions and surface land ownership of 1,343 hectares. La Encantada also has a 4,000 tpd cyanidation plant, a camp with 180 houses as well as administrative offices, laboratory, general store, hospital, airstrip and all infrastructure required for such an operation. The mine is accessible via a two-hour flight from the Durango International Airport to the mine's private airstrip, or via an improved road from the closest city, Muzquiz, Coahuila State, which is 225 kilometres away. The Company owns 100% of the La Encantada Silver Mine.

LA ENCANTADA	2021-Q1	2020-Q4	2020-Q1	Change Q1 vs Q4	Change '21 vs '20
Ore processed/tonnes milled	229,421	248,408	221,200	(8%)	4%
Average silver grade (g/t)	131	172	165	(24%)	(21%)
Silver recovery (%)	77%	80%	79%	(4%)	(3%)
Production					
Silver ounces produced	738,354	1,093,521	924,472	(32%)	(20%)
Gold ounces produced	97	69	52	41%	87%
Silver equivalent ounces produced	745,018	1,098,800	929,487	(32%)	(20%)
Cost					
Cash cost per AgEq Ounce	$13.77	$10.42	$10.80	32%	28%
All-In sustaining costs per AgEq Ounce	$16.30	$12.39	$13.33	32%	22%
Total production cost per tonne	$42.99	$43.72	$43.82	(2%)	(2%)
Underground development (m)	965	888	1,024	9%	(6%)
Diamond drilling (m)	2,867	8,101	4,565	(65%)	(37%)

During the quarter, La Encantada produced 738,354 silver ounces, representing a 32% decrease in production compared to the previous quarter. During the month of February, the operation experienced a severe winter ice storm which elevated maintenance levels and temporarily reduced plant throughput rates. Cash cost was also impacted by the winter ice storm which delayed LNG deliveries to the plant hence the mine had to rent additional diesel generators with an incremental cost of $0.3 million. In addition, ore extraction from the higher grade southern draw-points of the La Prieta zone were depleted requiring mining activities to move northward into lower grade sections of the deposit.

Silver grades and recoveries during the quarter averaged 131 g/t and 77%, respectively, compared to 172 g/t and 80%, respectively, in the previous quarter. During the quarter, the Company transitioned underground mine production from the high-grade portion of the La Prieta caving area into the 660 orebody, Milagros and La Fe areas. Additional draw points were completed in these areas towards the end of March which are expected to allow ore grades to return to expected levels in the second quarter.

Cash cost per AgEq ounce for the quarter was $13.77 compared to $10.42 in the previous quarter. The increase in cash cost per AgEq ounce was primarily due to the 32% decrease in silver equivalent ounces produced, as total production costs were consistent with the previous quarter.

AISC per AgEq ounce for the quarter was $16.30 per ounce, an increase of 32% compared to $12.39 per ounce in the previous quarter due to decrease in production.

The mill modernization project at La Encantada advanced during the quarter with the completion of the factory acceptance test for the new scrubber. In addition, two thickener mechanisms are expected to be ready for installation by the end of the second quarter.

A total of 965 metres of underground development were completed in the first quarter compared to 888 metres in the prior quarter. During the quarter, ramp development continued to access the Milagros breccia to prepare the mine for initial sub-level caving production in 2021.

During the first quarter, two underground drills completed 2,867 metres of drilling compared to 8,101 metres in the previous quarter. Drilling in the quarter was directed towards near mine targets at the 660 orebody, La Fe, Skarn and Milagros areas.

La Parrilla Silver Mine, Durango, México

The La Parrilla Silver Mine, located approximately 65 kilometres southeast of the city of Durango in Durango State, México, is a complex of producing underground operations consisting of the Rosarios, La Blanca and San Marcos mines which are inter-connected through underground workings, and the Vacas and Quebradillas mines which are connected via above-ground gravel roads. The total mining concessions consist of 69,478 hectares. The Company owns 60 hectares, and leases an additional 107 hectares of surface rights, for a total of 167 hectares of surface rights. La Parrilla includes a 2,000 tpd sequential processing plant consisting of a 1,000 tpd cyanidation circuit and a 1,000 tpd flotation circuit, an ISO certified central laboratory, metallurgical pilot plant, buildings, offices and associated infrastructure. The Company owns 100% of the La Parrilla Silver Mine.

Operations at the La Parrilla mine have been temporarily suspended since September 2019. The Company is currently using the La Parrilla mill and its ISO Certified Laboratory on site as a research and development facility while continuing the exploration in the district. The company is in discussions with the La Parrilla Ejido to continue the long-term land use agreement at La Parrilla.

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 3,815 hectares of mining concessions and 219 hectares of surface rights. The Del Toro operation represents the consolidation of three historical silver mines, the Perseverancia, San Juan and Dolores mines, which are approximately one and three kilometres apart, respectively. Del Toro includes a 2,000 tpd flotation circuit and a 2,000 tpd cyanidation circuit. First Majestic owns 100% of the Del Toro Silver Mine.

Operations at the Del Toro mine has been temporarily suspended since January 2020 in order to improve overall operating cash flows and profit margins while focusing on the exploration program in the area. The exploration program will continue to test near mine, brownfield and greenfield targets in an effort to develop new resources necessary to support a potential reopening in the future, subject to a sufficient improvement in mineral economics to justify a restart.

San Martin Silver Mine, Jalisco, México

The San Martin Silver Mine is an underground mine located near the town of San Martin de Bolaños in the Bolaños river valley, in the northern portion of the State of Jalisco, México. San Martin has 33 contiguous mining concessions in the San Martin de Bolaños mining district covering mineral rights for 12,795 hectares, plus an application to acquire a new mining concession covering 24,723 hectares. In addition, the mine owns 160 hectares of surface land where the processing plant, camp, office facilities, maintenance shops, and tailings dams are located, and an additional 640 hectares of surface rights. The 1,300 tpd mill and processing plant consists of crushing, grinding and conventional cyanidation by agitation in tanks and a Merrill-Crowe doré production system. The mine can be accessed via small plane, 150 kilometres from Durango, or 250 kilometres by paved road north of Guadalajara, Jalisco. The San Martin Silver Mine is 100% owned by the Company.

In July 2019, the Company temporarily suspended all mining and processing activities at the San Martin operation due to growing insecurity in the area and safety concerns for our workforce. The Company continues to work with government authorities to secure the area and continued to maintain the mine and plant facilities, including advancing a buttressing project on the TSF2 tailing impoundment. The re-opening date is contingent on economics and security conditions in the region and cannot be determined at this time.

La Guitarra Silver Mine, México State, México

The La Guitarra Silver Mine is located in the Temascaltepec Mining District in the State of México, México, approximately 130 kilometres southwest from México City. The La Guitarra mine covers 39,714 hectares of mining claims and has a 500 tpd flotation processing plant, buildings and related infrastructure. The Company owns 100% of the La Guitarra Silver Mine.

The La Guitarra milling and mining operations were placed under care and maintenance effective August 3, 2018 and the Company is currently reviewing strategic options including the potential sale of the operation. The Company will continue with remediation programs to prepare the operation for a potential reopening in the future, subject to sufficient improvement in the economic situation to justify a restart of the operation. Ongoing care and maintenance activities include pumping, de-watering of the underground mine and water treatment continue.

Springpole Silver Stream, Ontario, Canada

On July 2, 2020, the Company completed an agreement with First Mining Gold Corp. ("First Mining") to purchase 50% of the life of mine payable silver produced from the Springpole Gold Project ("Springpole Silver Stream"), a development stage mining project located in Ontario, Canada. Pursuant to the agreement, First Majestic agreed to pay First Mining consideration of $22.5 million in cash and shares, in three milestone payments, for the right to purchase silver at a price of 33% of the silver spot price per ounce, to a maximum of $7.50 per ounce (subject to annual inflation escalation of 2%, commencing at the start of the third anniversary of production). Commencing with its production of silver, First Mining must deliver 50% of the payable silver which it receives from the offtaker within five business days of the end of each quarter.

Transaction consideration paid and payable by First Majestic is summarized as follows:

- The first payment of $10.0 million, consisting of $2.5 million in cash and $7.5 million in First Majestic shares (805,698 common shares) was paid to First Mining on July 2, 2020;
- The second payment of $7.5 million, consisting of $3.75 million in cash and $3.75 million in First Majestic shares (287,300 common shares) was paid in on January 21, 2021 upon the completion and public announcement by First Mining of the results of a Pre-Feasibility Study for Springpole; and
- The third payment consisting of $2.5 million in cash and $2.5 million in First Majestic shares (based on 20 days volume weighted average price) will be paid upon receipt by First Mining of a Federal or Provincial Environmental Assessment approval for Springpole.

First Mining shall have the right to repurchase 50% of the silver stream for $22.5 million at any time prior to the commencement of production at Springpole leaving the Company with a reduced silver stream of 25% of life of mine payable silver production.

Springpole is one of Canada's largest, undeveloped gold projects with permitting underway. In January 2021, First Mining announced positive results of its Pre-Feasibility Study ("PFS") which supports a 30,000 tonnes-per-day open pit mining operation over an 11 year mine life. First Mining announced resources of 24.3 million ounces of silver in the Indicated category and 1.4 million ounces of silver in the Inferred category, plus 4.6 million ounces of gold in the Indicated category and 0.3 million ounces of gold in the Inferred category.

The Springpole Project also includes large land holdings of 41,913 hectares which are fully encompassed under the silver streaming agreement.

First Mining is a related party with two independent board members who are directors and/or officers of First Majestic.

OVERVIEW OF FINANCIAL PERFORMANCE

For the quarters ended March 31, 2021 and 2020 (in thousands of dollars, except for per share amounts):

	First Quarter 2021	First Quarter 2020	Variance %	
Revenues	**$100,522**	**$86,065**	**17%**	(1)
Mine operating costs				
Cost of sales	57,061	49,835	14%	(2)
Cost of sales - standby costs	—	946	(100%)	
Depletion, depreciation and amortization	15,345	14,169	8%	(3)
	72,406	64,950	11%	
Mine operating earnings	**28,116**	**21,115**	33%	
General and administrative expenses	6,961	6,284	11%	(4)
Share-based payments	3,594	2,378	51%	
Mine holding costs	3,868	4,779	(19%)	(5)
Loss on divestiture of exploration projects	—	10,106	(100%)	(6)
Foreign exchange gain	(1,797)	(2,826)	36%	
Operating earnings	**15,490**	**394**	**NM**	
Fair value adjustment on foreign currency derivatives	—	(22,654)	100%	(7)
Investment and other loss	(3,150)	(540)	NM	(8)
Finance costs	(3,773)	(3,856)	2%	
Earnings (loss) before income taxes	**8,567**	**(26,656)**	**NM**	
Current income tax expense	8,537	1,214	NM	
Deferred income tax (recovery) expense	(1,825)	4,566	NM	
Income tax expense	6,712	5,780	16%	(9)
Net earnings (loss) for the period	**$1,855**	**($32,436)**	**NM**	(10)
Earnings (loss) per share (basic)	**$0.01**	**($0.15)**	**NM**	(10)
Earnings (loss) per share (diluted)	**$0.01**	**($0.15)**	**NM**	(10)

NM - Not meaningful

1. **Revenues** in the quarter increased 17% compared to the same quarter of the previous year primarily attributed to:
   - a 57% increase in realized silver price per ounce sold, which averaged $27.13 during the quarter compared to $17.36 in the first quarter of 2020, resulting in a $33.1 million increase in revenues;

   Partially offset by:
   - a 24% decrease in payable silver equivalent ounces sold compared to the same quarter of the prior year, resulting in a $18.7 million decrease in revenues.

2. **Cost of sales** in the quarter increased 14% or $7.2 million compared to the same quarter of the previous year primarily due to:
   - a $5.5 million increase in labour costs primarily due to the use of mining contractors to replace vulnerable workers, as well as a temporary increase in use of contractors at Santa Elena to expand and prepare additional ore faces for future production;
   - a $1.7 million increase in workers participation benefits primarily due to new collective bargaining agreement reached with San Dimas union in the second quarter of 2020; and
   - a $0.9 million increase in energy costs as a result of lower energy contribution from the hydroelectric dam due to dry season in San Dimas, which forced the mine to rely on the public electricity grid and diesel generators.

3. **Depletion, depreciation and amortization** in the quarter increased $1.2 million or 8% compared to the same quarter of the previous year, primarily attributed to an increase in mining interests and property, plant and equipment balances.

4. **General and administrative costs** in the quarter increased $0.7 million or 11% primarily due to increase in legal costs associated with Advanced Pricing Agreement trials and the NAFTA arbitration.

5. **Mine holding costs** decreased by $0.9 million compared to the same quarter of 2020, primarily due to:
    - a decrease of $1.9 million in Del Toro and La Parrilla due to restructuring costs incurred in Q1 2020 shortly after the mines being placed under temporary suspension;

    Partially offset by:
    - reclassification of $1.0 million in San Martin's mine holding costs from costs of sales to mine holding costs effective April 1, 2020 due to continued uncertainty with respect to the timing of restart at the mine.

6. **Loss on sale of exploration project** of $10.1 million in the first quarter of 2020 relates to the sale of the Plomosas project to GR Silver Mining Ltd. in March 2020.

7. **Fair value adjustment on foreign currency derivatives** of $22.7 million loss in the first quarter of 2020 relates to mark-to-market adjustments on the Company's foreign currency derivatives, which were fully settled as at December 31, 2020. The Company utilizes these foreign currency options and swaps to hedge cash flows relating to mining operations, exploration and evaluation activities and corporate expenses in Mexican Pesos.

8. **Investment and other income** for the quarter decreased $2.6 million compared to the same quarter of 2020 primarily due to a $2.1 million write-down on assets held-for-sale in relation to the sale of certain AG mill equipment to Condor Gold PLC.

9. During the quarter, the Company recorded an **income tax expense** of $6.7 million compared to $5.8 million in the first quarter of 2020. The increase in income tax expense was primarily due to higher earnings before tax, net of the foreign exchange impact on the Company's Mexican Peso denominated future income tax liability balances.

10. As a result of the foregoing, **net earnings** for the quarter was $1.9 million (EPS of $0.01) compared to a net loss of $32.4 million (EPS of ($0.15)) 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:

	2021	2020				2019		
Selected Financial Information	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Revenue	$100,522	$117,075	$125,881	$34,855	$86,065	$96,476	$96,989	$83,669
Cost of sales	$57,061	$58,008	$60,275	$26,187	$49,835	$55,033	$54,994	$62,772
Cost of sales - standby costs	$—	$—	$—	$9,166	$946	$—	$—	$—
Depletion, depreciation and amortization	$15,345	$15,399	$17,573	$7,264	$14,169	$17,502	$14,181	$16,691
Mine operating earnings (loss)	$28,116	$43,668	$48,033	($7,762)	$21,115	$23,941	$27,814	$4,206
Net earnings (loss) after tax	$1,855	$34,545	$30,946	($9,968)	($32,436)	($39,946)	$8,559	($11,967)
Earnings (loss) per share - basic	$0.01	$0.16	$0.14	($0.05)	($0.15)	($0.19)	$0.04	($0.06)
Earnings (loss) per share - diluted	$0.01	$0.15	$0.14	($0.05)	($0.15)	($0.19)	$0.04	($0.06)

During the first quarter of 2020, mine operating earnings were $28.1 million compared to $43.7 million in the previous quarter. The decrease in mine operating earnings was primarily due to 24% less payable silver equivalent ounces sold compared to the previous quarter. Net earnings for the quarter was $1.9 million compared to $34.5 million, primarily due to decrease in silver equivalent ounces sold and higher taxes.

LIQUIDITY, CAPITAL RESOURCES AND CONTRACTUAL OBLIGATIONS

Liquidity

As at March 31, 2021, the Company had cash and cash equivalents of $201.7 million, comprised primarily of cash held with reputable financial institutions and is invested in cash accounts and in highly liquid short-term investments with maturities of three months or less. With the exception of $6.6 million held in-trust for tax audits in Mexico, the Company's cash and cash equivalents are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Working capital as at March 31, 2021 was $232.8 million compared to $254.4 million at December 31, 2020. Total available liquidity at March 31, 2021 was $297.8 million, including $65.0 million of undrawn revolving credit facility.

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

	Three Months Ended March 31,	
	2021	**2020**
Cash flow		
Cash generated by operating activities	$7,431	$12,048
Cash used in investing activities	(46,264)	(33,306)
Cash generated by financing activities	1,276	204
Increase in cash and cash equivalents	**($37,557)**	**($21,054)**
Effect of exchange rate on cash and cash equivalents held in foreign currencies	663	(2,768)
Cash and cash equivalents, beginning of the period	238,578	169,009
Cash and cash equivalents, end of period	**$201,684**	**$145,187**

The Company's cash flows from operating, investing and financing activities during the three months ended March 31, 2021 are summarized as follows:

- **Cash generated by operating activities** of $7.4 million, primarily due to:
    - $31.1 million in operating cash flows from operating activities before movements in working capital and taxes;

  net of:

- $13.8 million in net change in non-cash working capital items during the period, including $8.4 million increase in VAT receivables, $3.2 million increase in inventories, net of $0.9 million decrease in trade and other payables; and
- $9.9 million in income taxes paid during the period.

- **Cash used in investing activities** of $46.3 million, primarily related to:
  - $33.4 million spent on mine development and exploration activities;
  - $10.8 million spent on purchase of property, plant and equipment; and
  - $2.3 million spent on deposits on non-current assets.

- **Cash provided by financing activities** of $1.3 million, primarily consists of the following:
  - $4.4 million of net proceeds from the exercise of stock options; and

  net of:
  - $1.8 million payment of financing costs; and
  - $1.3 million on repayment of lease obligations.

Capital Resources

The Company's objective when managing capital is to maintain financial flexibility to continue as a going concern while optimizing growth and maximizing returns of investments from shareholders.

The Company monitors its capital structure and based on changes in operations and economic conditions, may adjust the structure by repurchasing shares, issuing new shares, issuing new debt or retiring existing debt. The Company prepares an annual budget and quarterly forecasts to facilitate the management of its capital requirements. The annual budget is approved by the Company's Board of Directors.

The Company is not subject to any externally imposed capital requirements with the exception of complying with banking covenants defined in its debt facilities. As at March 31, 2021 and December 31, 2020, the Company was fully in compliance with these covenants.

Contractual Obligations and Commitments

As at March 31, 2021, the Company's contractual obligations and commitments are summarized as follows:

	Contractual Cash Flows	Less than 1 year	2 to 3 years	4 to 5 years	After 5 years
Trade and other payables	$69,344	$69,344	$—	$—	$—
Debt facilities	172,429	12,995	159,434	—	—
Lease liabilities	19,066	4,888	7,148	5,994	1,036
Other liabilities	5,493	—	—	—	5,493
Purchase obligations and commitments	38,906	33,906	5,000	—	—
	$305,238	**$121,133**	**$171,582**	**$5,994**	**$6,529**

At March 31, 2021, the Company had working capital of $232.8 million (2020 – $254.4 million) and total available liquidity of $297.8 million (2020 – $319.4 million), including $65.0 million of undrawn revolving credit facility.

The Company believes it has sufficient cash on hand, combined with cash flows from operations, to meet operating requirements as they arise for at least the next 12 months.

MANAGEMENT OF RISKS AND UNCERTAINTIES

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, commodity price risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit Risk

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

As at March 31, 2021, value added taxes ("VAT") receivable was $65.3 million (December 31, 2020 - $56.9 million), of which $44.6 million (December 31, 2020 - $37.9 million) relates to Primero Empresa Minera, S.A. de C.V. ("PEM"). Servicio de Administración Tributaria ("SAT") has been unresponsive to VAT refund requests by PEM without providing a legal basis for withholding these VAT receivables. The Company believes that it has full legal rights to these VAT refunds and expects the amounts to be refunded in the future. As at March 31, 2021, VAT receivables totaling $17.0 million are currently being pursued in Mexican Courts. Due to the uncertain timeline associated with recovery of these amounts, the Company reclassified such amounts as non-current assets though, in the Company's opinion, such amounts are currently due and payable to the Company.

The Company sells and receives payment upon delivery of its silver doré and by-products primarily through three international customers. All of the Company's customers have good ratings and payments of receivables are scheduled, routine and fully received within 60 days of submission; therefore, the balance of trade receivables owed to the Company in the ordinary course of business is not significant.

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they arise. The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and our holdings of cash and cash equivalents.

Currency Risk

The Company is exposed to foreign exchange risk primarily relating to financial instruments that are denominated in Canadian dollars or Mexican pesos, which would impact the Company's net earnings or loss. To manage foreign exchange risk, the Company may occasionally enter into short-term foreign currency derivatives, such as forwards and options, to hedge its cash flows.

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

							March 31, 2021
	Cash and cash equivalents	**Trade and other receivables**	**Value added taxes receivable**	**Other financial assets**	**Trade and other payables**	**Net assets (liabilities) exposure**	**Effect of +/- 10% change in currency**
Canadian dollar	$78,777	$62	$—	$9,192	($2,682)	$85,349	$8,535
Mexican peso	9,970	—	65,811	—	(41,050)	34,731	3,473
	$88,747	**$62**	**$65,811**	**$9,192**	**($43,732)**	**$120,080**	**$12,008**

Commodity Price Risk

The Company is exposed to commodity price risk on silver and gold, which have a direct and immediate impact on the value of its related financial instruments and net earnings. The Company's revenues are directly dependent on commodity prices that have shown volatility and are beyond the Company's control. The Company does not use derivative instruments to hedge its commodity price risk to silver.

The following table summarizes the Company's exposure to commodity price risk and their impact on net earnings:

	March 31, 2021		
	Effect of +/- 10% change in metal prices		
	Silver	Gold	Total
Metals in doré inventory	$245	$282	$527
	$245	**$282**	**$527**

Political and Country Risk

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

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

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

There is a degree of uncertainty attributable to the calculation of Mineral Reserves and Mineral Resources (as defined in NI 43-101). Until Mineral Reserves or Mineral Resources are actually mined, extracted and processed, the quantity of minerals and their grades must be considered estimates only. In addition, the quantity of Mineral Reserves and Mineral Resources may vary depending on, among other things, applicable metal prices. Any material change in the quantity of Mineral Reserves, Mineral Resources, grade or mining widths may affect the economic viability of some or all of the Company's mineral properties and may have a material adverse effect on the Company's operational results and financial condition. Mineral Reserves on the Company's properties have been calculated on the basis of economic factors at the time of calculation; variations in such factors may have an impact on the amount of the Company's Mineral Reserves. In addition, there can be no assurance that silver recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production, or that the existing known and experienced recoveries will continue.

Public Health Crises

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

The Company's business could be materially adversely affected by the effects of the COVID-19 pandemic. As at the date of this MD&A, the global reactions to the spread of COVID-19 have led to, among other things, significant restrictions in many jurisdictions on travel and gatherings of individuals, quarantines, temporary business closures and a general reduction in consumer activity. Although quarantines have been lifted in many jurisdictions, certain jurisdictions that have previously lifted quarantines have been required to re-impose them. While these effects are expected to be temporary, the duration of the disruptions to business internationally and the related financial impact on the Company and the economy in general cannot be estimated with any degree of certainty at this time. In addition, the increasing number of individuals infected with COVID-19 has resulted in a widespread global health crisis that has adversely affected global economies and financial markets and could result in a protracted economic downturn that could have an adverse effect on the demand for precious metals and the Company's future prospects.

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

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

As a result of the temporary closures of its facilities, the Company experienced loss of production at its facilities during the second and third financial quarters of 2020. In early November 2020, the Company’s three operating mines had returned to normal operations. Worker availability is a challenge but has been gradually improving and is being mitigated by increasing the use of temporary workers and contractors. The Company constructed Polymerase Chain Reaction ("PCR") laboratory test facilities on site at San Dimas and partnered with test labs at Santa Elena to speed up COVID-19 testing capabilities at its mine sites. Preventative control measures to protect the safety and health of our employees, contractors and communities in which we operate, including social distancing, remote working, cancellation of any non-essential visits to the mines, comprehensive sanitation measures for the workplace and company transportation, as well as pre-screening for virus symptoms remain in effect.

There is no guarantee that the Company will not experience significant disruptions to or additional closures of some or all of its active mining operations due to COVID-19 restrictions in the future. Any such disruptions or closures could have a material adverse effect on the Company’s production, revenue, net income and business. In addition, parties with whom the Company does business or on whom the Company is reliant, including suppliers and refineries may also be adversely impacted by the COVID-19 crisis which may in turn cause further disruption to the Company’s business, including delays or halts in availability or delivery of consumables and delays or halts in refining of ore from the Company’s mines. Any long-term closures or suspensions may also result in the loss of personnel or the workforce in general as employees seek employment elsewhere.

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

Environmental and Health and Safety Risks

The Company’s activities are subject to extensive laws and regulations governing environmental protection and employee health and safety. Environmental laws and regulations are complex and have tended to become more stringent over time. The Company is required to obtain governmental permits and in some instances air, water quality, and mine reclamation rules and permits. The Company has complied with environmental taxes applied to the use of certain fossil fuels according to the Kyoto Protocol. Although the Company makes provisions for reclamation costs, it cannot be assured that these provisions will be adequate to discharge its future obligations for these costs. Failure to comply with applicable environmental and health and safety laws may result in injunctions, damages, suspension or revocation of permits and imposition of penalties. While the health and safety of our people and responsible environmental stewardship are our top priorities, there can be no assurance that First Majestic has been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not materially and adversely affect the Company’s business, results of operations or financial condition.

Claims and Legal Proceedings Risks

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business activities. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements or information and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: availability of time on court calendars in Canada and elsewhere; the recognition of Canadian judgments under Mexican law; the possibility of settlement discussions; the risk of appeal of judgment; and the insufficiency of the defendant's assets to satisfy the judgment amount. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavourably to the Company. First Majestic carries liability insurance coverage and establishes provisions for matters that are probable and can be reasonably estimated. In addition, the Company may be involved in disputes with other parties in the future which may result in a significant impact on our financial condition, cash flow and results of operations.

Although the Company has taken steps to verify ownership and legal title to mineral properties in which it has an interest, according to the usual industry standards for the stage of mining, development and exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, and title may be affected by undetected defects. However, management is not aware of any such agreements, transfers or defects.

Primero Tax Rulings

When Primero Mining Corp. ("Primero") the previous owner of San Dimas acquired the San Dimas Mine in August 2010, it had a Silver Purchase Agreement ("Old Stream Agreement") that required its subsidiary PEM to sell 100% of the silver produced from the San Dimas mine to WPMI, up to 6 million ounces and 50% of silver produced thereafter, at the lower of: (i) the spot market price and (ii) $4.04 per ounce plus an annual increase of 1%.

In order to reflect commercial realities and the effects of the Old Stream Agreement, for Mexican income tax purposes, PEM recognized the revenue on these silver sales based on its actual realized revenue ("PEM Realized Price") instead of at spot market prices.

To obtain assurance that the SAT would accept the PEM Realized Price as the price to use to calculate Mexican income taxes, Primero applied for and received an Advance Pricing Agreement ("APA") from the SAT. The APA confirmed that the PEM Realized Price would be used as Primero's basis for calculating taxes owed by PEM on the silver sold under the Old Stream Agreement. PEM believed that the intent of an APA was to have SAT provide tax certainty and as a result made significant investments in Mexico based on that certainty. On October 4, 2012, PEM received the APA Ruling from SAT which confirmed the appropriate price for sales of silver under the Old Stream Agreement was the PEM Realized Price. Under Mexican tax law, an APA ruling is generally applicable for a five year period and this ruling was made effective for 2010 to 2014.

In February 2016, PEM received a legal claim from the SAT seeking to nullify the APA. The legal claim initiated did not identify any different basis for paying taxes.

In 2019, the SAT issued reassessments for the 2010 to 2012 tax years in the total amount of $238.7 million (4,919 million MXN) inclusive of interest, inflation, and penalties. In 2021, the SAT also issued a reassessment against PEM for the 2013 tax year in the total amount of $132.1 million (2,869 million MXN) (collectively, the "Reassessments"). The Company believes that the Reassessments were issued in violation of the terms of the APA. The key items in the Reassessments include reassessments based on the market price of silver, denial of the deductibility of interest expense and service fees, SAT technical error related to double counting of taxes, and interest and penalties.

The Company continues to defend the APA in the Mexican legal proceedings, and initiated proceedings under relevant tax treaties between the competent tax authorities of Mexico, Canada, Luxembourg and Barbados, all of which were subsequently dismissed on a unilateral basis by the SAT ("Dismissals") in May 2020. The Company believes that the Dismissals have no legal basis and breach international obligations regarding double taxation treaties, and that the APA remains valid and legally binding. The Company will continue disputing the Reassessments, exhausting its domestic and international remedies.

While the Company continues to vigorously defend the validity of the APA and its transfer pricing position, it is also engaging in various proceedings with the SAT seeking to resolve matters and bring tax certainty through a negotiated solution. Despite these extensive efforts and ongoing legal challenges to the Reassessments and the Dismissals, in April 2020 and February 2021, SAT issued notifications to PEM to attempt to secure amounts it claims are owed pursuant to its reassessments issued. These notifications impose certain restrictions on PEM including its ability to dispose its concessions and real properties.

The Company has challenged SAT's Reassessments and Dismissals through all domestic means available to it, including annulment suits before the Mexican Federal Tax Court on Administrative Matters ("Federal Court"), which has yet to be resolved, and a complaint before Mexico's Federal Taxpayer Defense Attorney's Office (known as "PRODECON"), which determined that PEM has all legal remedies at its disposal and it has already challenged every SAT ruling, thus the matter must be decided by Mexican Courts. The Company believes that these actions are neither fair nor equitable and are discriminatory against the Company as a foreign investor and amount to a denial of justice under international law, in addition to violating various provisions of the Federal Constitution of the United Mexican States and Mexican domestic law, and Mexican court precedents. As a result, on May 13, 2020, the Company provided to the Government of Mexico notice of its intention to initiate an international arbitration proceeding ("Notice of Intent") pursuant to the North American Free Trade Agreement ("NAFTA"). The Notice of Intent initiated a 90-day period for the Government of Mexico to enter into good faith and amicable negotiations with the Company to resolve the dispute. On August 11, 2020, the 90-day period expired without any resolution of the dispute.

In September 2020, the Company was served with a decision made by the Federal Court to nullify the APA granted to PEM. The Federal Court's decision directs SAT to re-examine the evidence and basis for the issuance of the APA with retroactive effect, for the following key reasons:

(i) SAT's errors in analyzing PEM's request for the APA and the evidence provided in support of the request; and
(ii) SAT's failure to request from PEM certain additional information before issuing the APA.

The Company's legal advisors reviewed the written reasons and are of the view that the Federal Court's decision is flawed both due to SAT's procedural irregularities and failure to address the relevant evidence and legal authorities. In addition, they consider that the laws applied to PEM in the decision are unconstitutional. As a result, the Company filed an appeal of the decision to the Mexican Circuit Courts on November 30, 2020. Since two writs of certiorari were filed before the Mexican Supreme Court of Justice, on April 15, 2021, the Plenary of the Supreme Court i) admitted one of those writs, ii) requested the Circuit Court to send the amparo file and iii) assigned such writ to the Second Chamber of the Supreme Court for issuing the corresponding decision. The other writ of certiorari has not been admitted by the Plenary of the Supreme Court. Therefore, the Company is currently waiting for the Supreme Court to issue a resolution towards such writs of certiorari.

The Company intends to continue to challenge the actions of the SAT in Mexican courts, however due to the ongoing COVID-19 crisis, the Mexican courts are currently available only on a restricted basis for further hearings on these matters. On March 2, 2021, the Company announced that it has submitted a Request for Arbitration to the International Centre for Settlement of Investment Disputes ("ICSID"), on its own behalf and on behalf of PEM, based on Chapter 11 of the North American Free Trade Agreement ("NAFTA").

If the SAT were successful in retroactively nullifying the APA, the SAT may seek to audit and reassess PEM in respect of its sales of silver in connection with the Old Stream Agreement for 2010 through 2014. If the SAT were successful in retroactively nullifying the APA and issuing reassessments, it would likely have a material adverse effect on the Company's results of operations, financial condition and cash flows. Should the Company ultimately be required to pay tax on its silver revenues based on market prices without any mitigating adjustments, the incremental income tax for the years 2010-2018 would be approximately $198.1 million (4,083 million MXN), before interest or penalties.

Based on the Company's assessments with third party advisors, the Company believes PEM filed its tax returns compliant with applicable Mexican law and, therefore, no liability has been recognized in the financial statements.

To the extent it is ultimately determined that the appropriate price of silver sales under the Old Stream Agreement is significantly different from the PEM Realized Price and while PEM would have rights of appeal in connection with any reassessments, it is likely to have a material effect on the Company's business, financial position and results of operations.

La Encantada Tax Re-assessments

In December 2019, as part of the ongoing annual audits of the tax returns of Minera La Encantada S.A. de C.V. ("MLE"), the SAT issued tax assessments for fiscal 2012 and 2013 in the amount of $7.8 million (155.5 million MXN) and $6.3 million (126.6 million MXN), respectively. The key items relate to a forward silver purchase agreement and denial of the deductibility of mine development costs and service fees. The Company continues to defend the validity of the forward silver purchase agreement and will vigorously dispute the assessments that have been issued. The Company believes MLE's tax filings were appropriate and its tax filing position is correct, therefore no liability has been recognized in the financial statements. The Company's legal and financial advisors continue to believe that the Company has filed its tax returns in compliance with applicable Mexican law.

OTHER FINANCIAL INFORMATION

Share Repurchase Program

The Company has an ongoing share repurchase program to repurchase up to 5% of the Company's issued and outstanding shares. The normal course issuer bids will be carried through the facilities of the Toronto Stock Exchange and alternative Canadian marketplaces.

During the year ended December 31, 2020, the Company repurchased and cancelled 275,000 common shares for a total consideration of $1.7 million, 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, 2021.

Off-Balance Sheet Arrangements

At March 31, 2021, the Company had no material off-balance sheet arrangements such as contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that generate financing, liquidity, market or credit risk to the Company, other than contingent liabilities and vendor liability and interest, as disclosed in this MD&A and the consolidated financial statements and the related notes.

Related Party Disclosures

Amounts paid to related parties were incurred in the normal course of business and measured at the exchange amount, which is the amount agreed upon by the transacting parties and on terms and conditions similar to non-related parties.

In July 2020, the Company completed the agreement with First Mining Gold Corp., to purchase 50% of the payable silver produced from the Springpole Gold Project for total consideration of $22.5 million in cash and shares, over three payments, for the silver stream which covers the life of the Springpole project. First Mining is a related party with two independent board members who are directors and/or officers of First Majestic.

With the exception of the agreement with First Mining Gold Corp., there were no transactions with related parties outside of the ordinary course of business during the three months ended March 31, 2021.

Outstanding Share Data

As at May 4, 2021, the Company has 251,506,150 common shares issued and outstanding.

SUBSEQUENT EVENTS

The following significant events occurred subsequent to March 31, 2021:

Declaration of Quarterly Dividend

On May 5, 2021, the Company's board of directors approved and declared its inaugural quarterly common share dividend of $0.0045 per share, payable on and after June 4, 2021, to common shareholders of record at the close of business on May 17, 2021. These dividends were declared subsequent to the quarter end and have not been recognized as distributions to owners during the quarter ended March 31, 2021.

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.

The Company's condensed interim consolidated financial statements for the three months ended March 31, 2021, 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, 2020 and the following accounting policies, critical judgments and estimates in applying accounting policies:

New and amended IFRS standards that are effective for the current year:

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments were applied effective January 1, 2021 and did not have a material impact on the Company's financial statements.

Future Changes in Accounting Policies Not Yet Effective as at March 31, 2021:

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. The Company will recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings at the beginning of that earliest period presented. This amendment will impact the Company's accounting for proceeds from mineral sales prior to reaching commercial production levels intended by management.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2023, with early application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

NON-GAAP MEASURES

The Company has included certain non-GAAP measures including "Cash costs per silver equivalents ounce", "All-in sustaining cost per silver equivalent ounce", "Production cost per tonne", "Average realized silver equivalent 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.

Effective January 1, 2021, the Company transitioned its cost reporting from Cost per Silver Ounce to Cost per Silver Equivalent ("AqEq") Ounce basis. Management believes the change to using silver equivalent ounce will provide management and investors with an improved ability to evaluate operating performance of the Company, as it eliminates volatility in Cash Cost and AISC per ounce due to market volatility in silver and gold prices as well as timing of by-product credit sales. Prior period comparatives of Cash Cost and AISC per ounce have been updated to be consistent with the new AgEq ounce metric.

Cash Cost per AgEq Ounce, All-In Sustaining Cost per AgEq Ounce and Production Cost per Tonne

Cash costs per AgEq 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, 2021			
	San Dimas	Santa Elena	La Encantada	Consolidated
Mining cost	$11,577	$6,295	$3,181	$21,054
Milling cost	6,643	7,245	3,937	17,825
Indirect cost	9,761	3,911	2,743	16,416
Total production cost (A)	**$27,982**	**$17,451**	**$9,861**	**$55,294**
Add: transportation and other selling cost	347	148	111	662
Add: smelting and refining cost	394	119	155	668
Add: environmental duty and royalties cost	369	112	92	573
Total cash cost (B)	**$29,092**	**$17,830**	**$10,219**	**$57,197**
Workers' participation	3,469	55	126	3,667
General and administrative expenses	—	—	—	6,501
Share-based payments	—	—	—	3,594
Accretion of decommissioning liabilities	177	77	129	639
Sustaining capital expenditures	8,836	4,657	973	15,096
Operating lease payments	68	50	644	1,131
All-In Sustaining Costs (C)	**$41,642**	**$22,669**	**$12,091**	**$87,825**
Payable silver equivalent ounces produced (D)	**2,909,490**	**883,447**	**741,865**	**4,534,803**
Tonnes milled (E)	**199,466**	**185,358**	**229,421**	**614,245**
Cash cost per AgEq ounce (B/D)	**$10.00**	**$20.18**	**$13.77**	**$12.61**
AISC per AgEq ounce (C/D)	**$14.31**	**$25.66**	**$16.30**	**$19.35**
Production cost per tonne (A/E)	**$140.29**	**$94.15**	**$42.99**	**$90.03**

(expressed in thousands of U.S. Dollars, except ounce and per ounce amounts)	Three Months Ended March 31, 2020			
	San Dimas	**Santa Elena**	**La Encantada**	**Consolidated**
Mining cost	$11,298	$4,737	$2,625	$18,660
Milling cost	5,493	6,988	4,382	16,862
Indirect cost	8,489	2,686	2,685	13,861
Total production cost (A)	**$25,279**	**$14,411**	**$9,694**	**$49,383**
Add: transportation and other selling cost	296	72	89	522
Add: smelting and refining cost	395	134	184	725
Add: environmental duty and royalties cost	257	109	33	397
Total cash cost (B)	**$26,227**	**$14,726**	**$9,998**	**$51,026**
Workers' participation	1,682	55	74	1,998
General and administrative expenses	—	—	—	5,828
Share-based payments	—	—	—	2,378
Accretion of decommissioning liabilities	149	78	126	623
Sustaining capital expenditures	8,000	1,964	1,498	12,659
Operating lease payments	127	51	642	1,143
All-In Sustaining Costs (C)	**$36,185**	**$16,874**	**$12,338**	**$75,655**
Payable silver equivalent ounces produced (D)	**3,670,333**	**1,591,807**	**925,639**	**6,187,779**
Tonnes milled (E)	**200,109**	**177,834**	**221,200**	**599,142**
Cash cost per AgEq ounce (B/D)	**$7.15**	**$9.25**	**$10.80**	**$8.25**
AISC per AgEq ounce (C/D)	**$9.86**	**$10.60**	**$13.33**	**$12.23**
Production cost per tonne (A/E)	**$126.33**	**$81.04**	**$43.82**	**$82.41**

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 silver equivalent ounces sold to calculate the average realized price per ounce of silver equivalents sold.

	Three Months Ended March 31,	
	2021	**2020**
Revenues as reported	**$100,522**	**$86,065**
Add back: smelting and refining charges	668	725
Gross revenues	**101,190**	**86,790**
Less: Sandstorm gold revenues	(557)	(999)
Less: Wheaton gold revenues	(6,288)	**(6,883)**
Gross revenues, excluding Sandstorm, Wheaton (A)	**$94,345**	**$78,908**
Payable silver equivalent ounces sold	4,249,516	5,556,937
Less: Payable silver equivalent ounces sold to Sandstorm	(82,250)	(216,393)
Less: Payable silver equivalent ounces sold to Wheaton	(690,130)	(795,050)
Payable silver equivalent ounces sold, excluding Sandstorm and Wheaton (B)	**3,477,135**	**4,545,494**
Average realized silver price per ounce (A/B)	**$27.13**	**$17.36**
Average market price per ounce of silver per COMEX	$26.25	$16.89

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,	
	2021	**2020**
Operating Cash Flows before Working Capital and Taxes	**$31,129**	**$23,313**
Weighted average number of shares on issue - basic	222,544,712	209,396,052
Cash Flow per Share	**$0.14**	**$0.11**

Adjusted Earnings per Share ("Adjusted EPS")

The Company uses the financial measure "Adjusted EPS" to supplement information in its consolidated financial statements. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's performance. The Company excludes certain non-cash and unusual items from net earnings to provide a measure which allows the Company and investors to evaluate the operating results of the underlying core operations. The presentation of Adjusted EPS is not meant to be a substitute for EPS presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measure.

The following table provides a detailed reconciliation of net losses as reported in the Company's consolidated financial statements to adjusted net earnings and Adjusted EPS:

	Three Months Ended March 31,	
	2021	**2020**
Net earnings (loss) as reported	**$1,855**	**($32,436)**
Adjustments for non-cash or unusual items:		
Deferred income tax (recovery) expense	(1,825)	4,566
Share-based payments	3,594	2,378
Loss from investment in derivatives and marketable securities	1,289	1,368
Unrealized loss on foreign currency derivatives	—	22,654
Write-down on assets held-for-sale	2,081	—
Recovery of mineral inventory	—	(443)
Loss on divestiture of exploration projects	—	10,106
Adjusted net earnings	**$6,994**	**$8,193**
Weighted average number of shares on issue - basic	222,544,712	209,396,052
Adjusted EPS	**$0.03**	**$0.04**

Working Capital and Available Liquidity

Working capital is determined based on current assets and current liabilities as reported in the Company's consolidated financial statements. The Company uses working capital as a measure of the Company's short-term financial health and operating efficiency. Available liquidity includes the Company's working capital and undrawn revolving credit facility.

	March 31, 2021	**December 31, 2020**
Current Assets	$329,738	$356,046
Less: Current Liabilities	(96,903)	(101,626)
Working Capital	**$232,835**	**$254,420**
Available Undrawn Revolving Credit Facility	65,000	65,000
Available Liquidity	**$297,835**	**$319,420**

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, 2021, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

The Company's management, with the participation of its CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in the rules of the United States Securities and Exchange Commission and the Canadian Securities Administrators. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. The Company's internal control over financial reporting includes policies and procedures that:

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

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

The Company's management evaluated the effectiveness of our internal controls over financial reporting based upon the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's evaluation, our CEO and CFO concluded that our internal controls over financial reporting was effective as of March 31, 2021. There have been no significant changes in our internal controls during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Limitations of Controls and Procedures

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

CAUTIONARY STATEMENTS

Cautionary Note regarding Forward-Looking Statements

Certain information contained herein this MD&A constitutes forward-looking statements under applicable securities laws (collectively, "**forward-looking statements**"). These statements relate to future events or the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to: commercial mining operations; anticipated mineral recoveries; projected quantities of future mineral production; statements with respect to the Company's business strategy; future planning processes; anticipated development, expansion, exploration activities and production rates; the estimated cost and timing of plant improvements at the Company's operating mines and development of the Company's development projects; the timing of completion of exploration programs and drilling programs; the repayment of the Debentures; statements with respect to the Company's future financial position including operating efficiencies, cash flow, capital budgets, costs and expenditures; the preparation of technical reports and completion of preliminary economic assessments; the repurchase of the Company's shares; viability of the Company's projects; potential metal recovery rates; the conversion of the Company's securities. All statements other than statements of historical fact may be forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "forecast", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements".

Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, without limitation: the inherent risks involved in the mining, exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project delays or cost overruns or unanticipated excessive operating costs and expenses, uncertainties related to the necessity of financing, the availability of and costs of financing needed in the future, and other factors described in the Company's Annual Information Form under the heading "Risk Factors".

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

Cautionary Note regarding Reserves and Resources

National Instrument 43-101 ("NI 43-101"), issued by the Canadian Securities Administrators, lays out the standards of disclosure for mineral projects. This includes a requirement that a certified Qualified Person ("QP") (as defined under the NI 43-101) supervises the preparation of the mineral reserves and mineral resources. Ramon Mendoza, P. Eng., Vice President of Technical Services is a certified QP for the Company and has reviewed this MD&A for QP technical disclosures. All NI 43-101 technical reports can be found on the Company's website at www.firstmajestic.com or on SEDAR at www.sedar.com.

Cautionary Note to United States Investors Concerning Estimates of Mineral Reserves and Resources

This Management's Discussion and Analysis has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ in certain material respects from the disclosure requirements of United States securities laws. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian NI 43-101 Standards of Disclosure for Mineral Projects and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in the disclosure requirements promulgated by the Securities and Exchange Commission (the "Commission") and contained in Industry Guide 7 ("Industry Guide 7"). Under Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report mineral reserves, the three-year historical average price is used in any mineral reserve or cash flow analysis to designate mineral reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101. However, these terms are not defined terms under Industry Guide 7 and are not permitted to be used in reports and registration statements of United States companies filed with the Commission. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a mineral resource is permitted disclosure under Canadian regulations. In contrast, the Commission only permits U.S. companies to report mineralization that does not constitute “mineral reserves” by Commission standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this Management’s Discussion and Analysis may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations of the Commission thereunder.

Additional Information

Additional information on the Company, including the Company’s Annual Information Form and the Company’s audited consolidated financial statements for the year ended December 31, 2020, is available on SEDAR at www.sedar.com and on the Company’s website at www.firstmajestic.com.