UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **December 31, 2022** Commission File Number **001-34984**

FIRST MAJESTIC SILVER CORP.

(Exact name of registrant as specified in its charter)

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

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

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

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares, no par value	**AG**	**New York Stock Exchange**

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

☒ Annual information form ☒ Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. **274,491,698**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes X No___

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes X No___

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

Emerging growth company ___

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

___

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

Yes _X___ No ___

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

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

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

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

ANNUAL INFORMATION FORM

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

AUDITED ANNUAL FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements as at and for the years ended December 31, 2022 and 2021, including the report of the independent registered public accounting firm with respect thereto, are filed as Exhibit 99.2 to, and incorporated by reference in, this annual report on Form 40-F. Our independent registered public accounting firm is Deloitte LLP, Vancouver, BC Canada (PCAOB ID No. 1208).

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's management's discussion and analysis of results of operations and financial condition for the year ended December 31, 2022 is filed as Exhibit 99.3 to, and incorporated by reference in, this annual report on Form 40-F.

CERTIFICATIONS

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

DISCLOSURE CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

At the end of the period covered by this annual report on Form 40-F, the Company's management, with the participation of its President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's CEO and CFO have concluded that, as of December 31, 2022, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

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

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

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

The Company's management evaluated the effectiveness of our internal control over financial reporting based upon the criteria set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's evaluation, our CEO and CFO concluded that our internal control over financial reporting was effective as of December 31, 2022.

There has been no change in the Company's internal control over financial reporting during the year ended December 31, 2022 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's independent registered public accounting firm, Deloitte LLP, has audited the Audited Consolidated Financial Statements as at December 31, 2022, and 2021 and for each the two years in the period ended December 31, 2022 filed as Exhibit 99.2, and has issued an attestation report dated February 23, 2023 on the Company's internal control over financial reporting based on the criteria set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Limitations of Controls and Procedures

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

AUDIT COMMITTEE

Audit Committee

The Company's board of directors has a separately designated standing audit committee established in accordance with section 3(a)(58)(A) of the Exchange Act. The members of the Company's audit committee are identified on page 130 of the AIF, filed as Exhibit 99.1 and incorporated by reference herein. In the opinion of the Company's board of directors, all members of the audit committee are independent (as determined under Rule 10A-3 of the Exchange Act and the rules of the New York Stock Exchange) and are financially literate.

Audit Committee Financial Expert

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

CODE OF ETHICS

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

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

PRINCIPAL ACCOUNTANT FEES AND SERVICES

Deloitte LLP acted as the Company's independent registered public accounting firm for the financial year ended December 31, 2022. See page 131 of the AIF, which is attached hereto as Exhibit 99.1, for the total amount billed to the Company by Deloitte LLP for services performed in the last two financial years by category of service (for audit fees, audit-related fees, tax fees and all other fees) in United States dollars.

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its

financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors, or relationships with unconsolidated special purpose entities.

CASH REQUIREMENTS

The information provided under the heading "Management's Discussion and Analysis - Liquidity, Capital Resources and Contractual Obligations" contained in Exhibit 99.3 hereto contains the Company's disclosure of contractual obligations and liquidity and is incorporated by reference herein.

MINE SAFETY DISCLOSURE

Not applicable.

DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Not applicable.

NEW YORK STOCK EXCHANGE DISCLOSURE

Presiding Director at Meetings of Non-Management Directors

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

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

Communication with Non-Management Directors

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

Board Committee Mandates

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

NYSE Statement of Governance Differences

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

UNDERTAKINGS

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the SEC staff, and to furnish promptly, when requested to do so by the SEC staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

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

EXHIBIT INDEX

Exhibit	Description
99.1	Annual Information Form of the Company for the year ended December 31, 2022
99.2	Audited consolidated financial statements of the Company and the notes thereto as of and for the years ended December 31, 2022 and 2021, together with the reports of the independent registered public accounting firm
99.3	Management's Discussion and Analysis for the year ended December 31, 2022

99.4	CEO Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.5	CFO Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.6	CEO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Consent of Ramon Mendoza Reyes, P. Eng., Vice President Technical Services of First Majestic Silver Corp.
99.9	Consent of Persio Rosario, P. Eng., Vice-President of Processing, Metallurgy and Innovation
99.10	Consent of Maria E. Vazquez, P. Geo., Geological Database Manager of First Majestic Silver Corp.
99.11	Consent of Phillip J. Spurgeon, P. Geo., Senior Resource Modeler of First Majestic Silver Corp.
99.12	Consent of Brian Boutilier, P.Eng. Manager of Technical Services
99.13	Consent of David Rowe, CPG, Director of Mineral Resources of First Majestic Silver Corp.
99.14	Consent of Joaquin Merino, P. Geo., Consultant
99.15	Consent of Andrew P. Hampton, M.Sc., P.Eng., Principal Metallurgist of SLR International Corporation
99.16	Consent of Chelsea Hamilton, P.Eng., Project Mining Engineer of SLR International Corporation
99.17	Consent of Jeremy Scott Collyard, MMSA QP, Principal Environmental Specialist and United States Mining and Minerals Sector Lead of SLR International Corporation
99.18	Consent of Ryan Rodney, C.P.G, former Associate Geologist of SLR International Corporation
99.19	Consent of Gordon L. Fellows, P.E. former Mine Manager of Jerritt Canyon Gold
99.20	Consent of Deloitte LLP, Independent Registered Public Accounting Firm
101.INS	Inline XBRL Instance Document–the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Date: March 31, 2023

FIRST MAJESTIC SILVER CORP.

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



ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2022

March 31, 2023

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

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PRELIMINARY NOTES

Date of Information

Unless otherwise indicated, all information contained in this Annual Information Form (" **AIF**") of First Majestic Silver Corp. (" **First Majestic**" or the "**Company**") is as of December 31, 2022.

Financial Information

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

Forward-looking Information

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

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

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

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

This AIF has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ materially from the requirements of United States securities laws applicable to U.S. companies. Information concerning our mineral properties has been prepared in accordance with the requirements of Canadian securities laws, which differ in material respects from the requirements of the United States Securities and Exchange Commission (the "**SEC**") applicable to domestic United States issuers. Accordingly, the disclosure in this AIF regarding our mineral properties is not comparable to the disclosure of United States issuers subject to the SEC's mining disclosure requirements.

Currency and Exchange Rate Information

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

On December 31, 2022, the exchange rate of Canadian dollars into US dollars, being the average exchange rate published by the Bank of Canada was US$1.00 equals C$1.3544.

GLOSSARY OF CERTAIN TECHNICAL TERMS

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

"**AAS**" means atomic absorption spectroscopy.

"**Ag**" means silver.

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

"**Au**" means gold.

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

"**CIL**" means carbon-in-leach.

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

"**CRD**" means carbonate replacement deposits.

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

"**Cu**" means copper.

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

"**FA**" means fire assay.

"**FA-AAS**" means fire assay atomic absorption spectroscopy method.

"**FAGR**" means FA gravimetric finish.

"**Fe**" means iron.

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

"**GC**" means general cut-off grade.

"**GHG**" means greenhouse gas.

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

"**ha**" means hectare.

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

"**IC**" means incremental cut-off grade.

"**ICP**" means inductively coupld plasma.

"**ICP-MS**" means inductively coupled plasma - mass spectrometry.

"**ID2**" means inverse distance squared.

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

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

"**ISO 9001**" is the International Organization for Standardization's standard which sets out the criteria for a quality management system.

"**ISO 14001**" is the International Organization for Standardization's standard which sets out the criteria for an environmental management system.

"**ISO/IEC 17025"** is the International Organization for Standardization's standard which specifies the general requirements for the competence to carry out test and/or calibrations, including sampling.

"**kg**" means kilogram.

"**kt**" means kilotonne.

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

"**LNG**" means liquid natural gas.

"**LVC**" means Lower Volcanic Complex.

"**m**" means metres.

"**M tonnes**" means metric tonne.

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

"**masl**" means metres above sea level.

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

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

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

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

"**mm**" means millimetres.

"**Mt**" means million tonnes.

"**MW**" means megawatts.

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

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

"**OES**" means optical emission spectroscopy.

"**OK**" means ordinary kriging.

"**OP**" means open pit.

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

"**Pb**" means lead.

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

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

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

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

"**Reserves**" means Mineral Reserves.

"**Resources**" means Mineral Resources.

"**RDA**" means rock disposal area.

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

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

"**SRM**" means standard reference material.

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

"**t**" means tonne.

"**t/m**^{3}" means tonnes per cubic metre.

"**TOC**" means total organic carbon.

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

"**TSF**" means tailings storage facility.

"**UG**" means underground.

"**µm**" means micrometre.

"**UVG**" means upper volcanic group.

"**Zn**" means zinc.

CORPORATE STRUCTURE

Name, Address and Incorporation

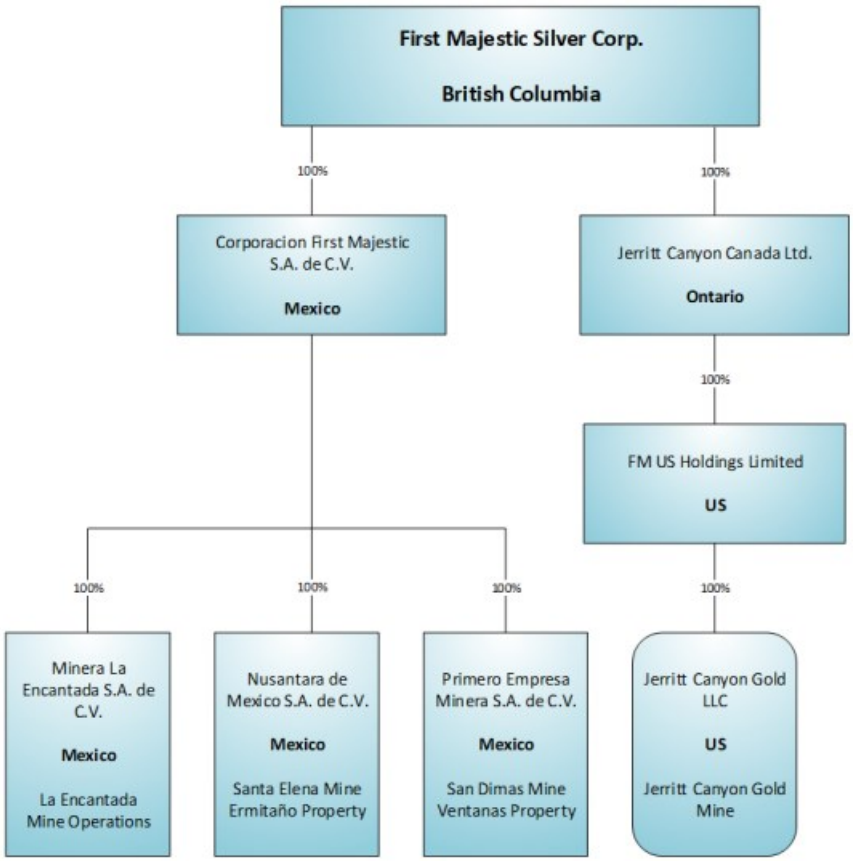
First Majestic is a company existing under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). Since incorporation, First Majestic has undergone three name changes. The last name change occurred on November 22, 2006, when the Company adopted its current name.

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

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

Intercorporate Relationships

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


First Majestic Silver Corp.
British Columbia
100%
100%
Corporacion First Majestic S.A. de C.V.
Mexico
Jerritt Canyon Canada Ltd.
Ontario
100%
FM US Holdings Limited
US
100%
100%
100%
100%
Minera La Encantada S.A. de C.V.
Mexico
La Encantada Mine Operations
Nusantara de Mexico S.A. de C.V.
Mexico
Santa Elena Mine
Ermitaño Property
Primero Empresa Minera S.A. de C.V.
Mexico
San Dimas Mine
Ventanas Property
Jerritt Canyon Gold LLC
US
Jerritt Canyon Gold Mine

DESCRIPTION OF BUSINESS

General

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

The Company owns and operates three producing mines in México and one producing mine in the United States:

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

On March 20, 2023, the Company announced a planned temporary suspension of all mining activities at Jerritt Canyon. See "*General Development of the Business - Significant Business Developments in the Last Three Years - 2023 to Date*."

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

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

The Company also owns two advanced-stage silver development projects in México: the La Luz Silver Project in San Luis Potosi State and La Joya Silver Project in Durango State as well as a number of exploration projects in México.

The La Joya Silver Project is currently under option to Silver Dollar Resources Ltd. Subsequent to year end, following the receipt of approval from the Comisión Federal de Competencia Económica ("**COFECE**") and the TSX Venture Exchange as well as the completion of other customary closing conditions, on March 29, 2023 the Company sold all of the shares of La Guitarra Compañia S.A. de C.V., its wholly owned subsidiary which owns the La Guitarra Silver Mine. The Company has also entered into an asset purchase agreement to sell all of the assets comprising the La Parrilla Silver Mine. Closing of the La Parrilla transaction is subject to certain conditions and remains pending.

The Company does not consider its mines under care and maintenance or its advanced-stage silver development projects to be material properties for the purposes of National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**") or NI 43-101.

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

On December 31, 2022, the Company had a total of 4,634 employees and/or contractors. Additional consultants are also retained from time to time for specific corporate activities, development and exploration programs.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Since inception in 2003, First Majestic has been in the business of production, development, exploration and acquisition of mineral properties with a focus on silver and gold production in México and the United States.

Over the past 20 years, the Company has assembled a portfolio of silver and gold mines, properties and projects which presently consists of three producing mines which it owns and operates in México, one producing mine in the United States which will be temporarily suspended in the coming months, three mines under care and maintenance, and two advanced-stage development silver projects as well as several exploration projects.

Significant Business Developments during the Most Recent Three Years

2020

On January 21, 2020, the Company announced that the Del Toro operations were being suspended in 2020 in order to improve the Company's cash flow and profit margins.

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

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

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

COVID-19 sanitary protocols were established in 2020 at all Company facilities and operations. These protocols included continuous monitoring and testing of symptomatic workers, use of effective PPE, and other sanitary control measures. These measures have proven effective at managing the pandemic impacts on the Company's operations and remain in full effect.

The Company also continues supporting local communities by sponsoring health professionals, medical and testing equipment, personal protective equipment, medicine and health supplements.

On May 13, 2020, as discussed below under " *Risk Factors - Challenges to Advance Pricing Agreement* ", the Company announced that it had taken steps to serve the Government of México with a Notice of Intent to Submit a Claim (the "**NAFTA Notice**") under the provisions of Chapter 11 of the North American Free Trade Agreement ("**NAFTA**") with respect to the Advance Pricing Agreement (the " **APA**") negotiated and finalized between the Mexican Taxation Authority, Servicio de Administracion Tributaria (the " **SAT**") and Primero Empresa Minera, S.A. de C.V. (" **PEM**"), the Company's Mexican subsidiary that owns and operates the San Dimas mine. The service of the NAFTA Notice by the Company on the Government of México initiated a 90-day process for the Government of México to enter into good faith and amicable negotiations with the Company to resolve the current dispute between the Company and the Government of México. On August 11, 2020, this 90-day process expired without any resolution of the dispute.

On September 23, 2020, the Mexican Federal Court on Administrative Matters issued an oral decision nullifying the APA and directing SAT to re-examine the evidence and basis for the APA's issuance ("**Re-examination Order**"). The written decision, served on the Company on November 6, 2020, set out the reasons underlying the Re-examination Order, which consisted of, *inter alia*: (i) SAT committed errors in analyzing PEM's request for the APA and the evidence provided in support of the request; and (ii) SAT failed to request from PEM certain additional information before issuing the APA.

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

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

On June 11, 2020, the Company entered into a silver purchase agreement (the " **Springpole Stream Agreement**") with Gold Canyon Resources Inc., a wholly owned subsidiary of First Mining Gold Corp. ("**First Mining**"), a company listed on the Toronto Stock Exchange, pursuant to which the Company acquired a stream on 50% of payable silver produced from First Mining's Springpole Gold Project ("**Springpole**"), a development stage asset located in Ontario, Canada which is not yet in production. The Company is required to pay First Mining total consideration of $22.5 million in cash and shares, over three payments, for the silver stream which covers the life of Springpole. The Company made an initial payment of $10.0 million on July 2, 2020, by paying $2.5 million in cash and by issuing 805,698 Common Shares to First Mining. In January 2021, upon the public announcement by First Mining of the results of a pre-feasibility study for Springpole the Company completed its second payment of $7.5 million to First Mining by paying $3.75 million in cash and issuing 287,300 Common Shares. The third and final payment of $5 million (consisting of $2.5 million in cash and $2.5 million in Common Shares of the Company) will be due upon receipt by First Mining of a federal or provincial environmental assessment approval for Springpole.

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

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

- To exercise its first option to acquire an 80% interest in the La Joya project, Silver Dollar is required to pay the Company C$1.3 million in cash over four years, issue shares equal to 19.9% of Silver Dollar's then-outstanding common shares within one year, incur C$1.0 million of exploration expenditures within the first five years. If Silver Dollar incurs the exploration expenditures within the first three years; the remaining cash payments to First Majestic will be reduced by C$600,000. First Majestic had reserved a 2% net smelter returns royalty on the property which it subsequently sold to Metalla Royalty & Streaming Ltd. during the year ended December 31, 2022, as further discussed below.
- Silver Dollar may exercise its second option and acquire the remaining 20% (for an aggregate 100% interest) of the La Joya project by providing notice to First Majestic within 30 days of earning the first 80% interest and issuing to First Majestic additional shares equal to 5% of Silver Dollar's then-outstanding common shares.
- During the third quarter of 2020, the Company received from Silver Dollar C$0.3 million in cash and 5,146,401 common shares of Silver Dollar (equal to 19.9% of Silver Dollar's outstanding shares at the time).

On September 17, 2020, the Company completed the issuance of 5,000,000 Common Shares at a price of C$15.60 per Common Share to 2176423 Ontario Ltd., a company controlled by Eric Sprott, for gross proceeds of C$78,000,000 (the "**Offering**"). The Offering was completed on a bought deal basis pursuant to an underwriting agreement dated September 14, 2020, entered into by the Company and Cormark Securities Inc., as underwriter. The Offering was made pursuant to a prospectus supplement under its base shelf prospectus dated November 5, 2018.

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

2021

On March 2, 2021, the Company announced that it had 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 NAFTA. On March 31, 2021, the Notice of Registration of the Request for Arbitration was issued by the ICSID Secretariat.

On April 12 and 14, 2021, a Mexican Supreme Court Judge and SAT each submitted writs of certiorari to the Mexican Supreme Court of Justice to bypass consideration of the APA dispute by the Circuit Court. On April 15, 2021, the Plenary of the Supreme Court: i) admitted only 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 to issue the corresponding decision.

On August 20, 2021, the NAFTA Arbitration Tribunal (the " **Tribunal**") was fully constituted by the appointment of all three panel members, and the NAFTA Arbitration Proceedings (the "**NAFTA Proceedings**") were deemed to have commenced. The first session of the NAFTA Proceedings was held by videoconference on September 24, 2021, to decide upon the procedural rules which will govern the NAFTA Proceedings. The Tribunal issued Procedural Order No. 1 on October 21, 2021.

On April 30, 2021, the Company completed the previously announced acquisition of all the issued and outstanding shares of Jerritt Canyon Canada Ltd. ("**JC Canada**"), the indirect owner of the Jerritt Canyon Gold Mine in Elko, Nevada pursuant to a share purchase agreement dated March 11, 2021, with Sprott Mining Inc., a company controlled by Eric Sprott (the "**Jerritt Canyon Acquisition**"). The Company acquired all the issued and outstanding shares of JC Canada in exchange for the issuance of 26,719,727 Common Shares at a price of $17.59 per share, and 5,000,000 common share purchase warrants, each exercisable for one Common Share at a price of $20 per share for a period of three years, subject to a post-closing cash adjustment as described below. Further, the Company completed a private placement with Sprott Mining Inc. concurrent with closing of the Jerritt Canyon Acquisition, consisting of the issuance of 1,705,514 Common Shares at a price of $17.59 per share to Sprott Mining Inc. for aggregate gross proceeds of $30 million. Pursuant to an agreed upon adjustment mechanism relating to certain tax liabilities of JC Canada, the purchase price for Jerritt Canyon was subsequently increased by approximately $12.5 million.

Similar to the Company's Mexican Operations, sanitary protocol measures were implemented at Jerritt Canyon in 2021 to reduce the spread of COVID-19 infection. These protocols have proven substantially effective, and the operation did not experience any material adverse impacts from the pandemic.

On May 18, 2021, the Company filed a final short form base shelf prospectus with the securities regulators in each province of Canada, except for the Province of Quebec, and a corresponding shelf registration statement on Form F-10 with the SEC. The base shelf prospectus and registration statement allows the Company to make offerings of Common Shares, subscription receipts, units, warrants or any combination thereof of up to $300 million during the 25-month period that the base shelf prospectus and registration statement are effective in the United States and Canada (except for the territories and the Province of Quebec).

On May 28, 2021, the Company entered into an equity distribution agreement with BMO Capital Markets Corp. and TD Securities (USA) LLC pursuant to which the Company sold an aggregate 6,543,497 Common Shares for aggregate gross proceeds of approximately $100 million (the "**2021 ATM Offering**"). The 2021 ATM Offering was made by way of a prospectus supplement dated May 28, 2021. Sales of Common Shares were made through "at-the-market distributions" as defined in NI 44-102, by means of ordinary brokers' transactions on the NYSE at prevailing market prices. No offers or sales of Common Shares were made in Canada on the TSX or other trading markets in Canada. The Company completed distributions under the 2021 ATM Offering in June 2022.

On December 2, 2021, completed a private placement offering (the " **Note Offering**") of $230,000,000 aggregate principal amount of 0.375% unsecured convertible senior notes due 2027 (the "**2027 Notes**"). Upon conversion, holders of the 2027 Notes will receive Common Shares based on an initial conversion rate, subject to adjustment, of 60.3865 shares per $1,000 principal amount of 2027 Notes (which represents an initial conversion price of approximately $16.56 per share).

The 2027 Notes are governed by an indenture (the "Note Indenture") entered into between the Company and Computershare Trust Company, N.A. on December 2, 2021. A copy of the Note Indenture is available under the Company's profile at www.sedar.com.

The Company used a portion of the proceeds of the Note Offering to complete the repurchase, in separate privately negotiated transactions, of $125.2 million aggregate principal amount of its outstanding 1.875% convertible senior notes (the "**2023 Notes**") due 2023 for an aggregate purchase price of $164.9 million. On November 30, 2021, in connection with the announcement of the Note Offering, the Company provided notice that it would redeem the remaining 2023 Notes that were not repurchased in connection with the Note Offering effective December 31, 2021. Holders of the 2023 Notes were entitled to convert the 2023 Notes into Common Shares prior to such redemption. On December 31, 2021, the Company completed the redemption of $125.2 million aggregate principal amount of 2023 Notes. In addition, the Company issued an aggregate of 2,579,093 Common Shares to holders who elected to convert their 2023 Notes prior to the redemption date. As a result of such transactions, all the 2023 Notes were either repurchased, redeemed at par or converted into Common Shares and no 2023 Notes remain outstanding.

In March 2021, the Company's share repurchase program (the **"Share Repurchase Program"**), which initially commenced in March 2013, was renewed. Pursuant to the renewed Share Repurchase Program, the Company was authorized to repurchase up to 10,000,000 Common Shares during the period from March 22, 2021, until March 21, 2022, which represented approximately 4.5% of the 222,681,131 issued and outstanding shares of the Company as of March 8, 2021. The Company did not repurchase any Common Shares under this Share Repurchase Program during the year ended December 31, 2021.

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

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

On April 1, 2021, the Company renewed its senior secured 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 accrued at LIBOR plus an applicable range of 2.25% to 3.5% per annum while the undrawn portion was subject to a standby fee with an applicable range of 0.563% to 0.875% per annum, dependent on certain financial parameters of the Company.

In April 2021, the Company was advised that proceedings involving the Ejido Guamuchil in the Superior Court of the Durango State, Mexico were resolved in the Company's favour. Certain properties included in the San Dimas Silver/Gold Mine and for which the Company holds legal title were subject to legal proceedings commenced by the Ejido Guamuchil asserting title to the property. In 2015, the Company obtained a federal injunction (known as an amparo) against the Ejido Guamuchil. The title proceedings were then reinstated that year resulting in the Company's subsidiaries gaining standing rights as an affected third party permitted to submit evidence of the Company's legal title. In February 2017, the Company received a favourable decision which was confirmed on appeal. That decision was further appealed by the Ejido Guamuchil and the appeal was dismissed in April 2021 and the Company's full ownership of the land has been confirmed.

On May 6, 2021, the Company's board of directors approved and declared a quarterly common share dividend of $0.0045 per share, payable on or about June 4, 2021, to common shareholders of record at the close of business on May 17, 2021.

Robert McCallum retired as a Director of the Company effective May 27, 2021.

On July 1, 2021, Colette Rustad was appointed as a Director of the Company.

On August 16, 2021, the Company's board of directors approved and declared a quarterly common share dividend of $0.006 per share, payable on or about September 16, 2021, to common shareholders of record at the close of business on August 26, 2021.

On August 15, 2021, the Minera La Encantada and the Tenochtitlán Ejidal Commisariat (the " **Commisariat**") reached an agreement to settle the Tenochtitlán Ejido lawsuit commenced in 2011; however, eight dissenting Ejido members launched a suit against the Agrarian Attorney's Office and the Commisariat to nullify the election of the members of the Commisariat (the "**Dissenting Suit**"). Judicial approval of the settlement agreement is pending resolution of the Dissenting Suit.

On November 4, 2021, the Company's board of directors approved and declared a quarterly common share dividend of $0.0049 per share, payable on or about November 30, 2021, to common shareholders of record at the close of business on November 17, 2021.

On December 31, 2021, Raymond Polman retired from his position as Chief Financial Officer of the Company.

On December 31, 2021, Douglas Penrose resigned as Chair of the Board.

2022

On January 1, 2022, Thomas Fudge, Jr. was appointed Chair of the Board.

On January 18, 2022, the Company announced that Andrew Poon, Vice President of Finance of the Company, was appointed as Interim Chief Financial Officer of the Company.

On March 10, 2022, the Company's board of directors approved and declared a quarterly common share dividend of $0.0079 per share, payable on or about April 4, 2022, to common shareholders of record at the close of business on March 21, 2022.

In March 2022, the Share Repurchase Program was renewed. Pursuant to the renewed Share Repurchase Program, the Company is authorized to repurchase up to 10,000,000 Common Shares during the period from March 22, 2022, until March 21, 2023, which represents approximately 3.8% of the 260,181,674 issued and outstanding shares of the Company as of March 9, 2022. During the year ended December 31, 2022, the Company repurchased an aggregate of 100,000 common shares at an average price of CDN $8.52 per share as part of the Share Repurchase Program.

On March 28, 2022, David Soares was appointed Chief Financial Officer of the Company.

On March 31, 2022, the Company amended its senior secured revolving credit facility with the Bank of Nova Scotia, Bank of Montreal and Toronto Dominion Bank by extending the maturity date from November 30, 2022, to March 31, 2025, and increasing the credit limit from $50.0 million to $100.0 million. Interest on the drawn balance will accrue at the Secured Overnight Financing Rate plus an applicable range of 2.25% to 3.5% per annum while the undrawn portion is subject to a standby fee with an applicable range of 0.563% to 0.875% per annum, dependent on certain financial parameters of the Company.

At the Company's annual general meeting held on May 26, 2022, Raymond Polman was newly elected as a director of the Company.

In June 2022, following the completion of tax audits, conclusive agreements with the SAT were signed by Corporación First Majestic S.A. de C.V. ("**CFM**") and First Majestic Plata S.A. de C.V. (" **FMP**") through Mexico's Office of the Taxpayer Ombudsman (" **PRODECON**") to settle an uncertain tax position concerning Mexican back-to-back loan provisions. The provisions were originally conceived from an anti-avoidance rule and a literal interpretation of the rules would convert most debt financing in Mexico into back-to-back loans. The back-to-back loan provisions establish that interest expense derived from back-to-back loans can be recharacterized as dividends resulting in significant changes to the tax treatment of interest, including withholding taxes. As a result of this recharacterization and in accordance with the conclusive agreement, CFM and FMP made one-time payments of approximately $21.3 million and $6.3 million in fiscal 2022 which have been recognized as current tax expense during the year. In addition to the payment made, CFM agreed to surrender certain tax loss carry forwards resulting in a deferred tax expense of approximately $55.7 million.

On July 20, 2022, the Company entered into an equity distribution agreement with BMO Capital Markets Corp. and TD Securities (USA) LLC pursuant to which the Company sold an aggregate of 11,269,634 Common Shares for aggregate gross proceeds to the Company of approximately US$100 million (the "**2022 ATM Offering**"). The 2022 ATM Offering was made by way of a prospectus supplement dated July 20, 2022. Sales of Common Shares were made through "at-the-market distributions" as defined in NI 44-102, by means of ordinary brokers' transactions on the NYSE at prevailing market prices. No offers or sales of Common Shares were made in Canada on the TSX or other trading markets in Canada. The Company completed distributions under the 2022 ATM Offering on January 13, 2023.

On August 4, 2022, and November 9, 2022, the Company announced that its board of directors had approved the declaration of its quarterly common share dividend of US$0.0061 per share for the second and third quarters of 2022, respectively.

On August 23, 2022, and November 1, 2022, the Company announced drill results from its ongoing exploration program at Jerritt Canyon.

In November 2022, the Company announced that it had entered into a royalty purchase agreement to sell a portfolio of its royalty interests to Metalla Royalty & Streaming Ltd. (NYSE American: MTA) (TSXV: MTA) for a total consideration of $20.0 million in common shares of Metalla. Total consideration consisted of 4,168,056 Metalla shares at a deemed price of $4.7984 per share based on a 25-day volume-weighted average price on the NYSE American Exchange. The transaction was successfully closed in December 2022.

2023 to Date

On February 23, 2023, the Company entered into an equity distribution agreement (the " **2023 Sales Agreement**") with BMO Capital Markets Corp. and TD Securities (USA) LLC pursuant to which the Company may, at its discretion and from time-to-time until June 18, 2023, sell, through BMO Capital Markets Corp. and TD Securities (USA) LLC, such number of Common Shares as would result in aggregate gross proceeds of up to $100 million. Sales of Common Shares are to be made through "at-the-market distributions" as defined in NI 44-102, including sales made directly on the NYSE, or any other recognized marketplace upon which the Common Shares are listed or quoted or where the Common Shares are traded in the United States.

In March 2023, the Share Repurchase Program was renewed. Pursuant to the renewed Share Repurchase Program, the Company is authorized to repurchase up to 5,000,000 Common Shares during the period from March 22, 2023, until March 21, 2024, which represents approximately 1.83% of the 274,479,942 issued and outstanding shares of the Company as of March 10, 2023.

On March 20, 2023, the Company announced that it is taking action to reduce overall costs by reducing investments, and temporarily suspending all mining activities and reducing its workforce at the Jerritt Canyon Gold Mine in Nevada. During the 22 months following the acquisition of the mine, the Company was focused on increasing underground mining rates in order to sustainably feed the processing plant at a minimum of 3,000 tpd in order to generate free cash flow as the Company's plans suggested. Despite these efforts, mining rates remained below this threshold and cash costs per ounce remained higher than anticipated primarily due to ongoing challenges such as contractor inefficiencies and high costs, inflationary cost pressures, lower than expected head grades and multiple extreme weather events affecting northern Nevada, which compounded conditions and caused material headwinds for the operation.

On March 29, 2023 the Company completed the sale of all of the shares of La Guitarra Compañia S.A. de C.V., its wholly owned subsidiary which owns the La Guitarra Silver Mine located in the Temascaltepec mining district, Mexico State to Sierra Madre Gold & Silver Ltd. ("Sierra Madre") (SM: TSX.V) for total consideration of $35 million (the "Transaction") following the receipt of approval from the Comisión Federal de Competencia Económica (COFECE) and the TSX Venture Exchange as well as the completion of other customary closing conditions. Total consideration consisted of 69,063,076 Sierra Madre shares at a deemed price of CDN$0.65 per Sierra Madre Share, having an aggregate value of $35 million. First Majestic was also granted a 2% net smelter return royalty ("NSR") on all mineral production from the La Guitarra concessions, with the NSR subject to a 1% buy-back option for $2 million.

Principal Markets for Silver and Gold

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

Product fabrication and bullion investment are two principal sources of gold demand. Gold bullion is held as an asset class for a variety of reasons, including as a store of value and a safeguard against the collapse of paper assets such as stocks, bonds and other financial instruments that are traded in fiat currencies not exchangeable into gold (at a fixed rate) under a "gold standard", as a hedge against future inflation and for portfolio diversification. Governments, central banks and other official institutions hold significant quantities of gold as a component of exchange reserves. Within the fabrication category, there are a wide variety of end uses, the largest of which is the manufacture of jewelry. Other fabrication purposes include official coins, electronics, miscellaneous industrial and decorative uses, dentistry, medals and medallions.
Silver and gold are global commodities predominantly traded on the London Bullion Market (" **LBM**"), an over-the-counter market and the COMEX, a futures and options exchange in New York, where most fund activity in relation to silver is focused. The LBM is the global hub of over-the-counter trading in silver and gold and is the metal's main physical market. Here, a bidding process results in a daily reference price known as the fix. Silver and gold are quoted in US dollars per troy ounce. The Company assigns silver and gold from its doré sales primarily to one major metal broker. The Company also has streaming obligations for gold and silver from its Santa Elena and San Dimas mines, respectively, which are settled directly with the streaming companies, not through its banking relationships.

Silver can be supplied as a primary product from mining silver, or as a by-product from the mining of gold or base metals such as lead and zinc. The Company is a primary silver producer with approximately 38% of its revenue in 2022 from the sale of silver and approximately 62% of its revenue in 2022 from the sale of gold.

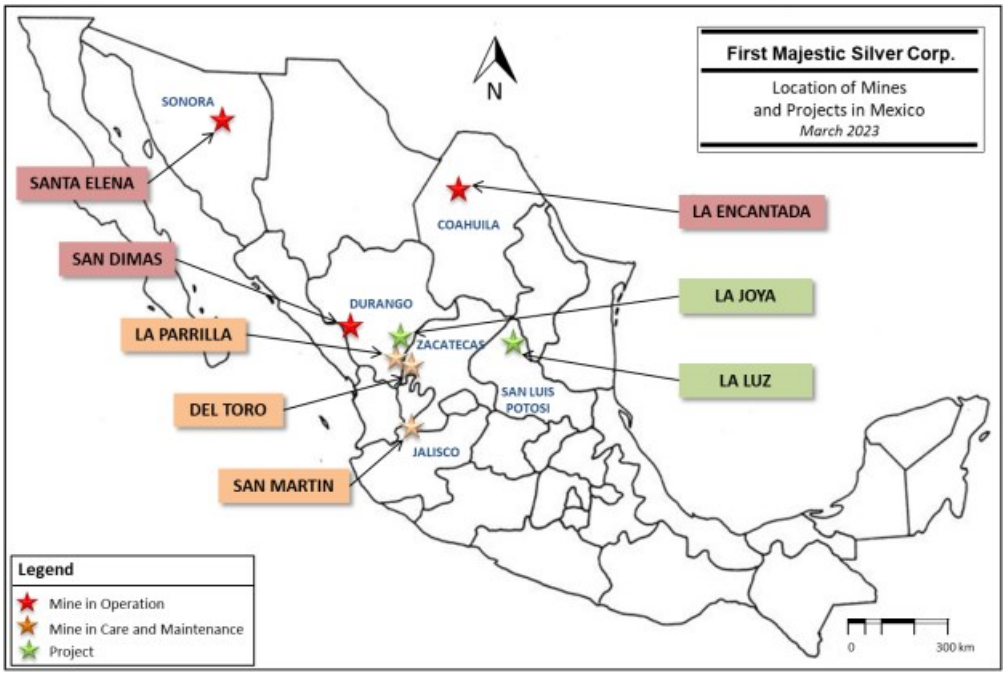
The Company also maintains an e-commerce website from which it sells a portion of its silver production directly to retail buyers (business to consumer) over the internet as high quality 0.999-fine silver rounds, ingots, bars and medallion sets. In 2022, these bullion product sales totalled approximately 4.2% of the Company's silver production. See "Product Marketing and Sales".

Mineral Properties

The following properties are material to First Majestic's business: the San Dimas Silver/Gold Mine; the Santa Elena Silver/Gold Mine, the La Encantada Silver Mine, and the Jerritt Canyon Gold Mine.

Production estimates and throughputs for operating mines are quoted as metric tonnes related to the tonnes per day ("tpd") capacity of the mine and mill. Production estimates and throughput averages for each mine consider an average of two days of maintenance per month. Annual estimates of production are based on an average of 365 calendar days per year for each of the operating mines, and these mines generally operate 330 days per year even though the throughput rates are based on 365 calendar days average.

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





Summary of Mineral Resources and Mineral Reserves Estimates

The internal Mineral Resources and Mineral Reserves estimates reported herein represent the most up to date revisions completed by First Majestic. Readers are cautioned against relying upon the Resource and Reserve estimates herein, as these estimates are based on certain assumptions regarding future events and performance such as: commodity prices, operating costs, taxes, metallurgical performance, and commercial terms. Interpretations and Resource and Reserve estimates are based on limited sampling information. The following tables set out the Company's Mineral Reserves and Mineral Resources Estimates as of December 31, 2022.

In general, the consolidated Mineral Reserves for First Majestic, with an effective date of December 31, 2022, have decreased 14% in terms of tonnage, decreased 2% in terms of silver metal content, and decreased 41% in terms of gold metal content compared to the prior estimate of December 31, 2021, primarily due to: the Company's determination in March 2023 that the previously reported Mineral Reserves at the Jerritt Canyon mine were no longer current due to economic factors and as a result the Company decided to temporarily suspend mining activities at the mine effective March 20, 2023. Accordingly the Company is reporting Mineral Resources only for the Jerritt Canyon mine. The effect of depletion as normal course of mining at the Company’s ongoing operations enlarged by the record production in Santa Elena with the Ermitaño mine surpassing its budgeted metal output, and considers the assessment of recent technical and economic data.

TABLE 1
Mineral Reserve Estimates for the Material Properties with an Effective Date of December 31, 2022,
Prepared under the supervision of Ramon Mendoza Reyes, P.Eng.

MINE	Mineral	Tonnage	Grades			Metal Content		
Category	Type	k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
SAN DIMAS								
Proven (UG)	Sulphides	2,612	278	3.51	571	23,330	295	47,910
Probable (UG)	Sulphides	1,699	265	3.03	518	14,470	166	28,270
Total Proven and Probable (UG)	**Sulphides**	**4,311**	**273**	**3.32**	**550**	**37,800**	**460**	**76,180**
SANTA ELENA								
Proven (UG - Ermitano)	Sulphides	274	36	3.40	453	310	30	3,990
Proven (UG - Santa Elena)	Sulphides	222	134	1.31	228	960	9	1,620
Probable (UG - Ermitano)	Sulphides	2,265	59	3.35	470	4,280	244	34,200
Probable (UG - Santa Elena)	Sulphides	890	152	1.17	235	4,350	34	6,730
Probable (Pad)	Oxides	188	31	0.55	70	190	3	420
Total Proven and Probable (UG+Pad)	**Oxides + Sulphides**	**3,839**	**82**	**2.59**	**381**	**10,090**	**320**	**46,960**
LA ENCANTADA								
Probable (UG)	Oxides	3,192	133	-	133	13,610	-	13,610
Total Probable (UG)	**Oxides**	**3,192**	**133**	**-**	**133**	**13,610**	**-**	**13,610**
Consolidated FMS								
Proven (UG)	**All mineral types**	**3,107**	**246**	**3.35**	**536**	**24,600**	**334**	**53,520**
Probable (UG)	**All mineral types**	**8,235**	**139**	**1.69**	**314**	**36,900**	**446**	**83,230**
Total Proven and Probable	**All mineral types**	**11,342**	**169**	**2.14**	**375**	**61,500**	**781**	**136,750**

(1) Mineral Reserves have been classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.
(2) The Mineral Reserve statement provided in the table above has an effective date of December 31, 2022. The Mineral Reserve estimates were prepared under the supervision of Ramón Mendoza Reyes, PEng, and a Qualified Person ("QP") for the purposes of NI 43-101 who has the appropriate relevant qualifications, and experience in mining and mineral reserves estimation.
(3) The Mineral Reserves were estimated from the Measured and Indicated portions of the Mineral Resource estimates. Inferred Mineral Resources were not considered to be converted into Mineral Reserves.
(4) Silver-equivalent grade (Ag-Eq) is estimated considering metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the selling contract.
(a) The Ag-Eq grade formula used was:
Ag-Eq Grade = Ag Grade + Au Grade * (Au Recovery * Au Payable * Au Price) / (Ag Recovery * Ag Payable * Ag Price).
(b) Metal prices considered for Mineral Reserves estimates were $21.50/oz Ag and $1,750/oz Au for all sites.
(c) Other key assumptions and parameters include: metallurgical recoveries; metal payable terms; direct mining costs, processing costs, indirect and G&A costs and sustaining costs. These parameters are different for each mine and mining method assumed and are presented in each mine section of the 2022 AIF.
(5) A two-step constraining approach has been implemented to estimate reserves for each mining method in use: A General Cut-Off Grade (GC) was used to delimit new mining areas that will require development of access, infrastructure and all sustaining costs. A second Incremental Cut-Off Grade (IC) was considered to include adjacent mineralized material which recoverable value pays for all associated costs, including but not limited to the variable cost of mining and processing, indirect costs, treatment, administration costs and plant sustaining costs but excludes the access development assumed to be covered by the block above the GC grade.
(6) The cut-off grades, metallurgical recoveries, payable terms and modifying factors used to convert Mineral Reserves from Mineral Resources are different for all mines and are presented in each mine section in the 2022 AIF.
(7) Modifying factors for conversion of resources to reserves include consideration for planned dilution which is based on spacial and geotechnical aspects of the designed stopes and economic zones, additional dilution consideration due to unplanned events, materials handling and other operating aspects, and mining recovery factors. Mineable shapes were used as geometric constraints.
(8) Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces. Metal prices and costs are expressed in USD.
(9) Numbers have been rounded as required by reporting guidelines. Totals may not sum due to rounding.
(10) The technical reports from which the above-mentioned information is derived are cited under the heading "Technical Reports for Material Properties" in the 2021 AIF.

From December 31, 2021 to December 31, 2022, the Measured and Indicated Mineral Resource estimates for the Company's four Material Properties have decreased 1% in terms of tonnage, decreased 8% in terms of silver metal content and decreased 2% in terms of gold metal content as the result of mining depletion, partially offset by the exploration programs designed to sustain Mineral Resources, and the conversion of Inferred Resource estimates to measured and Indicated Resource estimates following infill drilling programs completed in 2022.

TABLE 2
Measured and Indicated Mineral Resource Estimates for the Material Properties,
Effective Date of December 31, 2022, prepared under the supervision of Ramon Mendoza Reyes, P.Eng.

Mine / Project Category / Area	Mineral Type	Tonnage k tonnes	Grades Ag (g/t)	 Au (g/t)	 Ag-Eq (g/t)	Metal Content Ag (k Oz)	 Au (k Oz)	 Ag-Eq (k Oz)
MATERIAL PROPERTIES								
SAN DIMAS								
Measured (UG)	Sulphides	2,391	444	5.85	940	34,160	450	72,220
Indicated (UG)	Sulphides	1,895	334	3.79	654	20,320	231	39,840
Total Measured and Indicated (UG)	**Sulphides**	**4,285**	**395**	**4.94**	**813**	**54,480**	**681**	**112,060**
SANTA ELENA								
Measured Ermitano (UG)	Sulphides	354	40	4.11	552	460	47	6,280
Measured Santa Elena (UG)	Sulphides	483	135	1.52	263	2,090	24	4,080
Indicated Ermitano (UG)	Sulphides	2,501	67	4.01	566	5,370	322	45,510
Indicated Santa Elena (UG)	Sulphides	1,490	157	1.47	280	7,510	70	13,440
Indicated (Leach Pad)	Oxides Spent Ore	190	34	0.61	85	210	4	520
Total Measured and Indicated (UG+Pad)	**All Mineral Types**	**5,018**	**97**	**2.89**	**433**	**15,640**	**467**	**69,830**
						-	-	
LA ENCANTADA								
Indicated (UG)	Oxides	4,176	165	-	165	22,200	-	22,200
Indicated Tailings Deposit No. 4	Oxides	2,459	119	-	119	9,410	-	9,410
Total Measured and Indicated (UG+Tailin	**All Mineral Types**	**6,635**	**148**	**-**	**148**	**31,610**	**-**	**31,610**
						-	-	
JERRITT CANYON							-	
Measured (UG)	Sulphides	4,988	-	5.61	463	-	900	74,320
Indicated (UG)	Sulphides	4,171	-	5.58	461	-	748	61,790
Indicated (OP)	Sulphides	180	-	4.00	330	-	23	1,910
Total Measured and Indicated (UG+OP)	**All Mineral Types**	**9,339**	**-**	**5.57**	**460**	**-**	**1,671**	**138,020**
							-	
SUBTOTAL MATERIAL PROPERTIES								
Total Measured	**All mineral types**	**8,215**	**139**	**5.38**	**594**	**36,710**	**1,420**	**156,900**
Total Indicated	**All mineral types**	**17,061**	**119**	**2.55**	**355**	**65,020**	**1,398**	**194,620**
Total Measured and Indicated	**All mineral types**	**25,277**	**125**	**3.47**	**433**	**101,730**	**2,818**	**351,520**

1. Mineral Resource estimates have been classified in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into National Instrument NI 43-101.
2. The Mineral Resource estimates provided above have an effective date of December 31, 2022. The estimates were prepared by FMS Internal QPs, who have the appropriate relevant qualifications, and experience in geology and resource estimation. The information provided was compiled by David Rowe, CPG, Internal QP for First Majestic, and reviewed by Ramon Mendoza Reyes, P.Eng., Internal QP for First Majestic.
3. Sample data was collected through a cut-off date of December 31, 2022, for the Material Properties. All properties account for relevant technical information and mining depletion through December 31, 2022.
4. Metal prices considered for Mineral Resources estimates were $23.00/oz Ag and $1,900/oz Au.
5. Silver-equivalent grade is estimated considering: metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the corresponding contract of each mine. Estimation details are listed in each mine section of the Annual Information Form (AIF).
6. The cut-off grades and cut-off values used to report Mineral Resources are different for all mines. The cut-off grades, values and economic parameters are listed in the applicable section describing each mine section of the AIF.
7. Measured and Indicated Mineral Resource estimates are inclusive of the Mineral Reserve estimates.
8. Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces. Totals may not add up due to rounding.
9. The technical reports from which the above-mentioned information for the material properties is derived are cited under the heading "Technical Reports for Material Properties" of the AIF.

From December 31, 2021 to December 31, 2022, the Inferred Mineral Resource estimates for the Company's four Material Properties increased by 7% in terms of tonnage, decreased 2% in terms of silver metal content and increased 14% in terms of gold metal content as a result of new expansionary drilling programs, the modelling of additional deposits, and the impact of changing metal prices on the economic parameters considered.

TABLE 3
Inferred Mineral Resource Estimates for the Material Properties,
Effective Date of December 31, 2022, prepared under the supervision of Ramon Mendoza Reyes, P.Eng.

Mine / Project Category / Area	Mineral Type	Tonnage k tonnes	Grades Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Metal Content Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
MATERIAL PROPERTIES								
SAN DIMAS								
Inferred Total (UG)	**Sulphides**	**4,256**	**306**	**3.57**	**609**	**41,930**	**489**	**83,300**
SANTA ELENA								
Inferred Ermitaño (UG)	Sulphides	2,851	84	2.93	449	7,720	269	41,190
Inferred Santa Elena (UG)	Sulphides	1,005	146	1.36	261	4,710	44	8,420
Inferred Total (UG)	**Sulphides**	**3,856**	**100**	**2.52**	**400**	**12,430**	**313**	**49,610**
LA ENCANTADA								
Inferred Total (UG)	Oxides	3,071	179	-	179	17,660	-	17,660
Inferred Inferred Tailings Deposit No. 4	Oxides	428	118	-	118	1,620	-	1,620
Inferred Total (UG + Tailings)	**All Mineral Types**	**3,499**	**171**	**-**	**171**	**19,280**	**-**	**19,280**
JERRITT CANYON								
Inferred Total (UG)	Sulphides	9,398	-	5.09	421	-	1,538	127,080
Inferred Total (OP)	Sulphides	150	-	3.89	322	-	19	1,550
Inferred Total (UG & OP)	**Sulphides**	**9,547**	**-**	**5.07**	**419**	**-**	**1,557**	**128,630**
Total Inferred Material Properties	**All mineral types**	**21,159**	**108**	**3.47**	**413**	**73,640**	**2,359**	**280,820**

1. Mineral Resource estimates have been classified in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into National Instrument NI 43-101.
2. The Mineral Resource estimates provided above have an effective date of December 31, 2022. The estimates were prepared by FMS Internal QPs, who have the appropriate relevant qualifications, and experience in geology and resource estimation. The information provided was compiled by David Rowe, CPG, Internal QP for First Majestic, and reviewed by Ramon Mendoza Reyes, P.Eng., Internal QP for First Majestic.
3. Sample data was collected through a cut-off date of December 31, 2022, for the Material Properties. All properties account for relevant technical information and mining depletion through December 31, 2022.
4. Metal prices considered for Mineral Resources estimates were $23.00/oz Ag and $1,900/oz Au.
5. Silver-equivalent grade is estimated considering metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the corresponding contract of each mine. Estimation details are listed in each mine section of the Annual Information Form (AIF).
6. The cut-off grades and cut-off values used to report Mineral Resources are different for all mines. The cut-off grades, values and economic parameters are listed in the applicable section describing each mine section of the AIF.
7. Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces. Totals may not add up due to rounding.
8. The technical reports from which the above-mentioned information for the material properties is derived are cited under the heading "Technical Reports for Material Properties" of the AIF.

The San Martin, La Parrilla, and Del Toro mines are currently in temporary suspension of production activities and are considered non-material properties. The Mineral Resources estimates shown below for the non-material properties have an effective date of December 31, 2020.

TABLE 4
Measured and Indicated Mineral Resource Estimates for the Non-Material Properties, prepared under the supervision of Ramon Mendoza Reyes, P.Eng.

Mine / Project	Mineral Type	Tonnage	Grades						Metal Content			
Category / Area		k tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Pb (M lb)	Zn (M lb)	Ag-Eq (k Oz)
NON-MATERIAL PROPERTIES												
SAN MARTIN												
Measured (UG)	Oxides	70	221	0.40	-	-	255	500	0.9	-	-	580
Indicated (UG)	Oxides	958	277	0.53	-	-	321	8,520	16.3	-	-	9,890
Total Measured and Indicated (UG)	**Oxides**	**1,028**	**273**	**0.52**	**-**	**-**	**317**	**9,020**	**17.2**	**-**	**-**	**10,470**
LA PARRILLA												
Measured (UG)	Sulphides	15	193	-	1.27	1.27	250	90	-	0.4	0.4	120
Indicated (UG)	Sulphides	1,028	193	0.07	1.78	1.62	277	6,370	2.4	40.3	36.6	9,160
Indicated (UG)	Oxides	76	270	0.09	-	-	278	660	0.2	-	-	680
Total Measured and Indicated (UG)	**Oxides + Sulphides**	**1,119**	**198**	**0.07**	**1.65**	**1.50**	**277**	**7,120**	**2.6**	**40.7**	**37.0**	**9,960**
DEL TORO												
Indicated (UG)	Sulphides	440	193	0.53	3.52	5.75	414	2,720	7.4	34.2	55.7	5,850
Indicated (UG)	Oxides + Transition	153	226	0.15	4.97	-	351	1,110	0.7	16.7	-	1,720
Total Measured and Indicated (UG)	**All Mineral Types**	**592**	**201**	**0.43**	**3.90**	**4.27**	**398**	**3,830**	**8.1**	**50.9**	**55.7**	**7,570**
TOTAL NON-MATERIAL PROPERTIES												
Total Measured	**All mineral types**	**85**	**216**	**0.33**	**0.22**	**0.22**	**254**	**590**	**0.9**	**0.4**	**0.4**	**700**
Total Indicated	**All mineral types**	**2,654**	**227**	**0.32**	**0.69**	**0.63**	**320**	**19,380**	**27.0**	**91.1**	**92.4**	**27,300**
Total Measured and Indicated	**All mineral types**	**2,739**	**227**	**0.32**	**0.67**	**0.62**	**318**	**19,970**	**27.9**	**91.5**	**92.8**	**28,000**

1. Mineral Resource estimates have been classified in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into National Instrument NI 43-101.
2. The Mineral Resource estimates for the other non-material properties were updated December 31, 2020. The estimates were prepared by FMS Internal QPs, who have the appropriate relevant qualifications, and experience in geology and resource estimation. The information provided was compiled by David Rowe, CPG, Internal QP for First Majestic, and reviewed by Ramon Mendoza Reyes, P.Eng., Internal QP for First Majestic.
3. Sample data was collected through a cut-off date of December 31, 2020, for the three non-material properties.
4. Metal prices considered for Mineral Resources estimates of the other three non-material properties on December 31, 2020, were $22.50/oz Ag, $1,850/oz Au, $0.90/lb Pb and $1.05/lb Zn.
5. Silver-equivalent grade is estimated considering: metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the corresponding contract of each mine.
6. The cut-off grades and cut-off values used to report Mineral Resources are different for all mines. The cut-off grades, values and economic parameters are listed in the applicable section describing each mine section of the AIF.
7. Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces. Totals may not add up due to rounding.

TABLE 5
Inferred Mineral Resource Estimates for the Non-Material Properties,
prepared under the supervision of Ramon Mendoza Reyes, P.Eng.

Mine / Project Category / Area	Mineral Type	Tonnage k tonnes	Grades						Metal Content			
			Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Pb (M lb)	Zn (M lb)	Ag-Eq (k Oz)
NON-MATERIAL PROPERTIES												
SAN MARTIN												
Inferred Total (UG)	**Oxides**	**2,533**	**226**	**0.36**	**-**	**-**	**256**	**18,400**	**29.3**	**-**	**-**	**20,870**
LA PARRILLA												
Inferred (UG)	Sulphides	393	200	0.08	-	-	207	2,530	1.0	-	-	2,610
Inferred (UG)	Oxides	1,028	215	0.09	1.56	1.91	299	7,090	3.1	35.4	43.3	9,890
Inferred Total (UG)	**Oxides + Sulphides**	**1,421**	**211**	**0.09**	**1.13**	**1.38**	**274**	**9,620**	**4.1**	**35.4**	**43.3**	**12,500**
DEL TORO												
Inferred (UG)	Sulphides	496	185	0.25	3.08	2.73	322	2,950	4.0	33.7	29.8	5,130
Inferred (UG)	Oxides + Transition	690	182	0.08	3.74	-	273	4,030	1.7	56.8	-	6,050
Inferred Total (UG)	**All Mineral Types**	**1,186**	**183**	**0.15**	**3.46**	**1.15**	**293**	**6,970**	**5.7**	**90.5**	**30.1**	**11,180**
Total Inferred Non-Material Properties	**All mineral types**	**5,140**	**212**	**0.24**	**1.11**	**0.65**	**270**	**34,990**	**39.1**	**125.9**	**73.4**	**44,550**

1. Mineral Resource estimates have been classified in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into National Instrument NI 43-101.
2. The Mineral Resource estimates for the other non-material properties were updated December 31, 2020. The estimates were prepared by FMS Internal QPs, who have the appropriate relevant qualifications, and experience in geology and resource estimation. The information provided was compiled by David Rowe, CPG, Internal QP for First Majestic, and reviewed by Ramon Mendoza Reyes, P.Eng., Internal QP for First Majestic.
3. Sample data was collected through a cut-off date of December 31, 2020, for the three non-material properties.
4. Metal prices considered for Mineral Resources estimates of the other three non-material properties on December 31, 2020, were $22.50/oz Ag, $1,850/oz Au, $0.90/lb Pb and $1.05/lb Zn.
5. Silver-equivalent grade is estimated considering: metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the corresponding contract of each mine.
6. The cut-off grades and cut-off values used to report Mineral Resources are different for all mines. The cut-off grades, values and economic parameters are listed in the applicable section describing each mine section of the AIF.
7. Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces. Totals may not add up due to rounding.

Technical Reports for Material Properties

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

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

2. Technical Report titled "First Majestic Silver Corp., Santa Elena Silver/Gold Mine, Sonora, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates", with an effective date of June 30, 2021, and prepared by Mr. Ramon Mendoza Reyes, P.Eng., Mr. Phillip Spurgeon, P.Geo., Ms. Maria Elena Vazquez, P.Geo. and Mr. Persio P. Rosario, P. Eng.;

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

4. Technical Report titled "Technical Report on the Jerritt Canyon Mine, Elko County, Nevada, USA" with an effective date of December 31, 2020, and prepared by Mr. Ryan Rodney, C.P.G., Mr. Gordon L. Fellows, P.E., Ms. Chelsea Hamilton, P.Eng., Mr. Andrew P. Hampton, M.Sc., P.Eng., and Mr. Jeremy Scott Collyard, MMSA QP.

   (Items 1-4 collectively referred to as the " **Technical Reports**")

The following table shows the total tonnage mined from each of the Company's producing properties during 2022, including ounces of silver and ounces of gold produced from each property and the tonnage mined from Mineral Reserves at each property. A portion of the production from each mine came from material other than Reserves, as set out below under the heading "Material Mined from Areas Not in Reserves".

TABLE 6
First Majestic 2022 Production

	Units	SAN DIMAS	SANTA ELENA	LA ENCANTADA	JERRITT CANYON	TOTAL
Ore Processed	Tonnes	787,636	851,973	1,025,172	804,206	**3,468,987**
Material from Reserves Mined and Processed	Tonnes	671,888	851,720	11,377	587,106	**2,122,091**
Material Mined from Areas Not In Reserves	Tonnes	115,748	253	1,013,795	217,100	**1,346,896**
Silver Produced	Ounces	6,201,090	1,229,612	3,091,349	0	**10,522,051**
Gold Produced	Ounces	80,814	94,684	413	72,483	**248,394**
Silver-Equivalent Produced from Gold (1)	Ounces	6,756,736	7,917,603	34,412	6,022,118	**20,730,869**
Silver-Equivalent Produced	Ounces	12,957,826	9,147,215	3,125,761	6,022,118	**31,252,920**

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

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

Project Description, Location, and Access

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

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

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

First Majestic is party to a purchase (streaming) agreement with Wheaton Precious Metals which entitles Wheaton Precious Metals to receive 25% of the gold equivalent production from the San Dimas mine converted at a fixed exchange ratio of silver to gold at 70 to 1 in exchange for ongoing payments equal to the lesser of $623 (as of December 2022 and subject to a 1% annual inflation adjustment) and the prevailing market price, for each gold equivalent ounce delivered under the agreement. The exchange ratio includes a provision to adjust the gold to silver ratio if the average gold to silver ratio moves above or below 90:1 or 50:1, respectively, for a period of six months.

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

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

History

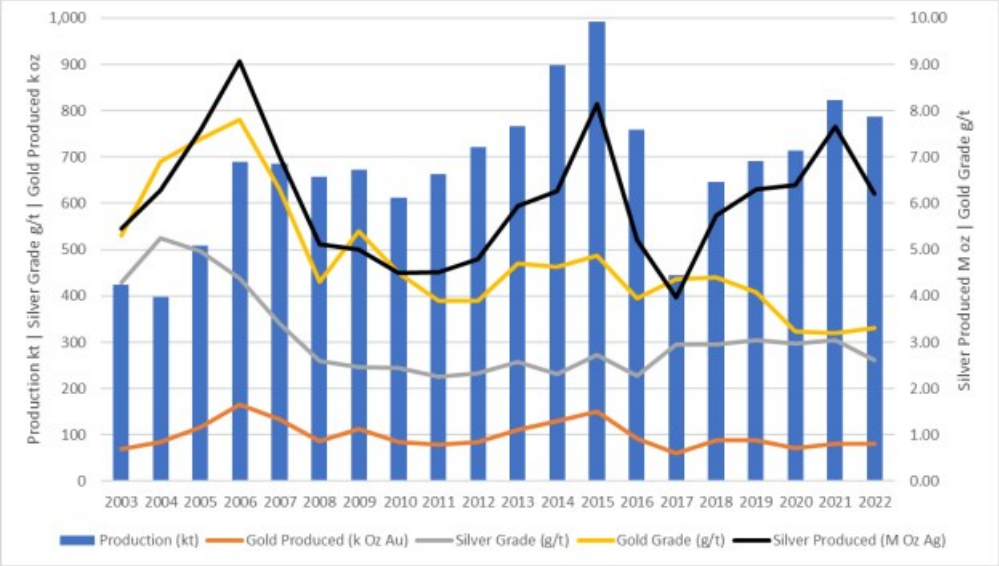
The San Dimas mine area contains a series of epithermal gold silver veins that have been mined intermittently since 1757. Modern mining began in the 1880s and has continued under numerous different owners to the present.

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

Historical production through December 2021 from the San Dimas district is estimated at more than 756 Moz of silver and more than 11.1 Moz of gold, placing the district third in Mexico for precious metal production after Pachuca and Guanajuato. The majority of this production was prior to First Majestic's acquisition of the property in 2018. The average production rate by First Majestic during 2019-2021 at the San Dimas Mine was 2,034 tpd.

Historical production from 2003 to 2022 for the San Dimas mine is shown in Figure 2.

Figure 2: San Dimas Production from 2003 to 2022



Geological Setting, Mineralization and Deposit Types

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

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

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

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

Exploration

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

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

The most important exploration strategy at San Dimas has been underground mine tunnelling. Tunnelling consists of advancing mine development to the north at the preferred elevation to intersect quartz veins mapped at surface. This method discovered veins with no surface exposure, such as the Jessica vein, which currently is a major contributor to silver and gold production with approximately 40% of the metal produced. This exploration strategy has been used at San Dimas by all property owners after Luismin, resulting in more than 500 km of underground mine development.

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

Drilling

Since 1975 the exploration drilling strategy has focused on diamond drilling perpendicular to the preferred vein orientation within the mine zones. Drilling is predominantly done from underground stations, as the rugged topography and the great drilling distance from surface locations to the targets makes surface drilling challenging and expensive. Over 1,222,000 m of core drilling has been completed since 2000, and from 2018 through December 2022, more than 393,000 m of drilling were completed.

Sampling, Analysis and Data Verification

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

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

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

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

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

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

Before 2018 samples submitted to San Dimas Laboratory were analyzed for gold using a 10 g fire assay (FA) with a gravimetric finish. Since 2018, samples submitted to the San Dimas Laboratory are analyzed for gold using a 30 g fire assay atomic absorption spectroscopy method (FA-AAS) and by gravimetric finish if the doré bead is greater than 12 mg. Silver is determined using 30 g FA gravimetric finish (FAGR). Between 2013 and 2018, and from May 2021 to December 2021, samples sent to SGS Durango were analyzed for gold by a 30 g FA-AAS method. Samples returning >10 g/t Au were reanalyzed by a 30 g FAGR method. Silver was analyzed by a 2 g, three-acid digestion AAS method. Silver values >300 g/t were analyzed by a 30 g FAGR method. A multi-element suite was analyzed by a 0.25 g, aqua regia digestion inductively coupled plasma (ICP) optical emission spectroscopy (OES) method.

Samples submitted to the Central Laboratory are analyzed for gold by a two-acid digestion AAS method. Samples with gold values >10 g/t are reanalyzed by a 30 g, FAGR method. Silver values are determined using a 2 g, three-acid digestion AAS method. Samples with silver values >200 g/t are analyzed by a 30 g FAGR method. All exploration samples are analysed by a two-acid multi-element ICP OES method.

There is limited information as to whether a formal quality assurance and quality control (QA/QC) program was in place prior to 2013. From 2013 to 2018, the QA/QC program for the San Dimas Laboratory samples included insertion of a standard reference material (SRM) and a blank in every batch of 20 samples. From 2013 to 2018, the QA/QC program for samples submitted to SGS included insertion of a SRM and a blank in every batch of 20 samples. In 2013, 5% of the coarse reject and pulp duplicates from core samples were randomly selected for analysis at SGS and 5% of pulp checks from core samples were analyzed at ALS. In 2019, PEM revised the QA/QC program to include insertion of three CRM samples and three blanks in every batch of 50 channel samples analyzed at the San Dimas Laboratory and one CRM and two blanks in every batch of 26 drill core and channel check samples submitted to the Central Laboratory. In 2021, the QA/QC program included 6% of field duplicates, coarse duplicates and pulp duplicates, 6% of CRMs and 4% of coarse and pulp blanks inserted in samples submitted to Central Laboratory and SGS.

Data verification conducted to support the 2021 Mineral Resource Estimate included a review of drill hole and channel sample data collected for several veins (the verification dataset) and included data transcription error checks for assay results, drill hole collar and channel location checks, downhole survey deviation checks, visual inspection of core, and an assessment of accuracy and contamination of primary and check channel samples for silver and gold.

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

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

Mineral Processing and Metallurgical Testing

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

Due to the purity of the San Dimas doré, which exceeds 98% silver and gold, no penalties are applied by the refineries for the presence of other heavy metals.

Summary of Mineral Resource and Mineral Reserve Estimates

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

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

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

The Mineral Resource estimates were classified into Measured, Indicated, or Inferred categories that considered confidence in the geological interpretation and models, confidence in the continuity of metal grades, and the sample support for the estimation and reliability of the sample data. Blocks were flagged to be considered for the Measured category if the nominal drill hole spacing from the nearest 3 drill holes was <15 m or the blocks were within 15 m of a mined development with production channel samples and geological control. Blocks were flagged to be considered for the Indicated category if the nominal drill hole spacing was <30 m or the blocks were within 30 m of a mined development with production channel samples and geological control. Blocks were flagged to be considered for the Inferred category if the nominal drill hole spacing was <60 m.

The Mineral Resource estimates for San Dimas are summarized in Table 7 and Table 8 using a silver equivalent (Ag-Eq) cut-off grade of 190 g/t. Measured and Indicated Mineral Resources are reported inclusive of Mineral Reserves and have an effective date of December 31, 2022. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 7: San Dimas Measured and Indicated Mineral Resource Estimate (effective date December 31, 2022)

Category / Area	Mineral Type	Tonnage	Grades			Metal Content		
		ktonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Measured Central Block	Sulphides	1,606	462	6.18	984	23,830	319	50,820
Measured Sinaloa Graber	Sulphides	589	434	5.72	918	8,220	108	17,400
Measured Other Areas	Sulphides	196	334	3.57	636	2,110	22	4,010
Total Measured	**Sulphides**	**2,391**	**444**	**5.85**	**940**	**34,160**	**449**	**72,230**
Indicated Central Block	Sulphides	830	307	3.9	637	8,210	104	17,010
Indicated Sinaloa Graben	Sulphides	316	331	4.07	676	3,370	41	6,870
Indicated Tayoltita	Sulphides	131	374	4.66	768	1,570	20	3,230
Indicated Other Areas	Sulphides	617	362	3.31	641	7,180	66	12,730
Total Indicated	**Sulphides**	**1,895**	**334**	**3.79**	**654**	**20,330**	**231**	**39,840**
M+I Central Block	Sulphides	2,436	409	5.4	866	32,030	423	67,830
M+I Sinaloa Graben	Sulphides	906	398	5.15	834	11,590	150	24,270
M+I Tayoltita	Sulphides	131	374	4.66	768	1,570	20	3,220
M+I Other Areas	Sulphides	813	355	3.37	640	9,290	88	16,740
Total M+I	**Sulphides**	**4,285**	**395**	**4.94**	**813**	**54,480**	**681**	**112,060**

Table 8: San Dimas Inferred Mineral Resource Estimate (effective date December 31, 2022)

Category / Area	Mineral Type	Tonnage	Grades			Metal Content		
		ktonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Inferred Central Block	Sulphides	1,385	289	3.73	604	12,850	166	26,890
Inferred Sinaloa Graben	Sulphides	663	428	5.53	897	9,130	118	19,120
Inferred Tayoltita	Sulphides	314	316	3.89	645	3,200	39	6,520
Inferred Other Areas	Sulphides	1,895	275	2.72	505	16,750	166	30,780
Total Inferred	**Sulphides**	**4,256**	**306**	**3.57**	**609**	**41,930**	**489**	**83,310**

1. *Mineral Resources have been classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.*
2. *The Mineral Resources information provided above is based on internal estimates prepared as of December 31, 2021. The information provided was reviewed and prepared By Mizrain Sumoza under the supervision of Joaquin Merino, PGeo, QP Geology for FMS, who has the appropriate relevant qualifications, and experience in geology and resource estimation.*
3. *Silver-equivalent grade is estimated considering: metal price assumptions, metallurgical recovery and the metal payable terms.*
   Ag-Eq = Ag Grade + (Au Grade x Au Recovery x Au Payable x Au Price) / (Ag Recovery x Ag Payable x Ag Price).
4. *Metal prices considered for Mineral Resources estimates were $23.00/oz Ag and $1,900/oz Au.*
5. *Metallurgical recovery used was 94.4% for silver and 96.1% for gold.*
6. *Metal payable used was 99.95% for silver and gold.*
7. *Cut-off grade considered to constraint resources assuming an underground operation was 165 g/t Ag-Eq and was based on actual and budgeted operating and sustaining costs.*
8. *Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces.*
9. *Totals may not add up due to rounding.*
10. *Measured and Indicated Mineral Resources are reported inclusive of Mineral Reserves.*

Factors that may materially impact the Mineral Resource estimates include: changes to the assumptions used to generate the silver-equivalent grade cut-off grade including metal price and exchange rates; changes to interpretations of mineralization geometry and continuity; changes to geotechnical, mining, and metallurgical recovery assumptions; assumptions as to the continued ability to access the site, retain mineral and surface rights titles, maintain environment and other regulatory permits, and maintain the social license to operate.

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

The San Dimas Mineral Reserves are presented in Table 9.

Table 9: San Dimas Mineral Reserves Estimates (Effective Date December 31, 2022)

Category / Area	Mineral Type	Tonnage	Grades			Metal Content		
		kt	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Proven Central Block	Sulphides	1,745	287	3.66	592	16,090	205.1	33,190
Proven Sinaloa Graben	Sulphides	697	256	3.30	531	5,730	74.0	11,900
Proven Other Areas	Sulphides	170	276	2.89	517	1,510	15.8	2,820
Total Proven	**Sulphides**	**2,612**	**278**	**3.51**	**571**	**23,330**	**294.9**	**47,910**
Probable Central Block	Sulphides	601	285	3.69	592	5,500	71.3	11,440
Probable Sinaloa Graben	Sulphides	328	249	3.06	505	2,630	32.3	5,330
Probable Tayoltita	Sulphides	109	300	3.75	613	1,050	13.2	2,150
Probable Other Areas	Sulphides	660	249	2.29	440	5,290	48.7	9,350
Total Probable	**Sulphides**	**1,699**	**265**	**3.03**	**518**	**14,470**	**165.5**	**28,270**
P+P Central Block	Sulphides	2,346	286	3.66	592	21,590	276.4	44,630
P+P Sinaloa Graben	Sulphides	1,025	254	3.23	522	8,360	106.3	17,230
P+P Tayoltita	Sulphides	109	300	3.75	613	1,050	13.2	2,150
P+P Other Areas	Sulphides	830	255	2.42	456	6,800	64.5	12,170
Total P+P	**Sulphides**	**4,311**	**273**	**3.32**	**550**	**37,800**	**460.4**	**76,180**

(1) Mineral Reserves have been classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.

(2) The Mineral Reserve statement provided in the table above have an effective date of December 31, 2022, and are based on resource models prepared with drill-hole and production channel sample data collected with a cut-off date of December 31, 2022.

(3) The Mineral Reserves were estimated from the Measured and Indicated portions of the Mineral Resource estimate. Inferred Mineral Resources were not considered to be converted into Mineral Reserves.

(4) The Mineral Reserve estimates account for mining depletion through December 31, 2022.

The information provided was prepared and reviewed under the supervision of Ramón Mendoza Reyes, P.Eng., and a Qualified Person ("QP") for the purposes of NI 43-101.

(5) Silver-equivalent grade (Ag-Eq) is estimated considering metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the selling contract.

(a) The Ag-Eq grade formula used was:

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

(b) Metal prices considered for Mineral Reserves estimates were $21.50/oz Ag and $1,750/oz Au.

(c) Other key assumptions and parameters include: Metallurgical recoveries of 94.0% for silver, 96.3% for gold; metal payable of 99.95% for silver and for gold; direct mining costs of $57.10/t for Longhole and $67.50/t for Cut and Fill, processing costs of $37.30/t mill feed, indirect and G&A costs of $51.60/t and sustaining costs of $34.90/t for Longhole and Cut and Fill.

(6) A two-step constraining approach has been implemented to estimate reserves for each mining method in use: A General Cut-Off Grade (GC) was used to delimit new mining areas that will require development of access, infrastructure and all sustaining costs. A second Incremental Cut-Off Grade (IC) was considered to include adjacent mineralized material which recoverable value pays for all associated costs, including but not limited to the variable cost of mining and processing, indirect costs, treatment, administration costs and plant sustaining costs but excludes the access development assumed to be covered by the block above the GC grade.

(7) Modifying factors for conversion of resources to reserves include consideration for planned dilution due to geometric aspects of the designed stopes and economic zones, and additional dilution consideration due to unplanned events, materials handling and other operating aspects. Mineable shapes were used as geometric constraints.
(8) Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces. Metal prices and costs expressed in USD.
(9) Numbers have been rounded as required by reporting guidelines. Totals may not sum due to rounding.

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

Mining Operations

The San Dimas mine includes five underground gold and silver mining areas: West Block (San Antonio mine), Sinaloa Graben Block (Graben Block), Central Block, Tayoltita Block, and the Arana Hanging-wall Block (Santa Rita mine).
Mining activities are conducted by First Majestic and contractor personnel. Two mining methods are currently in use at San Dimas: Cut-and-Fill, and Longhole Stoping.

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

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

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

Processing and Recovery Operations

The processing plant at San Dimas has been successfully operating for several years and continuously achieves high levels of recoveries for silver and gold. The process is based on cyanide tank leaching and Merrill-Crowe of ground plant-feed to produce silver/gold doré bars. The installed plant capacity is for 3,000 tonnes per day. However, the current throughput levels are around 2,300 tonnes per day. The average feed contains head grades in the order of 260 g/t Ag and 3.3 g/t Au.

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

Infrastructure, Permitting and Compliance Activities

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

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

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

Electrical power is provided by a combination of First Majestic's own hydroelectric generation system (Las Truchas) and the Federal Power Commission supply system ("**CFE**"). First Majestic operates the hydroelectric generation plant, which is interconnected with the CFE power grid, and a series of back-up diesel generators for emergencies. During 2022, Las Truchas contributed approximately 50% of the site's energy requirements.

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

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

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

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

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

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

In February 2023, for the twelfth consecutive year, the San Dimas mine was awarded the Socially Responsible Company (" **ESR**") designation by the Mexican Center for Philanthropy ("**CEMEFI**").

Environmental liabilities for the operation are typical of those that would be expected to be associated with an operating underground precious metals mine, including the future closure and reclamation of mine portals and ventilation infrastructure, access roads, processing facilities, power lines, filtered tailings deposits and all surface infrastructure that supports the operations. Other potential liabilities include industrial water management, petroleum spills and carbon emissions from mobile equipment. The reclamation work carried out at San Dimas in 2022 includes continued conforming of terraces in the filtered tailings deposits in accordance with the design.

Capital and Operating Costs

The LOM plan includes estimates for sustaining capital expenditures for the planned mining and processing activities.
Sustaining capital expenditures will mostly be allocated for on-going development in waste, infill drilling, mine equipment rebuilding, equipment overhauls or replacements, plant maintenance and on-going refurbishing, and for tailings management facilities expansion as needed. Table 10 presents the summary of the sustaining and expansionary capital expenditures.

Table 10: San Dimas Mining Capital Costs Summary (Sustaining Capital)

Type	Total	2023	2024	2025	2026	2027
Mine Development	**$ 94.3**	$ 23.0	$ 27.4	$ 27.4	$ 16.6	$ -
Property, Plant & Equipment	**$ 45.2**	$ 7.2	$ 7.8	$ 7.8	$ 20.0	$ 2.3
Other Sustaining Costs	**$ 3.5**	$ 0.1	$ 1.1	$ 1.1	$ 1.1	$ 0.1
Total Sustaining Capital Costs	***$ 143.0***	***$ 30.3***	***$ 36.3***	***$ 36.3***	***$ 37.8***	***$ 2.4***
Near Mine Exploration	**$ 27.6**	$ 8.4	$ 6.2	$ 6.2	$ 5.8	$ 0.9
Total Capital Costs	***$ 170.6***	***$ 38.7***	***$ 42.5***	***$ 42.5***	***$ 43.6***	***$ 3.3***

Operating costs for San Dimas have been estimated for the underground mining, processing costs, operation's indirect, and general and administrative costs. First Majestic currently estimates operating costs at an average of $160.40 per tonne of ore processed based on current and projected costs.

Table 11: San Dimas Operating Costs

Type	$ /tonne milled
Mining Cost	**$ 62.4**
Processing Cost	**$ 39.1**
Indirect Costs	**$ 53.1**
Total Production Cost	***$ 154.6***
Selling Costs	**$ 5.8**
Total Cash Cost	***$ 160.4***

Exploration, Development and Production

The following general annual exploration drill programs are executed:

- 50,000 metre near mine underground drill program,
- 15,000 metre brownfield underground drill program,
- 10,000 metre brownfield surface drill programs on two or three prospects.

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

In 2022, the Company continued operating the Jessica vein, the Victoria vein, the Roberta/Robertita veins among other veins. During 2022, 787,636 tonnes of mineralized material were processed with an average grade of 261 g/t Ag and 3.31 g/t Au.

Development continues in the San Dimas mine preparing extraction levels in the Perez vein and new extraction areas in the West and the Sinaloa/Graben blocks.

Santa Elena Silver/Gold Mine, Sonora State, México

The following information on the Santa Elena Silver/Gold Mine ("**Santa Elena mine**") is based on a Technical Report prepared in accordance with NI 43-101 and titled Technical Report prepared in accordance with NI 43-101 and titled "First Majestic Silver Corp. Santa Elena Silver/Gold Mine Sonora, Mexico NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with effective date of June 30, 2021 (the "**Santa Elena Technical Report**") prepared in accordance with NI 43-101. Reference should be made to the full text of the Santa Elena Technical Report which is available for review on SEDAR at www.sedar.com.

Property Description, Location and Access

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

The Santa Elena mine can be easily accessed year-round by paved highways 90 km east from Hermosillo to Ures, then 50 km north along a paved secondary road to the community of Banámichi, then by a well-maintained gravel road for seven kilometres to the mine site. The Ermitaño mine can be accessed by a 5 kilometres gravel road from the Santa Elena mine.

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

First Majestic is party to a purchase (streaming) agreement with Sandstorm Gold Ltd. (" **Sandstorm**"). Sandstorm invested $12 million in May 2009 and an additional $10.0 million in March 2014 which entitles Sandstorm to receive 20% of the gold production from the leach pad and a designated area of the Santa Elena mine in exchange for ongoing payments equal to the lesser of $472/oz Au (as of December 2022 and subject to a 1% annual inflation adjustment) and the prevailing market price, for each gold ounce delivered under the agreement.

Surface rights in the area of the mining concessions are held both privately and through group ownership either as communal or Ejido lands. First Majestic has agreements in place regarding surface rights with Bienes Comunales de Banámichi, Mr. Francisco Maldonado, Dabafa S.P.R. de R.L., Ejido Banámichi, and the Community of Banámichi. As of December 2022, all obligations were met for these agreements.

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

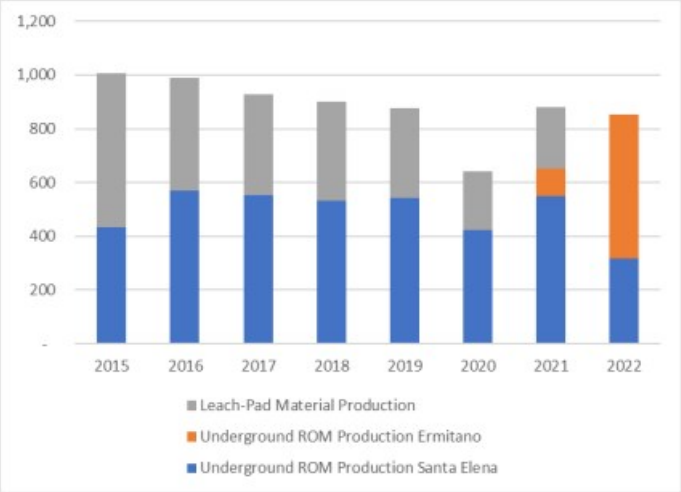
History

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

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

First Majestic acquired the Santa Elena property in October 2015 and by year end 2022 has produced 3.9 Mt at 120 g/t Ag and 2.06 g/t Au from underground, plus 637 kt of ore from Ermitaño with 43 g/t Ag and 5.27 g/t Au and has reprocessed 2.5 Mt at 40 g/t Ag and 0.68 g/t Au from the leach pad. The 2015 to 2022 production history is presented in Figure 3.

Figure 3. Santa Elena Production History (ktonnes)



Geological Setting, Mineralization and Deposit Types

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

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

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

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

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

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

Exploration

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

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

Drilling

Between 2006 and year-end 2022, approximately 215,000 m have been drilled at the Santa Elena mine. Drilling in 2022 has shown that mineralization in the Alejandra and America Veins remains open at depth.

Between 2016 and year-end 2022, more than 121,000m were drilled at the Ermitaño mine. Drilling in 2021 showed that gold and silver mineralization in the Ermitaño Vein remains open to the east.

Between 2011 and year-end 2022, approximately 49,000 m of drilling were completed in 13 regional target areas.

Sampling Analysis and Data Verification

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

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

Before 2016, samples were dispatched to ALS in Hermosillo or Chihuahua, Mexico and Bureau Veritas in Hermosillo, Mexico. From 2016 to 2021, samples from Ermitaño surface drill holes were dispatched to SGS in Durango or Hermosillo, Mexico. From 2016 to 2021, samples from the Santa Elena mine underground drill holes were dispatched to First Majestic's Central Laboratory in Jose La Parrilla, Durango, Mexico and SGS in Durango or Hermosillo, Mexico. Underground channel samples and underground drill hole samples from Ermitaño are sent to the Santa Elena Laboratory. ALS and SGS laboratories are independent of First Majestic. ALS received ISO 9001 certification in 2005 and received accreditation of ISO/IEC 17025 from Standards Council of Canada in 2005 and 2020. The SGS laboratories conform to the ISO/IEC 17025 standard and most regional facilities have been ISO 9001 certified since 2008. First Majestic's Central Laboratory is not independent of First Majestic. The Central Laboratory received ISO 9001 accreditation in mid-2015 and 2017, and the Santa Elena laboratory received ISO 9001:2015 accreditation in September 2021.

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

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

At the Santa Elena Laboratory samples are dried crushed and pulverized and then analyzed for silver by a 30 g fire assay gravimetric finish. Gold is analyzed by a 30 g fire assay AA finish. Samples with gold values >10 g/t Au are analyzed by a 30 g fire assay gravimetric method. The assay laboratory in Santa Elena mine has been certified under the ISO 9001:2015 standard, enabling a quality management framework that facilitates consistent quality results and continuous improvement to achieve the best industry practices.

Data verification included data entry error checks, visual inspections of important data, and a review of QA/QC assay results for data collected between 2012 and December 2021 from the Ermitaño, Alejandra, America, Santa Elena Main, and Tortugas veins (the verification dataset). Several site visits were also completed as part of the data verification process at which time drilling, logging, and sampling procedures were observed and cross sections as, core photos, core logs, and QA/QC reports were reviewed. No significant transcription errors or grade accuracy and contamination issues were observed.

Mineral Processing and Metallurgical Testing

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

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

Typical metal recoveries for the Santa Elena mineralized material ranged from 91% to 94% for silver and 94% to 97% for gold from the combination of run-of-mine (ROM) production from the underground mine and the leach pad material.

During 2022 metallurgical recoveries for the Ermitaño mineralized material ranged from 41% to 52% for silver and 90% to 95% for gold. In Q4 2022, a new Tailings Press Filter and additional equipment was commissioned, reducing moisture content in the tailings and facilitating finer grinding which is expected to improve metallurgical recoveries of silver and gold, and reduce rehandling costs of stacking the tailing within the tailing storage facility.

Due to the high purity of the Santa Elena and Ermitaño doré (>95% silver and gold), no penalties are applied by the refineries for the presence of heavy metals.

Summary of Mineral Resource and Mineral Reserve Estimates

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

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

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

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

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

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

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

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

The Mineral Resource estimates for Santa Elena and Ermitaño are summarized in Table 12 and Table 13 using the Ag-Eq cut-off grades or NSR cut-off value appropriate for the mining method assigned to each domain. Measured and Indicated Mineral Resources are reported inclusive of Mineral Reserves and have an effective date of December 31, 2022. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 12: Santa Elena Mineral Resource Estimates, Measured and Indicated Category
Effective Date December 31, 2022

Category / Area	Mineral Type	Tonnage	Grades			Metal Content		
		ktonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Measured Main Vein	Sulphides	323	91	1.23	195	950	12.8	2,030
Measured Alejandras	Sulphides	91	215	2.40	417	630	7.0	1,220
Measured America	Sulphides	69	233	1.69	376	520	3.7	830
Measured Ermitaño	Sulphides	354	40	4.11	552	460	46.8	6,280
Total Measured (UG)	**Sulphides**	**837**	**95**	**2.61**	**385**	**2,560**	**70.3**	**10,360**
Indicated Main Vein	Sulphides	848	95	1.28	203	2,590	34.9	5,530
Indicated Alejandras	Sulphides	316	205	1.73	351	2,080	17.6	3,570
Indicated America	Sulphides	198	366	1.18	466	2,330	7.5	2,960
Indicated Tortugas	Sulphides	115	115	2.45	322	430	9.1	1,190
Indicated other narrow veins	Sulphides	13	208	2.77	442	90	1.2	180
Indicated Ermitano	Sulphides	2,487	67	4.02	568	5,360	321.4	45,380
Indicated Aitana	Sulphides	14	22	2.11	285	10	0.9	130
Indicated Heap Leach-Pad	Oxides Spent Ore	190	34	0.61	85	210	3.7	520
Total Indicated (UG)	**All Mineral Types**	**4,181**	**97**	**2.95**	**442**	**13,100**	**396.3**	**59,460**
Total Measured + Indicated (UG+Pad)	**All Mineral Types**	**5,018**	**97**	**2.89**	**433**	**15,660**	**466.6**	**69,820**

Table 13: Santa Elena Mineral Resource Estimates, Inferred Category, Effective Date December 31, 2022)

Category / Area	Mineral Type	Tonnage	Grades			Metal Content		
		ktonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Inferred Main Vein	Sulphides	288	68	1.11	162	630	10.3	1,500
Inferred Alejandras	Sulphides	338	170	1.42	289	1,850	15.4	3,140
Inferred America	Sulphides	130	262	0.85	334	1,100	3.6	1,400
Inferred Tortugas	Sulphides	30	73	0.91	149	70	0.9	140
Inferred other narrow veins	Sulphides	219	151	1.97	317	1,060	13.9	2,230
Inferred Ermitano	Sulphides	2,219	68	2.81	417	4,850	200.5	29,750
Inferred Aitana	Sulphides	179	41	2.51	353	240	14.4	2,030
Inferred Soledad	Sulphides	453	181	3.70	642	2,640	53.9	9,350
Inferred Total (UG)	**Sulphides**	**3,856**	**100**	**2.52**	**400**	**12,440**	**313**	**49,540**

1. *Mineral Resource estimates are classified in accordance with the 2014 CIM Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.*
2. *The Mineral Resource estimates are based on internal estimates prepared as of December 31, 2022. The information provided was reviewed and prepared by Phillip Spurgeon, P.Geo., QP Geology for FMS, who has the appropriate relevant qualifications, and experience in geology and resource estimation.*
3. *Silver-equivalent grade is estimated considering metal price assumptions, metallurgical recovery, and the metal payable terms.*
4. *Ag-Eq = Ag Grade + (Au Grade x Au Recovery x Au Payable x Au Price) / (Ag Recovery x Ag Payable x Ag Price).*
5. *Metal prices used in the Mineral Resources estimates were $23.00/oz Ag and $1,900/oz Au.*
6. *Metallurgical recovery was 92% for silver and 95% for gold for Santa Elena and the heap leach pad. For Ermitaño, the metallurgical recovery used was 66% for silver and 95% for gold.*
7. *Metal payable used was 99.85% for silver and 99.80% gold.*
8. *The cut-off values and grades used to constrain the Santa Elena Mineral Resource estimates were $65 for cut and fill and $75 for long hole stoping and 65 g/t Ag-Eq for the heap leach pad. The NSR cut-off value used to constrain Mineral Resources for Ermitaño was $90.*
9. *Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces.*
10. *Totals may not add up due to rounding.*

Measured and Indicated Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

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

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

The Mineral Reserves for the Santa Elena mine are presented in Table 14.

Table 14: Santa Elena Mineral Reserves Estimates (Effective Date December 31, 2022)

Category / Area	Mineral Type	Tonnage	Grades			Metal Content		
		k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Ag-Eq (k Oz)
Proven Ermitaño (UG)	Sulphides	274	36	3.40	453	310	30	3,990
Proven Alejandras (UG)	Sulphides	70	142	1.51	249	320	3	560
Proven Main Vein (UG)	Sulphides	98	103	1.24	191	330	4	610
Proven America (UG)	Sulphides	53	183	1.19	267	310	2	450
Total Proven	**Sulphides**	**495**	**80**	**2.47**	**352**	**1,270**	**39**	**5,610**
Probable Ermitaño (UG)	Sulphides	2,265	59	3.35	470	4,280	244	34,200
Probable Alejandras (UG)	Sulphides	408	121	0.98	191	1,590	13	2,510
Probable Main Vein (UG)	Sulphides	245	102	1.53	210	800	12	1,650
Probable America (UG)	Sulphides	182	304	0.66	351	1,780	4	2,050
Probable Tortuga (UG)	Sulphides	56	101	2.67	292	180	5	520
Probable (PAD)	Oxides Spent Ore	188	31	0.55	70	190	3	420
Total Probable	**Oxides + Sulphides**	**3,344**	**82**	**2.61**	**385**	**8,820**	**281**	**41,350**
P&P Ermitaño (UG)	Sulphides	2,539	56	3.36	468	4,590	274	38,190
P&P Alejandras (UG)	Sulphides	478	124	1.06	199	1,910	16	3,070
P&P Main Vein (UG)	Sulphides	343	102	1.44	205	1,130	16	2,260
P&P America (UG)	Sulphides	234	277	0.78	332	2,090	6	2,500
P&P Tortuga (UG)	Sulphides	56	101	2.67	292	180	5	520
P&P (PAD)	Oxides Spent Ore	188	31	0.55	70	190	3	420
Total Proven & Probable	**Oxides + Sulphides**	**3,839**	**82**	**2.59**	**381**	**10,090**	**320**	**46,960**

(1) Mineral Reserves have been classified in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.

(2) The Mineral Reserves statement provided in the table above is based on internal estimates prepared as of December 31, 2022. The information provided was prepared and reviewed under the supervision of Ramon Mendoza Reyes, P.Eng., a First Majestic employee.

(3) The Mineral Reserves were estimated from the Measured and Indicated portions of the Mineral Resource estimate. Inferred Mineral Resources were not considered to be converted into Mineral Reserves.

(4) Silver-equivalent grade (Ag-Eq) is provided as a reference and is estimated based on metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the selling contract.

a) The Ag-Eq grade formula used was:

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

b) Metal prices considered for Mineral Reserves estimates were $21.50/oz Ag and $1750/oz Au.

c) Other key assumptions and parameters include: metallurgical recoveries of 92.0% for silver, 95.7% for gold; metal payable of 99.85% for silver and 99.80% for gold; direct mining costs of $25.33/t, mill feed, process and treatment costs of $28.15/t mill feed and general and administration costs (indirect costs) of $18.00/t.

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

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

The Company is not aware of any known mining, metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the mineral reserve estimates, other than discussed in the 2021 Santa Elena Technical Report.

Mining Operations

The Santa Elena Mine operation consists of the Santa Elena and Ermitaño underground mines. Mining activities are conducted by First Majestic and contractor personnel. In December 2022 active mining operations at the Santa Elena mine were temporarily suspended and all mining was concentrated on the Ermitano mine for 2023 as exploration activities continued in both mines.

The Santa Elena and the Ermitaño deposits vary in dip, thickness, and geotechnical conditions along strike and dip. Multiple mining methods are required to achieve an efficient extraction of mineralized material at site. Three well-established methods were selected for mining extraction at Santa Elena: Longitudinal longhole stoping, Modified Avoca, and Cut-and-fill. The Modified Avoca mining method was selected for the Ermitaño project.

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

Groundwater inflow has been increasing at depth in the Santa Elena Mine. Dewatering systems consist of main and auxiliary pumps in place in each of the active mine areas. Groundwater inflows in Ermitaño increased when the workings reached the 760 metres above sea level (masl) elevation. A new permanent mine dewatering system is being installed in Ermitano and is expected to be commissioned in Q2-2023.

The ventilation system consists of a forced air intake system through two main fans located on surface. These fans generate the necessary pressure change for return air to exhaust through the portals and ventilation raises. The ventilation system in Ermitaño is using a pull system with fresh air being drawn through the main twin ramps, as well as the planned Western Access ramp. Spent air is exhausted out of the three vent raises to surface at the centre and edges of planned underground operations.

Processing and Recovery Operations

The processing plant has been successfully operating for several years and has continuously improved silver and gold metallurgical recoveries. The process is based on cyanide tank leaching and Merrill-Crowe smelting of fine-ground ore to produce silver-gold doré bars.

The process plant is mostly built as a single train with the crushing area split from the remaining areas and connected through a belt conveyor to transfer the crushed product to the fine stockpiles. The current leaching plant includes a grinding ball mill, one Metso-Outotec HIG-Mill, leaching tanks, three counter-current decantation or washing tanks, a previously processed leach-pad, a belt-filter facility and a filtered-tailings storage facility (FTSF). The processing plant was upgraded in 2022 to include an additional leaching tank, a fourth CCD thickener, and a new high-capacity filter plant for dewatering tailings material.

There are significant differences between the mineralized material from Santa Elena and Ermitaño, in hardness and metallurgical performance at different grinding sizes. To achieve optimum levels of metal recoveries and the corresponding maximum metal production, during 2022 the Santa Elena ore was processed at higher throughput rates than the Ermitaño ore during their corresponding production campaigns. Throughput levels averaged 2,434 tpd in 2022. After the plant upgrade in 2022 the projected plant capacity ranges from 3,200 tpd when processing Santa Elena mineralized material and 2,500 tpd when processing Ermitaño mineralized material.

Infrastructure, Permitting and Compliance Activities

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

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

Most non-local staff and contractor personnel stay in rental homes available in the nearby towns of Banamichi, Huepac and Aconchi. There are multiple hotels available in the area for visitors.

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

The FTSF has 11 Mt of storage capacity, which at current throughput rates can support approximately 3.5 additional years of operation. The area where the previously processed leach pad was located provides an additional 1.5 years of operation at current throughput rates. The storage capacity of the Santa Elena FTSF and the leach-pad area is sufficient to support the LOM plan presented in the 2021 Santa Elena Technical Report. Geotechnical investigations and engineering studies are ongoing to prepare an extension to the current FTSF for futurte usage.

The electric power required for the Santa Elena mine operation and supporting infrastructure is generated on-site. In 2022 an expansion to the liquified natural gas ("**LNG**") power generation plant was completed and commissioned at site. This newly expanded plant has an installed capacity of 20MW, supporting the Ermitano Mine and the new tailings filter-press plant, replacing the diesel generation at the property, significantly reducing greenhouse gas (GHG) emissions and reducing energy costs.

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

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

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

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

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

Other permits and authorizations include:

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

In 2017, the Santa Elena mine started the voluntary process to obtain the Clean Industry Certification. The certification recognizes improvements in environmental management practices, regulatory compliance, and environmental performance. At the Report effective date, this program achieved significant progress including implementing a new water treatment system for mine dewatering; rainwater diversion works and a contact water pond for dry tailings management; carbon footprint reduction replacing diesel by LNG and installation of a new fire extinguisher system. The Certification program is being updated to incorporate the mine expansion and the Ermitaño Project. In February 2023 for the ninth consecutive year, Nusantara was awarded the ESR designation by the CEMEFI.

Environmental liabilities for the operation are typical of those that would be expected to be associated with an operating underground precious metals mine, including the future closure and reclamation of mine portals and ventilation infrastructure, access roads, processing facilities, power lines, filtered tailings and all surface infrastructure that supports the operations. Other potential liabilities include industrial water management, petroleum spills and carbon emissions from mobile equipment. The reclamation work carried out at Santa Elena in 2022 includes the conforming of terraces in the filtered tailings deposits in accordance with the design, and relocation of flora and fauna in the Ermitano industrial zone and the access road.

Capital and Operating Costs

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

Sustaining capital expenditures will mostly be allocated for on-going development in waste, infill drilling, mine equipment rebuilding, equipment overhauls or replacements, plant maintenance and on-going refurbishing, and for tailings management facilities expansion as needed. Table 15 presents the summary of the capital costs for the major components.

Table 15: Santa Elena Mining Capital Costs Summary (Sustaining Capital and Near-Mine Exploration)

Type	Total	2023	2024	2025	2026	2027
Mine Development	**$ 6.4**	$ 4.9	$ 1.1	$ 0.4	$ -	$ -
Property, Plant & Equipment	**$ 33.4**	$ 8.5	$ 2.2	$ 10.3	$ 11.1	$ 1.3
Other Sustaining Costs	**$ 5.5**	$ 0.1	$ 1.9	$ 1.7	$ 1.7	$ -
Total Sustaining Capital Costs	***$ 45.2***	***$ 13.5***	***$ 5.1***	***$ 12.4***	***$ 12.8***	***$ 1.3***
Near Mine Exploration	**$ 36.4**	$ 7.3	$ 10.0	$ 9.6	$ 9.6	$ -
Total Capital Costs	***$ 81.7***	***$ 20.8***	***$ 15.1***	***$ 22.0***	***$ 22.4***	***$ 1.3***

Operating costs for Santa Elena have been estimated for the underground mining including delineation drilling, processing costs, operations indirect, and general and administrative costs. First Majestic currently estimates operating costs at an average of $107.40 per tonne of ore processed based on current and projected costs. Table 16 lists the operating costs per tonne milled.

Table 16: Santa Elena Operating Costs

Type		$ /tonne milled
Mining Cost	$	**39.3**
Processing Cost	$	**43.0**
Indirect Costs	$	**23.8**
Total Production Cost	***$***	***106.1***
Selling Costs	$	**1.3**
Total Cash Cost	***$***	***107.4***

Exploration, Development and Production

The following general annual exploration drill programs are executed:

- 15,000 m near-mine drill program at the Santa Elena mine
- 25,000 m near-mine drill program at the Ermitaño project
- 10,000 m brownfields surface drill program regionally.

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

In 2022 the Company continued mining the Alejandras veins and the Americas veins in the Santa Elena underground mine and the Ermitaño Core and North Splays veins. No reprocessing of spent-ore material from the leach-pad was carried out in 2022. During 2002, 851,973 tonnes of mineralized material were processed with an average grade of 61 g/t Ag and 3.75 g/t Au.

In Ermitaño, stope panels at elevations 771, 796 and 821 m were extracted, and development of the main ramp reached sublevels 746 and 721 during 2022.

La Encantada Silver Mine, Coahuila State, México

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

Project Description, Location and Access

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

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

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

Minera La Encantada owns surface rights covering 2,237 ha on the "Cañon del Regalado" properties. This surface covers access to the mining complex, mine portals, grinding mill and flotation plant (Plant No. 1), cyanidation plant (Plant No. 2), tailings management facilities, the mine camp, offices, and an airstrip. In 2011 the Tenochtitlán Ejido filed a lawsuit against Minera La Encantada in agrarian court claiming title to 1,097 hectares of the land owned by Minera La Encantada. The initial lawsuit was decided in favour of Minera La Encantada and was followed by a series of motions and appeals regarding judicial reviews of the subsequent rulings. In August 2021, the Minera La Encantada and the Commisariat reached an agreement to settle the lawsuit; however, eight dissenting Ejido members launched a suit against the Agrarian Attorney's Office and the Commisariat to nullify the election of the members of the Commisariat. Judicial approval of the settlement agreement is pending resolution of the Dissenting Suit. Minera La Encantada also holds 19,114 ha of surface rights, "Cielo Norteño" or "Rancho El Granizo" property to the North-East of the mine covering an area with water rights. The remainder of the surface rights in the mining concession areas are held privately and through group ownership either as communal lands or Ejido lands.

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

History

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

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

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

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

Mine production tonnes since 2007 is summarised in Figure 4 and silver metal production ounces since 2007 is summarized in Figure 5.

Figure 4: Mine Production since 2007

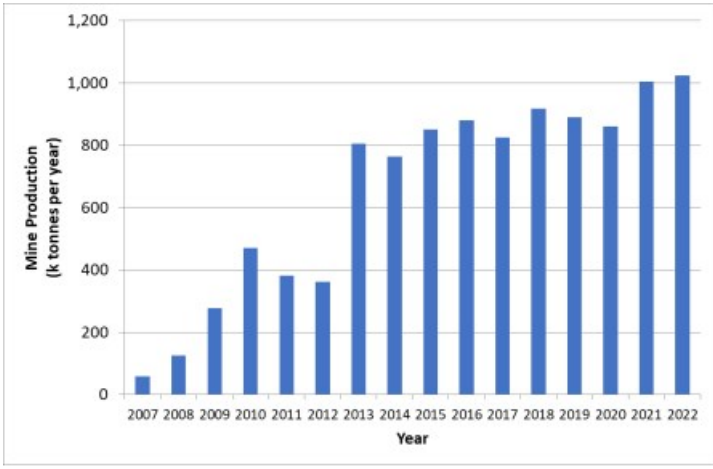
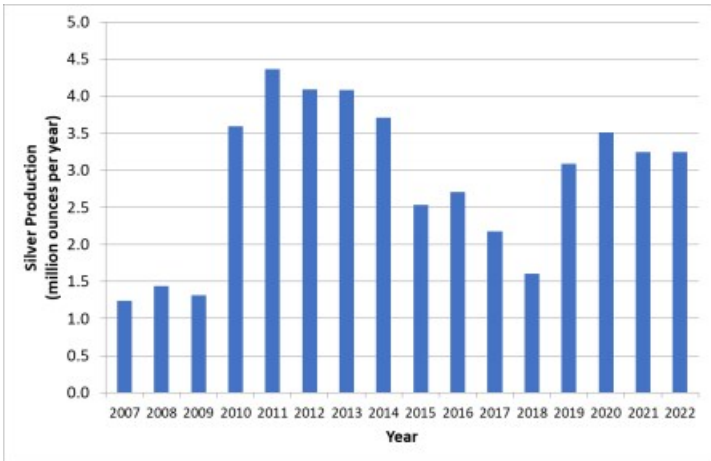


Figure 5: Silver Production since 2007



Geological Setting, Mineralization and Deposit Types

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

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

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

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

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

Exploration

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

Drilling

Total drilling between March 2011 and December 2022 amounts to more than 136,000 metres in surface and underground diamond drillholes and 193 metres of hollow stem auger drillholes. Diamond drilling typically recovers HQ size (63.5 mm core diameter) but is reduced to NQ size (47.6 mm core diameter) where required by ground conditions. Data collected from drilling includes collar surveys, downhole surveys, logging (lithology, alteration, mineralization, structure, veins, sampling, etc.), specific gravity (SG), and geotechnical information. Channel samples are also collected to support geologic modeling, resource estimation, and grade control during production. Between 2007 to 2021 Mineral La Encantada collected approximately 11,900 production channel samples from the San Javier Milagros Complex and along narrow deposits in the Vein System.

Sampling Analysis and Data Verification

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

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

- First Majestic's Central Laboratory in Durango which is used for drill core and sawn-channel samples and is certified under ISO 9001:2008 in June 2015 and ISO 9001:2015 in June 2018.

- La Encantada's laboratory (La Encantada Laboratory) is used for grade control and production channel sample processing, which was certified under ISO 9001:2015 in November 2022 and is not independent of First Majestic.
- SGS in Durango (SGS) was used for drill core and channel samples prior to 2018 and from May to December 2021 for drill core samples. During 2020 and 2021, SGS was used as a secondary laboratory for check samples. SGS is certified under ISO/IEC 17025 and is independent of First Majestic.
- Bureau Veritas Mineral Laboratories (BV) in Durango was used from 2014-2015 as a secondary lab for check samples. BV is certified under ISO/IEC 17025 and is independent of First Majestic.

At the Central Laboratory drill core samples are currently dried at 100 °C ± 5°C, crushed to 80% passing 2 mm, split to a 250-gram sub-sample and pulverized to 85% passing 75 µm. All samples are analyzed for 34 elements by a 2-acid digestion ICP method. All drill core and channel samples are also analyzed for silver by a 2 g, 3-acid digestion, atomic absorption method. Samples returning greater than 200 g/t silver are reanalyzed for silver by a 30 g, fire assay gravimetric method.

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

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

The data verification completed to support the 2022 mineral resource estimate includes data entry error checks, visual inspections of important data collected between 2013 and 2022 from Buenos Aires, Regalo Breccia, Conejo, La Fe, La Prieta, Milagros, Ojuelas, Tailings Deposit No.4, Vein System areas (the verification data set), and a review of QA/QC assay results. A random 5 % selection of drill collar locations, down hole surveys, lithology and Ag and Pb assay results of the verification dataset and specific gravity measurements were verified for transcription errors and significant outliers. Data verification through visual inspection consisted of verifying the position of collars relative to the underground workings, down-hole deviation relative to drill trace, lithology, and assay intervals relative to the three-dimension geological models. The visual inspection also included comparison of lithology and assay intervals with core photos. No significant transcription errors or outliers were observed.

Mineral Processing and Metallurgical Testing

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

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

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

Summary of Mineral Resource and Mineral Reserve Estimates

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

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

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

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

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

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

The Mineral Resource estimates for La Encantada are summarized in Table 17 and Table 18 using the silver cut-off grades appropriate for the mining method assigned to each domain, and an effective date of December 31, 2022. Indicated Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 17: La Encantada Mineral Resource Estimate Statement, Indicated Category
(Effective date December 31, 2022)

Category / Area	Mineral Type	Tonnage	Grades	Metal Content	
		k tonnes	Ag (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
Indicated Ojuelas & Cuerpo 660 (UG)	Oxides + Mixed	1,517	159	7,770	7,770
Indicated Veins Systems (UG)	Oxides	1,137	245	8,960	8,960
Indicated San Javier Milagros Complex (UG)	Oxides	1,522	112	5,470	5,470
Indicated Tailings Deposit No. 4	Oxides	2,459	119	9,410	9,410
Total Indicated (UG + Tailings)	**All Mineral Types**	**6,635**	**148**	**31,610**	**31,610**

Table 18: La Encantada Mineral Resource Estimate Statement, Inferred Category
(Effective date December 31, 2022)

Category / Area	Mineral Type	Tonnage	Grades	Metal Content	
		k tonnes	Ag (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
Inferred Ojuelas & Cuerpo 660 (UG)	Oxides + Mixed	457	128	1,890	1,890
Inferred Prieta Complex (UG)	Oxides	505	164	2,670	2,670
Inferred Veins Systems (UG)	Oxides	1,815	210	12,250	12,250
Inferred San Javier Milagros Complex (UG)	Oxides	293	91	860	860
Inferred Tailings Deposit No. 4	Oxides	428	118	1,620	1,620
Total Inferred (UG + Tailings)	**All Mineral Types**	**3,499**	**171**	**19,290**	**19,290**

1) Mineral Resource estimates are classified in accordance with the 2014 CIM Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.
2) The Mineral Resource estimates are based on internal estimates prepared with an effective date of December 31, 2022, under the supervision of David Rowe, CPG, QP Geology for FMS, who has the appropriate relevant qualifications, and experience in geology and resource estimation.
3) Silver price considered for Mineral Resources estimates was $23/oz.
4) Mineral resource estimates are for silver only. The Cut-off grades used to constrain the Mineral Resource estimates are 60 g/t Ag for sub-level caving, 105 g/t Ag for cut-and-fill, 80 g/t Ag for Longhole Stoping, and 110 g/t Ag for Tailings.
5) Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces.
6) Totals may not add up due to rounding.
7) Indicated Mineral Resources are reported inclusive of Mineral Reserves.
8) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Risk factors that could materially impact the Mineral Resource estimates include: metal price and exchange rate assumptions; changes to the assumptions used to calculate the silver cut-off grade; changes in the interpretations of mineralization geometry and continuity of mineralized zones; changes to geological and mineralization shape and geological and grade continuity assumptions; changes to geotechnical, mining, and metallurgical recovery assumptions; due to lack of surveying records by previous operators, the risk of finding historically mined areas in zones where resources are assumed to be in-situ could impact the reliability of the estimated tonnage and grades; changes to the assumptions related to the continued ability to access the site, retain mineral and surface rights titles, maintain environment and other regulatory permits, and maintain the social license to operate.

Mineral Reserve Estimates

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

The Mineral Reserves estimates for La Encantada are tabulated in Table 19 and have an effective date of December 31, 2022. The QP for the estimate is Mr. Ramón Mendoza Reyes, P.Eng.

Table 19: La Encantada Mineral Reserves Statement (effective date of December 31, 2022)

Category / Area	Mineral Type	Tonnage	Grades		Metal Content	
		k tonnes	Ag (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
Prieta Complex: Ojuelas	Oxides	1,933	109	109	6,760	6,760
Milagros Breccia	Oxides	747	106	106	2,540	2,540
Veins Systems	Oxides	512	262	262	4,310	4,310
Total Probable	**Oxides**	**3,192**	**133**	**133**	**13,610**	**13,610**

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

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

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

Mining Operations

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

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

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

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

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

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

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

All working areas are above the water table which is at 1,420 masl. The main water inflow comes from surface filtration during the rainy season. Mine water is pumped from the lowest elevation of 1,510 masl to surface.

Processing and Recovery Operations

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

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

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

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

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

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

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

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

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

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

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

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

Infrastructure, Permitting and Compliance Activities

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

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

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

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

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

Power demand is presently 4,000 MW per month, which is being supplied by four 1.5 MW MTU natural gas generators and one the 1.5 MW MTU diesel generator, achieving an average mix of 90% natural gas - 10% diesel generation, significantly reducing the greenhouse gas emissions and the energy generation costs. In 2021 First Majestic added a fifth 1.5 MW MTU generator, which further reduces greenhouse gas emissions and energy costs, and provides redundant power capacity. Continuous operation of the additional generator was reached in Q4-2021.

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

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

In February 2023 for the third consecutive year the La Encantada mine was designated as an ESR by the CEMEFI. The ESR award is given to companies operating in Mexico that achieve high performance and commitment to sustainable economic, social, and environmentally positive impact in all areas.

Environmental liabilities for the operation are typical of those that would be expected to be associated with an operating underground precious metals mine, including the future closure and reclamation of mine portals and ventilation infrastructure, access roads, processing facilities, power lines, filtered tailings deposits and all surface infrastructure that supports the operations. Other potential liabilities include industrial water management, petroleum spills and carbon emissions from mobile equipment. The reclamation work carried out at La Encantada in 2022 includes the conforming of terraces in the filtered tailings deposits in accordance with the design, reforestation and relocation of flora from areas to be impacted by subsidence.

Capital and Operating Costs

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

Sustaining capital expenditures will mostly be allocated for on-going development in waste, infill drilling, mine equipment rebuilding, equipment overhauls or replacements, plant maintenance and on-going refurbishing, and for tailings management facilities expansion as needed. Table 20 presents the summary of the sustaining and expansionary capital expenditures.

Table 20: La Encantada Mining Capital Costs Summary (Sustaining Capital)

Type	Total	2023	2024	2025	2026
Mine Development	**$ 5.4**	$ 1.8	$ 3.4	$ 0.2	$ -
Property, Plant & Equipment	**$ 16.5**	$ 2.3	$ 6.5	$ 6.8	$ 0.8
Other Sustaining Costs	**$ 0.3**	$ 0.1	$ 0.1	$ 0.1	$ 0.1
Total Sustaining Capital Costs	***$ 22.1***	***$ 4.2***	***$ 10.0***	***$ 7.1***	***$ 0.9***
Near Mine Exploration	**$ 3.6**	$ 1.4	$ 1.1	$ 1.1	$ 0.0
Total Capital Costs	***$ 25.7***	***$ 5.6***	***$ 11.0***	***$ 8.2***	***$ 0.9***

Operating costs for La Encantada have been estimated for the underground mining, processing costs, operation's indirect, and general and administrative costs. First Majestic currently estimates operating costs at an average of $46.10 per tonne of ore processed based on current and projected costs.

Table 21: La Encantada Operating Costs

Type	$ /tonne milled
Mining Cost	$ 13.5
Processing Cost	$ 20.2
Indirect Costs	$ 11.4
Total Production Cost	***$ 45.1***
Selling Costs	$ 1.0
Total Cash Cost	***$ 46.1***

Exploration, Development and Production

The following general annual exploration drill programs are executed:

- An annual 5,000 m near mine drill program to support mid-term production projections.
- An annual 5,000 m brownfield surface drill program to identify additional mineralization.

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

In 2022 the Company continued operating the caving system in the San Javier-Milagros Breccia while mining mineralized material from historical mined areas, in particular the La Prieta area, and the extraction of backfill material. Development into the Ojuelas deposit was started, focusing on reaching the Beca zone.

Total mill throughput in 2022 was 1.03 M tonnes grading an average of 123 g/t Ag which resulted in 3.09 million ounces of silver being produced, in comparison with 3.24 million ounces of silver produced in 2021. The decrease in production was primarily due to an 1% decrease in silver recovery, 5% decrease in silver head grade, which were partially offset by an increase of 2% in tonnes milled.

Production activities will continue in the underground mine, currently extracting material from the La Prieta complex breccia, the Milagros breccia, starting production from the Beca Zone of the Ojuelas deposit and from historically mined areas that are out of the Mineral Reserve estimates due to the complexity to drill, survey and compile the estimates.

Mine development is currently focused in preparing the Milagros breccia area for production using the sublevel caving method. Also, development will be focused in preparing the extension of the 660 orebodies in an area known as the Beca zone which sits on the upper part of the Ojuelas orebody.

Jerritt Canyon Gold Mine, Elko County, Nevada, USA

Except as indicated below, the following information on the Jerritt Canyon Gold Mine is based on a Technical Report prepared in accordance with NI 43-101 and titled "Technical Report on the Jerritt Canyon Gold Mine, Elko County, Nevada, USA" with effective date of December 31, 2020 (the "2020 Jerritt Canyon Technical Report"). Reference should be made to the full text of the 2020 Jerritt Canyon Technical Report which is available for review on SEDAR at www.sedar.com.

On March 20, 2023, the Company announced a planned temporary suspension of all mining activities at Jerritt Canyon. See " *General Development of the Business - Significant Business Developments in the Last Three Years - 2023 to Date*." As a result of the suspension, the Company's previous production and cost guidance for Jerritt Canyon can no longer be relied upon. Revised consolidated production and cost guidance, including capital investments, is expected to be released in July, 2023.

Property Description and Location

Jerritt Canyon is owned by Jerritt Canyon Gold LLC ("**JCG**"), an indirect, wholly owned subsidiary of the Company. Jerritt Canyon consists of the permitted Jerritt Canyon processing plant and four producing gold mines, including the Smith mine, the SSX mine, the Saval II mine and the West Generator mine.

Jerritt Canyon is located in Elko County, northeastern Nevada. The mill site, shops, and administration and security buildings are located approximately 45 miles north of the town of Elko. The Jerritt Canyon property forms an irregular area that extends approximately 17 miles north-south and 17 miles east-west at its widest and covers a surface area of 30,821 hectares (76,160 acres). The Jerritt Canyon property is bounded by 116° 10' west and 115° 78" west longitude and 41° 23' north and 41° 46' north latitude. The Jerritt Canyon property boundaries have been surveyed and established by digitizing land holding boundaries on the perimeter of the land position.

Jerritt Canyon operations are located on a combination of public and private lands, with the deposits and mining related surface facilities being located primarily on mining claims in United States Forest Service land within the Humboldt-Toiyabe National Forest. The process facilities, offices, shops, and tailings dams are located on private land owned by JCG. Additional claims in the southern part of the land package are mostly located on private land with some located on land administered by the United States Bureau of Land Management.

Land tenure on the Jerritt Canyon property includes patented claims, unpatented claims, and fee land.

A portion of the Jerritt Canyon claims and fee lands are subject to NSR royalties which vary from 1.5% to 6% depending upon the lease agreements with various property owners. The access road from State Route 225 (SR225) to the property is approximately 7 miles long and is entirely built over deeded land acquired by the company. The first 1.9 miles of the access road starting from SR225, referred to as Parcel 4, has a 49% mineral reservation for the Rancho Grande, owned by the Simplot Co. The remaining 5.1 miles of the road have no reservations listed. There are currently three Nevada lease file agreements that cover land that has mine production. The lease holders of the producing land are entitled to receive production royalty payments that range from 2.5% to 10%. Other land held by lease holders may be subject to annual or semi-annual land payments that include advance royalties, land use payments, rentals, loss of grazing, and the use of land for a communications tower. The advance royalties are the minimum amounts the lease holders are entitled to annually. On producing land, these advance royalties may be recovered by JCG if certain production royalty thresholds are met or surpassed during the production year. Some of the land payments may be adjusted annually based on consumer/producer price indexes or annual increases. There is also a Per Ton Royalty Interest on the Jerritt Canyon processing facilities and an additional 0.5% net smelter returns royalty on the entire Jerritt Canyon property held by Ely Gold Royalties Inc.

History

The Jerritt Canyon deposit was discovered by Food Machinery Corporation in 1972. In 1976, Meridian Gold LLC and Freeport Minerals Company formed a joint venture to explore and develop the gold deposits in the Jerritt Canyon area and, in 1980, mining commenced with production from the North Generator and Marlboro Canyon open pit mines. The first gold production from Jerritt Canyon occurred in July 1981.

Open pit mining was conducted from early 1981 until late 1999, with the mining carried out in the areas of Marlboro Canyon, Alchem, Lower North Generator Hill, Upper North Generator Hill, West Generator, Burns Basin, Mill Creek, Pattani Springs, California Mountains, Dash, Winters Creek, Steer Canyon, and Saval Canyon. The annual production from these areas ranged from approximately 40,000 ounces to 1.4 million ounces.

Underground operations started in 1997 at SSX, and continued until 2008 with production from the Steer, Murray, MCE, Smith, West Generator, and Saval deposits. In 2009, the Nevada Division of Environmental Protection approved plans for the recommencement of Jerritt Canyon production. Also in 2009, a new mine plan was prepared. Underground mining from the Smith deposit recommenced in late January 2010 and underground mining at SSX recommenced in early October 2010.

From the commencement of mining in 1980 to the end of 2021, approximately 9.8 million ounces of gold (" **Moz Au**") were produced from approximately 45.3 million tonnes ("**Mt**") of ore mined at an average grade of 6.77 grams of gold per tonne (" **g/t Au**"). Open pit mining at Jerritt Canyon produced a total of approximately 5.2 Moz Au from approximately 27.0 Mt of ore at an average grade of 6.0 g/t Au. The underground mines produced a total of approximately 4.5 Moz Au from approximately 18.2 Mt of ore at an average grade of 7.9 g/t Au. Since 2010, the majority of production has come from the SSX and Smith deposits.

From June 2015 to December 2022, JCG mined approximately 7.0 M tonnes at an average grade of 4.0 g/t Au containing a total of approximately 0.91 M oz Au.

Geological Setting and Mineralization and Deposit Types

The Jerritt Canyon district is located in the Great Basin geological province, north and northeast of the Carlin Trend of gold deposits. Carlin type gold mineralization at Jerritt Canyon is hosted by silty carbonate or carbonaceous siliciclastic rocks originally deposited as shelf sedimentary rocks during the Paleozoic. The Paleozoic host rocks have been imbricated, faulted, and folded through several orogenic events through the Paleozoic and Mesozoic. An early phase of intrusive igneous activity is represented by west-northwest mafic igneous dikes of Paleozoic age. Carlin type gold deposits were emplaced in the Middle to Late Eocene during an initial phase of extensional tectonics at which time high potassium calc-alkaline magmatic rocks were emplaced. Mafic and intermediate igneous dikes were emplaced during this phase of igneous activity and trend north-northeast.

The occurrence and distribution of gold mineralization at Jerritt Canyon is controlled both by lithology and structure. Gold mineralization at Jerritt Canyon is hosted by Hanson Creek Formation units I to III and the lower part of the Roberts Mountains Formation. The Saval discontinuity, being the contact between the Hanson Creek and the Roberts Mountain Formations, is interpreted as a primary control on gold mineralization at Jerritt Canyon. Gold mineralization is hosted by, or spatially associated, with high angle west-northwest- and north-northeast-trending structures. Much of the more continuous gold mineralization occurs within the favourable stratigraphic intervals along the limbs or hinge zones of large anticlinal folds, and at the intersection of the two sets of high angle structures. The mineralized zones form along well defined structural and mineralization trends as stratigraphically controlled tabular pods that are locally stacked upon one another resulting from the presence of more than one favourable stratigraphic unit and/or local thrust and/or high angled fault intersection controls. The deposits are Carlin type, sediment-hosted gold mineralization within carbonaceous sediments. Gold occurs as very fine-grained micron-sized particles concentrated in rims or inclusions in pyrite.

Alteration in the Jerritt Canyon district includes silicification, dolomitization, remobilization, and reconstitution of organic carbon, decalcification, argillization, and pyritization (typically containing elevated arsenic). The rocks also exhibit hypogene and supergene oxidation and bleaching. The most important alteration types relative to gold deposition are silicification, remobilization, and reconstitution of organic carbon, pyritization, and decalcification.

Jerritt Canyon is a Carlin-type gold deposit, hydrothermal in origin and usually structurally controlled. Current models attribute the genesis of Carlin-type gold deposits to:

- Epizonal plutons that contributed heat and potentially fluids and metals.
- Meteoric fluid circulation resulting from crustal extension and widespread magmatism.
- Metamorphic fluids, possibly with a magmatic contribution, from deep or mid-crustal levels.
- Upper-crustal orogenic-gold processes within an extensional tectonic regime.

Jerritt Canyon is hosted by silty carbonate or carbonaceous siliciclastic rocks originally deposited as shelf sedimentary rocks during the Paleozoic age. The Paleozoic host rocks have been imbricated, faulted, and folded through several orogenic events in the Paleozoic and Mesozoic. An early phase of intrusive igneous activity is represented by west-northwest mafic igneous dikes of Paleozoic age.

Carlin-type gold deposits were emplaced during the Middle to Late Eocene during an initial phase of extensional tectonics at which time high potassium calc-alkaline magmatic rocks were emplaced. Mafic and intermediate igneous dikes were emplaced during this phase of igneous activity and demarcate north-northeast-oriented structures. The primary controls on the occurrence, distribution, and form of the deposits are:

- Favourable host rocks (formation units)
- Paleozoic and Mesozoic structures (mainly folding)
- Eocene syn-mineralization normal faults

In general terms, the intersection of structures with favourable host rocks is the primary control and the form of mineralization ranges from apparently stratabound to fault hosted where the faults can be either highly discordant to bedding or bedding-parallel. Deposits at Jerritt Canyon are mostly stratabound or fault hosted. Gold occurs as very fine, micron sized, particles in pyrite and arsenian pyrite. Other sulfides are orpiment, realgar, and stibnite. Alteration includes carbonatization, decalcification, and silicification (jasperoid).

Exploration

Exploration completed by JCG has included desktop compilation and interpretation of historical datasets, target identification, and reverse circulation ("**RC**") and core drilling. Drilling completed at Jerritt Canyon by JCG includes two phases of surface drilling and on-going underground drilling. In the fall of 2015, JCG initiated a comprehensive compilation of all historical geophysical data for Jerritt Canyon as well as a compilation of past surface geochemistry including soil, stream sediment, and bedrock sampling, completed to 2015. Interpretation of these compilations incorporated geology, gold distribution, and past surface exploration drilling and resulted in the identification of exploration targets and development of a surface RC exploration program, which was executed in the fall of 2016.

In early 2017, JCG commissioned further detailed evaluation of the historical gravity data, inversion and examination of DIGHEM EM and magnetic data, inversion and examination of the ground magnetic data, and examination of the Titan survey results.

Drilling

Starting January 1, 2015, through December 31, 2022, JCG has drilled more than 10,030 km between RC and core from underground and surface drilling sites.

Sampling Analysis and Data Verification

The JCG Mineral Resource estimates are based on logging and sampling of core, underground RC drilling (Cubex), and surface RC drilling. The entire length of drill core is photographed and logged for lithology, mineralization, structure, and alteration. Sample intervals are based on geology and mineralogy, are typically three feet long, and respect geological contacts. Where core is geologically and mineralogically uniform over extended lengths, samples are designated by the run length blocks in which case the samples are five feet long. The core is sawn in half for sampling using a core saw equipped with a diamond blade. Half of the core is placed in a sample bag, while the remaining half is returned to the core box. Logged data is recorded into the acQuire Database System. Underground RC Cubex samples are collected in five-foot intervals from the collar. Surface RC samples are collected in five-foot samples using a cyclone/splitter.

Before 2016, surface and underground core samples were dispatched to ALS Limited (" **ALS**"), Bureau Veritas Laboratories (" **BVL**"), America Assay Laboratory ("**AAL**") and JCG laboratory for sample preparation and analysis. From 2016 to December 2022, surface RC samples were prepared and analyzed at BVL in Sparks, Nevada.

During 2016 and 2021, underground core samples were prepared and analyzed at the JCG laboratory. From November 2021 to December 2022, underground core samples were prepared and analyzed at Paragon Geochemical in Sparks, Nevada. Since March 2022, core samples are prepared at JCG laboratory or prepared and analyzed at the First Majestic Central laboratory in San Jose La Parrilla, Durango, Mexico.

Before 2022, all underground RC Cubex samples were prepared and analyzed at the JCG Laboratory. In 2022, RC Cubex samples were prepared and analyzed at the JCG Laboratory or at ALS laboratory in Reno Nevada. Since March 2022, Cubex samples are prepared at JCG laboratory or at the First Majestic Central laboratory and assayed either at JCG laboratory or at First Majestic Central laboratory.

AAL and ALS are commercial certified laboratories independent of First Majestic. Both laboratories are located in Sparks, Nevada and received ISO 9001 certifications for their quality management system. BVL is a commercial laboratory that is independent of First Majestic. At BV, samples are prepared at the preparation facility located in Sparks, Nevada, USA and analyzed at the analytical laboratory located in Vancouver, BC, Canada or at the Sparks laboratory. BV is accredited to ISO 9001:2008 for their quality management system and to ISO/IEC 17025:2017 for laboratory testing of gold samples.

Paragon Geochemical received ISOO 9001:2015 certification and ISO/IEC 17025:2017 for their competence of laboratory testing of gold samples by fire assay atomic Absorption and Gravimetric Finish.

First Majestic's Central and JCG laboratories are not independent of First Majestic. JCG laboratory is not certified. It is located at Jerritt Canyon Gold mine site. The Central Lab received iso 9001:2015 certification. It is located at San Jose La Parrilla, Durango, Mexico.

At BVL samples are dried, crushed and pulverized, which includes crushing to 70% passing less than 2 mm and pulverizing a 250-g split to 85% passing 200 mesh. A 30-g split of the pulverized sample is taken for fire assay and analyzed using an AAS finish (procedure FA430). Samples that return a gold value greater than 10 g/t Au in procedure FA430 are re-analyzed with a gravimetric finish (procedure FA530). Samples are barcoded at the crusher stage and tracked through all steps of the analysis. Results are reported to JCG via a CSV data file and hard copy certificate. Twenty-foot pulp composites were prepared and analyzed by 36-elements by Aqua Regia digestion and ICP-MS (Inductively coupled plasma - mass spectrometry) (AQ200).

At AAL the sample preparation procedure includes a two-stage crushing method, the primary crush is by a jaw crusher reducing the sample to less than 6 mesh and the secondary is by roll crusher which reduces the sample to 80% passing 10 mesh. A 300-g split is taken using a riffle splitter and pulverized to 85% passing 150 mesh. Analysis is by 30-g fire assay with ICP determination and by a 30-g fire assay followed by a gravimetric finish for samples over 10 g/t Au. At ALS samples are dried, pulverized up to 250g to 85% passing 75 um and then analyzed for Au by Fire Assay with AA finish. Samples returning Au greater than 10 ppm are analyzed by 30 g Fire Assay Gravimetric Finish (FAGF).

At Paragon Geochemical samples are pulverized up to 250 to 85% passing 75 um and then analyzed for Au by Fire Assay - Aqua Regia Digest with AAS finish. Samples returning Au greater than 8 ppm are analyzed by 30 g FAGF.
At JCG Assay laboratory samples are dried, crushed to 65% passing 10 mesh. The entire sample is then split to obtain a 200 g split. The 200-g split is pulverized to 80% passing 200 mesh and split again to obtain a sub-sample of approximately 15 g. Samples are analyzed by aqua regia digestion with atomic absorption spectrometry ("AAS") finish to obtain a final Au value in oz/t. Samples returning Au greater than 15 ppm were analyzed by Fire Assay gravimetric Finish or diluted at bench top with a matrix matched blank. LECO analysis and moisture determination are additional tests conducted by JCG laboratory. LECO analysis and moisture determination are additional tests conducted by JCG laboratory. In 2022, JCG laboratory implemented LabWare LIMS for assay reporting.

At Central Lab, samples were weighted, dried at 105 C, crushed 80% to pass 10 mesh, split to 250 g and then pulverized to 85% passing 200 mesh. Samples were analyzed by Au by 2-acid digest Atomic Absorption by inquartation with silver (AuAA-13). Samples with Au results above 10 g/t were analyzed by 20 g fire assay gravimetric finish (ASAG-14). Samples also were analyzed by 31-elements by Aqua Regia digestion and ICP-MS (Inductively coupled plasma - mass spectrometry) (ICP34BM).

Since 2008, underground core, RC Cubex and surface RC samples submitted to the primary laboratories include Certified Reference Materials, blanks, and pulp duplicates. All quality control results are assessed using statistical analysis and visual inspection of control plots. The analysis of QA/QC data collected for Jerritt Canyon from 2008 to 2021 concluded that no significant accuracy, precision, or contamination issues were observed. Data verification from data collected before 2021 included data entry error checks, visual inspections in 3D of important data, review of historical data and assay results collected between 2018 and 2020. No significant transcription errors were observed.

Since 2021, data verification consists in data entry errors checks, review of the QA/QC assay results, verifying the position of collars relative to the underground workings, down-hole deviation relative to drill trace, lithology, and assay intervals relative to the three-dimension geological models. No significant errors have been detected during this verification and the analysis of QA/QC data indicates no significant accuracy, precision, or contamination issues from assay results were observed.

Mineral Processing and Metallurgical Testing

Historical gold grade-recovery relationships for three different time periods, 1) 1981 to 2020, 2)1989 to 2020 and 3) 1997 to 2020 have been identified. The first period is inception-to-date, the second period begins when the roaster was commissioned, and the third period begins when chlorination was discontinued. The inception-to-date metallurgical performance and the performance from 1989 to 2020 are essentially the same. The 1997 to 2020 the data indicates a slightly higher sensitivity of gold recovery to feed grade. The QP notes that the data are scattered and the correlations of the three lines are low suggesting that variables other than head grade, including sulfide sulfur oxidation, total organic carbon ("**TOC**"), and roaster performance contribute to changes in gold recovery. SLR notes that the process operating data indicate very consistent plant feed and operational performance and, with the low correlation between grade and recovery, the use of near-term historical averages would provide a reasonable gold recovery value for planning purposes. The operation is currently using a constant average gold recovery of 86% for the life of mine ("**LOM**") plan and budget. The consistency in recovery could be affected by changes in mineralogical characteristics as new ore-types are encountered in the future. The design recovery of the whole ore roaster using oxygen instead of air was 87% to 90%. Pilot plant testing of the oxygen roasted calcine by Dorr Oliver (1987) achieved an average gold recovery of 88%. SLR notes that the process continues to operate consistently in the design range depending primarily on roaster performance, as some of the mineralized materials are reported to have zero gold recovery without oxidation. The main deleterious elements are arsenic and mercury. The processing plant is designed with the appropriate gas cleaning systems including mercury scrubbing from the gas streams and mercury collection from the refinery retort condenser.

Summary of Mineral Resource Estimates

The block model Mineral Resource estimates for the Jerritt Canyon deposits are based on the current database of exploration drill holes, the geological interpretation and model, as well as surface topography and underground and open pit mining excavation wireframes. Geostatistical analysis, analysis of semi-variograms, block model resource estimation, and validation of the model blocks were completed.

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

The dominant gold mineralization trends were identified based on the modeled host rock geometry for each domain. To establish the gold grade continuity within the domains, model variograms for composite values were developed along the trends identified, and the nugget values were established from downhole variograms.

Block grades were estimated by ordinary kriging ("**OK**") or inverse distance squared ("**ID2**"). The method chosen in each case considered the characteristics of the domain, data spacing, variogram quality, and which method produced the best representation of grade continuity. The grade estimation was completed in two successive passes. The first pass only estimated blocks within a restricted short distance from the composite samples. The second pass applied less restrictive criteria.

After temporarily suspending mine production on March 20, 2023 the Company determined that the previously reported Mineral Reserves at the Jerritt Canyon property were no longer economic and, accordingly should now be classified as Mineral Resources. The Mineral Resources were classified into Measured, Indicated, or Inferred categories based on the confidence in the geological interpretation and models, the confidence in the continuity of metal grades, the sample support for the estimation and reliability of the sample data, and on the presence of underground mining development.

The Mineral Resource estimates for Jerritt Canyon are summarized in Table 22 and Table 23 using the gold cut-off grade appropriate for the mining method assigned to each domain. Mineral Resources estimates have an effective date of December 31, 2022. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 22: Jerritt Canyon Mineral Resource Estimates, Measured and Indicated Category (Effective date December 31, 2022)

Category / Area	Mineral Type	Tonnage	Grades		Metal Content	
		k tonnes	Au (g/t)	Ag-Eq (g/t)	Au (k Oz)	Ag-Eq (k Oz)
Measured Smith Mine	Sulphides	2,706	5.28	436	460	37,980
Measured SSX Mine	Sulphides	2,154	5.99	495	415	34,290
Measured Saval	Sulphides	73	6.65	549	16	1,300
Measured Starvation	Sulphides	54	5.31	439	9	760
Total Measured (UG)	**Sulphides**	**4,988**	**5.61**	**463**	**900**	**74,330**
Indicated Smith Mine	Sulphides	1,709	5.36	443	294	24,320
Indicated SSX Mine	Sulphides	1,299	5.94	491	248	20,490
Indicated West Generator	Sulphides	288	5.70	471	53	4,360
Indicated Murray Mine	Sulphides	308	6.45	533	64	5,280
Indicated Winters Creek	Sulphides	190	4.46	368	27	2,240
Indicated Saval	Sulphides	237	4.73	391	36	2,980
Indicated Starvation	Sulphides	141	5.69	470	26	2,130
Total Indicated (UG)	**Sulphides**	**4,171**	**5.58**	**461**	**748**	**61,800**
Indicated Wright Window (OP)	Sulphides	116	4.01	331	15	1,240
Indicated Saval (OP)	Sulphides	64	3.98	329	8	670
Total Indicated (OP)	**Sulphides**	**180**	**4.00**	**330**	**23**	**1,910**
Total Indicated (UG + OP)	**Sulphides**	**4,351**	**5.51**	**455**	**771**	**63,710**
Total Measured & Indicated (UG & OP)	**Sulphides**	**9,339**	**5.57**	**460**	**1,671**	**138,040**

Table 23: Jerritt Canyon Mineral Resource Estimates, Inferred Category (Effective Date December 31, 2022)

Category / Area	Mineral Type	Tonnage	Grades		Metal Content	
		k tonnes	Au (g/t)	Ag-Eq (g/t)	Au (k Oz)	Ag-Eq (k Oz)
Inferred Smith Mine	Sulphides	1,206	7.10	587	275	22,740
Inferred SSX Mine	Sulphides	5,645	4.60	380	834	68,920
Inferred West Generator	Sulphides	642	5.30	438	109	9,030
Inferred Murray Mine	Sulphides	1,077	5.69	470	197	16,280
Inferred Winters Creek	Sulphides	464	4.80	397	72	5,920
Inferred Saval	Sulphides	294	4.18	346	40	3,270
Inferred Starvation	Sulphides	70	5.01	414	11	930
Total Inferred (UG)	**Sulphides**	**9,398**	**5.09**	**421**	**1,538**	**127,090**
Wright Window (OP)	Sulphides	30	3.29	272	3	260
Saval (OP)	Sulphides	120	4.05	334	16	1,290
Total Inferred (OP)	**Sulphides**	**150**	**3.89**	**322**	**19**	**1,550**
Total Inferred (UG + OP)	**Sulphides**	**9,547**	**5.07**	**419**	**1,557**	**128,640**

1. *Mineral Resources have been classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.*
2. *The Mineral Resources information provided above is based on internal estimates prepared as of December 31, 2021. The mineral resource estimates were prepared by Karla Michelle Calderon and Helbert Taylor Vieira under the supervision of David Rowe, CPG, QP for FMS, who has the appropriate relevant qualifications, and experience in geology and resource estimation.*
3. *Mineral resource estimates are for gold only. Ag-Eq ounces are provided as reference and were calculated as:*
   *Ag-Eq ounces = Au ounces * (Au price/Ag price)*
4. *Metal prices considered were $1,900/oz Au and $23/oz Ag.*
5. *Metallurgical recovery used was 82.3% for gold.*
6. *Metal payable used was 99.9% for gold.*
7. *Gold cut-off grades considered to constrain the resources were 2.8 g/t for underground mining and 1.4 g/t for open pit mining were based on actual and budgeted operating and sustaining costs.*
8. *Tonnage is expressed in thousands of tonnes; metal content is expressed in thousands of ounces.*
9. *Totals may not add up due to rounding.*
10. *Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.*

Risk factors that could materially impact the Mineral Resource estimate include: metal price assumptions; changes in the interpretations of mineralization geometry and continuity of mineralized zones; changes to geotechnical, mining, and metallurgical recovery assumptions; and changes to the assumptions related to the continued ability to access the site, retain mineral and surface right titles, maintain environment and other regulatory permits, and maintain the license to operate.

Mining Operations

The Jerritt Canyon property started operations in 1980. Between 1981 and 1999, mining was carried out by open pit. Underground operations began in 1993 with the opening of the Murray mine and West Gen underground mine. Underground operations started in 1997 at SSX, and continued until 2008 with production from the Steer, Murray, MCE, Smith, West Generator, and Saval deposits. In 2009, a new mine plan was prepared. Underground mining from the Smith deposit recommenced in late January 2010 and underground mining at SSX recommenced in early October 2010.

Mining was carried out using the underhand cut-and-fill mining method at the Smith, SSX, Saval II and WestGen mines. A significant portion of the Mineral Resources at Smith and SSX are located below the water table and requires dewatering. Dewatering infrastructure, including pumps, dewatering wells and water treatment facilities are in operation. A regional geohydrological model study is ongoing with the objective of improving the design and sequencing of the dewatering infrastructure.

The Company announced the temporary suspension of mining activities at Jerritt Canyon on March 20, 2023. During the suspension, the Company intends to process approximately 45,000 tonnes of aboveground stockpiles through the plant. Exploration activities are expected to also continue throughout 2023 with additional plans to:

- Explore for new regional discoveries and expand current known reserves and resources.
- Analyze the optimization of bulk mining and cost-effective mining methods.
- Conversion of inferred and indicated resources into measured resources.
- Reduce mining costs through adopting self-perform mining and improve contractor rates and terms.
- Continue modernizing the processing plant to be able to better withstand severe weather conditions.
- Complete the geohydrological models to support the design of additional dewatering infrastructure.
- Continue the studies to optimize the backfill for ground support.
- Implement ventilation and energy distribution improvements.

Processing and Recovery Operations

The processing facilities at Jerritt Canyon are designed to operate at a rate of 4,500 tons per day (" **tpd**") with an operating availability of 90% and are permitted to operate at 4,100 tpd. The facilities include, primary crushing, ore drying, secondary crushing, tertiary crushing, dry grinding, roasting, thickening, CIL, carbon stripping, carbon reactivation, electrowinning, electrowinning sludge refining, oxygen plant, cooling pond, water evaporation pond, and tailing impoundment.

Infrastructure, Permitting and Compliance Activities

Jerritt Canyon has been in commercial production for approximately 42 years and the infrastructure to support a mining and milling operation is established. Surface rights to sustain mining operations on the Jerritt Canyon property are secured through current ownership and claim holder rights. The current infrastructure includes:

- Access roads
- Power supply and distribution
- Office buildings
- Warehouse facilities
- Maintenance shops
- Laboratory facilities
- Communication networks
- Onsite security
- TSFs
- Water management systems

The main access road is approximately seven miles long and is a 6.7 m wide paved road between Nevada highway 225 and the mill site. A 30 m wide haul road provides access between the mines and the mill site. This road network is approximately 27 km long.

Power to Jerritt Canyon is purchased from Nevada Energy through a 125 kV, three-phase transmission line. Monthly power consumption is approximately 8.0 MWh.

Water available on site is sufficient to support all mining and milling operations. All water used at Jerritt Canyon is from permitted and certificated water rights held by JCG and regulated by the Nevada Division of Water Resources.

For the management and disposal of tailings and reduction of surplus process solutions, Jerritt Canyon operates one active tailings storage facility ("**TSF 2**") and two main process water storage facilities which include the water storage reservoir (" **WSR**") and the evaporation pond. Jerritt Canyon also operates two process water treatment plants ("**WTP**") to remove process water contaminates in an effort to reduce process water inventories and maintain an overall negative site water balance. JCG is currently in the process of closing and reclaiming TSF-1, which was the first tailing storage facility constructed and continuously operated at Jerritt Canyon between 1980 and 2014.

TSF 2 was originally commissioned in 2013 as TSF 2 Phase 1 to store approximately 3.7 Mt of tailings. In 2018, TSF 2 was expanded as to store an additional 1.5 Mt of tailings. Tailings slurry is delivered to the TSF 2 in a slurry consisting of 40 tons solids to 60 tons water by weight. The TSF 2 Phase 3 was designed to contain an additional 1.1 Mt of tailings and was completed in 2021.

TSF 2 Phase 4 was designed to allow storage of an additional 1.7 Mt of tailings and was completed in Q3-2021. Assuming a production rate of 2,350 stpd, TSF 2 Phase 4 holds a reminder capacity of approximately 9 months.

After TSF 2 Phase 4 is filled to capacity, JCG plans to dispose of future tailings in the previously designed and approved TSF 3, which is the existing WSR that will be converted to accept tailings disposal. The WSR's conversion to TSF 3 will allow disposal of approximately of 2.4 Mt of tailings. At an assumed average production rate of 2,350 tpd, TSF 3 would provide approximately 2.6 years of additional tailings storage.

The process WTP was constructed to eliminate the surplus process water inventory located in the Jerritt Canyon WSR and evaporation pond and to create additional storage capacity for future tailings storage. The process WTP's treated permeate is disposed of in injection wells while its brine concentrate is disposed of in the evaporation pond.

Jerritt Canyon has been in operation since 1981. Prior to and during operation, numerous environmental studies and evaluations have been conducted to support permit applications and operations. An Environmental Impact Statement was completed, and the Record of Decision was issued in 1980. Operating permits are in place and current.

The historic operation of Jerritt Canyon resulted in a number of material environmental concerns, including air emission exceedances, ground water contamination from the TSF1 tailings storage facilities, lack of water treatment capacity, and surface water contamination from the Rock Disposal Areas (RDAs_. The Company inherited this legacy and has been working diligently to mitigate the concerns since it took over the operation April 30, 2021.

Approved closure and reclamation plans are in place for Jerritt Canyon. The total reclamation costs incurred in 2022 was $2.5 million. An updated reclamation plan and cost estimate was submitted to the Nevada Department of Environmental Protection ("**NDEP**") in November of 2021. An update to this plan was submitted in April 2022. The revised plan in currently under review and approval is expected sometime in 2023. The anticipated increase is approximately $7-9M.

There are historic environmental issues that may have the potential to impact JCG's ability to extract Mineral Reserves. These issues are being addressed through discussions with the NDEP. Below is a list of items and actions that may require some additional investment at site:

- Notice of Alleged Violations related to the Class I Air Quality Operating Permit and the Mercury Operating Permit to Construct. Mitigation efforts are in progress and have demonstrated the ability to achieve permit requirements.
- Exceedances of the Reference Value groundwater quality standards for various metals related to the UIC permit. Currently the impacted groundwater is captured and sent to the water treatment plant for treatment and reinjection to groundwater.
- High and increasing concentrations of multiple constituents of concern including TDS and sulfate in surface water associated with seepage from four Rock Disposal Areas (RDAs). These will be addressed though either active or passive remediation systems and are currently covered by an Environmental Trust Fund established by the NDEP. This trust was funded in October 2022 ($17.6M) and shall be reviewed by JCG and the NDEP every third October thereafter (so long as the trust agreement remains in effect) to evaluate its sufficiency to satisfy the post-closure activities of operating and maintaining the water treatment system to address seepage, if any, from the RDAs.
- High and increasing concentrations of multiple constituents of concern including TDS, sulfate and other constituents of concern from multiple groundwater monitoring locations associated with seepage from TSF 1. Currently impacted groundwater is captured through a series of interceptor wells and sent to the WTP for treatment and reuse in the process circuit.
- Water treatment capacity related to water treatment facilities. JCG has made significant improvements to the operation of the water treatment plants resulting in adequate treatment of impacted waters.

JCG developed an environmental action plan to address each of the alleged air permit violations in 2021. The action plan consisted of two phases. Phase I involved the analysis and development of remediation solutions, and Phase II included the implementation of these solutions to address all alleged NOAV's. The remediation plan was jointly developed with expert third parties, JCG and the NDEP. All of the solutions have been successfully implemented to the NDEP satisfaction.

On August 26, 2021, the NDEP issued 10 Notices of Alleged Violation (collectively, the " **2021 NOAV** ") that alleged the Company (doing business as JCG) had violated various air permit conditions and regulations applicable to operations at the Jerritt Canyon Mine. The 2021 NOAV's is related to compliance with emission monitoring, testing, recordkeeping requirements, and emission and throughput limits. The Company is working with the NPEP enforcement group to address all alleged violations.

The Company filed a Notice of Appeal on September 3, 2021, challenging the 2021 NOAV before the Nevada State Environmental Commission ("**NSEC**"). The Company raised various defenses to the 2021 NOAV, including that it was not liable for the violations because it was not the owner/operator of the Jerritt Canyon Mine during the period the alleged violations began (on April 30, 3021, the Company acquired Jerritt Canyon Canada Ltd, which, through subsidiaries, owns and operates the Jerritt Canyon Mine). There is currently no hearing scheduled or any scheduling order in the matter, and the parties have yet to engage in discovery.

On March 8, 2022, NDEP issued an additional four Notices of Alleged Violations (collectively, the " **2022 NOAV** ") to JCG for alleged noncompliance of an Air Quality Operating permit and Mercury Operating Permit to Construct. The 2022 NOAV relate to alleged exceedances of a mercury emission limitations, exceedances of operating parameters, installation of equipment, and recordkeeping requirements. JCG filed a Request for Hearing with the NSEC on March 18, 2022, that challenged the bases for the alleged NOAVs, and any potential penalties associated with the NOAVs. As part of the filing, JCG waived its right to a hearing within 20 days of the NSEC's receipt of the Request for a Hearing.

At this time the estimated amount of any potential fine or penalty for the 2021 NOAV or the 2022 NOAV cannot be reliably determined.

In addition to the action plan to address the air permit NOAVs, JCG has developed an action plan to address all other known environmental issues. This includes working in collaboration with the NDEP.

Non-Material Properties

San Martín Silver Mine, Jalisco State, México

The San Martín mine is an underground silver and gold mine and processing facility in Jalisco State, México, approximately 250 km north of the state capital city of Guadalajara, and owned by the Company's wholly owned indirect subsidiary, Minera El Pilón, S.A. de C.V. The Company acquired San Martin in 2006 and operated it until July 2019 when it was placed on temporary suspension due to increased insecurity in the area caused by organized criminal groups and safety concerns for the Company's workforce. Although the Company has made repeated attempts to secure the operations and continue with its care and maintenance program, increasing violence and safety concerns resulted in the Company removing all of its remaining workforce from the area in 2021 and the mine and plant are currently occupied and under the de facto control of an organized criminal group. The Company has repeatedly requested all applicable governmental authorities to take action to secure the area but, to date, the Mexican government has failed to take any such action and the Company's own efforts have been unsuccessful. Due to this situation the Company has been unable to carry out proper care and maintenance of the mine and plant and tailings storage facilities and the Company has limited information as to the current state of repair at the mine, including the tailing storage facility. As a result, the Company may face additional unexpected costs in the event of a re-start of mining at San Martin.

The surface infrastructure includes a 1,300 tpd cyanidation processing facility, temporary ore stockpiles, a tailings storage facility, water management and diversion structures, a drill core and logging shack, power substations, and power lines. There are also onsite support facilities for the operations, which are located near the plant and include the main administrative offices, warehouse, assay laboratory, maintenance buildings, cafeteria and other employee housing. Existing underground workshop facilities in the Rosario mine include a washing bay, a lube station, and several repair stations for mobile equipment.

Since its acquisition of the mine in 2006 First Majestic has completed 195,628 metres in 1,125 diamond drill-holes. No mining, drilling or exploration has been carried out since the mine was placed on temporary suspension in 2019. A buttressing program was started on tailings impoundment #2 as part of the company's stability and reclamation/closure program but, due to the removal of the Company's workface, has not been completed. The Company continues to request assistance from the Mexican Government and the Canadian Embassy to address the situation.

Table 24 below shows the Mineral Resources for the San Martin mine.

Table 24: Internal Mineral Resource Estimates for the San Martin Silver Mine.
Effective Date of December 31, 2020.

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

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

La Parrilla Silver Mine, Durango State, México

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

The La Parrilla mine also supports First Majestic's ISO certified Central Laboratory and metallurgical pilot plant testing facilities which continue in operation supporting the Company's metallurgical investigations and assay work for the Company's exploration samples. This certified analytical lab and the metallurgical testing facility will be relocated in 2023 to the Company's Santa Elena Silver/Gold Mine.

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

On December 7, 2022, the Company announced that it had entered into an asset purchase agreement to sell the La Parilla Silver Mine to Golden Tag. See "*General Development of Business- Significant Business Developments during the Most Recent Three Years* ."

Table 25 below shows the Mineral Resources for the La Parrilla mine.

Table 25: Internal Mineral Resource Estimates for the La Parrilla Silver Mine.
Effective Date of December 31, 2020.

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

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

Del Toro Silver Mine, Zacatecas State, México

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

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

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

The Mineral Resource estimates for Del Toro are summarized in Table 26.

Table 26: Internal Mineral Resource Estimates for the Del Toro Silver Mine.
Effective Date of December 31, 2020.

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

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

Risk Factors

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

Public Health Crises

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

The Company's business could be materially adversely affected by the effects of the COVID-19 pandemic. As of the date of this AIF, the global spread of COVID-19 appears to have stabilized. The Company has modified its measures to monitor, combat and manage the impact of COVID-19 at its operations. The Company also continues to provide sanitary support for the local communities in which it operates. Due to the potential for new variants of COVID-19, future disruptions to business internationally and related financial impact on the Company and the economy in general cannot be estimated with any degree of certainty at this time.

During 2022, the Company modified its preventative control measures. These measures include continuing education and, where appropriate, voluntary vaccination campaigns to avoid illnesses related to COVID-19, COVID-19 variants, and the seasonal flu. Monitoring of worker wellness or fitness for duty, as recommended by the Mexican, US and Canadian Governments health agencies, continues.

There is no guarantee that the Company will not experience disruptions to some of its active mining operations due to COVID-19 restrictions in the future. Any resurgence of COVID-19 or the spread of other public health crises 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. Any such disruptions could have an 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 public health crises 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. The impact of public health crises and government responses thereto may also have an impact on financial markets and could constrain the Company's ability to obtain equity or debt financing in the future, which may have a material and adverse effect on its business, financial condition and results of operations.

Operational Risks

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

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

Inaccuracies in Production and Cost Estimates

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

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

Future Exploration and Development Activities

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

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

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

Need for Additional Mineral Reserves

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

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

Operating Hazards and Risks

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

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

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

Infrastructure

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

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

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

Aviation Risk

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

Governmental Regulations, Licenses and Permits

The Company's mining, exploration and development projects are subject to extensive laws and regulations which vary based on the jurisdiction in which the projects are located. Such laws and regulations govern various matters which may include exploration, development, production, price controls, exports, taxes, mining royalties, environmental levies, labor standards, expropriation of property, maintenance of mining claims, land use, land claims of local people, water use, waste disposal, power generation, protection and remediation of the environment, reclamation, historic and cultural resource preservation, mine safety, occupational health, and the management and use of toxic substances and explosives, including handling, storage and transportation of hazardous substances.

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

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

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

Evolving Foreign Trade Policies

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

NAFTA is an agreement signed in 1994 by Canada, México and the United States creating a trilateral trade bloc in North America. On November 30, 2018, the three countries entered into a new trade agreement (variously referred to as USMCA or United States- México -Canada Agreement) to replace NAFTA, and such agreement has now been ratified by all three countries. Among other things, USMCA requires its member countries to respect international labour standards including rights to free association and collective bargaining and to uphold their labour laws. Although management has determined that there have been no material effects to date on its operations regarding these developments, management cannot predict future potentially adverse developments in the political climate involving Canada, the United States and México and thus these may have an adverse and material impact in the future on the Company's operations and financial performance.

Partially due to the new labour standards in USMCA, the Mexican government instituted new outsourcing legislation in 2021 which impacted the labour relationship between operating mines and the service companies which provide labour to those operating mines, as well as the requirement to increase mandatory profit distributions from the operating mines. As a result, the Company has reorganized its corporate structure in Mexico to eliminate service companies from its structure for those subsidiaries that do not qualify under the new rules as specialized services entities.

In addition, a number of countries, including Canada, the United States and México, imposed travel restrictions or closed their borders to foreign nationals at various times during the COVID-19 pandemic. Although, as of the date hereof, such restrictions have been largely removed, there can be no guarantee they will not be reimposed in the future due to resurgence of COVID-19 or in response to other public crises. Any such restrictions may have a material adverse impact on the Company's operations, income and financial performance.

Environmental and Health and Safety Regulation

The Company's 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, waste disposal, hazardous substances and mine reclamation rules and permits. Although the Company makes provisions for environmental compliance and 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. Environmental regulation is evolving in a manner resulting in stricter standards and the costs of compliance with such standards are increasing while the enforcement of, and fines and penalties for, non-compliance are also becoming more stringent. In addition, certain types of operations require submissions of, and approval of, environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. Climate change regulations may become more onerous over time as governments implement policies to further reduce carbon emissions, including the implementation of taxation regimes based on aggregate carbon emissions. However, the cost of compliance with environmental regulation and changes in environmental regulation have the potential to result in increased cost of operations, reducing the profitability of the Company's operations. There has been increased global attention and the introduction of regulations restricting or prohibiting the use of cyanide and other hazardous substances in mineral processing activities. If legislation restricting or prohibiting the use of cyanide were to be adopted in a region in which the Company relies on the use of cyanide, it would have a significant adverse impact on the Company's results of operations and financial condition as there are few, if any, substitutes for cyanide in extracting metals from certain types of ore.

On August 26, 2021, the NDEP issued 10 Notices of Alleged Violation (the " **2021 NOAV**") that alleged the Company doing business as Jerritt Canyon Gold, LLC had violated various air permit conditions and regulations applicable to operations at the Jerritt Canyon in Elko County, Nevada. The 2021 NOAV are related to compliance with emission monitoring, testing, recordkeeping requirements, and emission and throughput limits.

The Company filed a Notice of Appeal on September 3, 2021, challenging the 2021 NOAV before the Nevada State Environmental Commission ("**NSEC**"). The Company raised various defenses to the 2021 NOAV, including that the Company is not liable for the violations because it was never the owner/operator of Jerritt Canyon during the period the alleged violations began (on April 30, 2021, the Company acquired Jerritt Canyon Canada Ltd, which, through subsidiaries, owns and operates Jerritt Canyon). There is currently no hearing scheduled or any scheduling order in the matter, and the parties have yet to engage in discovery.

On March 8, 2022, NDEP issued an additional four Notices of Alleged Violations (the " **2022 NOAV** ") to Jerritt Canyon Gold, LLC for alleged exceedances and violations of an Air Quality Operating permit and Mercury Operating Permit to Construct. The 2022 NOAV relate to alleged exceedances of mercury emission limitations, exceedances of operating parameters, installation of equipment, and recordkeeping requirements. The Company filed a Request for Hearing with the Nevada State Environmental Commission on March 18, 2022 that challenged the bases for the alleged 2022 NOAV and any potential penalties associated with the NOAV. JCG and NDEP agreed to waive the 20-day hearing requirement for the 2022 NOAV and the parties have requested that the NSEC withhold schedule a hearing for the 2022 NOAV at this time. At this time any potential fine or penalty for the 2021 NOAV or 2022 NOAV cannot be reliably determined.

The Company intends to, and attempts to, fully comply with all applicable environmental regulations, however the Company's ability to conduct adequate maintenance and safety protocols may be considerably constrained or even prevented in areas where its control is impacted by criminal activities, such as the San Martin mine. Although the Company has repeatedly requested all applicable governmental authorities to take action to secure the area, to date, the Mexican government has failed to take any such action and the Company's own efforts have been unsuccessful. Due to this situation, the Company has been unable to conduct care and maintenance activities at San Martin since its remaining employees were withdrawn in 2021 and the Company has limited information as to the current state of repair at the mine, including the tailing storage facility. As a result, there may be an increased risk that an environmental incident may occur at this operation and, as applicable Mexican laws impose strict liability on the property owner, the Company could incur material financial liabilities and suspension of authorizations as a result.

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

Health and Safety Hazards

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

Tailings Storage Facility Management

In order to manage the risk in the operation of mining tailings storage facilities (" **TSF**"), the Company invests in technologies and practices that safely facilitate the handling and storage of mine tailings, in particular the operation of press filters and belt filters in Mexico, and automated pump-back and monitoring systems in Nevada at the Company's Jerritt Canyon Gold Mine. Tailing filter presses are also installed at three of the Company's four suspended mines at La Parrilla, Del Toro and San Martin. All of the Company's operating tailing storage facilities in Mexico are "dry stack" tailing storage facilities and monitored continuously and audited annually to meet all federal and state safety guidelines. The Jerritt Canyon Gold Mine TSF is a wet deposition facility, and the Company completed a lined, 12 ft. lift to insure additional storage for another 2+ years of operation in 2021. A life-of-mine tailing deposition optimization study was completed in 2022 by Patterson & Cooke which outlines the need to continue converting the water settling pond into a third TSF to provide capacity for two additional years of production plus evaluates the establishment of TSF4 which combines the footprint of TSF2 and TSF3 into a larger single facility and multi-year life.

Prior to removal of its workforce at the San Martin operations in 2021, the Company increased the rock supporting abutment to TSF2 to further increase this TSF's factor of safety to international standards and is 98% complete with this project. Due to the safety concerns and subsequent removal of the Company's workforce, to date this project has not been fully completed. The Company has also been unable to conduct ongoing care and maintenance activities on the San Martin TSF since 2021. As a result, the Company has limited information as to the current state of repair at the mine, including the TSF and is unable to confirm the continued compliance of the TSF with federal and state safety guidelines. The Company's inability to conduct care and maintenance and to complete the rock supporting abutment project may increase the risk of overflow or failure of the TSF. An overflow or failure of this TSF could result in significant environmental contamination in the local area and could result in the Company incurring material financial liabilities for clean-up and/or penalties. In such a situation, the Company may be unable to conduct adequate clean-up activities in the event that the security conditions at the San Martin mine are not remedied by the Mexican government.

The Company complies, to the extent the local security conditions allow it to, with applicable regulations, which establish the procedure to characterize tailings deposits, as well as the specifications and criteria for the characterization and preparation of the deposit sites, construction, operation and closure of tailings deposits. During construction of the Company's paste TSF, the designs and operation of the Company TSFs are guided by international standards such as the Canadian Dam Association ("**CDA**"), where the minimum required operational stability factors are established. The designs and current stability conditions have also been reviewed by third party consultants through the Dam Safety Inspection reports, carrying out the risk analysis and classification according to international standards of both the CDA and the International Commission on Large Dams. However, due to the security conditions at the San Martin mine, the Company has been unable to have the stability conditions at the TSF reviewed since October 2022.

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

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

Title to Properties

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

Although the Company has obtained title opinions for certain material properties, there is no guarantee that title to such properties will not be challenged or impugned. The Company has obtained title insurance for its Jerritt Canyon Mine but there is a risk that such insurance could be insufficient, or the Company could not be successful in any claim again its insurer. Accordingly, the Company may have little or no recourse as a result of any successful challenge to title to any of its properties. The Company's properties may be subject to prior unregistered liens, agreements or transfers, land claims or undetected title defects which may have a material adverse effect on the Company's ability to develop or exploit the properties.

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

Local Groups and Civil Disobedience

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

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

1,254 hectares of land included in the San Dimas Mine and for which the Company holds legal title are subject to legal proceedings commenced in 2008 by the Ejido Guarisamey asserting title to the property. These proceedings do not name the Company or the Company's subsidiaries as a party and the Company therefore had no standing to participate in them. The defendants were prior owners of the land who were not provided notice of the lawsuit. This resulted in a default judgment which the Company is seeking to nullify through the commencement of a claim of fraudulent proceedings, which proceedings remain in the initial stages.

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

The Company's operations have in the past and may in the future be subject to protest, roadblocks, or other forms of civil disobedience or public expressions against its activities, including action organized criminal groups or the Company's own employees. There can be no assurance that there will not be further disruptions to workforce availability or site access at any of our projects in the future, which could negatively impact production from the projects and, ultimately, the long-term viability of the projects, any of which may have a material adverse impact on our operations.

Community Relations and Social License to Operate

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

Political and Country Risk

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

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

Violence and other Criminal Activities in México

Certain areas of México have experienced outbreaks of localized violence, threats, thefts, kidnappings and extortion associated with drug cartels and other criminal organizations in various regions. Any increase in the level of violence, or a concentration of violence in areas where the projects and properties of the Company are located, could have an adverse effect on the results and the financial condition of the Company. In July 2019, the Company announced the temporary suspension of all mining and processing activities at the San Martin operation due to a growing level of insecurity in the area and safety concerns for the Company's workforce. Increasing violence and safety concerns resulted in the Company removing all of its remaining employees from the area in 2021 and the mine and plant have been occupied and are currently under the de facto control of an organized criminal group. The Company has repeatedly requested all applicable governmental authorities to take action to secure the area but, to date, the Mexican government has failed to take any such action and the Company's own efforts have been unsuccessful. The Company is continuing its efforts to cause the applicable governmental authorities to take action to secure the area, although it is not known when that might, if ever, occur.

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

Changes in Climate Conditions

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

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

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

Substantial Decommissioning and Reclamation Costs

During the year ended December 31, 2022, the Company reassessed its reclamation obligation at each material mine based on updated LOM estimates, rehabilitation, and closure plans. The total discounted amount of estimated cash flows required to settle the Company's estimated obligations is $149.0 million, which has been discounted using a risk-free rate of 9.5% for the mines in Mexico and 3.8% for the Jerritt Canyon Gold Mine. The estimated decommissioning and reclamation obligations breakdown primarily consists of $101.0 million for the reclamation obligation of the Jerritt Canyon Gold Mine, excluding $17.6 million related to the Environmental Trust that was funded on October 31, 2022; $15.4 million for the San Dimas Silver/Gold Mine; $11.3 million for the La Encantada Silver Mine; $10.8 million for the Santa Elena Silver/Gold Mine; $6.2 million for the San Martin Silver Mine; $3.8 million for the Del Toro Silver Mine and $nil million for the La Parrilla Silver Mine, which has been re-classified as assets held-for-sale during the year ended December 31, 2022. The present value of the reclamation liabilities may be subject to change based on management's current and future estimates, changes in the remediation technology or changes to applicable laws and regulations. Such changes will be recorded in our accounts as they occur.

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

Key Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in mining, exploration, development and finance of mining properties is limited and competition for such persons can be intense. As the Company's business activity grows, the Company will require additional key operational, financial, administrative and mining personnel. Although the Company believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such successes. If the Company is not successful in attracting and training and in retaining qualified personnel, the efficiency of the Company's operations could be affected, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Employee Relations

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

Although none of the employees at the Jerritt Canyon Mine are currently represented by a union there can be no guarantee that such employees will not unionize in the future and that there will not be work stoppages or other labour unrest at such mine. In the event that some or all of the employees at the Jerritt Canyon Mine unionize in the future then we may be subject to higher labour costs at such operation.

In addition, relations between the Company and its employees may be impacted by changes to labour legislation in México which may be introduced by the relevant governmental authorities. For example, Mexican labour law required that all collective bargaining agreements which predate 2019 legislative reform were required to be legitimized by workers as of January 1, 2023. Failure by the unions representing the Company's employees to do so by 2023 could have lead to action by government authorities against the Company or to claims under USMCA. The Company is assured by the unions with which it has collective bargaining agreements that such agreements have been legitimized as required within the stipulated timeframes.

The Company has established and maintains employment policies which are intended to inform and govern the relationship between the Company, its management and its employees. These policies, which include the Diversity, Equity and Inclusion Policy, the Code of Ethical Conduct and Whistleblower Policy provide guidance and best practices with respect to workplace health and safety, harassment, anti-discrimination and other relevant matters. The Company believes that its current policies are appropriate and the Company enforces such policies to be best of its ability, however breaches of these policies may occur from time to time and may result in the Company being held liable for the actions of its management or employees.

Competition

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

Acquisitions and Dispositions

As part of the Company's business strategy, it has sought and expects to continue to seek new exploration, mining and development opportunities with a focus on silver and gold and to dispose of properties if appropriate opportunities arise. As a result, the Company may from time to time acquire additional mineral properties or securities of issuers which hold mineral properties, such as its acquisition of the Jerritt Canyon Mine in April 2021, the sale of the La Guitarra Mine or the proposed sale of the La Parrilla Mine. In pursuit of such acquisition opportunities, the Company may fail to select appropriate acquisitions or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into the Company's operations, and such acquired businesses may be subject to unanticipated liabilities. In addition, the Company may be required to provide contractual indemnities to a proposed purchaser of its properties. Each of the purchase agreements for the sale of the La Guitarra Mine and the La Parrilla Mine contain extensive representations and warranties from the Company and a misrepresentation thereunder or breach by the Company of any of the other terms or conditions of either these agreements could lead to potential liability, which may have a material adverse impact on the Company's financial performance, cash flow and results of operations.

Prior to any acquisition, extensive due diligence of the proposed acquisition is completed and the Company, however such due diligence may fail to identify all potential issues with respect to any particular acquisition target. The ability to realize the benefits of an acquisition will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the Company's ability to realize the anticipated growth opportunities and synergies, efficiencies and cost savings from integrating our business and the acquired business following completion of the acquisition. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities following completion of the acquisition and from operational matters during this process.

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

Conflicts of Interest

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

Claims and Legal Proceedings Risks

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

Enforcement of Judgments/Bringing Actions

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

Anti-Corruption and Anti-Bribery Laws

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

Compliance with Canada's Extractive Sector Transparency Measures Act

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

Critical Operating Systems

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

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

Financial Risks

Metal Prices May Fluctuate

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

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

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

Occasionally, the Company may hold silver or gold in inventory due to market conditions, in anticipation of higher prices which may expose it to pricing risk.

Price Volatility of Other Commodities

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

Global Financial Conditions

Global financial markets are experiencing extreme volatility as a result of increasing input cost inflation, increased interest rates, the ongoing hostilities in Ukraine and sanctions imposed by nations on Russia and Belarus. Events in global financial markets, and the volatility of global financial conditions, will continue to have an impact on the global economy. Many industries, including the mining sector, are impacted by market conditions. Some of the key impacts of financial market turmoil include devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. Financial institutions and large corporations may be forced into bankruptcy or need to be rescued by government authorities. Access to financing may also be negatively impacted by liquidity crises. These factors may impact the Company's ability to obtain equity or debt financing and, where available, to obtain such financing on terms favorable to the Company.

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

Foreign Currency

The Company carries on its primary mining operations activities outside of Canada, and the functional and reporting currency is US dollars. Accordingly, it is subject to the risks associated with fluctuation of the rate of exchange of other foreign currencies, in particular the Mexican Peso ("**MXN**"), the currency in which the majority of the Company's material and labour costs are paid and the Canadian dollar (" **CAD**") in which some of the Company's treasury is held and in which some of its costs are paid. Financial instruments and other monetary items that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: MXN or CAD denominated cash and cash equivalents, short term and long-term restricted cash, short term investments, accounts receivable and value added taxes ("**VAT**") receivable, other financial assets, accounts payable, current and non-current income taxes payable, decommissioning liabilities and other liabilities. Such currency fluctuations may materially affect the Company's financial position and results of operations.

Taxation in Multiple Jurisdictions

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

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

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

Challenges to the Advance Pricing Agreement

Overview

The Mexican tax authority (the "**SAT**") initiated a proceeding seeking to nullify the Advance Pricing Agreement (the " **APA**") with respect to the San Dimas Mine in 2012 which it had previously issued to Primero Mining Corp. ("**Primero**"), the owner of the San Dimas Mine prior to the Company's acquisition of Primero in 2018. The APA had confirmed Primero's basis for paying taxes on the price Primero realized for silver sales between 2010 and 2014. If the SAT's nullification challenge is successful it would have a material adverse effect on the Company's business, financial condition and results of operations. Although we are continuing to advance discussions with SAT, there can be no certainty on the timing or outcome of such discussions, and the ultimate outcome of such discussions may have a material and adverse effect on the Company.

Background

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

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

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

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

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

Advanced Pricing Agreement

In order to obtain assurances that the SAT would accept the PEM Realized Price (and not the spot market silver price) as the proper price to use to calculate Mexican income taxes, Primero applied for and received the APA from the SAT. The APA confirmed the PEM Realized Price could be used as PEM's basis for calculating taxes owed by it on the silver sold to STB under the Internal Stream Agreement for taxation years 2010 to 2014.

Challenges to the APA for 2010 - 2014 tax years

In 2015 the SAT initiated a legal proceeding seeking to nullify the APA: however, SAT did not identify an alternative basis in the legal claim for calculating taxes on the silver sold by PEM for which it received the PEM Realized Price.

In 2019, the SAT issued reassessments for the 2010 to 2012 tax years in the total amount of $239.0 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 $132.3 million (2,723 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 determining revenue on the sale based on the silver spot market price, 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 also that the APA remains valid and legally binding. The Company intends to continue disputing the Reassessments until it has exhausted 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 against 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 of its concessions and real properties, and to restrict access to funds within its bank account (the "**Attachment**") including VAT refunds, further information of which is provided under the heading "VAT Receivables".

The Company has challenged SAT's Reassessments, Dismissals and Attachment through all domestic means available to it, including annulment suits before the Mexican Federal Tax Court on Administrative Matters ("**Federal Court**"), which remain unresolved, and a complaint before Mexico's Federal Taxpayer Defense Attorney's Office (known as "**PRODECON**"). On May 13, 2020, the Company provided its Notice of Intent to the Government of Mexico pursuant to NAFTA. The Notice of Intent commenced 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 of the Federal Court seeking 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 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 appeal file and iii) assigned such writ to the Second Chamber of the Supreme Court for issuing the corresponding decision. Both writs of certiorari were withdrawn in December 2022. The challenge filed by the Company has been returned to the Mexican Circuit Courts and a decision may be issued within the second quarter of 2023.

On March 2, 2021, the Company announced that it submitted a Request for Arbitration to ICSID, on its own behalf and on behalf of PEM, based on Chapter 11 of NAFTA. On March 31, 2021, the Notice of Registration of the Request for Arbitration was issued by the ICSID Secretariat. Once the Tribunal was fully constituted by the appointment of all three panel members on August 20, 2021, the NAFTA Proceedings were deemed to have commenced. The first session of the NAFTA Proceedings was held by videoconference on September 24, 2021, to decide upon the procedural rules which will govern the NAFTA Proceedings. The Tribunal issued Procedural Order No. 1 on October 21, 2021. Thereafter, on April 26, 2022, the Company submitted its Claimant's Memorial including expert reports and witness statements to the Tribunal, and on November 26, 2022, Mexico submitted its Counter-Memorial.

If the SAT were to be successful in retroactively nullifying the APA, the SAT may seek to audit and reassess PEM in respect of its sales of silver pursuant to the Old Stream Agreement for 2010 through 2014. Such an outcome 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 spot market prices without any mitigating adjustments, the incremental income tax for the years 2010-2019 would be approximately $257.3 million (4,995 million MXN), before taking into consideration interest or penalties.

Based on the Company's consultation with third party advisors, the Company believes PEM filed its tax returns in compliance with applicable Mexican law and, therefore, at this time no liability has been recognized in the financial statements. The Company intends to continue to challenge the actions of the SAT in Mexican courts. To the extent it is ultimately determined that the appropriate price of silver sales under the Prior San Dimas 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 adverse effect on the Company's business, financial position and results of operations.

Tax Uncertainties

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

Tax Audits and Reassessments

In 2019, pursuant to the ongoing tax audits and in advance of the expiry of statute barred periods of reassessment, the SAT issued reassessments against PEM for the 2010 to 2012 tax years in the total amount of $239.0 million (4,919 million MXN). The SAT also issued a reassessment against PEM for the 2013 tax year in the total amount of $132.3 million (2,723 million MXN) in 2021. The key elements included reassessments based on the market price of silver ($81.2 million), denial of the deductibility of interest expenses and service fees ($40.3 million), SAT technical error related to double counting of taxes ($19.2 million) and interest and penalties ($230.1 million). We believe that we continue to have a legally valid, in force APA for the period 2010 to 2014. The Company is vigorously defending its position and believes that SAT is acting outside of domestic and international tax conventions. If the Company is unable to favourably resolve any of these reassessment matters, there may be a material adverse effect on the Company and its financial condition.

VAT Receivables

The Company is subject to credit risk through VAT receivables collectible from the government of Mexico. Due to legislative rules and a complex collection process, there is a risk that the Company's VAT receivable balance may not be refunded, or payment will be delayed. Even though the Company has in the past recovered VAT routinely, VAT recovery in Mexico remains a highly regulated, complex and, at times, lengthy collection process. As of December 31, 2022, in connection with the PEM Reassessments, SAT has frozen a PEM bank account containing VAT refunds of $79.1 million (1,532 million MXN) as a guarantee against certain disputed tax assessments. This balance consists of VAT refunds that the Company has received which were previously withheld by SAT. If the Company does not receive the VAT receivable balances or if payment to us is delayed, the Company's financial condition may be materially adversely affected.

Transfer Pricing

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

Hedging Risk

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

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

Commitments under Streaming Agreements

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

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

The Springpole Stream Agreement

As disclosed under "*General Development of the Business - Most Recent Three Years* " the Company has entered into the Springpole Stream Agreement related to the Springpole project, a development stage mining project located in northwest Ontario, Canada that is not currently a producing mine. Accordingly, the Company is subject to risks related to the development of the Springpole project, including the risk that the project may never be developed into a mine and go into production. Development of Springpole into an operating mine is subject to the inherent risks of developing a mining project. The Company is not directly involved in the ownership or operation of Springpole and has no contractual rights relating to its operations. First Mining, not the Company, has the power to determine the manner in which the Springpole project is developed and ultimately exploited, including decisions to develop a mine, commence production, expand, advance, continue, reduce, suspend or discontinue production. As a result, the ability of the Company to purchase payable silver produced at Springpole at the agreed upon price is dependent upon the activities of First Mining, which creates the risk that at any time First Mining may: (i) have business interests or targets that are inconsistent with those of the Company including a decision not to take the Springpole mine into production; (ii) take action contrary to the Company's policies or objectives; (iii) be unable or unwilling to fulfill its obligations under the Springpole Stream Agreement; or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend First Mining's ability to perform its obligations under the Springpole Stream Agreement. In addition, upon certain milestones described in the Springpole Stream Agreement being achieved, the Company is required to make additional payments totalling $5,000,000 in cash and Common Shares of the Company. In the event the Company fails to make such payments, First Mining would have the ability to terminate the Springpole Stream Agreement. If the Springpole Stream Agreement was terminated, the Company would have no right to purchase payable silver from Springpole under the Springpole Stream Agreement as contemplated. Keith Neumeyer, our Chief Executive Officer, and Raymond Polman, a director of the Company, are each directors of First Mining and accordingly may be considered to have a conflict of interest with respect to First Mining and the Springpole Stream Agreement. See "Certain of our directors may have a conflict of interest".

Counterparty and Market Risks

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

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

Credit Risk

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

The Company sells and receives payment upon delivery of its silver and gold doré and by-products primarily through three customers, with one major international metal broker accounting for 92% of the Company's revenue in 2022. Payments of receivables are scheduled routinely and received normally within sixty days of submission; therefore, the balance of overdue trade receivables owed to the Company in the ordinary course of business is usually not significant.

Effective December 31, 2022, VAT receivable was $44.9 million, of which $21.6 million relates to Minera La Encantada S.A. de C.V. and $17.7 million relates to PEM. SAT has commenced processing VAT refund requests by PEM in June 2021 and as of December 31, 2022, VAT refunds in the amount of $79.1 million have been received into PEM's frozen bank account. We believe that we have full legal rights to the remaining VAT refunds and expect the amounts to be refunded in the future as a result of our refund applications submitted to the Mexican courts; however, there can be no guarantee when or if such amounts will be refunded.

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

Obtaining Future Financing

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

As of December 31, 2022, the Company had approximately $151.4 million of cash and cash equivalents in its treasury and working capital of $202.9 million while total available liquidity, including $75.0 million of undrawn revolving credit facility (under the Credit Facility (as defined herein)), was $277.9 million. As a result of the Company's ability to earn cash flow from our ongoing operations, we expect to have sufficient capital to support our current operating requirements in the foreseeable future, provided we can continue to generate cash from our operations and that costs of our capital projects are not materially greater than our projections. There is a risk that commodity prices or demand for the products decline and that we are unable to continue generating sufficient cash flow from operations or that we require significant additional cash to fund expansions and potential acquisitions. The availability of such additional cash may be adversely impacted by uncertainty in the financial markets, including as a result of lender failures or the COVID-19 crisis. Failure to obtain additional financing on a timely basis may cause us to postpone acquisitions, major expansion, development, and exploration plans.

Liquidity Risk

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

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

Indebtedness

As of December 31, 2022, the Company's total consolidated indebtedness was $210.4million, $nil million of which was secured indebtedness.

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

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

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

Interest Rate Risk

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

As of December 31, 2022, the Company's exposure to interest rate risk on interest bearing liabilities is limited to its debt facilities and operating leases. The Company's finance leases bear interest at fixed rates. Based on the Company's interest rate exposure on December 31, 2022, a change of 25 basis points increase or decrease of market interest rate does not have a significant impact on net earnings or loss.

Shares Reserved for Future Issuances; Dilution

The Company may issue and sell additional securities of the Company to finance its operations or future acquisitions including sales pursuant one or more "at-the-market" offerings. The Company cannot predict the size of future issuances of securities of the Company or the effect, if any, that future issuances and sales of securities will have on the market price or any securities of the Company that are issued and outstanding from time to time. Sales or issuances of substantial amounts of securities of the Company, or the perception that such sales could occur, may adversely affect market prices for the securities of the Company that are issued and outstanding from time to time.

The 2027 Notes, in accordance with their terms, are convertible into Common Shares of the Company. In addition, the Company has outstanding stock options, restricted share units and deferred share units and, from time to time, may also issue share purchase warrants of the Company pursuant to which Common Shares may be issued in the future. Any such convertible securities are more likely to be exercised when the market price of the Company's Common Shares exceeds the exercise price of such instruments. The issuance of shares and the exercise of convertible securities and the subsequent resale of such Common Shares in the public markets could adversely affect the prevailing market price of the Company's Common Shares and the Company's ability to raise equity capital in the future at a time and price which it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional Common Shares and the Company may grant additional convertible securities. Any share issuances from the Company's treasury will result in immediate dilution to existing shareholders.

Volatility of Share Price

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

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

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

Equity Interests in Other Issuers

The Company may from time to time hold shares or other financial interests in other companies, including publicly listed companies. In particular, in the event that the proposed dispositions of the La Guitarra Mine or the La Parrilla Mine complete, the Company will become a major shareholder of Sierra Madre and Golden Tag, respectively. As a major shareholder, the Company would be subject to the risk that these companies may make business, financial or management decisions with which the Company does not agree or may take risks or otherwise act in a manner that does not serve the Company's interests. In addition, the market price of the shares of such companies may be highly volatile and will be subject to many of the same factors as apply to the Company's Common Shares. These shares may also be subject to restrictions on resale or may be illiquid. The Company may therefore have difficulty in selling such securities or realizing value for them.

Impairments

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

Internal Control over Financial Reporting

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

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

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

Allocation of Capital - Sustaining and Expansionary Capital

The Company has budgeted $187.8 million for 2023 as sustaining capital and expansionary capital for investments in property, plant and equipment, mine development and exploration. Sustaining capital consists of capital expenditures required to maintain current operations. Expansionary capital is earmarked for growth projects to expand current operations. A total of $78.4 million has been earmarked for sustaining capital and $109.5 million has been planned for expansionary projects in 2023. There can be no assurance that such cost estimates will prove to be accurate. The Company may alter its allocation of capital to provide for revised strategic planning, metal price declines or other external economic conditions. Actual costs may vary from the estimates depending on a variety of factors, many of which are not within the Company's control. Failure to stay within cost estimates or material increases in costs could have a material adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

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

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

Insurance Risk

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

Continued Growth

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

Benefit of Growth Projects

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

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

Dividend Policy

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

Product Marketing and Sales

Silver and gold are sold by the Company using a small number of international metal brokers who buy from the Company and act as intermediaries between the Company, the LBM or end consumers. The final product from the Company's facilities comes in the form of silver/gold doré bars. The physical doré bars usually contain silver, gold and other impurities are delivered to one of two refineries where doré bars are refined to commercially marketable 99.9% pure silver bars. The metal refineries charge tolling fees to the Company for their refining services, and deliver refined products of silver, and gold. At December 31, 2022, all of the four operating units of the Company were producing doré bars and no concentrates were being commercially produced.

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

As the Company has a number of metal brokers and refineries with which it does business, the Company is not economically dependent on any one of its brokers or refineries, however, in 2022 approximately 92% of the Company's revenue was derived from sales through one metal broker. In the event such broker were to become insolvent, the Company may incur losses. The Company's future operating results may be negatively impacted as a result.

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

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

In addition to these commercial sales, the Company also markets a small portion of its silver production in the form of coins and silver bullion products to retail purchasers directly over its corporate e-commerce web site. Less than 4.2% of the Company's production was sold in retail transactions during 2022. Products sold included half ounce and one-ounce rounds, 10-gram cubes, five-ounce ingots, 10-ounce ingots, one-kilogram bars, 50 ounce poured bars, 100-ounce stacker bars, five-ounce medallions, 10-ounce medallions and an 18-ounce custom coin set.

Social and Environmental Policies

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

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

The Board of Directors has adopted formal policies, procedures, and industry best practices to manage the Company's impacts and contribute to the social and economic development of local communities. The Board is directly responsible for this through its supervision of the Environmental, Social, Health & Safety Committee (the "**ESHS Committee**"). The purpose of the ESHS Committee is, under the supervision of the Board of Directors, to monitor, assess and make recommendations to the Board of Directors respecting the environmental, social, health and safety policies, practices, and performance of the Company including worker health and safety; environmental matters including water, waste, biodiversity and air quality management, emissions and climate change, engagement with local communities and Indigenous Peoples, tailings facility management and emergency response plans, diversity, equity and inclusion, and human rights.

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

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

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

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

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

This past year, the Company's social investments continued across all sites on access to potable water, road construction and maintenance, sanitation and waste management infrastructure, education, health, and communications facilities and programs as well as support for the development of rural economic livelihoods such as small businesses capacity building, agriculture and ranching. Additionally, funding for social sustainable development projects in communities was obtained through contributions made by the Company to local partnerships including educational institutions, NGOs, local governments, and public entities. A new seed investment program was launched for the host communities of San Dimas and Santa Elena, with successful results on the local businesses leadership looking for sustainable projects and solutions for their needs.
The First Majestic SMS is based on knowledge management, social performance best practices, clear performance indicators, structured analysis and a longer-term planning process for operational continuity and sustainability. The following core elements of the First Majestic SMS are incorporated at all First Majestic operation and exploration sites:

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

Early in 2023, the three Company's operating mines were recognized for another consecutive year with the Socially Responsible Business Distinction Award by the CEMEFI and the Alliance for Corporate Social Responsibility (Alianza para la Responsabilidad Social Empresarial, "AliaRSE"). Since being acquired by First Majestic, the Santa Elena Mine has been recognized for nine consecutive years, La Encantada for three years and San Dimas for twelve consecutive years. In October 2022, Santa Elena received a "Silver Helmet" safety award from the Mining Chamber of Mexico (Camimex). This is a significant milestone for First Majestic because it is awarded once per year to the safest underground mine over 500 employees according to the mandatory safety regulations. Currently, all of First Majestic's operating and non-operating mines are recognized as Socially Responsible Business by CEMEFI. This honour from within the Mexican community recognizes excellence in CSR management, corporate ethics, work environment, community involvement, and environmental responsibility. The awards affirm First Majestic's commitment to sound CSR practices and demonstrates the Company's commitment to transparency, and social responsibility within its operations and projects in México.

Environmental Stewardship

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

First Majestic has an Environmental Management System (" **EMS**") that is applied in all operations to standardize tasks and strengthen a culture focused on preventing, minimizing and mitigating environmental impacts. External audits of First Majestic's EMS are aimed at reviewing the performance of each of its mining operations. These audits are conducted by PROFEPA-accredited external environmental consultants for evaluating compliance to applicable environmental regulations.

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

First Majestic's EMS has implemented an Annual Compliance Program to review all environmental obligations, and these are conducted by each business unit. Additionally, the Company has implemented an on-line risk management platform that contains all the environmental obligations or conditions that must be fulfilled under the environmental permits. Currently, none of First Majestic's operations have the "Clean Industry Certificate" and in 2022 the Certification stage was not pursued at any of their operations.
The Company has implemented an environmental policy and the general objectives of the policy are to:

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

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

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

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

In the United States, Health and Safety is regulated by the Mine Safety and Health Administration ("MSHA"). The charge of the agency is to enforce safety and health rules for all U.S. mines. Jerritt Canyon has an excellent working relationship with MSHA to ensure regulatory compliance and improve safety and health conditions for all of their employees. In 2022, two historic mines were rehabilitated and added to Jerritt Canyon's operating profile. Both mines, West Generator and Saval II, fall within MSHA's jurisdiction.

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

First Majestic supports its employees and contractors to maintain workplace relationships based on mutual respect, fairness and integrity. Wherever the Company works, it complies with local employment laws and does not tolerate discrimination in any form. First Majestic is committed to fair and equitable employment practices, freedom of association and the right to free collective bargaining, and actively promotes equal opportunity throughout its operations, offices and projects. At First Majestic, we value the diversity of our people, our partners, and communities. We believe a successful organization is built on our commitment in providing a respectful, equitable, diverse and inclusive work environment that promotes trust and encourages innovation, agility and sustainability.

Sustainability Performance Reporting

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

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

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

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

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

Taxation

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

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

Corporations' resident in México are taxed on their worldwide income. The applicable tax rates and related tax bases applicable to fiscal 2022 are as follows:

(i) *Corporate Income taxes* ("**ISR**") - 30% on a corporation's taxable income in 2022. Normal business expenses may be deducted in computing a corporation's taxable income, including inflationary accounting for certain concepts of revenue and expenses;

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

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

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

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

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

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

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

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

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

Corporations' resident in Nevada are subject to federal and state taxes as follows:

- Corporate Income taxes - 21% on a corporation's taxable income in 2022. Normal business expenses may be deducted in computing a corporation's taxable income;
- State Income taxes - The State of Nevada does not levy state income taxes but does levy a net proceeds tax ("Nevada Net Proceeds Tax") which consists of two parts, a 5% levy based on a measure of income.
- Mining excise tax - tiered excise tax with a maximum rate of 1.1% of gross revenues.

Net operating losses, losses incurred in business pursuits, can be carried forward indefinitely pursuant to the Tax Cuts and Jobs Act; however, they are limited to 80% of the taxable income in the year the carry forward is used.

Per the United States-Canada tax treaty the dividend withholding tax rate may be reduced to 5% in certain instances.

DIVIDENDS

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

CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of Common Shares without par value. A total of 274,491,698 Common Shares were issued and outstanding as at the date of this AIF.

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

As described above, on December 2, 2021, the Company issued an aggregate of $230 million principal amount of 0.375% unsecured convertible senior notes due January 15, 2027 (the "**Notes**"). The Notes may be converted by the holders, in whole or in part, at any time. The initial conversion rate for the Notes is 60.3865 Common Shares per $1,000 principal amount of Notes, equivalent to an initial conversion price of approximately $16.56 per Common Share (subject to certain adjustment provisions). Interest is payable on the Notes semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2022, to holders of record at the close of business on the preceding January 1 and July 1, respectively.

On or after January 20, 2025, the Company may redeem for cash all or part of the outstanding Notes, but only if the last reported sale price of the Common Shares for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day prior to the date the Company provides notice of redemption to holders exceeds 130% of the conversion price in effect on each such trading day. The redemption price will equal to the sum of (1) 100% of the principal amount of the Notes to be redeemed and (2) accrued and unpaid interest, if any, to, but excluding, the redemption date. The outstanding Notes are also redeemable by the Company in the event of certain changes to the laws governing Canadian withholding taxes.

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

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

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

MARKET FOR SECURITIES

Trading Price and Volume

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

Period	High (C$)	Low (C$)	Volume
December 2022	13.01	11.15	16,747,222
November 2022	13.04	10.80	16,596,534
October 2022	12.40	10.18	15,074,309
September 2022	11.28	8.87	14,841,507
August 2022	10.99	9.34	12,672,806
July 2022	9.89	8.12	13,862,298
June 2022	11.64	9.13	13,841,332
May 2022	13.73	9.46	17,681,026
April 2022	18.41	13.16	15,146,651
March 2022	18.32	14.36	21,984,159
February 2022	15.79	12.24	15,792,569
January 2022	15.12	11.87	14,013,124

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

Period	High ($)	Low ($)	Volume
December 2022	9.67	8.215	17,676,744
November 2022	9.81	7.825	20,789,985
October 2022	9.02	7.4	22,996,989
September 2022	8.69	6.445	21,376,000
August 2022	8.6	7.2	18,456,417
July 2022	7.72	6.32	23,128,543
June 2022	9.27	7.06	23,364,141
May 2022	10.76	7.24	27,561,040
April 2022	14.58	10.235	20,255,622
March 2022	14.48	11.34	34,568,591
February 2022	12.29	9.65	21,489,413
January 2022	12.12	9.29	19,465,695

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

PRIOR SALES

Options

The following table sets forth the date, price and number of options that were granted by the Company during the financial year ended December 31, 2022:

Date of Grant	Number of Options Granted	Exercise Price (C$)
January 5, 2022	100,000	13.96
January 7, 2022	514,250	13.06
January 12, 2022	421,500	13.63
January 18, 2022	25,000	13.37
February 16, 2022	486,750	14.61
March 28, 2022	200,000	17.26
April 17, 2022	2,500	17.94
June 28, 2022	15,000	10.42
July 1, 2022	25,000	9.23
July 4, 2022	75,000	9.23
August 24, 2022	15,000	9.98
August 25, 2022	322,250	10.36
August 30, 2022	30,000	9.81
September 6, 2022	50,000	9.62
October 1, 2022	50,000	10.56
November 8, 2022	17,500	12.16
November 10, 2022	15,000	12.11
December 12, 2022	800,250	12.16
December 15, 2022	2,500	12.17

Restricted Share Units

The following table sets forth the date and number of restricted share units that were granted by the Company during the financial year ended December 31, 2022:

Date of Grant	Number of RSUs Granted
January 4, 2022	21,324
January 5, 2022	2,507
January 7, 2022	454,000
March 28, 2022	13,384
March 26, 2022	2,791
October 1, 2022	4,734

Performance Share Units

The following table sets forth the date and number of performance share units that were granted by the Company during the financial year ended December 31, 2022:

Date of Grant	Number of PSUs Granted
January 5, 2022	2,507
January 7, 2022	248,330
March 28, 2022	13,384
October 1, 2022	4,734

Deferred Share Units

The following table sets forth the date and number of deferred share units that were granted by the Company during the financial year ended December 31, 2022:

Date of Grant	Number of DSUs Granted
January 4, 2022	37,312
April 12, 2022	4,399
May 26, 2022	4,744

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

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

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

Name, Position and City, Province and Country of Residence	Principal Occupation or Employment for Past 5 Years[1]	Period as a Director of the Company	No. and Class of Securities[1]	Percentage of Class[2]
KEITH NEUMEYER CEO, President and Director Zug, Switzerland	President of the Company from November 3, 2001, to present; Director of the Company since December 5, 1998; Director and Chairman of First Mining Gold Corp. from March 31, 2015, to present.	December 5, 1998 to present.	Common 4,039,102 Stock options 841,921 RSUs 270,989 PSUs 215,850	1.5%
THOMAS FUDGE, JR., P.E., P.Eng. (ret) (4)(5) Chair and Director Grand Junction, Colorado USA	Vice President Operations of Tahoe Resources Inc. from September 2016 to February 2019; Semi-retired consultant from February 2019 to present. Chair of the Company from January 2022 to present.	February 17, 2021 to present	Common 1,750 Stock options None RSUs 9,486 DSUs 30,845	Less than 1.0%
MARJORIE CO, BSc, LLB, MBA (3) (5)(6) Director Vancouver, British Columbia, Canada	Principal of mc3 solutions inc. from February, 2015 to present; Principal of Marjorie Co Law Corporation from March, 2020 to present.	March 1, 2017 to present	Common 13,821 Stock options 48,527 RSUs 11,603 DSUs 18,552	Less than 1.0%

Name, Position and City, Province and Country of Residence	Principal Occupation or Employment for Past 5 Years[1]	Period as a Director of the Company	No. and Class of Securities[1]	Percentage of Class[2]
ANA LOPEZ, BA, LLB, CEC (3)(4) Director North Vancouver, British Columbia, Canada	Vice-President, Human Resources & People Development of British Columbia Institute of Technology from August 2016 to present.	June 9, 2020 to present	Common 18,068 Stock options 21,496 RSUs 10,218 DSUs 18,552	Less than 1.0%
RAYMOND L. POLMAN, CPA, CA (6) Director Langley, British Colulmbia, Canada	Chief Financial Officer of the Company from February 2007 to December 2021. Director of First Mining Gold Corp. from March 2015 to present.	May 26, 2022 to present	Common 128,667 Stock options None RSUs 7,223 DSUs 28,200	Less than 1.0%
JEAN des RIVIÈRES, P.Geo., M.Sc.A. (4)(5)(6) Director Hudson Heights, Quebec, Canada	Vice President Exploration of BHP, Santiago, Chile from August 2013 to June 2020.	March 31, 2021 to present	Common 8,663 Stock options None RSUs 8,127 DSUs 16,958	Less than 1.0%
COLETTE RUSTAD, CPA, CA (3) Director Vancouver, British Columbia, Canada	Executive Vice President & Chief Financial Officer of Alio Gold from May 2017 to August 2018; independent corporate advisor from 2018 to present.	June 2021 to present	Common 426 Stock options None RSUs 8,837 DSUs 15,747	Less than 1.0%

Name, Position and City, Province and Country of Residence	Principal Occupation or Employment for Past 5 Years[1]	Period as a Director of the Company	No. and Class of Securities[1]	Percentage of Class[2]
STEVEN C. HOLMES Chief Operating Officer Safford, Arizona USA	Vice President Joint Venture Portfolio of Barrick Gold Corporation from May 2018 to February 2019; self-employed mining executive from February 2019 to February 2020, Chief Operating Officer of the Company from February 2020 to present.	N/A	Common 81,000 Stock options 353,552 RSUs 71,870 PSUs 74,530	Less than 1.0%
DAVID SOARES, CPA, CA, MBA Chief Financial Officer Vancouver, British Columbia, Canada	Chief Financial Officer of Baffinland Iron Ore Mines from November 2017 to November 2018, Chief Financial Officer of Kirkland Lake Gold from November 2018 to February 2022; Chief Financial Officer of the Company from March 2022 to present;	N/A	Common 5,000 Stock options 227,926 RSUs 50,624 PSUs 41,314	Less than 1.0%
SOPHIE HSIA, LLB, BCL, LLM General Counsel Gibsons, British Columbia, Canada	General Counsel of Imperial Metals Corporation from March 2015 to July 2019; General Counsel of the Company from July 2019 to present.	N/A	Common 17,434 Stock options 140,000 RSUs 26,780 PSUs 28,000	Less than 1.0%
CONNIE LILLICO Corporate Secretary Coquitlam, British Columbia, Canada	Corporate Secretary of the Company from August 2007 to present.	N/A	Common 136,431 Stock options 272,500 RSUs 23,133 PSUs 24,290	Less than 1.0%

(1) The information as to principal occupation and shares beneficially owned has been furnished by the respective individuals.
(2) Based upon the 274,491,698 Common Shares of the Company issued and outstanding as of the date of this AIF.
(3) Member of the Audit Committee.
(4) Member of the Compensation Committee.
(5) Member of the Corporate Governance and Nominating Committee.
(6) Member of the Environmental, Social, Health and Safety Committee.

The directors and senior officers of the Company beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 4,450,362 Common Shares of the Company or approximately 2% of the Common Shares of the Company issued and outstanding as of the date of this AIF.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

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

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

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

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

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

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

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

Conflicts of Interest

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

AUDIT COMMITTEE INFORMATION

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

Audit Committee Mandate

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

Composition of the Audit Committee

Members of the Audit Committee are Colette Rustad, Marjorie Co and Ana Lopez. All three members are independent within the meaning of applicable securities laws and all three members are considered financially literate.

Relevant Education and Experience

Ms. Rustad is an international financial expert with over 30 years of diverse financial and operational experience, including mergers and acquisitions, project construction, risk management and advisory expertise in the mining, financial services, energy and technology sectors. She currently serves as a director of the Sanford Housing Society, previously served as a director for Terrane Metals and held executive positions at Barrick Africa, VP & CFO; Goldcorp Inc, Senior Vice-President Treasurer and Controller; EY Toronto, Senior Manager and Alio Gold, EVP & CFO. She is a Chartered Professional Accountant (CPA)(CA) and has a Bachelor of Commerce from the University of Calgary and completed the Advanced Management Program from the Wharton Graduate School of Business, University of Pennsylvania.

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

Ms. Lopez brings over 20 years of experience in human resources, having led broad HR portfolios in the transportation and education sectors. Ms. Lopez is currently the Vice-President Human Resources and People Development at the British Columbia Institute of Technology and was previously the Vice-President Human Resources at TransLink. Ms. Lopez was called to the British Columbia Bar in 1994 and is a member of the Law Society of British Columbia. Ms. Lopez is a Certified Executive Coach, with a Graduate Certificate in Executive Coaching from Royal Roads University. She received her Bachelor of Laws degree from the University of Ottawa, and her Bachelor of Arts Honours from Carleton University. She is also a 2008 alumnus of the Governor General's Canadian Leadership Conference.

Reliance on Certain Exemptions

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

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

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

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

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

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

Audit Committee Oversight

For the year ended December 31, 2022, the Company's Board of Directors adopted all recommendations by the Audit Committee with respect to the nomination and compensation of the external auditor.

Pre-Approval Policy and Procedures

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

External Auditor Service Fees

The following table sets out the fees billed to the Company by Deloitte LLP, Independent Registered Public Accounting Firm , and its affiliates for professional services in each of the years ended December 31, 2021, and December 31, 2022, respectively.

Category	Year ended December 31, 2022	Year ended December 31, 2021
Audit Fees	$1,648,000	$1,336,000
Audit Related Fees	$42,000	$38,000
Tax Fees	$8,500	$4,000
All Other Fees	Nil	Nil

Audit fees include fees for services rendered by the Independent Registered Public Accounting Firm in relation to the audit and review of our financial statements and in connection with our statutory and regulatory filings. Tax fees includes professional services rendered by the Independent Registered Public Accounting Firm for tax compliance, tax advice, and tax planning. Audit related fees include an audit opinion on housing fund remittances in Mexico. The 2022 audit fee includes amounts for 2022 audit services as well as final billings from the 2021 audit which were received in 2022.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

TRANSFER AGENT AND REGISTRAR

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Davila Santos Litigation

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

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

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

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

On September 21, 2022, the First Chamber of the Supreme Court denied the amparo to Davila Santos and held that the British Columbia decision should be executed in Mexico, in favour of the Company (the "**HDS Final Decision**"). Before formal enforcement of the HDS Final Decision could commence, the Supreme Court provided notice on December 12, 2022, of the HDS Final Decision to the 2nd Court of Appeals. On December 15, 2022, when the 2nd Court of Appeals acknowledged the Supreme Court's decision, the BC Judgment was considered as an homologated and binding decision in Mexico. On January 12, 2023, the 2nd Court of Appeals received the complete Hector Davila file clearing the way for execution to commence.

Despite the issuance of the HDS Final Decision, there remains uncertainty as to the Company's ability to collect any of the remaining C$81.45 million of the judgment amounts and enforcement of the BC Judgment will likely require additional action in México and/or elsewhere to recover the balance. Therefore, the Company has not accrued in its financial statements any additional amounts related to the remaining unpaid judgment in favour of the Company.

Mexican Tax and NAFTA Proceedings

As described above under "*Risk Factors - Challenges to the Advance Pricing Agreement* ", the SAT, the Mexican tax authority, initiated a legal proceeding seeking to nullify the APA which it issued to Primero in 2012. The APA confirmed Primero's basis for paying taxes on the price it realized for certain silver sales between 2010 and 2014. In 2019 and 2021, pursuant to the ongoing tax audits and in advance of the expiry of statute barred periods of reassessment, the SAT issued reassessments against PEM for the 2010 to 2013 tax years in the total amount of $371.3 million (7,642 million MXN). The SAT has not yet issued a new APA ruling or re-assessed PEM in respect of its sales of silver for 2014. On September 23, 2020, the Federal Court issued a decision nullifying the APA and directing the SAT to issue a new APA ruling and on November 12, 2020, the Company received written reasons for the decision from the Federal Court. On November 30, 2020, the Company filed an appeal of the Federal Court's decision with the Circuit Courts. Since then, two writs of certiorari were submitted to the Mexican Supreme Court of Justice. On April 15, 2021, the Plenary of the Supreme Court i) admitted only 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. Both writs of certiorari were withdrawn in December 2022. The challenge filed by the Company has been returned to the Mexican Circuit Courts and a decision may be issued within the second quarter of 2023.

The Company intends to continue to challenge the actions of the SAT in Mexican courts, however due to the ongoing COVID-19 crisis, the Mexican courts are currently available only on a restricted basis for further hearings on these matters. The Company is unable to provide any certainty as to the outcome or timing of such challenge. No tax is payable under the reassessments while such challenges are in process. If the Company's challenge is not successful it would have a material adverse effect on the Company's business, financial condition and results of operations.

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

The Company also announced on March 2, 2021, that it submitted a Request for Arbitration to ICSID, on its own behalf and on behalf of PEM, based on Chapter 11 of NAFTA. On March 31, 2021, the Notice of Registration of the Request for Arbitration was issued by the ICSID Secretariat. Once the Tribunal was fully constituted by the appointment of all three panel members on August 20, 2021, the NAFTA Proceedings were deemed to have commenced. The first session of the NAFTA Proceedings was held by videoconference on September 24, 2021, to decide upon the procedural rules which will govern the NAFTA Proceedings. The Tribunal issued Procedural Order No. 1 on October 21, 2021. Thereafter, on April 26, 2022, the Company submitted its Claimant's Memorial including expert reports and witness statements to the Tribunal, and on November 26, 2022, Mexico submitted its Counter-Memorial. There can be no guarantee as to the outcome of the NAFTA Proceedings.

Minera La Encantada - Tax Litigation

In December 2019, as part of the ongoing annual audits of the tax returns of Minera La Encantada S.A. de C.V. and Corporacion First Majestic S.A. de C.V., the SAT issued tax assessments for fiscal 2013 for corporate income tax in the amount of $4.9 million (95.5 million MXN) and $15.6 million (302 million MXN), respectively including interest, inflation and penalties. In December 2022, the SAT issued tax assessments to Minera La Encantada, S.A. de C.V. for fiscal years 2014 and 2015 for corporate income tax in the amount of $15.7 million (305.2 million MXN) and $204.4 million (3,968.0 million MXN). The major items relate to forward silver purchase agreement and denial of the deductibility of mine development costs and service fees. The Company continues to defend the validity of the forward silver purchase agreement and will vigorously dispute the assessments that have been issued. The Company, based on advice from legal and financial advisors believes MLE's tax filings were appropriate, and its tax filing position is correct, therefore no liability has been recognized in the financial statements.

Regulatory Actions

No penalties or sanctions were imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the year ended December 31, 2022.

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

The Company did not enter into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority during the year ended December 31, 2022.

MATERIAL CONTRACTS

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

- the Note Indenture; and
- the 2023 Sales Agreement.

INTERESTS OF EXPERTS

Deloitte LLP is independent with respect to First Majestic Silver Corp. within the meaning of the Securities Act of 1933, as amended and the applicable rules and regulations thereunder adopted by the Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (United States) (PCAOB) and within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

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

Ryan Rodney, C.P.G., former Associate Geologist with SLR International Corporation, Gordon L. Fellows, P.E., former Jerritt Canyon Mine Mining Manager with Jerritt Canyon Gold LLC and current consultant to the Company, Chelsea Hamilton, P. Eng, Project Mining Engineer with SLR Consulting Ltd., Andrew P. Hampton, P. Eng Principal Metallurgist with SLR International Corporation and Jeremy Scott Collyard, MMSA QP, Principal Environmental Specialist and United States Mining and Minerals Sector Lead with SLR International Corporation prepared the Jerritt Canyon Technical Report. To management's knowledge, the foregoing individuals do not have any registered or beneficial interests, direct or indirect, in any securities or other property of the Company (or of any of its associates or affiliates).

ADDITIONAL INFORMATION

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

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

Additional financial information is provided in the Company's audited financial statements and Management's Discussion and Analysis for the year ended December 31, 2022, a copies of which may be requested from First Majestic's head office, or may be viewed on the Company's website (www.firstmajestic.com) or on SEDAR (www.sedar.com).

APPENDIX "A"

TO THE ANNUAL INFORMATION FORM OF

AUDIT COMMITTEE CHARTER

INTRODUCTION

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

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

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

AUTHORITY

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

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

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

COMPOSITION

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

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

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

RESPONSIBILITIES

To fulfill its responsibilities and duties, the Committee will:

Financial Reporting

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

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

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

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

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

   (v) prospectuses;

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

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

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

External Auditor

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

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

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

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

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

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

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

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

    a) *All critical accounting policies and practices.*

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

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

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

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

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

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

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

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

Financial Reporting Processes, Accounting Policies and Internal Control Structure

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

17. Periodically review the adequacy and effectiveness of the Company's disclosure controls and procedures and the Company's internal control over financial reporting, including any significant deficiencies and significant changes in internal controls.

18. Understand the scope of the Company's external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management responses.

19. Receive and review any disclosure from the Company's Chief Executive Officer and Chief Financial Officer made in connection with the certification of the Company's quarterly and annual financial statements, regarding:

    a) *significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and*

    b) *any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.*

20. Review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; major issues as to the adequacy of the Company's internal controls; and any special audit steps adopted in light of material control deficiencies.

21. Review analyses prepared by management and the Company's external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative accounting methods on the financial statements.

22. Review the effect of regulatory and accounting initiatives, as well as off-balance-sheet structures, on the financial statements of the Company.

23. Review and report to the Board with respect to all related-party transactions, unless a special committee has been established by the Board to consider a particular matter.

24. Establish and oversee procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, including procedures for confidential, anonymous submissions by Company employees regarding questionable accounting or auditing matters.

Ethical Compliance, Legal Compliance and Risk Management

25. Oversee, review, and periodically update the Company's Code of Ethical Conduct and the Company's system to monitor compliance with and enforce this code.

26. Review, with the Company's counsel, legal compliance and legal matters that could have a significant impact on the Company's financial statements.

27. Discuss policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process, as well as the Company's major financial risk exposures and the steps management has undertaken to control them.

28. Consider the risk of management's ability to override the Company's internal controls.

29. Review with the Company's external auditors, and if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements.

30. Review adequacy of security of information, information systems and recovery plans.

31. Review the Company's insurance, including directors' and officers' coverage, and provide recommendations to the Board .

Other Responsibilities

32. Report regularly to the Board regarding the execution of the Committee's duties and responsibilities, activities, any issues encountered and related recommendations.

33. Discuss, with the Company's external auditor the extent to which changes or improvements in financial or accounting practices have been implemented.

34. Conduct an annual performance assessment relative to the Committee's purpose, duties, and responsibilities outlined herein.

EFFECTIVE DATE

This Charter was approved and adopted by the Board on March 10, 2014, as amended on November 30, 2017 (the " **Effective Date**") and is and shall be effective and in full force and effect in accordance with its terms and conditions from and after such date.

GOVERNING LAW

This Charter shall be interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in that province.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 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
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Management's Responsibilities For Financial Reporting

The consolidated financial statements of First Majestic Silver Corp. (the "Company") have been prepared and are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available. Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements have been audited by Deloitte LLP and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.



Keith Neumeyer
President & CEO
February 22, 2023



David Soares, CPA, CA
Chief Financial Officer
February 22, 2023

Management’s Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting.

The Company's management assessed the effectiveness of the Company's Internal control over financial reporting as of the year ended December 31, 2022, in accordance with the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that, as of the year ended December 31, 2022, the Company’s internal control over financial reporting was effective.

Deloitte LLP, an Independent Registered Public Accounting Firm, has audited the Company’s consolidated financial statements for the year ended December 31, 2022, and as stated in the Report of Independent Registered Public Accounting Firm, they have expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting as of the year ended December 31, 2022.

Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of
First Majestic Silver Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of First Majestic Silver Corp. and subsidiaries (the "Company") as at December 31, 2022 and 2021, the related consolidated statements of earnings (loss), comprehensive income (loss), changes in equity and cash flows, for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2022, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

Impairment - Assessment of Whether Indicators of Impairment or Impairment Reversal Exist Within Non-Current Assets - Refer to Note 3 to the financial statements

Critical Audit Matter Description

The Company’s determination of whether or not an indication of impairment or impairment reversal exists at the cash generating unit (“CGU”) level requires significant management judgment pertaining to mining interests and property, plant and equipment. Management considers both external and internal sources of information in assessing whether there are any indications that the Company’s mining interests and property, plant and equipment are impaired or previous impairments should be reversed.

While there are several factors that are required to determine whether or not an indicator of impairment or impairment reversal exists, the judgements with the highest subjectivity are future metal prices and the in-situ value of reserves, resources and exploration potential. Auditing these assumptions required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to future metal prices and the in-situ value of reserves, resources and exploration potential in the assessment of whether indicators of impairment or impairment reversal exists included the following, among others:

- Evaluated the effectiveness of controls over management's assessment of whether there are indicators of impairment or impairment reversal;
- Evaluated management's assumptions by:
  - Comparing management's future metal price forecasts to third party forecasts; and
  - Comparing management's determination of the in-situ value of reserves, resources and exploration potential to independent market data.

Primero Tax Rulings — Refer to Note 28(b) to the financial statements

Critical Audit Matter Description

The Company has an ongoing dispute with the Mexican Tax Authorities, the Servicio de Administracion Tributaria ("SAT"). The dispute relates to the determination of the transfer price, which is based upon an Advanced Pricing Agreement ("APA") from the SAT, applied to intercompany silver sales in connection with a silver streaming arrangement with an unrelated third-party. In 2020, the Mexican Federal Court on Administrative Matters issued a decision nullifying the APA and directing the SAT to reexamine the evidence and basis for the issuance of the APA; the Company has appealed this decision to the Mexican Circuit Courts. As a result of the tax dispute with the SAT, should the Company ultimately be required to pay tax on its intercompany silver revenues based on market prices, the incremental income tax for the years 2010 - 2019 would be approximately $257.3 million, before interest and penalties, without any mitigating adjustments. The Company has not recognized a tax liability related to the Primero tax dispute with the SAT.

The evaluation of the accounting and the disclosure of the matter requires significant management judgment to determine the probability of having to pay incremental income tax. Auditing the accounting and the disclosures related to the tax matter required a high degree of auditor judgment due to the significant judgment by management and evaluating whether the audit evidence supports management's position. This resulted in an increased extent of audit effort, including the involvement of tax specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures relating to the evaluation of the accounting and disclosure related to the tax matter included the following, among others:

- Inquired of management to understand the developments of the tax dispute;
- Evaluated the effectiveness of management's controls over the evaluation of the appropriateness of income tax filing positions and corresponding disclosures in the financial statements;
- Obtained and evaluated management's assessment of the dispute, including analysis from the Company's external counsel;
- With the assistance of tax specialists, analyzed the Company's accounting position related to the tax dispute; and
- Evaluated the Company's disclosures for consistency with our knowledge of the Company's tax matters and audit evidence obtained.

/s/ Deloitte LLP

Chartered Professional Accountants

Vancouver, Canada

February 23, 2023
We have served as the Company's auditor since 2005.

Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of

First Majestic Silver Corp.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of First Majestic Silver Corp. and subsidiaries (the “Company") as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as at and for the year ended December 31, 2022, of the Company and our report dated February 23, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP

Chartered Professional Accountants

Vancouver, Canada
February 23, 2023

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CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Audited Consolidated Financial Statements (In thousands of US dollars, except share and per share amounts)

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

		Year Ended December 31,	
	Note	2022	2021
Revenues	6	**$624,221**	**$584,117**
Mine operating costs			
Cost of sales	7	471,687	366,085
Depletion, depreciation and amortization		135,782	116,613
		607,469	**482,698**
Mine operating earnings		**16,752**	**101,419**
General and administrative expenses	8	36,372	27,063
Share-based payments		13,958	12,290
Mine holding costs	9	11,930	12,056
Reversal of impairment	15	(2,651)	—
Gain on sale of royalty portfolio	15	(4,301)	—
Acquisition costs		—	1,973
Foreign exchange loss (gain)		637	(1,165)
Operating (loss) earnings		**(39,193)**	**49,202**
Investment and other loss	10	(1,888)	(2,948)
Finance costs	11	(20,323)	(21,004)
(Loss) earnings before income taxes		**(61,404)**	**25,250**
Income taxes			
Current income tax expense	24	56,250	49,283
Deferred income tax recovery	24	(3,378)	(19,110)
		52,872	30,173
Net loss for the year		**($114,276)**	**($4,923)**
Loss per common share			
Basic	12	**($0.43)**	**($0.02)**
Diluted	12	**($0.43)**	**($0.02)**
Weighted average shares outstanding			
Basic	12	**263,122,252**	**244,749,772**
Diluted	12	**263,122,252**	**244,749,772**

Approved and authorized by the Board of Directors for issuance on February 22, 2023



Keith Neumeyer, Director



Colette Rustad, Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

The Consolidated Statements of Comprehensive Income (Loss) provide a summary of total comprehensive earnings or loss and summarizes items recorded in other comprehensive income that may or may not be subsequently reclassified to profit or loss depending on future events.

	Note	Year Ended December 31,	
		2022	2021
Net loss for the year		**($114,276)**	**($4,923)**
Other comprehensive loss			
Items that will not be subsequently reclassified to net loss:			
Unrealized loss on fair value of investments in marketable securities, net of tax	14(b)	(10,333)	(12,456)
Realized gain (loss) on investments in marketable securities, net of tax	14(b)	482	(1,439)
Remeasurement of retirement benefit plan		312	95
Other comprehensive loss		(9,539)	(13,800)
Total comprehensive loss		**($123,815)**	**($18,723)**

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

The Consolidated Statements of Cash Flows provide a summary of movements in cash and cash equivalents during the reporting periods by classifying them as operating, investing or financing activities.

	Note	Year Ended December 31, 2022	2021
Operating Activities			
Net loss for the year		($114,276)	($4,923)
Adjustments for:			
Depletion, depreciation and amortization		137,411	118,283
Share-based payments		13,958	12,290
Income tax expense		52,872	30,173
Finance costs	11	20,323	21,004
Acquisition costs	4	—	1,973
Loss on write-down of plant and equipment	10	—	2,501
Unrealized loss from marketable securities and silver futures derivatives		4,242	1,521
Gain on sale of royalty portfolio	15	(4,301)	—
Reversal of Impairment	15	(2,651)	—
Other		1,843	(6,067)
Operating cash flows before non-cash working capital and taxes		**109,421**	**176,755**
Net change in non-cash working capital items	27	(27,686)	(31,504)
Income taxes paid		(62,747)	(76,528)
Cash provided by operating activities		**18,988**	**68,723**
Investing Activities			
Restricted cash acquired on the acquisition of Jerritt Canyon	4	—	30,000
Reclassification to restricted cash related to the acquisition of Jerritt Canyon	19	—	(12,574)
Expenditures on mining interests		(157,975)	(132,409)
Acquisition of property, plant and equipment		(59,705)	(56,558)
Deposits paid for acquisition of non-current assets		(1,135)	(7,839)
Jerritt Canyon acquisition costs, net of cash acquired		—	(948)
Other	27	5,018	(425)
Cash used in investing activities		**(213,797)**	**(180,753)**
Financing Activities			
Proceeds from prospectus offering, net of share issue costs	25(a)	113,395	66,674
Proceeds from 2021 convertible debenture, net of transaction costs	21(a)	—	222,776
Payment for redemption of 2018 convertible debenture	21(a)	—	(171,841)
Proceeds from exercise of stock options		4,664	21,793
Repayment of lease liabilities	22	(13,469)	(9,287)
Finance costs paid		(3,172)	(4,326)
Proceeds from debt facilities	21(b)	50,000	30,000
Repayment of debt facilities	21(b)	(30,000)	(40,000)
Dividends declared and paid	25(g)	(6,867)	(3,930)
Shares repurchased and cancelled	25(f)	(665)	(42)
Cash provided by financing activities		**113,886**	**111,817**
Effect of exchange rate on cash and cash equivalents held in foreign currencies		(346)	(439)
Decrease in cash and cash equivalents		**(80,923)**	**(213)**
Cash and cash equivalents, beginning of the year		237,926	238,578
Cash and cash equivalent reclassified as held for sale		(5,219)	—
Cash and cash equivalents, end of year		**$151,438**	**$237,926**
Supplemental cash flow information	27		

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

The Consolidated Statements of Financial Position provides a summary of assets, liabilities and equity, as well as their current versus non-current nature, as at the reporting date.

	Note	December 31, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		$151,438	$237,926
Restricted cash	19	—	12,570
Trade and other receivables		8,598	7,729
Value added taxes receivable	26(c)	32,618	46,531
Inventories	13	64,761	60,613
Other financial assets	14	34,528	26,486
Prepaid expenses and other		5,617	5,352
Assets held-for-sale	15	72,729	—
Total current assets		**370,289**	**397,207**
Non-current assets			
Mining interests	16	1,061,124	1,048,530
Property, plant and equipment	17	451,335	449,237
Right-of-use assets	18	26,649	29,225
Deposits on non-current assets		6,003	10,949
Non-current restricted cash	19	125,193	115,012
Non-current value added taxes receivable	26(c)	12,354	572
Deferred tax assets	24	57,062	74,257
Total assets		**$2,110,009**	**$2,124,989**
Liabilities and Equity			
Current liabilities			
Trade and other payables	20	$115,120	$120,666
Unearned revenue	6	3,383	12,226
Current portion of debt facilities	21	551	125
Current portion of lease liabilities	22	13,827	11,825
Liabilities relating to assets held-for-sale	15	16,278	—
Income taxes payable	24	18,240	27,980
Total current liabilities		**167,399**	**172,822**
Non-current liabilities			
Debt facilities	21	209,811	181,108
Lease liabilities	22	23,756	28,036
Decommissioning liabilities	23	149,017	153,607
Other liabilities		5,655	5,797
Non-current income taxes payable	24	20,605	21,812
Deferred tax liabilities	24	122,468	150,836
Total liabilities		**$698,711**	**$714,018**
Equity			
Share capital		1,781,280	1,659,781
Equity reserves		98,914	98,943
Accumulated deficit		(468,896)	(347,753)
Total equity		**$1,411,298**	**$1,410,971**
Total liabilities and equity		**$2,110,009**	**$2,124,989**

Commitments (Note 16; Contingencies (Note 28); Subsequent event (Note 31)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Audited Consolidated Financial Statements (In thousands of US dollars, except share and per share amounts)

The Consolidated Statements of Changes in Equity summarizes movements in equity, including common shares, share capital, equity reserves and retained earnings or accumulated deficit.

	Share Capital		Equity Reserves					
	Shares	Amount	Share-based payments[a]	Other comprehensive income(loss)[b]	Equity component of convertible debenture[c]	Total equity reserves	Accumulated deficit	Total equity
Balance at December 31, 2020	**221,965,011**	**$1,087,139**	**$75,420**	**$7,413**	**$19,164**	**$101,997**	**($338,900)**	**$850,236**
Net loss for the period	—	—	—	—	—	—	(4,923)	(4,923)
Other comprehensive loss	—	—	—	(13,800)	—	(13,800)	—	(13,800)
Total comprehensive loss	**—**	**—**	**—**	**(13,800)**	**—**	**(13,800)**	**(4,923)**	**(18,723)**
Share-based payments	—	—	12,421	—	—	12,421	—	12,421
Shares issued for:								
Acquisition of Jerritt Canyon (Note 4)	26,719,727	416,561	23,150	—	—	23,150	—	439,711
Sprott Private Placement	1,705,514	26,589	—	—	—	—	—	26,589
Prospectus offerings (Note 25(a))	4,225,000	66,674	—	—	—	—	—	66,674
Debt settlement (Note 21)	2,579,093	27,733	—	—	(46,127)	(46,127)	—	(18,394)
Exercise of stock options (Note 25(b))	2,502,234	30,436	(8,643)	—	—	(8,643)	—	21,793
Acquisition of Springpole Silver Stream (Note 16(d))	287,300	3,750	—	—	—	—	—	3,750
Settlement of restricted share units (Note 25(c))	73,692	941	(963)	—	—	(963)	—	(22)
Equity component of convertible notes net of tax (Note 21)	—	—	—	—	30,908	30,908	—	30,908
Shares repurchased and cancelled (Note 25(f))	(6,913)	(42)	—	—	—	—	—	(42)
Dividend declared and paid (Note 25(g))	—	—	—	—	—	—	(3,930)	(3,930)
Balance at December 31, 2021	**260,050,658**	**$1,659,781**	**$101,385**	**($6,387)**	**$3,945**	**$98,943**	**($347,753)**	**$1,410,971**
Net loss for the period	—	—	—	—	—	—	(114,276)	(114,276)
Other comprehensive loss	—	—	—	(9,539)	—	(9,539)	—	(9,539)
Total comprehensive loss	**—**	**—**	**—**	**(9,539)**	**—**	**(9,539)**	**(114,276)**	**(123,815)**
Share-based payments	—	—	13,615	—	—	13,615	—	13,615
Shares issued for:								
Prospectus offerings (Note 25(a))	11,869,145	113,395	—	—	—	—	—	113,395
Exercise of stock options (Note 25(b))	609,623	6,872	(2,208)	—	—	(2,208)	—	4,664
Settlement of restricted and deferred share units (Note 25(c) and 25(e))	148,553	1,897	(1,897)	—	—	(1,897)	—	—
Shares repurchased and cancelled (Note 25(f))	(100,000)	(665)	—	—	—	—	—	(665)
Dividend declared (Note 25(g))	—	—	—	—	—	—	(6,867)	(6,867)
Balance at December 31, 2022	**272,577,979**	**$1,781,280**	**$110,895**	**($15,926)**	**$3,945**	**$98,914**	**($468,896)**	**$1,411,298**

(a) Share-based payments reserve records the cumulative amount recognized under IFRS 2 share-based payments in respect of stock options granted, restricted

(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, deferred 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") of 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 $42.3 million, net of deferred tax effect of $11.4 million. This amount is not subsequently remeasured and will remain in equity until th e conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance will remain in equity reserves.

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

1. NATURE OF OPERATIONS

First Majestic Silver Corp. (the “Company” or “First Majestic”) is in the business of production, development, exploration, and acquisition of mineral properties with a focus on silver and gold production in North America. The Company owns four producing mines, three mines in Mexico consisting of the San Dimas Silver/Gold Mine, the Santa Elena Silver/Gold Mine and the La Encantada Silver Mine and the Jerritt Canyon Gold Mine in Nevada, USA. In addition, the Company owns 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. As at December 31, 2022 the La Guitarra Silver/Gold Mine and the La Parrilla Silver Mines were classified as assets held-for-sale (Note 15).

First Majestic is incorporated in Canada with limited liability under the legislation of the Province of British Columbia and is publicly listed on the New York Stock Exchange under the symbol “AG”, on the Toronto Stock Exchange under the symbol “FR” and on the Frankfurt Stock Exchange under the symbol “FMV”. The Company’s head office and principal address is located at 925 West Georgia Street, Suite 1800, Vancouver, British Columbia, Canada, V6C 3L2.

2. BASIS OF PRESENTATION

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The significant accounting policies, estimates and judgments applied in preparing these consolidated financial statements are summarized in Note 3 of the consolidated financial statements and have been consistently applied throughout all periods presented.

These audited consolidated financial statements have been prepared on an historical cost basis except for certain items that are measured at fair value such as other financial assets (Note 14). All dollar amounts presented are in thousands of United States dollars unless otherwise specified.

These audited consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its subsidiaries (see Note 29). Intercompany balances, transactions, income and expenses are eliminated on consolidation.

These audited consolidated financial statements of First Majestic Silver Corp. for the years ended December 31, 2022 and 2021 were approved and authorized for issue by the Board of Directors on February 22, 2023.

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 audited annual 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.

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

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board ("IASB") that were effective for annual periods that begin on or after January 1, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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

New and amended IFRS standards that are effective for the current year (continued)

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 recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments were applied effective January 1, 2022 and did not have a material impact on the Company's consolidated financial statements.

Provisions, Contingent Liabilities and Contingent Assets (Amendment to IAS 37)

The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous comprise both the incremental costs and an allocation of other costs that relate directly to fulfilling the contract. The amendments apply to contracts existing at the date when the amendments are first applied. On adoption of this amendment, there was no impact to the Company's consolidated financial statements.

Business Combinations

Accounting Policy:

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed and equity instruments issued by the Company to the former owners of the acquiree in exchange for control of the acquiree. Acquisition-related costs incurred for the business combination are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the consideration of the acquisition over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized in earnings or loss immediately. Goodwill may also arise as a result of the requirement under IFRS to record a deferred tax liability on the excess of the fair value of the acquired assets over their corresponding tax bases, with the corresponding offset recorded as goodwill.

Accounting Estimates and Judgments:

Determination of a Business

Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business consists of inputs, including non-current assets and processes, including operational processes, that when applied to those inputs have the ability to create outputs that provide a return to the Company and its shareholders.

In 2021, the Company concluded that Jerritt Canyon Canada Ltd. ("Jerritt Canyon") met the definition of a business and, accordingly, the acquisition was accounted for as a business combination (Note 4).

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

Business Combinations (continued)

Accounting Estimates and Judgments:

Fair Value Estimates

In business combinations, it generally requires time to obtain the information necessary to identify and measure the following as of the acquisition date:

(i) The identifiable assets acquired and liabilities assumed;
(ii) The consideration transferred in exchange for an interest in the acquiree;
(iii) The resulting goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable and shall not exceed one year from the acquisition date.

The fair value of assets acquired and liabilities assumed requires that management make judgments and estimates taking into account information available at the time of the acquisition about future events including, but not restricted to, estimates of mineral reserves and resources, exploration potential, future metal prices, future operating costs and capital expenditures and discount rates.

During the allowable measurement period, the Company will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The Company may also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable and shall not exceed one year from the acquisition date.

The fair value of assets acquired and liabilities assumed are subject to change for up to one year from the Acquisition Date. If new information arises which would impact management's assessment of the fair value at the Acquisition Date, any adjustments to the allocation of the purchase consideration will be recognized retrospectively and comparative information will be revised.

Accounting Estimates and Judgments:

Consideration for the acquisition of Jerritt Canyon

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed and equity instruments issued by the Company to the former owners of the acquiree in exchange for control of the acquiree. Management made judgments and estimates in calculating the value of the shares and warrants transferred, including but not limited to share price, volatility, rate of quarterly dividends and the discount rate.

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

Business Combinations (continued)

Accounting Estimates and Judgments:

Determining what is part of the business combination in the acquisition of Jerritt Canyon

The Company needs to assess if other arrangement(s) or transaction(s) shall be recognized as part of applying the acquisition method. To determine if the arrangement(s) or transaction(s), is(are) part of the business combination, the Company considers the following factors:

(i) The reasons for the arrangement(s) or transaction(s);
(ii) Who initiated the arrangement(s) or transaction(s); and
(iii) The timing of the arrangement(s) or transaction(s).

Management applied judgment based on the above criteria to determine if private placement shares included as part of the acquisition of Jerritt Canyon were a part of the business combination.

Goodwill

Accounting Policy:

Goodwill arising on the acquisition of a business is carried at cost as established at the date of the acquisition less accumulated impairment losses, if any. Goodwill is allocated to each of the Company's cash-generating units that is expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statements of earnings or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods. As at December 31, 2022, the Company had $nil goodwill (2021 - $nil).

Foreign Currency

Accounting Policy:

The consolidated financial statements are presented in U.S. dollars. The individual financial statements of each entity are presented in their functional currency, which is the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies are translated into the entities' functional currencies at the exchange rates at the date of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the U.S. dollar are translated using exchange rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the transactions. Revenue and expense items are translated at the exchange rates in effect at the date of the underlying transaction, except for depletion and depreciation related to non-monetary assets, which are translated at historical exchange rates. Exchange differences are recognized in the statements of earnings or loss in the period in which they arise.

Accounting Estimates and Judgments:

Determination of Functional Currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined that the functional currency of each entity is the U.S. dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

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

Revenue Recognition (Note 6)

Accounting Policy:

The Company's primary product is silver and gold. Other metals, such as lead and zinc, produced as part of the extraction process are considered to be by-products arising from the production of silver and gold. Smelting and refining charges are net against revenue from the sale of metals.

Revenue relating to the sale of metals is recognized when control of the metal or related services are transferred to the customer in an amount that reflects the consideration the Company expects to receive in exchange for the metals.

When considering whether the Company has satisfied its performance obligation, it considers the indicators of the transfer of control, which include, but are not limited to, whether: the Company has a present right to payment; the customer has legal title to the asset; the Company has transferred physical possession of the asset to the customer; and the customer has the significant risks and rewards of ownership of the asset.

Metals in doré sold are priced on date of transfer of control. Final weights and assays are adjusted on final settlement which is approximately one month after delivery.

Revenue from the sale of coins, ingots and bullion is recorded when the products have been shipped and funds have been received. When cash was received from customers prior to shipping of the related finished goods, the amounts are recorded as unearned revenue until the products are shipped.

Accounting Estimates and Judgments:

Determination of Performance Obligations

The Company applied judgment to determine if a good or service that is promised to a customer is distinct based on whether the customer can benefit from the good or service on its own or together with other readily available resources and whether the good or service is separately identifiable. Based on these criteria, the Company determined the primary performance obligation relating to its sales contracts is the delivery of the bullion and doré.

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

Inventories (Note 13)

Accounting Policy:

Mineral inventories, including stockpiled ore, work in process and finished goods, are valued at the lower of weighted average cost and estimated net realizable value. Cost includes all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization and directly attributable overhead costs. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and future metal prices less estimated future production costs to convert the inventories into saleable form.

Any write-downs of inventory to net realizable value are recorded as cost of sales. If there is a subsequent increase in the value of inventories, the previous write-downs to net realizable value are reversed to the extent that the related inventory has not been sold.

Stockpiled ore inventory represents ore that has been extracted from the mine and is available for further processing. Costs added to stockpiled ore inventory are valued based on current mining cost per ounce incurred up to the point of stockpiling the ore and are removed at the weighted average cost per ounce. Stockpiled ore tonnage and head grades are verified by periodic surveys and physical counts.

Work in process inventory includes precipitates, inventories in tanks and in the milling process. Finished goods inventory includes metals in their final stage of production prior to sale, including primarily doré, bullion and dried concentrates at our operations and finished goods in-transit.

Materials and supplies inventories are valued at the lower of weighted average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs.

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

Exploration Potential, Exploration and Evaluation Expenditures (Note 16)

Accounting Policy:

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes:

- acquiring the rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- compiling pre-feasibility and feasibility studies.

Capitalization of exploration and evaluation expenditures commences on acquisition of a beneficial interest or option in mineral rights. Capitalized costs are recorded as mining interests at cost less accumulated transfers to producing mineral properties and impairment charges, if applicable. No amortization is charged during the exploration and evaluation phase as the asset is not available for use.

Exploration and evaluation assets include exploration potential which represents the potential additional mineralization beyond the existing known reserves and resources of a producing mineral property which the Company gain access through acquiring the mineral rights and/or concessions. The exploration potential is recorded at cost less accumulated transfers to producing mineral properties and accumulated impairment losses, if any. No amortization is charged during the exploration and evaluation phase as the asset is not available for use.

The majority of the Company's exploration and evaluation expenditures focus on mineral deposits in proximity to its existing mining operations. Where the Company is acquiring a new property, the Company makes a preliminary evaluation to determine that the property has significant potential to develop an economic ore body.

Exploration and evaluation expenditures are transferred to development or producing mining interests when technical feasibility and commercial viability of the mineral resource have been demonstrated. Factors taken into consideration include:

- there is sufficient geological certainty of converting the mineral deposit into proven and probable reserves;
- life of mine plan and economic modeling support the economic extraction of such reserves and resources;
- for new properties, a scoping study and/or feasibility study demonstrates that the additional reserves and resources will generate a positive economic outcome; and
- operating and environmental permits exist or are reasonably assured as obtainable.

Exploration and evaluation expenditures remain as exploration mining interests and do not qualify as producing mining interests until the aforementioned criteria are met. Exploration and evaluation expenditures are transferred to development or producing mining interests when the technical feasibility and commercial viability of a mineral resource has been demonstrated according to the above mentioned factors.

Once the technical feasibility, commercial viability and a development decision have been established, the value of the exploration and evaluation asset is reclassified and accounted for in accordance with IAS 16, Property, Plant and Equipment ("IAS 16"). The exploration and evaluation asset is subject to an impairment test prior to reclassification in accordance with IFRS 6. It is subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any.

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

Exploration Potential, Exploration and Evaluation Expenditures (continued)

Accounting Estimates and Judgments:

Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs

Management has determined that exploratory drilling, evaluation, development and related costs incurred which were capitalized have potential future economic benefits and are potentially economically recoverable, subject to impairment analysis. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, exploration plans and results, accessible facilities and existing permits.

Mining Interests (Note 16)

Accounting Policy:

Exploration, development and field support costs directly related to mining interests are deferred until the property to which they directly relate is placed into production, sold, abandoned or subject to a condition of impairment. The deferred costs are amortized over the useful life of the ore body following commencement of production, or written off if the property is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific property are expensed as incurred.

Upon commencement of commercial production, mining interests are depleted on a units-of-production basis over the estimated economic life of the mine. In applying the units of production method, depletion is determined using quantity of material extracted from the mine in the period as a portion of total quantity of material to be extracted in current and future periods based on reserves and resources considered to be highly probable to be economically extracted over the life of mine. If no published reserves and resources are available, the Company may rely on internal estimates of economically recoverable mineralized material, prepared on a basis consistent with that used for determining reserves and resources, for purpose of determining depletion.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee with no obligation or sale until exercised or expired and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received.

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

Mining Interests (continued)

Accounting Estimates and Judgments:

Mineral Reserve and Resource Estimates

Mineral reserve and resource estimates affect the determination of recoverable value used in impairment assessments, the depletion and depreciation rates for non-current assets using the units of production method and the expected timing of reclamation and closure expenditures.

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101 ("NI 43-101") Technical Report standards. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position, results of operation and cash flows.

Accounting Estimates and Judgments:

Depletion Rate for Mining Interests

Depletion expenses are allocated based on estimated useful life of the asset. Should the expected asset life and associated depletion rate differ from the initial estimate, the change in estimate would be made prospectively in the consolidated statements of earnings or loss.

Stream Asset (Note 16)

Accounting Policy:

A stream asset is a long-term metal purchase agreement for which settlement is called for in silver, the amount of which is based on production at a mine corresponding to the specific agreement. On acquisition of a stream asset, it is recorded at cost and is accounted for in accordance with IFRS 6, Exploration and Evaluation of Mineral Resources ("IFRS 6"). A stream asset where the mine corresponding to the specific agreement is an exploration and evaluation stage property is classified as exploration and evaluation asset and is assessed for impairment whenever indicators of impairment exist in accordance with IFRS 6. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount.

Once the technical feasibility, commercial viability and a development decision have been established, the value of the stream asset is reclassified and accounted for in accordance with IAS 16, Property, Plant and Equipment ("IAS 16"). The exploration and evaluation asset is subject to an impairment test prior to reclassification in accordance with IFRS 6. It is subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any.

A producing stream asset is depleted using the units-of-production method over the life of the property to which the interest relates, which is estimated using available information of proven and probable reserves and the portion of resources expected to be classified as mineral reserves at the mine corresponding to the specific agreement.

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

Property, Plant and Equipment (Note 17)

Accounting Policy:

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and borrowing costs related to the acquisition or construction of qualifying assets.

Property, plant and equipment are depreciated using either the straight-line or units-of-production method over the shorter of the estimated useful life of the asset or the expected life of mine. Where an item of property, plant and equipment comprises of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Assets under construction are recorded at cost and reclassified to machinery and equipment when it becomes available for use.

Depreciation commences when the asset is in the condition and location necessary for it to operate in the manner intended by management. Depreciation charges on assets that are directly related to mineral properties are allocated to those mineral properties.

The Company conducts an annual review of residual balances, useful lives and depreciation methods utilized for property, plant and equipment. Any changes in estimate that arise from this review are accounted for prospectively.

Accounting Estimates and Judgments:

Commencement of Commercial Production

Prior to reaching commercial production levels intended by management, costs incurred are capitalized as part of the related mine or mill . Depletion of capitalized costs for mining properties and depreciation and amortization of property, plant and equipment begin when operating levels intended by management have been reached.

Determining when a mine or mill is in the condition necessary for it to be capable of operating in the manner intended by management is a matter of judgment dependent on the specific facts and circumstances. The following factors may indicate that commercial production has commenced:

- substantially all major capital expenditures have been completed to bring the asset to the condition necessary to operate in the manner intended by management;
- the mine or mill has reached a pre-determined percentage of design capacity;
- the ability to sustain a pre-determined level of design capacity for a significant period of time (i.e. the ability to process ore continuously at a steady or increasing level);
- the completion of a reasonable period of testing of the mine plant and equipment;
- the ability to produce a saleable product;
- the mine or mill has been transferred to operating personnel from internal development groups or external contractors; and
- mineral recoveries are at or near the expected production levels.

Accounting Estimates and Judgments:

Depreciation and Amortization Rates for Property, Plant and Equipment

Depreciation and amortization expenses are determined based on estimated useful life of the asset. Should the expected asset life and associated depreciation rates differ from the initial estimate, the change in estimate would be made prospectively in the consolidated statements of earnings or loss.

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

Borrowing Costs

Accounting Policy:

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset until the asset is substantially ready for its intended use. Other borrowing costs are recognized as an expense in the period incurred. As at December 31, 2022 and 2021, the Company does not have any qualifying assets under construction.

Right of Use Assets (Note 18) and Lease Liabilities (Note 22)

Accounting Policy:

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

Right of Use Assets (Note 18) and Lease Liabilities (Note 22) (continued)

Accounting Policy:

The right-of-use assets comprise of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Impairment of Non-Current Assets (Note 15)

Accounting Policy:

At each statement of financial position date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate independent cash inflows, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset or CGU is determined to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and an impairment loss is recognized as an expense in the consolidated statements of earnings or loss. Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU").

FVLCD is determined as the amount that would be obtained from the sale of the asset or CGU in an arm's length transaction between knowledgeable and willing parties. The Company considers the use of a combination of its internal discounted cash flow economic models and in-situ value of reserves, resources and exploration potential of each CGU for estimation of its FVLCD. These cash flows are discounted by an appropriate post-tax discount rate to arrive at a net present value of the asset. VIU is determined as the present value of the estimated cash flows expected to arise from the continued use of the asset or CGU in its present form and its eventual disposal. VIU is determined by applying assumptions specific to the Company's continued use and does not take into account future development.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset or CGU in prior periods, adjusted for additional amortization which would have been recorded had the asset or CGU not been impaired. A reversal of an impairment loss is recognized as a gain in the statements of earnings or loss.

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

Impairment of Non-Current Assets (Note 15) (continued)

Accounting Estimates and Judgments:

Indications of Impairment and Reversal of Impairment

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's property, plant and equipment and mining interests are impaired or previous impairments should be reversed. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its property, plant and equipment and mining interests. Internal sources of information management considers includes the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

For exploration and evaluation assets, indications include but are not limited to expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned, and if the entity has decided to discontinue exploration activity in the specific area.

Fair Value Estimates

In determining the recoverable amounts of the Company's property, plant and equipment and mining interests, management makes estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs of disposal of the mining properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in an impairment of the carrying amounts of the Company's non-current assets. Conversely, favourable changes to the aforementioned factors can result in a reversal of previous impairments.

Share-based Payment Transactions (Note 25(b)(c))

Accounting Policy:

Employees (including directors and officers) of the Company may receive a portion of their remuneration in the form of stock options which are share-based payment transactions ("share-based payments"). Stock options issued to employees are measured by reference to their fair value using the Black-Scholes model at the date on which they were granted. Forfeitures are estimated at grant date and adjusted prospectively based on actual forfeitures. Share-based payments expense, for stock options that are forfeited or cancelled prior to vesting, is reversed. The costs of share-based payments are recognized, together with a corresponding increase in the equity reserve, over the period in which the services and/or performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). On exercise by the employee, the associated option value in the equity reserve is reclassified to share capital.

The Company adopted the 2022 LTIP to allow the Company to grant to its directors, employees and consultants non-transferable Restricted Share Units ("RSU's") based on the value of the Company's share price at the date of grant. Unless otherwise stated, the awards typically have a graded vesting schedule over a three-year period and can be settled either in cash or equity upon vesting at the discretion of the Company. The Company intends to settle all RSU's in equity.

In situations where equity instruments are issued to non-employees, the share-based payments are measured at the fair value of goods or services received. If some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment.

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

Share-based Payment Transactions (Note 25(b)) (continued)

Accounting Estimates and Judgments:

Valuation of Share-based Payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Taxation (Note 24)

Accounting Policy:

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case they are recognized in other comprehensive income or directly in equity.

Current income tax is based on taxable earnings for the year. The tax rates and tax laws to compute the amount payable are those that are substantively enacted in each tax regime at the date of the statement of financial position.

Deferred income tax is recognized, using the liability method, on temporary differences between the carrying value of assets and liabilities in the statement of financial position, unused tax losses, unused tax credits and the corresponding tax bases used in the computation of taxable earnings, based on tax rates and tax laws that are substantively enacted at the date of the statement of financial position and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences to the extent that the realization of the related tax benefit through future taxable earnings is probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax assets against the current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

Taxation (Note 24) (continued)

Accounting Estimates and Judgments: Recognition of Deferred Income Tax Assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed, reviewed by management and are consistent with the forecasts utilized for business planning and impairment testing purposes. Weight is attached to tax planning opportunities that are within the Company's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses recognized and unrecognized income tax assets.

Accounting Estimates and Judgments: Tax Contingencies

The Company's operations involve dealing with uncertainties and judgments in the application of tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with tax authorities in various jurisdictions and resolution of disputes arising from tax audits. The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues based on its estimate of whether, and the extent to which, additional taxes will be due. The Company adjusts these liabilities in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result.

Cash and Cash Equivalents (Note 19)

Accounting Policy: Cash in the statement of financial position includes cash on hand and held at banks and cash equivalents include short-term guaranteed investment certificates redeemable within three months or less at the date of purchase.

Accounting Estimates and Judgments: Determination and classification of current and non-current restricted cash

The Company determines if the funds on hand and held at banks meets the definition of cash or cash equivalents. When there is a restriction on those funds, the Company assesses the nature of the restriction and if it is applicable, excludes the related amounts from the cash and cash equivalents balance. The Company then assesses the classification of the restricted cash between current and non-current based on the following factors:

- an asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the period; and
- it expects to realize the asset within twelve months after the reporting period.

The evaluation was performed based on the available information at the end of the reporting period; if there are changes in the circumstances the Company will reassess the classification.

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

Financial Instruments

Accounting Policy:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

Amortized cost

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

The Company's financial assets at amortized cost primarily include cash and cash equivalents, trade and other receivables and value added taxes receivable included in other current and non-current financial assets in the Consolidated Statement of Financial Position.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has designated certain investments in marketable securities that are not held for trading as FVTOCI (Note 14).

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings.

Financial assets measured subsequently at fair value through profit or loss ("FVTPL")

By default, all other financial assets, including derivatives, are measured subsequently at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. Fair value is determined in the manner described in note 24. The Company's financial assets at FVTPL include its account receivable arising from sales of metal contained in concentrates.

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

Financial Instruments (continued)

Accounting Policy: Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as FVTPL, are measured at amortized cost using the effective interest method. The Company's financial liabilities at amortized cost primarily include trade and other payables, debt facilities (Note 21) and lease liabilities (Note 22).

Provisions (Note 23)

Accounting Policy:

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate of the obligation can be made. The amount recognized as a provision is the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as finance costs.

Accounting Estimates and Judgments: Estimated Reclamation and Closure Costs

The Company's provision for decommissioning liabilities represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs at the end of the mine's life. The provision reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties. Adjustments to the carrying amounts of related mining properties can result in a change to future depletion expense.

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

Earnings or Loss per Share (Note 12)

Accounting Policy:

Basic earnings or loss per share for the period is calculated by dividing the earnings or loss attributable to equity holders of the Company by the weighted average number of shares outstanding during the reporting period.

Diluted earnings or loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options, restricted share units, convertible debt and share purchase warrants. Diluted earnings or loss per share is calculated using the treasury stock method and assumes the receipt of proceeds upon exercise of the options with exercise prices below the average market price to determine the number of shares assumed to be purchased at the average market price during the period.

Assets Held-for-Sale (Note 15)

Accounting Policy:

A non-current asset or disposal group of assets and liabilities ("disposal group") is classified as held-for-sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and when the following criteria are met:

(i) The non-current asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; and

(ii) The sale of the non-current asset or disposal group is highly probable. For the sale to be highly probable:

- The appropriate level of management must be committed to a plan to sell the asset or disposal group;
- An active program to locate a buyer and complete the plan must have been initiated;
- The non-current asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale (with certain exceptions); and
- Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets and disposal groups are classified as held for sale from the date these criteria are met and are measured at the lower of the carrying amount and fair value less costs to sell ("FVLCTS"). If the FVLCTS is lower than the carrying amount, an impairment loss is recognized in net earnings. Upon classification as held for sale, non-current assets are no longer depreciated.

Accounting Estimates and Judgments:

Probability of Sale Completion Within One Year

In determining the probability of the sale being completed within a year, management has considered a number of factors including necessary approvals from management, the Board of Directors, regulators and shareholders.

Future Changes in Accounting Policies Not Yet Effective as at December 31, 2022:

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective. Management does not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Group in future periods, except if indicated.

Classification of Liabilities as Current or Non-Current with Covenants (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.

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

Future Changes in Accounting Policies Not Yet Effective as at December 31, 2022 (continued)

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

In addition, the amendment requires entities to disclose information to enable users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2024, with early application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The International Accounting Standards Board ("IASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. This amendment is not expected to have a material impact on the Company's financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

In May 2021, the International Accounting Standards Board issued targeted amendments to IAS 12, Income Taxes. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application is permitted. With a view to reducing diversity in reporting, the amendments will clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and decommissioning liabilities. This amendment is not expected to have a material impact on the Company's financial statements.

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

Future Changes in Accounting Policies Not Yet Effective as at December 31, 2022 (continued)

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 although earlier application is permitted This amendment is not expected to have a material impact on the Company's financial statements.

4. ACQUISITION OF JERRITT CANYON CANADA LTD.

Description of the Transaction

On April 30, 2021, the Company completed the acquisition of 100% of the issued and outstanding shares of Jerritt Canyon Canada Ltd. from Sprott Mining Inc. ("Sprott Mining") in exchange for 26,719,727 common shares of First Majestic (the "Consideration Shares") and five million common share purchase warrants (the "Consideration Warrants"), each exercisable for one common share of the Company at a price of $20 per share for a period of three years from the date of acquisition on April 30, 2021 (the “Acquisition Date”). 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 ("Triggered Tax") due by Jerritt Canyon Canada as a result of a reorganization completed prior to the acquisition of the Jerritt Canyon Gold Mine. Pursuant to the Acquisition Agreement, the Purchase Price is increased to the extent the Triggered Tax is less than $ 60 million (“Triggered Tax Adjustment”) and decreased to the extent the working capital (the “Working Capital Adjustment”) of Jerritt Canyon is less than zero. The amount of such tax liability was $45.2 million and has been paid from the Escrowed Funds. As of April 30, 2021, Jerritt Canyon had a preliminary negative working capital of $2.8 million. The parties have agreed to settle the Triggered Tax Adjustment by releasing the Escrow funds of $ 12.6 million to Sprott Mining and have agreed to settle the Working Capital Adjustment to $nil. These funds were released to Sprott Mining during the three months ended June 30, 2022.

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 4,000 tonnes per day (“tpd”) and is currently operating at an average rate of approximately 2,200 tpd. The property consists of a large, under explored land package consisting of 30,821 hectares (119 square miles). The acquisition was completed in order to support the Company's growth strategy by adding another cornerstone asset within a world class mining jurisdiction to the Company's portfolio.

Management has concluded that Jerritt Canyon constitutes a business and, therefore, the acquisition is accounted for in accordance with IFRS 3 - Business Combinations. Given the delivery of the consideration and the fulfillment of the covenants as per the Acquisition Agreement, the transaction was deemed to be completed with First Majestic identified as the acquirer. Based on the April 30, 2021 opening share price of common shares, the total consideration of the Jerritt Canyon acquisition is $478.9 million. The Company began consolidating the operating results, cash flows and net assets of Jerritt Canyon from April 30, 2021 onwards.

The determination of the fair value of assets acquired and liabilities assumed was previously reported based on preliminary estimates at the Acquisition Date. The Company has completed a full and detailed valuation of the fair value of the net assets of Jerritt Canyon acquired using income, market, and cost valuation methods with the assistance of an independent third party. As of the date of the audited annual consolidated financial statements, the allocation of purchase price with respect to the fair value increment of assets acquired and liabilities assumed was updated to reflect new information obtained which existed at the Acquisition Date.

The fair value of assets acquired, and liabilities assumed are subject to change for up to one year from the Acquisition Date. The Company has finalized its full and detailed assessment of the fair value of the net assets of Jerritt Canyon acquired. As stated above, the Triggered Tax Adjustment and the Working Capital Adjustment, as well as any consequential impact on the deferred tax liabilities, were finalized at March 31, 2022. There were no changes to management's assessment of the fair value at the Acquisition Date that was reported at December 31, 2021. Consequently, the final allocation of the purchase price consideration did not result in material adjustments to the amounts shown in the audited consolidated financial statements for the year ended December 31, 2021.

4. ACQUISITION OF JERRITT CANYON CANADA LTD. (continued)

Consideration and Purchase Price Allocation (continued)

Total consideration for the acquisition was valued at $ 478.9 million on the Acquisition Date. The following table summarizes the consideration paid as part of the purchase price:

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
Triggered Tax Adjustment	12,570
Total consideration	**$478,870**

(1) Fair values of Consideration Shares and Private Placement Shares were estimated at $15.59 per share 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 at the Jerritt Canyon Acquisition Date, using the following assumptions:

Stock price (as of opening on April 30, 2021)	$15.59
Exercise price of Consideration Warrants	$20.00
Term (years)	3
Volatility	55%
Annual rate of quarterly dividends	0%
Discount rate - bond equivalent yield	0.5%
Total fair value of warrants	$23,150

4. ACQUISITION OF JERRITT CANYON CANADA LTD. (continued)

Consideration and Purchase Price Allocation (continued)

The following table summarizes the preliminary and revised purchase price allocated to the identifiable assets and liabilities based on their estimated fair values on the acquisition date:

Allocation of Purchase Price			
	Preliminary as reported June 30, 2021	**Adjustments**	**As reported December 31, 2021**
Cash and cash equivalents	$1,025	$—	$1,025
Inventories	19,304	—	19,304
Trade and other receivables	135	(63)	72
Other financial assets	3,581	—	3,581
Prepaid expenses	1,662	62	1,724
Restricted cash[(1)]	96,985	—	96,985
Mining interest	409,930	22,729	432,659
Property, plant and equipment	224,034	(48,307)	175,727
Deposit on non-current assets	128	—	128
Trade and other payables	(27,159)	3,974	(23,185)
Lease liabilities[(3)]	(2,194)	—	(2,194)
Income taxes payable	(47,185)	1,866	(45,319)
Contingent environmental provision[(2)]	(17,900)	17,900	—
Decommissioning liabilities[(2)]	(87,705)	16,570	(71,135)
Deferred tax liabilities	(98,186)	(12,316)	(110,502)
Net assets acquired	**$476,455**	**$2,415**	**$478,870**

(1) Restricted cash includes $30.0 million proceeds from the issuance of Private Placement Shares which were deposited into the Escrowed Funds and $67.0 million in non-current environmental reclamation bonds.

(2) Decommissioning liabilities include funds required to establish a trust agreement with the Nevada Division of Environmental Protection ("NDEP") to cover post-closure water treatment costs at Jerritt Canyon, which were previously reported as a contingent environmental provision.

(3) Lease liabilities are defined per Note 22.

The Company used discounted cash flow models to determine the fair value of the depletable mining interest. The expected future cash flows are based on estimates of future gold prices, estimated quantities of ore reserves and mineral resources, expected future production costs and capital expenditures based on the life of mine plans at the acquisition date. The discounted future cash flow models used a 5.1% discount rate based on the Company's assessment of country risk, project risk, and other potential risks specific to the acquired mining interest.

The significant assumptions used in the determination of the fair value of the mining interests were as follows:

Short-term and long-term gold price	$1,750
Discount rate	5.1%
Mine life (years)	11
Average gold grade over life of mine	6.0 g/t
Average gold recovery rate	86%

The Company used a market approach to determine the fair value of exploration potential by comparing the costs of other precedent market transactions within the industry on a dollar per square kilometres basis. Those amounts were used to determine the range of area-based resources multiples implied within the value of transactions by other market participants. Management made a significant assumption in the determination of the fair value of exploration potential by using an implied multiple of $298,524 per square kilometre for a total of $ 92.0 million. The Company accounted for exploration potential through inclusion within non-depletable mineral interest.

5. 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 year ended December 31, 2022, the Company's significant reporting segments includes its three operating mines in Mexico, the Jerritt Canyon Gold Mine in Nevada, United States and its "non-producing properties" in Mexico which include the La Parrilla, Del Toro, San Martin and La Guitarra mines, which have been placed on suspension. "Others" consists primarily of the Company's corporate assets including cash and cash equivalents, other development and exploration properties (Note 16), debt facilities (Note 21), 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.

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

Year Ended December 31, 2022 and 2021		Revenue	Cost of sales	Depletion, depreciation, and amortization	Mine operating earnings (loss)	Capital expenditures
Mexico						
San Dimas	**2022**	**$228,701**	**$141,274**	**$47,613**	**$39,814**	**$47,363**
	2021	275,463	132,550	44,859	98,054	56,385
Santa Elena	**2022**	**190,189**	**106,788**	**26,819**	**56,582**	**47,714**
	2021	117,303	77,126	17,536	22,641	67,453
La Encantada	**2022**	**67,721**	**46,126**	**8,861**	**12,734**	**10,225**
	2021	81,738	45,350	8,123	28,265	11,355
Non-producing Properties	**2022**	**—**	**—**	**397**	**(397)**	**869**
	2021	—	—	418	(418)	1,977
United States						
Jerritt Canyon	**2022**	**130,219**	**173,341**	**49,229**	**(92,351)**	**94,776**
	2021	123,808	117,324	43,511	(37,027)	46,408
Others[(1)]	**2022**	**11,706**	**6,747**	**2,863**	**2,096**	**28,530**
	2021	10,882	6,073	2,166	2,643	36,190
Intercompany elimination	**2022**	**(4,315)**	**(2,589)**	**—**	**(1,726)**	**—**
	2021	(25,077)	(12,338)	—	(12,739)	—
Consolidated	**2022**	**$624,221**	**$471,687**	**$135,782**	**$16,752**	**$229,477**
	2021	**$584,117**	**$366,085**	**$116,613**	**$101,419**	**$219,768**

(1) The "Others" segment includes revenues of $11.6 million from coins and bullion sales of 444,576 silver ounces at an average price of $26.20 per ounce.

During the year ended December 31, 2022, the Company had three (December 31, 2021 - three) customers that accounted for 97% (December 31, 2021 - 99%) of its sales revenue, with one major metal broker accounting for 92% of total revenue (December 31, 2021 - 93%).

5. SEGMENTED INFORMATION (continued)

At December 31, 2022 and 2021		Mining Interests		Property, plant and equipment	Total mining assets	Total assets	Total liabilities
		Producing	Exploration				
Mexico							
San Dimas	**2022**	**$211,658**	**$38,831**	**$94,377**	**$344,866**	**$489,970**	**$76,835**
	2021	213,526	29,186	105,473	348,185	495,479	119,764
Santa Elena	**2022**	**110,094**	**41,731**	**99,979**	**251,804**	**295,489**	**79,295**
	2021	97,271	31,067	64,843	193,181	257,244	66,795
La Encantada	**2022**	**23,496**	**4,935**	**24,422**	**52,853**	**106,008**	**30,601**
	2021	25,827	4,640	20,680	51,147	114,634	35,245
Non-producing Properties	**2022**	**62,414**	**13,781**	**18,195**	**94,390**	**206,796**	**33,391**
	2021	106,215	38,752	27,180	172,147	215,725	31,760
United States							
Jerritt Canyon	**2022**	**425,158**	**93,680**	**166,778**	**685,616**	**756,062**	**226,814**
	2021	362,811	104,431	172,857	640,099	733,725	233,484
Others	**2022**	**—**	**35,346**	**47,584**	**82,930**	**255,684**	**251,775**
	2021	—	34,804	58,204	93,008	308,182	226,970
Consolidated	**2022**	**$832,820**	**$228,304**	**$451,335**	**$1,512,459**	**$2,110,009**	**$698,711**
	2021	**$805,649**	**$242,881**	**$449,237**	**$1,497,767**	**$2,124,989**	**$714,018**

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

6. 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 the sale of metal, including by-products, are recorded net of smelting and refining costs.

Revenues for the period are summarized as follows:

	Year Ended December 31,			
	2022		**2021**	
Gross revenue from payable metals:				
Silver	$237,107	38%	$307,304	52%
Gold	389,743	62%	279,921	48%
Gross revenue	**626,850**	**100 %**	**587,225**	**100 %**
Less: smelting and refining costs	(2,629)		(3,108)	
Revenues	**$624,221**		**$584,117**	

As at December 31, 2022, the Company had $ 3.4 million of unearned revenue (December 31, 2021 - $ 12.2 million) that has not satisfied performance obligations.

(a) Gold Stream Agreement with Sandstorm Gold Ltd.

The Santa Elena mine is subject to a gold streaming 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 at the Santa Elena mine. The selling price to Sandstorm is the lesser of the prevailing market price or $450 per ounce, subject to a 1% annual inflation. During the year ended December 31, 2022, the Company delivered 2,433 ounces (2021 - 5,327 ounces) of gold to Sandstorm at an average price of $ 472 per ounce (2021 - $467 per ounce).

(b) Net Smelter Royalty

The Santa Elena mine has a net smelter royalty ("NSR") agreement with Orogen Royalties Inc. that requires a 2% NSR from the production of the Ermitaño property. In addition, there is an underlying NSR royalty where Osisko Gold Royalties Ltd. retains a 2% NSR from the sale of mineral products extracted from the Ermitaño property. For the year ended December 31, 2022 , the Company has incurred $5.8 million (December 31, 2021 - $1 million) in NSR payments from the production of Ermitaño.

(c) 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 December 31, 2022 was 70:1.

During the year ended December 31, 2022, the Company delivered 41,841 ounces (2021 - 48,015 ounces) of gold to WPM at $ 623 per ounce (2021 - $617 per ounce).

7. COST OF SALES

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

	Year Ended December 31,	
	2022	**2021**
Consumables and materials	$112,620	$78,463
Labour costs	227,767	194,846
Energy	55,542	42,881
Maintenance	9,595	7,037
Assays and labwork	6,169	5,348
Insurance	4,875	3,351
Other costs[1]	15,792	11,276
Production costs	**$432,360**	**$343,201**
Transportation and other selling costs	2,788	2,739
Workers participation costs	17,265	15,939
Environmental duties and royalties	11,063	5,835
Finished goods inventory changes	4,550	(2,304)
Other [2]	3,661	675
Cost of Sales	**$471,687**	**$366,085**

(1) Other costs include inventory write-downs, stockpile and work-in-process inventory changes, land access payments as well as services related to travel and medical testing. The inventory write-downs during the year totalled $23.8 million.
(2) Other includes $3.1 million in costs that were incurred for the twelve months ended December 31, 2022 as a result of marginal ore material that was processed to keep the mill running at minimum feed requirements to perform government mandated air compliance test work at the Jerritt Canyon Gold mine during the second quarter of 2022.

8. GENERAL AND ADMINISTRATIVE EXPENSES

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

	Year Ended December 31,	
	2022	**2021**
Corporate administration	$9,001	$7,806
Salaries and benefits	16,387	11,636
Audit, legal and professional fees	7,683	4,619
Filing and listing fees	805	506
Directors fees and expenses	867	826
Depreciation	1,629	1,670
	$36,372	**$27,063**

9. MINE HOLDING COSTS

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

	Year Ended December 31,	
	2022	2021
La Parrilla[1]	$3,320	$3,278
Del Toro	2,347	3,385
San Martin	3,609	2,597
La Guitarra[1]	2,654	2,796
	$11,930	**$12,056**

(1) During the year ended December 31, 2022 , there was an announcement for the proposed sale of the La Guitarra and the La Parrilla mines (Note15), upon which the mines were classified as assets held-for-sale ("AHFS").

10. INVESTMENT AND OTHER INCOME (LOSS)

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

	Year Ended December 31,	
	2022	2021
(Loss) gain from investment in silver futures derivatives	($376)	$532
Loss from investment in marketable securities (Note 14(a))	(3,865)	(2,054)
Loss on write-down of plant and equipment [1][2]	—	(2,501)
Interest income and other	2,353	1,075
	($1,888)	**($2,948)**

(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. During the year ended December 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.

(2) In May 2021, the Company entered into an agreement with Capstone Mining Corp. to sell certain mill equipment for gross proceeds of $6.4 million in cash. No gain or loss was recognized as part of this transaction as the equipment was sold at net book value.

11. 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 periods are summarized as follows:

	Year Ended December 31,	
	2022	2021
Debt facilities[1] (Note 21)	$10,810	$10,541
Accretion of decommissioning liabilities	6,102	3,228
Lease liabilities (Note 22)	2,131	2,013
Loss on settlement of senior convertible note [2] (Note 21(a))	—	4,642
Silver sales and other	1,280	580
	$20,323	**$21,004**

(1) During the year ended December 31, 2022, finance costs for debt facilities include non-cash accretion expense of $8.7 million (2021 - $7.2 million).

(2) In December 2021, the Company closed an offering of $200.0 million aggregate principal amount of unsecured senior convertible notes plus an additional over-allotment option of $30 million which it used to repurchase the outstanding 2018 senior convertible notes. The repurchase generated a loss due to the difference between the cash paid to repurchase and cancel the 2018 senior convertible notes, compared to the carrying value of the notes on the date of settlement.

12. 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 periods. Diluted net earnings or loss per share adjusts basic net earnings or loss per share for the effects of potential dilutive common shares. The calculations of basic and diluted earnings or loss per share for the years ended December 31, 2022 and 2021 are as follows:

	Year Ended December 31,	
	2022	**2021**
Net loss for the year	($114,276)	($4,923)
Weighted average number of shares on issue - basic	263,122,252	244,749,772
Weighted average number of shares on issue - diluted (1)	**263,122,252**	**244,749,772**
Loss per share - basic and diluted	**($0.43)**	**($0.02)**

(1) For the year ended December 31, 2022, diluted weighted average number of shares excluded5,579,618 (2021 - 2,014,379) options, 5,000,000 (2021 - 5,000,000) warrants, 1,177,594 restricted and performance share units (2021 - 701,250), nil (2021 - 16,327,598) common shares issuable under the 2018 convertible debentures (Note 21(a)) and 13,888,895 common shares issuable under the 2021 convertible debentures (2021- 13,888,895) (Note 21(a)) that were anti-dilutive.

13. INVENTORIES

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

	December 31, 2022	December 31, 2021
Finished goods - doré	$5,561	$3,735
Work-in-process	9,176	6,409
Stockpile	4,825	9,015
Silver coins and bullion	8,001	10,790
Materials and supplies	37,198	30,664
	$64,761	**$60,613**

The amount of inventories recognized as an expense during the period is equivalent to the total of cost of sales plus depletion, depreciation and amortization for the period. As at December 31, 2022, mineral inventories, which consist of stockpile, work-in-process and finished goods includes a $9.3 million write down (December 2021 - $7.5 million) which was recognized in cost of sales during the year.

14. OTHER FINANCIAL ASSETS

As at December 31, 2022, other financial assets consists of the Company's investment in marketable securities comprised of the following:

	December 31, 2022	December 31, 2021
FVTPL marketable securities (a)	$6,657	$10,851
FVTOCI marketable securities (b)	27,871	15,635
Total other financial assets	**$34,528**	**$26,486**

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

Loss in marketable securities designated as FVTPL for the year ended December 31, 2022 was $ 3.9 million (2021 - loss of $ 2.1 million), and was recorded through profit or loss.

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

Changes in fair value of marketable securities designated as FVTOCI for the year ended December 31, 2022 was a loss of $ 9.9 million (2021 - loss of $13.9 million), net of tax, and were recorded through other comprehensive income and will not be transferred into earnings or loss upon disposition or impairment.

15. DIVESTITURES

(a) La Guitarra Silver Mine

On May 24, 2022, the Company announced that it entered into a share purchase agreement with Sierra Madre Gold and Silver Ltd. ("Sierra Madre"), to sell the the Company's subsidiary La Guitarra Compañia Minera S.A. de C.V. ("La Guitarra"), which owns the La Guitarra Silver Mine for total consideration of approximately $35 million, consisting of 69,063,076 Sierra Madre shares at a deemed price of $ 0.51 per share. The closing of the transaction is subject to customary closing conditions including approval of the Sierra Madre shareholders (which was obtained in December 2022), regulatory approval and that Sierra Madre raise a minimum of $7.7 million (CAD $ 10 million) in a private placement concurrent or prior to the sale.

On June 30, 2022, the sale was considered highly probable; therefore, the assets and liabilities of La Guitarra were classified as assets and liabilities held for sale and presented separately under current assets and current liabilities, respectively. Immediately prior to the classification to asset and liabilities held for sale, the carrying amount of La Guitarra was remeasured to its recoverable amount, being its fair value less cost of disposal ("FVLCD"), based on the expected proceeds from the sale. At December 31, 2022, the sale continues to be considered highly probable; therefore the assets and liabilities are presented as assets and liabilities held for sale and presented separately under current assets and current liabilities. During the year-ended December 31, 2022, the Company has recorded a reversal of impairment loss related to the La Guitarra assets of $12.3 million based on the recoverable amount implied by the share purchase agreement.

Out of the impairment reversal of $ 12.3 million related to La Guitarra, $ 8.2 million was allocated to depletable mining interest, $ 1.0 million was allocated to non-depletable mining interest with the remaining $3.1 million allocated to property, plant and equipment, resulting in an impairment reversal of $8.0 million, net of a $ 4.4 million adjustment to the deferred tax liability. The recoverable amount of La Guitarra, being its FVLCD, was $34.9 million based on the expected proceeds from the sale.

15. DIVESTITURES (continued)

(b) La Parrilla Silver Mine

On December 7, 2022, the Company announced that it had entered into an asset purchase agreement with Golden Tag Resources Ltd. ("Golden Tag") to sell the La Parrilla Silver Mine for total consideration of up to $33.5 million, consisting of 143,673,684 Golden Tag shares at a deemed price of $0.14 per share, having an aggregate value as of the date of the sale agreement of $ 20 million, and up to $13.5 million in contingent consideration, in the form of three milestone payments payable in either cash or shares in Golden Tag. The Company has also agreed to purchase $2.7 million of Golden Tag securities in a future Golden Tag equity financing of up to CAD $ 9 million. Closing the transaction is pending and remains subject to customary closing conditions, including completion of such financing and receipt of all necessary regulatory approvals.

At December 31, 2022, the sale was considered highly probable; therefore, the assets of La Parrilla were classified as assets held for sale and presented separately under current assets. Immediately prior to the classification to assets held for sale, the carrying amount of La Parrilla was remeasured to its recoverable amount, being its FVLCD, based on the $20 million initial payment, and the first milestone payment of $ 2.7 million. During the year-ended December 31, 2022, the Company has recorded an impairment loss related to the La Parrilla assets of $9.6 million based on the recoverable amount implied by the asset purchase agreement.

Out of the impairment of $9.6 million related to La Parrilla, $5.7 million was allocated to depletable mining interest, $2.1 million was allocated to non-depletable mining interest with the remaining $1.7 million allocated to property, plant and equipment, resulting in an impairment of $ 9.6 million, net of a $nil adjustment to the deferred tax liability. The recoverable amount of La Parrilla, being its FVLCD, was $ 22.2 million, net of estimated transaction costs, based on the expected proceeds from the sale.

15. DIVESTITURES (continued)

(b) La Parrilla Silver Mine (continued)

The components of assets and liabilities held for sale relating to La Guitarra and La Parrilla are as follows:

	As at December 31, 2022	
	La Guitarra	**La Parrilla**
Assets:		
Cash and cash equivalents	$5,218	$—
Trade and other receivables	396	—
Inventory	437	876
Prepaid expenses and other	51	—
Current assets	**$6,102**	**$876**
Non-Current Assets:		
Mineral Interests - depletable	30,193	13,758
Mineral Interests - non-depletable	3,917	5,252
Property, plant and equipment	4,004	7,821
Right of use assets	16	645
Deposits on long-term assets	26	117
Total assets held-for-sale	**$44,258**	**$28,469**
Liabilities:		
Trade payables and accrued liabilities	$141	$—
Current portion of lease obligations	8	—
Current Liabilities	**$149**	**$—**
Non-Current Liabilities:		
Deferred tax liabilities	6,894	1,667
Lease obligations	12	438
Decommissioning liabilities	2,951	4,167
Total liabilities relating to assets held-for-sale	**$10,006**	**$6,272**
Net assets held for sale	**$34,252**	**$22,197**

The La Guitarra and La Parrilla mines are presented in the non-producing properties reportable segment (Note 5, 16 and 17).

15. DIVESTITURES (continued)

(c) Sale of Royalty Portfolio (continued)

On December 21, 2022 the Company completed the sale of a portfolio of royalty interests to Metalla Royalty & Streaming Ltd. ("Metalla"), for total consideration of 4,168,056 Metalla shares with a fair value of $ 21.5 million based on a share price of $5.16 on the date of closing.

Asset	Owner	Location	Royalty	Allocated Value Total
La Encantada	First Majestic Silver Corp.	Coahuila, Mexico	100% Gold Royalty(1)	$1,720,574
La Parrilla	First Majestic Silver Corp.	Durango, Mexico	2% Net Smelter Return	$3,871,290
Del Toro	First Majestic Silver Corp.	Zacatecas, Mexico	2% Net Smelter Return	$3,226,075
San Martin	First Majestic Silver Corp.	Jalisco, Mexico	2% Net Smelter Return	$5,376,792
La Guitarra	First Majestic Silver Corp. - undergoing a binding purchase agreement to Sierra Madre Gold & Silver	Mexico, Mexico	2% Net Smelter Return	$3,011,004
Plomosas	GR Silver Mining Ltd.	Sinaloa, Mexico	2% Net Smelter Return	$4,301,434
La Luz	First Majestic Silver Corp.	San Luís Potosí, Mexico	2% Net Smelter Return	$—
La Joya	First Majestic Silver Corp. - Optioned to Silver Dollar Resources	Durango, Mexico	2% Net Smelter Return	$—

(1) Up to the first 1,000 payable ounces annually

The value of the consideration received was credited to mining interests for each property, resulting in a $ 4.3 million gain derived from the disposal of the royalty in the Plomosas property, which had a carrying value of $nil.

With the exception of La Encantada, all mines included within the royalty portfolio are presented in the non-producing properties reportable segment (Note 5 and 16).

16. MINING INTERESTS

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

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

	December 31, 2022	December 31, 2021
Depletable properties	$832,820	$805,649
Non-depletable properties (exploration and evaluation costs, exploration potential)	228,304	242,881
	$1,061,124	**$1,048,530**

16. MINING INTERESTS (continued)

Depletable properties are allocated as follows

Depletable properties	San Dimas	Santa Elena	La Encantada	Jerritt Canyon	Non-producing Properties[1]	Total
Cost						
At December 31, 2020	**$250,093**	**$73,292**	**$118,312**	**$—**	**$497,191**	**$938,888**
Additions	34,894	16,150	2,546	16,618	—	70,208
Acquisition of Jerritt Canyon (Note 4)	—	—	—	340,652	—	340,652
Change in decommissioning liabilities	1,209	2,177	584	28,799	(2,622)	30,147
Transfer from non-depletable properties	—	34,302	1,293	—	—	35,595
At December 31, 2021	**$286,196**	**$125,921**	**$122,735**	**$386,069**	**$494,569**	**$1,415,490**
Additions	30,733	23,957	2,507	58,728	—	115,925
Transfer to asset held-for-sale (Note 15)	—	—	—	—	(279,399)	(279,399)
Change in decommissioning liabilities (Note 23)	(1,800)	1,518	(879)	1,241	(2,332)	(2,252)
Disposal of royalty portfolio (Note 15)	—	—	(1,721)	—	—	(1,721)
Transfer from non-depletable properties	—	—	2,098	30,503	—	32,601
At December 31, 2022	**$315,129**	**$151,396**	**$124,740**	**$476,541**	**$212,838**	**$1,280,644**
Accumulated depletion, amortization and impairment reversal						
At December 31, 2020	**($45,502)**	**($20,400)**	**($92,447)**	**$—**	**($388,354)**	**($546,703)**
Depletion and amortization	(27,169)	(8,250)	(4,461)	(23,258)	—	(63,138)
At December 31, 2021	**($72,671)**	**($28,650)**	**($96,908)**	**($23,258)**	**($388,354)**	**($609,841)**
Depletion and amortization	(30,800)	(12,652)	(4,336)	(28,125)	—	(75,913)
Reversal of impairment (Note 15)	—	—	—	—	8,203	8,203
Transfer to asset held-for-sale (Note 15)	—	—	—	—	235,448	235,448
Impairment (Note 15)	—	—	—	—	(5,721)	(5,721)
At December 31, 2022	**($103,471)**	**($41,302)**	**($101,244)**	**($51,383)**	**($150,424)**	**($447,824)**
Carrying values						
At December 31, 2021	**$213,526**	**$97,271**	**$25,827**	**$362,811**	**$106,215**	**$805,649**
At December 31, 2022	**$211,658**	**$110,094**	**$23,496**	**$425,158**	**$62,414**	**$832,820**

(1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines. The net book value of depletable mining interests for La Guitarra and La Parrilla that have been classified as assets held-for-sale are $30.2 million and $13.8 million, respectively.

16. MINING INTERESTS (continued)

Non-depletable properties costs are allocated as follows:

Non-depletable properties	San Dimas[a]	Santa Elena[b]	La Encantada	Jerritt Canyon[c]	Non-producing Properties[1]	Exploration Projects[2]	Springpole Stream[d]	Total
At December 31, 2020	**$17,179**	**$33,951**	**$2,955**	**$—**	**$37,004**	**$22,099**	**$4,356**	**$117,545**
Exploration and evaluation expenditures	12,007	31,418	2,978	12,424	1,748	985	7,500	69,060
Change in decommissioning liabilities (Note 23)	—	—	—	—	—	(136)	—	(136)
Acquisition of Jerritt Canyon (Note 4)	—	—	—	92,007	—	—	—	92,007
Transfer to depletable properties	—	(34,302)	(1,293)	—	—	—	—	(35,595)
At December 31, 2021	**$29,186**	**$31,067**	**$4,640**	**$104,431**	**$38,752**	**$22,948**	**$11,856**	**$242,881**
Exploration and evaluation expenditures	9,645	10,664	2,393	19,752	771	694	—	43,919
Change in decommissioning liabilities	—	—	—	—	—	(153)	—	(153)
Impairment (Note 15)	—	—	—	—	(2,132)	—		(2,132)
Reversal of impairment (Note 15)	—	—	—	—	1,044	—	—	1,044
Disposal of royalty portfolio (Note 15)	—	—	—	—	(15,485)	—	—	(15,485)
Transfer to asset held-for-sale (Note 15)	—	—	—	—	(9,169)	—	—	(9,169)
Transfer to depletable properties	—	—	(2,098)	(30,503)	—	—	—	(32,601)
At December 31, 2022	**$38,831**	**$41,731**	**$4,935**	**$93,680**	**$13,781**	**$23,489**	**$11,856**	**$228,304**

(1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines. The net book value of non-depletable mining interest for La Guitarra and La Parrilla that have been classified as assets held-for-sale are $3.9 million and $5.3 million, respectively.

(2) Exploration projects include the La Luz, La Joya, Los Amoles, Jalisco Group of Properties and Jimenez del Tuel projects.

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

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 December 31, 2022 was 70:1.

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

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 of the Santa Elena mine 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.

The Santa Elena mine has a net smelter royalty ("NSR") agreement with Orogen Royalties Inc. that requires a 2% NSR from the production of the Ermitaño property. In addition, there is an underlying NSR royalty where Osisko Gold Royalties Ltd. retains a 2% NSR from the sale of mineral products extracted from the Ermitaño property. During the year ended December 31, 2022, the Company has incurred $5.8 million (December 31, 2021 - $1 million) in NSR payments from the production of Ermitaño.

16. MINING INTERESTS (continued)

(c) Jerritt Canyon Gold Mine, Nevada, United States

The Jerritt Canyon Mine is subject to a 0.75% NSR royalty on production of gold and silver from the Jerritt Canyon mines and processing plant. The royalty is applied, at a fixed rate of 0.75%, against proceeds from gold and silver products after deducting treatment, refining, transportation, insurance, taxes and levies charges.

The Jerritt Canyon Mine is also subject to a 2.5% to 5% NSR royalty relating to the production of gold and silver within specific boundary lines at certain mining areas. The royalty is applied, at a fixed rate of 2.5% to 5.0%, against proceeds from gold and silver products.

As at December 31, 2022, total NSR royalty accrual outstanding was $0.8 million (2021 - $0.1 million).

(d) Springpole Silver Stream, Ontario, Canada

In July 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. 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, 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, which has not yet been received.

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 option pricing 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.

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

17. 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][3]	Other	Total
Cost					
At December 31, 2020	**$199,329**	**$468,624**	**$55,669**	**$28,651**	**$752,273**
Additions	34	2,974	77,151	341	80,500
Acquisition of Jerritt Canyon (Note 4)	32,992	137,219	4,337	1,179	175,727
Transfers and disposals	12,602	15,645	(46,706)	3,412	(15,047)
At December 31, 2021	**$244,957**	**$624,462**	**$90,451**	**$33,583**	**$993,453**
Additions	—	5,038	64,088	507	69,633
Reclassification to asset held-for-sale (Note 15)	(30,903)	(82,275)	(176)	(2,111)	(115,465)
Transfers and disposals	23,192	47,783	(80,436)	4,772	(4,689)
At December 31, 2022	**$237,246**	**$595,008**	**$73,927**	**$36,751**	**$942,932**
Accumulated depreciation, amortization and impairment reversal					
At December 31, 2020	**($133,156)**	**($343,379)**	**$—**	**($17,518)**	**($494,053)**
Depreciation and amortization	(13,923)	(33,137)	—	(2,899)	(49,959)
Transfers and disposals	—	1,637	—	240	1,877
Loss on disposal of equipment	—	—	—	(2,081)	(2,081)
At December 31, 2021	**($147,079)**	**($374,879)**	**$—**	**($22,258)**	**($544,216)**
Depreciation and amortization	(12,016)	(40,419)	—	(3,793)	(56,228)
Impairment (Note 15)	(1,742)	—	—	—	(1,742)
Impairment reversal (Note 15)	3,076	—	—	—	3,076
Reclassification to asset held-for-sale (Note 15)	20,774	80,964	—	1,902	103,640
Transfers and disposals	—	3,606	—	267	3,873
At December 31, 2022	**($136,987)**	**($330,728)**	**$—**	**($23,882)**	**($491,597)**
Carrying values					
At December 31, 2021	**$97,878**	**$249,583**	**$90,451**	**$11,325**	**$449,237**
At December 31, 2022	**$100,259**	**$264,280**	**$73,927**	**$12,869**	**$451,335**

(1) Included in land and buildings is $11.2 million (2021 - $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, the Santa Elena dual circuit project, plant improvements, other mine infrastructures and equipment overhauls.
(3) Transfers and disposals in construction in progress during 2021 includes the sale of the AG mill and certain mill equipment to Condor Gold PLC and Capstone Mining Corp. as disclosed in Note 10.

17. 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	Jerritt Canyon	Non-producing Properties[1]	Other	Total
Cost							
At December 31, 2020	**$146,728**	**$97,331**	**$143,510**	**$—**	**$293,761**	**$70,943**	**$752,273**
Additions	9,484	19,885	5,831	17,366	229	27,705	80,500
Acquisition of Jerritt Canyon (Note 4)	—	—	—	175,727	—	—	175,727
Transfers and disposals	2,316	5,381	1,377	(8)	(8,184)	(15,929)	(15,047)
At December 31, 2021	**$158,528**	**$122,597**	**$150,718**	**$193,085**	**$285,806**	**$82,719**	**$993,453**
Additions[2]	6,985	13,093	5,325	16,297	98	27,835	69,633
Reclassification to asset held-for-sale (Note 15)	—	—	—	—	(115,465)	—	(115,465)
Transfers and disposals	(717)	31,852	1,880	367	(5,421)	(32,650)	(4,689)
At December 31, 2022	**$164,796**	**$167,542**	**$157,923**	**$209,749**	**$165,018**	**$77,904**	**$942,932**
Accumulated depreciation, amortization and impairment							
At December 31, 2020	**($34,623)**	**($48,086)**	**($126,955)**	**$—**	**($263,873)**	**($20,516)**	**($494,053)**
Depreciation and amortization	(17,801)	(6,997)	(2,259)	(20,228)	(266)	(2,408)	(49,959)
Transfers and disposals	(631)	(2,671)	(824)	—	5,513	490	1,877
Write-down on assets held-for-sale	—	—	—	—	—	(2,081)	(2,081)
At December 31, 2021	**($53,055)**	**($57,754)**	**($130,038)**	**($20,228)**	**($258,626)**	**($24,515)**	**($544,216)**
Depreciation and amortization	(17,554)	(10,058)	(2,809)	(22,747)	(222)	(2,838)	(56,228)
Impairment (Note 15)	—	—	—	—	(1,742)	—	(1,742)
Impairment reversal (Note 15)	—	—	—	—	3,076	—	3,076
Reclassification to asset held-for-sale (Note 15)	—	—	—	—	103,640	—	103,640
Transfers and disposals	190	249	(654)	4	7,051	(2,967)	3,873
At December 31, 2022	**($70,419)**	**($67,563)**	**($133,501)**	**($42,971)**	**($146,823)**	**($30,320)**	**($491,597)**
Carrying values							
At December 31, 2021	**$105,473**	**$64,843**	**$20,680**	**$172,857**	**$27,180**	**$58,204**	**$449,237**
At December 31, 2022	**$94,377**	**$99,979**	**$24,422**	**$166,778**	**$18,195**	**$47,584**	**$451,335**

(1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines. The net book value of of PPE for La Guitarra and La Parrilla classified as assets held-for-sale are $4.0 million and $7.8 million, respectively.

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

18. 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 assets are 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.

18. RIGHT-OF-USE ASSETS (continued)

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

	Land and Buildings	Machinery and Equipment	Other	Total
At December 31, 2020	**$8,087**	**$6,234**	**$8**	**$14,330**
Additions	1,294	17,560	—	18,854
Remeasurements	363	1,668	—	2,031
Depreciation and amortization	(1,325)	(4,520)	(7)	(5,851)
Disposals	(117)	(23)	—	(139)
At December 31, 2021	**$8,302**	**$20,921**	**$2**	**$29,225**
Additions	1,786	1,514	14	3,314
Remeasurements	578	2,239	(2)	2,815
Depreciation and amortization	(1,608)	(6,431)	(5)	(8,044)
Transfer to asset held-for-sale (Note 15)	(634)	(27)	—	(661)
At December 31, 2022	**$8,424**	**$18,216**	**$9**	**$26,649**

19. RESTRICTED CASH

Restricted cash is comprised of the following:

	December 31, 2022	December 31, 2021
Escrowed Funds for the acquisition of Jerritt Canyon	$—	$12,570
Current Restricted Cash	**$—**	**$12,570**
Nevada Division of Environmental Protection[1]	$17,702	$39,727
Chartis Commutation Account[2]	28,365	27,275
SAT Primero tax dispute[3]	79,126	48,010
Non-Current Restricted Cash	**$125,193**	**$115,012**
Total Restricted Cash	**$125,193**	**$127,582**

1. During the second quarter of 2022, cash bonds held with the Nevada Division of Environmental Protection (“NDEP”) and the US Forestry Service (“USFS”) were replaced with surety bonds to fund ongoing reclamation and mine closure obligations, with a $5 million letter of credit provided as collateral for these bonds (Note 21). These funds were previously classified as non-current restricted cash until returned to the Company by the NDEP and USFS. During the third quarter of 2022, the NDEP and USFS have returned the cash bonds totaling $44.1 million and these amounts have been re-classified to cash and cash equivalents as at December 31, 2022. Additionally, on November 2, 2021, the Company executed an agreement with the NDEP relating to funds required to establish a trust agreement to cover post-closure water treatment cost at Jerritt Canyon. During the year, the Company funded $17.7 million into a trust; these amounts are included within non-current restricted cash as at December 31, 2022.
2. The Company owns an environmental risk transfer program (the "ERTP") for Jerritt Canyon from American Insurance Group ("AIG"). As part of the ERTP, $28.4 million is on deposit in an interest-bearing account with AIG (the "Commutation Account"). The Commutation Account principal plus interest earned on the principal is used to fund ongoing reclamation and mine closure obligations. The Company can elect to extinguish all rights under the policy, which would release AIG from reclamation cost and financial assurance liabilities, and substitute with replacement bonds. AIG would pay Jerritt Canyon the remaining balance in the Commutation Account.
3. In connection with the dispute between Primero Empresa Minera, S.A. de C.V. ("PEM") and the Servicio de Admistracion Tributaria ("SAT") in relation to the advanced pricing agreement (Note 28), the tax authority has frozen a PEM bank account with funds of $79.1 million (1,532 million MXN) as a guarantee against certain disputed tax assessments. This balance consists of Value Added Tax ("VAT") refunds that the Company has received which were previously withheld by the tax authority. The Company does not agree with SAT's position and has challenged it through the relevant legal channels.

20. TRADE AND OTHER PAYABLES

The Company's trade and other payables are primarily comprised of amounts outstanding for purchases relating to mining operations, exploration and evaluation activities and corporate expenses. The normal credit period for these purchases is usually between 30 to 90 days.

Trade and other payables are comprised of the following items:

	December 31, 2022	December 31, 2021
Trade payables	$40,782	$41,827
Trade related accruals	30,312	30,621
Payroll and related benefits	31,797	28,162
Estimated Triggered Tax Adjustment and Working Capital Adjustment payable, net (Note 4)	—	12,570
NSR royalty liabilities (Notes 16(b)(c))	1,518	1,147
Environmental duty and net mineral sales proceeds tax	3,570	3,281
Other accrued liabilities	7,141	3,058
	$115,120	**$120,666**

21. DEBT FACILITIES

The movement in debt facilities during the year ended December 31, 2022 and year ended December 31, 2021, respectively, are comprised of the following:

	Convertible Debentures (a)	Revolving Credit Facility (b)	Total
Balance at December 31, 2020	**$142,825**	**$9,883**	**$152,708**
Gross proceeds from debt financing	$230,000	$—	$230,000
Portion allocated to equity reserves from debt financing	(42,340)	—	(42,340)
Finance costs			
Interest expense	2,846	537	3,383
Accretion	6,809	349	7,158
Proceeds from drawdown of revolving credit facility	—	30,000	30,000
Repayments of principal	(125,576)	(40,000)	(165,576)
Conversion of senior convertible notes to common shares	(23,230)	—	(23,230)
Transaction costs	(7,224)	(101)	(7,325)
Payments of finance costs	(2,932)	(612)	(3,544)
Balance at December 31, 2021	**$181,178**	**$56**	**$181,234**
Finance costs			
Interest expense	896	1,241	2,137
Accretion	8,673	—	8,673
Proceeds from drawdown of revolving credit facility	—	50,000	50,000
Repayments of principal	—	(30,000)	(30,000)
Payments of finance costs	(505)	(1,177)	(1,682)
Balance at December 31, 2022	**$190,242**	**$20,120**	**$210,362**
Statements of Financial Position Presentation			
Current portion of debt facilities	$69	$56	$125
Non-current portion of debt facilities	181,108	—	181,108
Balance at December 31, 2021	**$181,178**	**$56**	**$181,234**
Current portion of debt facilities	$431	$120	$551
Non-current portion of debt facilities	189,811	20,000	209,811
Balance at December 31, 2022	**$190,242**	**$20,120**	**$210,362**

(a) Convertible Debentures

Senior Convertible Debentures

On December 2, 2021, the Company issued $ 230 million of unsecured senior convertible debentures (the “Notes”). The Company received net proceeds of $222.8 million after transaction costs of $ 7.2 million. The Notes mature on January 15, 2027 and bear an interest rate of 0.375% per annum, payable semi-annually in arrears in January and July of each year.

The Notes are convertible into common shares of the Company at any time prior to maturity at a conversion rate of 60.3865 common shares per $1,000 principal amount of Notes converted, representing an initial conversion price of $16.56 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.

21. DEBT FACILITIES (continued)

(a) Convertible Debentures (continued)

The Company may not redeem the Notes before January 20, 2025 except in the event of certain changes in Canadian tax law. At any time on or after January 20, 2025 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 in effect on each such trading day. 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.

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 $222.8 million from the Notes were allocated into its debt and equity components. The fair value of the debt portion was estimated at $180.4 million using a discounted cash flow model method with an expected life of five years and a discount rate of 4.75%. This amount is recorded as a financial liability on an amortized cost basis using the effective interest method using an effective interest rate of 5.09% 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 $ 42.3 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 $11.4 million related to taxable temporary difference arising from the equity portion of the convertible debenture was recognized in equity reserves.

Transaction costs of $7.2 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.

A portion of the Notes proceeds received were used to redeem 125,231 of the 2018 Senior Convertible Notes ("Existing Notes") for total costs of $164.9 million. The total proceeds were allocated to the carrying value of the debt by $ 118.9 million and $41.8 million to equity reserves of these Existing Notes, resulting with a loss on the settlement of debt of $4.6 million. 24,219 of the remaining Existing Notes were converted to common shares by note holders at an adjusted conversion rate of 106.0528 common shares per $1,000 face value note, where $ 23.2 million were allocated to the carrying value of the debt and $4.1 million were transferred to share capital from equity reserves. Finally, 6,950 of the remaining notes were settled at par value with a payment in cash of $6.95 million; the cash paid was allocated to the carrying value of the debt by $ 6.6 million and $0.2 million to equity reserves. At December 31, 2022, the Existing Notes have been fully settled, with a remaining carrying value of $nil.

(b) Revolving Credit Facility

On March 31, 2022, the Company amended its senior secured revolving credit facility (the "Revolving Credit Facility") with the Bank of Nova Scotia, Bank of Montreal and Toronto Dominion Bank ("syndicate") by extending the maturity date from November 30, 2022 to March 31, 2025 and increasing the credit limit from $50.0 million to $100.0 million. Interest on the drawn balance will accrue at the Secured Overnight Financing Rate ("SOFR") plus an applicable range of 2.25% to 3.5% per annum while the undrawn portion is subject to a standby fee with an applicable range of 0.563% to 0.875% per annum, dependent on certain financial parameters of First Majestic. As at December 31, 2022, the applicable rates were 2.25% and 0.56250% per annum, respectively.

21. DEBT FACILITIES (continued)

(b) Revolving Credit Facility (continued)

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; and (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. 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 $50.0 million. As at December 31, 2022 and December 31, 2021, the Company was in compliance with these covenants.

During the year ended December 31, 2022, the Company replaced cash bonds held with the NDEP and USFS with surety bonds to fund ongoing reclamation and mine closure obligations (Note 19). The Company has provided the bond issuer with a $5 million letter of credit using the Revolving Credit Facility as collateral for these bonds. As at December 31, 2022 the undrawn portion of the Revolving Credit Facility totals $75.0 million (December 2021- nil).

22. 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.

22. LEASE LIABILITIES (continued)

The movement in lease liabilities during the years ended December 31, 2022 and December 31, 2021 are comprised of the following:

	Finance Leases	Operating Leases[a]	Equipment Financing[b]	Total
Balance at December 31, 2020	**$—**	**$19,986**	**$589**	**$20,575**
Acquisition of Jerritt Canyon	2,194	—	—	2,194
Additions	4,001	18,854	—	22,855
Remeasurements	—	2,031	—	2,031
Disposals	—	(150)	—	(150)
Finance costs	89	1,915	9	2,013
Repayments of principal	(942)	(7,824)	(521)	(9,287)
Payments of finance costs	(89)	—	(13)	(102)
Foreign exchange gain	—	(268)	—	(268)
Balance at December 31, 2021	**$5,253**	**$34,544**	**$64**	**$39,861**
Additions	3,109	3,314	—	6,423
Remeasurements	—	2,815	—	2,815
Finance costs	237	1,894	—	2,131
Repayment of principals	(2,446)	(10,959)	(64)	(13,469)
Repayments of finance costs	(210)	—	—	(210)
Transfer to asset held-for-sale (Note 15)	—	(458)	—	(458)
Foreign Exchange	—	490	—	490
Balance at December 31, 2022	**$5,943**	**$31,640**	**$—**	**$37,583**
Statements of Financial Position Presentation				
Current portion of lease liabilities	$2,165	$9,596	$64	$11,825
Non-current portion of lease liabilities	3,088	24,948	—	28,036
Balance at December 31, 2021	**$5,253**	**$34,544**	**$64**	**$39,861**
Current portion of lease liabilities	$2,801	$11,026	$—	$13,827
Non-current portion of lease liabilities	3,142	20,614	—	23,756
Balance at December 31, 2022	**$5,943**	**$31,640**	**$—**	**$37,583**

(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 2.5% to 11.2% per annum.

22. LEASE LIABILITIES (continued)

(a) Operating leases (continued)

During the year ended December 31, 2022 and 2021, the amounts of lease payments recognized in the profit and loss are summarized as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Expenses relating to variable lease payments not included in the measurement of lease liability	$132,101	$109,565
Expenses relating to short-term leases	35,913	41,283
Expenses relating to low value leases	760	5
	$168,774	**$150,853**

(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 of December 31, 2022 and December 31, 2021, the Company was in compliance with these covenants.

As at December 31, 2022, the net book value of property, plant and equipment includes $ nil (December 31, 2021 - $2.0 million) equipment pledged as security for the equipment financing.

23. DECOMMISSIONING LIABILITIES

The Company has an obligation to undertake decommissioning, restoration, rehabilitation and environmental work when environmental disturbance is caused by the development and ongoing production of a mining operation. Movements in decommissioning liabilities during the years ended December 31, 2022 and 2021 are allocated as follows:

	San Dimas	Santa Elena	La Encantada	Jerritt Canyon	Non-Operating Properties[1]	Total
Balance at December 31, 2020	**$14,059**	**$6,150**	**$10,223**	**$—**	**$21,039**	**$51,471**
Movements during the year:						
Acquisition of Jerritt Canyon	—	—	—	71,135	—	71,135
Change in rehabilitation provision	1,209	2,177	584	28,799	(2,759)	30,010
Reclamation costs incurred	—	—	—	(186)	(420)	(606)
Interest or accretion expense	715	313	521	642	1,037	3,228
Foreign exchange loss	(454)	(199)	(333)	—	(645)	(1,631)
Balance at December 31, 2021	**$15,529**	**$8,441**	**$10,995**	**$100,390**	**$18,252**	**$153,607**
Movements during the year:						
Transfer to liability held-for-sale (Note 15)	—	—	—	—	(7,118)	(7,118)
Change in rehabilitation provision	(1,800)	1,518	(879)	1,240	(2,488)	(2,409)
Reclamation costs incurred	—	(31)	—	(2,704)	(223)	(2,958)
Interest or accretion expense	1,190	650	848	2,053	1,361	6,102
Foreign exchange gain	504	261	342	—	686	1,793
Balance at December 31, 2022	**$15,423**	**$10,839**	**$11,306**	**$100,979**	**$10,470**	**$149,017**

(1) Non-operating properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines, along with the La Luz project. The net book value of decommissioning liabilities for La Guitarra and La Parrilla that have been classified as assets held-for-sale are $3.0 million and $4.2 million, respectively.

A provision for decommissioning liabilities is estimated based on current regulatory requirements and is recognized at the present value of such costs. The expected timing of cash flows in respect of the provision is based on the estimated life of the Company's mining operations. The discount rate used is 9.5% (2021 - 7.4% to 7.5%), while the inflation rate used is based on long-term expected inflation rate of 3.7% (2021 - 4.2%).

At the Jerritt Canyon Gold Mine, the discount rate used is 3.8% (2021 - 1.5% to 1.6%), while the inflation rate is based on the long-term expected inflation rate of 2.8% in the U.S (2021 - 2.15%).

The present value of reclamation liabilities may be subject to change based on changes to cost estimates, remediation technologies or applicable laws and regulations. Changes in decommissioning liabilities are recorded against mining interests.

At December 31, 2022, the reclamation and closure cost obligation for the Jerritt Canyon Gold Mine totaled $ 101.0 million. This obligation is secured through long-term restricted cash of $28.4 million, and a surety bond held with the NDEP and the USFS, with a $ 5 million letter of credit as collateral for these bonds, to support various reclamation obligation bonding requirements (Note 19(b)).

Additionally, on November 2, 2021, the Company executed an agreement with the NDEP relating to funds required to establish a trust agreement to cover post-closure water treatment cost at Jerritt Canyon. The estimated costs are $17.6 million which are included in the decommissioning liabilities provision and were funded into a trust on October 31, 2022.

24. INCOME TAXES

The following is a reconciliation of income taxes calculated at the combined Canadian federal and provincial statutory tax rate to the income tax expense for the year ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	**2021**
(Loss) earnings before tax	**($61,404)**	**$25,250**
Combined statutory tax rate	27%	27%
Income tax (recovery) expense computed at statutory tax rate	**(16,579)**	**6,818**
Reconciling items:		
Effect of different foreign statutory tax rates on earnings of subsidiaries	1,052	4,962
Impact of foreign exchange on deferred income tax assets and liabilities	(20,238)	(1,419)
Change in unrecognized deferred income tax asset	2,097	14,100
7.5% mining royalty in Mexico	11,345	13,389
Other non-deductible expenses	16,941	15,491
Impact of inflationary adjustments	(18,015)	(13,504)
Change in tax provision estimates	(2,127)	(945)
Impact of divestitures and restructurings	—	102
Value of losses forgone due to tax settlement	55,657	—
Tax settlement	24,033	—
Other	(1,294)	(8,821)
Income tax expense	**$52,872**	**$30,173**
Statements of Earnings Presentation		
Current income tax expense	$56,250	$49,283
Deferred income tax recovery	(3,378)	(19,110)
Income tax expense	**$52,872**	**$30,173**
Effective tax rate	**(86 %)**	**119 %**

As at December 31, 2022 and 2021, the Company has the following income tax payable balances:

	Year Ended December 31,	
	2022	**2021**
Current income tax payable	$18,240	$27,980
Non-current income tax payable	20,605	21,812
	$38,845	**$49,792**

24. INCOME TAXES (continued)

During the years ended December 31, 2022 and 2021, the movement in deferred tax assets and deferred tax liabilities is shown as follows:

Deferred tax assets	Losses	Provisions	Deferred tax asset not recognized	Other	Total
At December 31, 2020	**$147,799**	**$25,276**	**($88,716)**	**$9,301**	**$93,660**
Benefit (expense) to statement of earnings	29,196	16,467	(12,891)	4,667	37,439
Acquired from Jerritt Canyon	10,275	—	—	2,801	13,076
At December 31, 2021	**$187,270**	**$41,743**	**($101,607)**	**$16,769**	**$144,175**
(Expense) benefit to statement of earnings	(5,451)	3,217	(5,449)	1,082	(6,601)
Charge to equity				(1,458)	(1,458)
Re-class to liabilities held-for-sale	($34,189)	($2,283)	$36,340	($399)	(531)
At December 31, 2022	**$147,630**	**$42,677**	**($70,716)**	**$15,994**	**$135,585**

Deferred tax liabilities	Property, plant and equipment and mining interests	Effect of Mexican tax deconsolidation	Other	Total
At December 31, 2020	**$56,884**	**$2,071**	**$13,790**	**$72,745**
Expense to statement of earnings	12,186	84	6,059	18,329
Reclassed to current income taxes payable	—	(1,549)	—	(1,549)
Acquired from Jerritt Canyon	123,578	—	—	123,578
Benefit to equity	—	—	9,843	9,843
Translation and other	—	—	(2,192)	(2,192)
At December 31, 2021	**$192,648**	**$606**	**$27,500**	**$220,754**
Benefit to statement of earnings	(4,884)		(5,095)	(9,979)
Reclassed to current income taxes payable		(606)		(606)
Translation and other			(393)	(393)
Re-class to liabilities held-for-sale	($8,773)		($12)	(8,785)
At December 31, 2022	**$178,991**	**$—**	**$22,000**	**$200,991**

Statements of Financial Position Presentation	
Deferred tax assets	$74,257
Deferred tax liabilities	150,836
At December 31, 2021	**$76,579**
Deferred tax assets	$57,062
Deferred tax liabilities	122,468
At December 31, 2022	**$65,406**

At December 31, 2022, the Company recognized $ 57.1 million (2021 - $74.3 million) of net deferred tax assets in entities that have had a loss for tax purposes in either 2022 or 2021, or both. In evaluating whether it is probable that sufficient taxable income will be generated to realize the benefit of these deferred tax assets, the Company considered all available evidence, including approved budgets, forecasts and business plans and, in certain cases, tax planning opportunities.

24. INCOME TAXES (continued)

The aggregate amount of taxable temporary differences associated with investments in subsidiaries for which deferred taxes have not been recognized, as at December 31, 2022 was $187.2 million (2021 - $334.0 million).

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

	Year Ended December 31,	
	2022	2021
Non-capital losses	$277,067	$239,175
Capital losses	26,592	10,619
Accrued expenses	888	78,754
Mineral properties, plant and equipment	45,264	44,300
Other	30,769	17,578
	$380,580	**$390,426**

As at December 31, 2022 and 2021, the Company has available Canadian, US and Mexican non-capital tax losses, which if not utilized will expire as follows:

Year of expiry	Canadian non-capital losses	US non-capital losses	Mexican non-capital losses	December 31, 2022	December 31, 2021
2023	$—	$—	$2,298	$2,298	$2,052
2024	—	—	31,322	31,322	37,355
2025	—	—	21,785	21,785	41,286
2026	—	—	4,158	4,158	108,513
2027	—	—	12,739	12,739	11,579
2028	—	—	49,174	49,174	55,852
2029	—	—	82,358	82,358	75,381
2030	—	—	74,040	74,040	153,152
2031	—	—	73,648	73,648	57,889
2032 and after	19,954	14,334	80,114	114,402	25,447
No expiry	—	161,662	—	161,662	66,578
Total	**$19,954**	**$175,996**	**$431,636**	**$627,586**	**$635,084**
Unrecognized losses	**$19,954**	**$—**	**$257,113**	**$277,067**	**$254,293**

25. 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.

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Number of Shares	Net Proceeds	Number of Shares	Net Proceeds
ATM program[1]	11,869,145	$113,395	4,225,000	$ 66,674
	11,869,145	$113,395	4,225,000	$ 66,674

(1) In May 2021, 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 $100.0 million. The sale of common shares is to be made through "at-the-market distributions" ("ATM"), as defined in the Canadian Securities Administrators' National Instrument 44-102 Shelf Distributions, directly on the New York Stock Exchange. During the year ended December 31, 2022, the Company completed $100 million of the May 2021 ATM program. In July 2022, 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 $100.0 million through this ATM program. During the year ended December 31, 2022, the Company sold 11,869,145 (2021 - 4,225,000) common shares of the Company under the ATM program at an average price of $9.8 per common share (2021 - $16.24) for gross proceeds of $116.3 million (2021 - $68.6 million), or net proceeds of $113.4 million (2021 - $66.7 million) after costs. At December 31, 2022, the Company incurred $2.9 million (2021- $1.9 million) in transaction costs in relation to the ATM.

(b) Stock options

On May 26, 2022, a new Long-Term Incentive Plan was adopted ("LTIP"). Under the terms of the Company's LTIP, the maximum number of shares reserved for issuance under the LTIP is 6% 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. Any options granted prior to May 26, 2022 will be governed by the 2017 Option Plan and the 2019 Long-Term Incentive Plans, respectively ("2017 Plan" and "2019 LTIP").

The following table summarizes information about stock options outstanding as at December 31, 2022:

	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)
5.01 - 10.00	1,903,045	8.70	6.12	1,648,045	8.63	5.84
10.01 - 15.00	3,489,921	13.03	8.87	825,296	13.72	7.31
15.01 - 20.00	1,265,840	16.36	7.79	648,524	16.14	7.12
20.01 - 250.00	616,938	21.46	8.40	291,622	21.44	8.40
	7,275,744	13.19	7.92	3,413,487	12.38	6.66

25. SHARE CAPITAL (continued)

(b) Stock options (continued)

The movements in stock options issued for the year ended December 31, 2022 and year ended December 31, 2021 are summarized as follows:

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Number of Options	Weighted Average Exercise Price (CAD $/Share)	Number of Options	Weighted Average Exercise Price (CAD $/Share)
Balance, beginning of the period	5,638,383	13.29	7,074,092	12.07
Granted	3,107,500	12.96	1,400,000	18.98
Exercised	(609,623)	9.76	(2,502,234)	10.87
Cancelled or expired	(860,516)	15.44	(333,475)	29.45
Balance, end of the period	7,275,744	13.19	5,638,383	13.29

During the year ended December 31, 2022, the aggregate fair value of stock options granted was $ 14.7 million (December 31, 2021 - $9.9 million), or a weighted average fair value of $4.73 per stock option granted (December 31, 2021 - $7.04).

During the year ended December 31, 2022, total share-based payments expense related to stock options was $ 9.0 million (December 31, 2021 - $8.8 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	Year Ended December 31, 2022	Year Ended December 31, 2021
Risk-free interest rate (%)	Yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life	2.16	1.04
Expected life (years)	Average of the expected vesting term and expiry term of the option	5.91	5.93
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	1.64%	0.10%

The weighted average closing share price at date of exercise for the year ended December 31, 2022 was CAD$ 14.70 (December 31, 2021 - CAD$18.94).

25. SHARE CAPITAL (continued)

(c) Restricted Share Units

On May 26, 2022, a new LTIP was adopted. The Company adopted the 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. Any RSU's granted prior to May 26, 2022 will be governed by the 2019 LTIP.

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 year ended December 31, 2022 and the year ended December 31, 2021:

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Number of shares	Weighted Average Fair Value (CAD$)	Number of shares	Weighted Average Fair Value (CAD$)
Outstanding, beginning of the period	400,549	16.77	184,483	15.66
Granted	498,740	13.18	312,991	17.19
Settled	(159,016)	16.57	(69,504)	15.79
Forfeited	(87,934)	14.74	(27,421)	16.56
Outstanding, end of the period	652,339	14.35	400,549	16.77

During the year ended December 31, 2022, total share-based payments expense related to RSU's was $ 2.9 million (December 31, 2021 - $1.9 million).

(d) Performance Share Units

On May 26, 2022, a new LTIP was adopted. The Company adopted the 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. Any PSU's granted prior to May 26, 2022 will be governed by the 2019 LTIP.

The following table summarizes the changes in PSU's granted to employees and consultants for the year ended December 31, 2022 and the year ended December 31, 2021:

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Number of shares	Weighted Average Fair Value (CAD$)	Number of shares	Weighted Average Fair Value (CAD$)
Outstanding, beginning of the period	275,516	16.58	109,035	15.62
Granted	268,955	13.21	184,050	17.15
Forfeited	(69,817)	15.55	(17,569)	16.56
Outstanding, end of the period	474,654	14.82	275,516	16.58

During the year ended December 31, 2022, total share-based payments expense related to PSU's was $ 1.5 million (year ended December 31, 2021 - $1.2 million).

25. 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"), in addition to options, RSU's and PSU's. Unless otherwise stated, the DSU 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 under the 2019 LTIP in equity.

On March 23, 2022, a new DSU plan was adopted ("2022 DSU Plan"). All DSU's issued under the 2022 DSU Plan will be settled in cash. There were two grants made during the year ended December 31, 2022 resulting with a total expense of $0.1 million.

The following table summarizes the changes in DSU's granted to directors for the year ended December 31, 2022 and the year ended December 31, 2021:

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Number of shares	Weighted Average Fair Value (CAD$)	Number of shares	Weighted Average Fair Value (CAD$)
Outstanding, beginning of the year	25,185	18.31	—	—
Granted	37,312	14.07	31,040	18.08
Settled	(11,896)	15.55	(5,855)	17.08
Outstanding, end of the year	50,601	15.83	25,185	18.31

During the year ended December 31, 2022, total share-based payments expense related to DSU's was $ 0.3 million (year ended December 31, 2021 - $0.4 million).

(f) Share Repurchase Program and Share Cancellation

The Company has an ongoing share repurchase program to repurchase up to 10,000,000 of the Company's issued and outstanding shares. The normal course issuer bid will be carried out through the facilities of the Toronto Stock Exchange and alternative Canadian marketplaces. All common shares, if any, purchased pursuant to the Share Repurchase will be cancelled. The Company believes that from time to time, the market price of its common shares may not fully reflect the underlying value of the Company's business and its future business prospects. The Company believes that at such times, the purchase of common share would be in the best interest of the Company. During the year ended December 31, 2022, the Company repurchased an aggregate of 100,000 common shares at an average price of CDN $ 8.52 per share as part of the Share Repurchase Program (December 2021 - nil) for total proceeds of $0.7 million, net of transaction costs.

During the year ended December 31, 2021, the Company cancelled 6,913 shares pursuant to section 4.4 of the plan of arrangement between Primero Mining Corp. ("Primero") and the Company with an effective date of May 10, 2018 that states that any former shareholder of Primero who does not surrender their shares on the third anniversary of the effective date would cease the right to any of the Company's shares and as such would automatically be cancelled.

25. SHARE CAPITAL (continued)

(g) Dividends

The Company declared the following dividends during the year ended December 31, 2022:

Declaration Date	Record Date	Dividend per Common Share
March 10, 2022	March 21, 2022	$0.0079
May 12, 2022	May 25, 2022	$0.0060
August 4, 2022	August 16, 2022	$0.0061
November 9, 2022	November 22, 2022	$0.0061
February 23, 2023[1]	March 10, 2023	$0.0054

(1) These dividends were declared subsequent to the period end and have not been recognized as distributions to owners during the period presented.

26. 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.

There were no transfers between levels 1, 2 and 3 during the year ended December 31, 2022 and year ended December 31, 2021.

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
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 (Level 2).

Financial Instruments Measured at Amortized Cost	Valuation Method
Cash and cash equivalents Restricted cash 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.

26. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

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

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

	December 31, 2022			December 31, 2021		
		Fair value measurement			Fair value measurement	
	Carrying value	Level 1	Level 2	Carrying value	Level 1	Level 2
Financial assets						
Marketable securities (Note 14)	$34,528	$33,426	$1,102	$26,486	$22,531	$3,955

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.

In addition to the table above, during the period ended December 31, 2022, an impairment reversal and impairment was recorded for the La Guitarra and La Parrilla mines, respectively, bringing the carrying value of the asset to its recoverable amount, being its FVLCD. The valuation technique used in the calculation of this fair value is categorized as Level 2 as it is based on the implied selling price within the purchase agreement(Note 15).

(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:

	December 31, 2022	December 31, 2021
Equity	$1,411,298	$1,410,971
Debt facilities	210,362	181,233
Lease liabilities	37,583	39,861
Less: cash and cash equivalents	(151,438)	(237,926)
	$1,507,805	**$1,394,139**

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 21(b)) and lease liabilities (Note 22(b)). As at December 31, 2022 and December 31, 2021, the Company was in compliance with these covenants.

26. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(c) Financial risk management

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

Credit Risk

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

As at December 31, 2022, VAT receivable was $ 44.9 million (December 31, 2021 - $47.1 million), of which $21.6 million (December 31, 2021 - $22.2 million) relates to Minera La Encantada S.A. de C.V. ("MLE") and $ 17.7 million (December 31, 2021 - $22.0 million) relates to PEM.

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.

The following table summarizes the maturities of the Company's financial liabilities as at December 31, 2022 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	$115,120	$115,120	$115,120	$—	$—	$—
Debt facilities	210,362	254,838	1,847	22,955	230,036	—
Lease liabilities	37,583	41,896	13,966	21,337	5,668	925
Other liabilities	5,655	6,956	—	—	—	6,956
Commitments	1,355	1,355	1,355	—	—	—
	$370,075	**$420,165**	**$132,288**	**$44,292**	**$235,704**	**$7,881**

At December 31, 2022, the Company had working capital of $ 202.9 million (December 31, 2021 – $224.4 million). Total available liquidity at December 31, 2022 was $277.9 million (December 31, 2021 - $274.4 million), including $75.0 million of undrawn revolving credit facility (December 31, 2021 - $50.0 million).

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.

26. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

Currency Risk

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

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

	December 31, 2022						
	Cash and cash equivalents	Restricted cash	Value added taxes receivable	Other financial assets	Trade and other payables	Net assets (liabilities) exposure	Effect of +/- 10% change in currency
Canadian dollar	$29,956	$—	$—	$3,365	($1,887)	$31,434	$3,143
Mexican peso	24,036	79,126	41,152	—	(55,629)	88,685	8,869
	$53,992	**$79,126**	**$41,152**	**$3,365**	**($57,516)**	**$120,119**	**$12,012**

The Company utilizes certain derivatives to manage its foreign exchange exposures to the Mexican Peso. During the year ended December 31, 2022, the Company did
not have any gain or loss (2021 - $ nil) on fair value adjustments to its foreign currency derivatives. As at December 31, 2022, the Company does not hold any foreign currency derivatives (2021 - $nil).

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 long-term derivative instruments to hedge its commodity price risk to silver or gold.

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

	December 31, 2022		
	Effect of +/- 10% change in metal prices		
	Silver	Gold	Total
Metals in doré inventory	$2,630	$859	$3,489
	$2,630	**$859**	**$3,489**

Interest Rate Risk

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

As at December 31, 2022, the Company's exposure to interest rate risk on interest bearing liabilities is limited to its debt facilities and lease liabilities. Based on the Company's interest rate exposure at December 31, 2022, a change of 100 basis points increase or decrease of market interest rate does not have a significant impact on net earnings or loss.

27. SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended December 31,	
	2022	**2021**
Other adjustments to investing activities:		
Purchase of marketable securities	($1,728)	($3,522)
Proceeds from disposal of marketable securities	2,739	2,564
Cash received on settlement of silver futures	4,007	533
	$5,018	**($425)**
Net change in non-cash working capital items:		
(Increase) in trade and other receivables	($870)	($3,386)
Decrease in value added taxes receivable	1,732	9,839
(Increase) in inventories	(3,447)	(8,956)
(Increase) in prepaid expenses and other	(316)	(903)
(Decrease) increase in income taxes payable	(4,426)	3,332
(Decrease) increase in trade and other payables	(22,748)	16,580
Decrease (increase) in restricted cash (Note 19)	2,389	(48,010)
	($27,686)	**($31,504)**
Non-cash investing and financing activities:		
Shares received from disposition of royalty portfolio	$21,507	$—
Disposition of mining claims in relation to sale of royalty portfolio	(17,206)	—
Acquisition of Jerritt Canyon	—	466,300
Transfer of share-based payments reserve upon settlement of RSU's	1,897	963
Transfer of share-based payments reserve upon exercise of options	2,208	8,643
Acquisition of mining interests	—	(3,750)
Assets acquired by finance lease	(3,109)	(4,001)
Conversion to common shares upon settlement of the convertible note	—	(23,230)
	$5,297	**$444,925**

As at December 31, 2022, cash and cash equivalents include $ 1.4 million (December 31, 2021 - $ 6.4 million) that are held in-trust as bonds for tax audits in Mexico.

28. 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.

(a) Claims and Legal Proceedings Risks

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

(b) Primero Tax Rulings

When Primero, the previous owner of San Dimas acquired the San Dimas Mine in August 2010, it assumed the obligations under a Silver Purchase Agreement ("Old Stream Agreement") that required its subsidiary PEM to sell exclusively to Wheaton Precious Metals ("WPMI") up to 6 million ounces silver produced from the San Dimas Mine, and 50% of silver produced thereafter, at the lower of: (i) the spot market price and (ii) $4.014 per ounce plus an annual increase of 1% ("PEM Realized Price").

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

To obtain tax and legal assurance that the SAT would accept the PEM Realized Price as the transfer price to calculate Mexican income taxes payable by PEM, a mutually binding Advance Pricing Agreement ("APA") was entered into with the SAT for taxation years 2010 to 2014. On October 4, 2012, the SAT confirmed that based on the terms of the APA, the PEM Realized Price could be used as PEM's basis for calculating taxes owed for the silver sold under the Old Stream Agreement.

In February 2016, the SAT initiated a legal process seeking to retroactively nullify the APA.

In 2019, the SAT issued reassessments for the 2010 to 2012 tax years in the total amount of $ 253.4 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 $139.7 million (2,723 million MXN) (collectively, the "Reassessments"). The Company believes that the Reassessments violate the terms of the APA. The major items in the Reassessments include determination of revenue based on silver spot market prices, denial of the deductibility of interest expense and service fees, SAT technical error related to double counting of taxes, and interest and penalties.

28. CONTINGENCIES AND OTHER MATTERS (continued)

(b) Primero Tax Rulings (continued)

The Company continues to defend the APA in the Mexican legal proceedings, and also requested resolution of the transfer price dispute pursuant to the Mutual Agreement Procedure ("MAP"), under the relevant avoidance of double taxation treaties, between the competent tax authorities of Mexico, Canada, Luxembourg and Barbados. The SAT has refused to take the necessary steps under the MAP process contained in the three treaties. The Company believes that by its refusal, Mexico is in breach of its international obligations regarding double taxation treaties. Furthermore, the Company continues to believe that the APA remains valid and legally binding on the SAT.

The Company continues to pursue all available domestic and international remedies under the laws of Mexico and under the relevant tax treaties. Furthermore, as discussed further below, it has also made claims against Mexico under Chapter 11 of the North American Free Trade Agreement ("NAFTA") for violation of its international law obligations.

Domestic Remedies

In September 2020, the Company was served with a decision of the Federal Court seeking 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 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 appeal file and iii) assigned such writ to the Second Chamber of the Supreme Court for issuing the corresponding decision. Both writs of certiorari were withdrawn in December 2022. The challenge filed by the Company has been returned to the Mexican Circuit Courts and a decision may be issued within the first quarter of 2023.

The Company, in addition to challenging the SAT's actions in the Mexican courts, is also pursuing resolution of its dispute through Mexico's Federal Taxpayer Defense Attorney's Office (known as "PRODECON").

International Remedies

On March 2, 2021, the Company 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 NAFTA. On March 31, 2021, the Notice of Registration of the Request for Arbitration was issued by the ICSID Secretariat. Once the NAFTA Arbitration Panel (the "Tribunal") was fully constituted on August 20, 2021 by the appointment of all three panel members, the NAFTA Arbitration Proceedings (the "NAFTA Proceedings") were deemed to have been fully commenced. The first session of the Tribunal was held by videoconference on September 24, 2021 to decide upon the procedural rules which will govern the NAFTA Proceedings. The Tribunal issued Procedural Order No. 1 on October 21, 2021. Thereafter, on April 26, 2022, the Company submitted its Claimant's Memorial including expert reports and witness statements to the Tribunal, and on November 26, 2022, Mexico submitted its Counter-Memorial.

If the SAT's attempts to retroactively nullifying the APA are successful, the SAT can be expected to enforce its Reassessments for 2010 through 2014 against PEM in respect of its sales of silver pursuant to the Old Stream Agreement. Such an outcome 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 spot market prices without any mitigating adjustments, the incremental income tax for the years 2010-2019 would be approximately $257.3 million (4,995 million MXN), before taking into consideration interest or penalties.

28. CONTINGENCIES AND OTHER MATTERS (continued)

(b) Primero Tax Rulings (continued)

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

To the extent it is ultimately determined that the pricing for 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 materially adverse effect on the Company's business, financial position and results of operations.

(c) 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. and Corporacion First Majestic S.A. de C.V., the SAT issued tax assessments for fiscal 2013 for corporate income tax in the amount of $4.9 million (95.5 million MXN) and $15.6 million (302 million MXN), respectively including interest, inflation and penalties. In December 2022, the SAT issued tax assessments to Minera La Encantada, S.A. de C.V. for fiscal years 2014 and 2015 for corporate income tax in the amount of $15.7 million (305.2 million MXN) and $204.4 million (3,968. 0 million MXN). The major items relate to forward silver purchase agreement and denial of the deductibility of mine development costs and service fees. The Company continues to defend the validity of the forward silver purchase agreement and will vigorously dispute the assessments that have been issued. The Company, based on advice from legal and financial advisors believes MLE's tax filings were appropriate and its tax filing position is correct, therefore no liability has been recognized in the financial statements.

(d) Corporación First Majestic and First Majestic Plata Back-to-Back Loans

In June 2022, following the completion of tax audits, conclusive agreements with the SAT were signed by Corporación First Majestic S.A. de C.V. ("CFM") and First Majestic Plata S.A. de C.V. ("FMP") through Mexico's Office of the Taxpayer Ombudsman ("PRODECON") to settle an uncertain tax position concerning Mexican back-to-back loan provisions. The provisions were originally conceived from an anti-avoidance rule and a literal interpretation of the rules would convert most debt financing in Mexico into back-to-back loans. The back-to-back loan provisions establish that interest expense derived from back-to-back loans can be recharacterized as dividends resulting in significant changes to the tax treatment of interest, including withholding taxes. As a result of this recharacterization and in accordance with the conclusive agreement, CFM and FMP made one-time payments of approximately $21.3 million and $6.3 million in fiscal 2022 which have been recognized as current tax expense during the year. In addition to the payment made, CFM agreed to surrender certain tax loss carry forwards resulting in a deferred tax expense of approximately $55.7 million.

First Silver litigation

In April 2013, the Company received a positive judgment on the First Silver litigation from the Supreme Court of British Columbia (the "Court"), which awarded the sum of $93.8 million in favour of First Majestic against Hector Davila Santos (the "Defendant"). The Company received a sum of $14.1 million in June 2013 as partial payment of the judgment, leaving an unpaid amount of approximately $ 64.3 million (CAD$81.5 million). As part of the ruling, the Court granted orders restricting any transfer or encumbrance of the Bolaños Mine by the Defendant and limiting mining at the Bolaños Mine. The orders also require that the Defendant to preserve net cash flow from the Bolaños Mine in a holding account and periodically provide to the Company certain information regarding the Bolaños Mine. Although the Company is taking additional actions in Mexico and/or elsewhere to recover the balance, there can be no guarantee that the remainder of the judgment amount will be collected. Therefore, as at December 31, 2022, the Company has not accrued any of the remaining $64.3 million (CAD$81.5 million) unrecovered judgment in favour of the Company.

29. SUBSIDIARIES

The consolidated financial statements of the Company include the following significant subsidiaries as at December 31, 2022 and 2021 as follows:

Name of subsidiary	Operations and Projects	Location	2022 % Ownership	2021 % Ownership
First Majestic Silver Corp.	Parent company and bullion sales	Canada	100%	100%
Corporación First Majestic, S.A. de C.V.	Holding company	Mexico	100%	100%
Primero Empresa Minera, S.A de C.V.	San Dimas Silver/Gold Mine	Mexico	100%	100%
Nusantara de Mexico, S.A. de C.V.	Santa Elena Silver/Gold Mine	Mexico	100%	100%
Minera La Encantada, S.A. de C.V.	La Encantada Silver Mine	Mexico	100%	100%
First Majestic Plata, S.A. de C.V.	La Parrilla Silver Mine	Mexico	100%	100%
Minera El Pilón, S.A. de C.V.	San Martin Silver Mine	Mexico	100%	100%
First Majestic Del Toro, S.A. de C.V.	Del Toro Silver Mine	Mexico	100%	100%
La Guitarra Compañia Minera, S.A. de C.V.	La Guitarra Silver Mine	Mexico	100%	100%
Majestic Services, S.A. de C.V.	Service company	Mexico	100%	100%
Jerritt Canyon Canada Ltd.	Holding company	Canada	100%	100%
Jerritt Canyon Gold LLC	Jerritt Canyon Gold Mine	United States	100%	100%
FM Metal Trading (Barbados) Inc.	Metals trading company	Barbados	100%	100%
FMS Trading AG	Metals trading company	Switzerland	100%	100%

30. KEY MANAGEMENT COMPENSATION

	Year Ended December 31,	
	2022	2021
Salaries, bonuses, fees and benefits		
Independent members of the Board of Directors	$837	$868
Other members of key management	4,983	3,790
Share-based payments		
Independent members of the Board of Directors	713	769
Other members of key management	4,059	3,661
	$10,592	$9,088

31. SUBSEQUENT EVENTS

Declaration of Quarterly Dividend

On February 23, 2023, the Company's board of directors approved the declaration of its quarterly common share dividend of $ 0.0054 per share, payable on or after March 24 2023, to common shareholders of record at the close of business on March 10, 2023. These dividends were declared subsequent to the year-end and have not been recognized as distributions to owners during the year ended December 31, 2022.

At-the-Market Distributions ("ATM") Program

On July 20, 2022, the Company entered into an equity distribution agreement and 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 $100.0 million. The sale of common shares is to be made through ATM distributions, as defined in Canadian Securities Administrator's National Instrument 44-102 Shelf Distributions, directly on the New York Stock Exchange. Subsequent to year-end, the Company sold a total of 1,719,634 common shares at an average price of $ 8.76 per share, for gross proceeds of $ 15.0 million. The Company completed distributions under the ATM on January 13, 2023.



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR AND QUARTER ENDED DECEMBER 31, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This Management's Discussion and Analysis of Results of Operations and Financial Condition ("MD&A") should be read in conjunction with the audited consolidated financial statements of First Majestic Silver Corp. ("First Majestic" or "the Company") as at and for the year ended December 31, 2022 which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). All dollar amounts are expressed in United States ("US") dollars and tabular amounts are expressed in thousands of US dollars, unless otherwise indicated. Certain amounts shown in this MD&A may not add exactly to total amounts due to rounding differences.

This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained at the end of this MD&A. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of February 22, 2023 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 one producing mine in the USA, the Jerritt Canyon Gold Mine, 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 in Mexico: the San Martin Silver Mine, the Del Toro Silver Mine, the La Parrilla Silver Mine and the La Guitarra Silver/Gold Mine. The Company has entered into agreements to sell each of the La Guitarra and the La Parrilla mines. As at December 31, 2022, the La Guitarra and the La Parrilla mines were classified as assets held-for-sale.

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".

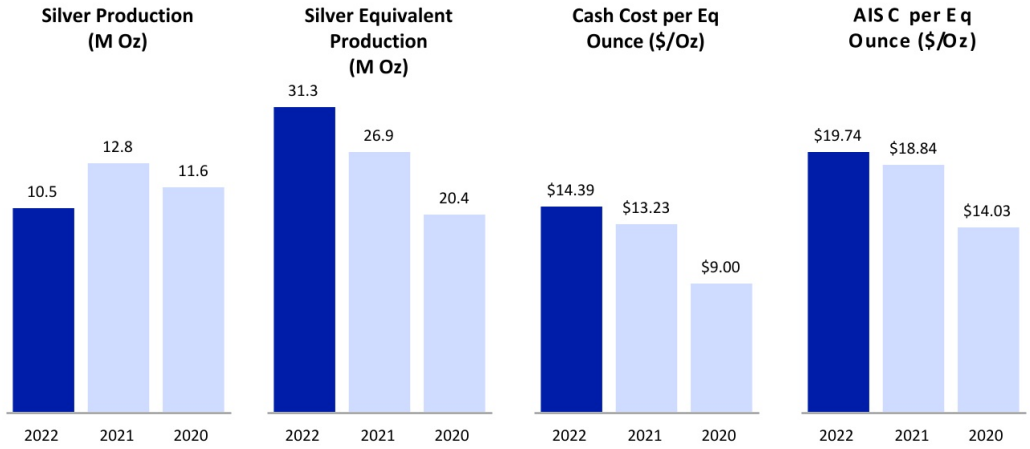


2022 ANNUAL HIGHLIGHTS

Key Performance Metrics	2022	2021	2020	Change '22 vs '21
Operational				
Ore Processed / Tonnes Milled	3,468,987	3,339,394	2,213,954	4 %
Silver Ounces Produced	10,522,051	12,842,945	11,598,380	(18 %)
Gold Ounces Produced	248,394	192,353	100,081	16 %
Silver Equivalent Ounces Produced	31,252,920	26,855,783	20,379,010	16 %
Cash Costs per Silver Equivalent Ounce (1)	$14.39	$13.23	$9.00	9 %
All-in Sustaining Cost per Silver Equivalent Ounce (1)	$19.74	$18.84	$14.03	5 %
Total Production Cost per Tonne (1)	$124.64	$102.77	$79.59	21 %
Average Realized Silver Price per Ounce (1)	$22.49	$25.16	$21.15	(11 %)
Financial (in $millions)				
Revenues	$624.2	$584.1	$363.9	7 %
Mine Operating Earnings	$16.8	$101.4	$105.1	(83 %)
(Loss) Earnings before Income Taxes	($61.4)	$25.3	$29.7	NM
Net (Loss) Earnings	($114.3)	($4.9)	$23.1	NM
Operating Cash Flows before Working Capital and Taxes	$109.4	$176.8	$107.3	(38 %)
Cash and Cash Equivalents	$151.4	$237.9	$238.6	(36 %)
Working Capital (1)	$202.9	$224.4	$254.4	(10 %)
Free Cash Flow (1)	($64.9)	($16.9)	$30.7	NM
Shareholders				
(Loss) Earnings per Share ("EPS") - Basic	($0.43)	($0.02)	$0.11	NM
Adjusted EPS (1)	($0.21)	$0.02	$0.18	NM

NM - Not meaningful

(1) The Company reports non-GAAP measures which include cash costs per ounce produced, all-in sustaining cost per ounce, total production cost per tonne, average realized silver price per ounce sold, working capital, adjusted EPS and free cash flow. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning under the Company's financial reporting framework 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 42 to 51 for further details on each measure and a reconciliation of non-GAAP to GAAP measures.



Operational Highlights

Annual Production Summary	San Dimas	Santa Elena	La Encantada	Jerritt Canyon	Consolidated
Ore Processed / Tonnes Milled	787,636	851,973	1,025,172	804,206	**3,468,987**
Silver Ounces Produced	6,201,090	1,229,612	3,091,349	—	**10,522,051**
Gold Ounces Produced	80,814	94,684	413	72,483	**248,394**
Silver Equivalent Ounces Produced	12,957,826	9,147,215	3,125,761	6,022,118	**31,252,920**
Cash Costs per Silver Equivalent Ounce[1]	$9.81	$11.59	$15.30	$27.99	**$14.39**
All-in Sustaining Cost per Silver Equivalent Ounce[1]	$13.76	$13.97	$18.48	$33.07	**$19.74**
Cash Cost per Gold Equivalent Ounce[1]	N/A	N/A	N/A	$2,323	**N/A**
All-in Sustaining Costs per Gold Equivalent Ounce[1]	N/A	N/A	N/A	$2,745	**N/A**
Total Production Cost per Tonne[1]	$155.76	$114.99	$45.01	$205.87	**$124.64**

(1) See "Non-GAAP Measures" for further details of these measures.

- **Annual silver production** of 10.5 million ounces compared to 12.8 million ounces in 2021, which was below the lower end of the Company's revised guidance range of between 11.2 to 11.9 million ounces of silver primarily due to prioritizing higher gold grade ores from the Ermitaño mine at Santa Elena and lower-than-expected silver grades at San Dimas.
- **Annual gold production** reached a new Company record of 248,394 ounces compared to 192,353 in 2021 but slightly below the lower end of the Company's revised guidance range of between 256,000 to 273,000 ounces primarily due to lower-than-expected gold grades and throughput at Jerritt Canyon.
- **Santa Elena produced a new annual record** of 9.1 million silver equivalent ("AgEq") ounces in 2022, representing an 81% increase compared to 2021.
- **The Santa Elena operation was awarded the prestigious "Silver Helmet Award"** in the category of "Underground Mining of More Than 500 Workers" by the Mining Chamber of Mexico for its outstanding performance in occupational safety and health. The distinguished annual award of excellence is only awarded to a select handful of mining operations in Mexico.
- **Received the 2022 Distinctive ESR Award in Mexico:** The Mexican Center for Philanthropy (CEMEFI) and the Alliance for Corporate Social Responsibility (AliaRSE) awarded First Majestic's San Dimas, Santa Elena and La Encantada mining units with the Socially Responsible Business Distinction for 2022 (Distintivo Empressa Socialmente Responsable 2022). This annual award of distinction was accomplished after having demonstrated continued responsibility, transparency and sustainability at its operations in Mexico.
- **Successfully expanded Santa Elena's liquid natural gas ("LNG") powerplant** from 12 MW to 24 MW to supply lower-cost, cleaner power to the Santa Elena operation which includes the Ermitaño mine and the recently completed dual-circuit plant.
- **Sold a record 444,576 ounces of silver bullion,** representing a 27% increase compared to 2021 and approximately 4.2% of the Company's silver production, on First Majestic's online bullion store at an average silver price of $26.20 per ounce for total proceeds of $11.6 million.
- **Cash cost per AgEq ounce** in the year was $14.39, compared to $13.23 in the previous year. The increase in cash cost per AgEq ounce was primarily due to lower than expected production at Jerritt Canyon and lower production at San Dimas in addition to increased costs due to inflation. These decreases in production were primarily attributed to lower head grade at both Jerritt Canyon and San Dimas. The increase in costs were partially offset by increased production from the Santa Elena operation driven by higher-grade ore from the Ermitaño mine and cost savings measures implemented throughout the Company in an effort to combat the impact of inflationary pressures on costs.
- **All-in sustaining cost ("AISC") per AgEq ounce** in the year was $19.74, compared to $18.85 in the previous year. The increase in AISC per AgEq ounce was primarily attributed to higher cash costs.

Financial Highlights

- **Cash position and liquidity:** The Company ended the year with cash and cash equivalents of $151.4 million compared to $237.9 million at the end of the previous year, while working capital decreased to $202.9 million compared to $224.4 million. Cash and cash equivalents exclude $125.2 million that is held in restricted cash.
- **Revenue:** The Company generated record annual revenues of $624.2 million in 2022, or 7% higher than the previous year primarily related to a full year of production from Ermitaño as the mine went into production in the fourth quarter

of 2021. Additionally, there was a 17% increase in payable silver equivalent ounces sold despite an 11% decrease in the average realized silver price per ounce which averaged $22.49 per ounce compared to $25.16 per ounce in 2021.

- **Mine operating earnings:** During the year, the Company recognized mine operating earnings of $16.8 million compared to $101.4 million in 2021. The decrease in mine operating earnings was primarily driven by lower than expected production at Jerritt Canyon resulting in higher production costs per ounce, a decrease in the average realized silver price per ounce during the year as well as an increase in depreciation and depletion during the year. The Company also saw an increase in cost of sales due to higher consumables, materials, energy, labour and maintenance costs during the first half of the year as a result of inflationary pressures. However, cost cutting initiatives implemented by management helped combat the impact of inflationary pressures on costs during the second half of the year.
- **Net loss:** The Company recognized a net loss of $114.3 million (EPS of $(0.43)) in 2022 compared to a net loss of $4.9 million (EPS of $(0.02)) in 2021. The increase in net loss was primarily attributable to an increase in income tax expense during the year, lower than expected production at Jerritt Canyon, along with an impairment related to the La Parrilla mine ($9.6 million) as it was classified as an asset held-for-sale during the year. This was partially offset by an impairment reversal related to the agreed upon sale of the La Guitarra mine, which was classified as an asset held-for-sale along with a gain on the sale of the Company's royalty portfolio. During the year, the Company has recorded non-recurring severance costs of $2.7 million relating to restructuring efforts to optimize the workforce.
- **Adjusted net loss:** Adjusted net loss (see “Non-GAAP Measures”), normalized for non-cash or non-recurring items such as tax settlements, impairment and impairment reversals, write-down of mineral inventory, share-based payments and deferred income taxes for the year ended December 31, 2022 was $55.4 million ($0.21 per share), compared to adjusted earnings of $6.0 million ($0.02 per share) in 2021.
- **Cash flow from operations:** During the year, cash flow from operations before changes in working capital and income taxes was $109.4 million compared to $176.8 million in 2021.

Corporate Development and Other:

- During the year, the Company announced that it had entered into agreements to sell the La Guitarra and La Parrilla mines in Mexico to Sierra Madre Gold and Silver Ltd. ("Sierra Madre") and Golden Tag Resources Ltd. ("Golden Tag"), respectively. The La Guitarra mine will be sold for a total consideration of $35 million, made up of 69,063,077 Sierra Madre shares. The La Parrilla mine will be sold for total consideration of up to $33.5 million, made up of 143,673,684 Golden Tag shares with a deemed value as of the date of the sale agreement of $20 million, and up to $13.5 million in the form of three milestone payments in either cash or shares in Golden Tag. Closing of both transactions is pending and remains subject to customary closing conditions, including receipt of all necessary regulatory approvals.

- During the year, the Company announced and closed an agreement to sell a portfolio of royalty interests to Metalla Royalty and Streaming Ltd. ("Metalla") for total consideration of $20 million in common shares of Metalla. The royalty portfolio includes a 2% net smelter royalty on six of the Company's non-producing properties, a 2% net smelter royalty on the Plomosas Silver Project (owned by GR Silver Mining Ltd.) and a 100% gross value royalty ("GVR") on gold produced at the La Encantada Silver Mine. The GVR is limited to the first 1,000 ounces of gold produced at La Encantada annually. On the closing date, the Company received 4,168,056 Metalla shares, that had a fair value as of such date of $21.5 million. The Company recorded a gain of $4.3 million related to the disposition of the underlying mining interests that made up each royalty.

- During the year, following the completion of tax audits, conclusive agreements with the SAT were signed by Corporación First Majestic S.A. de C.V. (“CFM”) and First Majestic Plata S.A. de C.V. ("FMP") through Mexico’s Office of the Taxpayer Ombudsman (“PRODECON”) to settle an uncertain tax position concerning Mexican back-to-back loan provisions. The provisions were originally conceived from an anti-avoidance rule and a literal interpretation of the rules would convert most debt financing in Mexico into back-to-back loans. The back-to-back loan provisions establish that interest expense derived from back-to-back loans can be recharacterized as dividends resulting in significant changes to the tax treatment of interest, including withholding taxes. As a result of this recharacterization and in accordance with the conclusive agreement, CFM and FMP made one-time payments of approximately $21.3 million and $6.3 million in fiscal 2022 which have been recognized as current tax expense during the year. In addition to the payment made, CFM agreed to surrender certain tax loss carry forwards resulting in a deferred tax expense of approximately $55.7 million.

2022 FOURTH QUARTER HIGHLIGHTS

Key Performance Metrics	2022-Q4	2022-Q3	Change Q4 vs Q3	2021-Q4	Change Q4 vs Q4
Operational					
Ore Processed / Tonnes Milled	851,564	836,514	2 %	955,810	(11 %)
Silver Ounces Produced	2,396,696	2,736,100	(12 %)	3,358,809	(29 %)
Gold Ounces Produced	63,039	67,072	(6 %)	67,411	(6 %)
Silver Equivalent Ounces Produced	7,558,791	8,766,192	(14 %)	8,561,023	(12 %)
Cash Costs per Silver Equivalent Ounce [(1)]	$15.36	$13.34	15 %	$12.32	25 %
All-in Sustaining Cost per Silver Equivalent Ounce[(1)]	$20.69	$17.83	16 %	$17.26	20 %
Total Production Cost per Tonne[(1)]	$131.41	$135.07	(3 %)	$105.37	25 %
Average Realized Silver Price per Silver Equivalent Ounce[(1)]	$23.24	$19.74	18 %	$24.18	(4 %)
Financial (in $millions)					
Revenues	$148.2	$159.8	(7)%	$204.9	(28 %)
Mine Operating Earnings	($13.3)	$3.3	NM	$40.4	(133 %)
Net loss	($16.8)	($20.7)	(19 %)	($4.0)	NM
Operating Cash Flows before Movements in Working Capital and Taxes	$13.4	$27.7	(52 %)	$71.8	(81 %)
Cash and Cash Equivalents	$151.4	$148.8	2 %	$237.9	(36 %)
Working Capital [(1)]	$202.9	$148.2	37 %	$224.4	(10 %)
Free Cash Flow [(1)]	($32.3)	$45.3	NM	$66.4	(149 %)
Shareholders					
Loss per Share ("EPS") - Basic	($0.06)	($0.08)	(25 %)	($0.02)	NM
Adjusted EPS [(1)]	($0.07)	($0.09)	(22 %)	$0.02	NM

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 silver equivalent ounce sold, average realized gold price per ounce sold, working capital, adjusted EPS and free cash flow. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning under the Company's financial reporting framework 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 42 to 51 for further details on each measure and a reconciliation of non-GAAP to GAAP measures.

Fourth Quarter Production Summary	San Dimas	Santa Elena	La Encantada	Jerritt Canyon	Consolidated
Ore Processed / Tonnes Milled	210,108	207,188	254,766	179,502	**851,564**
Silver Ounces Produced	1,392,506	199,388	804,802	—	**2,396,696**
Gold Ounces Produced	20,257	25,830	107	16,845	**63,039**
Silver Equivalent Ounces Produced	3,054,098	2,302,904	813,649	1,388,140	**7,558,791**
Cash Costs per Silver Equivalent Ounce	$11.54	$11.20	$15.48	$30.56	**$15.36**
All-in Sustaining Cost per Silver Equivalent Ounce	$16.79	$12.75	$19.39	$34.75	**$20.69**
Cash Cost per Gold Equivalent Ounce	N/A	N/A	N/A	$2,519	**N/A**
All-In Sustaining Costs per Gold Equivalent Ounce	N/A	N/A	N/A	$2,865	**N/A**
Total Production Cost per Tonne	$162.68	$114.29	$47.69	$233.39	**$131.41**

Operational Highlights

- **After an all-time record third quarter, production decreased by 14% in the fourth quarter:** The Company produced 7.6 million AgEq ounces, consisting of 2.4 million ounces of silver and 63,039 ounces of gold representing a 14% decrease when compared to the record production of 8.8 million AgEq ounces in the previous quarter. The production decrease was primarily due to lower production at San Dimas and Santa Elena, partially offset by higher gold production at Jerritt Canyon and higher silver production at La Encantada. Silver and gold grades decreased 13% and 6%, respectively versus the prior quarter. During the quarter, AgEq production at San Dimas decreased 19% compared to the prior quarter, as a result of lower ore grades and higher dilution, combined with maintenance issues in the filtration plant during the month of December, which reduced planned throughput. Further, a 9% decrease in the AgEq conversion ratio compared to the prior quarter, contributed to a quarter-over-quarter decrease in the AgEq ounces produced.
- **Transitioning to 100% Ermitaño ores at Santa Elena:** Continued strong metal production from the Ermitaño mine, having achieved its second highest quarter of production, enabled Santa Elena to produce 2.3 million AgEq ounces in the fourth quarter, or 16% below the record 2.7 million AgEq in the prior quarter. In 2023, Santa Elena is expected to produce between 7.8 and 8.7 million AgEq ounces as it transitions to full production from Ermitaño while exploration continues at the recently discovered Silvanna vein within the Santa Elena mine.
- **Increase in Production Guidance at Jerritt Canyon in 2023:** The secondary escapeway in the West Generator mine was completed in November allowing for improved ore production although a severe cold weather disturbance in December limited haulage and deliveries to the plant. With the additional ramp up of Smith Zone 10 and the restart of the Saval II mine, gold production at Jerritt Canyon is expected to be between 119,000 to 133,000 ounces in 2023, representing a mid-point increase of 74% as it relates to guidance compared to 2022 actual production.
- **Santa Elena's Dual-Circuit Completed:** The Company successfully completed the commissioning of the dual-circuit processing plant at Santa Elena during the quarter which includes the new 3,000 tonne per day (“tpd”) filter press, designed to improve the leaching performance and reduce operating costs.
- **Cash Cost per AgEq Ounce** for the quarter was $15.36 per ounce, compared to $13.34 per ounce in the previous quarter. The increase in cash costs per AgEq ounce was primarily attributed to a decrease in gold and silver ore grades and AgEq ounces produced at San Dimas and Santa Elena. This was partially offset by lower cash costs per ounce at Jerritt Canyon during the quarter, driven by higher gold production as the completion of the rehabilitation and restart at the West Generator mine at Jerritt Canyon allowed for improved ore production as well as cost saving measures implemented throughout the Company in an effort to combat the higher costs due to inflation.
- **AISC per AgEq Ounce** in the fourth quarter was $20.69 per ounce compared to $17.83 per ounce in the previous quarter. The increase in AISC per AgEq ounce was primarily attributed to an increase in cash costs per AgEq ounce.
- **10 Drill Rigs Active:** The Company concluded its 2022 exploration program during the quarter by completing a total of 16,086 metres of exploration drilling across the Company’s mines. Throughout the quarter a total of 10 drill rigs were active consisting of four rigs at San Dimas, two rigs at Jerritt Canyon, three rigs at Santa Elena and one rig at La Encantada.

Financial Highlights

- In the fourth quarter, the Company generated revenues of $148.2 million compared to $204.9 million representing a 28% decrease compared to the fourth quarter of 2021. The decrease in revenues was primarily attributed to a decrease in production at San Dimas and Jerritt Canyon of 24% per mine site, a lower average realized silver price which averaged $23.24 per ounce during the quarter, representing a 4% decrease compared to $24.18 in the fourth quarter of 2021.
- The Company realized mine operating losses of $13.3 million compared to mine operating earnings of $40.4 million in the fourth quarter of 2021. The decrease in mine operating earnings was primarily attributed to lower production and metal prices and an increase in cost of sales and depreciation and depletion from La Encantada and Jerritt Canyon.
- Net loss for the quarter was $16.8 million (EPS of ($0.06)) compared to net loss of $4.0 million (EPS of ($0.02)) in the fourth quarter of 2021.
- During the quarter, the Company recorded non-recurring severance costs of $2.1 million relating to restructuring efforts to optimize the workforce.

- Adjusted net loss (a non-GAAP measure)[1] for the quarter, normalized for non-cash or non-recurring items such as tax settlements, impairment and impairment reversal, share-based payments, unrealized gains on marketable securities and write-downs on mineral inventory for the quarter ended December 31, 2022, was $17.4 million (Adjusted EPS of ($0.07)) compared to an adjusted net earnings of $4.1 million (Adjusted EPS of $0.02) in the fourth quarter of 2021.
- Operating cash flow before movements in working capital and taxes in the quarter was an inflow of $13.4 million compared to a cash inflow of $71.8 million in the fourth quarter of 2021.
- As of December 31, 2022, the Company had cash and cash equivalents of $151.4 million and working capital of $202.9 million. Cash and cash equivalents excludes $125.2 million that is held in restricted cash.

[1] This measure does not have a standardized meaning under the Company's financial reporting framework and the methods used by the Company to calculate this measure may differ from methods used by other companies with similar descriptions. See “Non-GAAP Measures” on pages 42 to 51 for further details on each measure and a reconciliation of non-GAAP to GAAP measures.

2023 PRODUCTION OUTLOOK AND COST GUIDANCE UPDATE

This section provides management's revised production outlook and cost guidance for 2023. These are forward-looking estimates and are subject to the cautionary note regarding the risks associated with relying on forward-looking statements at the end of this MD&A. Actual results may vary based on production throughputs, grades, recoveries and changes in economic circumstances.

The Company expects 2023 total production from its four operating mines to reach a new Company record of between 33.2 to 37.1 million AgEq ounces consisting of 10.0 to 11.1 million ounces of silver and 277,000 to 310,000 ounces of gold. Based on the midpoint of the guidance range the Company expects AgEq ounces to increase 12% when compared to 2022. Silver production is expected to remain consistent with 2022 rates whereas gold production is expected to increase by 18% year-over-year. The increase in forecast gold production is primarily due to improvements in mine production at Jerritt Canyon resulting in an expected 74% increase in gold ounces in 2023 when compared to the prior year. In addition, strong gold production is expected to continue at Santa Elena as the plant will only process Ermitaño ores in 2023. The Company has identified a new vein in the Santa Elena mine, called Silvanna, and plans to drill test the area in 2023 with the goal of developing a mine plan to bring the vein into production by 2024.

A mine-by-mine breakdown of the 2023 production guidance is included in the table below. The Company reports cost guidance to reflect cash costs and AISC on a per AgEq payable ounce. For 2023, the Company is using an 84:1 silver to gold ratio compared to an 85:1 silver to gold ratio in its revised 2022 guidance. Metal price and foreign currency assumptions for calculating equivalents are silver: $21.50/oz, gold: $1,800/oz, MXN:USD 20:1.

GUIDANCE FOR FULL YEAR 2023

	Silver Oz (M)	Gold Oz (k)	Silver Eqv Oz (M)	Cash Cost	AISC
Silver:				**($ per AgEq oz)**	**($ per AgEq oz)**
San Dimas, Mexico	6.4 – 7.2	72 – 81	12.5 – 14.0	9.62 – 10.19	13.02 – 13.91
Santa Elena, Mexico	0.7 – 0.7	86 – 95	7.8 – 8.7	11.59 – 12.21	14.60 – 15.53
La Encantada, Mexico	2.9 – 3.2	–	2.9 – 3.2	16.73 – 17.69	19.86 – 21.14
Mexico Consolidated:	10.0 – 11.1	158 – 176	23.2 – 25.9	12.12 – 12.77	16.69 – 17.83
Gold:				**($ per AuEq oz)**	**($ per AuEq oz)**
Jerritt Canyon, USA	–	119 – 133	10.0 – 11.2	1,502 – 1,592	1,733 – 1,842
Total Production				**($ per AgEq oz)**	**($ per AgEq oz)**
Consolidated*	**10.0 – 11.1**	**277 - 310**	**33.2 – 37.1**	**13.88 – 14.66**	**18.47 – 19.72**

*Certain amounts shown may not add exactly to the total amount due to rounding differences.
*Cash Costs and AISC are non-GAAP measures and are not standardized financial measures under the Company's financial reporting framework. The Company calculates cash costs and consolidated AISC in the manner set out in the table below. These measures have been calculated on a basis consistent with historical periods. See "Non-GAAP Measures" on pages 42 to 51 for further details on each measure and a reconciliation of non-GAAP to GAAP measures.

The Company is projecting its 2023 AISC to be within a range of $18.47 to $19.72 on a per consolidated payable AgEq ounce basis. Excluding non-cash items, the Company anticipates its 2023 AISC to be within a range of $17.92 to $19.10 per payable AgEq ounce. An itemized AISC cost table is provided below:

	FY 2023
All-In Sustaining Cost Calculation	**($ per AgEq oz)**
Total Cash Costs per Payable Silver Ounce	13.88 – 14.66
General and Administrative Costs	0.98 – 1.09
Sustaining Development Costs	1.36 – 1.45
Sustaining Property, Plant and Equipment Costs	0.73 – 0.82
Profit Sharing	0.57 – 0.63
Share-based Payments (non-cash)	0.39 – 0.43
Lease Payments	0.41 – 0.45
Accretion and Reclamation Costs (non-cash)	0.16 – 0.18
All-In Sustaining Costs (Ag Eq Oz)	**18.47 – 19.72**
All-In Sustaining Costs: (Ag Eq Oz excluding non-cash items)	**17.92 – 19.10**

1. AISC is a non-GAAP measure and is calculated based on the Company's consolidated operating performance. Other mining companies may calculate AISC differently as a result of differences in underlying accounting principles, the definition of "sustaining costs" and the distinction

between sustaining and expansionary capital costs. See “Non-GAAP Measures” on pages 42 to 51 for further details on each measure and a reconciliation of non-GAAP to GAAP measures.

2. Total cash cost per payable AgEq ounce includes estimated royalties and 0.5% Mexico mining environmental fee of $0.40 to $0.44 per payable AgEq ounce.

CAPITAL INVESTMENTS IN 2023

In 2023, the Company plans to invest a total of $187.8 million on capital expenditures consisting of $78.4 million for sustaining activities and $109.5 million for expansionary projects. This represents a 6% decrease compared to the 2022 revised capital expenditures and is aligned with the Company’s future growth strategy of increasing underground and plant processing rates at Jerritt Canyon, San Dimas and Santa Elena.

2023 Capital Guidance ($millions)	Sustaining	Expansionary	Total
Underground Development	$51.2	$43.6	$94.8
Exploration	0.0	39.8	39.8
Property, Plant and Equipment	25.4	19.9	45.3
Corporate Projects	1.7	6.2	7.9
Total*	**$78.4**	**$109.5**	**$187.8**

*Certain amounts shown may not add exactly to the total amount due to rounding differences.

The 2023 annual guidance includes total capital investments of $94.8 million to be spent on underground development; $45.3 million towards property, plant and equipment; $39.8 million in exploration; and $7.9 million towards corporate innovation projects. Management may revise the guidance during the year to reflect actual and anticipated changes in metal prices or to the business.

The Company plans to complete approximately 40,700 metres of underground development in 2023 compared to 45,614 metres completed in 2022. The 2023 development program consists of approximately 17,900 metres at San Dimas; 9,000 metres at Jerritt Canyon; 10,500 metres at Santa Elena and 3,300 metres at La Encantada. At San Dimas, the Company is planning to concentrate development metres in the Perez Vein, located in the Sinaloa Graben block, and continue development activities in the Noche Buena sector. At Santa Elena, underground development will focus exclusively in the Ermitaño mine to achieve 2,500 tonnes per day of underground ore extraction throughout all of 2023. At Jerritt Canyon, development activities will be focused in newly discovered areas within the Smith and SSX mines while also ramping up production at West Generator and Saval II mines. At La Encantada, the Company is developing the second levels of both the Ojuelas and Milagros orebodies for 2023 production.

The Company is planning approximately 245,350 metres of exploration drilling in 2023 compared to 248,124 metres completed in 2022. The 2023 drilling program is expected to consist of:

- At San Dimas, approximately 77,450 metres of drilling are planned with infill, step-out and exploratory holes focused on near mine and brownfield targets including major ore controlling structures in the West, Central, Sinaloa and Tayoltita blocks. Exploration efforts will focus on adding Inferred Resources along known veins and identifying new veins in locations where post mineral cover has deferred work to date.

- At Jerritt Canyon, approximately 112,900 metres are planned to drill a mixture of surface and underground infill, step-out, and exploratory holes to support the life of mine and test the presence of new ore bodies. Surface exploration will aim to test newly identified targets on the property, including follow up drilling from recent positive drill intercepts at Winters Creek and Waterpipe II. Underground drilling is planned for SSX, Smith and West Generator where the focus is to replicate the Smith Zone 10 success by targeting above the water table, near active development mineralization to facilitate a fast turnaround to mining.

- At Santa Elena, approximately 47,000 metres are planned with near mine drilling to continue testing the newly identified Silvanna vein in Santa Elena and infill drilling at the Ermitaño vein to convert Inferred Resources to Indicated Resources. Greenfield drilling at Santa Elena will focus on several targets within a 5-kilometre radius around the processing plant where the goal is to find a new mineralized vein. The Company is also planning to return to the Los Hernandez property, nearby to the Las Chispas mine, to test updated targets and projections of mineralized structures.
- Finally, at La Encantada the Company has planned approximately 8,000 metres to continue searching for a new mineralized breccia body as well as extend and de-risk some of the known veins and vein systems.

OVERVIEW OF OPERATING RESULTS

Selected Production Results for the Past Eight Quarters

	2022				2021			
PRODUCTION HIGHLIGHTS	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2[2]**	**Q1**
Ore processed/tonnes milled								
San Dimas	210,108	185,126	197,102	195,300	206,738	214,205	202,382	199,466
Santa Elena	207,188	214,387	228,487	201,911	224,459	234,862	234,381	185,358
La Encantada	254,766	255,945	264,555	249,906	268,239	263,645	242,839	229,421
Jerritt Canyon	179,502	181,056	213,647	230,001	256,374	230,415	146,611	—
Consolidated	**851,564**	**836,514**	**903,791**	**877,118**	**955,810**	**943,126**	**826,213**	**614,245**
Silver equivalent ounces produced								
San Dimas	3,054,098	3,776,124	3,046,664	3,080,940	4,015,346	3,422,032	3,176,725	2,910,946
Santa Elena	2,302,904	2,733,761	2,241,763	1,868,787	1,955,550	1,061,657	1,140,398	884,332
La Encantada	813,649	788,872	871,365	651,875	768,796	913,481	847,502	745,018
Jerritt Canyon	1,388,140	1,467,435	1,546,143	1,620,400	1,821,331	1,922,270	1,270,398	—
Consolidated	**7,558,791**	**8,766,192**	**7,705,935**	**7,222,002**	**8,561,023**	**7,319,441**	**6,435,023**	**4,540,296**
Silver ounces produced								
San Dimas	1,392,506	1,649,002	1,527,465	1,632,117	2,174,353	1,888,371	1,868,031	1,716,143
Santa Elena	199,388	308,070	384,953	337,201	426,870	508,641	565,453	453,528
La Encantada	804,802	779,028	863,510	644,009	757,586	905,074	840,541	738,354
Consolidated	**2,396,696**	**2,736,100**	**2,775,928**	**2,613,327**	**3,358,809**	**3,302,086**	**3,274,026**	**2,908,024**
Gold ounces produced								
San Dimas	20,257	23,675	18,354	18,528	23,795	20,767	19,227	17,448
Santa Elena	25,830	26,989	22,309	19,556	19,810	7,498	8,453	6,327
Jerritt Canyon	16,845	16,299	18,632	20,707	23,660	26,145	18,762	—
Consolidated	**62,932**	**66,963**	**59,295**	**58,791**	**67,265**	**54,410**	**46,442**	**23,775**
Cash cost per Ounce[1]								
San Dimas (per AgEq Ounce)	$ 11.54	$ 8.25	$ 10.41	$ 9.41	$ 7.98	$ 8.29	$ 10.17	$ 10.00
Santa Elena (per AgEq Ounce)	$ 11.20	$ 10.37	$ 12.34	$ 12.96	$ 11.56	$ 17.09	$ 16.70	$ 20.18
La Encantada (per AgEq Ounce)	$ 15.48	$ 15.55	$ 14.09	$ 16.41	$ 14.51	$ 12.25	$ 13.66	$ 13.77
Jerritt Canyon (per Au Ounce)	$ 2,519	$ 2,767	$ 1,989	$ 2,120	$ 1,674	$ 1,735	$ 1,407	$ —
Consolidated (per AgEq Ounce)	**$ 15.36**	**$ 13.34**	**$ 14.12**	**$ 14.94**	**$ 12.32**	**$ 14.09**	**$ 13.89**	**$ 12.61**
All-in sustaining cost per Ounce[1]								
San Dimas (per AgEq Ounce)	$ 16.79	$ 10.97	$ 14.97	$ 12.98	$ 11.29	$ 11.58	$ 14.22	$ 14.31
Santa Elena (per AgEq Ounce)	$ 12.75	$ 12.29	$ 15.34	$ 16.31	$ 14.02	$ 21.10	$ 21.31	$ 25.66
La Encantada (per AgEq Ounce)	$ 19.39	$ 18.61	$ 16.65	$ 19.63	$ 19.41	$ 15.28	$ 15.97	$ 16.30
Jerritt Canyon (per Au Ounce)	$ 2,865	$ 3,317	$ 2,429	$ 2,488	$ 2,077	$ 2,286	$ 1,679	$ —
Consolidated (per AgEq Ounce)	**$ 20.69**	**$ 17.83**	**$ 19.91**	**$ 20.87**	**$ 17.26**	**$ 19.93**	**$ 19.42**	**$ 19.35**
Production cost per tonne								
San Dimas	$ 162.68	$ 161.41	$ 155.09	$ 143.66	$ 146.30	$ 128.67	$ 153.43	$ 140.29
Santa Elena	$ 114.29	$ 124.94	$ 109.50	$ 111.36	$ 93.78	$ 75.76	$ 79.17	$ 94.15
La Encantada	$ 47.69	$ 46.29	$ 44.58	$ 41.43	$ 39.70	$ 41.08	$ 45.71	$ 42.99
Jerritt Canyon	$ 233.39	$ 245.66	$ 169.16	$ 187.15	$ 151.23	$ 192.17	$ 177.30	$ —
Consolidated	**$ 131.41**	**$ 135.07**	**$ 114.55**	**$ 118.51**	**$ 105.37**	**$ 106.52**	**$ 104.94**	**$ 90.03**

1) Effective January 1, 2021, the Company is reporting its cash costs and all-in sustaining costs on a per silver equivalent ("AgEq") ounce basis. Cash cost and AISC per AgEq Ounce for previous comparative periods were updated based on the new metric. See "Non-GAAP Measures" on pages 42 to 51 for further details on each measure and a reconciliation of non-GAAP to GAAP measures.
2) Jerritt Canyon quarterly production was from April 30, 2021 to June 30, 2021, or 62 days.

Operating Results – Consolidated Operations

CONSOLIDATED	2022-Q4	2022-Q3	2022-Q2	2022-Q1	2022-YTD	2021-YTD	Change Q4 vs Q3	Change '22 vs '21
Ore processed/tonnes milled	851,564	836,514	903,791	877,118	3,468,987	3,339,394	2 %	4 %
Production								
Silver ounces produced	2,396,696	2,736,100	2,775,928	2,613,327	10,522,051	12,842,945	(12 %)	(18 %)
Gold ounces produced	63,039	67,072	59,391	58,891	248,394	192,353	(6 %)	29 %
Silver equivalent ounces produced	7,558,791	8,766,192	7,705,935	7,222,002	31,252,920	26,855,783	(14 %)	16 %
Cost								
Cash cost per AgEq Ounce	$15.36	$13.34	$14.12	$14.94	$14.39	$13.23	15 %	9 %
All-in sustaining costs per AgEq ounce	$20.69	$17.83	$19.91	$20.87	$19.74	$18.85	16 %	5 %
Total production cost per tonne	$131.41	$135.07	$114.55	$118.51	$124.64	$102.77	(3 %)	21 %
Underground development (m)	9,815	11,242	13,404	11,153	45,614	50,558	(13 %)	(10 %)
Exploration drilling (m)	16,086	80,370	76,444	75,225	248,123	227,845	(80 %)	9 %

Production

During the year, the Company produced 31.3 million silver equivalent ounces, consisting of 10.5 million ounces of silver and 248,394 ounces of gold, representing a decrease of 18% and an increase of 29% respectively, compared to the prior year. The decrease in silver production and increase in gold production was primarily due to lower-than-expected silver grades at San Dimas and prioritizing higher gold grade ores from the Ermitaño mine at Santa Elena.

Total production in the fourth quarter was 7.6 million silver equivalent ounces consisting of 2.4 million ounces of silver and 63,039 ounces of gold representing a 14% decrease when compared to the record production of 8.8 million AgEq ounces in the previous quarter. The production decrease was primarily due to lower production at San Dimas and Santa Elena, partially offset by higher gold production at Jerritt Canyon and higher silver production at La Encantada. During the quarter, AgEq production at San Dimas decreased 19% compared to the prior quarter, as a result of lower ore grades and higher dilution, combined with maintenance issues in the filtration plant during the month of December, which reduced planned throughput. Further, a 9% decrease in the AgEq conversion ratio compared to the prior quarter, contributed to a quarter-over-quarter decrease in the AgEq ounces produced.

Total ore processed amounted to 3.5 million tonnes during the year and 851,564 tonnes during the quarter, representing a 4% and 2% increase compared to the prior year and quarter, respectively. The Company completed the Dual Circuit project at the Santa Elena processing plant which includes an additional leaching tank, a fourth CCD thickener and the new 3,000 tpd tailings filter-press. Going forward, the Dual Circuit will be able to treat a higher volume of finer grind sized material which is expected to improve metallurgical recoveries, reduce moisture in the tailings and reduce material handling costs.

Cash Cost and All-In Sustaining Cost per Ounce

Cash cost per AgEq ounce for the year was $14.39 per ounce, compared to $13.23 per ounce in the previous year. The increase in cash cost per AgEq ounce was primarily due to lower than expected production at Jerritt Canyon and lower production at San Dimas in addition to increased costs due to inflation. These decreases in production were primarily attributed to lower head grade at both Jerritt Canyon and San Dimas. The increase in costs were partially offset by increased production from the Santa Elena operation driven by higher-grade ore from the Ermitaño mine and cost savings measures implemented throughout the Company in an effort to combat the impact of inflationary pressures on costs.

Cash cost per AgEq ounce for the quarter was $15.36 per ounce, compared to $13.34 per ounce in the previous quarter. The increase in cash costs per AgEq ounce was primarily attributed to a decrease in gold and silver ore grades and AgEq ounces produced at San Dimas and Santa Elena. This was partially offset by lower cash costs per ounce at Jerritt Canyon during the quarter, driven by higher gold production as the completion of the rehabilitation and restart at the West Generator mine at Jerritt Canyon allowed for improved ore production as well as cost saving measures implemented throughout the Company in an effort to combat the higher costs due to inflation.

All-in Sustaining Cost per AgEq ounce in the year was $19.74 per ounce compared to $18.84 per ounce in the previous year. The increase in AISC per AgEq ounce was primarily attributed to higher cash costs.

All-in Sustaining Cost per AgEq ounce in the fourth quarter was $20.69 per ounce compared to $17.83 per ounce in the previous quarter. The increase in AISC per AgEq ounce was primarily attributed to an increase in cash costs per AgEq ounce.

Management has developed a series of cost reduction initiatives across the organization to improve efficiencies, lower production costs, capital spending, care and maintenance holding costs and corporate G&A costs while also increasing production which includes:

- Renegotiating certain contracts and reducing the use of external consultants;
- Restructuring to optimize workforce and reduce labour costs;
- Optimizing use of reagent consumption;
- Conversion to LNG power versus diesel power with long-term contracts;
- Increasing metal production at Santa Elena by leveraging the higher grade of the Ermitaño ore while exploration activities continue in the Santa Elena mine to better define mineralized structures like Silvanna;
- Completing the Dual Circuit project at Santa Elena to improve metal recovery rates and allow higher plant throughput;
- Improving dilution controls at San Dimas and prioritizing long hole stoping of the Jessica and Regina veins which is expected to improve ore grade and production and continue developing the Perez vein;
- Continue developing the newly identified Zone 10 in the Smith mine and increasing throughput from the rehabilitation and restart of the West Generator and Saval II mines at Jerritt Canyon which is expected to increase ore volume and improve ore grades while reducing the planned maintenance downtime at the plant; and
- Advancing mining at La Encantada towards the Ojuelas and Beca-Zone orebodies to extract higher-grade ores.

Development and Exploration

During the year, the Company completed 45,614 metres of underground development and 248,123 metres of exploration drilling, compared to 50,558 metres and 227,845 metres, respectively, in the previous year.

During the quarter, the Company completed 9,815 metres of underground development and 16,086 metres of exploration drilling, compared to 11,242 metres and 80,370 metres, respectively, in the previous quarter. Throughout the quarter a total of 10 drill rigs were active consisting of four rigs at San Dimas, two rigs at Jerritt Canyon, three rigs at Santa Elena and one rig 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 and gold 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, or by improved roadway. The Company owns 100% of the San Dimas mine.

San Dimas	2022-Q4	2022-Q3	2022-Q2	2022-Q1	2022-YTD	2021 YTD	Change Q4 vs Q3	Change '22 vs '21
Total ore processed/tonnes milled	210,108	185,126	197,102	195,300	787,636	822,791	13 %	(4 %)
Average silver grade (g/t)	220	289	257	282	261	305	(24 %)	(14 %)
Average gold grade (g/t)	3.12	4.10	3.01	3.09	3.31	3.19	(24 %)	4 %
Silver recovery (%)	94 %	96 %	94 %	92 %	94 %	95 %	(2 %)	(1 %)
Gold recovery (%)	96 %	97 %	96 %	96 %	96 %	96 %	(1 %)	0 %
Production								
Silver ounces produced	1,392,506	1,649,002	1,527,465	1,632,117	6,201,090	7,646,898	(16 %)	(19 %)
Gold ounces produced	20,257	23,675	18,354	18,528	80,814	81,237	(14 %)	(1 %)
Silver equivalent ounces produced	3,054,098	3,776,124	3,046,664	3,080,940	12,957,826	13,525,049	(19 %)	(4 %)
Cost								
Cash cost per AgEq Ounce	$11.54	$8.25	$10.41	$9.41	$9.81	$9.01	40 %	9 %
All-In sustaining costs per AgEq Ounce	$16.79	$10.97	$14.97	$12.98	$13.76	$12.70	53 %	8 %
Total production cost per tonne	$162.68	$161.41	$155.09	$143.66	$155.76	$142.00	1 %	10 %
Underground development (m)	4,451	4,209	5,856	6,005	20,521	25,220	6 %	(19 %)
Exploration drilling (m)	8,799	14,292	22,356	19,344	64,791	99,825	(38 %)	(35 %)

2022 vs. 2021

In 2022, San Dimas produced 6,201,090 ounces of silver and 80,814 ounces of gold for a total production of 12,957,826 silver equivalent ounces, a 4% decrease compared to 13,525,049 silver equivalent ounces in 2021. The mill processed a total of 787,636 tonnes, a 4% decrease compared to 822,791 tonnes processed in the previous year.

During the year, silver and gold grades averaged 261 g/t and 3.31 g/t, respectively, compared to 305 g/t and 3.19 g/t in the previous year. Silver recoveries averaged 94% compared to 95% in 2021, while gold recoveries averaged 96%, which was consistent with 2021. Silver and gold grades were lower in 2022 compared to 2021 due to higher dilution from the long hole stopes in the Jessica Vein during the first half of the year. The Company has developed a series of initiatives in San Dimas to improve dilution controls and prioritizing long hole stoping of the Jessica and Regina veins to improve ore grade and production.

During the year, cash cost per AgEq ounce averaged $9.81 compared to $9.01 per ounce in 2021. AISC averaged $13.76 per ounce in 2022 compared to $12.70 per ounce in 2021. The increase in cash costs and AISC during the year was primarily due to a 4% decrease in silver equivalent ounces produced.

The San Dimas mine is subject to a gold and silver streaming agreement with Wheaton Precious Metals Corp. ("Wheaton" or "WPM") which entitles Wheaton to receive 25% of the gold equivalent production (based on a fixed exchange ratio of 70 silver ounces to 1 gold ounce) at San Dimas in exchange for ongoing payments equal to the lesser of $600 (subject to a 1% annual inflation adjustment commencing in May 2019) and the prevailing market price, for each gold ounce delivered. Should the average gold to silver ratio over a six-month period exceed 90:1 or fall below 50:1, the fixed exchange ratio

would be increased to 90:1 or decreased to 50:1, respectively. The fixed gold to silver exchange ratio as at December 31, 2022 was 70:1. During the year ended December 31, 2022, the Company delivered 41,841 ounces (2021 - 48,015 ounces) of gold to WPM at $623 per ounce (2021 - $617 per ounce).

During the year, a total of 20,521 metres of underground development and 64,791 metres of exploration drilling were completed compared to 25,220 metres and 99,825 metres, respectively, in the prior year.

2022 Q4 vs. 2022 Q3

During the fourth quarter, San Dimas produced 3,054,098 silver equivalent ounces consisting of 1,392,506 ounces of silver and 20,257 ounces of gold, representing decreases of 16% and 14%, respectively, when compared to the prior quarter.

The mill processed a total of 210,108 tonnes of ore with average silver and gold grades of 220 g/t and 3.12 g/t, respectively, compared to 185,126 tonnes milled with average silver and gold grades of 289 g/t and 4.10 g/t, in the previous quarter. Silver and gold grades were lower in the fourth quarter primarily due to the processing of lower grade development ores from the Perez vein and higher tonnages from underground areas with challenging ground conditions within the Jessica and Regina veins in the Noche Buena area.

Silver and gold recoveries averaged 94% and 96%, respectively, compared to 96% and 97% in the prior quarter.

The Central Block and Sinaloa Graben areas contributed approximately 75% and 25%, respectively, of the total production during the quarter.

In the fourth quarter, cash cost per AgEq ounce was $11.54 per ounce compared to $8.25 per ounce in the prior quarter. The increase in cash costs during the quarter was primarily due to a 19% decrease in silver equivalent ounces produced, which was partially offset by lower operating expenses during the quarter.

AISC per AgEq ounce for the quarter was $16.79 per ounce compared to $10.97 per ounce in the prior quarter. The increase was primarily due to an increase in cash costs per AgEq ounce along with an increase in worker participation costs in the fourth quarter of the year.

A total of 4,451 metres of underground development was completed in the fourth quarter, compared to 4,209 metres in the prior quarter. During the fourth quarter, a total of four underground drill rigs were active on the property and completed 8,799 metres of exploration drilling compared to 14,292 metres in the prior quarter.

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. The operating plan for Santa Elena involves the processing of ore in a 3,000 tpd cyanidation circuit from a combination of underground reserves. The Company owns 100% of the Santa Elena mine including mining concessions totaling over 102,244 hectares.

SANTA ELENA	2022-Q4	2022-Q3	2022-Q2	2022-Q1	2022-YTD	2021-YTD	Change Q4 vs Q3	Change '22 vs '21
Total ore processed/tonnes milled	207,188	214,387	228,487	201,911	851,973	879,060	(3 %)	(3 %)
Average silver grade (g/t)	47	62	67	69	61	77	(24 %)	(21 %)
Average gold grade (g/t)	4.33	4.26	3.26	3.18	3.75	1.58	2 %	137 %
Silver recovery (%)	64 %	72 %	78 %	76 %	73 %	90 %	(11 %)	(19 %)
Gold recovery (%)	90 %	92 %	93 %	95 %	92 %	94 %	(2 %)	(2 %)
Production								
Silver ounces produced	199,388	308,070	384,953	337,201	1,229,612	1,954,492	(35 %)	(37 %)
Gold ounces produced	25,830	26,989	22,309	19,556	94,684	42,088	(4 %)	125 %
Silver equivalent ounces produced	2,302,904	2,733,761	2,241,763	1,868,787	9,147,215	5,041,937	(16 %)	81 %
Cost								
Cash cost per AgEq Ounce	$11.20	$10.37	$12.34	$12.96	$11.59	$15.40	8 %	(25 %)
All-In sustaining costs per AgEq Ounce	$12.75	$12.29	$15.34	$16.31	$13.97	$19.20	4 %	(27 %)
Total production cost per tonne	$114.29	$124.94	$109.50	$111.36	$114.99	$85.15	(9 %)	35 %
Underground development (m)	2,299	3,201	4,381	3,043	12,924	18,119	(28 %)	(29 %)
Exploration drilling (m)	2,232	8,438	19,079	13,241	42,990	63,977	(74 %)	(33 %)

2022 vs. 2021

In 2022, Santa Elena produced 1,229,612 ounces of silver and 94,684 ounces of gold for a total production of 9,147,215 AgEq ounces, a 81% increase compared to 5,041,937 AgEq ounces in 2021. The mill processed a total of 851,973 tonnes of ore compared to 879,060 tonnes in the previous year, representing a 3% decrease compared to 2021. Overall metal production in 2022 increased compared to the prior year primary due to ore from the Ermitaño mine contributing more than 60% of the 2022 plant feed, as the Ermitaño mine went into production in the fourth quarter of 2021.

Silver and gold grades from Santa Elena averaged 61 g/t and 3.75 g/t, respectively, compared to 77 g/t and 1.58 g/t in the previous year as higher volume of ore was processed from the Ermitaño mine which contains lower silver grades but much higher gold grades than ore from other deposits at Santa Elena. Silver recoveries decreased from 90% in 2021 to 73% in 2022 while gold recoveries decreased from 94% to 92% in the current year. The Company completed the dual-circuit project at the Santa Elena processing plant during the fourth quarter which includes an additional leaching tank, a fourth CCD thickener and the new 3,000 tpd tailings filter-press. Going forward, the Dual Circuit will be able to treat higher volumes of finer grind sized material which is expected to improve metallurgical recoveries, reduce moisture in the tailings and reduce material handling costs.

During the year, the Company successfully expanded Santa Elena's liquid natural gas ("LNG") powerplant from 12 MW to 24 MW to supply lower-cost and cleaner power to the Ermitaño mine. The connection, which joined Ermitaño to Santa Elena's LNG powerplant was completed in September allowing the mine to run on 100% LNG power for the first time and eliminated the use of temporary diesel generators.

During the year, cash cost per AgEq ounce averaged $11.59 compared to $15.40 per ounce in 2021, representing a decrease of 25% while AISC averaged $13.97 per AgEq ounce compared to $19.20 per AgEq ounce in the previous year, a decrease of 27%. The decrease in cash costs and AISC was primarily attributed to an 81% increase in AgEq ounces produced compared

to the previous year, along with cost savings measures implemented in an effort to combat the impact of inflationary pressures on costs.

The Santa Elena mine is subject to a gold streaming agreement with Sandstorm Gold Ltd. (“Sandstorm”), which requires the mine to sell 20% of its gold production from the leach pad and a designated area of its underground operations over the life of mine to Sandstorm. The selling price to Sandstorm is currently the lesser of $450 per ounce (subject to a 1% annual inflation increase every April) and the prevailing market price. During the year ended December 31, 2022, the Company delivered 2,433 ounces of gold (2021 - 5,327 ounces) to Sandstorm at an average price of $472 per ounce (2021 - $467 per ounce).

Orogen Royalties Inc., formerly Evrim Resource Corp., retains a 2% net smelter return ("NSR") royalty from the sale of mineral products extracted from the Ermitaño mining concessions. In addition, there is an underlying NSR royalty where Osisko Gold Royalties Ltd. retains a 2% NSR from the sale of mineral products extracted from the Ermitaño mining concessions. During the year ended December 31, 2022, the Company has incurred $5.8 million (December 31, 2021 - $1 million) in NSR payments from the production of Ermitaño.

During the year, a total of 12,924 metres of underground development and 42,990 metres of exploration drilling were completed compared to 18,119 metres of underground development and 63,977 metres of exploration drilling in the prior year.

2022 Q4 vs. 2022 Q3

During the fourth quarter, Santa Elena produced 2,302,904 AgEq ounces consisting of 199,388 ounces of silver and 25,830 ounces of gold representing a 35% decrease in silver ounces and a 4% decrease in gold ounces when compared to the prior quarter. The decrease in silver production was primarily due to processing a higher percentage of ore from the Ermitaño mine with higher gold grades than the Santa Elena mine.

The mill processed 207,188 tonnes of ore during the quarter consisting of 41,953 tonnes (20% of total) from Santa Elena and 165,235 tonnes (80% of total) from Ermitaño, compared to 214,387 tonnes in the prior quarter.

Silver and gold grades from Santa Elena averaged 47 g/t and 4.33 g/t, respectively, compared to 62 g/t and 4.26 g/t in the previous quarter.

Silver and gold recoveries in the fourth quarter averaged 64% and 90%, respectively, compared to 72% and 92%, respectively, in the prior quarter. The Company completed the dual-circuit project at the Santa Elena processing plant which includes an additional leaching tank, a fourth CCD thickener and the new 3,000 tpd tailings filter-press. Going forward, the Dual Circuit will be able to treat finer grind sized material which is expected to improve metallurgical recoveries, reduce moisture in the tailings and reduce material handling costs.
Cash cost per AgEq ounce in the fourth quarter was $11.20 per ounce compared to $10.37 per ounce in the previous quarter. The increase in cash cost was primarily attributed to a 16% decrease in AgEq ounces produced compared to the previous quarter.

AISC per AgEq ounce for the quarter was $12.75 per ounce compared to $12.29 per ounce in the prior quarter. The increase in AISC was primarily driven by the increase in cash costs per AgEq ounce.

In October 2022, the Santa Elena operation has been awarded the prestigious “Silver Helmet Award” in the category of “Underground Mining of More Than 500 Workers” by the Mining Chamber of Mexico for its outstanding performance in occupational safety and health. The distinguished annual award of excellence is only awarded to a select handful of miners in Mexico.

In the fourth quarter, Santa Elena completed a total of 2,299 metres of underground development, compared to 3,201 metres in the previous quarter. A total of three drill rigs consisting of two surface rigs and one underground rig, were active at the end of the quarter, completing 2,232 metres of exploration drilling compared to 8,438 metres in the prior quarter.

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 120 houses as well as administrative offices, laboratory, general store, hospital, airstrip and all the necessary 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	2022-Q4	2022-Q3	2022-Q2	2022-Q1	2022-YTD	2021-YTD	Change Q4 vs Q3	Change '22 vs '21
Ore processed/tonnes milled	254,766	255,945	264,555	249,906	1,025,172	1,004,144	0 %	2 %
Average silver grade (g/t)	120	121	141	108	123	130	0 %	(5 %)
Silver recovery (%)	82 %	78 %	72 %	74 %	76 %	77 %	4 %	(1 %)
Production								
Silver ounces produced	804,802	779,028	863,510	644,009	3,091,349	3,241,555	3 %	(5 %)
Gold ounces produced	107	109	96	100	413	460	(2 %)	(10 %)
Silver equivalent ounces produced	813,649	788,872	871,365	651,875	3,125,761	3,274,798	3 %	(5 %)
Cost								
Cash cost per AgEq Ounce	$15.48	$15.55	$14.09	$16.41	$15.30	$13.49	0 %	13 %
All-In sustaining costs per AgEq Ounce	$19.39	$18.61	$16.65	$19.63	$18.48	$16.66	4 %	11 %
Total production cost per tonne	$47.69	$46.29	$44.58	$41.43	$45.01	$42.25	3 %	7 %
Underground development (m)	903	552	590	510	2,555	3,304	64 %	(23 %)
Exploration drilling (m)	870	3,926	3,942	1,284	10,020	15,373	(78%)	(35%)

2022 vs. 2021

In 2022, La Encantada produced 3,091,349 ounces of silver and 413 ounces of gold for a total of 3,125,761 AgEq ounces, a decrease of 5% compared to 3,274,798 AgEq ounces in 2021. The decrease was primarily due to a 5% decrease in silver head grade and a 1% decrease in silver recovery, partially offset by a 2% increase in tonnes milled.

Silver recoveries averaged 76% during the year, compared to 77% in 2021. Silver grades during the year averaged 123 g/t, a decrease of 5% compared to 130 g/t in 2021. The Company began processing development ores from the Beca-Zone orebody in the fourth quarter and expects to begin stope production to access higher grade ore in the second quarter of 2023.

During the year, cash cost per AgEq ounce averaged $15.30 compared to $13.49 per ounce in 2021, and AISC averaged $18.48 per ounce in 2022 compared to $16.66 per ounce in 2021. The increase in cash costs per AgEq ounce during the year was primarily due to the 5% decrease in silver equivalent ounces produced driven by a 5% decrease in recovery. The increase in AISC per AgEq ounce for the year was due to higher cash costs incurred during the year.

A total of 2,555 metres of underground development and 10,020 metres of exploration drilling were completed in 2022 compared to 3,304 metres of underground development and 15,373 metres of exploration drilling in the prior year.

On November 28, 2022, the Company announced that it had agreed to sell a portfolio of royalty interests to Metalla Royalty & Streaming Ltd. ("Metalla") in exchange for common shares of Metalla having an aggregate value of US$20 million. The royalty portfolio includes a 100% gross value royalty ("GVR") on gold produced at the La Encantada Silver Mine. The GVR is limited to the first 1,000 ounces of gold produced at La Encantada annually. Pursuant to the GVR, the Company has agreed to pay Metalla an amount equal to the fair market value of the first 1,000 ounces of gold produced from La Encantada each year (determined using the average London Bullion Market Association's LBMA Gold Price during the applicable payment

period) less the amount of any refining costs, which may not exceed 5% of the fair market value of the gold. The transaction completed on December 21, 2022 and, during the year ended December 31, 2022, the Company paid a total of $nil on account of the GVR (2021 - $nil).

2022 Q4 vs. 2022 Q3

During the quarter, La Encantada produced 804,802 silver ounces compared to 779,028 silver ounces in the previous quarter, representing a 3% increase in production primarily due to a 4% increase in silver recoveries.

The mill processed a total of 254,766 tonnes of ore with an average silver grade and recovery during the quarter of 120 g/t and 82%, respectively, compared to 255,945 tonnes, 121 g/t and 78%, respectively, in the previous quarter. The Company began processing development ores from the Beca-Zone orebody in the quarter and expects to begin stope production to access higher grade ore in the second quarter of 2023.

Cash cost per AgEq ounce for the quarter was $15.48, which was consistent with the prior quarter. AISC per AgEq ounce for the quarter was $19.39 per ounce compared to $18.61 per ounce in the previous quarter. The 4% increase in AISC per AgEq ounce during the quarter was primarily due to an increase in sustaining capital expenditures during the quarter.

During the quarter, one underground rig completed 870 metres of drilling compared to 3,926 metres in the previous quarter. A total of 903 metres of underground development was completed in the fourth quarter compared to 552 metres in the prior quarter.

Jerritt Canyon Gold Mine, Nevada, United States

The Jerritt Canyon Gold mine is an underground mine located in Northern Nevada, United States. 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 was purchased by the Company on April 30, 2021, and 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 4,000 tonnes per day ("tpd"). The property consists of a large, under explored land package consisting of 30,821 hectares (119 square miles). Jerritt Canyon is 100% owned by the Company.

Jerritt Canyon	2022-Q4	2022-Q3	2022-Q2	2022-Q1	2022-YTD	2021-YTD	Change Q4 vs Q3	Change '22 vs '21
Ore processed/tonnes milled	179,502	181,056	213,647	230,001	804,206	633,400	(1 %)	27 %
Average gold grade (g/t)	3.51	3.41	3.40	3.39	3.42	3.84	3 %	(11 %)
Gold recovery (%)	83 %	82 %	80 %	83 %	82 %	84 %	1 %	(2 %)
Production								
Gold ounces produced	16,845	16,299	18,632	20,707	72,483	68,567	3 %	6 %
Silver equivalent ounces produced	1,388,140	1,467,435	1,546,143	1,620,400	6,022,118	5,013,999	(5 %)	20 %
Cost								
Cash cost per Au Ounce	$2,519	$2,764	$1,989	$2,120	$2,326	$1,624	(9 %)	43 %
All-In sustaining costs per Au Ounce	$2,865	$3,314	$2,428	$2,488	$2,748	$2,048	(14 %)	34 %
Total production cost per tonne	$233.39	$245.66	$169.16	$187.15	$205.87	$172.20	(5 %)	20 %
Underground development (m)	2,162	3,280	2,577	1,595	9,614	3,915	(34 %)	146 %
Exploration drilling (m)	4,185	53,714	31,067	41,356	130,322	48,670	(92 %)	168 %

2022 vs. 2021

In 2022, Jerritt Canyon produced 72,483 ounces of gold, an increase of 3% compared to 68,567 gold ounces in 2021. Although production at Jerritt Canyon increased compared to the prior year, overall performance was lower than expected. This was primarily due to severe weather conditions during both the first and the fourth quarter of the year which significantly impacted ore haulage and delivery of ore to the plant. Furthermore, the processing plant experienced multiple maintenance issues throughout the year including a major failure in the oxygen plant, a 14-day shutdown for its annual maintenance overhaul of the dual roasters in September and a ball mill motor failure in the fourth quarter, in addition to weather related shutdowns in the fourth quarter. The Company has taken steps to improve reliability of the plant through improved maintenance planning and execution going forward.

The mill processed a total of 804,206 tonnes of ore compared to 633,400 in the previous year, with an average gold grade of 3.42 g/t, or a decrease of 11% compared to 3.84 g/t in 2021. Gold recoveries averaged 82% during the year, compared to 84% in 2021. The Company processed lower grade ore from SSX and surface material during the year which resulted in a decrease in grades compared to 2021.

To increase mine production, the Company completed the rehabilitation and restart of the West Generator and the Saval II mines in November which is now allowing for improved ore deliveries. In addition, the discovery and development of Smith Zone 10 and other recent exploration activities are expected to increase the development of new ore zones and fresh ore feed to the plant in 2023.

During the fourth quarter, an ore purchase agreement was signed with a third-party to provide up to 32,000 tonnes of sulphide gold ore by the end of 2023. Limited initial ore deliveries were received and processed in the month of December. Furthermore, improvements in blend optimization are expected to result in a reduction of coal consumption in the roasters due to the higher sulphur content of the purchased material.

During the year, cash cost per Au ounce averaged $2,326 per ounce, a 43% increase compared to $1,624 per ounce in 2021. AISC per Au ounce averaged $2,748 in 2022, a 34% increase compared to $2,048 per ounce in 2021. The increase in cash

costs per Au ounce was due to lower-than-expected production during the year, driven by an 11% decrease in grade and a 2% decrease in recovery along with higher costs associated with energy, reagents, consumables and maintenance. The increase in AISC per Au ounce was primarily due to higher cash costs along with a 146% increase in sustaining development metres.

Cost reduction initiatives along with amended contracts with the main mining contractor has resulted in the transfer of control of mine planning, technical services, geology, mine engineering and ore controls in the SSX and Smith mines from the contractor to First Majestic which is expected to increase efficiencies and lower costs going forward.

Since the acquisition, First Majestic has been developing a long-term mine and exploration plan for the future of the operation. The Company has identified numerous projects that have been implemented or will be implemented which are expected to improve production, reduce costs at the mine and processing plant and environmental compliance, including:

1. Rebuild a Leadership Team and add technical expertise to the operation (Completed)
2. Complete the remodeling of all resources inclusive of all available drilling data and mapping (Completed)
3. Execute a roaster expansion capacity study for future growth (Completed)
4. Optimize the water treatment plant for mine dewatering prioritization (Completed)
5. Complete the lift upgrade for TSF2 (Completed)
6. Establish a Special Environmental Trust to manage the Reclamation and Closure of four waste rock stockpiles (Completed)
7. Complete a site-wide Environmental Audit (Completed)
8. Connect the two underground Smith and SSX producing mines with an underground development drift which will be used for future ore haulage and exploration activities (Completed)
9. Develop a mercury remediation plan for improved capture of off-gas from the roasters and refinery (Completed)
10. Obtain permits for potential pushbacks of past-producing open pits for future mill feed (Ongoing)
11. Test over 25 high-priority exploration targets, both near-mine and greenfield (Ongoing)
12. Evaluate and complete ore purchase opportunities with third parties to fill roaster excess capacity (Ongoing)
13. Optimize the underground mining plan and execution of mining with the mine contractors (Ongoing)
14. Develop additional ore resources from the West Gen and Saval II underground mines (Ongoing)
15. Converting to more efficient and lower cost long-hole stoping methods where practical (Ongoing)
16. Evaluate and competitively bid all major procurement contracts for services and consumables (Ongoing)
17. Evaluate the QA/QC processes on ore tonnage and grade reconciliation from mine to mill (Ongoing)

It should be noted that a number of the anticipated benefits from these modifications are not yet reflected in the forecasted operating results and are expected to materialize in the coming year.

A total of 9,614 metres of underground development and 130,322 metres of exploration drilling were completed in 2022 compared to 3,915 metres of underground development and 48,670 metres of exploration drilling in the prior year.

2022Q4 vs. 2022Q3

During the quarter, Jerritt Canyon produced 16,845 ounces of gold, representing a 3% increase compared to the prior quarter. The increase was primarily due to a 3% increase in gold grades offset by lower-than-expected throughput due to severe weather in December which significantly impacted ore haulage and deliveries from the SSX, Smith and West Generator mines. In addition, ore feed to the processing plant was limited by drying capacity of cold, frozen ore which impacted the conveying and crushing systems.

The mill processed a total of 179,502 tonnes with an average gold grade and recovery of 3.51 g/t and 83%, respectively, compared to 181,056 tonnes with an average grade and recovery of 3.41 g/t and 82%, respectively, in the prior quarter. In addition to weather related issues in the fourth quarter, the processing plant experienced multiple maintenance issues during the quarter including a ball mill motor failure which led to significant downtime.

The Company completed the secondary escapeway in the West Generator mine in November which has resulted in improved ore deliveries and gold production. The Company expects ore volumes to continue to improve in the first half of 2023 as new development ore pods from the Smith Zone 10, West Generator and Saval II areas are processed at the mill. Cash cost per Au ounce for the quarter was $2,519 per ounce, a decrease of 9% compared to $2,764 in the prior quarter. This decrease in cash cost per ounce was primarily due to a 3% increase in production as restart of the West Generator mine allowed for improved production in the fourth quarter. AISC per Au ounce for the quarter was $2,865 per ounce, a decrease of 14%, compared to $3,314 per ounce in the prior quarter, primarily due to lower cash costs during the quarter.

During the quarter, two underground drill rigs completed a total of 4,185 exploration drilling metres and 2,162 metres of underground development compared to 3,280 metres and 53,714 metres, respectively, in the prior quarter.

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 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, 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 placed on care and maintenance since September 2019.

On December 7, 2022, the Company announced that it had entered into an asset purchase agreement with Golden Tag Resources Ltd. ("Golden Tag") to sell the La Parrilla Silver Mine for total consideration of up to $33.5 million, consisting of 143,673,684 Golden Tag shares at a deemed price of $0.14 per share, having an aggregate value as of the date of the sale agreement of $20 million, and up to $13.5 million in contingent consideration, in the form of three milestone payments payable in either cash or shares in Golden Tag. The Company has also agreed to purchase $2.7 million of Golden Tag securities in a future Golden Tag equity financing of up to CAD $9 million. Closing the transaction is pending and remains subject to customary closing conditions, including completion of such financing and receipt of all necessary regulatory approvals.

At December 31, 2022, the sale was considered highly probable; therefore, the assets of La Parrilla were classified as assets held for sale and presented separately under current assets. Immediately prior to the classification to assets held for sale, the carrying amount of La Parrilla was remeasured to its recoverable amount, being its FVLCD, based on the $20 million initial payment, and the first milestone payment of $2.7 million. During the year-ended December 31, 2022, the Company has recorded an impairment loss related to the La Parrilla assets of $9.6 million based on the recoverable amount implied by the asset purchase agreement.

Out of the impairment of $9.6 million related to La Parrilla, $5.7 million was allocated to depletable mining interest, $2.1 million was allocated to non-depletable mining interest with the remaining $1.7 million allocated to property, plant and equipment, resulting in an impairment of $9.6 million, net of a $nil adjustment to the deferred tax liability. The recoverable amount of La Parrilla, being its FVLCD, was $22.2 million, net of estimated transaction costs, based on the expected proceeds from the sale.

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 placed on care and maintenance since January 2020.

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 of a new mining concession covering 24,723 hectares to be granted. In addition, the mine includes 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 suspended all mining and processing activities at the San Martin operation due to marginal economics and growing insecurity in the area. Due to continued insecurity in the area, the Company is requesting assistance from government authorities to secure the area and to ensure the mine and plant facilities are properly maintained while it is in care and maintenance.

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.

On May 24, 2022, the Company announced that it entered into a share purchase agreement with Sierra Madre Gold and Silver Ltd. ("Sierra Madre"), to sell the the Company's subsidiary La Guitarra Compañia Minera S.A. de C.V. ("La Guitarra"), which owns the La Guitarra Silver Mine for total consideration of approximately $35 million, consisting of 69,063,076 Sierra Madre shares at a deemed price of $0.51 per share. The closing of the transaction is subject to customary closing conditions including approval of the Sierra Madre shareholders (which was obtained in December 2022), regulatory approval and that Sierra Madre raise a minimum of $7.7 million (CAD $10 million) in a private placement concurrent or prior to the sale.

On June 30, 2022, the sale was considered highly probable; therefore, the assets and liabilities of La Guitarra were classified as assets and liabilities held for sale and presented separately under current assets and current liabilities, respectively. Immediately prior to the classification to asset and liabilities held for sale, the carrying amount of La Guitarra was remeasured to its recoverable amount, being its fair value less cost of disposal ("FVLCD"), based on the expected proceeds from the sale. At December 31, 2022, the sale continues to be considered highly probable; therefore the assets and liabilities are presented as assets and liabilities held for sale and presented separately under current assets and current liabilities. During the year-ended December 31, 2022, the Company has recorded a reversal of impairment loss related to the La Guitarra assets of $12.3 million based on the recoverable amount implied by the share purchase agreement.

Out of the impairment reversal of $12.3 million related to La Guitarra, $8.2 million was allocated to depletable mining interest, $1.0 million was allocated to non-depletable mining interest with the remaining $3.1 million allocated to property, plant and equipment, resulting in an impairment reversal of $8.0 million, net of a $4.4 million adjustment to the deferred tax liability. The recoverable amount of La Guitarra, being its FVLCD, was $34.9 million based on the expected proceeds from the sale.

Springpole Silver Stream, Ontario, Canada

In July 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. 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, 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, which has not yet been received.

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 option pricing 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.

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 also directors and/or officers of First Majestic.

OVERVIEW OF FINANCIAL PERFORMANCE

For the quarters ended December 31, 2022 and 2021 (in thousands of dollars, except for per share amounts):

	Fourth Quarter 2022	Fourth Quarter 2021	Variance %	
Revenues	**$148,189**	**$204,876**	**(28 %)**	(1)
Mine operating costs				
Cost of sales	126,148	121,236	4 %	(2)
Depletion, depreciation and amortization	35,307	43,278	(18 %)	(3)
	161,455	164,514	(2 %)	
Mine operating (loss) earnings	**(13,266)**	**40,362**	**(133 %)**	
General and administrative expenses	8,165	6,988	17 %	(4)
Share-based payments	2,845	2,859	0 %	
Mine holding costs	2,645	2,485	6 %	
Gain on sale of royalty portfolio	(4,301)	—	(100 %)	(5)
Reversal of impairment	4,934	—	100 %	(6)
Acquisition costs	—	23	(100 %)	
Foreign exchange gain	(2,716)	(262)	NM	
Operating (loss) earnings	**(24,838)**	**28,269**	**(188 %)**	
Investment and other (loss) income	(962)	736	NM	(7)
Finance costs	(5,662)	(9,077)	(38 %)	(8)
(Loss) earnings before income taxes	**(31,462)**	**19,928**	**NM**	
Current income tax expense	5,038	23,743	(79 %)	(9)
Deferred income tax (recovery) expense	(19,681)	156	NM	
Income tax (recovery) expense	(14,643)	23,899	(161 %)	(9)
Net loss for the year	**($16,819)**	**($3,971)**	**NM**	(10)
Loss per share (basic and diluted)	**($0.06)**	**($0.02)**	**200 %**	(10)

NM - Not meaningful

1. **Revenues** in the quarter decreased $56.7 million compared to the same quarter of the previous year primarily attributed to:
   - a 25% decrease in payable silver equivalent ounces sold compared to the same quarter of the previous year which resulted in a decrease in revenues of $48.8 million. This was primarily due to a 37% decrease in silver grades at the San Dimas mine along with a 24% decrease in production at the Jerritt Canyon mine due to lower than expected grades and severe weather in December which significantly impacted ore haulage and deliveries from the SSX and West Generator mines; and
   - a decrease in realized silver price per ounce sold, which averaged $23.24 during the quarter compared to $24.18 per ounce in the fourth quarter of 2021, resulting in an $8.5 million decrease in revenues.
2. **Cost of sales** in the quarter increased $4.9 million compared to the same quarter of the previous year primarily due to:
   - an increase in labour, consumables, energy, insurance and maintenance costs due to inflationary pressures during the year, which led to an increase in cost of sales of $11.3 million compared to the same quarter of 2021;
   - an increase in worker participation costs in Mexico of $2.1 million; and
   - a stronger Mexican Peso against the U.S. Dollar, which averaged 5% higher compared to the same period of 2021.

Partially offset by:

- an $8.5 million decrease in change in inventory expense compared to the same quarter of 2021. This was primarily due to the sale of 1.4 million silver ounces of inventory in the fourth quarter of 2021, that was withheld as inventory during the third quarter of 2021.

3. **Depletion, depreciation and amortization** in the quarter decreased $8.0 million compared to the same quarter of the previous year, primarily as a result of:

   - a decrease of $1.8 million related to depletion at the San Dimas, Santa Elena and La Encantada mines due to a decrease in depletable reserves and resources and lower production from San Dimas in the current quarter, which was partially offset by higher depreciation due to the addition of new equipment including the LNG facility at Santa Elena; and
   - a decrease of $6.3 million related to lower depletion at the Jerritt Canyon Gold mine due to a lower depletable balance following the finalization of the purchase price allocation in the fourth quarter of 2021.

4. **General and administrative expenses** increased by $1.2 million compared to the same quarter of 2021, primarily due to growth initiatives from the addition of Jerritt Canyon as well as an increase in salaries, legal and audit fees compared to the same quarter of 2021. During the quarter, the Company has recorded non-recurring severance costs of $2.1 million relating to restructuring efforts to optimize the workforce.

5. **Gain on sale of royalty portfolio** for the quarter increased by $4.3 million compared to the fourth quarter of the prior year. The gain was related to the sale of a portfolio of royalty interests to Metalla Royalty & Streaming Ltd. ("Metalla"), for a total consideration of 4,168,056 Metalla shares with a fair value of $21.5 million based on a share price of $5.16 on the date of closing.

6. **Reversal of impairment** for the quarter increased by $4.9 million compared to the fourth quarter of the prior year, attributed to the announcement of the sale of the La Guitarra and the La Parrilla mines in Mexico. At December 31, 2022, the sales were considered highly probable; therefore, the assets and liabilities were classified as assets and liabilities held-for-sale based on its recoverable amount, being its fair value less cost of disposal. During the fourth quarter, the Company recorded a reversal of impairment loss related to the La Guitarra asset of $4.7 million, along with a $9.6 million impairment loss related to La Parrilla, based on the recoverable amount implied by the purchase agreements.

7. **Investment and other income** for the quarter decreased by $1.7 million compared to the fourth quarter of the prior year, primarily due to an unrealized loss of $3.6 million in the current quarter on the Company's silver futures, compared to an unrealized loss on the Company's silver futures of $0.1 million in the same quarter of the prior year. This was partially offset by interest income of $2.2 million, compared to $0.4 million in the same quarter of the prior year.

8. **Finance costs** in the quarter decreased by $3.4 million compared to the fourth quarter of the prior year primarily due to a loss of $4.6 million on the settlement of the Company's 2018 senior convertible notes, which was recorded in the fourth quarter of 2021. This was partially offset by an increase in the accretion expense for decommissioning liabilities resulting from changes in the asset retirement obligations as well as an increase in interest expense as a result of drawn down amounts from the revolving credit facility during the quarter.

9. During the quarter, the Company recorded an **income tax recovery** of $14.6 million compared to an expense of $23.9 million in the fourth quarter of 2021. The decrease in income tax expense was primarily due to an increase in the non-deductible expense, changes in valuations allowance, the foreign exchange impact on the Company's Mexican Peso denominated future income tax liability balances and timing differences on the deductibility of capital expenditures for tax and accounting purposes.

10. As a result of the foregoing, **net loss** for the quarter was $16.8 million (EPS of ($0.06)) compared to a net loss of $4.0 million (EPS of ($0.02)) in the same quarter of the prior year.

For the years ended December 31, 2022, 2021, and 2020(in thousands of dollars, except for per share amounts):

	Annual 2022	Annual 2021	Annual 2020	Variance % '22 vs '21	
Revenues	**$624,221**	**$584,117**	**$363,876**	**7 %**	(1)
Mine operating costs					
Cost of sales	471,687	366,085	194,305	29 %	(2)
Cost of sales - standby costs	—	—	10,112	0 %	
Depletion, depreciation and amortization	135,782	116,613	54,405	16 %	(3)
	607,469	482,698	258,822	26 %	
Mine operating earnings	**16,752**	**101,419**	**105,054**	**(83 %)**	
General and administrative	36,372	27,063	24,855	34 %	(4)
Share-based payments	13,958	12,290	8,255	14 %	(5)
Reversal of impairment	(2,651)	—	—	(100 %)	(6)
Acquisition costs	—	1,973	—	(100 %)	(7)
Mine holding costs	11,930	12,056	21,583	(1 %)	
(Gain) loss on divestitures	(4,301)	—	3,685	(100 %)	(8)
Foreign exchange loss (gain)	637	(1,165)	6,319	(155 %)	
Operating (loss) earnings	**(39,193)**	**49,202**	**40,357**	**(180 %)**	
Fair value adjustment on foreign currency derivatives	—	—	(982)	0 %	
Investment and other (loss) income	(1,888)	(2,948)	5,127	(36 %)	(9)
Finance costs	(20,323)	(21,004)	(14,773)	(3 %)	
(Loss) earnings before income taxes	**(61,404)**	**25,250**	**29,729**	**NM**	
Current income tax expense	56,250	49,283	9,966	14 %	
Deferred income tax recovery	(3,378)	(19,110)	(3,324)	(82 %)	(10)
Income tax expense	52,872	30,173	6,642	75 %	(10)
Net (loss) income for the year	**($114,276)**	**($4,923)**	**$23,087**	**NM**	(11)
(Loss) earnings per common share					
Basic and diluted	**($0.43)**	**($0.02)**	**$0.11**	**NM**	(11)

NM - Not meaningful

1. **Revenues** in the year ended December 31, 2022 increased $40.1 million or 7% compared to the previous year, primarily attributed to:
   - $115.7 million increase due to a 17% increase in payable silver equivalent ounces sold compared to the prior year. This was mainly attributed to increased production at Santa Elena due to a full year of commercial production at the Ermitaño mine which achieved commercial production in the fourth quarter of 2021.

Partially offset by:

   - $76.0 million decrease due to an 11% decrease in realized silver price per ounce sold, which averaged $22.49 compared to $25.16 in the prior year.

2. **Cost of sales** in the year increased $105.6 million or 29% compared to 2021 as a result of the following factors:
   - a $56.0 million increase due to the addition of the Jerritt Canyon mine;
   - an increase of $29.7 million at the Santa Elena mine due to the additional ore tonnage processed from the Ermitaño mine which was added in the fourth quarter of 2021;
   - $3.1 million in abnormal costs that were incurred as a result of marginal ore material that was processed to keep the mill running at minimum feed requirements to perform mandated air compliance test work at the Jerritt Canyon Gold mine during the second quarter of 2022; and

- an increase in consumables, materials, energy and other costs including insurance, lab work, and service costs, partially due to inflationary pressures during the year.

3. **Depletion, depreciation and amortization** in the year increased $19.2 million or 16% compared to the previous year primarily as a result of $12.8 million increase from the Mexican operations due to an increase in throughput, higher mining interest and property plant and equipment balances during the year and a $5.7 million increase from a full year of results from Jerritt Canyon Gold mine, compared to eight months in 2021.
4. **General and administrative expense** in the year increased $9.3 million or 34% compared to the prior year, primarily attributed to an increase in legal and audit fees during the year, higher costs to support growth initiatives from the addition of Jerritt Canyon, as well as an increase in employee salaries due to a higher headcount and higher benefits including the annual incentive compensation. During the year, the Company has recorded non-recurring severance costs of $2.7 million relating to restructuring efforts to optimize the workforce.
5. **Share based payments** in the year increased $1.7 million primarily attributed to an increase in the fair value of the options granted, restricted and performance share units granted during the year as well as the introduction of the deferred share units compensation for the independent directors.
6. **Reversal of impairment** increased by $2.7 million compared to the prior year, attributed to the announcement of the sale of the La Guitarra and La Parrilla mines in Mexico. At December 31, 2022, the sales were considered highly probable; therefore, the assets and liabilities were classified as assets and liabilities held-for-sale based on its recoverable amount, being its fair value less cost of disposal. During the year, the Company recorded a reversal of impairment loss related to the La Guitarra asset of $12.3 million, offset by a $9.6 million impairment loss related to La Parrilla, based on the recoverable amount implied by the purchase agreements.
7. **Acquisition costs** of $2.0 million in 2021 relates to due diligence costs and closing fees incurred in connection with the acquisition of the Jerritt Canyon Gold mine which closed on April 30, 2021.
8. **Gain on sale of royalty portfolio** for the year increased by $4.3 million compared to the prior year. This gain was related to the sale of a portfolio of royalty interests to Metalla, for total consideration of 4,168,056 Metalla shares with a fair value of $21.5 million based on a share price of $5.16 on the date of closing
9. During the year ended December 31, 2022, the Company recorded an **income tax expense** of $52.9 million, compared to $30.2 million in 2021. During the year, following the completion of tax audits, conclusive agreements with the SAT were signed by Corporación First Majestic S.A. de C.V. (“CFM”) and First Majestic Plata S.A. de C.V. ("FMP") through Mexico’s Office of the Taxpayer Ombudsman (“PRODECON”) to settle an uncertain tax position concerning Mexican back-to-back loan provisions. The provisions were originally conceived from an anti-avoidance rule and a literal interpretation of the rules would convert most debt financing in Mexico into back-to-back loans. The back-to-back loan provisions establish that interest expense derived from back-to-back loans can be recharacterized as dividends resulting in significant changes to the tax treatment of interest, including withholding taxes. As a result of this recharacterization and in accordance with the conclusive agreement, CFM and FMP made one-time payments of approximately $21.3 million and $6.3 million in fiscal 2022 which have been recognized as current tax expense during the year. In addition to the payment made, CFM agreed to surrender certain tax loss carry forwards resulting in a deferred tax expense of approximately $55.7 million.
10. As a result of the foregoing, **net loss** for the year ended December 31, 2022 was $114.3 million (EPS of ($0.43)), compared to the net loss of $4.9 million (EPS of ($0.02)) in the prior year.

SUMMARY OF QUARTERLY RESULTS

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

	2022				2021			
Selected Financial Information	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue	$148,189	$159,751	$159,443	$156,838	$204,876	$124,646	$154,073	$100,522
Cost of sales	$126,148	$120,707	$113,619	$111,213	$121,236	$92,006	$95,782	$57,061
Depletion, depreciation and amortization	$35,307	$35,707	$34,212	$30,556	$43,278	$29,122	$28,868	$15,345
Mine operating (loss) earnings	($13,266)	$3,337	$11,612	$15,069	$40,362	$3,518	$29,423	$28,116
Net (loss) earnings after tax	($16,819)	($20,692)	($84,050)	$7,285	($3,971)	($18,406)	$15,599	$1,855
(Loss) earnings per share - basic	($0.06)	($0.08)	($0.32)	$0.03	($0.02)	($0.07)	$0.06	$0.01
(Loss) earnings per share - diluted	($0.06)	($0.08)	($0.32)	$0.03	($0.02)	($0.07)	$0.06	$0.01

During the fourth quarter of 2022, mine operating loss was $13.3 million compared to earnings of $3.3 million in the previous quarter primarily attributed to a decrease in payable silver equivalent ounces sold resulting from a 19% and 16% decrease in production at San Dimas and Santa Elena, respectively. This was partially offset by a higher realized silver price of $23.24 compared to $19.74 in the prior quarter. The net loss for the quarter was $16.8 million compared to the net loss of $20.7 million in the prior quarter primarily attributed a decrease in revenues of 7%, higher cost of sales of 5% and an impairment loss of $4.9 million. This impairment loss was primarily attributed to the classification of La Parrilla as an asset-held-for sale during the quarter. Finally, there was an income tax recovery of $14.6 million compared to an income tax expense of $0.5 million in the previous quarter.

LIQUIDITY, CAPITAL RESOURCES AND CONTRACTUAL OBLIGATIONS

Liquidity

As at December 31, 2022, the Company had cash and cash equivalents of $151.4 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 $1.4 million held in-trust for tax audits in Mexico, the Company's cash and cash equivalents are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Working capital as at December 31, 2022 was $202.9 million compared to $224.4 million at December 31, 2021. Total available liquidity at December 31, 2022 was $277.9 million, including working capital and $75.0 million of undrawn revolving credit facility.

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

	Year Ended December 31,	
	2022	**2021**
Cash flow		
Cash generated by operating activities	$18,988	$68,723
Cash used in investing activities	(213,797)	(180,753)
Cash generated by financing activities	113,886	111,817
Decrease in cash and cash equivalents	**($80,923)**	**($213)**
Effect of exchange rate on cash and cash equivalents held in foreign currencies	(346)	(439)
Cash and cash equivalent reclassified as held for sale	(5,219)	—
Cash and cash equivalents, beginning of the year	237,926	238,578
Cash and cash equivalents, end of year	**$151,438**	**$237,926**

The Company’s cash flows from operating, investing and financing activities during the year ended December 31, 2022 are summarized as follows:

- **Cash generated by operating activities** of $19.0 million, primarily due to:
  - $109.4 million in cash flows from operating activities before movements in working capital and taxes;

  net of:
  - $62.7 million in income taxes paid during the period; and
  - $27.7 million net change in non-cash working capital items during the period, including a $22.7 million decrease in trade payables primarily due to the release of $12.6 million held in escrow for the acquisition of Jerritt Canyon and annual profit sharing payments made in Mexico during the second quarter, $4.4 million decrease in income taxes payable, a $3.4 million increase in inventories, a $0.9 million increase in trade and other receivables partially offset by a $1.7 million decrease in value added tax ("VAT") receivables, and $2.4 million decrease in restricted cash.

- **Cash used in investing activities** of $213.8 million, primarily related to:
  - $158.0 million spent on mine development and exploration activities;
  - $59.7 million spent on purchase of property, plant and equipment;
  - $1.7 million spent on the purchase of marketable securities;
  - $1.1 million spent on deposits on non-current assets;

  net of:
  - $4.0 million of net proceeds from the settlement of derivatives; and
  - $2.7 million of net proceeds from the disposal of marketable securities.
- **Cash provided by financing activities** of $113.9 million, primarily consists of the following:
  - $113.4 million of net proceeds from the issuance of shares through the ATM;
  - $50.0 million of proceeds from the revolving credit facility;
  - $4.7 million of net proceeds from the exercise of stock options;

  net of:
  - $30.0 million for repayments towards the revolving credit facility;
  - $13.5 million for repayment of lease obligations;
  - $6.9 million for the payment of dividends during the year; and
  - $3.2 million payment of financing costs.

During the year ended December 31, 2022, the Company received $56.0 million (1,084.2 million MXN) related to value added tax filings. In connection with the Primero Empresa Minera, S.A. de C.V. ("PEM") tax ruling, the tax authority has frozen a PEM bank account with cumulative funds of $79.1 million as a guarantee against certain disputed tax assessments which are currently held within the Company's restricted cash accounts. This balance consists of VAT refunds that the Company has received which were previously withheld by the tax authority. The Company does not agree with SAT's position and is challenging the freezing of the bank account through the relevant legal channels.

During the year, cash bonds held with the Nevada Division of Environmental Protection (“NDEP”) and the US Forestry Service (“USFS”) were replaced with surety bonds to fund ongoing reclamation and mine closure obligations, with a $5 million letter of credit provided as collateral for these bonds (Note 21). These funds were previously classified as non-current restricted cash until returned to the Company by the NDEP and USFS. During the third quarter of 2022, the NDEP and USFS have returned the cash bonds totaling $44.1 million and these amounts have been re-classified to cash and cash equivalents as at December 31, 2022. Additionally, on November 2, 2021, the Company executed an agreement with the NDEP relating to funds required to establish a trust agreement to cover post-closure water treatment cost at Jerritt Canyon. During the year, the Company funded $17.7 million into a trust; these amounts are included within non-current restricted cash as at December 31, 2022.

Reconciliation on Use of Proceeds from ATM Programs

At-the-Market Distributions ("ATM") Programs

During the year ended December 31, 2022, the Company sold 11,869,145 common shares under the ATM programs at an average price of $9.80 per common share for gross proceeds of $116.3 million, or net proceeds of $113.4 million after costs. The use of proceeds from the amount raised in the current year is reconciled as follows:

Gross Proceeds:	**$116,325**
Use of Proceeds:	
Mine development	60,779
General working capital:	
NDEP Trust for post-closure water treatment	17,600
Settlement of tax disputes	27,640
Other	4,437
Mine exploration	2,939
Offering expenses	2,930
	$116,325

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 from time to time adjust the structure by repurchasing shares, issuing new shares, issuing new debt or retiring existing debt. The Company prepares an annual budget and quarterly forecasts to facilitate the management of its capital requirements. The annual budget is approved by the Company's Board of Directors.

The Company is not subject to any externally imposed capital requirements with the exception of complying with banking covenants defined in its debt facilities. As at December 31, 2022 and December 31, 2021, the Company was fully in compliance with these covenants.

Contractual Obligations and Commitments

As at December 31, 2022, 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	$115,120	$115,120	$—	$—	$—
Debt facilities	254,838	1,847	22,955	230,036	—
Lease liabilities	41,896	13,966	21,337	5,668	925
Other liabilities	6,956	—	—	—	6,956
Purchase obligations and commitments	1,355	1,355	—	—	—
	$420,165	**$132,288**	**$44,292**	**$235,704**	**$7,881**

At December 31, 2022, the Company had a working capital of $202.9 million (2021 – $224.4 million) and total available liquidity of $277.9 million (2021 – $274.4 million), including $75.0 million (2021 - $50.0 million) of undrawn revolving credit facility.

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

MANAGEMENT OF RISKS AND UNCERTAINTIES

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

Credit Risk

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

As at December 31, 2022, VAT receivable was $44.9 million (December 31, 2021 - $47.1 million), of which $21.6 million (December 31, 2021 - $22.2 million) relates to Minera La Encantada S.A. de C.V. ("MLE") and $17.7 million (December 31, 2021 - $22.0 million) relates to PEM.

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

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

Liquidity Risk

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

Currency Risk

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

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

						December 31, 2022	
	Cash and cash equivalents	Restricted cash	Value added taxes receivable	Other financial assets	Trade and other payables	Net assets (liabilities) exposure	Effect of +/- 10% change in currency
Canadian dollar	$29,956	$—	$—	$3,365	($1,887)	$31,434	$3,143
Mexican peso	24,036	79,126	41,152	—	(55,629)	88,685	8,869
	$53,992	**$79,126**	**$41,152**	**$3,365**	**($57,516)**	**$120,119**	**$12,012**

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 long-term derivative instruments to hedge its commodity price risk to silver or gold.

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

	December 31, 2022		
	Effect of +/- 10% change in metal prices		
	Silver	Gold	Total
Metals in doré inventory	$2,630	$859	$3,489
	$2,630	**$859**	**$3,489**

Political and Country Risk

First Majestic currently conducts foreign operations in México and the United States, 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, the conflict between Russia and Ukraine, 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 Estimation of Mineral Resources and Mineral Reserves, and Metal Recovery

There is a degree of uncertainty attributable to the estimation of Mineral Resources and Mineral Reserves (as defined in the Canadian Institute of Mining's Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines and included by reference in the Canadian Securities Administrators' National Instrument 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, exchange rates assumptions used, underground stability conditions, the ability to maintain constant underground access to all working areas, geological variability, mining methods assumptions used and operating cost escalation. Any material change in the quantity of Mineral Reserves, Mineral Resources, grade or dimensions of the geological structures 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 estimated on the basis of economic factors at the time of calculation, including commodity prices and operating costs; 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 metal recoveries in small scale laboratory tests will be replicated 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 experienced, at various times in the past and potentially in the future, extreme volatility in response to economic shocks or other events, such as the concern with 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 of the date of this MD&A, the global spread of COVID-19 appears to have stabilized. The Company has modified its measures to monitor, combat and manage the impact of COVID-19 at its operations. The Company also continues to provide sanitary support for the local communities in which it operates. Due to the potential for new variants of COVID-19, future disruptions to business internationally and related financial impact on the Company and the economy in general cannot be estimated with any degree of certainty at this time.

During 2022, the Company modified its preventative control measures. These measures include continuing education and, where appropriate, voluntary vaccination campaigns to avoid illnesses related to COVID-19, COVID-19 variants, and the

seasonal flu. Monitoring of worker wellness or fitness for duty, as recommended by the Mexican, US and Canadian Governments health agencies, continues.

There is no guarantee that the Company will not experience disruptions to some of its active mining operations due to COVID-19 restrictions in the future. Any resurgence of COVID-19 or the spread of other public health crises 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. Any such disruptions could have an adverse effect on the Company's production, revenue, net income and business.

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, waste disposal, hazardous substances and mine reclamation rules and permits. Although the Company makes provisions for environmental compliance and 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 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.

On August 26, 2021, the NDEP issued 10 Notices of Alleged Violation (collectively the "NOAV") that alleged the Company doing business as Jerritt Canyon Gold, LLC had violated various air permit conditions and regulations applicable to operations at the Jerritt Canyon in Elko County, Nevada. The NOAV are related to compliance with emission monitoring, testing, recordkeeping requirements, and emission and throughput limits.

The Company filed a Notice of Appeal on September 3, 2021, challenging the NOAV before the Nevada State Environmental Commission ("NSEC"). The Company raised various defenses to the NOAV, including that the Company is not liable for the violations because it was never the owner/operator of Jerritt Canyon during the period the alleged violations began (on April 30, 2021, the Company acquired Jerritt Canyon Canada Ltd, which, through subsidiaries, owns and operates Jerritt Canyon). There is currently no hearing scheduled or any scheduling order in the matter, and the parties have yet to engage in discovery.

On March 8, 2022, NDEP issued an additional four Notices of Alleged Violations to Jerritt Canyon Gold, LLC for alleged exceedances and violations of an Air Quality Operating permit and Mercury Operating Permit to Construct. The new NOAVs relate to alleged exceedances of a mercury emission limitations, exceedances of operating parameters, installation of equipment, and recordkeeping requirements. The Company filed a Request for Hearing with the Nevada State Environmental Commission on March 18, 2022 that challenged the bases for the alleged NOAVs and any potential penalties associated with the NOAVs. JCG and NDEP agreed to waive the 20-day hearing requirement for the NOAVs and the parties request that the NSEC withhold schedule a hearing for the NOAVs at this time. At this time the estimated amount cannot be reliably determined.

Climate Related Risks

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

- Changes in sea levels could affect ocean transportation and shipping facilities that are used to transport supplies, equipment and workforce and products from the Company's operations to world markets.

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

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

Claims and Legal Proceedings Risks

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

Title to Properties

The validity of mining or exploration titles or claims or rights, which constitute most of the Company's property holdings, can be uncertain and may be contested. The Company has used reasonable commercial efforts to investigate the Company's title or claim to its various properties, however, no assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining titles or claims and that such exploration and mining titles or claims will not be challenged or impugned by third parties. Mining laws are continually developing and changes in such laws could materially impact the Company's rights to its various properties or interests therein. The Company has obtained title insurance for its Jerritt Canyon Mine but there is a risk that such insurance could be insufficient, or the Company could not be successful in any claim against its insurer. Accordingly, the Company may have little or no recourse as a result of any successful challenge to title to any of its properties. The Company's properties may be subject to prior unregistered liens, agreements or transfers, land claims or undetected title defects which may have a material adverse effect on the Company's ability to develop or exploit the properties.

Primero Tax Rulings

When Primero, the previous owner of San Dimas acquired the San Dimas Mine in August 2010, it assumed the obligations under a Silver Purchase Agreement ("Old Stream Agreement") that required its subsidiary PEM to sell exclusively to Wheaton Precious Metals ("WPMI") up to 6 million ounces silver produced from the San Dimas Mine, and 50% of silver produced thereafter, at the lower of: (i) the spot market price and (ii) $4.014 per ounce plus an annual increase of 1% ("PEM Realized Price").

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

To obtain tax and legal assurance that the SAT would accept the PEM Realized Price as the transfer price to calculate Mexican income taxes payable by PEM, a mutually binding Advance Pricing Agreement ("APA") was entered into with the SAT for taxation years 2010 to 2014. On October 4, 2012, the SAT confirmed that based on the terms of the APA, the PEM Realized Price could be used as PEM's basis for calculating taxes owed for the silver sold under the Old Stream Agreement.

In February 2016, the SAT initiated a legal process seeking to retroactively nullify the APA.

In 2019, the SAT issued reassessments for the 2010 to 2012 tax years in the total amount of $253.4 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 $139.7 million (2,723 million MXN) (collectively, the "Reassessments"). The Company believes

that the Reassessments violate the terms of the APA. The major items in the Reassessments include determination of revenue based on silver spot market prices, 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 also requested resolution of the transfer price dispute pursuant to the Mutual Agreement Procedure ("MAP"), under the relevant avoidance of double taxation treaties, between the competent tax authorities of Mexico, Canada, Luxembourg and Barbados. The SAT has refused to take the necessary steps under the MAP process contained in the three treaties. The Company believes that by its refusal, Mexico is in breach of its international obligations regarding double taxation treaties. Furthermore, the Company continues to believe that the APA remains valid and legally binding on the SAT.

The Company continues to pursue all available domestic and international remedies under the laws of Mexico and under the relevant tax treaties. Furthermore, as discussed further below, it has also made claims against Mexico under Chapter 11 of the North American Free Trade Agreement ("NAFTA") for violation of its international law obligations.

Domestic Remedies

In September 2020, the Company was served with a decision of the Federal Court seeking 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 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 appeal file and iii) assigned such writ to the Second Chamber of the Supreme Court for issuing the corresponding decision. Both writs of certiorari were withdrawn in December 2022. The challenge filed by the Company has been returned to the Mexican Circuit Courts and a decision may be issued within the first quarter of 2023.

The Company, in addition to challenging the SAT's actions in the Mexican courts, is also pursuing resolution of its dispute through Mexico's Federal Taxpayer Defense Attorney's Office (known as "PRODECON").

International Remedies

On March 2, 2021, the Company 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 NAFTA. On March 31, 2021, the Notice of Registration of the Request for Arbitration was issued by the ICSID Secretariat. Once the NAFTA Arbitration Panel (the "Tribunal") was fully constituted on August 20, 2021 by the appointment of all three panel members, the NAFTA Arbitration Proceedings (the "NAFTA Proceedings") were deemed to have been fully commenced. The first session of the Tribunal was held by videoconference on September 24, 2021 to decide upon the procedural rules which will govern the NAFTA Proceedings. The Tribunal issued Procedural Order No. 1 on October 21, 2021. Thereafter, on April 26, 2022, the Company submitted its Claimant's Memorial including expert reports and witness statements to the Tribunal, and on November 26, 2022, Mexico submitted its Counter-Memorial.

If the SAT's attempts to retroactively nullifying the APA are successful, the SAT can be expected to enforce its Reassessments for 2010 through 2014 against PEM in respect of its sales of silver pursuant to the Old Stream Agreement. Such an outcome 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 spot market prices without any mitigating adjustments, the incremental income tax for the years 2010-2019 would be approximately $257.3 million (4,995 million MXN), before taking into consideration interest or penalties.

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

To the extent it is ultimately determined that the pricing for 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 materially adverse 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. and Corporacion First Majestic S.A. de C.V., the SAT issued tax assessments for fiscal 2013 for corporate income tax in the amount of $4.9 million (95.5 million MXN) and $15.6 million (302 million MXN), respectively including interest, inflation and penalties. In December 2022, the SAT issued tax assessments to Minera La Encantada, S.A. de C.V. for fiscal years 2014 and 2015 for corporate income tax in the amount of $15.7 million (305.2 million MXN) and $204.4 million (3,968.0 million MXN). The major items relate to forward silver purchase agreement and denial of the deductibility of mine development costs and service fees. The Company continues to defend the validity of the forward silver purchase agreement and will vigorously dispute the assessments that have been issued. The Company, based on advice from legal and financial advisors believes MLE's tax filings were appropriate and its tax filing position is correct, therefore no liability has been recognized in the financial statements.

Corporación First Majestic Back-to-Back Loans

In June 2022, following the completion of tax audits, conclusive agreements with the SAT were signed by Corporación First Majestic S.A. de C.V. ("CFM") and First Majestic Plata S.A. de C.V. ("FMP") through Mexico's Office of the Taxpayer Ombudsman ("PRODECON") to settle an uncertain tax position concerning Mexican back-to-back loan provisions. The provisions were originally conceived from an anti-avoidance rule and a literal interpretation of the rules would convert most debt financing in Mexico into back-to-back loans. The back-to-back loan provisions establish that interest expense derived from back-to-back loans can be recharacterized as dividends resulting in significant changes to the tax treatment of interest, including withholding taxes. As a result of this recharacterization and in accordance with the conclusive agreement, CFM and FMP made one-time payments of approximately $21.3 million and $6.3 million in fiscal 2022 which have been recognized as current tax expense during the year. In addition to the payment made, CFM agreed to surrender certain tax loss carry forwards resulting in a deferred tax expense of approximately $55.7 million.

First Silver litigation

In April 2013, the Company received a positive judgment on the First Silver litigation from the Supreme Court of British Columbia (the "Court"), which awarded the sum of $93.8 million in favour of First Majestic against Hector Davila Santos (the "Defendant"). The Company received a sum of $14.1 million in June 2013 as partial payment of the judgment, leaving an unpaid amount of approximately $64.3 million (CAD$81.5 million). As part of the ruling, the Court granted orders restricting any transfer or encumbrance of the Bolaños Mine by the Defendant and limiting mining at the Bolaños Mine. The orders also require that the Defendant to preserve net cash flow from the Bolaños Mine in a holding account and periodically provide to the Company certain information regarding the Bolaños Mine. Although the Company is taking additional actions in Mexico and/or elsewhere to recover the balance, there can be no guarantee that the remainder of the judgment amount will be collected. Therefore, as at December 31, 2022, the Company has not accrued any of the remaining $64.3 million (CAD$81.5 million) unrecovered judgment in favour of the Company.

OTHER FINANCIAL INFORMATION

Share Repurchase Program

The Company has an ongoing share repurchase program to repurchase up to 10,000,000 of the Company's issued and outstanding shares. The normal course issuer bid will be carried out through the facilities of the Toronto Stock Exchange and alternative Canadian marketplaces. All common shares, if any, purchased pursuant to the Share Repurchase will be cancelled. The Company believes that from time to time, the market price of its common shares may not fully reflect the underlying value of the Company's business and its future business prospects. The Company believes that at such times, the purchase of common share would be in the best interest of the Company. During the year ended December 31, 2022, the Company repurchased an aggregate of 100,000 common shares at an average price of CDN $8.52 per share as part of the Share Repurchase Program (December 2021 - nil) for total proceeds of $0.7 million, net of transaction costs.

Off-Balance Sheet Arrangements

At December 31, 2022, 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 year ended December 31, 2022.

Outstanding Share Data

As at February 22, 2023, the Company has 274,369,973 common shares issued and outstanding.

SUBSEQUENT EVENTS

The following significant events occurred subsequent to December 31, 2022:

Declaration of Quarterly Dividend

On February 23, 2023, the Company's board of directors approved the declaration of its quarterly common share dividend of $0.0054 per share, payable on or after March 24 2023, to common shareholders of record at the close of business on March 10, 2023. These dividends were declared subsequent to the year-end and have not been recognized as distributions to owners during the year ended December 31, 2022.

At-the-Market Distributions ("ATM") Program

On July 20, 2022, the Company entered into an equity distribution agreement and 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 $100.0 million. The sale of common shares is to be made through ATM distributions, as defined in Canadian Securities Administrator's National Instrument 44-102 Shelf Distributions, directly on the New York Stock Exchange. Subsequent to year-end, the Company sold a total of 1,719,634 common shares at an average price of $8.76 per share, for gross proceeds of $15.0 million. The Company completed distributions under the ATM on January 13, 2023.

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Critical Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformity with IFRS as issued by the International Accounting Standards Board ("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.

Assets and Liabilities Held-for-Sale:

Accounting Policy:

A non-current asset or disposal group of assets and liabilities ("disposal group") is classified as held-for-sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and when the following criteria are met:

(i) The non-current asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; and
(ii) The sale of the non-current asset or disposal group is highly probable. For the sale to be highly probable:

- The appropriate level of management must be committed to a plan to sell the asset or disposal group;
- An active program to locate a buyer and complete the plan must have been initiated;
- The non-current asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale (with certain exceptions); and
- Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets and disposal groups are classified as held for sale from the date these criteria are met and are measured at the lower of the carrying amount and fair value less costs to sell ("FVLCTS"). If the FVLCTS is lower than the carrying amount, an impairment loss is recognized in net earnings. Upon classification as held for sale, non-current assets are no longer depreciated.

Significant estimates and judgements:

In determining the probability of the sale being completed within a year, management has considered a number of factors including necessary approvals from management, the Board of Directors, regulators and shareholders.

Determination and classification of current and non-current restricted cash

The Company determines if the funds on hand and held at banks meets the definition of cash or cash equivalents. When there is a restriction on those funds, the Company assesses the nature of the restriction and if it is applicable, excludes the related amounts from the cash and cash equivalents balance. The Company then assesses the classification of the restricted cash between current and non-current based on the following factors:

- an asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the period; and
- it expects to realize the asset within twelve months after the reporting period.

The evaluation was performed based on the available information at the end of the reporting period; if there are changes in the circumstances the Company will reassess the classification.

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

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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

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

The amendments were applied effective January 1, 2022 and did not have a material impact on the Company's consolidated financial statements.

Provisions, Contingent Liabilities and Contingent Assets (Amendment to IAS 37)

The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous comprise both the incremental costs and an allocation of other costs that relate directly to fulfilling the contract. The amendments apply to contracts existing at the date when the amendments are first applied. On adoption of this amendment, there was no impact to the Company's consolidated financial statements.

Future Changes in Accounting Policies Not Yet Effective as at December 31, 2022:

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective. Management does not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Group in future periods, except if indicated.

Classification of Liabilities as Current or Non-Current with Covenants (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.

In addition, the amendment requires entities to disclose information to enable users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2024, with early application permitted. This amendment is not expected to have a material impact on the Company’s financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The International Accounting Standards Board ("IASB") has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. This amendment is not expected to have a material impact on the Company's financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

• A change in accounting estimate that results from new information or new developments is not the correction of an error

• The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

In May 2021, the International Accounting Standards Board issued targeted amendments to IAS 12, Income Taxes. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application is permitted. With a view to reducing diversity in reporting, the amendments will clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and decommissioning liabilities. This amendment is not expected to have a material impact on the Company's financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 although earlier application is 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”, "Average realized gold price", “Adjusted earnings per share”, “Free cash flow” 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 the methods used by the Company to calculate such measures may differ from methods used by other companies with similar descriptions, 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 performance measures used by the Company to manage and evaluate operating performance at each of the Company's operating mining units, in conjunction with the related GAAP amounts. These metrics 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. Management and investors use these metrics for comparing the costs against peers in the industry and for assessing the performance of each mine within the portfolio.

Management calculates the cash costs per ounce and production costs per tonne by:

- starting with the production costs (GAAP) from the income statement;
- adding back duties and royalties, smelting and refining costs as well as transportation and selling costs, which form a part of the cost of sales on the financial statements and provide a better representation of total costs incurred;
- cash costs are divided by the payable silver equivalent ounces produced; and
- production costs are divided by the total tonnes milled.

AISC is a non-GAAP performance 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 and is useful for investors and management to assess the Company's operating performance by providing greater visibility, comparability and representation of the total costs associated with producing silver from its current operations, in conjunction with related GAAP amounts. AISC helps investors to assess costs against peers in the industry and help management assess the performance of each mine within the portfolio in a standardized manner.

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 costs (GAAP measure) 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 condensed interim consolidated financial statements.

(expressed in thousands of U.S. Dollars, except ounce and per ounce amounts)	Three Months Ended December 31, 2022				
	San Dimas	Santa Elena	La Encantada	Jerritt Canyon	Consolidated
Mining cost	$14,529	$9,782	$3,855	$23,336	$51,502
Milling cost	8,249	8,974	5,292	13,341	35,856
Indirect cost	11,401	4,923	3,004	5,218	24,546
Total production cost (A)	**$34,179**	**$23,679**	**$12,151**	**$41,894**	**$111,903**
Add: transportation and other selling cost	326	207	139	14	743
Add: smelting and refining cost	330	72	173	26	601
Add: environmental duty and royalties cost	311	1,797	76	457	2,641
Total cash cost (B)	**$35,146**	**$25,755**	**$12,539**	**$42,391**	**$115,888**
Workers' participation	8,522	(763)	(75)	—	7,684
General and administrative expenses	—	—	—	—	7,768
Share-based payments	—	—	—	—	2,845
Accretion of decommissioning liabilities	306	167	218	514	1,554
Sustaining capital expenditures	7,007	2,884	2,144	5,298	17,521
Operating lease payments	175	1,285	882	—	2,814
All-In Sustaining Costs (C)	**$51,156**	**$29,328**	**$15,708**	**$48,203**	**$156,074**
Payable silver equivalent ounces produced (D)	**3,046,462**	**2,299,400**	**810,165**	**1,387,134**	**7,543,161**
Payable gold equivalent ounces produced (E)	**N/A**	**N/A**	**N/A**	**16,827**	**N/A**
Tonnes milled (F)	**210,108**	**207,188**	**254,766**	**179,502**	**851,564**
Cash cost per AgEq ounce (B/D)	**$11.54**	**$11.20**	**$15.48**	**$30.56**	**$15.36**
AISC per AgEq ounce (C/D)	**$16.79**	**$12.75**	**$19.39**	**$34.75**	**$20.69**
Cash cost per Au ounce (B/E)	**N/A**	**N/A**	**N/A**	**$2,519**	**N/A**
AISC per Au ounce (C/E)	**N/A**	**N/A**	**N/A**	**$2,865**	**N/A**
Production cost per tonne (A/F)	**$162.68**	**$114.29**	**$47.69**	**$233.39**	**$131.41**

(expressed in thousands of U.S. Dollars, except ounce and per ounce amounts)	Three Months Ended December 31, 2021				
	San Dimas	**Santa Elena**	**La Encantada**	**Jerritt Canyon**	**Consolidated**
Mining cost	$11,232	$10,052	$3,514	$20,480	$45,277
Milling cost	7,162	7,174	4,290	13,296	31,921
Indirect cost	11,852	3,824	2,845	4,996	23,517
Total production cost (A)	**$30,246**	**$21,050**	**$10,649**	**$38,771**	**$100,716**
Add: transportation and other selling cost	449	160	103	14	780
Add: smelting and refining cost	755	165	239	20	1,179
Add: environmental duty and royalties cost	591	1,203	116	793	2,703
Total cash cost (B)	**$32,041**	**$22,578**	**$11,107**	**$39,598**	**$105,378**
Workers' participation	4,010	54	1,538	—	5,602
General and administrative expenses	—	—	—	—	6,591
Share-based payments	—	—	—	—	2,859
Accretion of decommissioning liabilities	175	76	128	319	951
Sustaining capital expenditures	8,989	3,514	1,272	8,887	23,387
Operating lease payments	95	1,167	816	347	2,996
All-In Sustaining Costs (C)	**$45,310**	**$27,389**	**$14,861**	**$49,151**	**$147,764**
Payable silver equivalent ounces produced (D)	**4,013,338**	**1,953,539**	**765,430**	**1,823,950**	**8,556,257**
Payable gold equivalent ounces produced (E)	**N/A**	**N/A**	**N/A**	**23,660**	**N/A**
Tonnes milled (F)	**206,738**	**224,459**	**268,239**	**256,374**	**955,810**
Cash cost per AgEq ounce (B/D)	**$7.98**	**$11.56**	**$14.51**	**$21.71**	**$12.32**
AISC per AgEq ounce (C/D)	**$11.29**	**$14.02**	**$19.41**	**$26.95**	**$17.26**
Cash cost per Au ounce (B/E)	**N/A**	**N/A**	**N/A**	**$1,674**	**N/A**
AISC per Au ounce (C/E)	**N/A**	**N/A**	**N/A**	**$2,077**	**N/A**
Production cost per tonne (A/F)	**$146.30**	**$93.78**	**$39.70**	**$151.23**	**$105.37**

(expressed in thousands of U.S. Dollars, except ounce and per ounce amounts)	Year Ended December 31, 2022				
	San Dimas	Santa Elena	La Encantada	Jerritt Canyon	Consolidated
Mining cost	$48,032	$43,382	$14,363	$93,302	$199,080
Milling cost	30,753	34,605	19,835	51,339	136,533
Indirect cost	43,899	19,982	11,948	20,918	96,747
Total production cost (A)	**$122,684**	**$97,970**	**$46,146**	**$165,559**	**$432,359**
Add: transportation and other selling cost	1,212	780	480	102	2,788
Add: smelting and refining cost	1,483	396	664	87	2,630
Add: environmental duty and royalties cost	1,380	6,689	339	2,656	11,064
Total cash cost (B)	**$126,759**	**$105,835**	**$47,629**	**$168,404**	**$448,841**
Workers' participation	16,106	1,978	(819)	—	17,265
General and administrative expenses	—	—	—	—	34,743
Share-based payments	—	—	—	—	13,958
Accretion of decommissioning liabilities	1,190	649	847	2,054	6,102
Sustaining capital expenditures	33,252	13,801	6,499	28,525	83,853
Operating lease payments	585	5,369	3,355	—	10,911
All-In Sustaining Costs (C)	**$177,892**	**$127,632**	**$57,511**	**$198,983**	**$615,673**
Payable silver equivalent ounces produced (D)	**12,927,243**	**9,133,062**	**3,112,363**	**6,016,478**	**31,189,146**
Payable gold equivalent ounces produced (E)	**N/A**	**N/A**	**N/A**	**72,411**	**N/A**
Tonnes milled (F)	**787,636**	**851,973**	**1,025,172**	**804,206**	**3,468,987**
Cash cost per AgEq ounce (B/D)	**$9.81**	**$11.59**	**$15.30**	**$27.99**	**$14.39**
AISC per AgEq ounce (C/D)	**$13.76**	**$13.97**	**$18.48**	**$33.07**	**$19.74**
Cash cost per Au ounce (B/E)	**N/A**	**N/A**	**N/A**	**$2,326**	**N/A**
AISC per Au ounce (C/E)	**N/A**	**N/A**	**N/A**	**$2,748**	**N/A**
Production cost per tonne (A/F)	**$155.76**	**$114.99**	**$45.01**	**$205.87**	**$124.64**

xpressed in thousands of U.S. Dollars, except ounce and per ounce amounts)	Year Ended December 31, 2021				
	San Dimas	Santa Elena	La Encantada	Jerritt Canyon	Consolidated
lining cost	$47,270	$32,024	$13,206	$58,689	$151,188
lilling cost	28,258	28,254	17,978	35,551	110,040
ıdirect cost	41,311	14,576	11,256	14,830	81,973
otal production cost (A)	**$116,840**	**$74,853**	**$42,440**	**$109,069**	**$343,202**
dd: transportation and other selling cost	1,433	618	427	47	2,738
dd: smelting and refining cost	1,819	523	718	47	3,107
dd: environmental duty and royalties cost	1,683	1,559	406	2,188	5,836
otal cash cost (B)	**$121,775**	**$77,553**	**$43,991**	**$111,351**	**$354,883**
/orkers' participation	13,374	269	2,296	—	15,939
eneral and administrative expenses	—	—	—	—	25,393
hare-based payments	—	—	—	—	12,290
ccretion of decommissioning liabilities	716	313	521	642	3,228
ustaining capital expenditures	35,542	15,636	4,616	27,565	85,664
perating lease payments	312	2,943	2,894	862	8,708
ll-In Sustaining Costs (C)	**$171,719**	**$96,714**	**$54,318**	**$140,420**	**$506,105**
ayable silver equivalent ounces produced (D)	**13,518,292**	**5,036,842**	**3,260,834**	**5,013,388**	**26,829,356**
ayable gold equivalent ounces produced (E)	**N/A**	**N/A**	**N/A**	**68,567**	**N/A**
onnes milled (F)	**822,791**	**879,060**	**1,004,144**	**633,400**	**3,339,394**
ash cost per AgEq ounce (B/D)	**$9.01**	**$15.40**	**$13.49**	**$22.21**	**$13.23**
ISC per AgEq ounce (C/D)	**$12.70**	**$19.20**	**$16.66**	**$28.01**	**$18.84**
ash cost per Au ounce (B/E)	**N/A**	**N/A**	**N/A**	**$1,624**	**N/A**
ISC per Au ounce (C/E)	**N/A**	**N/A**	**N/A**	**$2,048**	**N/A**
roduction cost per tonne (A/F)	**$142.00**	**$85.15**	**$42.25**	**$172.20**	**$102.77**

Average Realized Silver Price per Silver Equivalent Ounce

Revenues are presented as the net sum of invoiced revenues related to delivered shipments of silver or gold doré bars, including associated metal by-products of 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 average realized silver price is a non-GAAP performance measure that allows management and investors to assess the Company's ability to sell ounces produced, in conjunction with related GAAP amounts. Management calculates this measure by taking total revenue reported under GAAP and adding back smelting and refining charges to arrive at the gross reportable revenue for the period. Gross revenues are divided into payable silver equivalent ounces sold to calculate the average realized price per ounce of silver equivalents sold. The streaming and royalty agreements in place between the Company and Sandstorm as well as Wheaton, impacts the total revenues reported on the financial statements given the reduced prices provided to these vendors in line with the terms of the agreements. Therefore, management adjusts revenue to exclude smelting and refining charges as well as revenues earned through agreements with these vendors. This provides management with a better picture regarding its ability to convert ounces produced to ounces sold and provides the investor with a clear picture of the price that the Company can currently sell the inventory for, excluding pre-arranged agreements.

	Three Months Ended December 31,		Year Ended December 31,	
	2022	**2021**	**2022**	**2021**
Revenues as reported	**$148,189**	**$204,876**	**$624,222**	**$584,117**
Add back: smelting and refining charges	600	1,179	2,629	3,108
Gross revenues	**148,789**	**206,055**	**626,851**	**587,225**
Less: Sandstorm gold revenues	(220)	(461)	(1,148)	(2,489)
Less: Wheaton gold revenues	(6,832)	(9,385)	(26,053)	(29,612)
Gross revenues, excluding Sandstorm, Wheaton (A)	**$141,737**	**$196,208**	**$599,649**	**$555,124**
Payable silver equivalent ounces sold	7,007,210	9,378,637	30,320,473	25,954,222
Less: Payable silver equivalent ounces sold to Sandstorm	(35,385)	(74,554)	(200,509)	(382,659)
Less: Payable silver equivalent ounces sold to Wheaton	(873,498)	(1,189,362)	(3,462,825)	(3,511,128)
Payable silver equivalent ounces sold, excluding Sandstorm and Wheaton (B)	**6,098,326**	**8,114,720**	**26,657,138**	**22,060,435**
Average realized silver price per silver equivalent ounce (A/B)	**$23.24**	**$24.18**	**$22.49**	**$25.16**
Average market price per ounce of silver per COMEX	$21.29	$23.35	$21.80	$25.15

Average Realized Gold Price per Ounce

Revenues are presented as the net sum of invoiced revenues related to delivered shipments of silver or gold doré bars, including associated metal by-products of 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 average realized gold price is a non-GAAP performance measure that allows management and investors to assess the Company's ability to sell ounces produced, in conjunction with related GAAP amounts. Management calculates this measure by taking total revenue reported under GAAP and adding back smelting and refining charges to arrive at the gross reportable revenue for the period. Silver revenues are deducted from the reportable revenue for the period in order to arrive at the gold revenue for the period. Gross gold revenues are divided into gold ounces sold to calculate the average realized price per ounce of gold sold. The streaming and royalty agreements in place between the Company and Sandstorm as well as Wheaton, impacts the total revenues reported on the financial statements given the reduced prices provided to these vendors in line with the terms of the agreements. Therefore, management adjusts revenue to exclude smelting and refining charges as well as revenues earned through agreements with these vendors. This provides management with a better picture regarding its ability to convert ounces produced to ounces sold and provides the investor with a clear picture of the price that the Company can currently sell the inventory for, excluding pre-arranged agreements.

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Gross revenue, excluding Sandstorm, Wheaton	**$141,737**	**$196,208**	**$599,649**	**$555,124**
Less: Silver revenues	56,119	105,387	237,107	307,302
Gross gold revenues, excluding Sandstorm, Wheaton (A)	**$85,618**	**$90,822**	**$362,541**	**$247,822**
Gold ounces sold	59,511	65,229	246,265	190,450
Less: Gold ounces sold to Wheaton	10,943	15,182	41,841	48,015
Less: Gold ounces sold to Sandstorm	465	985	2,433	5,327
Gold ounces sold, excluding Sandstorm and Wheaton (B)	**48,103**	**49,062**	**201,991**	**137,108**
Average realized gold price per ounce (A/B)	**$1,780**	**$1,851**	**$1,795**	**$1,807**
Average market price per ounce of gold	$1,731	$1,795	$1,801	$1,784

Free Cash Flow

Free cash flow is a non-GAAP liquidity measure which is determined based on operating cash flows less sustaining capital expenditures. Management uses free cash flow as a critical measure in the evaluation of liquidity in conjunction with related GAAP amounts. It also uses the measure when considering available cash, including for decision-making purposes related to dividends and discretionary investments. Further, it helps management, the Board of Directors and investors evaluate a Company's ability to generate liquidity from operating activities.

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Operating cash flows	**($14,758)**	**$89,812**	**$18,988**	**$68,723**
Less: Sustaining capital expenditures	17,521	23,387	83,853	85,664
Free cash flow	**($32,279)**	**$66,425**	**($64,865)**	**($16,941)**

Adjusted Earnings per Share ("Adjusted EPS")

The Company uses the financial measure "Adjusted EPS" which is a non-GAAP measure, to supplement earnings per share (GAAP) information in its condensed interim 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.

Management uses adjusted earnings per share as a critical measure operating performance in conjunction with the related GAAP amounts. The only items considered in the adjusted earnings-per-share calculation are those that management believes (1) may affect trends in underlying performance from year to year and (2) are not considered normal recurring cash operating expense.

Adjusted earnings per share is used for forecasting, operational and strategic decision making, evaluating current Company and management performance, and calculating financial covenants. Management believes that excluding certain non-cash and non-recurring items from the calculation increases comparability of the metric from period to period, which makes it useful for management, the audit committee and investors, to evaluate 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.

To calculate adjusted earnings per share, management adjusts from net earnings (GAAP), the per-share impact, net of the tax effects of adjustments, of the following:

- share based payments;
- realized and unrealized gains and losses from investment in derivatives and marketable securities; and
- other infrequent or non-recurring losses and gains.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net (loss) as reported	**($16,819)**	**($3,971)**	**($114,276)**	**($4,923)**
Adjustments for non-cash or unusual items:				
Tax settlement	6,300	—	24,033	—
Impairment (impairment reversal)	4,934	—	(2,651)	—
Deferred income tax (recovery) expense	(19,681)	156	(3,378)	(19,110)
Share-based payments	2,845	2,859	13,958	12,290
Loss (gain) from investment in marketable securities	(425)	(776)	3,865	1,522
Abnormal costs [(1)]	436	—	3,553	—
Write-down on assets held-for-sale	—	—	—	2,081
Write-down of mineral inventory	9,314	1,164	23,767	7,479
Acquisition costs	—	23	—	1,973
Loss on early settlement of senior convertible notes	—	4,642	—	4,642
Gain on divestiture of exploration projects	(4,301)	—	(4,301)	—
Adjusted net (loss) earnings	**($17,397)**	**$4,097**	**($55,430)**	**$5,954**
Weighted average number of shares on issue - basic	266,673,994	256,805,023	263,122,252	244,749,772
Adjusted EPS	**($0.07)**	**$0.02**	**($0.21)**	**$0.02**

(1) Abnormal costs includes $3.1 million incurred as a result of marginal ore material that was processed to keep the mill running at minimum feed requirements to perform government mandated air compliance test work at the Jerritt Canyon Gold mine.

Working Capital and Available Liquidity

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

	December 31, 2022	December 31, 2021
Current Assets	$370,289	$397,207
Less: Current Liabilities	(167,399)	(172,822)
Working Capital	**$202,890**	**$224,385**
Available Undrawn Revolving Credit Facility	75,000	50,000
Available Liquidity	**$277,890**	**$274,385**

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

The Company's management, with the participation of its President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's CEO and CFO have concluded that, as of December 31, 2022, 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 condensed interim consolidated financial statements.

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

The Company's management evaluated the effectiveness of our internal controls over financial reporting based upon the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's evaluation, our CEO and CFO concluded that our internal controls over financial reporting was effective as of December 31, 2022. There have been no significant changes in our internal controls during the quarter ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

The Company's independent registered public accounting firm, Deloitte LLP, have audited these Consolidated Annual Financial Statements and have issued an attestation report dated February 22, 2023 on the Company's internal control over financial reporting based on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of Treadway Commission.

Limitations of Controls and Procedures

The Company's management, including the President and CEO and CFO, 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; interpretation of drill results and other technical data; anticipated development, expansion, exploration activities and production rates and mine plans and mine life; the estimated cost and timing of plant improvements at the Company's operating mines and development of the Company's development projects; the timing of completion of exploration programs and drilling programs; anticipated reclamation and decommissioning activities; conversion of mineral resources to proven and probable mineral reserves; 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; completion of the sale of the Company's La Parrilla and La Guitarra mines; payment of dividends; statements with respect to the recovery of value added tax receivables and the tax regime in México; the conduct or outcome of outstanding litigation, regulatory proceedings, negotiations or proceedings under NAFTA or other claims; expectations regarding the continuing effect of the COVID-19 pandemic on the Company's operations, the global economy and the market for the Company's products. 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 forecasts of future results, estimates of amounts not yet determinable and assumptions of management made in light of management's experience and perception of historical trends, current conditions and expected future developments 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, 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 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 materially from the requirements of United States securities laws applicable to U.S. companies. Information concerning our mineral properties has been prepared in accordance with the requirements of Canadian securities laws, which differ in material respects from the requirements of the United States Securities and Exchange Commission (the "SEC") applicable to domestic United States issuers. Accordingly, the disclosure in this Management's Discussion and Analysis regarding our mineral properties is not comparable to the disclosure of United States issuers subject to the SEC's mining disclosure requirements.

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, 2022, is available on SEDAR at www.sedar.com and on the Company's website at www.firstmajestic.com.

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Keith Neumeyer, certify that:

1. I have reviewed this annual report on Form 40-F of First Majestic Silver Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date March 31, 2023

/s/ Keith Neumeyer
Keith Neumeyer
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Soares, certify that:

1. I have reviewed this annual report on Form 40-F of First Majestic Silver Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date March 31, 2023

/s/ David Soares
David Soares
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Keith Neumeyer, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(a) the annual report on Form 40-F of First Majestic Silver Corp. for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Form 40-F fairly presents, in all material respects, the financial condition and results of operations of First Majestic Silver Corp.

Date: March 31, 2023

/s/ Keith Neumeyer
Keith Neumeyer
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, David Soares, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(a) the annual report on Form 40-F of First Majestic Silver Corp. for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Form 40-F fairly presents, in all material respects, the financial condition and results of operations of First Majestic Silver Corp.

Date: March 31, 2023.

/s/ David Soares
David Soares
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

March 31, 2023

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2022 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2022.

I, Ramon Mendoza Reyes, VP Technical Services of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-255798) and the Registration Statement on Form S-8 (File No. 333-258124) of the Company (the "Registration Statements"), in connection with reference to my involvement in the preparation of the following:

- Technical Report titled "First Majestic Silver Corp., San Dimas Silver/Gold Mine, Durango and Sinaloa States, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with an effective date of December 31, 2020;
- Technical Report titled "First Majestic Silver Corp., Santa Elena Silver/Gold Mine, Sonora, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates", with an effective date of June 30, 2021;
- Technical Report titled "First Majestic Silver Corp., La Encantada Silver Mine, Coahuila, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with an effective date of December 31, 2020;

(collectively, the "Technical Reports")

and to references to the Technical Reports, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statements, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statements.

Yours truly,

"signed and sealed"

Name Ramon Mendoza Reyes
Title VP Technical Services

March 31, 2023

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2022 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2022.

I, Persio P. Rosario, P.Eng., VP of Processing, Metallurgy & Innovation of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-255798) and the Registration Statement on Form S-8 (File No. 333-258124) of the Company (the "Registration Statements"), in connection with reference to my involvement in the preparation of the following:

- Technical Report titled "First Majestic Silver Corp., San Dimas Silver/Gold Mine, Durango and Sinaloa States, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with an effective date of December 31, 2020;
- Technical Report titled "First Majestic Silver Corp., Santa Elena Silver/Gold Mine, Sonora, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates", with an effective date of June 30, 2021;
- Technical Report titled "First Majestic Silver Corp., La Encantada Silver Mine, Coahuila, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with an effective date of December 31, 2020;

(collectively, the "Technical Reports")

and to references to the Technical Reports, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statements, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statements.

Yours truly,

"Signed and Sealed"
Name: Persio P. Rosario
Title: VP of Processing, Metallurgy & Innovation

March 31, 2023

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2022 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2022.

I, Maria Elena Vazquez Jaimes, Geological Database Manager of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-255798) and the Registration Statement on Form S-8 (File No. 333-258124) of the Company (the "Registration Statements"), in connection with reference to my involvement in the preparation of the following:

- Technical Report titled "First Majestic Silver Corp., San Dimas Silver/Gold Mine, Durango and Sinaloa States, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with an effective date of December 31, 2020;
- Technical Report titled "First Majestic Silver Corp., Santa Elena Silver/Gold Mine, Sonora, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates", with an effective date of June 30, 2021;
- Technical Report titled "First Majestic Silver Corp., La Encantada Silver Mine, Coahuila, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with an effective date of December 31, 2020;

(collectively, the "Technical Reports")

and to references to the Technical Reports, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statements, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statements.

Yours truly,

'Signed and Sealed'

Name: Maria Elena Vazquez Jaimes
Title: Geological Database Manager

March 31, 2023

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2022 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2022.

I, Phillip J. Spurgeon, P.Geo, Senior Resource Geologist of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-255798) and the Registration Statement on Form S-8 (File No. 333-258124) of the Company (the "Registration Statements"), in connection with reference to my involvement in the preparation of the following:

- Technical Report titled "First Majestic Silver Corp., Santa Elena Silver/Gold Mine, Sonora, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates", with an effective date of June 30, 2021;

and to references to the Technical Reports, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statements, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statements.

Yours truly,

"Signed and Sealed"

Phillip J. Spurgeon, P.Geo
Senior Resource Geologist

March 31, 2023

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2022 (the “Annual Report”) to be filed by the Company with the United States Securities and Exchange Commission (the “SEC”). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2022.

I, Brian Boutilier, Project Manager of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-255798) and the Registration Statement on Form S-8 (File No. 333-258124) of the Company (the "Registration Statements"), in connection with reference to my involvement in the preparation of the following:

- Technical Report titled "First Majestic Silver Corp., La Encantada Silver Mine, Coahuila, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with an effective date of December 31, 2020;

and to references to the Technical Reports, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company’s mineral properties in the Annual Report and Registration Statements, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statements.

Yours truly,

"signed and sealed"

Name Brian Boutilier
Title Project Manager

March 31, 2023

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2022 (the “Annual Report”) to be filed by the Company with the United States Securities and Exchange Commission (the “SEC”). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2022.

I, David Rowe, Director of Mineral Resources for First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-255798) and the Registration Statement on Form S-8 (File No. 333-258124) of the Company (the "Registration Statements"), in connection with reference to my involvement in the preparation of the following:

- Technical Report titled "First Majestic Silver Corp., La Encantada Silver Mine, Coahuila, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with an effective date of December 31, 2020;

and to references to the Technical Reports, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company’s mineral properties in the Annual Report and Registration Statements, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statements.

Yours truly,

“Signed and Sealed”

Name David Rowe
Title Director of Mineral Resources

March 31, 2023

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2022 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2022.

I, Joaquin Merino-Marquez , Geological Consultant of First Majestic Silver Corp. hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-255798) and the Registration Statement on Form S-8 (File No. 333-258124) of the Company (the "Registration Statements"), in connection with reference to my involvement in the preparation of the following:

- Technical Report titled "First Majestic Silver Corp., San Dimas Silver/Gold Mine, Durango and Sinaloa States, México, NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Estimates" with an effective date of December 31, 2020;

and to references to the Technical Reports, or portions thereof, and in connection with reference to my involvement in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statements, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statements.

Yours truly,

Signed and Sealed
JOAQUIN MERINO-MARQUEZ
Geological Consultant

SLR International Corporation
1658 Cole Blvd, Suite 100, Lakewood, CO 80401

March 29, 2023

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2022 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2022.

I, Andrew P. Hampton, M.Sc., P.Eng., Principal Metallurgist of SLR International Corporation, hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333- 255798) and the Registration Statement on Form S-8 (File No. 333-258124) of the Company (the "Registration Statements"), in connection with reference to my involvement in the preparation of the Technical Report titled "Technical Report on the Jerritt Canyon Mine, Elko County, Nevada, USA" with an effective date of December 31, 2020, and to references to the Technical Report, or portions thereof, in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statements, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statements.

Yours truly,

(Signed) Andrew P. Hampton

Andrew P. Hampton, M.Sc., P.Eng.
Principal Metallurgist

SLR Consulting (Canada) Ltd
6131 6th Avenue, Whitehorse, YT Y1A 1N2

March 29, 2023

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2022 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2022.

I, Chelsea Hamilton, P.Eng., Project Mining Engineer with SLR Consulting (Canada) Ltd., hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333- 255798) and the Registration Statement on Form S-8 (File No. 333-258124) of the Company (the "Registration Statements"), in connection with reference to my involvement in the preparation of the Technical Report titled "Technical Report on the Jerritt Canyon Mine, Elko County, Nevada, USA" with an effective date of December 31, 2020, and to references to the Technical Report, or portions thereof, in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statements, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statements..

Yours truly,

(Signed) Chelsea Hamilton

Chelsea Hamilton, P.Eng.
Project Mining Engineer

SLR International Corporation
1658 Cole Blvd, Suite 100, Lakewood, CO 80401

March 29, 2023

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2022 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2022.

I, Jeremy Scott Collyard, PMP, MMSA QP, Principal Environmental Scientist with SLR International Corporation, hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-255798) and the Registration Statement on Form S-8 (File No. 333-258124) of the Company (the "Registration Statements"), in connection with reference to my involvement in the preparation of the Technical Report titled "Technical Report on the Jerritt Canyon Mine, Elko County, Nevada, USA" with an effective date of December 31, 2020, and to references to the Technical Report, or portions thereof, in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statements, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statements.

Yours truly,

(Signed) Jeremy Scott Collyard

Jeremy Scott Collyard, PMP, MMSA QP
Principal Environmental Scientist

March 29, 2023

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2022 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2022.

I, Ryan Rodney, C.P.G., former Associate Geologist of SLR International Corporation, hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333- 255798) and the Registration Statement on Form S-8 (File No. 333-258124) of the Company (the "Registration Statements"), in connection with reference to my involvement in the preparation of the Technical Report titled "Technical Report on the Jerritt Canyon Mine, Elko County, Nevada, USA" with an effective date of December 31, 2020, and to references to the Technical Report, or portions thereof, in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statements, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statements.

Yours truly,

(Signed) Ryan Rodney

Ryan Rodney, C.P.G.
formerly Associate Geologist of SLR International Corporation

March 31, 2023

VIA EDGAR

First Majestic Silver Corp.

Re: First Majestic Silver Corp. (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Annual Report on Form 40-F for the year ended December 31, 2022 (the "Annual Report") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2022.

I, Gordon L. Fellows, former Mine Manager of Jerritt Canyon Gold LLC, hereby consent to the use of my name, in the Annual Report and in the Registration Statement on Form F-10 (File No. 333-255798) and the Registration Statement on Form S-8 (File No. 333-258124) of the Company (the "Registration Statements"), in connection with reference to my involvement in the preparation of the Technical Report titled "Technical Report on the Jerritt Canyon Mine, Elko County, Nevada, USA" with an effective date of December 31, 2020, and to references to the Technical Reports, or portions thereof, in the preparation of information relating to the Company's mineral properties in the Annual Report and Registration Statements, and to the inclusion and incorporation by reference of the information derived from the Technical Report in the Annual Report and Registration Statements.

Yours truly,

"signed and stamped"

Name: Gordon L. Fellows
Title: former Mine Manager of Jerritt Canyon Gold

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement (File No. 333-255798) on Form F- 10 and in Registration Statement (File No. 333-258124) on Form S-8 and to the use of our reports dated February 23, 2023 relating to the consolidated financial statements of First Majestic Silver Corp. (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 40-F for the year ended December 31, 2022.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, Canada
March 31, 2023