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

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

For the fiscal year ended December 31, 2014 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 1805
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:	Name of exchange on which registered:
Common Shares, no par value	**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.

x Annual information form x 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. 117,594,640

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.

þ Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

¨ Yes ¨ No

EXPLANATORY NOTE

First Majestic Silver Corp. (the "Company" or the "Registrant") is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") on Form 40-F pursuant to the multi-jurisdictional disclosure system of the Exchange Act. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3.

FORWARD-LOOKING STATEMENTS

This annual report on Form 40-F and the exhibits attached hereto contain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking statements, which are all statements other than statements of historical fact, include, but are not limited to, statements with respect to the future price of silver, the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, reserve determination and reserve conversion rates. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: fluctuations in the price of silver and gold; the absence of control over mining operations from which the Company purchases silver and risks related to these mining operations including risks related to fluctuations in the price of the primary commodities mined at such operations, actual results of mining and exploration activities, economic and political risks of the jurisdictions in which the mining operations are located, changes in project parameters as plans continue to be refined; and differences in the interpretation or application of tax laws and regulations; as well as those factors discussed in the section entitled "Risk Factors" in the Company's annual information form (the "AIF") for the financial year ended December 31, 2014. Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to: the continued operation of the mining operations from which the Company purchases silver, no material adverse change in the market price of commodities, that the mining operations will operate and the mining projects will be completed in accordance with their public statements and achieve their stated production outcomes, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements and forward-looking information contained or incorporated by reference in this annual report are included for the purpose of providing investors with information to assist them in understanding the Company's expected financial and operational performance and may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statements that are included or incorporated by reference herein, except in accordance with applicable securities laws.

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

The Company is permitted, under a multi-jurisdictional disclosure system adopted by the United States, to prepare this annual report 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 as issued by the International Accounting Standards Board.

The AIF filed as Exhibit 99.1 to this annual report on Form 40-F has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") –CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in the United States Securities and Exchange Commission ("SEC") Industry Guide 7 ("SEC Industry Guide 7") under the United States Securities Act of 1933, as amended. Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

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

Accordingly, information contained in this annual report 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.

CURRENCY

Unless otherwise indicated, all dollar amounts in this annual report on Form 40-F are in United States dollars. The functional currency of the Company, the parent entity, is the United States dollar and for the Mexican operations, the functional currency is the United States dollar. The financial statement presentation currency is the United States dollar. The revenues and expenses of our operations where incurred in currencies other than United States dollars are translated at the exchange rates in effect at the date of the underlying transactions. Differences arising from these foreign currency translations are recorded in other comprehensive income.

ANNUAL INFORMATION FORM

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

AUDITED ANNUAL FINANCIAL STATEMENTS

The Audited Financial Statements for the year ended December 31, 2014, including the report of the independent registered public accounting firm with respect thereto, is filed as Exhibit 99.2 to, and incorporated by reference in, this annual report on Form 40-F.

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, 2014 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, an evaluation was carried out under the supervision of, and with the participation of, the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a – 15(e) and Rule 15d – 15(e) under the Exchange Act). Based upon the results of that evaluation, the CEO and the CFO have concluded that as of the end of the period covered by this annual report, the Company's disclosure controls and procedures were effective. Disclosure controls and procedures include controls and other procedures that are designed to ensure that (i) information required to be disclosed by the Company in reports that it files or submits to the SEC under the Exchange Act is recorded, processed, summarized and reported within the appropriate time periods specified in applicable rules and forms and (ii) information required to be disclosed by the Company in reports filed under the Exchange Act is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

The Company's management, with the participation of the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. 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 and fair presentation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. 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;
- 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.

Because of its inherent limitations, the Company's internal control over financial reporting may not prevent or detect misstatements. Additionally, 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.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014, based on the criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management has concluded that the Company's internal control over financial reporting was effective and no material weakness was identified as of December 31, 2014.

Attestation Report of the Registered Public Accounting Firm

The effectiveness of the Company's internal control over financial reporting, as of December 31, 2014, has been audited by Deloitte LLP, an independent registered public accounting firm, who also audited the Company's consolidated financial statements as of and for the years ended December 31, 2014 and 2013, as stated in their reports which appear on the Company's consolidated financial statements, filed as Exhibit 99.2 and incorporated by reference in this annual report on Form 40-F.

Changes in Internal Control Over Financial Reporting

During the period covered by this annual report on Form 40-F, no change occurred in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the CEO and CFO, does not expect that its disclosure controls and procedures or internal controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. 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, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been 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 management override of the control. The design of any system of controls 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; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. 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 76 of the AIF, filed as Exhibit 99.1 and incorporated by reference herein. In the opinion of the Company's board of directors, all members of the audit committee are independent (as determined under Rule 10A-3 of the Exchange Act and the rules of the New York Stock Exchange) and are financially literate.

Audit Committee Financial Expert

The Company's board of directors has determined that Douglas Penrose is the audit committee financial expert, in that he has an understanding of generally accepted accounting principles and financial statements; is able to assess the general application of accounting principles, including, in connection with the accounting for estimates, accruals and reserves. The financial expert 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. The financial expert also has an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions.

CODE OF ETHICS

The Company has adopted a written Code of Ethical Conduct. 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 1805 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2 Canada (604) 688-3033, or by email (info@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, 2014. See page 77 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 Canadian dollars.

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

See Appendix "A" of the AIF incorporated by reference to this document as Exhibit 99.1.

OFF-BALANCE SHEET ARRANGEMENTS

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

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The information provided under the heading "Management's Discussion and Analysis –Management of Risks and Uncertainties – Liquidity Risk" contained in Exhibit 99.3 as filed with this annual report on Form 40-F contains the Company's disclosure of contractual obligations and is incorporated by reference herein.

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, 2014
99.2.	The audited consolidated financial statements and related audit reports of the Company, are exhibits to and form a part of this annual report
99.3.	Management's Discussion and Analysis for the year ended December 31, 2014
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 Leonel Lopez, Principal Geologist of Runge Pincock Minarco
99.9.	Consent of Richard Addison, Principal Process Engineer of Runge Pincock Minarco
99.10.	Consent of Ramon Mendoza Reyes, P. Eng., Vice President Technical Services of First Majestic Silver Corp.
99.11.	Consent of Maria E. Vazquez Jaimes, P. Geo., Geological Database Manager of First Majestic Silver Corp.
99.12.	Consent of Jesus M. Velador Beltran, Ph.,D., Regional Exploration Manager of First Majestic Silver Corp.
99.13.	Consent of Gregory Kenneth Kulla, P. Geo., of Amec Foster Wheeler Americas Ltd.
99.14.	Consent of Deloitte LLP, Independent Registered Public Accounting Firm

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, 2015

FIRST MAJESTIC SILVER CORP.

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

Exhibit 99.1



ANNUAL INFORMATION FORM

For the year ended December 31, 2014

Date: March 31, 2015

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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, 2014.

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 is presented in United States dollars.

Forward-looking Information

Certain statements contained in this AIF constitute forward-looking information or forward-looking statements under applicable securities laws (collectively, "**forward-looking statements**"). These statements relate to future events or the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to the Company's business strategy, commercial mining operations, anticipated mineral recoveries, projected quantities of future mineral production, interpretation of drill results, anticipated production rates 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 preparation of technical reports, operating efficiencies, capital budgets, costs and expenditures, and conversion of mineral resources to proven and probable mineral reserves, analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable, the recovery of value added tax receivables, and assumptions of management. 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 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, changes in commodity prices and, particularly, silver prices, changes in exchange rates, access to skilled mining development and mill production personnel, labour relations, costs of labour, relations with local communities and aboriginal groups, results of exploration and development activities, accuracy of resource estimates, uninsured risks, defects in title, availability and costs of materials and equipment, inability to meet future financing needs on acceptable terms, changes in national or local governments, changes in applicable legislation or application thereof, timeliness of government approvals, actual performance of facilities, equipment, and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Additional factors that could cause actual results to differ materially include, but are not limited to, the risk factors incorporated by reference herein. See "Risk Factors". The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this AIF should not be unduly relied upon. These statements speak only as of the date of this AIF or as of the date specified in the documents incorporated by reference into this AIF, as the case may be. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. Actual results may differ materially from those expressed or implied by such forward-looking statements.

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

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

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

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

Currency and Exchange Rate Information

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

On March 30, 2015, the exchange rate of Canadian dollars into US dollars, being the noon exchange rate published by the Bank of Canada was US$1.00 equals C$1.2689.

CORPORATE STRUCTURE

Name, Address and Incorporation

First Majestic is the continuing corporation of "Brandy Resources Inc." which was incorporated pursuant to the *Company Act* (British Columbia) (the predecessor legislation of the *Business Corporations Act* (British Columbia) on September 26, 1979.

On September 5, 1984, the Company changed its name to Vital Pacific Resources Ltd. and consolidated its share capital on a two for one basis.

On May 26, 1987 the Company continued out of British Columbia and was continued as a federal company pursuant to the *Canada Business Corporations Act*.

On August 21, 1998, the Company continued out of Canada and was continued into the jurisdiction of the Commonwealth of the Bahamas under the *Companies Act* (Bahamas).

On January 2, 2002, the Company continued out of the Commonwealth of the Bahamas and was continued to the Yukon Territory pursuant to the *Business Corporations Act* (Yukon). Concurrently with this continuation, the Company consolidated its share capital on a 10 for one basis.

On January 17, 2005, the Company continued out of the Yukon Territory and was continued to British Columbia pursuant to the *Business Corporations Act* (British Columbia).

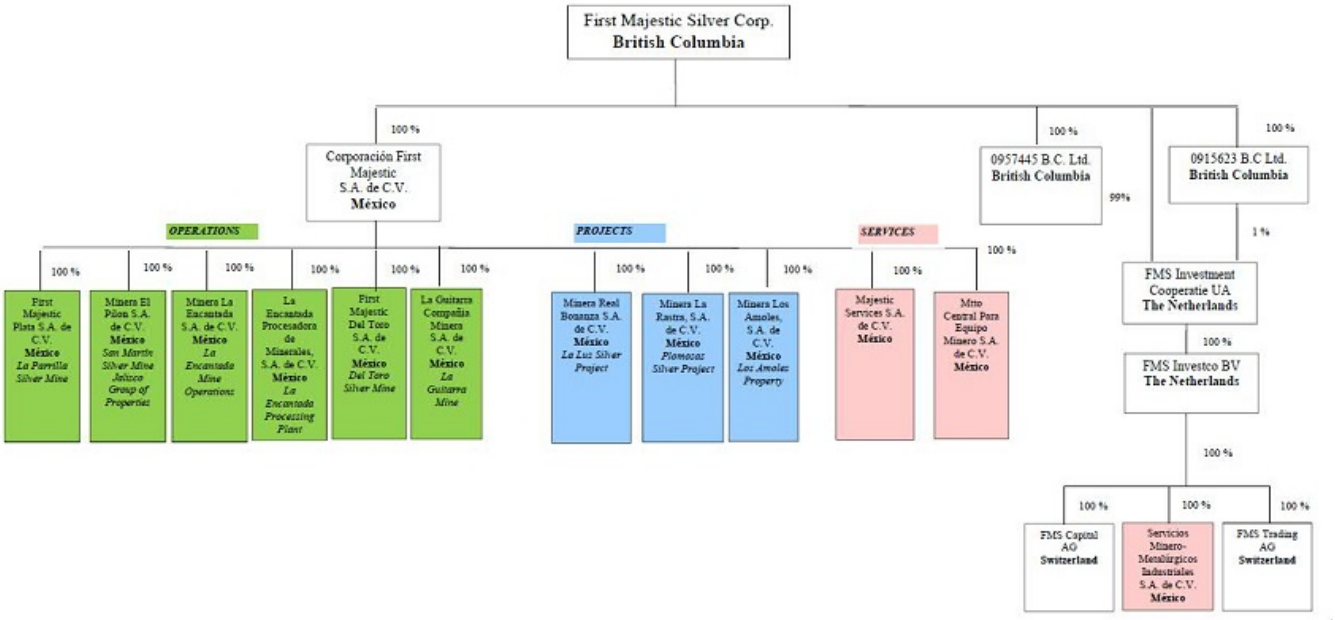
Since incorporation, First Majestic has undergone three name changes. The last name change occurred on November 22, 2006, when the Company adopted its current name.

The Company's head office is located at Suite 1805 – 925 W. Georgia Street, Vancouver, British Columbia, Canada, V6C 3L2 and its registered office is located at #2600 – 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1.

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 various mineral projects and mining properties.


First Majestic Silver Corp.
British Columbia
100 %
Corporación First Majestic S.A. de C.V.
México
100 %
0957445 B.C. Ltd.
British Columbia
99%
100 %
0915623 B.C Ltd.
British Columbia
1 %
OPERATIONS
PROJECTS
SERVICES
First Majestic Plata S.A. de C.V.
México
La Parrilla Silver Mine
Minera El Pilon S.A. de C.V.
México
San Martin Silver Mine Jalisco Group of Properties
Minera La Encantada S.A. de C.V.
México
La Encantada Mine Operations
La Encantada Procesadora de Minerales, S.A. de C.V.
México
La Encantada Processing Plant
First Majestic Del Toro S.A. de C.V.
México
Del Toro Silver Mine
La Guitarra Compañia Minera S.A. de C.V.
México
La Guitarra Mine
Minera Real Bonanza S.A. de C.V.
México
La Luz Silver Project
Minera La Rastra, S.A. de C.V.
México
Plomosas Silver Project
Minera Los Amoles, S.A. de C.V.
México
Los Amoles Property
Majestic Services S.A. de C.V.
México
Mtto Central Para Equipo Minero S.A. de C.V.
México
FMS Investment Cooperatie UA
The Netherlands
FMS Investco BV
The Netherlands
FMS Capital AG
Switzerland
Servicios Minero-Metalurgicos Industriales S.A. de C.V.
México
FMS Trading AG
Switzerland

GENERAL DEVELOPMENT OF THE BUSINESS

History

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

In the past 10 years, the Company has been aggregating a portfolio of silver mines, properties and projects which consists of five producing mines which it owns and operates in México, two advanced-stage development silver projects as well as two exploration projects. The mines and properties are as follows:

Producing Silver Mines	Location	Acquired
La Parrilla Silver Mine	Durango State, México	January 2004
San Martín Silver Mine	Jalisco State, México	May 2006 to September 2006
La Encantada Silver Mine	Coahuila State, México	November 2006 to March 2007
Del Toro Silver Mine	Zacatecas State, México	March 2004 to August 2005
La Guitarra Silver Mine	México State, México	July 2012

Exploration Projects	Location	Acquired
Jalisco Group of Projects	Jalisco State, México	May 2006
La Luz Silver Project (1)	San Luis Potosi State, México	November 2009
Plomosas Silver Project (1)	Sinaloa State, México	July 2012
Los Amoles Project	Sonora State, México	June 2014

(1) Advanced stage development project.

Since inception in 2003 until the date of this AIF, the Company has completed seven financings consisting of four private placements and three public offerings. The Company has also completed three public market acquisitions, has issued and outstanding a total of 117,594,640 common shares, and has raised and/or issued total capital of $430.6 million.

Past Three Years

On July 3, 2012, the Company completed a plan of arrangement (the "**Silvermex Arrangement**"), under which First Majestic acquired all of the issued and outstanding shares of Silvermex Resources Inc. ("**Silvermex**"), a publicly traded company listed on the Toronto Stock Exchange (the "**TSX**") whose primary asset was the La Guitarra Silver Mine located in México State, México. Shareholders of Silvermex received 0.0355 First Majestic common shares and C$0.0001 in cash for each common share of Silvermex, with First Majestic issuing a total of 9,451,654 First Majestic common shares and paying C$26,623 in cash. The transaction was completed by way of a plan of arrangement under the *Business Corporations Act* (British Columbia).

On December 16, 2012, the Company announced that it had entered into a definitive agreement (the " **Orko Arrangement Agreement**") with Orko Silver Corp. ("**Orko**") pursuant to which First Majestic agreed to acquire all of the issued and outstanding common shares of Orko for consideration of 0.1202 of a common share of First Majestic plus C$0.0001 in cash per Orko common share. The transaction was to be implemented by way of a plan of arrangement under the *Business Corporations Act* (British Columbia). On February 14, 2013, the Company was notified by Orko of a competing offer by Coeur d'Alene Mines Corporation ("**Coeur**") to acquire all of the issued and outstanding shares of Orko. On February 13, 2013, Orko's board of directors announced their determination that Coeur's offer was a superior proposal under the terms of the Orko Arrangement Agreement. Under the Orko Arrangement Agreement, First Majestic had the right to match Coeur's offer, however the Company determined not to match the offer made by Coeur. On February 20, 2013, Orko terminated the Orko Arrangement Agreement and paid a C$11.6 million termination fee to First Majestic.

In December 2012, the Company entered into a $50.0 million prepayment facility agreement with Bank of America Merrill Lynch ("BAML"). Under the terms of the agreement, the Company received $50.0 million from BAML as an advance against a portion of the Company's lead and zinc concentrate production for a period of 36 months commencing in July 2013. The prepayment facility bears an annual interest rate of LIBOR plus 3.5%. Principal and interest is payable monthly based on pre-determined amounts of lead and zinc production at fixed forward prices. A total of 12,158 metric tonnes of lead and 13,176 metric tonnes of zinc will be delivered over the 36 months period.

On January 23, 2013, Phase 1 of the Del Toro Silver Mine located in the State of Zacatecas, México achieved initial silver production. Commercialization, being the stage at which a development capital project achieves a normal level of production, for the 1,000 tpd flotation circuit was achieved on April 1, 2013. The Phase 2 expansion included the addition of a 1,000 tpd cyanidation circuit at Del Toro allowing for the production of silver doré bars. Commissioning of the cyanidation circuit commenced on October 20, 2013 and initial production of silver doré bars began on November 20, 2013. Effective January 1, 2014, the cyanidation circuit was deemed commercial having reached commercial operating levels. Additional capital was invested and modifications were completed in 2014 to increase the capacity at the Del Toro Silver Mine to 4,000 tpd consisting of a dual-circuit processing plant consisting of a 2,000 tpd flotation circuit and a 2,000 tpd cyanidation circuit.

In March 2013, the board of directors approved a share repurchase program (the " **Share Repurchase**") pursuant to a normal course issuer bid in the open market through the facilities of the TSX or alternative Canadian market places over the ensuing 12 months. The Share Repurchase was renewed in March 2014 and again in March 2015. Pursuant to the renewed Share Repurchase, the Company may repurchase up to 5,879,732 common shares of the Company which represents 5% of the 117,594,640 issued and outstanding shares of the Company as of March 11, 2015. During the year ended December 31, 2014, the Company repurchased and cancelled 140,000 shares (2013 – 215,000 shares) under the Share Repurchase Program for a total consideration of $1.0 million (2013 - $2.4 million).

The expansion that commenced at the La Guitarra Silver Mine (" **La Guitarra Silver Mine**" or "**La Guitarra**") in November 2012 was completed in May 2013. The processing plant's capacity increased by 40% to 500 tpd from 350 tpd and commercial production reached 500 tpd in May 2013. The construction of the new circuit was completed on budget and has been operating since April 24, 2013. This new circuit, resulting from the installation of a new ball mill and new flotation cells, is anticipated to produce approximately 1.0 million ounces of silver equivalent annually, representing over one million ounces of pure silver plus a modest amount of gold.

The mill expansion at the San Martín Silver Mine (the "**San Martín Silver Mine**" or the "**San Martín")** from 900 tpd to 1,300 tpd capacity was completed during the second quarter of 2014. The expansion of the processing plant included the installation of a new and larger 9.5' x 12' ball mill to replace the older 8.5' x 12' ball mill.

In April 2014, the Company entered into a $30 million forward sale contract with Bank of America Merrill Lynch on a portion of the Company's future lead production. The Company executed this forward sale contract for 15,911.3 metric tonnes ("**MT**") of lead at a fixed price of $0.945 per pound ($2,083/MT) for total proceeds of $30 million. The contract term is valid from April 2014 to September 2017, with a six-month repayment holiday from April 2014 to September 2014. The forward sale contract is financially settled from the sale of lead from any of First Majestic's operations and represents approximately 35% of the Company's total estimated future lead production over this period. The repayment terms carry an annual interest rate calculated on the one year LIBOR rate plus 3.5%. The purpose of this prepayment contract was to fund the Company's continuing expansion plans and for general working capital.

On July 1, 2014, First Majestic spun-out its wholly-owned subsidiary, Minera Terra Plata, S.A. de C.V. (" **Terra Plata**"), to Sundance Minerals Ltd. ("**Sundance**"), a private exploration company focused on precious metal and base metal projects in México and the United States, in exchange for the issuance by Sundance of 14,509,279 of its common shares to First Majestic, equal to approximately 35% of the then outstanding shares of Sundance. Terra Plata owns a 100% interest in a number of grass roots exploration projects which include the Peñasco Quemado Project, the La Frazada Project and the Los Lobos Project, properties that First Majestic acquired through its acquisition of Silvermex in July of 2012.

After Sundance's completion of the Terra Plata acquisition, Albion Petroleum Ltd., a capital pool company listed on the TSX Venture Exchange, agreed to acquire Sundance by the issuance of common shares to Sundance shareholders by way of a plan of arrangement under the *Business Corporations Act* (British Columbia) and to continue once listed on the TSX Venture Exchange under the name of First Mining Finance Corp. ("**First Mining**"). Subject to satisfaction or waiver of the conditions by the parties involved, the proposed transaction is expected to complete by March 31, 2015. Following the completion of the proposed transaction, and subject to compliance with applicable securities laws, it is anticipated that First Majestic will distribute all shares of First Mining which it receives to its shareholders by way of dividend in kind, and that First Mining will use its reasonable commercial efforts to qualify the distribution of such shares to First Majestic's US resident shareholders.

The Company's common shares were authorized for listing on the Bolsa Mexicana de Valores (the Mexican Stock Exchange) (" **BMV**") and its shares began trading on August 25, 2014 under the trading symbol "AG".

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 production in México. The common shares of the Company trade on the TSX under the symbol "FR", on the New York Stock Exchange under the symbol "AG" and on the BMV 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 five producing mines in México:

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

The Company also owns two advanced-stage silver development projects in México, being the Plomosas Silver Project in Sinaloa State and the La Luz Silver Project in San Luis Potosi State, as well as two exploration projects in México, the Jalisco Project in Jalisco State and the Los Amoles Project in Sonora State. As such, all of the Company's business is dependent on foreign operations in México.

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 seasonal weather. The Company is not aware of any aspect of its business which may be affected in the current financial year by renegotiation or termination of contracts.

At December 31, 2014, the Company had 17 employees based in its Vancouver corporate office, 164 employees in its Durango offices, one employee in its México City office, four employees in Switzerland, two employees in the Netherlands and approximately 3,551 employees, contractors and other personnel in various mining locations in México. Additional consultants are also retained from time to time for specific corporate activities, development and exploration programs.

Principal Markets for Silver

Silver is a precious metal that is desirable as jewellery and for investment purposes; it is also an important industrial commodity. Silver has a unique combination of characteristics including: durability, malleability, ductility, conductivity, reflectivity and anti-bacterial properties, which makes it valuable in numerous industrial applications including: circuit boards, electrical wiring, superconductors, brazing and soldering, mirror and window coatings, electroplating, chemical catalysts, pharmaceuticals, filtration systems, solar panels, batteries, televisions, household appliances and automobiles.

Silver as a global commodity is predominantly traded on the London Bullion Market (" **LBM**") and Comex in New York. The LBM is the global hub of over-the-counter trading in silver and is the metal's main physical market. Here, a bidding process results in a daily reference price fixed by three global banks known as the fix. Comex, in contrast, is a futures and options exchange. It is here that most fund activity is focused. Silver is quoted in US dollars per troy ounce.

Silver can be supplied as a primary product from mining silver, or as a by-product from the mining of gold or base metals. The Company is a primary silver producer with 78% of its revenue in 2014 and 83% of its revenue in 2013 coming from the sale of silver. The major producers of gold, for example Barrick or Goldcorp, also produce a large amount of silver. The market for primary silver producers is a relatively small market with a significant number of small suppliers producing less than three million ounces each year, some moderate size producers producing between five and ten million ounces each year and only a few producers producing more than ten million ounces each year. In 2013, First Majestic achieved senior producer status by exceeding the production threshold of 10 million ounces of pure silver. Other producers in the senior category include Pan American Silver Corporation, Coeur Mining Inc. and Fresnillo plc.

The Company also maintains an e-commerce website from which it sells less than 1% of its silver production directly to retail buyers (business to consumer) over the internet. See "Product Marketing and Sales".

Risk Factors

The Company, and thus the securities of the Company, should be considered a speculative investment due to the high-risk nature of the Company's business which is the acquisition, financing, exploration, development and operation of mining properties, and investors should carefully consider all of the information disclosed in this AIF prior to making an investment in the Company. In addition to the other information presented in this AIF, the following risk factors should be given special consideration when evaluating an investment in the Company's securities:

Metal Prices May Fluctuate

The Company's revenue is primarily dependent on the sale of silver and movements in the spot price of silver have a direct and immediate impact on the Company's income or the value of its related financial instruments. The Company also derives by-product revenue from the sale of gold, zinc, lead and iron ore, which accounted for approximately 22% of the Company's gross revenue in 2014. The Company's sales are directly dependent on commodity prices that have shown significant volatility, beyond the Company's control. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control including international economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional supply and demand, consumption patterns, speculative market activities, worldwide production and inventory levels and sales programs by central banks. Movements in the price of metal, such as movements in the spot price of silver, have a direct and immediate impact on the Company's income and may affect the marketability of minerals already discovered and any future minerals to be discovered. Mineral Reserves on the Company's properties have been calculated on the basis of economic factors at the time of calculation; variations in such factors may have an impact on the amount of the Company's mineral Reserves and future price declines could cause any future development of and commercial production from the Company's properties to be impracticable. Depending on the price of silver, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue any development and may lose its investment in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent on silver prices that are adequate to make these properties economic.

Furthermore, reserve calculations and life-of-mine ("**LOM**") plans using significantly lower silver prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting the Company's possible future reserve estimates and its financial condition, declining silver 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.

The Company does not use derivative instruments to hedge its silver commodity price risk, but the Company has entered into a agreements to forward sell a portion of its lead production at fixed prices to September 2017 and zinc production to July 2016. The Company purchased call options on lead and zinc futures equivalent to remaining production to be delivered under the terms of the forward sales agreement terminating in July 2016. The call options were purchased to mitigate potential exposure to future price increases in lead and zinc. As at December 31, 2014, the Company had remaining forward sale contracts for 23,166 metric tonnes of lead and 8,136 metric tonnes of zinc outstanding for delivery, respectively. The effect of price variation factors for silver, gold, lead or zinc cannot accurately be predicted. Due to the forward sale of lead and zinc, a significant increase in the price of lead or zinc would result in an exposure to reduce net income and earnings per share but not to cash flow per share.

Although metal prices declined significantly in 2013 and 2014, the relative strength of metal prices for several years preceding 2013 led to increased mining exploration, development and construction activities around the world, which in turn resulted in increased demand for, and cost of, exploration, development and construction services and equipment. Future increases in metal prices may lead to renewed increases in demand for services and equipment which 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.

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 failures and 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 or strikes;
- theft, organized crime, civil disobedience and protests;
- ground fall and underground cave-ins; and

- natural phenomena, such as inclement or severe weather conditions, floods, droughts, rock slides and earthquakes.

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

Although the Company has multimodal insurance policies that cover (i) material damage to buildings, including by earthquakes; (ii) material damage to content, including by earthquakes; (iii) loss and consequential damages (including removal, utilities, fixed costs, wages and extraordinary expenses); and (iv) responsibility, such insurance might not cover all the potential risks associated with its operations. 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.

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

There is a degree of uncertainty attributable to the calculation of mineral Reserves and mineral Resources. 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, metal prices. Any material change in the quantity of mineral Reserves, mineral Resources, grade or minimum mining widths may affect the economic viability of First Majestic's mineral properties. Mineral Reserves on the Company's properties have been calculated on the basis of economic factors at the time of calculation; variations in such factors may have an impact on the amount of the Company's mineral Reserves. In addition, there can be no assurance that silver recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production, or that the existing known and experienced recoveries will continue.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supplies 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. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation or development 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 advanced projects will not be higher than anticipated. In addition, unusual weather phenomena, sabotage, 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.

Allocation of Capital - Sustaining and Expansionary Capital

The Company has budgeted approximately $75.6 million for 2015 towards sustaining and expansionary capital towards 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 $44.7 million has been earmarked for sustaining capital and $30.9 million has been planned for expansionary capital. Pending various risk factors such as revised strategic planning or metal price declines and other external economic conditions, the Company may alter its allocation of capital. There can be no assurance that such cost estimates will prove to be accurate. 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 cost could have a material adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

These factors include the risks outlined above under “Operating Hazards and Risks” above, 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 required for construction;
- 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.

Inaccuracies in Production and Cost Estimates

The Company prepares estimates of future production and future production costs for particular operations. No assurance can be given that production and cost estimates will be achieved. These production and cost estimates are based on, among other things, the following factors: the accuracy of 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; the accuracy of estimated rates and costs of mining and processing, including the cost of human and physical resources required to carry out the Company’s activities. Failure to achieve production or cost estimates, or increases in costs, could have an adverse impact on the Company’s future cash flows, earnings, results of operations and financial condition.

Actual production and costs may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the mineral Reserves **,** such as the need for sequential development of ore bodies and the processing of new or different ore grades; and risks and hazards associated with mining described above under “Operating Hazards and Risks”. In addition, there can be no assurance that silver recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production, or that the existing known and experienced recoveries will continue. Costs of production may also be affected by a variety of factors, including: changing stripping ratios, ore grade 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

Exploration and development of mineral properties involves significant financial risks which 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 mineral Reserves by drilling, constructing mining and processing facilities at a site, developing metallurgical processes and extracting precious metals from ore. The Company cannot ensure that its current exploration and development programs will result in profitable commercial mining operations. Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define mineral Reserves which can be mined economically.

The economic feasibility of development projects is reliant upon many factors, including the accuracy of mineral Reserve estimates, metal recoveries, capital and operating costs, government regulations relating to prices, taxes, royalties, land tenure, land use, importing, exporting, environmental protection, and precious metal prices, which are highly volatile. Development projects are also subject to the successful completion of economic evaluations or feasibility studies, issuance of necessary governmental permits and availability of adequate financing. Further, material changes in mineral Reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Development projects have no operating history upon which to base estimates of future cash flow. Estimates of Proven and Probable Reserves, Measured and Indicated Resources, and Inferred 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.

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, to expand mineral Reserves at existing mines, and on the costs and results of continued exploration and potential development programs.

Governmental Regulations, Licenses and Permits

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

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

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

Counterparty and Market Risks

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

In addition, should any counterparty to any sales contract entered into not honour such contract, or should any of such counterparties become insolvent, the Company may incur losses for products already shipped, may be forced to sell greater volumes of products, or to sell at lower prices than intended 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.

Substantial Decommissioning and Reclamation Costs

During the year ended December 31, 2014, the Company reassessed its reclamation obligations at each of its mines based on updated LOM estimates, rehabilitation and closure plans. The total discounted amount of estimated cash flows required to settle the Company's estimated obligations is $15,484,000, which has been discounted using credit adjusted risk free rates ranging from 4.8% to 6.3%, of which $4,236,000 of the reclamation obligation relates to the La Encantada Silver Mine, $3,064,000 relates to the Del Toro Silver Mine, $2,782,000 relates to the La Parrilla Silver Mine, $2,725,000 relates to the San Martín Silver Mine, $1,927,000 relates to the La Guitarra Silver Mine and $750,000 relates to the La Luz Silver Project. The present value of the reclamation liabilities may be subject to change based on management's current and future estimates, changes in the remediation technology or changes to applicable laws and regulations. Such changes will be recorded in the accounts of the Company as they occur.

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

Obtaining Future Financing

The further exploitation, development and exploration of mineral properties in which the Company holds interests or which the Company acquires may depend upon its ability to obtain financing through equity financing or debt financing, pre-sale arrangements, joint ventures or other means. There is no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile precious metals and equity markets may make it difficult or impossible for the Company to obtain further financing on favourable terms or at all.

As at December 31, 2014, the Company had approximately $40.3 million of cash in its treasury and a working capital deficit of $2.9 million. As a result of the Company's ability to earn cash flow from its ongoing operations, the Company expects to have sufficient capital to support its current operating requirements despite the working capital deficiency, provided it can continue to generate cash from its operations and that costs of its capital projects are not materially greater than the Company's projections. There is a risk that commodity prices decline and that the Company is unable to continue generating sufficient cash flow from operations or that the Company requires significant additional cash to fund expansions and potential acquisitions. Failure to obtain additional financing on a timely basis may cause the Company to postpone acquisitions, major expansion, development and exploration plans.

Key Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in mining, exploration and development 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 success. If the Company is not successful in attracting and training 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

Certain of the Company's employees and the employees are represented by unions. The Company has not experienced any labour strikes or prolonged work stoppages in the past; however, there can be no assurance that the Company will not experience future labour strikes or work stoppages.

Factors Beyond the Company's Control

There are a number of factors beyond the Company's control which could have an impact on the Company's business. These factors include changes in government regulation, high levels of volatility in market prices, availability of markets for produced metals, availability of adequate transportation infrastructure, and smelting equipment and facilities, aggressive income tax administration and the imposition of new taxes or royalties or amendments to existing taxes. The effects of these factors cannot be reasonably or accurately predicted.

Current Global Financial Conditions

Recent events in global financial markets, and the resulting increased volatility of global financial conditions, have had a profound impact on the global economy. Many industries, including the mining sector, have been impacted by these market conditions. Some of the key impacts of the recent financial market turmoil include devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A number of financial institutions and large corporations have either gone into bankruptcy or have had to be rescued by government authorities. Access to financing has been negatively impacted by liquidity crises throughout the world. These factors may impact the ability of the Company to obtain equity or debt financing and, if available, to obtain such financing on terms favorable to the Company.

If these increased levels of volatility and market turmoil continue, the Company's operations and planned growth could be adversely impacted and the trading price of the securities of the Company may be adversely affected.

Foreign Currency

The Company carries on its primary mining operations activities outside of Canada. Accordingly, it is subject to the risks associated with fluctuation of the rate of exchange of other foreign currencies, in particular the Mexican peso, the currency in which the majority of the Company's material and labour costs are paid, and the United States dollar, the currency used for calculating the Company's sales of metals based on the world's commodity markets, and the Canadian dollar in which some of the Company's treasury is held. Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: Mexican peso denominated cash and cash equivalents, short term investments, accounts receivable and value added taxes ("**VAT**") receivable, and accounts payable, and investments in mining interests. Such currency fluctuations may materially affect the Company's financial position 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 its reasonable commercial efforts to investigate its title or claims to its various properties, however, no assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining titles or claims and that such exploration and mining titles or claims will not be challenged or impugned by third parties. Mining laws in México are 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's properties may be subject to prior unregistered liens, agreements or transfers, native land claims or undetected title defects.

In México, legal rights applicable to mining concessions are different and separate from legal rights applicable to surface lands; accordingly, title holders of mining concessions must agree with surface land owners to obtain suitable access to mining concessions and for the amount of compensation in respect of mining activities conducted on such land.

Price Volatility of Other Commodities

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

Competition

The mining industry is highly competitive in all its phases. The Company competes with a number of companies which are more mature or in later stages of production and may be more able to attract human resources, equipment and materials. These companies may possess greater financial resources, more significant investments in capital equipment and mining infrastructure for the ongoing development, exploration and acquisition of mineral interests, as well as for the recruitment and retention of qualified employees and mining contractors.

Acquisition Strategy

As part of the Company's business strategy, it has sought and will continue to seek new exploration, mining and development opportunities with a focus on silver in México. As a result, the Company may from time to time acquire additional mineral properties or securities of issuers which hold mineral properties. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit the Company.

Environmental and Health and Safety Regulation

The Company's operations are subject to extensive laws and regulations governing environmental protection and employee health and safety promulgated by governments and government agencies from time to time. Environmental regulation provides for restrictions on, and the prohibition of, spills and the release and emission of various substances related to mining industry operations which could result in environmental pollution. Further, a number of governments have introduced or are moving to introduce climate change regulation.

Environmental laws and regulations are complex and have become more stringent over time. The Company is required to obtain governmental permits and in some instances air, water quality, and mine reclamation permits. The Company has complied with environmental taxes applied to the use of certain fossil fuels according to the Kyoto Protocol. Although the Company makes provisions for reclamation costs, it cannot be assured that these provisions will be adequate to discharge its future obligations for these costs. Failure to comply with applicable environmental and health and safety laws may result in injunctions, damages, suspension or revocation of permits and imposition of penalties. Environmental regulation is evolving in a manner resulting in stricter standards and the enforcement of, and fines and penalties for, non-compliance are 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.

Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, the cost of compliance with environmental regulation and changes in environmental regulation have the potential to result in increased cost of operations, reducing the profitability of the Company's operations.

The Company intends to, and attempts to, fully comply with all environmental regulations. While the health and safety of our people and responsible environmental stewardship are our top priorities, there can be no assurance that First Majestic has been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not materially and adversely affect the Company's business, results of operations or financial condition.

Community Relations and License to Operate

The Company's relationship with the communities in which it operates are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public interest 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 its relationship with the communities in which it operates. While the Company believes that it operates in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

Conflicts of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law and the Company's policies to act honestly and in good faith with a view to the best interests of the Company and 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 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 its 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.

Shares Reserved for Future Issuance

There are stock options and, from time to time, there may also be share purchase warrants of the Company outstanding pursuant to which common shares may be issued in the future. Options and share purchase warrants are likely to be exercised when the market price of the Company's common shares exceeds the exercise price of such instruments. The exercise of such options and share purchase warrants and the subsequent resale of such common shares in the public markets could adversely affect the prevailing market price of the Company's common shares and the Company's ability to raise equity capital in the future at a time and price which it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional common shares and the Company may grant additional convertible securities. Any share issuances from the Company's treasury will result in immediate dilution to existing shareholders.

Volatility of Share Price

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

- The price of silver and (to a lesser extent) other by-product metals;
- The Company's operating performance and the performance of competitors and other similar companies;
- The public's reaction to the Company's press releases, other public announcements and the Company's filings with securities regulatory authorities;
- Changes in earnings estimates or recommendations by research analysts who track the Company's common shares or the shares of other companies in the resources sector;
- Changes in general economic conditions;
- The number of the Company's common shares to be publicly traded after an offering;
- The arrival or departure of key personnel; and
- Acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

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, and the attractiveness of alternative investments. In addition, securities markets have recently experienced an extreme level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been 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 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.

Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations. The Company's credit risk relates primarily to trade receivables in the ordinary course of business and VAT and other receivables. The Company sells and receives payment upon delivery of its silver doré and by-products primarily through three international brokerage organizations. Additionally, silver-lead and related base metal by-products are sold primarily through one international organization with a good credit rating. Payments of receivables are scheduled, routine 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. The carrying amount of financial assets recorded in the consolidated financial statements represents the Company's maximum exposure to credit risk. As at December 31, 2014, the Company had a working capital deficiency of approximately $2.9 million, however, the Company believes it is not exposed to significant credit risk and overall, the Company's credit risk has not changed significantly from the prior year.

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 on an ongoing basis and to support its expansion plans. As at December 31, 2014, the Company has outstanding trade payables of $25.9 million which are generally payable in 90 days or less and accrued liabilities of $14.4 million which are generally payable within 12 months. 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, although the Company is attempting to improve its working capital deficiency and creating more flexibility by rescheduling some of its larger long term obligations or raising additional equity if required.

Interest Rate Risk

The Company is exposed to interest rate risk on its short-term investments. 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 consist 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, 2014, the Company's exposure to interest-bearing liabilities is limited to its prepayment facility and finance leases which bear interest at fixed rates.

Based on the Company's interest rate exposure at December 31, 2014, the Company believes that a 25 basis points increase or decrease of market interest rate would not have a significant impact on net earnings.

Political and Country Risk

First Majestic currently conducts operations primarily in México, and as such the Company's operations are exposed to various levels of political and economic risks by factors outside of the Company's control. These potential factors include, but are not limited to: mining royalty and 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 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.

Local Groups and Civil Disobedience

An Ejido is a communal ownership of land recognized by the federal laws in México. 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 through a board of directors which is headed by a president. 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 or sell the land. While the Company has agreements with the Ejidos that impact all of its 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.

In the event that the Company conducts activities in areas where no agreements exist with owners which are Ejidos, the Company may face some form of protest, road blocks, or other forms of public expressions against the Company's activities. 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 October 2008, production at La Guitarra Silver Mine was, prior to its acquisition by the Company, was suspended due to an illegal roadblock, which was removed in November 2009. Operations at La Guitarra resumed in May 2010, after all required permits for operations were obtained. First Majestic believes that the roadblock was an isolated incident, but there are no assurances that there will be no further disruptions to site access in the future, which could negatively impact the long-term viability of the project.

Violence and other Criminal Activities in México

Certain areas of México have experienced outbreaks of localized violence and thefts associated with drug cartels 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 situation of the Company.

In 2012, the Company experienced theft of concentrates that were being stolen from shipments in-transit and replaced with worthless material. After an investigation, an insurance claim refund was received in 2013. As a result of these thefts, the Company has implemented assaying protocols and enhanced its security procedures in an effort to reduce the probability of such events in the future, however, there can be no guarantee that such revised protocols and procedures will be effective at preventing future occurrences of thefts. If similar events occur in the future, there could be a significant impact on the Company's production of silver and on its gross and net revenues. Any such losses may not be covered completely or at all by the Company's insurance policies.

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 matters may be resolved unfavourably to the Company. First Majestic carries liability insurance coverage and establishes provisions for matters that are probable and can be reasonably estimated. In addition, the Company may be involved in disputes with other parties in the future which may result in a significant impact on 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 and none of its directors and officers are citizens or residents of the United States. 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: (i) enforce in courts outside of the United States and Canada judgments against the Company and its directors and officers obtained in United States courts or Canadian courts based upon the civil liability provisions of United States federal securities laws or applicable Canadian securities laws; or (ii) bring in courts outside of the United States and Canada an original action against the Company and its directors and officers to enforce liabilities based upon such United States or Canadian securities laws.

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.

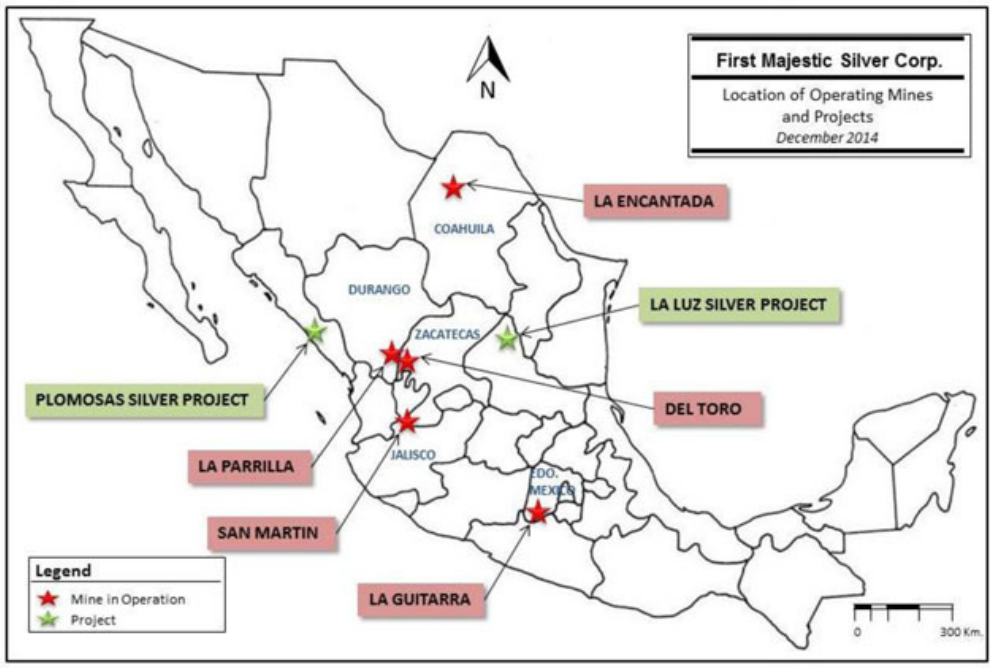
The Company documented and tested during its most recent fiscal year its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act ("**SOX**"), using criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring 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 prevent theft or fraud, especially where collusion exists amongst employees.

Mineral Projects

Pursuant to National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**"), the following properties and projects have been identified by First Majestic as being material: the La Encantada Silver Mine, the La Parrilla Silver Mine, the San Martín Silver Mine, the Del Toro Silver Mine and the La Guitarra Silver Mine. Production estimates and throughputs for operating mines are quoted as tonnes per day related to the "tpd capacity" of the mine. "Production estimates" and "throughput averages" must consider that each mine has an average of two days of maintenance per month. "Annual estimates" of production considers on average 330 operating days per calendar year for each of the operating mines. Starting in 2014, the Company has been reporting average throughput based on 365 calendar days. Previously, the Company reported mine capacity based on 330 operating days.

The following map of México indicates the locations of each of the Company's properties and projects:



Summary of Mineral Resources and Mineral Reserves

The Mineral Resources and Mineral Reserves reported herein represent the most up to date revision completed by First Majestic. Readers are cautioned against relying on such reports and upon the Resource and Reserve estimates therein. The following three tables illustrate the Company's Mineral Resources and Mineral Reserves as of December 31, 2014. In general, the tonnages for Mineral Reserves for the individual mines have decreased due to production depletion and the lower metal prices that were assumed in the present estimate of December 31, 2014, compared to the prior estimate of December 31, 2013, and the effect in reducing the estimation of the cut-off grades, which has caused a reduction in the size of some ore blocks. Metal prices were assumed to be lower than three year average in order to be consistent with current metal prices conditions. Despite a reduction of almost 17% in the assumed silver price, and the normal depletion caused by production, the consolidated Mineral Reserves for First Majestic have decreased only 10% in silver-equivalent ("**Ag-Eq**") metal content; this reduction was partially mitigated by the success in the exploration program and the incorporation of La Guitarra in the reserve base.

TABLE 1
Proven and Probable Mineral Reserves for the operating mines as of December 31, 2014
(based on internal estimates prepared under supervision of FMS Qualified Person)

Mine	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
LA ENCANTADA	Proven (UG)	Oxides	1,084	248	-	-	-	248	8,639	8,639
	Probable (UG)	Oxides	2,115	291	-	-	-	291	19,754	19,754
	Total Proven and Probable (UG)	Oxides	3,199	276	-	-	-	276	28,393	28,393
LA PARRILLA	Proven (UG)	Oxides	302	219	-	-	-	219	2,119	2,119
	Probable (UG)	Oxides	1,025	213	0.02	-	-	214	7,032	7,061
	Total Proven and Probable (UG)	Oxides	1,327	215	0.01	-	-	215	9,152	9,181
	Proven (UG)	Sulphides	585	201	-	1.8	1.9	304	3,784	5,714
	Probable (UG)	Sulphides	1,473	157	0.04	1.5	2.4	261	7,436	12,369
	Total Proven and Probable (UG)	Sulphides	2,057	170	0.03	1.6	2.3	273	11,220	18,083
	Total Proven and Probable (UG)	Oxides + Sulphides	3,384	187	0.02	1.0	1.4	251	20,371	27,264
SAN MARTIN	Proven (UG)	Oxides	1,024	224	0.18	-	-	237	7,359	7,790
	Probable (UG)	Oxides	1,813	188	0.04	-	-	191	10,960	11,107
	Total Proven and Probable (UG)	Oxides	2,837	201	0.09	-	-	207	18,319	18,897
DEL TORO	Proven (UG)	Transition	511	156	0.03	2.0	2.1	231	2,560	3,792
	Probable (UG)	Transition	589	157	0.06	2.6	1.6	224	2,964	4,248
	Total Proven and Probable (UG)	Transition	1,100	156	0.05	2.3	1.8	227	5,523	8,040
	Proven (UG)	Sulphides	1,097	148	0.08	2.7	1.8	229	5,206	8,063
	Probable(UG)	Sulphides	1,991	218	0.18	4.0	3.9	347	13,931	22,218
	Total Proven and Probable (UG)	Sulphides	3,088	193	0.15	3.5	3.2	305	19,138	30,281
	Total Proven and Probable (UG)	Transition + Sulphides	4,187	183	0.12	3.2	2.8	285	24,661	38,321
LA GUITARRA	Proven (UG)	Sulphides	91	153	1.84	-	-	256	446	745
	Probable (UG)	Sulphides	1,217	228	1.00	-	-	284	8,911	11,098
	Total Proven and Probable (UG)	Sulphides	1,308	223	1.06	-	-	282	9,358	11,843
	Total Proven and Probable (UG)	**All mineral types**	**14,915**	**211**	**0.15**	**1.1**	**1.1**	**260**	**101,102**	**124,718**

(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 National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) In all cases, metal prices considered for Mineral Reserves estimates were $20 USD/oz Ag, $1,200 USD/oz Au, $0.95 USD/lb Pb, and $1.00 USD/lb Zn.
(3) The Mineral Reserves information provided above for La Encantada, La Parrilla, Del Toro and San Martín is based on internal estimates prepared as of December 31, 2014. The information provided was reviewed and validated by the Company's internal Qualified Person, Mr. Ramon Mendoza Reyes, P.Eng., who has the appropriate relevant qualifications, and experience in mining and reserves estimation practices.
(4) Mineral Reserve estimates for La Guitarra are based on the 2015 La Guitarra Silver Mine Technical Report compiled by First Majestic with contribution of Amec Foster Wheeler Americas Ltd.
(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 below.
(6) The cut-off grades and modifying factors used to convert Mineral Reserves from Mineral Resources are different for all mines. The cut-off grades are listed in each mine section below.

Starting in 2014, First Majestic will be reporting Measured and Indicated Mineral Resources inclusive of Mineral Reserves; readers are cautioned of this change since the Company had previously reported Mineral Resources exclusive of Mineral Reserves.

Tonnage for the consolidated Measured and Indicated Mineral Resources have decreased 48% in terms of silver-equivalent metal content; mainly due to the lower metal prices which impacted the estimated cut-off grade causing some mineral blocks to decrease in size or to be dropped from the resource base as well as the subtraction of resources for the Peñasco Quemado and La Frazada projects, which were disposed of during 2014.

TABLE 2
Measured and Indicated Mineral Resources for the operating mines and projects as of December 31, 2014
(based on internal estimates prepared under supervision of FMS Qualified Person)

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
LA ENCANTADA	Measured (UG)	Oxides	1,086	283	-	-	-	283	9,878	9,878
	Indicated (UG)	Oxides	2,289	321	-	-	-	321	23,623	23,623
	Total Measured and Indicated (UG)	Oxides	3,375	309	-	-	-	309	33,501	33,501
LA PARRILLA	Measured (UG)	Oxides	344	255	-	-	-	255	2,817	2,817
	Indicated (UG)	Oxides	953	254	-	-	-	255	7,774	7,807
	Total Measured and Indicated (UG)	Oxides	1,298	254	-	-	-	255	10,591	10,624
	Measured (UG)	Sulphides	703	240	-	2.2	2.1	347	5,415	7,845
	Indicated (UG)	Sulphides	1,310	188	0.05	1.8	2.8	302	7,939	12,705
	Total Measured and Indicated (UG)	Sulphides	2,013	206	0.03	1.9	2.6	318	13,355	20,550
	Total Measured and Indicated (UG)	Oxides + Sulphides	3,311	225	0.0	1.2	1.6	293	23,946	31,175
SAN MARTIN	Measured (UG)	Oxides	1,240	254	0.26	-	-	273	10,128	10,882
	Indicated (UG)	Sulphides	1,819	220	0.11	-	-	228	12,878	13,360
	Total Measured and Indicated (UG)	Oxides + Sulphides	3,059	234	0.17	-	-	246	23,006	24,242
DEL TORO	Measured (UG)	Transition	538	185	0.04	2.6	2.6	257	3,198	4,450
	Indicated (UG)	Transition	549	180	0.06	2.9	1.9	258	3,176	4,544
	Total Measured and Indicated (UG)	Transition	1,087	182	0.05	2.7	2.2	257	6,373	8,994
	Measured (UG)	Sulphides	1,150	182	0.08	3.3	2.3	272	6,726	10,048
	Indicated(UG)	Sulphides	1,747	255	0.21	4.6	4.6	394	14,315	22,128
	Total Measured and Indicated (UG)	Sulphides	2,897	226	0.16	4.1	3.7	345	21,041	32,176
	Total Measured and Indicated (UG)	Transition + Sulphides	3,984	214	0.13	3.7	3.3	321	27,414	41,169
LA GUITARRA	Measured (UG)	Sulphides	121	170	2.37	-	-	305	660	1,185
	Indicated (UG)	Sulphides	1,029	335	1.56	-	-	424	11,078	14,029
	Total Measured and Indicated (UG)	Sulphides	1,150	318	1.65	-	-	412	11,738	15,214
LA LUZ	Measured (UG)	Oxides	2,614	221	-	-	-	221	18,559	18,559
	Measured (Tailings)	Oxides (Tailings)	1,403	90	-	-	-	90	4,075	4,075
	Indicated (UG)	Sulphides	988	321	-	-	-	321	10,202	10,202
	Total Measured + Indicated	All material types	5,005	204	-	-	-	204	32,836	32,836
	Total Measured and Indicated	**All mineral types**	**19,885**	**238**	**0.15**	**0.94**	**0.92**	**279**	**152,442**	**178,137**

(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) In all cases, metal prices considered for Mineral Resource estimates were $22 USD/oz Ag, $1,350 USD/oz Au, $0.95 USD/lb Pb, and $1.00 USD/lb Zn.
(3) The Mineral Resources information provided above for La Encantada, La Parrilla, Del Toro and San Martín is based on internal estimates prepared as of December 31, 2014. The information provided was reviewed and validated by the Company's internal Qualified Person, Mr. Jesus M. Velador Beltran, Ph.D. Geology, who has the appropriate relevant qualifications, and experience in mining and resource geology.
(4) Mineral Resource estimates for La Guitarra Silver Mine are based on the 2015 Technical Report compiled by First Majestic with contribution of Amec Foster Wheeler Americas Ltd.
(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 below.
(6) The cut-off grades for Mineral Resources are different for all mines. The cut-off grades are listed in each mine section below.
(7) Measured and Indicated Mineral Resources are reported inclusive of Mineral Reserves.
(8) The La Luz resource estimates are taken from the Real de Catorce Property Technical Report dated July 25, 2008 and the Real de Catorce Property Technical Report dated July 30, 2007. The Company's Qualified Persons are working on applying similar economic inputs to the La Luz Silver Project to those applied to the other properties.

Tonnage for the consolidated Inferred Mineral Resources decreased 22% in terms of silver-equivalent metal content of the Reserves due mainly to the impact of lower metal price assumptions, a revision of the technical and economic assumptions motivated to get a closer adherence to the May 2014 revisions of the CIM's Definition Standards in regards to the reasonable expectation that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration and the subtraction of resources for the Peñasco Quemado and La Frazada projects, which were disposed of during 2014.

TABLE 3
Inferred Mineral Resources for the operating mines and projects as of December 31, 2014
(based on internal estimates prepared under supervision of FMS Qualified Person)

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
LA ENCANTADA	Inferred (UG)	Oxides	899	340	-	-	-	340	9,832	9,832
	Inferred (Tailings)	Tailings	6,026	107	-	-	-	107	20,731	20,731
	Inferred Total	Oxides + Tailings	6,926	137	-	-	-	137	30,562	30,562
LA PARRILLA	Inferred (UG)	Oxides	3,422	259	-	-	-	259	28,477	28,477
	Inferred (UG)	Sulphides	5,848	190	-	2.4	3.1	324	35,676	60,997
	Inferred Total (UG)	Oxides + Sulphides	9,270	215	-	1.5	2.0	300	64,153	89,475
SAN MARTIN	Inferred Total (UG)	Oxides	5,541	216	-	-	-	216	38,502	38,502
DEL TORO	Inferred (UG)	Transition	1,457	186	0.04	2.6	2.2	257	8,699	12,031
	Inferred (UG)	Sulphides	4,211	176	0.13	3.8	5.3	297	23,821	40,156
	Inferred Total (UG)	Transition + Sulphides	5,669	178	0.11	3.5	4.5	286	32,520	52,187
LA GUITARRA	Inferred Total (UG)	Sulphides	739	197	1.23	-	-	267	4,674	6,343
	Total Inferred	**All mineral types**	**28,145**	**188**	**0.05**	**1.2**	**1.6**	**240**	**170,412**	**217,070**

(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) In all cases, metal prices considered for Mineral Resource estimates were $22 USD/oz Ag, $1,350 USD/oz Au, $0.95 USD/lb Pb, and $1.00 USD/lb Zn.
(3) The Mineral Resources information provided above for La Encantada, La Parrilla, Del Toro and San Martín is based on internal estimates prepared as of December 31, 2014. The information provided was reviewed and validated by the Company's internal Qualified Person, Mr. Jesus M. Velador Beltran, Ph.D. Geology who has the appropriate relevant qualifications, and experience in mining and resource geology.
(4) Mineral Resources estimates for La Guitarra are based on the 2015 La Guitarra Silver Mine Technical Report compiled by First Majestic with contribution of Amec Foster Wheeler Americas Ltd.
(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 below.
(6) The cut-off grades for Mineral Resources are different for all mines. The cut-off grades are listed in each mine section below.

Historical Resources

First Majestic secured indirect ownership of The Plomosas Silver Project (" **Plomosas**") through the acquisition of Silvermex Resources Inc. in July 2012. Plomosas has a total of 6,896 hectares of mining concessions in southeast State of Sinaloa, Mexico. The mining concessions consolidate two past producing mines: Plomosas and San Juan. The following table shows the historical resources for Plomosas.

TABLE 4
Plomosas Historical Estimates

Project	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (k Oz)	Ag-Eq (k Oz)
PLOMOSAS	Not in accordance with CIM Standards	Sulphides (UG)	896	192	0.8	2.1	3.4	5,500	11,000

(1) Plomosas historical estimates figures are taken from Grupo Mexico's estimates prepared in 2001.
(2) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces.
(3) The Company's Qualified Persons have been coordinating the work for the verification of the information supporting the historical estimates at Plomosas. The historical estimates at Plomosas do not conform to NI 43-101 for reporting purposes; as such, the Company is not treating these historical estimates as current Mineral Reserves or Mineral Resources. Since the historical estimates do not have demonstrated current economic viability, these estimates should not be relied upon until the verification process and due diligence in progress by the Company's Qualified Person is completed.
(4) In order to verify or upgrade the historical estimates, the Company will need to complete a diamond drilling program at the Rosario and San Juan mines. The drilling program is designed to confirm the historical estimates reported by Grupo Mexico and will allow the Company to plan a second exploration program focused on locating extensions of the known mineralization. Other work required to verify the historical estimates as current includes, but it is not limited to: re-survey of underground workings, re-survey of available exploration drill-hole monuments, review of drilling, sampling and assays databases, and the re-assessment of the estimates following CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines and CIM Definition Standards on Mineral Resources and Mineral Reserves.

Current Technical Reports for the material properties

The Technical Reports issued with respect to the Company's material properties, other than the La Guitarra Silver Mine, were reviewed by Leonel Lopez, C.P.G. of Runge Pincock Minarco, formerly called Pincock Allen & Holt ("**RPM**"), as the independent Qualified Person for the Company. The 2015 Technical Report issued for the La Guitarra Silver Mine was compiled by FMS under the supervision of Mr. Jesus M. Velador Beltran and Mr. Ramon Mendoza Reyes. P.Eng. as the internal Qualified Persons for the Company; the Resource estimate of the Coloso area of La Guitarra was prepared by Amec Foster Wheeler Americas Ltd. ("**Amec Foster Wheeler**") under the supervision of Mr. Greg Kulla, P.Geo. as Qualified Person. The Company is currently working on Mineral Resource and Mineral Reserve estimates for the preparation of updated Technical Report for La Encantada mine.

The effective dates of the current NI 43-101 Technical Reports and the effective dates of the corresponding mineral resource and mineral reserve estimates ("cut-off date") were:

TABLE 5

Mine / Project	Effective date of the Technical Report	Effective date of the estimate of mineral resources and mineral reserves ("cut-off date")
La Encantada	January 12, 2009	September 30, 2008
La Parrilla	September 8, 2011	June 30, 2011
San Martin	May 23, 2013	December 31, 2012
Del Toro	August 20, 2012	June 30, 2012
La Guitarra	March 15, 2015	December 31, 2014

The following table shows the total tonnage mined from each of the Company's five producing properties during 2014, including total ounces of silver and silver equivalent ounces produced from each property and the tonnage mined from delineated Reserves and Resources at each property. A portion of the mine production came from material that was not in Reserves or Resources. This is listed below as "Material Not in Reserves".

TABLE 6
First Majestic 2014 Production

	LA ENCANTADA	LA PARRILLA	DEL TORO	SAN MARTIN	LA GUITARRA	TOTAL
TONNES OF ORE PROCESSED	721,172	711,915	629,492	363,952	186,881	**2,613,412**
OZ OF SILVER PRODUCED	3,711,633	2,876,450	2,690,717	1,833,618	636,301	**11,748,719**
OZ OF SILVER EQ. PRODUCED FROM OTHER METALS	20,019	1,796,742	988,066	284,644	419,777	**3,509,248**
TOTAL OZ OF SILVER EQ. PRODUCED	3,731,652	4,673,192	3,678,783	2,118,262	1,056,078	**15,257,967**
TONNES MINED FROM MATERIAL IN RESERVES	416,591	708,211	608, 260	320,812	125,487	**2,179,360**
TONNES MINED FROM MATERIAL NOT IN RESERVES	304,582	3,704	21,233	43,140	61,393	**434,051**

(1) 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.

La Encantada Silver Mine, Coahuila State, México

Certain of the information on the La Encantada Silver Mine is based on the Technical Report entitled "Technical Report for the La Encantada Silver Mine, Coahuila State, México" prepared by Richard Addison, P.E. and Leonel Lopez, C.P.G. of RPM and dated January 12, 2009, as amended and restated on February 26, 2009 (the "**La Encantada Technical Report**"). Messrs. Addison and Lopez are independent Qualified Persons for the purposes of NI 43-101. The La Encantada Technical Report has been filed with securities regulatory authorities in each province of Canada. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the La Encantada Technical Report which is available for review on SEDAR located at www.sedar.com.

Additional information since the date of the La Encantada Technical Report has been prepared by the Company under the supervision of Mr. Ramon Mendoza Reyes who is a Qualified Person for the purposes of NI 43-101. The Company is currently carrying on infill drilling for the preparation of an updated Mineral Resource estimate and an updated Technical Report.

Project Description and Location

La Encantada Silver Mine is an underground producing silver mine and processing facility located in the state of Coahuila, México. The mine is wholly-owned and operated by Minera La Encantada, S.A. de C.V. ("**Minera La Encantada**"), a wholly-owned indirect subsidiary of the Company held through its Mexican holding company, Corporación First Majestic, S.A. de C.V. La Encantada mine consists of two main silver underground mines: the La Encantada and the El Plomo mines which have been consolidated into one operation and an industrial complex that includes a 4,000 tpd cyanidation plant and a 1,000 tpd flotation plant (currently in care-and-maintenance, except for the crushing and grinding areas which remain in operation).

La Encantada consists of 22 mining concessions, which provide mineral rights over an area of 4,076 hectares (10,072 acres). The rights on all of the concessions expire after 2030 but they can be extended for an additional 50 year period beyond their current expiry dates. Additionally, First Majestic owns land surface rights through purchase and lease agreements covering a total of 1,245 hectares. With the purpose of securing potential water sources, in March 2015, First Majestic acquired adjacent surface rights covering approximately 20,000 hectares.

Accessibility, Infrastructure, Climate, Local Resources and Physiography

La Encantada is located in the north western portion of the State of Coahuila, in northern México in the municipality of Ocampo, approximately 120 kilometres from the city of Múzquiz and approximately 120 kilometres from the city of Ocampo. The mine is located in the northern part of the Sierra Madre Oriental physiographic province where the elevations vary from 1,000 metres above sea-level on the lower valleys to over 3,500 metres above sea-level in the highest ranges. Mountain ranges in the area are generally oriented north-west. La Encantada lies within a region of desert climate with meteoric water precipitation ranging between 10 millimetres and 20 millimetres per year.

Access to the mine is primarily by charter airplane from Durango city (about 2:00 hours flying time), or from Torreón city (about 1:15 hours flying time). The Company operates its own private airstrip at the La Encantada mine. The airstrip is paved, 1,200 metres long by 17 metres wide and located at 1,300 metres above sea-level. Driving time from the city of Múzquiz is approximately 2.5 hours and about four to five hours from the city of Ocampo.

La Encantada's remote location has required the construction of substantial infrastructure, which has been developed during a long period of active operation by the mine's previous owners, Peñoles and Compañía Minera Los Angeles. La Encantada consists of 180 houses for accommodation of employees, offices, warehouses, a recreational club, restaurants, three guest houses, a school, a church, a hospital, water wells and an airstrip.

Power supply to the mine, processing facilities and camp site is diesel generated and provided by First Majestic. Drinkable water supply is also provided by First Majestic. First Majestic has installed a satellite communication system with internet telephone. Hand held radios are carried by all supervisors, managers and all vehicle operators for communication. Most of the supplies and labour required for the operation are sourced from the city of Múzquiz, Coahuila, or directly from suppliers.

Climate at La Encantada is semi-hot and dry desert. Annual average temperatures range from 10°C to 22°C, with a high of 30°C and a low of 12°C. Days with recorded freezing temperature are 20 to 40 during the year. Annual average rainfall varies from 10 millimetres to 400 millimetres with most of the rain occurring during the summer months in short storms. Predominant winds are to the northeast.

Vegetation in the area consists of desert bush and shrub, including small mesquite, cacti and grasses. At higher elevations there are pine, cedar and oak trees. Farming is sparse in the area; principal crops are corn, beans and pumpkins. Fauna in the area consist of black bear, deer, cougar, some reptiles, wild boar and of prey birds.

History

Exploration activities in La Encantada area were initiated in 1956 by the Mexican company Compañía Minera Los Angeles, S.A. de C.V. The San José, Guadalupe, La Escondida and San Francisco deposits located to the north of the La Escondida breccia pipe deposit were discovered and developed during the period from 1956 to 1963. In 1963, the La Prieta deposit was discovered within the area. In 1967, Peñoles and Tormex established a joint venture partnership (Minera La Encantada) to acquire and develop the La Encantada project. In July 2004, Peñoles awarded a contract to operate the La Encantada mine, including the processing plant, and all installed facilities to a junior company, Desmín, S.A. de C.V ("**Desmin**"). Desmin operated the mine and processing plant at a 25 percent capacity until November 1, 2006 when First Majestic purchased all of the outstanding shares of Desmin. Subsequently, First Majestic reached an agreement to acquire all of the outstanding shares of Minera La Encantada from Peñoles. The terms of the agreement between First Majestic and Peñoles included royalty payments to Peñoles of up to 11 percent on the net smelter return, except for production from the concessions of San Javier and Las Rositas. First Majestic purchased the royalty from Peñoles in 2007. First Majestic is now the sole owner of La Encantada Silver Mine and all its assets, including mineral rights, surface rights position, water rights, processing plant and ancillary facilities.

Geological Setting

The La Encantada mining district contains replacement and vein deposits with concentrations of silver, lead, iron and zinc in oxide and sulphide deposits hosted by calcareous sedimentary rocks of Cretaceous age. The styles of mineralization that have been recognized at La Encantada are veins, stockwork, mantos (stratabound replacements), dissemination in breccia pipes (chimneys) and intrusions, and dissemination of sulphides in skarn.

(a) Regional Geology

The La Encantada mining district is located within the Sierra Madre Oriental physiographic province. It occurs on the eastern flank on a regional anticline that consists of a complex norwest-southeast folded and faulted sequence of Mesozoic age (Early Cretaceous to Late Cretaceous) sedimentary rock formations. The Cupido, La Peña, Aurora, Cuesta del Cura, Georgetown, Del Rio and Buda formations constitute the stratigraphic column in the region and consist predominantly of limestone, dolomite and shale.

The sedimentary sequence in the region was affected by intrusive rocks of dioritic, granodioritic and rhyolitic compositions, which branched out into the calcareous formations as dikes, sills and stocks. Skarn, marble and hornfels metamorphic rocks were developed by the intrusion of the stocks, dikes and sills.

The Cupido Formation (Hauterivian to Barremian, Lower Cretaceous age) has been identified in the lower parts of La Encantada mine, at the underground level 1,535, as well as in some drill hole intercepts adjoining the La Morena deposit. Its upper contact is gradational into the La Peña Formation. The Cupido Formation hosts sulphide mineralization in other regions in Coahuila State, such as Lampazos and Ocampo, as appears to be the case in the lower parts of La Encantada mine.

The La Peña Formation (Aptian – Lower Albian, Lower to Middle Cretaceous age) consists of a 60 metres thick sequence of calcareous and carbonaceous shale intercalated with thin limestone and dolomite beds. At La Encantada it occurs as a thin bedded sequence of black carbonaceous shale which appears to have been deposited in a reducing environment.

The Aurora Formation (Lower to Middle Albian, Lower Cretaceous age) is the main host for mineralization at La Encantada. It consists of a sequence of thick to massive alternating beds of limestone and dolomite. The thickness of this formation at the mine is estimated to be about 500 metres.

(b) Deposit Geology

The La Encantada mine is located on a mountain range that corresponds to a symmetrical anticline (La Encantada range). The La Encantada mountain range runs for about 45 kilometres in the NW-SE direction and has elevations that vary from about 1,500 metres to over 2,400 metres. The range is affected by a regional NW trending normal fault zone (La Encantada – Norias fault) that puts into contact the Aurora (Albian) and the Georgetown (Upper Albian) Formations. The area is also affected by a series of subsidiary NW and NE trending faults.

The main sedimentary formations and intrusive rocks recognized at La Encantada are the Cupido, La Peña and Aurora formations, strongly altered dikes of apparent basalt-andesite composition, and coarse-grained dikes and stocks of diorite, granodiorite and rhyolite composition.

The physical (brittle) and chemical (reactive) characteristics of the Aurora Formation favoured the deposition of mineralization in the form of veins, stockworks, breccias and replacements. The localization of veins, stockworks and breccias appears to be controlled by the intersection of NE trending and NW trending subsidiary faults. In terms of volume, the most important mineral deposits that occur at La Encantada are mineralized tectonic breccias and breccia pipes. Skarn, hornfels and marble are developed at depth at the contact with the main stocks (Skarn dome and Milagros areas) and often contain sulphides mineralization; i.e. sphalerite and acanthite.

Mineralization

Silver, lead and zinc oxide and sulphide mineralization at La Encantada occurs in vein, manto, breccia skarn replacement and stockwork deposits. In general, shallower veins, mantos and breccias are oxidized whereas deeper mantos, skarn dissemination and stockworks contain primary sulphides; i.e. mineral deposits have been affected by a long process of oxidation and secondary enrichment. Most mining at La Encantada has been done in the oxidized mineral deposits and only some drilling and limited underground access has been done in the deposits with primary sulphides. Therefore our most recent drilling indicates potential for deep seated disseminated or massive sulphide replacements.

Oxidized mineral deposits consist of unconsolidated massive concentrations of oxides that contain hematite, goethite, manganese oxides (pyrolusite-psilomelane), zinc oxides (zincite), sulfates (jarosite and anglesite) and carbonates (calcite, siderite, manganiferous calcite, cerusite). Silver represents the main economic metal within the oxidized deposits at La Encantada. Silver mineralization occurs in the form of acanthite and native silver. Mineral deposition at La Encantada is recognized in a vertical extent of at least 500 metres; 1,535 metres to 2,035 metres above sea-level. Primary sulphides generally occur below the 1,600 metres elevation, at the skarn dome area (La Prieta) and Milagros area. Sulphide mineralization consists primarily of sphalerite, galena, pyrite and acanthite. According to historical records from Peñoles, typical grades in the oxidized deposits are of 400 grams per tonne ("g/t") Ag, 5% Pb, and 20% Fe. In some high grade parts of La Encantada deposits, the mineralization may reach grades of over 1,000 g/t Ag, 20% Pb and 30% Fe. Primary sulphides at the Milagros stockwork zone show typical grades of 4.5% Zn, 1.0% Pb and 50 g/t Ag.

Exploration and Drilling

The La Encantada property has been the subject of exploration programs since its discovery in the 1950's, by prospectors in the early stages and by Peñoles from the late 1960's to 2003. Current exploration programs at La Encantada consist of diamond drilling in combination with direct underground development which has proven to be the most effective approach for exploration at La Encantada. First Majestic's exploration programs carried out since the acquisition of the property in late 2006 through 2014 have been primarily focused on categorizing and increasing the resource base for the La Encantada mine. Major efforts have been focused on the deposits of Milagros breccia, San Javier breccia, La Escalera breccia, Milagros intrusive, Ojuelas manto, Azul breccia, Bonanza dike, San Francisco dike, Azul y Oro vein, Buenos Aires vein, 990 vein, 990-2 vein, Regalo vein, and Cuerpo de Zinc. The long-term exploration program to investigate the promising target at the La Escalera breccia zone was delayed due to the lower metal prices. Currently, the Company's exploration strategy consists of exploring the lateral continuity of high grade veins, high volume breccia pipes and the high grade Ojuelas manto. Geologic interpretations and exploration in 2014 have allowed First Majestic to find lateral extents of mineralization in the Azul y Oro, Buenos Aires, 990 and 990-2 veins and wide zones of oxide mineralization associated with breccias and the Ojuelas manto.

As outlined in the 2009 La Encantada Technical Report, during the period of September 2007 to September 2008, a total of 6,660 metres of core drilling was completed. As of December 31, 2014, 84,820 metres have been drilled by First Majestic from underground and surface in order to categorize and delineate Mineral Resources; 19,337 metres were drilled in 125 holes during 2014. Exploration drilling has detected or extended the boundaries of the economic mineralization of several ore deposits or areas such as Buenos Aires - Azul y Oro system of veins and breccias, Ojuelas mantos, San Francisco dike, Milagros intrusive and San Javier and Milagros breccias. A substantial amount of the metres drilled during 2014 were for Mineral Resource delineation and upgrading for preparation of a Technical Report update in 2015. As of December 31, 2014 underground developments at La Encantada operations totaled 67 kilometres; 13,818 metres were developed during 2014. This development program is part of the ongoing mining activities and is a key element in the Company's efforts to maintain current and future production levels.

Sampling Analysis and Security

La Encantada's current sampling team consists of three sampling crews with three employees each. Representative chip samples are collected with chisel and hammer and channel samples are cut and broken with electric saw and hammer. The broken sample is collected on a tarp, put in numbered sample bags and channel samples are weighted prior to being sent to the laboratory. The channel samples are weighted to compare the real weight of the sample versus the expected weight calculated using channel length, width, depth and average specific gravity. Real versus calculated sample weights are plotted into bivariate plots to monitor for possible sample swaps.

Exploration sampling for reserve delineation at the La Encantada mine is conducted by drifting along the mineralized zones so that chip and channel samples using diamond saw can be taken. Chip and channel samples are the primary means of sampling in the mine (stopes, drifts, crosscuts, ramps, etc) and are taken perpendicular to the vein structures, across the back of the drift and across the drifts and workings in breccia zones. Sampling crews collect chip samples at regular intervals of 3 metres for ore control and channel samples at 12 metre intervals mostly for resource estimation purposes. Muck piles are sampled for ore control purposes. Chip and channel samples have lengths that vary from tens of centimetres to usually one metre depending on the width of the mineralized structure.

A sampling line or channel typically consists of two or more individual samples which are taken to reflect changes in geochemistry and/or mineralogy across the structural zone. Each sample weighs approximately 4 kilograms. Locally, a drift can be completely enclosed by the mineralized structure, and the full thickness of the vein may not be sampled. All samples are marked with paint by the geologist and numbered on the walls of the drifts for proper orientation and identification. First Majestic has a written procedure for chip and channel sampling that describes details about sample collection and security.

Historical drill-hole data provided by Peñoles is considered in the geologic modelling and if the information is confirmed and checked with further sampling, then it is included in the Resource/Reserve depletion estimation carried out by First Majestic. Core samples from current drilling are cut with a saw and the half core sample is sent to the corresponding laboratory for assaying. First Majestic has a written quality assurance and quality control ("**QA**/**QC**") procedure that describes all the quality controls that should be inserted in a sample batch. Quality controls are inserted in chip, channel and core sample batches prior to sending to the corresponding laboratory. The Company's QA/QC procedure establishes that a minimum of 20% of the samples submitted are quality control samples inserted in a typical sample batch. Quality controls include; three standard reference materials, coarse and pulp blanks, field, coarse and pulp duplicates and pulp checks with a secondary or check laboratory. Quality assurance is done by statistical analysis of data and visual inspection of plots constructed with assay results of the quality controls.

All channel and core samples for Mineral Resource estimation purposes are sent to SGS' laboratory in Durango, Mexico, a commercial certified laboratory. Chip, muck and core samples for production or ore control purposes are assayed at La Encantada's laboratory. La Encantada's lab performs periodic assay checks with La Parrilla's Central Laboratory ("**Central Lab**"). The Central Lab is in the process of certification under the ISO-9001:2008 standard. The Central Lab follows strict QA/QC protocols and is used as a secondary or check lab by La Encantada's lab, for production and ore control samples. At La Encantada's lab, average correlation coefficient of the silver grades is 97% for the set of samples. The chip samples reproducibility for silver assays at La Encantada's lab has a correlation coefficient of 87%. Results of the sample checks carried out at the Central Lab show that there is a low bias of the La Encantada's lab in comparison with the Central Lab. First Majestic has implemented LabWare in order to automatize the assay reporting processes at the Central Lab.

Mineral Resources and Mineral Reserves

First Majestic uses conventional sectional methods, assisted by computer assisted design software (" **CAD**") and computer databases to estimate the tonnage and average grades of the Mineral Resources and Mineral Reserves at La Encantada. First Majestic has compiled all data into a database and is creating a geologic 3D model in Surpac™. First Majestic has reviewed and estimated resources and reserves for La Encantada to assess the current status of the property and to use it as a basis for future production estimates.

The La Encantada reserve blocks are estimated by applying modifying factors to the resource blocks. The following table sets out the most recent Mineral Reserve estimates for the La Encantada Silver Mine prepared under the supervision of First Majestic's internal Qualified Person, Mr. Ramon Mendoza Reyes as of December 31, 2014:

TABLE 7
La Encantada Mineral Reserves with an effective date of December 31, 2014
(based on internal estimates prepared under the supervision of FMS Qualified Person)

LA ENCANTADA MINERAL RESERVES WITH AN EFFECTIVE DATE OF DECEMBER, 31, 2014

Mine	Category	Mineral Type	k tonnes	Ag (g/t)	Ag (k Oz)
LA ENCANTADA	Proven (UG)	Oxides	1,084	248	8,639
	Probable (UG)	Oxides	2,115	291	19,754
	Total Proven and Probable (UG)	Oxides	3,199	276	28,393

(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 estimates, incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) Cut-off grade considered for oxides was 135 g/t Ag and is based on actual and budgeted operating and sustaining costs.
(3) Metallurgical recovery used was 60% for silver.
(4) Metal payable used was 99.6% for silver.
(5) Metal price considered was $20.00 USD/oz Ag.
(6) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces.
(7) Totals may not add up due to rounding.

The following table sets out the most recent Mineral Resource estimates for the La Encantada Silver Mine prepared under the supervision of First Majestic's internal Qualified Person, Mr. Jesus M. Velador Beltran, Ph.D. Geology, as of December 31, 2014.

TABLE 8
La Encantada Mineral Resources with an effective date of December 31, 2014
(based on internal estimates prepared under the supervision of FMS Qualified Person)

LA ENCANTADA MEASURED AND INDICATED MINERAL RESOURCES WITH AN EFFECTIVE DATE OF DECEMBER 31, 2014

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Ag (k Oz)
LA ENCANTADA	Measured (UG)	Oxides	1,086	283	9,878
	Indicated (UG)	Oxides	2,289	321	23,623
	Total Measured and Indicated (UG)	Oxides	3,375	309	33,501

LA ENCANTADA INFERRED MINERAL RESOURCES WITH AN EFFECTIVE DAT OF DECEMBER 31, 2014

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Ag (k Oz)
LA ENCANTADA	Inferred (UG)	Oxides	899	340	9,832
	Inferred (Tailings)	Tailings	6,026	107	20,731
	Inferred Total (UG)	Oxides +Tailings	6,926	137	30,562

(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 estimates, incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) Cut-off grade considered for oxides was 125 g/t Ag and is based on actual and budgeted operating and sustaining costs.
(3) Cut-off grade for tailing was 76 g/t Ag.
(4) Metallurgical recovery used was 60% for silver.
(5) Metal payable used was 99.6% for silver.
(6) Metal price considered was $22.00 USD/oz Ag.
(7) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces.
(8) Totals may not add up due to rounding.
(9) Measured an Indicated Mineral Resources are reported inclusive or Mineral Reserves.

Mining Operations

Construction of a 3,750 tpd cyanidation mill commenced in July 2008 and was inaugurated on November 18, 2009. Commissioning of this facility commenced at that time resulting in commercial production being achieved on April 1, 2010. Full production capacity was reached in the fourth quarter of 2010. During the year 2011 several modifications were made to the cyanidation mill increasing its capacity to 4,000 tpd.

From November 2006 to June 2010 La Encantada operated a 1,000 tpd flotation plant which was upgraded after the purchase of Desmín and La Encantada to achieve designed throughput. All production from the flotation plant was in the form of a lead-silver concentrate. Commencing in November 2009, the cyanidation plant began producing precipitates and silver doré bars. The flotation circuit (except for the crushing and grinding areas, which remain in operation) was placed in care-and-maintenance in June 2010 and since that time the La Encantada operation has been producing only doré bars.

Total ore throughput in 2014 was 721,172 tonnes grading an average of 282 g/t Ag which resulted in 3,731,652 silver ounces being produced. The reprocessing of old tailings was removed from the mine plan starting in January 2014 awaiting higher silver prices. As a result, the silver grade increased by 24% over the previous year. During 2014, 416,591 tonnes of ore were processed from reserves and 304,582 tonnes were processed from material not in reserves.

From the period of the Mineral Resource and Mineral Reserve estimate cut-off date of September 30, 2008 to December 31, 2014, First Majestic mined and processed 6.23 million tonnes of ore from La Encantada Silver Mine at an average grade of 242 g/t silver, for a total of 43 million oz of silver. During the period of 2011 to 2013 a total of 42,869 tonnes of iron ore have been produced at the underground mine and shipped to Met-Mex Peñoles in Torreon city, without additional treatment at the mill. The La Encantada mine has largely been developed below ore zones indicated from surface exploration work within a block about four kilometres long, 700 metres wide and 400 metres in height. The mine was initially developed from shafts as a conventional operation with rail haulage levels, and utilizing standard rail-bound loading and hauling equipment. Subsequently, La Encantada was converted to a mainly trackless operation, although rail haulage and shaft hoisting are still used on some areas of the mine. The mine has been developed to the northeast of the shafts over a vertical range of about 400 metres from the surface (2,035 metres above sea-level) to about the 1525 level (1,525 metres above sea-level), where the water table has been encountered. The mine has not been developed into the large prospective area to the southwest of the developed mine area. In order to improve mine safety the Company built two underground mine refuges with a capacity of 20 people each. The Company also constructed a new underground maintenance shop in 2011 to improve the availability and productivity of the underground fleet.

The principal mining method employed at La Encantada is overhand mechanized cut-and-fill utilizing development waste for fill. Ramps are driven in the ore bodies and stopes are developed from sill drifts driven in the ore zones and slashed out the full width of the ore. Stopes are drilled with jacklegs and jumbo, and the main blasting agent is a commercial ammonium nitrate product, which is initiated with sausages of water-gel explosive primed with cap and fuse. Rounds are fired with Ignitacord (B-cord) as the fuse initiator. Stopes are mucked with rubber-tired 1.0 to 3.5 yd Load-Haul-Dump ("**LHD**") machines, which also takes the broken ore to ore passes or remuck stations. Completed stope cuts are backfilled with development waste, which is passed through raises into the stope or trammed into the stope with the LHD units.

A modification of overhand cut and fill stopping that has been adopted for extraction of some breccia pipes and chimney ore bodies is post pillar stoping, which is essentially a room and pillar method, but on multiple horizons. Post pillar stopes in La Encantada mine are backfilled with waste, and are mined overhand progressing from the sill level to the next level above. Most development ramps for post pillar stoping are developed in waste outside the ore body. All other parameters for stoping the post pillar areas are the same as for a standard mechanized overhand cut-and-fill stope.

Some areas have been extracted using the long-hole mining method using drilling equipment capable of drilling up to 15 metres in length. This mining method is subject in its application to the ground conditions.

As a result of the addition of the cyanidation plant in 2009, the only area operating at the old flotation plant is the crushing and grinding areas for the mined fresh ore. There are three operating ball mills at La Encantada, two processing fresh mined ore at an average rate of approximately 2,000 tpd and the third ball mill used until 2013 for processing tailings. An expansion of the crushing and grinding capacity began in November 2014. A new 12' x 24' ball mill, a new tertiary crusher, two vibrating screens and a series of conveyor belts are planned to be installed. The plant expansion is expected to be completed by the end of June 2015 allowing for the ramp up to 3,000 tpd in July 2015.

The fresh mined ore is comminuted and then cyanide is added to leach silver. The resulting pulp and cyanide solution are then sent by pipeline to a dynamic cyanidation plant for processing in order to obtain silver precipitates which are then melted in an induction furnace and poured into 25 – 30 kilogram silver doré bars containing more than 90% silver.

The average head grade of fresh mine ore fed to the mill for 2014 was 282 g/t of silver. Metallurgical recovery of the fresh ore in the cyanidation plant was 56.8% resulting in the production of a total of 3,731,652 ounces of silver in 2014.

Total development during 2014 was 13,818 metres. In comparison, total development during 2013 was 14,132 metres. A total of 19,337 metres of exploration drilling were completed in 2014 at La Encantada which represents a 22% increase in drilling compared to the 15,835 metres drilled 2013.

Capital and Operating Costs

The site production costs for La Encantada averaged $46.99 per tonne mined and milled during the year 2014. The La Encantada production costs are based on the mining, milling and processing of 721,172 tonnes of oxide ore during 2014. The annual production costs averaged $9.13 per ounce of payable silver in 2014. Capital expenditures for expansion items include exploration of breccias and the Ojuelas manto, and the expansion of the crushing and grinding capacity of the processing plant starting in late 2014 and during the first half of 2015. Capital expenditure for sustaining items in the past three years and planned for the next two years are primarily related to underground development, infrastructure upgrades, equipment replacement, and infill exploration.

La Parrilla Silver Mine, Durango State, México

Certain of the information regarding the La Parrilla Silver Mine is based on the technical report prepared by Richard Addison, P.E. and Leonel Lopez, C.P.G. of RPM entitled, "Technical Report for the La Parrilla Silver Mine, Durango State, México" dated September 8, 2011 (the "**La Parrilla Technical Report**"). Mr. Addison and Mr. Lopez are independent Qualified Persons for the purposes of NI 43-101. The La Parrilla Technical Report has been filed with securities regulatory authorities in each province of Canada. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the La Parrilla Technical Report which is available for review on SEDAR located at www.sedar.com. Additional information since the date of the La Parrilla Technical Report has been prepared by First Majestic under the supervision of Mr. Ramon Mendoza Reyes who is a Qualified Person for the purposes of NI 43-101.

Project Description and Location

La Parrilla Silver Mine is a producing underground silver mine and processing facility in Durango State, México. The mine is wholly-owned and operated by First Majestic Plata, S.A. de C.V. ("**FM Plata**") a wholly-owned indirect subsidiary of the Company through its Mexican holding company, Corporación First Majestic, S.A. de C.V.

La Parrilla consists of 40 contiguous mining concessions in the La Parrilla mining district of Durango State which provides mineral rights which cover an area of 69,460 hectares (171,589 acres). All of these mining concessions convey exploitation rights for 50 years from the date of registration. Additionally, First Majestic owns land surface rights through purchase and lease agreements covering a total of 144 hectares.

Certain of the La Parrilla claims were purchased from Grupo México and include a net smelter return (" **NSR**") of 1.5% payable to Grupo México. The royalties payable thereunder are capped at $2,500,000. During the year ended December 31, 2014, the Company paid royalties of $0.3 million and as of December 31, 2014, total royalties paid add up to $2.2 million. There are no other encumbrances on La Parrilla mining concessions.

The La Parrilla area is located partly within Ejido San José de la Parrilla and partly within private property. FM Plata entered into an agreement for the surface rights (60 hectares) with Ejido San José de la Parrilla for a period of 15 years which is renewable, under the provisions included in the Mexican Mining law, to permit the use of surface rights for development of projects that are of general economic interest including mining operations. First Majestic has purchased the rest of the land holdings from private land holders.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The La Parrilla Silver Mine is located in the south-eastern part of the state of Durango, about 80 kilometres from the capital city of Durango. La Parrilla mine is well connected to various populated towns and villages within distances from 10 kilometres to 20 kilometres, including Nombre de Dios and Vicente Guerrero, which is a town of 12,000 inhabitants where banks, hotels, restaurants, churches and schools are available. Durango and Zacatecas cities are located at easy driving distance from La Parrilla for more specialized services such as universities and hospitals. Most of the supplies and labour required for the operation come in from small communities in the region and from the nearby cities of Durango, Vicente Guerrero, and Zacatecas.

Access to the La Parrilla mine is by Federal Highway No. 45 that drives from Durango to Zacatecas city. A four kilometre detour at the 75 kilometre milestone leads to the village of San José de la Parrilla and to the mine and processing plant. La Parrilla is connected to the San José de la Parrilla village by a one kilometre dirt road. Driving time from the city of Durango to the La Parrilla mine takes approximately one hour. International flights by commercial airlines to some major US cities and to most major Mexican cities are available from the cities of Durango and Zacatecas.

Power supply to the camp is provided by the national power grid. Potable water supply is provided from water wells. Telephone communications are integrated into the national telecommunications grid, including internet communications provided via copper wire from Telmex. Hand held radios are carried by all supervisors, managers and all vehicle operators for internal communications.

The climate at La Parrilla is semi-dry with annual average temperatures that vary from 12º C to 26º C, with an annual average of about 18º C. The annual average rainfall is about 580 millimetres with most of the rain occurring during the summer months, with only occasional rains during the winter. Occasional heavy rain storms may partially interrupt the La Parrilla operations.

Vegetation in the area consists of desert bush and shrub, including small mesquite, cacti, and grasses. At higher elevations there are pine, cedar and oak trees. Farming is mostly developed in the areas neighboring the population centers in the Mesa Central flatlands, and the principal crops are corn, beans and some wheat. Apple and peach trees are also grown in the region. Fauna in the area consists of deer, coyotes, small reptiles, and small animals such as rabbits, jackrabbits and birds of prey.

The La Parrilla property is located within the physiographic sub-province of Sierras y Llanuras de Durango, which straddles the Sierra Madre Occidental and the Mesa Central in northwestern México. This physiographic sub-province presents elevations of about 1,600 metres above sea-level in the Mesa Central and up to 3,000 metres above sea-level in the mountain peaks of the Sierra Madre Occidental. Topography in the La Parrilla area is dominated by either isolated mountains or northwest oriented mountain chains, all surrounded by the plateaus and flat lands of the Mesa Central. The main La Parrilla (San José) mine portal is located at an elevation of 2,100 metres above sea-level.

History

Mining activity in La Parrilla mining district began during colonial times. La Parrilla consists of underground silver-gold-lead mines with a processing facility that was originally constructed in 1956. In 1960, the mining claims were acquired by Minera Los Rosarios, S.A. de C.V. ("**Minera Los Rosarios**") who operated the mine until 1999 when operations were shut down due to low silver prices. The Comision de Fomento Minero ("**CFM**"), a Mexican federal entity responsible for promoting and supporting mining, constructed a 180 tpd flotation plant at La Parrilla, which operated as a custom mill, processing ores from nearby areas, such as Chalchihuites, Sombrerete and Zacatecas. This plant was purchased in 1990 by Minera Los Rosarios from CFM.

In 2004, First Majestic acquired the mining rights and the plant from Minera Los Rosarios and, in 2006, successfully negotiated the acquisition of the mineral rights held by Grupo México which surrounded the original La Parrilla mine. Today, First Majestic has consolidated ownership of the plant and all the mining rights of the land surrounding La Parrilla, where numerous mineral occurrences and mineral deposits are being investigated.

Geological Setting

The project is located in the border zone between the physiographic provinces of the Sierra Madre Occidental and the Mesa Central, in the northwestern part of México, within the sub province of Sierras y Llanuras de Durango. La Parrilla consists of a mining complex made up of four separate mines which include mineral deposits situated in the surrounding border of the geological contact zone between a diorite intrusion and a sequence of Cretaceous limestones.

La Parrilla's mineral deposits are associated with geologic structures, which appear to be related to the main intrusive, dikes and sills. Breccia zones are developed at intersection of structures which created favourable conditions for mineral deposition. The contact zone between the intrusion and sedimentary rocks has also favoured the emplacement of metasomatic deposits.

The most important known deposits at La Parrilla occur as vein deposits that pinch and swell along strike, as well as downdip. These are enclosed by three main structural systems within the mining district. The first structural system may be related to the orientation of the regional intrusive stock. Its general strike is northeast 60º, dipping nearly vertical. It cuts through all regional rock units and it does not appear to contain economic mineralization.

The second structural system occurs with a general orientation of northwest 45º to northwest 75º dipping approximately 50º to 85º to the northeast. It cuts through limestone, diorite and skarn lithologies. It hosts several mineral deposits in the area such as Los Rosarios, La Blanca, El Cármen, San Cayetano and San José.

The third regional structural system is oriented north-south and dips to the east with variable angle from 45º to 90º. It is generally concordant with the stratification and it encloses mineral deposits in the form of veins and replacements, such as San Marcos, Quebradillas, San Nicolas and Vacas.

Exploration

La Parrilla was discovered and partially developed from outcroppings by following mineralization along the structures during colonial times. Recently, the Company has carried out geophysical investigations within the areas of Quebradillas, Sacramento, Las Vacas, Santa Paula (formerly Los Perros) and other prospective areas. The investigations have resolved Induced Polarization ("**IP**") and resistivity anomalies. Some of the anomalies over the main mineralized structures have been tested by drilling and some other anomalies in prospective areas still remain to be tested.

The Company's exploration budget for La Parrilla continued at reduced levels during 2014 in response to lower silver prices. The 2014 exploration program was mainly designed to replace the depleted Mineral Resources and Mineral Reserves and to upgrade some of the Inferred Resources.

Drilling

First Majestic took control of La Parrilla operations in January 2004, and in 2005 initiated an aggressive drilling program to explore the various areas of interest within La Parrilla holdings in 2005. From 2007 to the cut-off date of the La Parrilla Technical Report on June 30, 2011, a total of 60,774 metres were drilled. A total of 52,258 metres have been drilled at Parrilla since the 2011 La Parrilla Technical Report. A total of 5,788 metres were drilled in 2014 which represents a reduction of 47% compared to the 10,974 metres drilled in 2013.

La Parrilla's drill-hole database is compiled in electronic format. The data base contains collar, surveys, lithology, and assay information with silver/gold/lead/zinc values. Most of the holes are drilled at an angle to intersect vein or mineralized structures that generally dip at near vertical angles. Based on geologic interpretations, no apparent deviation has been detected in drill holes. Most of First Majestic's drill holes are longer than 150 metres. Drill-hole deviation is assessed with a reflex surveying tool every 50 metres in exploration drill holes.

Core logging is performed by project geologists in each of the areas being investigated. The project geologists also determine the sample intervals. Trained assistants are in charge of core cutting and sampling as per the project geologists' indications.

Mineralization

Mineralization styles at La Parrilla are typical of hydrothermal vein deposits and replacements associated with an intrusive-skarn contact zone. Weathering of the La Parrilla mineral deposits has produced oxidation and secondary enrichment zones containing cerargyrite, acanthite and carbonates (cerussite and hydrozincite), sulfates (anglesite), zinc silicates (willemite and hemimorphite), and iron oxides (hematite and goethite) that may reach depths of up to 150 metres from surface. In the sulphides zone, the primary minerals consist of pyrite, sphalerite, galena, some chalcopyrite, acanthite and silver sulfosalts (pyrargyrite and stephanite) associated with calcite and quartz as gangue minerals. Oxidation and secondary enrichment of these sulphides makes up the mineral concentrations in the upper parts of the deposits, which consist of halides (cerargyrite), carbonates (cerussite and hydrozincite), sulfates (anglesite), silicates (willemite and hemimorphite) and iron oxides (hematite and goethite).

Sampling and Analysis

(a) Sample Preparation

Production, ore control and mill samples are sent to the La Parrilla's Central Lab which performs chemical analysis of silver, gold, lead and zinc. Core samples from exploration drill holes are sent to SGS laboratory. In general, both labs have similar analytical techniques, where silver and gold assays are carried out by fire assaying methods, whereas the rest of the elements are assayed by atomic absorption.

At the Central Lab, samples received are passed through a jaw crusher to reduce them to an approximate size of minus 1.3 centimetres (1/2”). A 500 gram split is taken and passed through gyratory or disk crushers to reduce its size to minus 10-mesh (1/8”) size. A 200 to 300 gram split is taken and placed in a drying oven at 120° C. After drying, the material is put into two pulverizers, one disk pulverizer and one ring puck pulverizer, to grind the rock to minus 100-mesh. The resulting pulp is homogenized and ten grams taken for fire assay analysis of silver and gold for geology samples and for concentrates 20 grams are taken for head samples; and one gram is required for precipitate samples.

For gold and silver assaying, the ten-gram pulps are placed in fusion crucibles and placed into an electric furnace for fusion into lead buttons. The lead buttons are placed in cupellation cupels and placed into an electric furnace for cupellation into a silver-gold bead. The bead is weighed and then put into nitric acid to dissolve away the silver and then the remaining gold bead is weighed again. The microbalance used has a sensitivity of + 1 per 10,000 (equivalent to an actual grade of +0.1 gram per tonne), while the gold beads commonly range in weight from 100 milligrams down to less than 1 milligram. As a result, the determination of the smaller bead weight is at or below the detection limits of the microbalance.

(b) Check Assaying

For the period of October 1, 2008 to June 30, 2011 (the earlier date being the cut-off for information included in the La Parrilla Technical Report), First Majestic sent 103 sample duplicates to Inspectorate Laboratories and to Eco Tech Laboratory Ltd., two independent commercial laboratories in Reno, Nevada and Vancouver, BC respectively for duplicate analysis. For the period of June 2011 to May 2013, core samples were assayed at the Central Lab with sample checks in a certified commercial laboratory. All of the sample batches sent to the Central Lab include quality controls such as standard reference materials, coarse and pulp blanks, field, coarse and pulp duplicates and pulp checks with a secondary laboratory. Channel sample checks are performed by analyzing random sample pulps at the Central Lab with assay checks done in a certified commercial laboratory. The assays include silver, gold, lead and zinc. For the period of June 2013 to December 2014, First Majestic sent all core and channel samples to SGS, an independent commercial laboratory in Durango, México for analysis.

The correlation for silver assays of coarse duplicate samples is only 66% due to discrepancies on high-grade samples, for instance Ag 5,752 g/t vs. Ag 2,970 g/t at the maximum assays, while the pulp duplicates correlation is acceptable at 93%. The correlation for assays of lead is 88% and 97% for coarse duplicate and pulp duplicate samples respectively. The correlation for zinc assays is 81% for coarse duplicate samples and 97% for pulp duplicate samples. The range of silver values is from zero to 5,752 g/t, with an average grade of 178 g/t, while the range for lead is zero to 30% with an average of 1.19% and for zinc is zero to 24% with an average grade of 0.87%.

(c) Security of Samples and Data Verification

The current QA/QC protocol followed at La Parrilla consists of insertion of three standard reference materials, coarse and pulp blanks, field, coarse and pulp duplicates, and pulp checks that are sent to a secondary certified laboratory. The total percentage of quality control samples inserted in each sample batch is around 20%. Quality assurance is done with basic statistics and visual inspection on correlation plots for assays results of the quality control samples.

Mineral Resource and Mineral Reserve Estimate

The La Parrilla mine has estimated Mineral Reserves for the following deposits:

- La Rosa - Rosarios vein system
- San Marcos

- Vacas
- Quebradillas UG and OP
- San Nicolas
- La Estrella
- San Jose de los Muertos

First Majestic is working on an updated resource and reserve estimate and technical report for La Parrilla. The following table sets out the most recent Mineral Reserve estimates for the La Parrilla Silver Mine prepared and reviewed by First Majestic's internal Qualified Person, Mr. Ramon Mendoza Reyes as of December 31, 2014.

TABLE 9
La Parrilla Mineral Reserves with an effective date of December 31, 2014
(based on internal estimates prepared under the supervision of FMS Qualified Person)

LA PARRILLA MINERAL RESERVES WITH AN EFFECTIVE DATE OF DECEMBER 31, 2014

Mine	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
LA PARRILLA	Proven (UG)	Oxides	302	219	-	-	-	219	2,119	2,119
	Probable (UG)	Oxides	1,025	213	0.02	-	-	214	7,032	7,061
	Total Proven and Probable (UG)	Oxides	1,327	215	0.01	-	-	215	9,152	9,181
	Proven (UG)	Sulphides	585	201	-	1.8	1.9	304	3,784	5,714
	Probable (UG)	Sulphides	1,473	157	0.04	1.5	2.4	261	7,436	12,369
	Total Proven and Probable (UG)	Sulphides	2,057	170	0.03	1.6	2.3	273	11,220	18,083
	Total Proven and Probable (UG)	Oxides + Sulphides	3,384	187	0.02	1.0	1.4	251	20,371	27,264

(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 estimates, incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) Cut-off grade considered for oxides was 155 g/t Ag-Eq and is based on actual and budgeted operating and sustaining costs.
(3) Cut-off grade considered for sulphides was 165 g/t Ag-Eq and is based on actual and budgeted operating and sustaining costs.
(4) Metallurgical recovery used for oxides was 66% for silver and 64% for gold.
(5) Metallurgical recovery used for sulphides was 88% for silver, 77% for gold, 87% for lead and 65% for zinc.
(6) Metal payable used was 99.6% for silver and 95% for gold in doré produced from oxides.
(7) Metal payable used was 95% for silver, gold and lead and 85% for zinc in concentrates produced from sulphides.
(8) Metal prices considered were $20 USD/oz Ag, $1,200 USD/oz Au, $0.95 USD/lb Pb and $1.00 USD/lb zinc.
(9) Silver equivalent grade is estimated as: Ag-Eq = Ag Grade + [(Au Grade x Au Recovery x Au Payable x Au Price) + (Pb Grade x Pb Recovery x Pb Payable x Pb Price) + (Zn Grade x Zn Recovery x Zn Payable x Zn Price)] / (Ag Recovery x Ag Payable x Ag Price).
(10) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces.
(11) Totals may not add up due to rounding.

The following table sets out the most recent Mineral Resource estimates for the La Parrilla Silver Mine prepared under the supervision of First Majestic's internal Qualified Person, Mr. Jesus M. Velador Beltran, Ph.D. Geology, as of December 31, 2014.

TABLE 10
La Parrilla Mineral Resources with an effective date of December 31, 2014
(based on internal estimates prepared under the supervision of FMS Qualified Person)

LA PARRILLA MEASURED AND INDICATED MINERAL RESOURCES WITH AN EFFECTIVE OF DECEMBER 31, 2014

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
LA PARRILLA	Measured (UG)	Oxides	344	255	-	-	-	255	2,817	2,817
	Indicated (UG)	Oxides	953	254	0.02	-	-	255	7,774	7,807
	Total Measured and Indicated (UG)	Oxides	1,298	254	0.01	-	-	255	10,591	10,624
	Measured (UG)	Sulphides	703	240		2.2	2.1	347	5,415	7,845
	Indicated (UG)	Sulphides	1,310	188	0.05	1.8	2.8	302	7,939	12,705
	Total Measured and indicated (UG)	Sulphides	2,013	206	0.03	1.9	2.6	318	13,355	20,550
	Total Measured and Indicated (UG)	Oxides + Sulphides	3,311	225	0.03	1.2	1.6	293	23,946	31,175

LA PARRILLA INFERRED RESOURCES AS OF DECEMBER 31, 2014

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
LA PARRILLA	Inferred (UG)	Oxides	3,422	259	-	-	-	259	28,477	28,477
	Inferred (UG)	Sulphides	5,848	190	-	2.4	3.1	324	35,676	60,997
	Inferred Total (UG)	Oxides + Sulphides	9,270	215	-	1.5	2.0	300	64,153	89,475

(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 estimates, incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) Cut-off grade considered for oxides was 140 g/t Ag-Eq and is based on actual and budgeted operating and sustaining costs.
(3) Cut-off grade considered for sulphides was 150 g/t Ag-Eq and is based on actual and budgeted operating and sustaining costs.
(4) Metallurgical recovery used for oxides was 66% for silver and 64% for gold.
(5) Metallurgical recovery used for sulphides was 88% for silver, 77% for gold, 87% for lead and 65% for zinc.
(6) Metal payable used was 99.6% for silver and 95% for gold in doré produced from oxides.
(7) Metal payable used was 95% for silver, gold and lead and 85% for zinc in concentrates produced from sulphides.
(8) Metal prices considered were $22 USD/oz Ag, $1,350 USD/oz Au, $0.95 USD/lb Pb and $1.00 USD/lb zinc.
(9) Silver equivalent grade is estimated as: Ag-Eq = Ag Grade + [(Au Grade x Au Recovery x Au Payable x Au Price) + (Pb Grade x Pb Recovery x Pb Payable x Pb Price) + (Zn Grade x Zn Recovery x Zn Payable x Zn Price)] / (Ag Recovery x Ag Payable x Ag Price).
(10) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces.
(11) Totals may not add up due to rounding.
(12) Measured an Indicated Mineral Resources are reported inclusive or Mineral Reserves.

Mining Operations

La Parrilla operations include production from four different underground mines, and a small open pit. The underground operations are Rosario-La Blanca, San Marcos, Quebradillas and Vacas. The open pit has been developed on oxide ore situated atop the active Quebradillas underground mine, Mineral Reserves at the open pit have depleted but the Company has acquired additional adjoining land and is in the process of drilling and delineating an expansion of the pit to the northwest. The Quebradillas and Vacas projects, along with an extensive adjoining land package, were acquired from Grupo México in 2006.

The underground stoping method used for mining the near-vertical veins and ore bodies of the operations of La Parrilla is overhand cut and fill. Some long-hole stoping has been done in the recent past and long-hole stopes are currently being prepared to be mined at the San Marcos area. Stope cuts are currently drilled with hand-held pneumatic jackleg drills and jumbos. Stoping is largely done using breast-mining techniques, although some back stoping is also done. Ore is mucked in the stopes utilizing diesel-powered load-haul-dump units ("**LHDs**"), which have access to the stopes through crosscuts driven from ramps in the footwall of the stope. Once a stope has been completely mined out, backfilling is done using waste from development. The minimum mining width for all the mine operations is approximately 2.0 metres.

In 2014, mine and mill production from La Parrilla was of 4,673,192 equivalent ounces of silver from mining 711,915 tonnes of ore, of which 325,771 tonnes were oxide and 386,143 tonnes were sulphide ore. First Majestic metal production from La Parrilla has been 11.74 million ounces of silver-equivalent since the June 30, 2011 cut-off date of the La Parrilla Technical Report. Production at La Parrilla Silver Mine for the year ended December 31, 2014 amounted to 711,915 tonnes of ore of which 708,211 tonnes were processed from reserves and 3,704 tonnes were processed from material not in reserves.

Mine development for La Parrilla is done with conventional methods, although blasthole drilling with hand-held jackleg drills is being replaced with electro-hydraulic diesel-powered drill rigs (jumbos). The development sequence is still drill-blast-muck, with mucking done with rubber-tired, diesel-powered LHDs. Haulage of ore and waste is accomplished using both low-profile and highway type diesel dump trucks. Drifts and ramps require little ground support, and the operators are installing rock bolts with or without wire mesh, and also shotcrete in dubious ground conditions of the backs and ribs of drifts and ramps, and also in stope backs. Bored and conventional raises are largely unsupported with occasional rock bolting done where dubious ground conditions have been identified.

A considerable amount of mine development and exploration projects are required to sustain the ore reserves and stope development at the levels required to maintain the target production rates for La Parrilla Silver Mine. The total metres of development during 2014 were 9,030 metres. In comparison, the total metres of development completed during 2013 were 12,004 metres. A total of 5,788 metres of exploration drilling were completed in the mines during 2014. In comparison, 10,974 metres of exploration drilling were completed in 2013. The reduced level in development and exploration drilling from 2013 to 2014 was in response to budget cut-backs due to the lower silver price environment.

Capital and Operating Costs

The site direct production costs for La Parrilla averaged $43.51 per tonne mined and milled during the year 2014. The La Parrilla operating costs are based on the mining, milling and processing of 325,771 tonnes of oxide ore and 386,143 tonnes of sulphide ore during 2014. The annual production cost averaged $10.77 per ounce of silver in 2014.

Capital funds expended in the past four years have been primarily related to underground development, open pit development, infrastructure upgrades, equipment purchases, extraction system and exploration. Capital expenditures budgeted for this year are mainly sustaining in nature to maintain current production levels, infrastructure upgrades, underground development, exploration and tailings management facilities upgrades.

San Martín Silver Mine, Jalisco State, México

Certain of the information in this section is based on the Technical Report entitled "NI 43-101 Technical Report for the San Martín Silver Mine, State of Jalisco, México" prepared by Leonel Lopez, C.P.G. of RPM dated May 23, 2013 (the "**San Martín Technical Report**"). The San Martín Technical Report has been filed with securities regulatory authorities in each province of Canada. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the San Martín Technical Report which is available for review on SEDAR located at www.sedar.com.

Additional information since the date of the San Martín Technical Report has been prepared by the Company under the supervision of Mr. Ramon Mendoza Reyes who is a Qualified Person for the purposes of NI 43-101.

Project Description and Location

The San Martín mine and processing plant are located next to the town of San Martín de Bolaños on the Bolaños River valley. The San Martín de Bolaños town is located in the northern part of Jalisco State, México. The San Martín Silver Mine is wholly-owned and operated by the Company through Minera El Pilón, S.A. de C.V. ("**El Pilón**"), a wholly-owned indirect subsidiary of the Company held by its Mexican holding company, Corporación First Majestic, S.A. de C.V.

The San Martín processing plant is located on the eastern side of the Bolaños River, to the southeast of the San Martín de Bolaños town at an elevation of 850 metres above sea-level. The San Martín mine is located 10 kilometres northwest from the town at elevations varying between 1,080 and 1,190 metres above sea-level. The Universal Transverse Mercator ("**UTM**") and geographic coordinates at the center of the San Martín mine area are north 2,375,500 and east 615,000 (zone 13) and 21° 45' north latitude and 103 ° 45' west longitude, respectively.

San Martin consists of 33 contiguous mining concessions in the San Martín de Bolaños mining district that cover mineral rights for 37,518 hectares. These include 33 mining concessions with exploitation rights. Mineral rights for the earliest titled concessions are due in the year 2024, and most other claims have expiration dates in the 2060s; these however, may be renewed for another 50 years. No royalties or any other encumbrances are due on any of the San Martín mining concessions.

In addition to mineral rights, San Martin consists of 1,296 hectares of surface land that cover the areas where the Company has the mines access, mine installations, and part of the access roads. Additionally, 160 hectares of surface land where the processing plant, camp, office facilities, maintenance shops, and tailings dams are located. A portion of the access roads to the mine are located on land owned by private owners. Some surface rights agreements with individual land owners also exist for parts of the access roads.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The San Martín mine is located 250 kilometres north from Guadalajara or 480 kilometres from the city of Durango. Driving time from Guadalajara is approximately four hours and from Durango approximately six hours. Flying time is approximately 45 minutes by charter plane from Guadalajara or 1.5 hours from Durango City. The town of San Martín de Bolaños constitutes the commercial centre for the immediately surrounding region. Major facilities, including international airports, are located in the cities of Guadalajara, Zacatecas and Aguascalientes.

The municipality of San Martín de Bolaños is occupied by approximately 3,000 people. The town is connected to the national power grid and it has standard telephone lines, internet availability, and satellite communications. Water for the town's inhabitants' consumption is pumped from wells. Most of the people living in the area depend on small scale farming, raising livestock, and growing fruit.

The San Martín mine and processing plant are connected to the national power grid through a substation located about 20 kilometres to the north at the neighbouring Bolaños Mine. Power is supplied by the grid at 33 kVa and 60 Hz cycle. Two 1,000-volt transformers supply power to the plant. Diesel generators are located at the plant for emergency and stand-by power in case of power interruptions. Air compressors are located at the plant to supply low-pressure air to the leach tanks. The water source for the processing plant is the Bolaños River, which supplies a permanent flow, except in extreme drought conditions, such as the one that occurred during the 2012 summer season. Mine and plant installations, including camp facilities, tailings storage and waste disposal areas required for the mining and milling operation of San Martín are located owned land.

The infrastructure on-site includes the support facilities for the operations, which are located near the plant and include the main administrative offices, warehouse, assay laboratory, tailings facilities, maintenance buildings, restaurant and other employee housing. The maintenance department operates from the extensive shops and warehouses located at the plant site and by the mine. Maintenance personnel are supplied for mine and plant requirements from this department.

San Martín is located on the eastern slopes of the southern part of the Sierra Madre Occidental, in the Bolaños river valley. It is located at elevations of approximately 850 metres above sea-level. The Sierra Madre Occidental consists of a mountain range that borders the west coast of México and extends into the United States and part of Canada as the Rocky Mountains.

The climate in San Martín is generally warm and semi-wet with rain in the summer season. The year-round average temperature in the area is about 22°C, with the lowest monthly average in February (19.7°C), and the highest in May (30.5°C). Annual freezing temperatures in the region are recorded mostly during the month of February, and range from 0 to 20 days, while hail may occur during the rainy season for less than five days per year. Average yearly accumulated rainfall in San Martín de Bolaños is registered as 592 mm, most of which occurs during June through October. The highest monthly rate of precipitation is recorded at 197 mm during the month of October. The San Martín mine may operate all year with only occasional short interruptions by extraordinary seasonal rain events.

The climate and topographical conditions in the San Martín de Bolaños area support farming and cattle ranching by the river valley; however, in the surrounding areas, only sparse to moderately dense desert vegetation of bushes and shrubs cover the hill slopes. The mine area is within a transition zone that changes from desert grasses in the lower elevations to evergreens, pines and oaks and other types of trees at higher elevations.

History

The San Martín Silver Mine is located on the southern portion of the north-south trending Bolaños graben, which consists of an approximately 20 kilometre long geologic structure along the Bolaños River. Since colonial times, most of the historical mining production from the region was extracted from the Bolaños Mine which is located on the northern part of the Bolaños graben. The most recent operators like Kennecott and Cyprus developed the mine into a 1,500 tpd underground mining and processing operation during the early 1980s.

At the San Martín area, past mining developments included primarily underground workings in the Zuloaga vein with some drifting at the Ballenas, Mancha, Plomosa, Melón and Hedionda and partial discoveries of the La Blanca, Condesa, Cinco Señores, and Rosario veins among other smaller mine developments. According to historical records, over 41 million silver equivalent ounces have been extracted from about 6.1 million tonnes of mineral reserves from the property since 1983.

In 1981, Mr. Héctor Dávila Santos purchased the San Martín property, developed the mine, constructed the process plant, and then began production in 1983. In 1997 First Silver Reserve, Inc. ("**FSR**") by way of reverse takeover, acquired all the shares of El Pilón and became the owner and operator of the San Martín Silver Mine. In April 2006 the Company entered into an irrevocable share purchase agreement to acquire a majority share interest of FSR from Mr. Dávila Santos. The Company took control of FSR and the San Martín Silver Mine in June 2006, and subsequently acquired the remaining shares of FSR pursuant to a business combination which closed on September 14, 2006.

Geological Setting

The San Martín mine lies in the southern part of the Sierra Madre Occidental, which is an extensive volcanic province extending from near the United States-Mexican border to the southeast into the states of Zacatecas and Jalisco. The province is composed of Tertiary age volcanic rocks that have been divided into a lower andesitic sequence of early Tertiary age (40 to 70 million years) and an upper rhyolitic sequence of middle Tertiary age (20 to 40 million years). Volcanism followed by faulting and mineralization occurred in the San Martín area during the late Miocene. Two distinct features have been recognized by different authors, the pre- and post-mineralization rock formations, and the marker unit Guásima Formation.

Exploration

Historically, at San Martín, exploration programs have been primarily based on direct development workings and complemented with limited drilling. This allows for mine preparation at the same time as the exploration advances along the mineralized structures. The steep topography in the mine area makes proper surface drilling difficult mainly because some veins dip against the slope of the mountain range. However, in recent years, and particularly since 2002, more extensive programs have been carried out consisting of exploration based on diamond drilling, both from underground accesses and surface.

A total of 67 kilometres of underground development has occurred at San Martín between the acquisition date of September 14, 2006 and December 31, 2014. A total of 9,566 metres were developed during 2014. This recent development program has been focused on the Rosarios, Hedionda, La Reyna and Guitarrona veins.

As at December 31, 2014, drilling has totalled 593 diamond drill holes with a total length of 97,781 metres, at an average depth per hole of about 165 metres. A total of 5,564 metres of drilling in 20 holes were completed at San Martín during 2014. Most of the drilling carried out during 2014 was for delineation of known veins and for exploration of the Lima and Intermedia veins discovered in 2013.

The Company's geological staff at San Martín includes four active geologists and other Company geologists active throughout the Company's other operations within México with full support from management, to carry out and supervise the exploration efforts in addition to 19 samplers and contractors for field work.

Mineralization

The San Martín mine was originally developed on the Zuloaga vein, which occurs along an east-west trending normal fault zone that dips 75 degrees to the north in average; the hanging wall of the fault was thrown-down 100 to 200 metres. The vein has been identified over a strike length of 3 kilometres, with a known vertical extent of about 350 metres. Production also occurs from the La Blanca Vein, a vertical split off of the Zuloaga vein. San Martin has carried out underground development workings along crosscutting veins to the Zuloaga vein providing access to other veins such as the Rosario, La Condesa, La Hedionda, La Huichola and La Esperanza veins which make up the current production. Additionally, in 2014, the Company started developing a crosscut to intersect the recently discovered and explored Lima and Intermedia veins.

The Rosario vein is recognized along strike for 3.8 kilometres and has a known vertical extension of about 130 metres. Mine workings developed along the vein include the Rosario mine, Old Rasario Mine, Huichola South, Mina del Agua, Condesa, and Cinco Señores. Its general orientation is to the north 30° west dipping 72° to the northeast. It occurs as a structurally-controlled mineralized breccia with oxidized mineralization and cemented with calcite and quartz. Channel sampling along the exploration drifts have indicated high-grade mineral concentrations in ore pockets the extension of which varies from a few metres up to about 150 metres in length and 1 metre to 15 metres in width. This long vein is intersected by other secondary veins such as La Hedionda, La Guitarrona, El Pitayo, La Reyna, and La Plomosa.

Drilling

Direct exploration development is integrated into the mine preparation programs, and for vein deposits this has proven to be the most cost effective method of exploration. For the period of December 31, 2013 to December 31, 2014, the El Pilón carried out drilling that consisted of 20 drill holes from underground sites for a total length of 5,564 metres. Additionally, for the same period, the Company developed about 9,566 metres of underground access development in drifts and crosscuts for exploration and drilling.

The current underground drilling at San Martín is carried out with Company owned equipment and contractor equipment. This includes electric powered drilling machines for underground operations, such as a Diamec 232. Deep underground drilling is normally assigned to independent contractors as well as the surface programs.

Core drilling is incorporated in the regular mining operations to test the vertical vein projections and both walls for mine planning as well as for geologic investigations. First Majestic's geology staff reports core recoveries of about 90 percent with exceptions in brecciated rock where it may drop to 50 percent. Core diameter used at San Martín is generally 37 millimetres ("**BQ**") for short underground drill holes and 48 millimetre (" **NQ"**) for long underground and surface drilling. The core is then logged by the geology staff and sampled.

Sampling, Analysis and Security

San Martín's current sampling team consists of four sampling crews with three employees each. Representative chip samples are taken with chisel and hammer, collected on tarp and deposited in numbered bags for transportation to the laboratory. Core samples are taken at the camp facilities after the core logging has been completed.

Exploration sampling for reserve delineation in the San Martín mine is conducted by drifting along the mineralized zone so that channel samples can be taken and diamond drilling can be conducted. Channel samples are the primary means of sampling in the mine and are taken perpendicular to the vein structure, across the back of the drift. Core drilling is conducted locally to test the upward and downward projections of the structural zone at a distance from the drifts. Core samples are BQ size, and generally good core recovery with an average of 90% reported for the entire hole and 85% for the mineralized zones.

Chip and channel samples are collected from drifts, crosscuts, ramps, and stopes as required. Sampling is based on the vein width and the size of the opening being sampled. Samples commence at the lower left of the exposure being sampled, and continue at approximately 1 metre or less intervals in a semi-circle round to the lower right. Sample lengths honour geological, structural and mineralization contacts. For channel sampling, two parallel saw cuts are etched 10 cm apart to provide a sample guide. Where needed, transverse saw cuts are made to facilitate hammer and chisel chipping. Samples are then taken as continuous chip samples to approximately 2 cm depth within the parallel saw cuts across the entire length of the half-circle. An average 1 metre long sample would weigh 1 to 2 kg. Channel samples are taken at approximately 3 metres intervals along the length of the drift.

Core drilling is conducted locally to test the upward and downward projections of the structural zone at a distance from the drifts. Core samples are BQ or NQ sizes in diameter, and holes are of generally good recovery with an average of 90% reported for the entire hole and 85% for the mineralized zones. Drill-hole data are locally included in the reserve calculations, but given the relatively small size of the core sample, it is conservatively applied. Drilling results are applied in the grade calculations giving more weight to the larger-size channel sample data.

Chip, channel, core, mine development and production, and plant samples are sent to San Martín's onsite laboratory for chemical analysis of silver and gold. In more recent years additional analyses by atomic absorption for lead and zinc in geology samples have become routine. A typical channel sample received by the laboratory, weighing approximately 4 kilograms, is passed through a jaw crusher to reduce it to minus 1.3-centimetre (1/2") size. A 500-gram split is taken and passed through a gyratory crusher to reduce it to minus 10-mesh (1/8") size. A 200 to 300 gram split is taken and placed in a drying oven at 150°C. After drying, the material is put into two pulverizers, one disk pulverizer and one ring and puck pulverizer, to control the metallic minerals, and to grind the rock to minus 100 mesh. The resulting pulp is homogenized and 10 grams taken for fire assay analysis of silver and gold for geology samples and concentrates; 20 grams for head samples and 1 gram for precipitate samples.

The 10-gram pulps are placed in fusion crucibles and placed into an electric furnace for fusion into a lead button. The lead buttons are placed in cupellation cupels and placed into an electric furnace for cupellation into a silver-gold bead. The bead is weighed and then put into nitric acid to dissolve away the silver and then the remaining gold bead is weighed again. The final gold bead weight is the gold content, while the difference in weight is the silver content for the samples.

To evaluate sample quality control, the Company performs multiple assays, up to three times on some samples, and periodic check analyses on samples. Pulp checks are systematically inserted every 20 samples and since 2004, the checks have been sent each month to Chemex Laboratories, SGS Laboratories, Met-Mex Peñoles Laboratory and to Laboratorio Industrial Metalurgica Herrera.

RPM reported that their review of field duplicates, lab duplicates, pulp duplicates, and duplicates analyzed at a secondary lab found that with consideration of the nature of the mineralization at the San Martín veins, there is an inferred satisfactory level of precision in the results reported by the onsite San Martín lab. The detailed review of the available standard and blank results found some limitations, but has overall inferred a satisfactory level of accuracy within the silver results reported by the onsite lab at San Martín. Gold started to be assayed at the San Martín lab in 2013; assay checks are being carried out at La Parrilla´s Central Lab systematically to assess precision and accuracy.

Review by RPM of secondary check sample results reported has found that the levels of bias are not significant enough to cause RPM to be concerned with the original reported sample assay quality.

Mineral Resources and Mineral Reserves

The Company uses conventional, manual methods, assisted by computer databases, to estimate the tonnage and average grades of the mineral resources and reserves. No further independent resource estimates have been conducted since December 31, 2012, the effective date of the San Martin Technical Report. The following table sets out the most recent Mineral Reserve estimate for the San Martín Silver Mine prepared and reviewed by the Company's internal Qualified Person, Mr. Ramon Mendoza Reyes, P.Eng. as of December 31, 2014.

TABLE 11
San Martin Mineral Reserves with an effective date of December 31, 2014
(based on internal estimates prepared under the supervision of FMS Qualified Person)

SAN MARTIN MINERAL RESERVES WITH AN EFFECTIVE DATE OF DECEMBER, 31, 2014

Mine	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
SAN MARTIN	Proven (UG)	Oxides	1,024	224	0.18	237	7,359	7,790
	Probable (UG)	Oxides	1,813	188	0.04	191	10,960	11,107
	Total Proven and Probable (UG)	Oxides	2,837	201	0.09	207	18,319	18,897

(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 estimates, incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) Cut-off grade considered for oxides was 165 g/t Ag-Eq and is based on actual and budgeted operating and sustaining costs.
(3) Metallurgical recovery used was 74% for silver and 92% for gold.
(4) Metal payable used was 99.6% for silver and 95% for gold.
(5) Metal prices considered were $20 USD/oz Ag, $1,200 USD/oz Au.
(6) Silver equivalent grade is estimated as: Ag-Eq = Ag Grade + (Au Grade x Au Recovery x Au Payable x Au Price) / (Ag Recovery x Ag Payable x Ag Price).
(7) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces.
(8) Totals may not add up due to rounding.

Table 12 sets out the most recent Mineral Resource estimate for the San Martín Silver Mine prepared under the supervision of the Company's internal Qualified Person, Mr. Jesus M. Velador Beltran, Ph.D. Geology as of December 31, 2014.

TABLE 12
San Martin Mineral Resources with an effective date of December 31, 2014
(based on internal estimates prepared under the supervision of FMS Qualified Person)

SAN MARTIN MEASURED AND INDICATED MINERAL RESOURCES WITH AN EFFECTIVE DATE OF DECEMBER 31, 2014

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
SAN MARTIN	Measured (UG)	Oxides	1,240	254	0.26	273	10,128	10,882
	Indicated (UG)	Oxides	1,819	220	0.11	228	12,878	13,360
	Total Measured and Indicated (UG)	Oxides	3,059	234	0.17	246	23,006	24,242

SAN MARTIN INFERRED MINERAL RESOURCES WITH AN EFFECTIVE DATE OF DECEMBER 31, 2014

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
SAN MARTIN	Inferred Total (UG)	Oxides	5,541	216	-	216	38,502	38,502

(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 estimates, incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) Cut-off grade considered for oxides was 150 g/t Ag-Eq and is based on actual and budgeted operating and sustaining costs.
(3) Metallurgical recovery used was 74% for silver and 92% for gold.
(4) Metal payable used was 99.6% for silver and 95% for gold.
(5) Metal prices considered were $22 USD/oz Ag, $1,350 USD/oz Au.
(6) Silver equivalent grade is estimated as: Ag-Eq = Ag Grade + (Au Grade x Au Recovery x Au Payable x Au Price) / (Ag Recovery x Ag Payable x Ag Price).
(7) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces.
(8) Totals may not add up due to rounding.
(9) Measured an Indicated Mineral Resources are reported inclusive or Mineral Reserves.

The resource estimation contained in Table 12 is based on projections of the mineralized zones of 25 metres from the data points obtained from drillholes and channel samples for the Measured Resources, and another 25 metres beyond the boundaries of the Measured Resources for the blocks of Indicated Resources. The grade for these blocks is determined from the grade estimated for the adjacent reserve blocks, and sampling in mine workings and drill holes located within the block area.

The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Mineral Reserves.

Mining Operations

From 1983 to 2014 mining operations at San Martín included underground operations at the Zuloaga vein which was largely developed through six main adit levels at an approximate 35 metre vertical separation. Each one of the levels has been developed to a maximum extension of approximately 3,000 metres, with interconnecting ramps between levels, and all have surface access to the Cerro Colorado hillside. Since 1983 to the December 31, 2012 cut-off date, over 5.4 million tonnes of silver ore have been extracted and processed for sales of approximately 38.1 million ounces of silver, including some gold and lead. Most of the San Martín ore production has been mined from the Zuloaga vein, with only minor production extracted from the La Blanca, Rosario, Cinco Señores, Condesa, and La Esperanza veins as this production only commenced in 2014.

The old mine was developed on the Zuloaga vein, which has by far been the most extensively developed vein in the district, having accounted for about one-half of the silver production in the district. The mining operation on the Zuloaga vein consists of six main levels and partial development in another three levels (Pinolea, San Carlos, La Escondida) spanning a vertical interval of approximately 350 metres. Main access levels are San José, Santa Maria, Ballenas, Cangrejos, San Pablo, San Juan and San Carlos, all with access from surface adits and various interconnecting ramps, from elevations of 1080 to 1600 metres above sea-level. Recent production now occurs from the La Blanca vein, a vertical split off the Zuloaga vein. The Zuloaga vein occurs along an east-west trending normal fault zone that dips an average 75 degrees to the north, with the hanging wall of the fault down-dropped 100 to 200 metres relative to the footwall.

During 2014 the Zuloaga mine has been taken out of production and replaced with production from the Rosario and Huichola vein systems. Mine development was focused at the Rosario, Hedionda, La Reyna and Guitarrona structures in order to bring these areas into production. There are eleven cut and fill stopes currently in production in these areas.

Mechanized cut and fill stopes are developed either directly on the vein or by first driving a drift on the vein and then driving a parallel drift about eight metres away, leaving a pillar between the drifts. Crosscuts are then driven about every 10 metres from the parallel drift through the pillar to the vein for ore extraction. Raises are driven as needed to provide access, services and ventilation. During the last three years a long-hole drill system has been operating to recover some ore that was left in the pillars. Stopes are mined by breasting down, and drilling is with a single-boom jumbo or with hand-held jackleg air drills. Blasting is performed using ANFO primed with sticks of water gel, which is initiated with a non-electric initiation device.

Underground loading and haulage is performed with two cubic yard, three cubic yard and five cubic yard LHD machines (Scooptrams) and 10 to 22 tonne capacity trucks. Mineralized material from the underground workings is hauled to stockpile areas near the main adits. This ore is loaded from the stockpiles with front-end loaders into 22-tonne capacity trucks for transport to the mill some 13 kilometres away over a gravel road. Ore haulage from the mine to the mill is performed by a contractor.

Since December 31, 2012, several improvements have been made at the mill in order to improve efficiencies, costs and throughput. These changes have resulted in increasing the mill throughput capacity to 1,300 tpd. Silver ore is processed by conventional cyanidation, using agitation in tanks, counter-current decantation (CCD) thickening, and precipitation of the dissolved silver and gold by cementation with zinc dust in the Merrill-Crowe process. The Company also runs additional processes including an acid wash and lead elimination processes prior to producing a final precipitate. The precipitate is then smelted to produce silver doré for shipment to commercial refineries. In addition to the cyanidation system, the plant can produce a gravity concentrate and there is also a flotation circuit which is presently in care and maintenance pending further capital investment and improved and sustained prices of lead and zinc. The average daily throughput in 2014 was 997 tpd all of which was through the cyanidation circuit for the production of silver doré.

Production for 2014 amounted to 363,952 tonnes grading 213 g/t Ag and 0.38 g/t Au resulting in total silver production of 1,833,618 ounces plus 284,644 ounces of silver equivalents from gold production for a total equivalent silver ounces of 2,118,262. Approximately 321, 000 tonnes of ore came out of the current delineated Reserve/Resource while 43,000 tonnes were mined from areas that were not included in any previous delineated estimates.

Since December 31, 2012, the cut-off date of the San Martin Silver Mine Technical Report mineral resource and mineral reserve estimate to December 31, 2014, a total of 686,570 tonnes have been mined from San Martín representing approximately 3.49 million ounces of silver equivalent (including gold). It should be noted that since the cutoff date of the Technical Report, 576,185 tonnes were mined from material included in the reserves and 110,385 tonnes were mined from material not in reserves.

Capital and Operating Costs

The site direct production costs for San Martín averaged $58.95 per tonne mined and milled during 2014. The San Martín direct production costs are based on the mining, milling and processing of 363,952 tonnes of oxide ore during 2014. The 2014 annual production costs averaged $10.13 per ounce of silver equivalent.

Capital expenditures for the San Martín mine operation during the last few years have mainly been for replacement of mine equipment and mine development and exploration. In 2013, management embarked on an expansion program to upgrade mine and plant facilities and increase the mill throughput from 900 tpd to 1,300 tpd, and capital spending for plant upgrades, including replacing undersize equipment with larger units or installing additional equipment. Throughput in the fourth quarter of 2014 reached 1,050 tpd.

Del Toro Silver Mine, Zacatecas State, México

Certain of the information on the Del Toro Silver Mine is based on the updated and restated technical report titled, "Technical Report for the Del Toro Silver Mine, Zacatecas State, México" prepared by Leonel Lopez, C.P.G. of RPM and dated August 20, 2012 (the "**Del Toro Technical Report**"). Mr. Leonel Lopez is an independent Qualified Person for the purposes of NI 43-101. The Del Toro Technical Report is an update of the previously filed technical report for the Del Toro Silver Mine dated May 18, 2012 and includes results of additional drilling and assays completed to June 30, 2012. The Del Toro Technical Report has been filed with the securities regulatory authorities in each province of Canada. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Del Toro Technical Report which is available for review on SEDAR at www.sedar.com.

Project Description and Location

The Del Toro Silver Mine is located near the municipality of Chalchihuites, in the northwestern part of the State of Zacatecas, México. The property is wholly-owned and operated by First Majestic Del Toro, S.A. de C.V. ("**FM Del Toro**"), a wholly-owned, indirect subsidiary of First Majestic.

The Del Toro Silver Mine consists of 39 mining concessions including 26 contiguous concessions, five concessions in a neighboring area, plus 8 other concessions that have been recently acquired by First Majestic and are under registration, covering a total mineral rights surface of 1,010 hectares (2,496 acres). These mining concessions include exploitation rights. Mexican mining concessions include mineral rights for a renewable period of 50 years from the date of the title. The earliest dates of renewal of First Majestic's concessions at the Del Toro Silver Mine are for the Perseverancia concession which has a renewal date of April 23, 2021. FM Del Toro owns all mineral rights in the concessions, including the recently acquired Beatriz, Zaragoza, Milagros, Ivone, Santa Clara 3 and Caridad.

The Verdiosa and Nueva India mining claims have a 1% NSR royalty capped at $200,000 and $500,000, respectively. There are no other encumbrances on the Del Toro Silver Mine mining concessions.

At the Del Toro mine, the access to San Juan, Perseverancia and most other mining prospects is open due to historical works and developments. First Majestic has acquired five parcels of surface rights covering 216.31 hectares (534.5 acres) from private owners for plant installations, tailings storage, and other project's requirements. Del Toro's Environmental Impact Study was approved and permits for change of the use of land were granted.

The Del Toro mine includes three main mineral deposits under exploitation, exploration and further development; San Juan and Lupita in the San Juan mine and San Nicolas vein in the Perseverancia mine plus two newer areas recently developed: the Dolores and Zaragoza mineral deposits. Four areas which are currently being defined by drilling and underground development are: Santa Teresa, Purisima, Carmen Consuelo and Lupita North. Ground breaking for the construction of a dual process 4,000 tpd plant commenced in April 2011. During 2014 the flotation circuits of the processing plant operated at an average rate of 1,400 tpd. Effective January 2014, the new cyanidation circuit was deemed commercial having reached commercial operating levels. However, due to a larger transition ore area within the San Juan mineralized deposit which contains high lead content and the reduction in the original investment plan, in May 2014 it was determined that the most economical method of production was to process this transition ore through flotation rather than cyanidation. Until sufficient oxide ores are delineated and developed, mineralized material from San Juan, Perseverancia, San Nicolas and other areas will be processed through flotation. After consolidating this change and some minor plant adjustments, the flotation circuit reached an average processing rate of 1,800 tpd in December 2014. Further expansion to 4,000 tpd has been deferred pending a management decision which will be based on future silver prices. The capital investment in the San Juan shaft, underground development and the installation of two SAG mills which are required to achieve 4,000 tpd was deferred.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Del Toro Silver Mine is located in the northwestern part of the state of Zacatecas, about 150 kilometres northwest of the capital city of Zacatecas in the bordering zone between the Sierra Madre Occidental and Mesa Central provinces. It is located at about 40 kilometres southeast of First Majestic's La Parrilla Silver Mine and approximately 120 kilometres southeast of the capital city of Durango. It is located at elevations of 2,300 metres to 2,900 metres while the adjacent Sierra Negra and Sierra Chalchihuites reach elevations of 3,000 m.

Access to the Del Toro Silver Mine is by highway 45 from Durango City, 120 kilometres to the southeast past the La Parrilla Silver Mine. Driving time from Durango to Chalchihuites is about two hours. The property boundary is located approximately one kilometre to the east of the village of Chalchihuites while the mill is located approximately three kilometres away and can be accessed by all-weather dirt roads.

Another route of access to Chalchihuites is from the city of Zacatecas by highway 45 to the northwest for 170 kilometres; from the city of Sombrerete a 50 kilometre highway leads west to the village of Chalchihuites. Driving time from Zacatecas to Chalchihuites is about 3 hours. The towns of Vicente Guerrero in the state of Durango (21,000 inhabitants at an elevation of 1,960 m) and Sombrerete in the state of Zacatecas (58,000 inhabitants at an elevation of 2,300 m) are located within 50 kilometres from the Del Toro Silver Mine area.

The Chalchihuites region's main economic activities are agriculture, cattle and mining. Electric power is provided by the national grid. Potable water is available to all the towns from water wells. The Gualterio railroad station is located 10 kilometres from Chalchihuites with connections to the rest of the country.

All basic facilities such as hotels, restaurants, telephone, including cellular, banking and postal service are available in most major population communities within the region. Elementary and secondary schools are available in all medium to major cities within the region. Higher education institutions are established in Durango and Zacatecas cities. Airports with service for international flights are available at Durango and Zacatecas cities, at 2.5 hours and 3 hours driving distance respectively from the Del Toro Silver Mine.

Approximately 4,000 inhabitants live in the village of Chalchihuites. Numerous other villages and towns are located within the mining district, such as José María Morelos (about 1,000 inhabitants), San José de Buena Vista (700 inhabitants), El Mineral de La Colorada (500 inhabitants), La Candelaria (500 inhabitants), Piedras Azules (400 inhabitants) and El Hormiguero (300 inhabitants).

The climate of the Del Toro Silver Mine area is moderate with average annual temperatures of 16˚C to 18˚C and semi-wet with annual total rainfall of 600 millimetres to 700 millimetres. The main rainy season occurs during the months of July to October.

Vegetation in the area consists of xerophile plants in the lower elevations, including cactuses (maguey, nopal and biznaga) and grasslands, while in the higher elevations the predominant vegetation consists of coniferous or evergreen oak forests (pine and oak trees). Most farming (corn, beans, chiles, wheat and some fruit trees such as apples and peaches) in the area takes place in the valleys and lower elevation zones.

History

The Del Toro Silver Mine is located near the municipality of Chalchihuites, in the northwestern part of the state of Zacatecas, México. According to historical references during the period of 1554 – 1558, the Spanish captains Martín Pérez and Francisco Ibarra carried out expeditions to explore the Sombrerete, Chalchihuites and San Martín mineral zones.

First Majestic initiated investigations in the Chalchihuites area in late 2004 under option agreements. First Majestic has consolidated ownership of a group of 39 properties in the Del Toro area. This group of properties includes the San Juan and Perseverancia silver deposits. The newly discovered San Nicolás mineralization is located within the Perseverancia group of properties.

Mineral deposits of the Chalchihuites mining district (the "**Chalchihuites District**") consist of underground silver-gold-lead-copper mines. The Chalchihuites District comprises numerous small mine developments located around a regional granodiorite intrusive within metasomatic rocks at the contact with Cretaceous limestones. Mineralized structures include vein-type, manto replacement, and breccia pipe deposits. Most mine workings within the Chalchihuites District are superficial developments with exceptions at the San Juan silver mine where a 90 metres deep shaft was developed to extract some of the high grade silver minerals, and at the Perseverancia silver mine where two shafts were developed following two adjacent breccia pipe deposits to a depth of about 200 metres. No official records exist of mineral production from the Chalchihuites mines; however, historical production by surveying volumes of old stopes within the San Juan and Perseverancia mine workings suggest that approximately 4 million oz of silver were extracted from these mines at an estimated grade of about 700 g/t Ag, 10 % to 35% Pb and 2 to 3% Zn. The Perseverancia mine was operated by Mr. Raúl Mazatán for a period of 23 years until 1997 shipping 150 to 300 hand-sorted ore tonnes per month to the Peñoles smelter in Torreón city. The ore was reported to contain 1,500 to 3,000 g/t Ag and 20 to 40% Pb in sulphides.

Geological Setting

The Chalchihuites District consists of multiple mineral occurrences enclosed by skarns which surround a regional intrusive and various satellite stocks of granodiorite composition intruding Cretaceous limestone rocks of the Cuesta del Cura and Indidura Formations.

Regional geology of the Chalchihuites District is dominated by a 15 kilometre-long north 60˚west anticline. This structure is composed of an uplifted sedimentary calcareous sequence of Cretaceous rocks intruded by a granodiorite intrusive with approximate dimensions of seven kilometres by one kilometre. The Del Toro Silver Mine mineral deposit's geology consists of mineralized structures within skarn and granodiorite along the contact zone between the intrusive stock and sedimentary rocks of the Indidura and Cuesta del Cura Formations.

The Chalchihuites District mineral occurrences generally consist of silver/lead/zinc/copper in oxidized and sulphide mineral concentrations. At present, First Majestic's exploration in the Del Toro Silver Mine area is focused in the San Juan, Lupita, Dolores, and San Nicolás mineral deposits. The San Juan deposit comprises three silver/lead/zinc mineral concentrations identified by underground workings and drilling. These mineral concentrations consist of mineralization with oxides in the upper parts, a transition zone where the mineralization is a mixture of oxides and sulphides and mainly sulphides at depth. The Perseverancia deposit comprises two high grade breccia pipes with silver/lead/zinc in sulphides. The Dolores, Lupita, Zaragoza and San Nicolás consist of vein deposits which have been developed during 2013 and 2014.

Exploration

Since the acquisition of the Del Toro, First Majestic has conducted an exploration and development program that includes ramps construction, drifting and crosscutting into the old working areas of the San Juan, San Nicolás, Perseverancia, and Dolores areas to access the mineralized zones and for preparation of underground workings for drilling sites.

First Majestic's exploration, preparation and development program for Del Toro has been focused on the investigation of four main mineral deposits within the Chalchihuites District; San Juan which includes four mineral domains or deposits (Ore bodies 1, 2, 3, Zinc body) and the new Lupita vein, Perseverancia which includes the San Nicolas vein and two chimneys, and the Dolores vein system. Other target areas within the property explored in 2014 are the Zaragoza-Huitron vein, Santa Teresa-Purisima and Carmen-Consuelo.

First Majestic has carried out two geophysical investigations to confirm previous studies within the Del Toro property. These investigations have confirmed the presence of significant IP, resistivity and magnetic anomalies in skarn and intrusive rock. In addition, First Majestic carried out a systematic geochemical exploration survey over the whole property to complement the geophysical surveys. The geochemical program included a total of 1700 soil and rock samples to confirm and assess some of the target areas resolved by the geophysical surveys. Lead, zinc and silver geochemical anomalies were resolved and defined exploration targets are being investigated. Geochemical samples were collected on a 50 by 100 metres grid and quality controls (reference standard materials, blanks, duplicates and pulp checks) were inserted in every sample batch prior to submission to the laboratory. All the samples were analyzed at the La Parrilla's Central Lab and pulp checks were analyzed at SGS. The geochemical and geophysical surveys resolved anomalies that in combination with geologic mapping have resulted in the definition of new exploration targets; e.g. Fanny-Lupita, Zaragoza-Huitron, Carmen-Consuelo, Santa Teresa-Purisima and Cotorras. The targets have been classified into shallow vein targets (structurally controlled) and deep massive sulphide replacement targets.

Mineralization

Mineralization at the Chalchihuites District is a typical assemblage of metasomatic deposits and hydrothermal vein deposits with high silver content. These mineral assemblages have been affected by oxidation and secondary enrichment processes. The assemblages mainly consist of pyrite, sphalerite, galena, some chalcopyrite, argentite and other silver sulfosalts associated with calcite and quartz as gangue minerals. Oxidation and secondary enrichment of these sulphides makes up the mineral concentrations in the upper parts of the deposits, such as the Cuerpo Uno at the San Juan deposit, which contains silver species such as: ceragyrite and achantite, carbonates (cerussite, hydrozincite, hemimorphite, malachite, azurite), sulfates (anglesite, willemite, jarosite), and iron oxides, hematite and goethite.

Drilling programs at the Del Toro mining district have been limited by past operators since the best exploration results may have been obtained through underground development. However, First Majestic has obtained positive results by increasing the amount of drilling to define the extent of known deposits and to evaluate new mineralized zones, as well as to investigate the continuity of ore shoots along strike and to depth for development.

In 2005, First Majestic initiated a drilling program to explore the various areas of interest within the Del Toro holdings. The initial campaign was completed between 2004 and June 2012 and consisted of 141 diamond drill-holes, for a total drilled depth of 45,143 metres that were drilled in San Juan, Perseverancia, Dolores and San Nicolas. From the last Technical Report with cut-off date of June 30, 2012 to December 31, 2014 the exploration program has continued with a total of 176 holes have been drilled for a total depth of 35,410 metres.

Drilling

First Majestic has been drilling within the Del Toro property limits since November 2005, shortly after executing an option agreement to acquire the Perseverancia group of properties.

First Majestic's exploration drilling program at Del Toro up to December 31, 2014 included a total of 317 holes for a total drilled depth of 80,553 m. During 2014, First Majestic drilled 7,145 metres in a total of 53 drill holes of which 42 were underground and 11 were from surface.

First Majestic's drill hole database is compiled in electronic format, which contains collar, assay intervals, lithology, and assay information with gold, silver, lead and zinc values. The sample database does not include the mine channel samples. Most of the holes are drilled at an angle to intersect vein or mineralized structures that generally dip at near vertical angles. Based on geologic interpretations, First Majestic has detected no apparent deviations in drill holes. First Majestic implemented a down-hole surveying procedure which is performed during drilling every 50 metres. Core recoveries of 90% or greater are generally obtained from underground or surface drill-holes. From June 30, 2012 to December 31, 2014, a total of 35,410 metres were drilled and all of the drill-hole information has been incorporated into a digital database.

Core logging is performed by Del Toro's exploration geologists in each of the areas being investigated. The geologists also determine the sample intervals. Samples are generally taken according to geologic features generally at less than 1.50 metres sample intervals. Trained assistants are in charge of core measuring to determine recoveries, splitting and sampling as per the geologist's indications. All core samples from the 2014 exploration campaign were sent for assaying to the SGS certified laboratory in Durango. Quality controls such as reference standard materials, coarse and pulp blanks, field, coarse and pulp duplicates and pulp checks are inserted in every sample batch from exploration drilling.

Geologic interpretations carried out by First Majestic geologists on site were based on cross sections at 30 metres spacing along the strike of the mineralized structures. Plan view interpretations are prepared at about 10 metres elevation intervals. These sections and plan view maps are the basis for the Mineral Resource estimates.

Grades of resource blocks are estimated using drill-hole intercepts and channel samples along drifts and crosscuts in underground.

Sampling and Analysis and Security of Samples

The current sampling team at the Del Toro mine consists of three sampling crews with three employees each for underground and channel sampling, one sampler for drill core, and one sampling supervisor. This process is managed by two project geologists.

All samples are placed in pre-numbered bags which are sealed including sample number inside and outside of the bags. The individual sample bags are collected in sacs that contain all the samples of one drill hole or one mine stope.

All the sealed sacs including individual drill hole or mine stope samples are collected by a representative person of the lab. Channel samples and production drilling core samples are sent to the mine's laboratory and all the exploration core and chip samples are sent to the SGS laboratory in Durango. Custody of the samples remains with the First Majestic project geologist until delivered to the representative of the external lab.

Exploration sampling for Resources delineation at Del Toro is conducted by drifting, crosscutting and ramps construction for access to the mineralized zones so that channel samples can be taken. Channel samples are the primary means of sampling in the mine workings and are taken perpendicular to the vein structures, across the back of the drift and across the drifts and workings, generally from the footwall towards the hanging wall of the mineralized structure. Sampling crews take channel samples at regular intervals of 2 metres to 3 metres, typically with several samples along every sampling channel on new openings (drifts, crosscuts, ramps, stopes, etc.). Channel samples are taken in consecutive lengths of less than 1.50 metres along the channel, depending on geologic features. Channel samples are taken with chisel and hammer, collected in a canvas tarp and deposited in numbered bags for transportation to the laboratory.

A channel "line" typically consists of two or more individual samples taken to reflect changes in geology and/or mineralogy across the mineralized structural zone. Each sample weighs approximately 4 kilograms. All channels for sampling are painted by the geologist and numbered on the drift's walls for proper orientation and identification. First Majestic has implemented this channel sampling procedure in all its operations and exploration projects. All Del Toro Silver Mine channel samples are sent for assaying to Inspectorate Labs for assaying.

Current assay QA/QC program followed at Del Toro consists of the following quality control samples, which represent an insertion rate of 20% of the original samples: three reference standard materials, coarse and pulp blanks, field, coarse and pulp duplicates and pulp checks that are sent to a commercial certified laboratory for every sample batch. Quality assurance consists of performing basic statistics for assays of the quality controls and doing visual inspection on correlation plots prepared with the assay data of the quality controls.

Sampling of the drill core is done after the core has been logged by the project geologists. The geologist marks the core on the basis of geologic and mineralization features. Then the sampling crew splits the core with a diamond saw, as indicated by the geologist and one half of the core is placed in a numbered bag and sent to SGS Lab in Durango City.

Drill-hole data is included in the Resources calculations, and is generally applied at Del Toro in the Resource projections. Drilling results are applied in the grade calculations giving more weight to the larger-size channel sample data.

Mineral Resources and Mineral Reserves

Exploration studies at the Del Toro from 2004 to December 31, 2014, add up to 314 drill holes completed from underground and surface sites with a total of 80,553 metres drilled; 15 kilometres of geophysical surveying (IP/RA), program covering 2,325,000 square metres of aeromagnetic investigation; and over 1,700 soil and rock samples for geochemical research taken at a 50 by 100 metres spacing and covering the whole property.

Geologic interpretations of the San Juan deposits indicate the presence of several vein-like and replacement deposits, while drilling at Perseverancia shows continuity at depth of two high-grade chimneys, which suggests that significant silver, lead and zinc deposits within the Del Toro property may still remain to be explored. During the Perseverancia ramp development a new mineral deposit was discovered in November 2011, being the San Nicolas vein deposit whose continuity has been mapped on surface outcrops and small old workings for an extension of over 1 kilometre. Development is now in progress at the San Nicolas vein. The Company’s planned exploration program for 2015 is focused on expanding resources around the known veins and chimneys in San Juan, Perseverancia, drilling shallow vein targets around Lupita and Purisima veins and deeper chimney and manto type targets around Perseverancia mine. A surface drilling program is also planned to explore for oxides at shallow depths in the Purisima and Santa Teresa areas. First Majestic continues with an exploration program in the area with the goal of increasing, upgrading and adding new resources at Del Toro.

The following table shows the most recent Mineral Resource estimates for the Del Toro Silver Mine prepared under the supervision of the Company’s internal Qualified Person, Mr. Jesus M. Velador Beltran, Ph.D. Geology, as of December 31, 2014:

TABLE 13
Del Toro Mineral Resources with an effective date of December 31, 2014
(based on internal estimates prepared under the supervision of FMS Qualified Person)

DEL TORO MEASURED AND INDICATED MINERAL RESOURCES WITH AN EFFECTIVE DATE OF DECEMBER 31, 2014

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
DEL TORO	Measured (UG)	Transition	538	185	0.04	2.6	2.6	257	3,198	4,450
	Indicated (UG)	Transition	549	180	0.06	2.9	1.9	258	3,176	4,544
	Total Measured and Indicated (UG)	Transition	1,087	182	0.05	2.7	2.2	257	6,373	8,994
	Measured (UG)	Sulphides	1,150	182	0.08	3.3	2.3	272	6,726	10,048
	Indicated(UG)	Sulphides	1,747	255	0.21	4.6	4.6	394	14,315	22,128
	Total Measured and Indicated (UG)	Sulphides	2,897	226	0.16	4.1	3.7	345	21,041	32,176
	Total Measured and Indicated (UG)	Transition +Sulphides	3,984	214	0.13	3.7	3.3	321	27,414	41,169

DEL TOROR INFERRED MINERAL RESOURCES WITH AN EFFECTIVE DATE OF DECEMBER 31, 2014

Mine / Project	Category	Mineral Type	ktonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
DEL TORO	Inferred (UG)	Transition	1,457	186	0.04	2.6	2.2	257	8,699	12,031
	Inferred (UG)	Sulphides	4,211	176	0.13	3.8	5.3	297	23,821	40,156
	Inferred Total (UG)	Transition +Sulphides	5,669	178	0.11	3.5	4.5	286	32,520	52,187

(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 estimates, incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) Cut-off grade considered for transition and sulphides minerals was 195 g/t Ag-Eq and is based on actual and budgeted operating and sustaining costs.
(3) Metallurgical recovery used for transition and sulphides minerals was 72% for silver, 75% for gold, 52% for lead and 15% for zinc.
(4) Metal payable used was 95% for silver, gold and lead and 85% for zinc in concentrates produced from transition and sulphides minerals.
(5) Metal prices considered were $22 USD/oz Ag, $1,350 USD/oz Au, $0.95 USD/lb Pb and $1.00 USD/lb zinc.
(6) Silver equivalent grade is estimated as: Ag-Eq = Ag Grade + [(Au Grade x Au Recovery x Au Payable x Au Price) + (Pb Grade x Pb Recovery x Pb Payable x Pb Price) + (Zn Grade x Zn Recovery x Zn Payable x Zn Price)] / (Ag Recovery x Ag Payable x Ag Price).
(7) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces.
(8) Totals may not add up due to rounding.
(9) Measured an Indicated Mineral Resources are reported inclusive or Mineral Reserves.

For resource estimation, the cross sectional area of mineralization is drawn on each of the blocks using CAD software and the assayed sample lengths. Tonnage and grade are based largely on channel and core samples. Mineralized blocks range in length according to variable extensions of the ore shoots along the veins and breccia or mineralized zones. The vertical extension of the ore blocks is projected at half distance between contiguous drift levels. The vertical extent of the measured blocks is generally 25 metres, the extent of the indicated blocks is an additional 25 metres and the extent of the Inferred Resource blocks is generally 50 metres. The estimated resource blocks may be limited by underground levels and previous mining extraction. Longitudinal projections depend on the drift development along the mineralized zones and known ore shoot continuity. The Del Toro Mineral Resource estimates are based on accessible underground workings and drill-hole intercepts.

The Del Toro Mineral Reserves are estimated from the resource blocks by applying modifying factors that include mining dilution and factors of mining extraction. Proven Mineral Reserves are estimated based on the Measured Mineral Resource blocks and Probable Mineral Reserves are estimated based on the Indicated Mineral Resource blocks. The following table shows the most recent Mineral Reserve estimates for the Del Toro mine prepared under the supervision of the Company's internal Qualified Person, Mr. Ramon Mendoza Reyes, P.Eng. as of December 31, 2014:

TABLE 14
Del Toro Mineral Reserves with an effective date of December 31, 2014
(based on internal estimates prepared under the supervision of FMS Qualified Person)

DEL TORO MINERAL RESERVES WITH AN EFFECTIVE DATE OF DECEMBER 31, 2014

Mine	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
DEL TORO	Proven (UG)	Transition	511	156	0.03	2.0	2.1	231	2,560	3,792
	Probable (UG)	Transition	589	157	0.06	2.6	1.6	224	2,964	4,248
	Total Proven and Probable (UG)	Transition	1,100	156	0.05	2.3	1.8	227	5,523	8,040
	Proven (UG)	Sulphides	1,097	148	0.08	2.7	1.8	229	5,206	8,063
	Probable(UG)	Sulphides	1,991	218	0.18	4.0	3.9	347	13,931	22,218
	Total Proven and Probable (UG)	Sulphides	3,088	193	0.15	3.5	3.2	305	19,138	30,281
	Total Proven and Probable (UG)	Transition + Sulphides	4,187	183	0.12	3.2	2.8	285	24,661	38,321

(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 estimates, incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) Cut-off grade considered for transition and sulphides minerals was 215 g/t Ag-Eq and is based on actual and budgeted operating and sustaining costs.
(3) Metallurgical recovery used for transition and sulphides minerals was 72% for silver, 75% for gold, 52% for lead and 15% for zinc.
(4) Metal payable used was 95% for silver, gold and lead and 85% for zinc in concentrates produced from transition and sulphides minerals.
(5) Metal prices considered were $20 USD/oz Ag, $1,200 USD/oz Au, $0.95 USD/lb Pb and $1.00 USD/lb zinc.
(6) Silver equivalent grade is estimated as: Ag-Eq = Ag Grade + [(Au Grade x Au Recovery x Au Payable x Au Price) + (Pb Grade x Pb Recovery x Pb Payable x Pb Price) + (Zn Grade x Zn Recovery x Zn Payable x Zn Price)] / (Ag Recovery x Ag Payable x Ag Price).
(7) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces.
(8) Totals may not add up due to rounding.

Mining Operations

In early 2011, based on positive exploration results and favorable economic evaluations, First Majestic's management decided to construct a mill and process plant for the Del Toro mine, consisting of flotation circuits as well as a counter-current decant cyanide circuit, and initiate stope and ancillary underground development at the San Juan, San Nicolás, Perseverancia and Dolores mineralized areas. Upon completion of the sulphide recovery circuit for the mill and process plant, First Majestic declared commercial production in April 2013 with a total of 285,491 tonnes processed in 2013. The start-up of the counter-current decant cyanide recovery circuit for oxidized silver and gold ore began operations on October 20, 2013 reaching commercial production by January 1, 2014.

The Del Toro mining operations include production from three different underground areas, each of which is planned to be developed as an independent operation. These operations are San Juan, Perseverancia/San Nicolás and Dolores.

The major part of Del Toro's Mineral Resource and Mineral Reserve are located within the San Juan area, which contains transitional ore and the bulk of the sulphide ore. The principal access to the San Juan area is a decline, driven from the surface during the exploration phase of the project, and which is being continued as the principal access for ore body development as well as for use as an ancillary haulage way and service facility. This decline has been driven at a cross-section of 4.5 by 4.5 metres at a maximum gradient of 12%. It has been extended to the 11 Level (2,140 metres above sea-level), and the total length driven to date is about 6,160 metres. This decline, which will mainly be used for personnel, equipment and supplies transport once the ore hoisting shaft is completed, is expected to be extended to the bottom of the No. 3 ore body as the mine is deepened.

A major access decline has also been driven into the Perseverancia and San Nicolas, Dolores ore zones and the most recent in the Zaragoza area. Each of these has also been driven at a 12% gradient, and the lengths are about 1,830 metres, 2,880 metres, 1390 metres and 320 metres, respectively. The first three workings were also commenced during the exploration phase of the project and are being continued for stope development accesses and ore haulage.

The stoping method selected for mining the near-vertical veins and ore bodies of De Toro is overhand cut and fill stoping, with or without in-situ support (post) pillars, with delayed backfill. Pillar support will be required in both the San Juan and Perseverancia ore zones because of the fair to poor ground conditions within the ore zones in these areas. The minimum mining width for all the cut and fill operations is 2 metres.

First Majestic's production plan has been modified and is based on processing 731,000 tonnes of sulphides and transitional ore in 2015. Due to the large transition ore area within the San Juan ore body which contains high lead content, at the end of the second quarter of 2014 it was determined that the most economical method of production is to process the transition ore through flotation rather than cyanidation. As a result of the plant reconfiguration and addition of a regrinding area, silver recoveries increased consistently throughout the second half of the year, with silver recoveries reaching 80% at the end of 2014.

Since the cut-off date of the Del Toro Technical Report mineral resource and mineral reserve estimates, to December 31, 2014, approximately 5.61 million ounces of silver-equivalent (including gold, lead and zinc) have been produced from the mine. Production at Del Toro for the year ended December 31, 2014 amounted to 629,492 tonnes of ore of which 95% of the ore was mined from areas previously identified in the reserves estimates and 5% of the ore were was mined from material not in reserves.

Cost and Capital Expenditures

The site direct production costs for Del Toro averaged $62.52 per tonne mined and milled during the year 2014. The Del Toro site direct production costs are based on the mining, milling and processing of 629,492 tonnes of ore during 2014. The annual production cost averaged $10.70 per ounce of silver equivalent in 2014. These operating costs were affected by the fact that the power line installation was completed in September 2014 and power had been supplied by diesel generators for the first 9 months of the year.

Capital expenditures to bring the mines into production were divided in three phases, phase 1 included mine development and construction of the flotation plant with a total of $59.2 million. Phase 2 included the construction of the cyanidation plant with a total of $57.8 million. Phase 3 included the completion of the new power line, the new tailings pond and tailings containment area with a total of $8.1 million spent in 2014.

La Guitarra Silver Mine, México State, México

First Majestic secured indirect ownership of the La Guitarra Silver Mine on July 3, 2012 when it acquired all of the issued and outstanding common shares of Silvermex pursuant to the Silvermex Plan of Arrangement.

Certain of the information on the La Guitarra Silver Mine is based on the Technical Report titled, “Technical Report for the La Guitarra Silver Mine, Temascaltepec, México” prepared by Maria E. Vazquez Jaimes, P.Geo., Jesus M. Velador Beltran and Ramon Mendoza Reyes P.Eng., dated March 15, 2015 (the “**2015 La Guitarra Technical Report** ”). Mrs. Maria E. Vazquez Jaimes, Mr. Jesus M. Velador Beltran and Mr. Ramon Mendoza Reyes are Qualified Persons for the purposes of NI 43-101, and as employees of First Majestic Mrs. Vazquez, Mr. Velador and Mr. Mendoza are not considered independent.

La Guitarra Silver Mine comprises two operating mines: La Guitarra and Coloso and three exploration areas: Nazareno, Mina de Agua and El Rincon. The 2015 La Guitarra Technical Report includes results of an updated resource model for the Coloso area prepared for First Majestic by Amec Foster Wheeler under the supervision of Mr. Gregory Kenneth Kulla P. Geo. It also includes First Majestic’s revision of the resource estimates for La Guitarra and Nazareno areas and work on the other exploration areas that has been supervised by Mr. Jesus M. Velador Beltran. All the reserves estimates have been prepared internally by First Majestic under the supervision of Mr. Ramon Mendoza Reyes based on assumptions and factors reflecting the implemented underground mining method and the processing method based on the flotation circuit currently in operation. The 2015 La Guitarra Technical Report has been filed with the securities regulatory authorities in each province of Canada. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the 2015 La Guitarra Technical Report which is available for review on SEDAR at www.sedar.com.

Property Description and Location

The La Guitarra Silver Mine is a producing property situated within the Temascaltepec mining district (the " **Temascaltepec District**") in the Municipality of Temascaltepec, State of México, México, approximately 130 kilometres southwest of México City. It is comprised of 44 exploitation concessions covering 44,477 hectares (109,900 acres), which are operated and owned by La Guitarra Compañia Minera S.A. de C.V. ("**La Guitarra Compañia**"), an indirect wholly-owned subsidiary of First Majestic. Some concessions are in the municipalities of Valle de Bravo and San Simón de Guerrero. La Guitarra Compañia directly holds title to 44 mining concessions.

All concessions have an annual minimum investment to complete, and an annual mining tax to be paid to keep the concessions in good standing. All concessions are exploitation concessions that have a 50 year life, and can be renewed as long as the mine is active. Of the current concessions, the oldest were granted in 1983 and the most recent in 2007.

Surface rights in the area of the mining concessions are held both privately and through group ownership either as communal lands, or Ejido lands.

La Guitarra Compañia currently leases surface rights covering 62 hectares from the community of La Albarrada under a Temporary Occupation Agreement in effect for 15 years commencing January 1, 2012. The current areas of operations, the existing mill and the majority of the existing infrastructure are located within these 62 hectares. La Guitarra Compañia owns 420 hectares of surface rights covering the northwest portion of the outcropping Creston bulk tonnage target and the Nazareno area of the property. La Guitarra Compañia also owns 34 hectares of surface rights in the Municipality of San Simon de Guerrero, which cover part of the Santa Ana Vein. Negotiations with the community of Mina de Agua are being conducted in order to allow the Company to access the old Mina de Agua mine. In order to expand operations in other areas, First Majestic may need to purchase additional surface rights or negotiate additional temporary occupation agreements.

There are no royalties in effect over First Majestic's concessions at La Guitarra.

La Guitarra Compañia has all necessary permits for current mining and processing operations, including: an operating license, water use permit, Environmental Impact Authorization ("**EIA**") for La Guitarra and Coloso mines, exploration permits for Nazareno, Tlacotal, Trancas, La Guitarra NW, Temascaltepec and San Simon projects.

The application to obtain an EIA for operation in Mina de Agua is in the assessment stage by the Mexican environmental agency; additionally, a request to increase the authorized volume of water use has been submitted to the authorities.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Temascaltepec District and La Guitarra Silver Mine are located approximately 130 kilometres southwest of México City and approximately 65 kilometres from Toluca, México state's capital. La Guitarra is at an elevation of approximately 2,100 metres. The nearest local town is Temascaltepec, which is approximately 6 kilometres from La Guitarra Silver Mine.

International airports are located in both México City and Toluca. Major population centres in the area include Temascaltepec, San Simon de Guerrero and Valle de Bravo. There are paved roads throughout the Temascaltepec District. Current areas of operations are situated less than 2 kilometres from paved roads and are easily accessible by two-wheel drive vehicles. As the Temascaltepec District has a long history of mining, most areas of potential interest are located within a few hundred metres of gravel or paved roads.

The climate in the area is moderate in temperature and very humid. The average annual temperature is about 18°C. The warm month average may be as high as 26°C and the cold month average may be in the order of 8°C. The majority of the approximately 1,200 millimetres of annual rain falls during the summer months from June to September. Evaporation is relatively high and exceeds the precipitation.

The La Guitarra Silver Mine has good access to local infrastructure and services. Telephone and high speed internet connection for the mine site are provided by a link to the town of Temascaltepec. The local communities provide a large labour pool to draw from, and sufficient accommodation to support any current or anticipated levels of staffing from kilometres outside the area. The national power grid crosses the property within 700 metres of the existing mill and offices. All current and projected production centres are near natural water sources. Medical clinics are located in the communities of Temascaltepec and San Simon de Guerrero, and hospitals are located in Valle de Bravo and Toluca. Proximity to the major industrial centres of Toluca and México City provides access to a large variety of suppliers.

The infrastructure at the mine site consists of an analytical laboratory, drill core storage facilities, a flotation plant and mill, offices, repair shops, and warehouses. The various buildings at the mine site are joined together in a computer network. Water is supplied from the mine workings and surface streams. The mine holds the right to take 192,000 cubic metres of water per annum from the Temascaltepec River.

The mine and the plant facilities at La Guitarra are located in rough, hilly terrain. The elevation at the plant is approximately 2,100 metres. The topographic relief in the area is 500 metres. Much of the area is forest covered with pine trees that are less than 260 centimetres in diameter. In some areas, the underbrush is dense and difficult to pass through. The stream valleys have broad, relatively flat flood plains that are used for agriculture.

History

Mining in the Temascaltepec area started in the mid 1500s when the Spanish miners first arrived. Old tools, ancient buildings and antiquated mining shafts are found throughout the area. Early Spanish operations were focused in an area 4 kilometres southeast of La Guitarra at a place called Mina de Agua, where much softer rock made it easier to access the underlying silver and gold. Production in the Temascaltepec District has been ongoing since the 1550s.

In the 18th century, the Mina de Agua mine and surrounding areas were one of México's largest silver producers, generating roughly 10% of the country's total mineral wealth. The mine was well known for its very high, or 'bonanza'-type, grades of silver and gold, and historical records from the period refer to several kilograms of silver per tonne and several tens of grams of gold per tonne. Historical documents indicate that production was valued in excess of $100 per tonne, when prices were roughly $15 per ounce for gold and $1 per ounce for silver. One of these areas at the Cinco Senores shaft was abandoned due to flooding while in the midst of mining bonanza grade ore. Two efforts were made to finance the recovery of this mine: one in 1831 by London mine financiers; and another in 1907 by financiers from France. Both efforts were thwarted by financial crises in those respective countries, and today the mine remains closed.

Mining in the Temascaltepec District came to a halt in the early 19th century for two primary reasons: technology was unable to handle the underground flooding that occurred in several mining shafts; and the 1810 War of Independence in México caused political upheaval in the Temascaltepec District.

Temascaltepec remained more or less idle from 1810 until the early 20th century when the American Rincon Mining Company began significant mining and smelting operations at Rincon, in the southeast portion of the Temascaltepec District. This operation continued until the mid-1930s, when it closed as a result of inadequate capital reinvestment. Over the life of the Rincon mine, the Temascaltepec District was the third largest silver producer in México.

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In 1990, modern mining resumed when the Compañia Mineria Arauco returned to where the Spaniards were purported to have begun as early as 1555, conducting exploration and development work on the La Guitarra vein with an initial production rate of 30 tpd. In 1993, Luismin SA acquired the property and began consolidating the Temascaltepec District. Luismin SA expanded the reserve base in La Guitarra Silver Mine and increased the milling capacity to 320 tpd.

In August of 2003, Genco Resources Ltd. purchased the La Guitarra Silver Mine from Luismin S.A. de C.V. and later in 2010 Silvermex, through a business combination agreement gained control over all mineral concessions within the Temascaltepec District. In July 2012, First Majestic acquired Silvermex.

Geological Setting

The La Guitarra Silver Mine is located in the southeast end of the Sierra Madre Occidental. The Sierra Madre Occidental province, or the Eocene-Oligocene Ignimbrite Belt, includes large volumes of rhyolite and andesitic volcanic material that contain numerous low to intermediate sulphidation epithermal Ag-Au deposits. In the southern part of the belt in the Temascaltepec area, where La Guitarra Silver Mine and a number of other deposits are located, basalt flows of the Trans-Mexican volcanic belt overlie the intermediate to felsic Sierra Madre volcanics.

The Jurassic rocks that make-up the basement in the Temascaltepec were deformed by folding and uplifting prior to the deposition of the Eocene-Oligocene volcanic rocks. After the folding, there were several periods of extensional faulting. The intrusion of the late Eocene to Oligocene granites and out-pouring of volcanic rocks are apparently associated with the faulting. Vein mineralization has a pronounced northwest trend reflecting that faulting played an important role in controlling vein emplacement. Kinematic indicators are difficult to distinguish.

Field evidences suggest that vein mineralization occurred at the time of the Oligocene age volcanism. The veins have a pronounced northwest trend indicating the strong structural control and show evidence of extension during deposition. Some veins have indicators that suggest normal displacement and many veins in the Mina de Agua region and further east show kinematic indicators that suggest left lateral sense of movement.

The Temascaltepec fault was active during and slightly after the Miocene. This northwest dipping normal fault has thrown down La Guitarra area relative to the Mina de Agua area to the southeast, which allowed the preservation of a large area of Miocene basalts in a structural basin west of the fault. The high-level epithermal veins of La Guitarra area were preserved by this fault with only deeper level vein systems preserved to the southeast. The fault strikes northeast and is considered to be at the contact of the metamorphic rocks and the basalt just south of the Town of Temascaltepec.

The mineralized veins that occur in the property are described as polymetallic, low intermediate sulphidation epithermal veins. There are in excess of 100 epithermal veins traversing the property in four main vein trends called El Coloso/Nazareno, La Guitarra, Mina de Agua and El Rincon. These mineralized veins traverse the property along a strike length of greater than 15 kilometres and a width of greater than 4 kilometres.

The emplacement of the veins is structurally controlled by normal and strike slip faulting. This structural control is typical for the Mexican low-intermediate sulphidation epithermal vein deposits. The veins cut across different rock types but all veins are considered to be coeval.

Vein widths vary from less than one metre to over 20 metres. The quartz veining consists of well banded, chalcedonic and fine grained crystalline quartz with minor amounts of calcite. The chalcedonic quartz is thought to indicate an upper part of the mineral system suggesting that the potential for mineralization at depth is reasonable. The hosting rocks around are argillically and propylitically altered. The alteration halo typically extends up to 50 metres away from the veins.

Field evidence suggests that the portions of the veins that were open at the time of the silver and gold mineralization form the ore shoots. The localization of these ore shoots was probably controlled by bends, changes of strike and intersections of veins with a north trending system of faults. Due to the recurring nature of the vein sets and the regular spacing of the north trending faults, it is possible that the ore shoots occur at regular intervals of 150 to 250 metres along the northwest trending veins.

La Guitarra vein system outcrops along a strike of more than 3.5 kilometres and has been explored in part to a depth of 500 m. In the eastern part, the veins strike generally northwest and in the westerly part change to westerly strike. The dip of the veins is steeply to the south from 70° to 90°.

At La Guitarra, one metre to four metres wide ore shoots occur within a large quartz vein that could reach up to 20 metres wide. The brecciated and multistage mineralized veins have very complex geometries that pinch and swell forming loops over short distances.

The silver and gold grades are contained within silver sulphides, sulphosalts and electrum. Other minerals in the veins include minor amounts of pyrite and other sulphides such as galena and sphalerite. The mineral paragenesis can be grouped in three main stages: a first stage rich in base metals; a second stage dominated by quartz deposition containing some precious metals; and a third stage providing quartz with high concentrations of gold and silver.

Exploration and Drilling

Between July 2006 and August 2008, Silvermex conducted an extensive exploration program within the Temascaltepec District. Initial surface mapping and sampling was followed by diamond drilling from surface using both core and reverse circulation ("**RC**") drilling. A total of 85,645 metres of drilling in 452 drill holes consisting of 289 core drill holes, and 163 reverse circulation drill holes was completed. The RC drilling campaign was focused on, but not limited to, testing the Creston target. The core drilling campaign was primarily designed to explore Coloso, Nazareno, Santa Ana, La Guitarra/San Rafael and part of the Creston target. Drilling was conducted by BDW Drilling and Silvermex's own personnel. In August 2011, Silvermex resumed exploration activities in the Temascaltepec District drilling 7,623 metres of diamond drill holes in the Coloso area. The geological data base generated by Silvermex for Coloso was verified by First Majestic's and Amec Foster Wheeler geologists. First Majestic detected that some legacy core was lost due to poor storage practices and therefore built a new core shack and has been working on core organization since the acquisition of La Guitarra. In 2014, First Majestic drilled 6,188 metres in 57 holes, of which 50 holes were drilled from underground and 7 holes were drilled from surface.

Sampling Analysis and Security

La Guitarra's current sampling team consists of two sampling crews, one for ore control chip sampling and the other for quality control channel sampling. Representative chip samples are collected with chisel and hammer and channel samples are cut and broken with electric saw and hammer. The broken sample is collected on a tarp, put in numbered sample bags and channel samples are weighted prior to be sent to the laboratory. The channel samples are weighted to compare the real weight of the sample versus the expected weight calculated using channel length, width, depth and average specific gravity. Real versus calculated sample weights are plotted into bivariate plots to monitor possible sample swaps.

Chip and channel samples are the primary means of sampling in the mine (stopes, drifts, crosscuts, ramps, etc.) and are taken perpendicular to the vein structures. Sampling crews collect chip samples at regular intervals of 1.5 metres for ore control and channel samples at 12 metre intervals. Muck piles are sampled for ore control purposes. Chip and channel samples have lengths that vary from tens of centimetres to usually 50 centimetres depending on the width of the mineralized structure. Chip and muck samples are used for ore control and they are assayed at La Guitarra's local laboratory. La Guitarra's laboratory performs periodic assay checks with La Parrilla's Central Lab. Channel samples are assayed in a commercial certified laboratory.

A sampling line or channel typically consists of two or more individual samples which are taken to reflect changes in geochemistry and/or mineralogy across the structural zone. All samples are marked with paint by the geologist and numbered on the walls of the drifts for proper orientation and identification.

Core samples from exploration holes are cut with a saw and half core is sent to a certified laboratory for assaying. Quality controls are inserted in chip, channel and core sample batches prior to sending to the corresponding laboratory. Quality controls include: three standard reference materials, coarse and pulp blanks, field, coarse and pulp duplicates and pulp checks with a secondary or arbitral laboratory. Quality assurance is performed by statistical analysis of data and visual inspection of plots constructed with assay results of the quality controls.

Mineral Resource and Mineral Reserve Estimates

Mineral resources for the Coloso area have been estimated for First Majestic by Amec Foster Wheeler under the supervision of Greg Kulla, P.Geo. These estimates are based on exploration results from the 2008, 2011 and 2012 exploration campaigns and upon geologically constrained block models constructed by interpolating capped, composited assay values.

Two separate block models were constructed as described below:

- Jessica Block Model: Four different mineralized domains were used in the estimation process (Jessica Main, Jessica Splays 1 and 2, and Jessica Low grade)
- Joya Larga Block Model: Three different mineralized domains were used in the estimation process (Joya Larga Main, Joya Larga Splay, and Joya Larga Low grade)

Both block models were rotated to match the average strike and dip of the Jessica and Joya Larga Main mineralized domains.

Silver and gold grades in the Main, Splay, and Low grade domains were estimated using an inverse distance to the power of 3 interpolator (" **ID3"**). Arsenic, lead, and zinc grades in all domains were estimated for the purpose of assessing concentrate qualities, using an inverse distance to the power of 2 interpolator ("**ID2**"). Silver and gold grade estimation in the Main domains were undertaken in unfolded space to remove the effect of the variable geometry of the mineralized domains on the estimation. All other estimations were conducted in normal space.

A two-pass interpolation approach was used for silver and gold within the Main domains. A three-pass interpolation approach was used for silver and gold in the Splay domains and for arsenic, lead, and zinc in all domains. A four-pass interpolation approach was used to for silver and gold within the Low grade domains. Each successive pass has greater search distances and fewer samples required for selection criteria.

A hard estimation boundary was used for all metals; meaning that composites from outside domains were not used in the interpolation of grade within the domains. Estimation was done separately within each mineralized domain for the Main and Splay domains, while all Low grade domains were combined into a single domain for estimation.

The estimated grade model was validated by the following:

- Folded space transformation check
- Visual comparison of estimated grades with composites
- Global grade bias check
- Local grade bias check
- Change of support check

The Mineral Resource is classified in accordance with the Canadian Institute of Mining, Metallurgy, and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves (May 10, 2014), whose definitions are incorporated by reference into NI 43-101. Mineral resources are required to be classified as Inferred, Indicated, and Measured, according to increasing confidence in geological information, grade continuity, and other technical and economic factors impacting the resources. The Coloso Mineral Resource is classified within the defined constraining minable shape using the following criteria:

Inferred Mineral Resources:

- Minimum one drill hole
- Distance to the closest composite less than 100 m

Indicated Mineral Resources:

- Minimum two drill holes
- Distance to the closest composite less than 13.75 m
- Distance to the second closest composite less than 30.80 m

There are no Measured Mineral Resources at this time.

Constraining minable shapes were generated taking into consideration the mining method; overhand cut-and-fill and the minimum selective minable shape of 0.5 m wide by 5 m long by 5 m high. No external dilution or mining losses were included, although minable shapes include internal dilution.

The Mineral Resources are constrained within the minable shape and were prepared using the following economic assumptions:

- Mining cost - US$17.93/tonne
- Processing and refining cost - US$15.84/tonne
- G&A, Indirect, Sustaining Capital - US$46.12/tonne
- Silver Price - US$22.00/oz
- Gold Price - US$1,350/oz
- Silver metallurgical recovery - 85%
- Gold metallurgical recovery - 79%
- Smelter payable silver and gold - 95%
- Treatment and refining charges - US$4.43/oz

These economic assumptions result in a cut-off grade of 180 g/t silver equivalent (which is equivalent to approximately $US82/t). Silver Equivalent accounts for metallurgical and smelter recoveries and is calculated using the following formula:

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

Ag-Eq (g/t) = Ag (g/t) + Au (g/t) x 57.032

TABLE 15
Coloso Indicated Mineral Resource; Effective Date 31 December 2014, Greg Kulla P.Geo

Domain (Main & Splays)	Confidence Category	Tonnes [1000's]	Ag [g/t]	Au [g/t]	Ag-Eq [g/t]	Contained Ag [1000's oz]	Contained Au [1000's oz]	Contained Ag-Eq [1000's oz]
Jessica	Indicated	564	369	2.03	485	6,696	36.8	8,790
Joya Larga	Indicated	203	393	1.00	450	2,563	6.5	2,940
Total	Indicated	767	376	1.76	476	9,259	43.3	11,730

TABLE 16
Coloso Inferred Mineral Resource; Effective Date 31 December 2014, Greg Kulla P.Geo

Domain (Main & Splays)	Confidence Category	Tonnes [1000's]	Ag [g/t]	Au [g/t]	Ag-Eq [g/t]	Contained Ag [1000's oz]	Contained Au [1000's oz]	Contained Ag-Eq [1000's oz]
Jessica	Inferred	96	278	1.18	345	857	3.6	1,065
Joya Larga	Inferred	83	341	1.08	403	912	2.9	1,078
Total	Inferred	179	307	1.13	372	1770	6.5	2,143

Notes for Tables 15 and 16:

1. Assumptions include commodity prices of US$22/oz Ag, US$1,350/oz Au, process recoveries of 85% for Ag and 79% for Au, US$17.93/tonne mining cost, US$15.84/tonne process cost, US$46.12/tonne G&A, Indirect cost and Sustaining Capital cost, Payable Ag and Au 94.7%, Treatment and Refining US$4.43/oz.
2. Formula for Ag metal equivalent is Ag-Eq (g/t) = Ag (g/t) + Au (g/t) x 57.032 (using metal prices and metallurgical recoveries stated above).
3. Mineral resources are amenable to underground mining methods and are mined using a cut-and-fill method with a minimum mining width of 0.5m.
4. An economic cut-off was based on the estimated operating costs and selective mining method. The cut-off grade is 180 g/t silver equivalent (which is equivalent to approximately US$82/t).
5. No allowances were made for mining losses or external dilution; planned internal dilution within minable shapes is included.

Mineral Resources for La Guitarra and Mina de Agua have been estimated by First Majestic based on chip and channel samples collected perpendicular to mineralized veins, recent exploration drill-holes and underground geologic mapping, then using the polygonal method constructed on longitudinal sections of the vein shoots. The Nazareno Mineral Resource estimate is based on the same polygonal method and is using drillhole information from the 2008, 2011 and 2012 drilling campaign.

Cross and longitudinal sections are drawn using drillhole data and maps with chip and channel sample lines at 1.5 to 3.0 metres of spacing. Polygons of Measured Mineral Resources are projected vertically (up and down) 12.5 metres away from mine levels with chip and/or channel sample lines. Polygons of indicated resources are projected up to 25 metres vertically or laterally away from the edge of the measured resources only if there is continuity of mineralization as indicated by drill holes or mine levels with sample lines reporting economic grades. Inferred Mineral Resources are projected 50 metres and in some cases up to 100 metres from polygons of Indicated Mineral Resources or drill hole intercepts, only if there is potential for mineralization based on geologic information or interpretations that suggest continuity of mineralization for more than 50 metres. Drill hole spacing is variable from 25 metres on zones of measured and indicated resources to up to 100 metres in zones of Inferred Mineral Resources.

Once the polygons for resources are drawn on longitudinal vertical sections, areas, average width, volumes and weighted mean grades are estimated. Capping of outlier grades is done before compositing and calculation of weighted mean grades. Capping grades are estimated with cumulate frequency histograms; the grade at the 95th percentile is selected. Tonnage is estimated using the estimated volume and a specific gravity ("**SG**") of 2.5 grams per cubic centimetre. Once the tonnage is estimated, the metallic contents (ounces) are estimated using the weighted mean grades.

The following table is a summary of Mineral Resources at the La Guitarra, Nazareno and Mina de Agua areas, as of December 31, 2014, as reported in the 2015 La Guitarra Silver Mine Technical Report dated March 31, 2015:

TABLE 17
La Guitarra, Nazareno and Mina de Agua Mineral Resources with an effective date of December 31, 2014
(based on estimates prepared under the supervision of Jesus M. Velador Beltran)

LA GUITARRA – NAZARENO MEASURED AND INDICATED MINERAL RESOURCES WITH AN EFFECTIVE DATE OF DECEMBER 31, 2014

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (kOz)	Ag-Eq (k Oz)
LA GUITARRA NAZARENO	Measured (UG)	Sulphides	121	170	2.37	305	660	1,185
	Indicated (UG)	Sulphides	262	216	1.00	273	1,820	2,302
	Total Measured and Indicated (UG)	Sulphides	383	201	1.44	283	2,480	3,487

LA GUITARRA – NAZARENO INFERRED MINERAL RESOURCES WITH AN EFFECTIVE DATE OF DECEMBER 31, 2014

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
LA GUITARRA NAZARENO	Inferred Total (UG)	Sulphides	560	161	1.26	233	2,904	4,201

(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 estimates, incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) Cut-off grade considered for sulphides was 180 g/t Ag-Eq and is based on actual and budgeted operating and sustaining costs.
(3) Metallurgical recovery used was 85% for silver and 79% for gold.
(4) Metal payable used was 95% for silver and 95% for gold.
(5) Metal prices considered were $22 USD/oz Ag, $1,350 USD/oz Au.
(6) Silver equivalent grade is estimated as: Ag-Eq = Ag Grade + (Au Grade x Au Recovery x Au Payable x Au Price) / (Ag Recovery x Ag Payable x Ag Price).
(7) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces.
(8) Totals may not add up due to rounding.
(9) Measured an Indicated Mineral Resources are reported inclusive or Mineral Reserves.

The following table is a consolidated summary of Mineral Resources at the La Guitarra Silver Mine, as of December 31, 2014, as reported in the 2015 La Guitarra Silver Mine Technical Report dated March 31, 2015:

TABLE 18
La Guitarra Silver Mine consolidated Mineral Resources with an effective date of December 31, 2014
(based on estimates prepared by Amec Foster Wheeler and First Majestic as detailed above)

LA GUITARRA MEASURED AND INDICATED MINERAL RESOURCES WITH AN EFFECTIVE DATE OF DECEMBER 31, 2014

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
LA GUITARRA	Measured (UG)	Sulphides	121	170	2.37	305	660	1,185
	Indicated (UG)	Sulphides	1,029	335	1.56	424	11,078	14,029
	Total Measured and Indicated (UG)	Sulphides	1,150	318	1.65	412	11,738	15,214

LA GUITARRA INFERRED MINERAL RESOURCES WITH AN EFFECTIVE DATE OF DECEMBER 31, 2014

Mine / Project	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
LA GUITARRA NAZARENO	Inferred Total (UG)	Sulphides	739	197	1.23	267	4,674	6,343

(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 estimates, incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) Cut-off grade considered for sulphides was 180 g/t Ag-Eq and is based on actual and budgeted operating and sustaining costs.
(3) Metallurgical recovery used was 85% for silver and 79% for gold.
(4) Metal payable used was 95% for silver and 95% for gold.
(5) Metal prices considered were $22 USD/oz Ag, $1,350 USD/oz Au.
(6) Silver equivalent grade is estimated as: Ag-Eq = Ag Grade + (Au Grade x Au Recovery x Au Payable x Au Price) / (Ag Recovery x Ag Payable x Ag Price)
(7) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces.
(8) Totals may not add up due to rounding.
(9) Measured an Indicated Mineral Resources are reported inclusive or Mineral Reserves.

The La Guitarra Silver Mine Mineral Reserves are estimated from the Measured and Indicated Mineral Resource blocks by applying modifying factors that include mining dilution and mining extraction. Proven Mineral Reserves are estimated based on the Measured Mineral Resource blocks and Probable Mineral Reserves are estimated based on the Indicated Mineral Resource blocks. The following table shows the most recent Mineral Reserve estimates for the La Guitarra Silver Mine prepared under the supervision of the Company's internal Qualified Person, Mr. Ramon Mendoza Reyes, P.Eng. as of December 31, 2014 as reported in the 2015 La Guitarra Silver Mine Technical Report dated March 31, 2015.

TABLE 19
La Guitarra Silver Mine Mineral Reserves with an effective date of December 31, 2014
(based on estimates prepared under the supervision of FMS Qualified Person)

LA GUITARRA MINERAL RESERVES WITH AN EFFECTIVE DATE OF DECEMBER 31, 2014

Mine	Category	Mineral Type	k tonnes	Ag (g/t)	Au (g/t)	Ag-Eq (g/t)	Ag (k Oz)	Ag-Eq (k Oz)
LA GUITARRA	Proven (UG)	Sulphides	91	153	1.84	256	446	745
	Probable (UG)	Sulphides	1,217	228	1.00	284	8,911	11,098
	Total Proven and Probable (UG)	Sulphides	1,308	223	1.06	282	9,358	11,843

(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 estimates, incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) Cut-off grade considered for sulphides was 200 g/t Ag-Eq and is based on actual and budgeted operating and sustaining costs.
(3) Metallurgical recovery used was 85% for silver and 79% for gold.
(4) Metal payable used was 95% for silver and 95% for gold.
(5) Metal prices considered were $20 USD/oz Ag, $1,200 USD/oz Au.
(6) Silver equivalent grade is estimated as: Ag-Eq = Ag Grade + (Au Grade x Au Recovery x Au Payable x Au Price) / (Ag Recovery x Ag Payable x Ag Price).
(7) Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces.
(8) Totals may not add up due to rounding.

Mining and Milling

Mining at La Guitarra and Coloso is from underground stopes. The main mine access to both La Guitarra mine and Coloso mine is via 4 by 4 metres haulage ramps, these access ramps are driven at -12% grade. Stope access is achieved via ramps and drifts driven from the access ramp adjacent to the veins, generally on the footwall side. Sill development occurs within the vein. Mining is primarily accomplished using overhand cut-and-fill, but some long-hole stopping is employed without backfilling. Rubber tired mobile equipment is used to transport ore and waste underground and to surface. Mined cut-and-fill stopes are backfilled with development rock, rock from surface excavations, sand fill or by blasting the walls of the stope. These mining methods allow for recovery of the reserve blocks of 95% in average.

During the second half of 2013, permitting was obtained to initiate development work at the El Coloso mine and preparation for production was completed in the first quarter of 2014. The access ramp and ventilation infrastructure has been completed and currently more than 7 production areas are active.

The La Guitarra mill is rated at 500 tpd after the expansion. In 2014, the feed rate averaged 512 tpd with an annual output of 186,881 tonnes for an annual production of 1,056,078 ounces of silver equivalent.

The ore at La Guitarra is put on a pad besides the crushing building. It is then fed to the crusher using a front-end loader. If there are different types of ore on the pad they are blended as they are put to the crusher. The crushing is done with a jaw crusher and a secondary cone crusher. The crushed ore is ground in the three ball mills in parallel. The ground ore passes through three stages of flotation producing a sulphide concentrate. The concentrate is filtered and dried and then trucked to Manzanillo where a third party broker receives the concentrate. Historically, the average silver recoveries since 1991 have been approximately 85% and the average gold recoveries have been 82% at the La Guitarra mill.

Capital and Operating Expenditures

Silvermex incurred significant capital expenditures in fiscal 2009, 2010 and 2011 to identify new resources, upgrade the mining operations and develop new areas for mining. Since acquisition of Silvermex, First Majestic has drilled a total of 35,700 metres in 268 holes at La Guitarra; 235 holes have been drilled from underground and 33 holes have been drilled from surface. During 2014, a total 6,799 metres of development were completed at the different areas of La Guitarra mine and the Coloso mine.

In 2014 First Majestic completed the construction of a 5.15 kilometre long power line to feed electricity to the Coloso mine from the La Guitarra main substation. Additional infrastructure installed in the Coloso mine includes ventilation fans and raises to facilitate the ventilation circuit, water management infrastructure, supervision facilities as well as a small repair shop for the mine mobile equipment. Capital expenditure in the Coloso mine amount to $2.1 million dollars from January 2013 to December 2014 and includes mine access, mine preparation, mine infrastructure, the power line and expenses in environmental permitting.

The site direct production costs for La Guitarra averaged $48.21 per tonne mined and milled during 2014. The annual site direct production cost averaged $8.53 per ounce of silver equivalent in 2014.

Plomosas Silver Project

The Plomosas Silver Project is located approximately 94 kilometres southeast of Mazatlan in southeast Sinaloa State, México and is adjacent to the town of Rosario. Access to the Plomosas Silver Project is by driving approximately 220 kilometres of toll road from Durango city to the Rosarios town, then driving south another 15 kilometres of paved road to get to the intersection of the Chilitos village. Another 16 kilometres of paved road are driven east to get to the Matatán village and finally 30 kilometres of dirt road are driven to get to the La Rastra village and then 4 more kilometres to get to the Perleros camp site at the Plomosas Silver Project.

The Plomosas mining district is historically known as a significant area for silver, gold, lead and zinc production. There are two key areas of interest within the property boundaries are the historic operations of the Rosario and San Juan mines. Extensive facilities and infrastructure are in place on the property, including a fully functional mining camp facility, a 20 year surface rights agreement in good standing, a 30 year water use permit, tailings dam, 60 kilometre 33 KV power line, 120 man camp, infirmary, offices, shops and warehouses, and an assay lab. As well, extensive underground development at the Rosario and San Juan mines allow rubber tire access to mineralized zones. These existing developments are expected to allow First Majestic to accelerate development at a significant cost savings when it determines to proceed with the project.

Plomosas is 100% owned by First Majestic's Mexican subsidiary Minera La Rastra S.A. de C.V. and was acquired in July 2012 as a result of the acquisition of Silvermex. The mining claims consist of 13 mining concessions covering 6,986 hectares.

The Company is utilizing the mining camp infrastructure to maintain the old structures under care and maintenance. Future plans include the preparation of an NI 43-101 Mineral Resource estimate and the continued exploration at depth and along strike of the existing known structure. The Company will also collect material for advanced metallurgical testing and, if justified, develop a comprehensive mine plan for the potential extraction of the resource.

A 2001 report by Grupo México states that the Rosario Mine has estimated historic proven and probable reserves and inferred resources of 895.5 thousand tonnes grading 192 g/t Ag, 3.4 % Zn, 2.1 % Pb, and 0.8 g/t Au. According to a Grupo México´s internal report dated January 17, 2001, the reported Reserves and Resources were estimated by the time they were closing operations at Rosario in 2000. The 2001 report contains longitudinal sections with grades and tonnages but it does not have details about the method or assumptions used for the estimates. The mine has extensive development and has been partially refurbished by the previous operator in preparation for an 800 tpd operation and has also been dewatered and undergone partial rehabilitation. The historic reserves are located in a number of mineral zones, which include the Veta Plomosas, Plomositas, Lead/Zinc stock work and silver stock work. Extensive data collection, underground mapping, control surveys, resource modeling and preliminary exploration programs have been completed by the prior operator. An extensive underground channel sampling program has been completed at Rosario, which yielded positive results with numerous high grade intersections of gold, silver, lead and zinc. The stock work zones have potential for tonnage expansion along the strike and dip of the Rosario fault structure.

The San Juan mine is located near old Plomosas mill site. Extensive data collection, underground mapping, control surveys and exploration programs have been completed at San Juan by previous operators. The San Juan development consists of a main adit approximately 5 metres in width, 5 metres in height and 250 metres long, a crosscut extending easterly for 150 metres, plus a ramp with a further 150 metres development. The mineralized structure averages 3 metres in width and has been traced down dip for approximately 150-200 metres. A decline has been drilled into the San Juan zone and has been tested over a vertical distance of 40 metres with the zone still open to depth.

The Company's Qualified Persons have been coordinating the work for the verification of the information supporting the historical estimates at Plomosas. The historic estimates at Plomosas do not conform to NI 43-101 for reporting purposes; as such, the Company is not treating these historical estimates as current Mineral Reserves or Mineral Resources. Since the historical estimates do not have demonstrated current economic viability, these estimates should not be relied upon until the verification process and due diligence in progress by the Company's Qualified Person is completed. In order to verify or upgrade the historical estimates, the Company will need to complete a diamond drilling program at the Rosario and San Juan mines. The drilling program will be designed to confirm the historical estimates reported by Grupo Mexico and will allow the Company to plan a second exploration program focused on locating extensions of the known mineralization. Other work required to verify the historical estimates as current includes, but it is not limited to: re-survey of underground workings, re-survey of available exploration drill-hole monuments, review of drilling, sampling and assays databases, and the re-assessment of the estimates following CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines and CIM Definition Standards on Mineral Resources and Mineral Reserves.

La Luz Silver Project

The La Luz property is located approximately 25 kilometres west of the town of Matehuala in the San Luis Potosí state of México which lies about 259 kilometres to the south of the industrial city of Saltillo and about 170 kilometres north of the city of San Luis Potosí. Access to Matehuala from the major cities is via the north-south Highway 57 which connects México City to the United States.

Real de Catorce is an old mining district with an estimated historic production, between 1773 and 1990, of 230 million ounces of recovered silver. The majority of production (150 million ounces) occurred from 1773 to 1776 with the remainder occurring after 1851. A former operator estimated that the average grade of all production over the life of the mines was about 1,350 g/t silver (Grace, 1997).

The property was acquired by First Majestic in November 2009 as a result of the purchase of all the issued and outstanding shares of Normabec Mining Resources Ltd. The property consists of 22 mining concessions covering 6,327 hectares.

As disclosed in the Real de Catorce Property Technical Report dated July 25, 2008 (" **2008 La Luz Technical Report** ") and the Real de Catorce Property Technical Report dated July 30, 2007 ("**2007 La Luz Technical Report** "), La Luz property contains an aggregate of 28.8 million ounces of measured and indicated underground resources (silver only), and an aggregate of 4.1 million ounces of measured resources in tailings (silver only). The Company's Qualified Persons are working on applying similar economic inputs to the La Luz Silver Project to those applied to the other Company's properties.

The Company's plans for exploring and developing the La Luz resources are on hold pending the settlement of constitutional legal matters between the Company and the federal government and the local Huichol indigenous people who have requested that the area of the mining concessions be turned into a "biosphere reserve" which has prevented the Company from moving forward with its permits and its development plans.

Product Marketing and Sales

Silver is sold by the Company using a small number of international metal brokers who buy from the Company and act as intermediaries between the Company and the London Bullion Market. The physical silver doré bars usually containing greater than 90%of silver with some gold and other impurities are delivered to one of three refineries where doré bars are refined to commercially marketable 99.9% pure silver bars. The production of concentrates in powder form containing silver, lead, zinc and gold are delivered to brokers in Manzanillo, México where they are mixed with other producers' concentrates and shipped abroad to smelters where they are smelted to separate the base metal by-products of lead and/or zinc from the silver and gold content for delivery to the global buyers of silver, gold, lead or zinc. The metal refineries and smelters charge the Company for their refining and smelting services, and turn out refined products of silver, gold, lead and zinc. Refining of doré bars is a fraction of the cost of smelting concentrates for silver as measured on a per silver ounce basis.

The Company delivers its production via a combination of private aircrafts and armoured cars to a number of refineries and smelters who then, once they have refined or smelted the silver to commercial grade, transfer the silver and by-products to the physical market for the consumption of the silver and the by-products. The Company transfers risk of ownership at the time it delivers its doré and concentrates to the refineries and smelters, and in turn receives immediate assignment of provisional contained metals to its brokerage accounts. As concentrates can vary in grade and quality from shipment to shipment, there is a final settlement process to settle any variances based on the outturn of the smelted metals, usually 45 to 60 days after physical transfer of the concentrates. Likewise, but to a lesser extent, doré is turned out usually within 25 to 30 calendar days and any final variances in assays is settled at that time through the refiner assigning any liquidation differences to the metal brokers. The Company normally receives 95% of the value of its sales of doré on delivery to the refinery, and 85% to 95% of the value of concentrates on delivery to the smelter, with final settlements upon outturn of the smelted or refined metals, less processing costs.

As the Company has a number of metal brokers and refineries and smelters with which it does business, the Company is not economically dependent on any one of its brokers or smelters.

First Majestic's senior management in Vancouver, Europe and México negotiate sales contracts. Contracts with smelting and refining companies, as well as metals brokers and traders are tendered and re-negotiated as required. The Company sells its silver doré and its by-products through three international brokerage organizations. Additionally, silver concentrates and related base metal by-products are sold primarily through two international organizations, with an alternate available to prevent any dependency on the existing smelter of silver, lead and zinc concentrates.

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

In addition to these commercial sales, First Majestic also markets a small portion of its silver production in the form of coins and silver bullion products to retail purchasers directly over its corporate e-commerce web site. Approximately 0.3% of the Company's production was sold in retail transactions during 2014. Products sold included half ounce and one ounce rounds, five ounce ingots, 10 ounce ingots, one kilogram bars, 50 ounce poured bars and an 18 ounce custom coin set.

Social and Environmental Policies

The Company has not implemented a formal social responsibility policy, however, the Company believes that it holds itself to the highest possible standard in corporate citizenship. From the beginning, social responsibility has been at the foundation of the Company's core values and the Company is committed to growing in a sustainable manner that supports the well-being of local communities.

The Company's ongoing goal is to make meaningful contributions to every community in which it is active and to build long term relationships within these communities. The Company engages the local workforce, strives to provide new opportunities and continually looks for ways to better the lives of its employees and their families.

Beyond the economic benefits of the Company's mining operations, the Company assists local populations in many other key areas in proximity to its mines. The Company strives to maintain the health of local communities by providing healthcare services and supporting local doctors, paramedics and ambulance services.

The Company has been recognized for five consecutive years with the prestigious Socially Responsible Business Distinction Award by Centro Mexicana para la Filantropia (Mexican Center of Philanthropy). This honour from within the Mexican community recognizes excellence in corporate ethics, quality of work, community citizenship and environmental responsibility. The award affirms First Majestic's position as a leader in corporate social responsibility, and was achieved through demonstrating transparency, environmental stewardship and sustainability within its operations and projects in México.

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

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

- To meet all applicable Mexican legal requirements, particularly those expressed in the Ley General del Equilibrio Ecológico Protección al Ambiente y sus Reglamentos (Environmental Balance and Environmental Protection General Laws and Rules), through its subsidiaries;
- To reduce the level of risk in each of the areas of work;
- To maintain the highest standards of social welfare for its workers;
- To mitigate levels of negative environmental impact and if possible to have a positive impact in the environment of the mining unit;
- To monitor the optimal operation of anti-pollution equipment;
- To protect the installations and the assets of the Company;
- To coordinate and disseminate an environmental management system;
- To participate in training and continuing education programs; and
- To monitor and restrict workers and equipment from areas of high risk.

Responsibility for each activity of the environmental programs is assigned to a person responsible for the monitoring, although the head of the environmental department is directly responsible to ensure compliance with plans and programs for the proper functioning of the system of environmental management.

The Company fully complies with all applicable environmental regulations. On February 25, 2009, the Mexican Environmental Authority PROFEPA (Procuradoria Federal Proteccion al Ambiente) awarded a Clean Industry Certificate to one of the Company's wholly-owned subsidiaries, First Majestic Plata, S.A. de C.V., regarding its activities at the La Parrilla Silver Mine. On July 3, 2012, PROFEPA awarded the Clean Industry Certificate to the Company's wholly-owned subsidiary, Minera El Pilon S.A. de C.V., regarding its environmental activities at the San Martín Silver Mine.

Taxation

The taxation of corporations in México is often complex and is assessed via overlapping layers of taxation on a number of different tax bases, with credits or offsets permitted in certain cases between various tax liabilities. Furthermore, in late 2013, the Mexican government approved major reforms to the Mexican system of taxation. 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 during fiscal 2014 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 (referred to as IVA), (iv) Profit sharing taxes (referred to as 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 (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 2014 are as follows:

(i) *Corporate Income taxes* (ISR) – 30% on a corporation's taxable income in 2014. Normal business expenses may be deducted in computing a corporation's taxable income, including inflationary accounting for certain concepts of revenue and expenses. The scheduled reduction to 29% in 2014 and to 28% in 2015 has been eliminated, effective January 1, 2014 as part of the Mexican tax reform;

(ii) *Special Mining Duty* - Effective January 1, 2014, 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* - Effective January 1, 2014, 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* (IVA) – 16% payable monthly on taxable receipts from the sales of goods and services in México and zero % on exports, creditable against the IVA paid on deductible services, expenses and imports;

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

Dividends received by a Mexican resident from another Mexican resident are exempt from corporate taxes. 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 3:1 debt to equity limitation for foreign companies investing in Mexican mining companies.

In late 2013, the Mexican government approved a tax reform that enacted a New Mexican Income Tax Law (" **MITL**"), effective January 1, 2014, and repealed the Flat Tax Law ("**IETU**"). The new MITL maintains the current 30% corporate income tax rate, eliminating the scheduled reduction to 29% in 2014 and to 28% in 2015.

The new MITL eliminates the option to depreciate capital assets on an accelerated basis, as well as the 100% tax deduction for a mining company's pre-operating expenses. As of 2014, capital assets will be depreciated on a straight-line basis using the provided allowed percentage for each type of asset, and pre-production expenses will be amortized over a 10-year period.

The new MITL also imposes a 10% withholding tax on dividends distributed to resident individuals or foreign residents (including foreign corporations). This new withholding tax began in 2014, but not on distributions of profits subject to corporate-level tax prior to 2014, so 2013-CUFIN balance distributions are exempted. Per the México-Canada tax treaty this dividend withholding tax rate may be reduced to 5%.

The tax reform also included in the Mexican Federal Fees Law a new 7.5% Special Mining Duty on taxpayers with mining concessions. The Special Mining Duty will generally be applicable to earnings before income tax, depreciation, depletion, amortization, and interest. In calculating the Special Mining Duty there will be no deductions related to development type costs but exploration and prospecting costs are deductible when incurred. For IFRS purposes this new Special Mining Duty is interpreted to be an "income tax", since the Mexican Tax legislation defined the Special Mining Duty on a determinable profit basis, therefore deferred tax on the mining royalty must be calculated. The 2014 Mexican tax reform also creates a new Environmental Mining Duty of 0.5% of gross revenues from the sale of gold, silver, and platinum. The Environmental Mining Duty and Special Mining Duty will be tax deductible for corporate income tax purposes.

In the past, México allowed corporations at their option to consolidate tax filings, effectively enabling the profits of taxable entities to be offset by tax losses in other companies within the consolidated group.

Management executed a corporate restructuring for tax purposes effective January 1, 2008, enabling it on a limited basis to consolidate its tax losses of certain subsidiaries against the taxable incomes of other subsidiaries. Coincident with the tax consolidation, México introduced an alternative minimum tax or flat tax known as the IETU, effective January 1, 2008 to attempt to limit certain companies from avoiding taxes on their cash earnings in México. In December 2009, México introduced tax consolidation reform rules, which effective January 2010, would require companies to begin the recapture of the benefits of tax consolidation within five years of receiving the benefit, and phased in over a five year period. First Majestic's first tax deferral benefit from consolidation was realized in 2008, and as such the benefit of tax consolidation was expected to be recaptured from 2014 to 2021. The tax reform abolished the existing consolidation regime effective as of January 1, 2014 and requires consolidated groups to deconsolidate. Existing groups that began consolidating after 2007 are now required to pay income taxes deferred by virtue of tax consolidation in annual installments based on a mechanism established in specified transition rules.

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

In addition to its Mexican operations, the Company has offices in Europe which are actively involved in investments and the sales and marketing activities regarding the global market for its metal production**.**

DIVIDENDS

The Company has not paid any dividends since incorporation and it has no plans to pay dividends for the foreseeable future. The directors of the Company will determine if and when dividends should be declared and paid in the future based on the Company's financial position at the relevant time. 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 117,594,640 common shares of the Company were issued and outstanding as at the date of this AIF.

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

MARKET FOR SECURITIES

Trading Price and Volume

The common shares of the Company are listed and posted for trading on the Toronto Stock Exchange 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 Toronto Stock Exchange for the periods indicated:

Period	High C$	Low C$	Volume
December 2014	6.04	3.98	15,715,619
November 2014	6.21	4.52	16,271,135
October 2014	8.98	5.45	12,624,081
September 2014	11.02	8.70	5,403,914
August 2014	12.27	10.47	5,652,531
July 2014	12.02	10.55	9,881,912
June 2014	11.77	8.99	7,154,123
May 2014	10.93	8.90	5,179,015
April 2014	11.43	9.74	5,751,285
March 2014	13.16	10.59	6,737,818
February 2014	13.74	11.21	9,981,143
January 2014	12.80	10.54	11,321,716

The common shares of the Company are also listed and posted for trading on the New York Stock Exchange under the trading symbol “AG”, on the BMV under the trading symbol “AG” and quoted on the Frankfurt Stock Exchange under the symbol “FMV”.

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 office is earlier vacated in accordance with the Articles of the Company or he 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 and Nominating Committee, and a Corporate Governance 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.	December 5, 1998 to present.	Common 3,309,500 Stock Options 840,000	2.8%

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]
RAMON DAVILA, Ing. Director Durango, México	Chief Operating Officer of the Company from December 14, 2004 to June 2014; Chairman of Minas La Colorado S.A. de C.V. from January 1994 to present; Chairman of Minera Lince S.A. de C.V. from September 2003 to present; Chairman of Minera Real Victoria S.A. de C.V. from October 2003 to present; Member of the Board of Immobiliaria Aurum S.A. de C.V. from June 2005 to present.	April 15, 2004 to present.	Common 375,000 Stock Options 604,511	Less than 1.0%
ROBERT A. McCALLUM, B.Sc., P.Eng [3] [4] [5] Director North Vancouver, British Columbia, Canada	Professional consulting engineer and President of Robert A. McCallum Inc. from 1999 to present; Director of Shore Gold Inc. from October 28, 2005 to February 2012. Chairman of the Company from September 7, 2006 to December 31, 2011.	December 15, 2005 to present.	Common 67,000 Stock Options 154,538	Less than 1.0%
DOUGLAS PENROSE, B.Comm., CA [3] [5] Chairman and Director Summerland, British Columbia, Canada	Retired. Vice President, Finance and Corporate Services of British Columbia Lottery Corporation from 2000 to April 2008.	September 7, 2006 to present.	Common 60,000 Stock options 154,538	Less than 1.0%
TONY PEZZOTTI [3] [4] Director Burnaby, British Columbia, Canada	Retired. Director of Pan Terra Industries Inc. from July 2007 to October 2011.	November 30, 2001 to present.	Common 619,956 Stock options 154,538	Less than 1.0%
DAVID SHAW, Ph.D. [4] [5] Director Vancouver, British Columbia, Canada	President of Duckmanton Partners Ltd. from June 12, 2000 to present; President and Director of Albion Petroleum Ltd. from October 2006 to present; Director of Pan Pacific Aggregates plc from October 2008 to December 2011; Director of Salares Lithium Inc. from December 2009 to September 2010. Director of Talison Lithium Inc. from September 2010 to March 2013, Director of Great Quest Metals Ltd. from December 2010 to present, Director of Global Strategic Metals NL from November 2013 to July 2014 And Director of Medallion Resources from July 2014 to present.	January 12, 2005 to present.	Common 80,000 Stock options 154,538	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)
SALVADOR GARCIA Chief Operating Officer México City, México México	Chief Operating Officer of the Company from July 2014 to present, VP of Operations of the Company from January 2013 to June 2014. VP of Goldcorp México from February 2007 to September 2012.	N/A	Common 20,000 Stock options 500,000	Less than 1.0%
RAYMOND L. POLMAN, CA Chief Financial Officer Vancouver, British Columbia, Canada	Chief Financial Officer of the Company from February 1, 2007 to present.	N/A	Common 145,200 Stock options 495,000	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 135,000 Stock options 470,000	Less than 1.0%
MARTIN PALACIOS Chief Information Officer West Vancouver, British Columbia, Canada	Chief Information Officer of the Company from January 2012 to present, Director of Global Applications and Director of IT México of Goldcorp from July 2008 to December 2011.	N/A	Common Nil Stock Options 495,000	0.0%

(1) The information as to principal occupation and shares beneficially owned has been furnished by the respective individuals.
(2) Based upon the 117,594,640 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 and Nominating Committee.
(5) Member of the Corporate Governance Committee.

The aggregate number of common shares of the Company which the directors and senior officers of the Company beneficially own, directly or indirectly, or over which control or direction is exercised, is 4,811,656 common shares of the Company or approximately 4.0% of the common shares of the Company issued and outstanding as of the date of this AIF.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

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

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

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

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

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

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

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

Conflicts of Interest

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

AUDIT COMMITTEE INFORMATION

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

Audit Committee Mandate

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

Composition of the Audit Committee

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

Relevant Education and Experience

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

Tony Pezzotti, currently retired, is a seasoned board member who has served on several public company boards, including OSI Geospatial Inc., First Quantum Minerals Ltd., and Kensington Resources Ltd. He also served as a member of the Audit Committees of those companies and was General Manager and co-owner of a privately held steel fabrication company.

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

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, 2014, 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, 2014 and December 31, 2013, respectively.

Category	Year ended December 31, 2014	Year ended December 31, 2013
Audit Fees	C$769,800	C$713,000
Audit Related Fees	C$141,750	C$61,500
Tax Fees	C$36,300	C$34,000
All Other Fees	Nil	C$2,000

The audit fees relate to the audit of the consolidated financial statements of the Company, statutory audits for certain of the Company's subsidiaries, and review of the interim consolidated financial statements for the year. The audit related fees relates to the audit of the conversion to a SAP ERP system, listing on the BMV and other regulatory related filings and the tax fees relate to tax compliance services.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Pursuant to a share purchase agreement (the "**FSR Purchase Agreement**") dated April 3, 2006, the Company acquired a controlling interest in 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.

The trial of the Action commenced in the Supreme Court of British Columbia in Vancouver, British Columbia in April 2012. In April 2013, the Company received a positive judgment from the 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 Supreme Court of British Columbia 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.

The judgment by the Supreme Court of British Columbia in favour of the Company was appealed by the defendants. On June 27, 2013, the Court of Appeal of British Columbia ordered the defendant to post security or provide a letter of credit in the amount of $79.0 million by September 25, 2013. The defendant did not post security, nor provide a letter of credit and as a result, on October 23, 2013, the defendant's appeal was dismissed. On October 30, 2013, the defendant initiated an application to vary or discharge the Court of Appeal's Dismissal Order, which application was in turn dismissed by the Court of Appeal in June 2014.

Davila Santos subsequently filed an application for leave to appeal to the Supreme Court of Canada in June 2014, which was dismissed by the Supreme Court of Canada in December 2014. The Company is now seeking to enforce the British Columbia judgments in México and elsewhere. There can be no guarantee of collection on the remaining C$81.45 million of the judgment amount and it is likely that it will be necessary to take additional action in México and/or elsewhere to recover the balance. Therefore, the Company has not accrued in its financial statements any additional amounts related to the remaining unpaid judgment in favour of the Company.

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, 2014.

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, 2014.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

TRANSFER AGENT AND REGISTRAR

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

MATERIAL CONTRACTS

The Company is not at present party to any 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.

INTERESTS OF EXPERTS

Deloitte LLP is the independent registered public accounting firm of the Company and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Richard Addison, P.E. and Leonel Lopez, C.P.G. of Runge Pincock Minarco prepared Technical Reports on the Company's mining properties. To management's knowledge, Mr. Addison and Mr. Lopez 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).

Maria E. Vazquez Jaimes, P.Geo., Jesus M. Velador Beltran, Ramon Mendoza Reyes P.Eng. and Gregory Kenneth Kulla, P.Geo., prepared the Technical Report on the Company's La Guitarra Silver Mine. Mr. Ramon Mendoza Reyes also supervised the preparation of certain technical information set forth herein relating to the Company's mineral properties. Ms. Vazquez Jaimes is the Geological Database Manager of the Company, Mr. Velador Beltran is the Regional Exploration Manager of the Company and Mr. Mendoza Reyes is the Vice President of Technical Services of the Company. Each of Ms. Vazquez Jaimes, Mr. Velador Beltran and Mr. Mendoza Reyes holds stock options of the Company which represent less than 1% of the outstanding shares of the Company. To management's knowledge, Mr. Kulla, P.Geo of Amec Foster Wheeler 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).

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 the Management's Discussion and Analysis of the Company for the year ended December 31, 2014, a copy of which may be requested from First Majestic's head office, or may be viewed on the Company's website (www.firstmajestic.com) or on SEDAR (www.sedar.com).

APPENDIX "A"

TO THE ANNUAL INFORMATION FORM OF

AUDIT COMMITTEE CHARTER

INTRODUCTION

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

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

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

AUTHORITY

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

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

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

COMPOSITION

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

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

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

RESPONSIBILITIES

To fulfill its responsibilities and duties, the Committee will:

Financial Reporting

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

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

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

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

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

   (v) prospectuses;

   (vi) the report that the United States Securities and Exchange Commission requires 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 (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.

Exhibit 99.2



AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2014 AND 2013

925 West Georgia Street, Suite 1805, Vancouver, B.C. Canada V6C 3L2
Phone: 604.688.3033 | Fax: 604.639.8873 | Toll Free: 1.866.529.2807 | Email: info@firstmajestic.com
www.firstmajestic.com



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of First Majestic Silver Corp. (the "Company") are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements have been audited by Deloitte LLP and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

"Keith Neumeyer"

Keith Neumeyer
President & CEO
February 19, 2015

"Raymond Polman"

Raymond Polman, CA
Chief Financial Officer
February 19, 2015

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of First Majestic Silver Corp.

We have audited the accompanying consolidated financial statements of First Majestic Silver Corp., and subsidiaries (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and consolidated statements of loss, comprehensive loss, changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of First Majestic Silver Corp. and subsidiaries as at December 31, 2014 and December 31, 2013, and their financial performance and their cash flows for each of the years in the two-year period ended December 31, 2014 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2014, based on the 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, 2015 expressed an unqualified opinion on the Company’s internal control over financial reporting.

Deloitte LLP

Chartered Accountants
Vancouver, Canada
February 23, 2015

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of First Majestic Silver Corp.

We have audited the internal control over financial reporting of First Majestic Silver Corp. and subsidiaries (the "Company") as of December 31, 2014, based on the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. 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 International Financial Reporting Standards as issued by the International Accounting Standards Board, 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2014 of the Company and our report dated February 23, 2015 expressed an unmodified opinion on those financial statements.



Chartered Accountants
Vancouver, Canada
February 23, 2015

First Majestic Silver Corp.
CONSOLIDATED STATEMENTS OF LOSS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(tabular amounts are expressed in thousands of United States dollars, except share and per share amounts)

	Note	Year Ended December 31, 2014	2013
Revenues	6	**$ 245,473**	**$ 251,313**
Cost of sales (excludes depletion, depreciation and amortization)	12	154,843	115,658
Gross margin		**90,630**	**135,655**
Depletion, depreciation and amortization	3	60,466	43,337
Mine operating earnings		**30,164**	**92,318**
General and administrative expenses	7	19,393	24,855
Share-based payments		7,320	14,518
Accretion of decommissioning liabilities	21	801	539
Impairment of non-current assets	16	101,950	28,791
Foreign exchange (gain) loss		(6,312)	926
Operating (loss) earnings		**(92,988)**	**22,689**
Investment and other income	8	18,627	5,974
Finance costs	9	(6,576)	(2,470)
(Loss) earnings before income taxes		**(80,937)**	**26,193**
Income taxes			
Current income tax expense	22	7,682	1,261
Deferred income tax (recovery) expense	22	(27,171)	63,164
		(19,489)	64,425
Net loss for the year		**$ (61,448)**	**$ (38,232)**
Loss per common share			
Basic and diluted		**$ (0.52)**	**$ (0.33)**
Weighted average shares outstanding			
Basic and diluted	10	**117,444,276**	**116,935,325**

APPROVED BY THE BOARD OF DIRECTORS

Keith Neumeyer (signed) Director ***Douglas Penrose (signed)*** Director

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

First Majestic Silver Corp.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(tabular amounts are expressed in thousands of United States dollars)

	Year Ended December 31,	
	2014	**2013**
Net loss for the year	**$ (61,448)**	**$ (38,232)**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Unrealized loss on fair value of available for sale investments	(362)	(2,047)
Reclassification of impairment on available for sale investments	580	3,914
Other comprehensive income	218	1,867
Total comprehensive loss for the year	**$ (61,230)**	**$ (36,365)**

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

First Majestic Silver Corp.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(tabular amounts are expressed in thousands of United States dollars)

	Note	Year Ended December 31, 2014	2013
OPERATING ACTIVITIES			
Net loss for the year		$ (61,448)	$ (38,232)
Adjustments for:			
Share-based payments		7,320	14,518
Depletion, depreciation and amortization		61,163	43,919
Accretion of decommissioning liabilities		801	539
Loss from silver futures and marketable securities	8	690	6,601
Gain on fair value adjustment on prepayment facilities	19	(4,985)	(4,433)
Income tax (recovery) expense		(19,489)	64,425
Finance costs	9	6,576	2,470
Litigation proceeds	30	-	14,127
Reversal of deferred litigation gain	30	(14,127)	-
Impairment of non-current assets	16	101,950	28,791
Impairment of marketable securities	8	538	3,914
Unrealized foreign exchange (gain) loss and other		(4,585)	630
Operating cash flows before movements in working capital and income taxes		74,404	137,269
Net change in non-cash working capital items	28	32,652	4,353
Income taxes paid		(13,673)	(7,350)
Cash generated by operating activities		**93,383**	**134,272**
INVESTING ACTIVITIES			
Expenditures on mining interests		(70,225)	(94,445)
Acquisition of property, plant and equipment		(34,051)	(84,297)
Deposits paid for the acquisition of non-current assets		(1,202)	(5,288)
Cash paid on settlement of silver futures		(281)	(4,658)
Proceeds from disposal of marketable securities		-	23
Cash used in investing activities		**(105,759)**	**(188,665)**
FINANCING ACTIVITIES			
Proceeds from prepayment facility	19	30,000	-
Repayment of prepayment and debt facilities		(14,450)	(5,447)
Proceeds from sale-and-leasebacks		4,183	16,121
Repayment of lease obligations		(16,007)	(9,331)
Finance costs paid		(5,380)	(2,470)
Proceeds from exercise of stock options	23(a)	1,433	1,789
Shares repurchased and cancelled	23(c)	(955)	(2,403)
Cash used in financing activities		**(1,176)**	**(1,741)**
Effect of exchange rate on cash and cash equivalents held in foreign currencies		(868)	(692)
Decrease in cash and cash equivalents		**(13,552)**	**(56,134)**
Cash and cash equivalents, beginning of year		54,765	111,591
Cash and cash equivalents, end of year		**$ 40,345**	**$ 54,765**
Cash		$ 40,345	$ 45,307
Short-term investments		-	9,458
Cash and cash equivalents, end of year		**$ 40,345**	**$ 54,765**
Supplemental cash flow information	28		

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

First Majestic Silver Corp.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014 AND 2013
(tabular amounts are expressed in thousands of United States dollars)

	Note	December 31, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents		$ 40,345	$ 54,765
Trade and other receivables	11	13,561	22,045
Inventories	12	17,649	26,785
Other financial assets	13	2,460	4,177
Prepaid expenses		1,337	1,761
Total current assets		**75,352**	**109,533**
Non-current assets			
Mining interests	14	422,663	448,440
Property, plant and equipment	15	267,038	291,326
Deposits on non-current assets		2,917	5,653
Other investments	17	3,372	-
Total assets		**$ 771,342**	**$ 854,952**
Liabilities and Equity			
Current liabilities			
Trade and other payables	18	$ 40,360	$ 34,534
Current portion of prepayment facilities	19	26,329	17,874
Current portion of lease obligations	20	11,428	15,993
Income taxes payable		105	8,322
Total current liabilities		**78,222**	**76,723**
Non-current liabilities			
Prepayment facilities	19	29,647	26,342
Lease obligations	20	15,455	20,297
Decommissioning liabilities	21	15,484	12,096
Other liabilities		1,740	-
Deferred tax liabilities	22	110,261	134,622
Deferred gain on litigation	30	-	14,127
Total liabilities		**250,809**	**284,207**
Equity			
Share capital	23(a)	430,588	425,707
Equity reserves	24	53,340	46,543
Retained earnings		36,605	98,495
Total equity		**520,533**	**570,745**
Total liabilities and equity		**$ 771,342**	**$ 854,952**

Commitments (Note 14, Note 25(d)(ii))
Contingent liabilities (Note 29)
Subsequent events (Note 31)

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

First Majestic Silver Corp.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(tabular amounts are expressed in thousands of United States dollars, except share amounts)

	Share Capital		Equity Reserves					
	Shares	Amount	Share-based payment	Available for sale revaluation	Foreign currency translation	Total equity reserves	Retained earnings	Total equity
Balance at December 31, 2012	**116,756,840**	**$ 423,958**	**$ 33,612**	**$ (2,085)**	**$ (308)**	**$ 31,219**	**$ 138,348**	**$ 593,525**
Total comprehensive income (loss)								
Net loss	-	-	-	-	-	-	(38,232)	(38,232)
Other comprehensive income	-	-	-	1,867	-	1,867	-	1,867
	-	**-**	**-**	**1,867**	**-**	**1,867**	**(38,232)**	**(36,365)**
Share-based payments, net of related tax benefits (Note 24)	-	-	14,199	-	-	14,199	-	14,199
Shares issued for exercise of options	483,000	1,789	-	-	-	-	-	1,789
Shares repurchased and cancelled (Note 23(c))	(215,000)	(782)	-	-	-	-	(1,621)	(2,403)
Transfer of equity reserve upon exercise of options	-	742	(742)	-	-	(742)	-	-
Balance at December 31, 2013	**117,024,840**	**$ 425,707**	**$ 47,069**	**$ (218)**	**$ (308)**	**$ 46,543**	**$ 98,495**	**$ 570,745**
Total comprehensive income (loss)								
Net loss	-	-	-	-	-	-	(61,448)	(61,448)
Other comprehensive income	-	-	-	218	-	218	-	218
	-	**-**	**-**	**218**	**-**	**218**	**(61,448)**	**(61,230)**
Share-based payments, net of related tax benefits (Note 24)	-	-	7,320	-	-	7,320	-	7,320
Shares issued for:								
Exercise of options (Note 23(b))	372,500	1,433	-	-	-	-	-	1,433
Acquisition of mining interests (Note 14(e))	337,300	3,220	-	-	-	-	-	3,220
Shares repurchased and cancelled (Note 23(c))	(140,000)	(513)	-	-	-	-	(442)	(955)
Transfer of equity reserve upon exercise of options	-	741	(741)	-	-	(741)	-	-
Balance at December 31, 2014	**117,594,640**	**$ 430,588#**	**$ 53,648**	**$ -**	**$ (308)**	**$ 53,340**	**$ 36,605**	**$ 520,533**

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

1. NATURE OF OPERATIONS

First Majestic Silver Corp. (the "Company" or "First Majestic") is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company is in the business of silver production, development, exploration, and acquisition of mineral properties with a focus on silver production in Mexico. The Company's shares trade on the New York Stock Exchange under the symbol "AG", on the Toronto Stock Exchange under the symbol "FR", on the Mexican Stock Exchange under the symbol "AG", 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 1805, Vancouver, British Columbia, Canada, V6C 3L2.

2. BASIS OF PREPARATION

Statement of Compliance

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

Statement of Consolidation and Presentation

These audited consolidated financial statements have been prepared on an historical cost basis except for certain items that are measured at fair value including derivative financial instruments (Note 13), marketable securities (Note 13) and the prepayment facilities (Note 19). All dollar amounts presented are in United States dollars unless otherwise specified. The accounting policies in Note 3 of the consolidated financial statements have been applied in preparing these consolidated financial statements.

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 wholly-owned subsidiaries (see Note 26). Intercompany balances, transactions, income and expenses are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations

Acquisitions of subsidiaries and 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 in exchange for control of the acquiree. Acquisition-related costs incurred for the business combination are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the consideration of the acquisition over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized in earnings or loss immediately. Goodwill may also arise as a result of the requirement under IFRS to record a deferred tax liability on the excess of the fair value of the acquired assets over their corresponding tax bases, with the corresponding offset recorded as goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

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.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of 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 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 and loss in the consolidated statements of earnings. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Investments in Associates

An associate is an entity over which the Company has significant influence with the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies. The Company accounts for its investments in associates using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate, after any adjustments necessary to give effect to uniform accounting policies. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of associates are recognized in net earnings during the period. Unrealized gains and losses between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associates. Intercompany balances and interest expense and income arising on loans and borrowings between the Company and its associates are not eliminated.

Foreign currency

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 initial 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 in the period in which they arise.

Revenue recognition

Revenue is recognized upon delivery when the following conditions are met:

- control, risk and rewards of ownership of products passes to the buyer;
- the amount of revenue and costs related to the transaction can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and when collection is reasonably assured.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

This occurs when significant risks and rewards of ownership have passed to the buyer, which is when insurance risk has passed to the customer and when the goods have been delivered to a contractually agreed location.

Revenue from the sale of metal, including by-products, is recorded net of charges for treatment, smelting and refining. Metals in doré sold to third parties are priced on delivery. Final weights and assays are adjusted on final settlement which is approximately one month after delivery. Metals in concentrate sold to third-party smelters are provisionally priced and the price is not settled until a predetermined future date, typically one to four months after delivery to the customer, based on the market price at that time. The contract provides for a provisional payment on delivery based upon provisional assays and quoted metal prices. Revenues are recorded under these contracts at the time risks and rewards of ownership pass from the Company to the buyer based on spot price on date of delivery, and subsequently adjusted to market price based on the expected date of the final settlement. As a result, the value of the Company's concentrate receivables changes as the underlying commodity market prices vary. This component of the contract is an embedded derivative, which is recorded at fair value with changes in fair value recorded in revenues and trade receivables. Adjustments to revenue for metal prices are recorded monthly and other adjustments related to the final settlement of weights and assays are recorded on final settlement.

Revenue from the sale of coins, ingots and bullion is recorded when the product has been shipped and funds have been received. When cash has been received from customers prior to shipping of the related silver coins, ingots and bullion, the amounts are recorded as unearned revenue until the products are shipped.

Inventories

Stockpiled ore, work in process and finished goods inventories are valued at the lower of average cost and estimated net realizable value. Cost includes all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization and directly attributable overhead costs. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and future metal prices less estimated future production costs to convert the inventories into saleable form.

Any write-downs of inventory to net realizable value are recorded as cost of sales. If there is a subsequent increase in the value of inventories, the previous write-downs to net realizable value are reversed to the extent that the related inventory has not been sold.

Stockpiled ore inventory represents ore that has been extracted from the mine and is available for further processing. Costs added to stockpiled ore inventory are valued based on current mining cost per tonne incurred up to the point of stockpiling the ore and are removed at the average cost per tonne. Stockpiled ore tonnage is verified by periodic surveys and physical counts.

Work in process inventory includes precipitates, in-circuit inventories in tanks and in the milling process. Finished goods inventory includes metals in their final stage of production prior to sale, including primarily doré and concentrates at our operations and finished goods in-transit.

Materials and supplies inventories are valued at the lower of average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditures

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes:

- acquiring the rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- compiling pre-feasibility and feasibility studies.

Capitalization of exploration and evaluation expenditures commences on acquisition of a beneficial interest or option in mineral rights. Capitalized costs are recorded as mining interests at cost less impairment charges, if applicable. No amortization is charged during the exploration and evaluation phase as the asset is not available for use.

The majority of the Company's exploration and evaluation expenditures focus on mineral deposits in proximity to its existing mining operations. Where the Company is acquiring a new property, the Company makes a preliminary evaluation to determine that the property has significant potential to develop an economic ore body. Exploration and evaluation expenditures are transferred to development or producing mining interests when technical feasibility and commercial viability of the mineral resource have been demonstrated. Factors taken into consideration include:

- there is sufficient geological certainty of converting the mineral deposit into proven and probable reserves;
- life of mine plan and economic modeling support the economic extraction of such reserves and resources;
- for new properties, a scoping study and/or feasibility study demonstrates that the additional reserves and resources will generate a positive economic outcome; and
- operating and environmental permits exist or are reasonably assured as obtainable.

Exploration and evaluation expenditures remain as exploration mining interests and do not qualify as producing mining interests until the aforementioned criteria are met. Exploration and evaluation expenditures are transferred to development or producing mining interests when the technical feasibility and commercial viability of a mineral resource has been demonstrated according to the above mentioned factors.

Mining interests

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 (see "Significant accounting estimates and judgments"), 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 proven and probable reserves and the portion of measured and indicated mineral resources considered to be highly probable to be economically extracted over the life of mine plan. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mining interests (continued)

For the years ended December 31, 2014 and 2013, economically recoverable reserve and resource estimates in accordance with National Instrument 43-101, *"Standards of Disclosure for Mineral Projects"*, Technical Reports issued by the Canadian Securities Administrators ("NI 43-101") for the La Guitarra mine were not available due to a major revision to the mine plan. As a result, the Company developed an internal estimate of economically recoverable mineralized material at the La Guitarra mine based on management's intended development plan. For the year ended December 31, 2014, actual depletion expense as reported by the Company for the La Guitarra mine based on internal estimates of mineralized material was $4.2 million (2013 - $5.4 million); had the Company utilized historical reserves and resources estimates from the previously published NI 43-101 Technical Report for La Guitarra as prepared and published by Silvermex Resources Inc. on January 29, 2010, the depletion expense would have been $0.3 million (2013 - $0.4 million).

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.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and borrowing costs related to the acquisition or construction of qualifying assets.

Property, plant and equipment are depreciated using either the straight-line or units-of-production method over the shorter of the estimated useful life of the asset or the expected life of mine. Where an item of property, plant and equipment comprises of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Assets under construction are recorded at cost and re-allocated to machinery and equipment when it becomes available for use.

Depreciation commences when the asset is in the condition and location necessary for it to operate in the manner intended by management. Depreciation charges on assets that are directly related to mineral properties are allocated to those mineral properties.

The Company conducts an annual review of residual balances, useful lives and depreciation methods utilized for property, plant and equipment. Any changes in estimate that arise from this review are accounted for prospectively.

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Finance costs are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-current assets

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 flows, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. 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.

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 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 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. These assumptions are different to those used in calculating fair value and consequently are likely to provide a different result, usually lower.

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.

Share-based payment transactions

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.

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.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of diluted earnings per share.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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 tax or deferred tax from the initial accounting for a business combination is included in the accounting for the business combination.

Current income taxes

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 taxes

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. Deferred tax assets and liabilities are not recognized if the temporary difference arises in a transaction other than a business combination that at the time of the transaction affects neither the taxable nor the accounting earnings or loss. Deferred tax is determined using 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.

Borrowing costs

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.

Earnings or loss per share

Basic earnings or loss per share for the period is calculated by dividing the earnings or loss attributable to equity holders of the Company by the weighted average number of shares outstanding during the reporting period.

Diluted earnings or loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options and share purchase warrants and assumes the receipt of proceeds upon exercise of the options to determine the number of shares assumed to be purchased at the average market price during the period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale ("AFS"), loans and receivables, or fair value through profit or loss ("FVTPL").

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets classified as AFS are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary due to a significant or prolonged decline in the fair value of that investment below its cost which are recognized through profit and loss in the statements of earnings.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss in the statements of earnings.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial instruments and non-financial contracts may contain embedded derivatives, which are required to be accounted for separately at fair value as derivatives when the risks and characteristics of the embedded derivatives are not closely related to those of their host contract and the host contract is not carried at fair value. The Company regularly assesses its financial instruments and non-financial contracts to ensure that any embedded derivatives are accounted for in accordance with its policy. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash in the statement of financial position include 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.

Provisions

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 accretion expense or finance costs.

Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

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.

Business combinations

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.

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 future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and judgments (continued)

Commencement of commercial production

Prior to reaching commercial production levels intended by management, costs incurred are capitalized as part of the related mine or mill and proceeds from mineral sales are offset against costs capitalized. Depletion of capitalized costs for mining properties and depreciation and amortization of property, plant and equipment begin when operating levels intended by management have been reached.

Determining when a mine or mill is in the condition necessary for it to be capable of operating in the manner intended by management is a matter of judgment dependant 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 mine or mill to the condition necessary for it to be capable of operating 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 continue to produce or process ore at a steady or increasing level);
- the completion of a reasonable period of testing of the mine plant and equipment;
- the ability to produce a saleable product (i.e., the ability to produce concentrate within required sellable specifications);
- the mine or mill has been transferred to operating personnel from internal development groups or external contractors; and
- mineral recoveries are at or near the expected production levels.

The results of operations of the Company during the periods presented in these consolidated financial statements have been impacted by management's determination that commercial production was achieved for the following expansions:

- the 1,000 tpd flotation plant at the Del Toro mine achieved commercial production on April 1, 2013; and
- the 1,000 tpd cyanidation plant at the Del Toro mine achieved commercial production on January 1, 2014.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Impairment of property, plant and equipment and mining interests (Note 16)

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. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its property, plant and equipment and mining interests. Internal sources of information management consider include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

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 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 property, plant and equipment and/or mining interests.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and judgments (continued)

Depreciation and amortization rate for property, plant and equipment and depletion rate for mining interests (Notes 14 and 15)

Depletion, depreciation and amortization expenses are allocated based on estimated useful life of the asset. Should the expected asset life and associated depletion or depreciation rates differ from the initial estimate, the change in estimate would be made prospectively in the consolidated statements of earnings.

Estimated reclamation and closure costs (Note 21)

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 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.

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 NI 43-101. 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.

Inventory valuation (Note 12)

Finished goods, work-in-process and stockpile ore are valued at the lower of the average production costs or net realizable value. The assumptions used in the valuation of work-in process inventories include estimates of silver and silver equivalents contained in the stockpile ore, the amount of silver that is expected to be recovered from the stockpile, the amount of silver in the mill circuits and assumption of the silver price expected to be realized when the silver is recovered. If these estimates or assumptions prove to be inaccurate, the Company could be required to write down the carrying value of its inventories, which would reduce the Company's earnings and working capital.

Income taxes (Note 22)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and judgments (continued)

Income taxes (Note 22) (continued)

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.

Valuation of prepayment facilities (Note 19)

The Company classifies its prepayment facilities as FVTPL financial liabilities, which are recorded at fair value estimated based on the forward market price of lead and zinc, discounted at rates of 6.0% to 6.7% based on their respective effective interest rates at the time the agreements were entered. The actual value of the prepayment facilities at settlement is dependent on the spot market prices of lead and zinc on their maturity dates, which may differ significantly from these estimates. Realized gains or losses are recognized in earnings in the period in which the prepayment facilities are settled.

Valuation of share-based payments (Note 23)

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.

4. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Accounting Policies Adopted Effective January 1, 2014

Levies imposed by governments

In May 2013, the IASB issued IFRIC 21 – *Levies* ("IFRIC 21"), an interpretation of IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 was effective January 1, 2014 and was applied retrospectively. The adoption of this interpretation did not have a significant impact on the Company's consolidated financial statements.

Recoverable Amount Disclosures

In May 2013, the IASB issued amendments to IAS 36 – *Impairment of* Assets ("amendments to IAS 36"). The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs to sell. The amendments were effective January 1, 2014 and were applied retrospectively. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

4. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES (continued)

Change in Accounting Estimates Effective January 1, 2014

Change in Depreciation Method

Effective January 1, 2014, the Company changed its depreciation method on long-lived assets which have expected useful lives equivalent to estimated life of mines, such as plant and buildings, from the straight-line method to the units-of-production method. The Company believes the units-of-production method better reflects the rate of depreciation of the asset, as well as the pattern of consumption of the future benefits to be derived from those assets, especially during the expansionary or ramp up stage of the asset. In accordance with IFRS, a change in depreciation method is applied on a prospective basis as a change in accounting estimate and, therefore, prior period results have not been restated.

Future Changes in Accounting Policies Not Yet Effective as at December 31, 2014

Revenue Recognition

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers* ("IFRS 15") which supersedes IAS 11 – *Construction Contracts*, IAS 18 – *Revenue*, IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate* , IFRIC 18 – *Transfers of Assets from Customers* , and SIC 31 – *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments* ("IFRS 9") to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

5. SEGMENTED INFORMATION

The Company has eight reporting segments, including five operating segments located in Mexico, one development project in Mexico, one retail market segment in Canada and one silver trading segment in Europe. Corporate and eliminations consists primarily of the Company’s other exploration properties not considered segments (Note 14), other investments (Note 17) and prepayment facilities (Note 19). All of the Company’s operations are within the mining industry and its major products are silver doré, silver-lead and silver-zinc concentrates. Transfer prices between reporting segments are set on an arms-length basis in a manner similar to transactions with third parties. Coins and bullion cost of sales are based on transfer prices. 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.

Management evaluates segment performance based on mine operating earnings as other expenses are not allocated to the segments.

5. SEGMENTED INFORMATION (continued)

Significant information relating to the Company's reporting operating segments is summarized in the table below:

	Year Ended December 31, 2014					At December 31, 2014	
	Revenue	Cost of sales[1]	Depletion, depreciation and amortization	Mine operating earnings (loss)	Capital expenditures	Total assets	Total liabilities
Mexico							
La Encantada	$ 78,590	$ 41,049	$ 14,139	$ 23,402	$ 27,635	$ 141,145	$ 63,730
La Parrilla	70,271	35,182	17,685	17,404	21,856	198,295	28,172
Del Toro	54,669	45,665	14,089	(5,085)	30,068	205,863	35,297
San Martin	42,757	22,727	7,623	12,407	14,559	94,188	31,516
La Guitarra	15,154	9,802	6,449	(1,097)	15,811	108,641	31,845
La Luz	-	-	-	-	1,482	32,173	372
Canada							
Coins and Bullion Sales	804	923	-	(119)	1	259	15
Europe							
Silver Sales	115,154	131,456	-	(16,302)	-	6,283	935
Corporate and Eliminations	(131,926)	(131,961)	481	(446)	2,103	(15,505)	58,927
Consolidated	**$ 245,473**	**$ 154,843**	**$ 60,466**	**$ 30,164**	**$ 113,515**	**$ 771,342**	**$ 250,809**

(1) Cost of sales excludes depletion, depreciation and amortization

	Year Ended December 31, 2013					At December 31, 2013	
	Revenue	Cost of sales[1]	Depletion, depreciation and amortization	Mine operating earnings (loss)	Capital expenditures	Total assets	Total liabilities
Mexico							
La Encantada	$ 91,563	$ 41,366	$ 11,964	$ 38,233	$ 24,036	$ 145,596	$ 37,872
La Parrilla	79,847	36,307	14,827	28,713	37,544	203,384	29,003
Del Toro	25,043	14,003	5,083	5,957	80,213	202,526	44,858
San Martin	30,379	17,552	4,418	8,409	23,785	107,553	35,728
La Guitarra	17,034	10,542	6,804	(312)	15,362	130,910	30,884
La Luz	-	-	-	-	4,095	30,721	364
Canada							
Coins and Bullion Sales	2,802	2,699	-	103	11	725	28
Europe							
Silver Sales	158,193	146,453	-	11,740	-	21,126	4,424
Corporate and Eliminations	(153,548)	(153,264)	241	(525)	5,051	12,411	101,046
Consolidated	**$ 251,313**	**$ 115,658**	**$ 43,337**	**$ 92,318**	**$ 190,097**	**$ 854,952**	**$ 284,207**

(1) Cost of sales excludes depletion, depreciation and amortization

During the year ended December 31, 2014, the Company recognized an aggregate impairment charge of $102.0 million on some of the Company's reporting segments, including La Guitarra, San Martin and Del Toro. See Note 16 for details.

The Company has seven major customers that account for 100% of its doré and concentrate sales revenue. The Company has four customers that accounted for 44%, 23%, 19%, and 11% of total revenue in 2014, and four customers that accounted for 30%, 21%, 21%, and 20% of total revenue in 2013.

6. REVENUES

The revenues of the Company are comprised of the following:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Gross revenue from payable metals:		
Silver	$ 212,985	$ 235,422
Gold	14,122	10,928
Lead	34,044	23,301
Zinc	10,675	6,078
Other	202	1,634
Gross revenue	$ 272,028	$ 277,363
Less: smelting and refining costs	(26,555)	(26,050)
Revenues	**$ 245,473**	**$ 251,313**

7. GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses of the Company are comprised of the following:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Corporate administration	$ 4,822	$ 8,332
Salaries and benefits	8,890	10,121
Audit, legal and professional fees	3,626	4,478
Filing and listing fees	567	390
Directors fees and expenses	791	952
Depreciation	697	582
	$ 19,393	**$ 24,855**

8. INVESTMENT AND OTHER INCOME

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

	Year Ended December 31, 2014	Year Ended December 31, 2013
Gain from First Silver litigation (Note 30)	$ 14,127	$ 557
Gain from fair value adjustment of prepayment facilities (Note 19)	4,744	3,919
Loss from investment in silver futures (Note 13(c))	(121)	(4,818)
Loss from investment in marketable securities (Note 13(a))	(569)	(1,783)
Impairment of marketable securities (Note 13(b))	(538)	(3,913)
Loss on divestiture of subsidiary (Note 17)	(248)	-
Interest income and other	499	822
Gain from value-added tax settlement	733	711
Gain from insurance claim	-	1,350
Termination fee from Orko acquisition, net of costs (a)	-	9,129
	$ 18,627	**$ 5,974**

8. INVESTMENT AND OTHER INCOME (continued)

(a) Termination Fee from Orko Acquisition

In December 2012, First Majestic entered into an arrangement agreement with Orko Silver Corp. ("Orko") to acquire all of the issued and outstanding shares of Orko. In February 2013, Orko declared that another company made a superior offer and First Majestic elected not to match the superior offer. Upon termination of the arrangement agreement, the Company received an $11.4 million termination fee from Orko in February 2013. Net of related professional fees, legal and underwriter costs incurred in 2013, the Company recognized a gain of $9.1 million in other income in 2013.

9. FINANCE COSTS

The Company's finance costs are comprised of the following:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Prepayment facilities[1]	$ 3,883	$ -
Finance leases	2,329	2,109
Silver sales and other	364	361
	$ 6,576	**$ 2,470**

(1) Finance costs related to the prepayment facilities of $3.2 million in 2013 were capitalized as construction costs of the Del Toro mine until commercial production was achieved on January 1, 2014.

10. LOSS PER SHARE

The calculations of basic and diluted loss per share for the years ended December 31, 2014 and 2013 are based on the following:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Net loss for the year	$ (61,448)	$ (38,232)
Weighted average number of shares on issue - basic and diluted [1]	117,444,276	116,935,325
Loss per share - basic and diluted	$ (0.52)	$ (0.33)

(1) Diluted weighted average number of shares for the year ended December 31, 2014 excludes 6,084,458 (2013 – 5,208,520) anti-dilutive options.

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables of the Company are comprised of:

	December 31, 2014	December 31, 2013
Trade receivables	$ 5,399	$ 8,974
Value added taxes and other taxes receivable	7,263	12,437
Other	899	634
	$ 13,561	**$ 22,045**

12. INVENTORIES

	December 31, 2014	December 31, 2013
Finished product - doré and concentrates	$ 990	$ 609
Work-in-process	949	5,548
Stockpile	487	4,740
Materials and supplies	15,005	15,361
Silver coins and bullion including in-process shipments	218	527
	$ 17,649	**$ 26,785**

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. During the year ended December 31, 2014, cost of sales includes a $1.3 million write-down of mineral inventories, which consists of stockpile, work-in-progress and finished goods. No write-downs were recognized in 2013.

13. OTHER FINANCIAL ASSETS

	December 31, 2014	December 31, 2013
Marketable securities - fair value through profit or loss (a)	$ 2,460	$ 3,028
Marketable securities - available for sale (b)	-	349
Derivatives (c)	-	800
	$ 2,460	**$ 4,177**

(a) Marketable Securities – Fair Value through Profit or Loss

As at December 31, 2014, the Company held 400,000 units of Sprott Physical Silver Trust (PSLV) with fair value of $2.5 million (December 31, 2013 - $3.0 million), which were acquired at a cost of $5.3 million. These trust units are classified as FVTPL marketable securities. During the year ended December 31, 2014, the Company recognized an unrealized loss of $0.6 million (2013 - $1.8 million) related to its FVTPL marketable securities.

(b) Marketable Securities – Available For Sale

As at December 31, 2014, the Company holds various investments designated as available for sale (“AFS”) marketable securities with total fair value of $nil (December 31, 2013 - $0.3 million) and adjusted cost of $nil million (December 31, 2013 - $0.5 million), net of impairments. Changes in fair value on AFS marketable securities are recognized in other comprehensive income or loss, unless there is objective evidence of impairment. During the year ended December 31, 2014, management assessed an impairment loss of $0.6 million (2013 - $3.9 million) on the Company’s AFS marketable securities.

(c) Derivatives

For the year ended December 31, 2014, the Company recorded an investment and other loss of $0.1 million (2013 –$4.8 million) related to investment in silver futures. At December 31, 2014, the Company has no investments in silver futures. At December 31, 2013, the Company carried a long position on silver futures, expiring in March 2014, equivalent to 480,000 ounces of silver at an average price of $19.70. The derivative asset of $0.8 million at December 31, 2013 reflects a deposit of $1.0 million for the margin requirement to hold the silver futures, net of an unrealized loss of $0.2 million.

14. MINING INTERESTS

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

	December 31, 2014	December 31, 2013
Producing properties	$ 276,399	$ 267,677
Exploration properties (non-depletable)	146,264	180,763
	$ 422,663	**$ 448,440**

Producing properties are allocated as follows:

Producing properties	La Encantada	La Parrilla	Del Toro[1]	San Martin	La Guitarra	Total
Cost						
At December 31, 2012	**$ 45,237**	**$ 83,777**	**$ -**	**$ 48,578**	**$ 50,651**	**$ 228,243**
Additions	13,663	26,598	11,251	8,319	6,906	66,737
Change in decommissioning liabilities	(303)	51	1,821	(88)	459	1,940
Transfer from exploration properties	588	229	18,095	1,419	758	21,089
At December 31, 2013	**$ 59,185**	**$ 110,655**	**$ 31,167**	**$ 58,228**	**$ 58,774**	**$ 318,009**
Additions	12,602	13,901	17,659	7,770	7,367	59,299
Change in decommissioning liabilities	1,292	1,003	398	1,083	118	3,894
Transfer (to) from exploration properties	(588)	-	12,689	246	-	12,347
At December 31, 2014	**$ 72,491**	**$ 125,559**	**$ 61,913**	**$ 67,327**	**$ 66,259**	**$ 393,549**
Accumulated depletion and amortization						
At December 31, 2012	**$ (7,626)**	**$ (8,056)**	**$ -**	**$ (16,039)**	**$ (465)**	**$ (32,186)**
Depletion and amortization	(2,659)	(7,171)	(1,224)	(1,665)	(5,427)	(18,146)
At December 31, 2013	**$ (10,285)**	**$ (15,227)**	**$ (1,224)**	**$ (17,704)**	**$ (5,892)**	**$ (50,332)**
Depletion and amortization	(4,264)	(9,589)	(5,036)	(2,772)	(4,172)	(25,833)
Impairment (Note 16)	-	-	(6,142)	(10,211)	(24,632)	(40,985)
At December 31, 2014	**$ (14,549)**	**$ (24,816)**	**$ (12,402)**	**$ (30,687)**	**$ (34,696)**	**$ (117,150)**
Carrying values						
At December 31, 2013	**$ 48,900**	**$ 95,428**	**$ 29,943**	**$ 40,524**	**$ 52,882**	**$ 267,677**
At December 31, 2014	**$ 57,942**	**$ 100,743**	**$ 49,511**	**$ 36,640**	**$ 31,563**	**$ 276,399**

(1) Pursuant to the commercialization of the flotation and cyanidation circuits at Del Toro, $18.1 million and $12.7 million of mining interests were transferred from exploration to producing properties on April 1, 2013 and January 1, 2014, respectively.

14. MINING INTERESTS (continued)

Exploration properties are allocated as follows:

Exploration properties	La Encantada	La Parrilla	Del Toro[1]	San Martin	La Guitarra	La Luz	Other	Total
Cost								
At December 31, 2012	**$ 3,065**	**$ 8,955**	**$ 49,221**	**$ 19,117**	**$ 55,054**	**$ 22,955**	**$ 18,517**	**$ 176,884**
Exploration and evaluation expenditures	2,316	3,599	15,827	962	1,263	1,320	759	26,046
Capitalization of borrowing costs	-	-	3,193	-	-	-	-	3,193
Impairment (Note 16)	-	-	-	-	-	-	(4,200)	(4,200)
Change in decommissioning liabilities	-	-	-	-	-	(71)	-	(71)
Transfer to producing properties	(588)	(229)	(18,095)	(1,419)	(758)	-	-	(21,089)
At December 31, 2013	**$ 4,793**	**$ 12,325**	**$ 50,146**	**$ 18,660**	**$ 55,559**	**$ 24,204**	**$ 15,076**	**$ 180,763**
Exploration and evaluation expenditures	2,964	2,936	2,242	1,002	6,467	926	865	17,402
Change in decommissioning liabilities	-	-	-	-	-	54	-	54
Impairment (Note 16)	-	-	(4,389)	(4,241)	(27,232)	-	-	(35,862)
Disposition of mining interests (g(iii))	-	-	-	-	-	-	(3,746)	(3,746)
Transfer from (to) producing properties	588	-	(12,689)	(246)	-	-	-	(12,347)
At December 31, 2014	**$ 8,345**	**$ 15,261**	**$ 35,310**	**$ 15,175**	**$ 34,794**	**$ 25,184**	**$ 12,195**	**$ 146,264**

(1) Pursuant to the commercialization of the flotation and cyanidation circuits at Del Toro, $18.1 million and $12.7 million of mining interests were transferred from exploration to producing properties on April 1, 2013 and January 1, 2014, respectively.

(a) La Encantada Silver Mine, Coahuila State

The La Encantada Silver Mine is a producing underground mine located in northern State of Coahuila, Mexico, 708 km north east of Torreon, Coahuila and is accessible via a 1.5 hour flight from Torreon. The 100% owned La Encantada Silver Mine consists of a 4,000 tpd cyanidation plant, a village with 180 houses as well as administrative offices, laboratory, general store, hospital, schools, church, airstrip and all the infrastructure required for such an operation. The mine is comprised of 4,076 hectares of mining rights and surface land ownership of 1,343 hectares. The closest town, Muzquiz, is 225 km away via mostly paved road.

(b) La Parrilla Silver Mine, Durango State

The La Parrilla Silver Mine, located approximately 65 km southeast of the city of Durango, Durango State, Mexico, is a group of producing underground operations consisting of the Rosarios / La Rosa and La Blanca mines which are inter-connected through underground workings, and the San Marcos and the Quebradillas mines which are connected via gravel road ways. La Parrilla includes a 2,000 tpd processing plant consisting of the 1,000 tpd cyanidation and 1,000 tpd flotation circuits, buildings, offices and associated infrastructure. The Company owns 100% of the La Parrilla Silver Mine.

There is a net smelter royalty ("NSR") agreement of 1.5% of sales revenue associated with the Quebradillas Mine, with a maximum cumulative payable of $2.5 million. During the year ended December 31, 2014, the Company paid royalties of $0.3 million (2013 - $0.5 million). As at December 31, 2014, total royalties paid to date for the Quebradillas NSR is $2.2 million (December 31, 2013 - $1.9 million).

(c) Del Toro Silver Mine, Zacatecas State

The Del Toro Silver Mine is located 60 km to the southeast of the Company's La Parrilla Silver Mine and consists of 405 contiguous hectares of mining claims, including the Dolores area, plus an additional 129 hectares of surface rights covering the area surrounding the San Juan mine. The Del Toro operation represents the consolidation of two old underground silver mines, the Perseverancia and San Juan mines, which are approximately one km apart. The Del Toro mine currently consists of a 2,000 tpd flotation circuit and a 2,000 tpd cyanidation circuit. First Majestic owns 100% of the Del Toro Silver Mine.

14. MINING INTERESTS (continued)

(c) Del Toro Silver Mine, Zacatecas State (continued)

In 2013, the Company entered into several option agreements to acquire six adjacent mineral properties, namely the Chalchihuites, Navidad, Milagros, Zaragosa, Santa Clara and Ivone properties. These properties consist of 492 hectares of mineral rights. If fully exercised, total option payments will amount to $3.3 million, of which $1.7 million have been paid, $1.2 million in 2015 and the remaining balance of $0.4 million due over years 2016 and 2017.

(d) San Martin Silver Mine, Jalisco State

The San Martin Silver Mine is a producing underground mine located adjacent to the town of San Martin de Bolaños, in the State of Jalisco, Mexico, 290 km north east of Guadalajara, Mexico, and is owned 100% by the Company. The mine comprises approximately 7,841 hectares of mineral rights, 1,300 hectares of surface rights surrounding the mine, and another 104 hectares of surface rights where the upgraded 1,300 tpd cyanidation plant, mine buildings, offices and related infrastructure are located.

(e) La Guitarra Silver Mine, State of Mexico

The La Guitarra Silver Mine was acquired through the acquisition of Silvermex Resources Inc. in July 2012. The La Guitarra Silver Mine is located in the Temascaltepec Mining District in the State of Mexico, near Toluca, Mexico and approximately 130 km south west from Mexico City. The mine covers 39,714 hectares of mining claims within the Temascaltepec Mining District. The La Guitarra mine consists of two underground operation centers and a flotation mill with a capacity of 500 tpd. The Company owns 100% of the La Guitarra Silver Mine.

In January 2014, the Company entered into two agreements to acquire various adjacent mining concessions, namely El Coloso, Amplicación Los Comales, San Jose, Jessica and Nazareno de Anecas properties. These properties consist of 757 hectares of mineral rights. The total purchase price amount to $5.4 million, of which $5.2 million is settled in common shares of First Majestic and $0.2 million in cash. As at December 31, 2014, the Company has issued $3.2 million in common shares and paid $0.2 million in cash. The remaining balance of $2.0 million in common shares will be issued in four equal annual payments based on the Company's volume weighted average market price at the time of the payments.

(f) La Luz Silver Project, San Luis Potosi State

The La Luz Silver Project was acquired through the acquisition of Normabec Mining Resources Ltd. in November 2009. The La Luz Silver Project is located 25 km west of the town of Matehuala in San Luis Potosi State, Mexico, near the village of Real de Catorce and consists of 36 mining concessions covering 4,977 hectares plus an additional 21 hectares of surface rights. The Company owns 100% of the La Luz Silver Project and all of the associated mining claims of what were historically known as the Santa Ana mine.

(g) Other Exploration Properties

i) Plomosas Silver Project, State of Sinaloa

The Plomosas Silver Project was acquired through the acquisition of Silvermex Resources Inc. in July 2012. Plomosas has a total of 16,279 hectares of mining concessions in southeast State of Sinaloa, Mexico. The mining concession consolidates two past producing mines: Plomosas and San Juan. Extensive infrastructure is in place at Plomosas, including a fully functional mining camp facility at the Plomosas mine. Facilities and infrastructure at Plomosas include a 20 year surface rights agreement in good standing, a 30 year water use permit, tailings dam, 60 km of 33 kilovolt power line, 120 person camp, infirmary, offices, shops and warehouses, and assay lab.

14. MINING INTERESTS (continued)

(g) Other Exploration Properties (continued)

ii) Jalisco Group of Properties, Jalisco State

The Company owns the Jalisco Group of Properties which consist of 5,240 hectares of mining claims in Jalisco State, Mexico. The Company entered into an agreement with Sonora Resources Corp. (the "Optionee") in April 2011, and subsequently amended in April 2014, whereby the Optionee has an option to acquire up to 90% in the Jalisco Group of Properties. As part of the option agreement, the Optionee has issued a total of 13 million shares of common stock to the Company and is committed to spend $3 million over the first five years to earn a 50% interest, an additional $2 million over seven years to earn a 70% interest and to complete a bankable feasibility study within nine years to obtain a 90% interest. First Majestic will retain a 10% free carried interest and a 2.375% NSR.

iii) Other Exploration Properties

With the acquisition of Silvermex Resources Inc. in 2012, the Company also acquired its subsidiary, Minera Terra Plata, S.A. de C.V. ("Terra Plata"), and its group of exploration stage properties in Mexico, including the Peñasco Quemado Silver Project in the State of Sonora, the La Frazada Silver Project in the State of Nayarit and the Los Lobos Silver Project in the State of Sonora. On July 1, 2014, First Majestic divested Terra Plata and its group of exploration properties to Sundance Minerals Ltd. (see Note 17).

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are composed of the following:

	Land and Buildings[1]	Machinery and Equipment[2]	Assets under Construction	Other	Total
Cost					
At December 31, 2012	**$ 46,828**	**$ 146,401**	**$ 63,218**	**$ 7,635**	**$ 264,082**
Additions	13,927	40,576	38,662	4,149	97,314
Transfers and disposals[3]	23,012	28,319	(49,668)	(1,819)	(156)
At December 31, 2013	**$ 83,767**	**$ 215,296**	**$ 52,212**	**$ 9,965**	**$ 361,240**
Additions	13,190	17,129	4,452	2,043	36,814
Transfers and disposals[4]	23,678	5,892	(35,458)	(372)	(6,260)
At December 31, 2014	**$ 120,635**	**$ 238,317**	**$ 21,206**	**$ 11,636**	**$ 391,794**
Accumulated depreciation and amortization and impairment					
At December 31, 2012	**$ (9,777)**	**$ (30,548)**	**$ -**	**$ (3,545)**	**$ (43,870)**
Depreciation and amortization	(4,142)	(20,417)	-	(1,572)	(26,131)
Transfers and disposals	1	86	-	-	87
At December 31, 2013	**$ (13,918)**	**$ (50,879)**	**$ -**	**$ (5,117)**	**$ (69,914)**
Depreciation and amortization	(5,878)	(28,188)	-	(1,748)	(35,814)
Transfers and disposals	37	5,587	-	451	6,075
Impairment (Note 16)	(9,815)	(15,152)	-	(136)	(25,103)
At December 31, 2014	**$ (29,574)**	**$ (88,632)**	**$ -**	**$ (6,550)**	**$ (124,756)**
Carrying values					
At December 31, 2013	**$ 69,849**	**$ 164,417**	**$ 52,212**	**$ 4,848**	**$ 291,326**
At December 31, 2014	**$ 91,061**	**$ 149,685**	**$ 21,206**	**$ 5,086**	**$ 267,038**

(1) Included in land and buildings is $6.7 million (December 31, 2013 - $6.6 million) of land properties which are not subject to depreciation.
(2) Included in property, plant and equipment is $47.4 million (December 31, 2013 - $51.5 million) of equipment under finance lease.
(3) On April 1, 2013, the commissioning of the 1,000 tpd flotation plant at the Del Toro mine was completed as operating levels intended by management have been reached. Accordingly, costs associated with the flotation plant were transferred from assets under construction to buildings, machinery and equipment, with depreciation commencing effective April 1, 2013.
(4) On January 1, 2014, the commissioning of the 1,000 tpd cyanidation plant at the Del Toro mine was completed as operating levels intended by management have been reached. Accordingly, costs associated with the plant were transferred from assets under construction to buildings, machinery and equipment, with depreciation commencing effective January 1, 2014.

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Mining assets, including land and buildings, machinery and equipment, assets under construction and other assets above are allocated as follow:

	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	La Luz	Corporate	Total
Cost								
At December 31, 2012	**$ 82,067**	**$ 78,372**	**$ 55,063**	**$ 26,687**	**$ 10,798**	**$ 3,526**	**$ 7,569**	**$ 264,082**
Additions	8,057	7,347	53,135	14,504	7,193	2,775	4,303	97,314
Transfers and disposals	(37)	6,294	(6,322)	(60)	(18)	-	(13)	(156)
At December 31, 2013	**$ 90,087**	**$ 92,013**	**$ 101,876**	**$ 41,131**	**$ 17,973**	**$ 6,301**	**$ 11,859**	**$ 361,240**
Additions	12,069	5,019	10,167	5,787	1,977	556	1,239	36,814
Transfers and disposals	(1,797)	(4,160)	1,286	(2,433)	782	-	62	(6,260)
At December 31, 2014	**$ 100,359**	**$ 92,872**	**$ 113,329**	**$ 44,485**	**$ 20,732**	**$ 6,857**	**$ 13,160**	**$ 391,794**
Accumulated depreciation and amortization and impairment								
At December 31, 2012	**$ (18,553)**	**$ (15,923)**	**$ -**	**$ (6,856)**	**$ (997)**	**$ (96)**	**$ (1,445)**	**$ (43,870)**
Depreciation and amortization	(9,305)	(7,656)	(3,859)	(2,753)	(1,377)	(31)	(1,150)	(26,131)
Transfers and disposals	16	8	1	60	2	-	-	87
At December 31, 2013	**$ (27,842)**	**$ (23,571)**	**$ (3,858)**	**$ (9,549)**	**$ (2,372)**	**$ (127)**	**$ (2,595)**	**$ (69,914)**
Depreciation and amortization	(10,119)	(8,107)	(8,947)	(4,722)	(2,512)	(47)	(1,360)	(35,814)
Transfers and disposals	1,022	3,136	(860)	3,173	(380)	-	(16)	6,075
Impairment (Note 16)	-	-	(11,019)	(7,292)	(6,792)	-	-	(25,103)
At December 31, 2014	**$ (36,939)**	**$ (28,542)**	**$ (24,684)**	**$ (18,390)**	**$ (12,056)**	**$ (174)**	**$ (3,971)**	**$ (124,756)**
Carrying values								
At December 31, 2013	**$ 62,245**	**$ 68,442**	**$ 98,018**	**$ 31,582**	**$ 15,601**	**$ 6,174**	**$ 9,264**	**$ 291,326**
At December 31, 2014	**$ 63,420**	**$ 64,330**	**$ 88,645**	**$ 26,095**	**$ 8,676**	**$ 6,683**	**$ 9,189**	**$ 267,038**

16. IMPAIRMENT OF NON-CURRENT ASSETS

At December 31, 2014 and 2013, the Company determined there were several indicators of potential impairment on its non-current assets. In 2014, these factors included the sharp decline in silver price during the year and the consequential impact on the Company's reserves and resources. In 2013, these factors included lower prevailing silver prices combined with the income tax reform introduced in Mexico (see Note 22). Based on the Company's assessment at December 31, 2014 and 2013, the Company concluded that the following mines and properties had estimated recoverable value, based on their FVLCD, below their carrying value and impairment charges were required:

	Year Ended December 31, 2014	Year Ended December 31, 2013
La Guitarra Silver Mine	$ 58,656	$ 24,591
San Martin Silver Mine	21,744	-
Del Toro Silver Mine	21,550	-
Penasco Quemado Silver Project	-	1,600
La Frazada Silver Project	-	2,100
Los Lobos Silver Project	-	500
Impairment of non-current assets	**$ 101,950**	**$ 28,791**
Deferred income tax recovery	(35,938)	(1,481)
Impairment of non-current assets, net of tax	**$ 66,012**	**$ 27,310**

The impairment charge recognized for the year ended December 31, 2014 in respect of each CGU was as follows:

	Mining Interest		Property, Plant and Equipment	Total
	Producing	Exploration		
La Guitarra Silver Mine	$ 24,632	$ 27,232	$ 6,792	$ 58,656
San Martin Silver Mine	10,211	4,241	7,292	21,744
Del Toro Silver Mine	6,142	4,389	11,019	21,550
Impairment of non-current assets	**$ 40,985**	**$ 35,862**	**$ 25,103**	**$ 101,950**

16. IMPAIRMENT OF NON-CURRENT ASSETS (continued)

Internal discounted cash flow economic models are projected using management's best estimate of recoverable mineral reserves and resources, future operating costs and capital expenditures, and long-term foreign exchange rates. For mineral resources that were not valued using internal discounted cash flow economic models, FVLCD were estimated based on in-situ value of their resources and exploration potential. The in-situ values vary on a project by project basis, dependent on market comparables most closely related to their specific facts and circumstances.

Metal price assumptions used to determine the recoverable amounts at December 31, 2014 and 2013 are summarized in the following table:

	At December 31, 2014		At December 31, 2013	
Commodity Prices	**2015-2018 Average**	**Long-term**	**2014-2017 Average**	**Long-term**
Silver (per ounce)	$ 19.51	$ 21.50	$ 22.15	$ 22.30
Gold (per ounce)	$ 1,261	$ 1,300	$ 1,301	$ 1,300
Lead (per pound)	$ 1.10	$ 1.00	$ 0.99	$ 1.00
Zinc (per pound)	$ 1.01	$ 0.94	$ 1.03	$ 0.96

A discount rate of 8.5% (2013 – 9% to 11%), equivalent to the Company's weighted average cost of capital adjusted for specific project risks, was used to determine FVLCD based on internal discounted cash flow economic models of each CGU.

The internal discounted cash flow economic models and in-situ values used to determine FVLCD are significantly affected by changes in key assumptions for future metal prices, capital expenditures, production cost estimates and discount rates. Management's estimate of FVLCD is classified as level 3 in the fair value hierarchy. There has been no material change in the valuation techniques utilized to determine FVLCD in the year ended December 31, 2014.

17. OTHER INVESTMENTS

On July 1, 2014, First Majestic received $3.4 million in shares, equivalent to a 34.2% interest, of Sundance Minerals Ltd. ("Sundance"), a privately held exploration company, in exchange for the Company's 100% wholly owned subsidiary, Minera Terra Plata S.A. de C.V. ("Terra Plata"). Terra Plata owns a 100% interest in the Penasco Quemado, the La Frazada and the Los Lobos projects, properties that First Majestic acquired through its acquisition of Silvermex Resources Inc. in July 2012. Concurrent with the sale of Terra Plata to Sundance, Sundance acquired certain mineral property interests owned by an officer and a director of First Majestic for a 2.8% interest in Sundance. As part of the plan of arrangement, Sundance will vend 100% of its shares to Albion Petroleum Ltd., a TSX Venture Exchange listed capital pool company, creating a new publicly listed exploration company to be named First Mining Finance Corp. ("Proposed Transaction").

As at July 1, 2014, Terra Plata had a net book value of $3.6 million, comprised of $3.7 million in mining interest, $0.1 million in other receivables, net of $0.2 million in deferred income tax liabilities, resulting in a loss of $0.2 million on the disposal of the subsidiary.

Subsequent to the sale of Terra Plata, certain officers, directors and employees of First Majestic subscribed in a private placement in Sundance to raise CAD$525,000 for a 7.6% minority interest in Sundance, which diluted First Majestic's interest in Sundance to 31.7%. Following the completion of the Proposed Transaction and subject to regulatory approval, First Majestic expects to distribute its interest in First Mining Finance Corp. to its shareholders by way of dividend in-kind.

As at December 31, 2014, the Company's investment in Sundance has a carrying value of $3.4 million (2013 - $nil) and no income or loss has been recognized on the investment during the year (2013 - $nil).

18. TRADE AND OTHER PAYABLES

The Company's trade and other payables are primarily comprised of amounts outstanding for purchases relating to mining operations, exploration and evaluation activities and corporate office expenses. The normal credit period for these purchases is between 30 to 90 days. Trade and other payables are comprised of the following items:

	December 31, 2014	December 31, 2013
Trade payables	$ 25,948	$ 20,889
Accrued liabilities	14,412	13,645
	$ 40,360	**$ 34,534**

19. PREPAYMENT FACILITIES

In December 2012, the Company entered into a $50.0 million prepayment facility agreement ("Prepayment Facility"). Under the terms of the agreement, the Company received $50.0 million as an advance against a portion of the Company's lead and zinc concentrate production for a period of 36 months commencing in July 2013. The Prepayment Facility bears an annual fixed interest rate of 4.344%. Principal and interest is payable monthly based on pre-determined amounts of lead and zinc production at market prices. A total of 12,158 metric tonnes of lead and 13,176 metric tonnes of zinc will be delivered over the 36 months period, of which 7,433 metric tonnes of lead and 8,136 metric tonnes of zinc are outstanding for delivery as at December 31, 2014. To mitigate potential exposure to future price increases in lead and zinc, in July 2013, the Company entered into an agreement with the same lender to purchase call options on lead and zinc futures equivalent to a portion of its production to be delivered under the terms of the Prepayment Facility.

In April 2014, the Company entered into an additional $30.0 million prepayment facility agreement for a portion of the Company's future lead production. The Company executed this forward sale contract for 15,911.3 metric tonnes of lead at a fixed price of $0.945 per pound ($2,083/mt), of which 15,733 metric tonnes are outstanding for delivery as at December 31, 2014. The contract term is valid from April 2014 to September 2017, with a six-month repayment holiday from April to September 2014. The repayment terms carry a fixed interest charge of 4.053%. In October 2014, the Company entered into an agreement with the same lender to purchase call options on lead equivalent to a portion of its production to be delivered under the terms of the prepayment facility.

The Prepayment Facilities are classified as a FVTPL financial liabilities and recorded at fair market value, based on the forward market price of lead and zinc and discounted at effective interest rates of 6.0% to 6.7% for the December 2012 and April 2014 facilities, respectively. Fair value adjustment gains or losses are recorded as other income. The associated call options are classified as FVTPL financial assets and recorded at fair market value, based on quoted market prices.

The fair values of the Prepayment Facilities and related call option are presented on the statements of financial position on an offsetting basis as follows:

	December 31, 2014	December 31, 2013
Offsetting of financial instruments:		
Prepayment facilities	$ 57,108	$ 45,599
Call option	(1,132)	(1,383)
	$ 55,976	**$ 44,216**
Financial statement presentation:		
Current portion of prepayment facilities	$ 26,329	$ 17,874
Prepayment facilities	29,647	26,342
	$ 55,976	**$ 44,216**

19. PREPAYMENT FACILITIES (continued)

Movements in the Prepayment Facilities and associated call options are summarized as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Opening balance	**$ 44,216**	**$ 50,403**
Proceeds	30,000	-
Repayments, including interest	(17,138)	(4,947)
Gain on fixed price contract	(241)	(514)
Fair value adjustment of remaining repayments, including call options	(4,744)	(3,919)
Interest and accretion expense[(1)]	3,883	3,193
Ending balance	**$ 55,976**	**$ 44,216**
Remaining repayments		
Less than one year	$ 29,389	$ 16,091
More than one year but not more than five years	37,230	33,839
Gross value of remaining repayments	**66,619**	**49,930**
Cumulative mark-to-market adjustment of remaining repayments, including call options	(5,834)	(1,453)
Adjusted value of remaining repayments	**60,785**	**48,477**
Less: future finance charges	(4,809)	(4,261)
Fair value	**$ 55,976**	**$ 44,216**

(1) Borrowing costs incurred prior to January 1, 2014 were capitalized as construction costs of the Del Toro mine until commercial production was achieved.

Under the Prepayment Facility agreements, the Company is required to limit its aggregate amount of debt below $135.0 million, excluding finance leases, which may not exceed $75.0 million.

20. LEASE OBLIGATIONS

The Company has entered into finance leases for various mining and plant equipment. These leases have terms of 36 to 48 months with interest rates ranging from 4.8% to 8.0%. Assets under finance leases are pledged as security against the lease obligation.

The following is a schedule of future minimum lease payments under the finance leases:

	December 31, 2014	December 31, 2013
Less than one year	$ 12,883	$ 17,680
More than one year but not more than five years	16,547	21,508
Gross payments	29,430	39,188
Less: future finance charges	(2,547)	(2,898)
Present value of minimum lease payments	**$ 26,883**	**$ 36,290**
Financial statement presentation:		
Current portion of lease obligations	$ 11,428	$ 15,993
Lease obligations	15,455	20,297
Present value of minimum lease payments	**$ 26,883**	**$ 36,290**

21. DECOMMISSIONING LIABILITIES

The Company has an obligation to undertake restoration, rehabilitation and environmental work when environmental disturbance is caused by the development and ongoing production of a mining property, as well as the decommissioning of the plant or other restoration work. A provision for environmental rehabilitation has been estimated based on the Company's interpretation of current regulatory requirements and is recognized at the present value of such costs. The present value of the reclamation liabilities may be subject to change based on management's current estimates, changes in the remediation technology or changes to the applicable laws and regulations. Changes in estimate of reclamation liabilities are recorded against mining interests.

Movements in decommissioning liabilities during the year ended December 31, 2014 and 2013 are allocated as follow:

At December 31, 2014	La Encantada Silver Mine	La Parrilla Silver Mine	Del Toro Silver Mine	San Martin Silver Mine	La Guitarra Silver Mine	La Luz Silver Project	Total
Anticipated settlement date	2023	2026	2022	2028	2020	2037	
Undiscounted value of estimated cash flow	$ 4,473	$ 3,182	$ 3,182	$ 3,164	$ 1,782	$ 1,033	$ 16,816
Estimated mine life (years)	9	12	8	14	6	23	
Discount rate	5.4%	5.9%	5.3%	5.9%	4.8%	6.3%	
Balance at December 31, 2012	**$ 3,225**	**$ 1,701**	**$ 938**	**$ 1,698**	**$ 1,366**	**$ 763**	**$ 9,691**
Movements during the year:							
Change in rehabilitation provision	(303)	51	1,821	(88)	459	(71)	1,869
Interest or accretion expense	192	117	42	113	75	-	539
Interest or accretion expense capitalized	-	-	14	-	-	50	64
Foreign exchange gain	(21)	(11)	(6)	(10)	(8)	(11)	(67)
Balance at December 31, 2013	**$ 3,093**	**$ 1,858**	**$ 2,809**	**$ 1,713**	**$ 1,892**	**$ 731**	**$ 12,096**
Movements during the year:							
Change in rehabilitation provision	1,292	1,003	398	1,083	118	54	3,948
Interest or accretion expense	217	141	188	133	122	-	801
Interest or accretion expense capitalized	-	-	-	-	-	51	51
Foreign exchange gain	(366)	(220)	(331)	(204)	(205)	(86)	(1,412)
Balance at December 31, 2014	**$ 4,236**	**$ 2,782**	**$ 3,064**	**$ 2,725**	**$ 1,927**	**$ 750**	**$ 15,484**

22. INCOME TAXES

The Canadian combined statutory tax rate increased from 25.75% to 26.00% in 2014 due to timing of an increase in the provincial tax rate for British Columbia from 10.0% to 11.0% during fiscal 2014.

The tax provision on earnings is computed after taking into account intercompany transactions such as interest on loans, sales, other charges and credits among subsidiaries resulting from their capital structure as well as from the various jurisdictions in which operations and assets are owned. For these reasons, the effective tax rate differs from the combined corporate statutory rate in Canada. The Company's effective tax rate and its cash tax cost depend on the laws of numerous countries and the provisions of multiple income tax conventions between various countries in which the Company operates.

22. INCOME TAXES (continued)

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 years ended December 31, 2014 and 2013:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Net (loss) earnings before tax	**$ (80,937)**	**$ 26,193**
Combined statutory tax rate	26.00%	25.75%
Income tax (recovery) expense computed at statutory tax rate	**$ (21,044)**	**$ 6,745**
Reconciling items:		
Impact of initial recognition of 7.5% mining royalty in Mexico	-	35,111
Effect of different foreign statutory tax rates on earnings of subsidiaries	(1,427)	(662)
Impact of foreign exchange on deferred income tax assets and liabilities	(1,411)	4,019
Change in unrecognized deferred income tax asset	3,730	178
7.5% mining royalty in Mexico	(2,788)	-
Other non-deductible expenses	2,686	4,043
Impact of inflationary adjustments	860	489
Impact of change in Mexico statutory tax rates	-	3,682
Impairment of goodwill	-	6,332
Other	(95)	4,488
Income tax (recovery) expense	**$ (19,489)**	**$ 64,425**
Effective tax rate	**24.08%**	**245.96%**
Current income tax expense	$ 7,682	$ 1,261
Deferred income tax (recovery) expense	(27,171)	63,164
Income tax (recovery) expense	**$ (19,489)**	**$ 64,425**

For the year ended December 31, 2014, the effective tax rate of 24% was lower than the combined Canadian federal and provincial statutory tax rate primarily due to the impact of foreign exchange and differing tax rates in various tax jurisdictions, partially offset by the change in unrecognized deferred income tax assets. Deferred income tax assets are recognized for tax losses to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon numerous factors, including the future profitability of operations in the jurisdictions in which the tax losses arose.

In 2013, the effective tax rate was 246% due to the initial recognition of the impact of major tax reforms enacted in Mexico during fiscal 2013 that were effective January 1, 2014. The significant items impacting the effective tax rate include the introduction of a 7.5% mining royalty in Mexico, elimination of a scheduled reduction of Mexico corporate statutory tax rate to 29% in 2014 and 28% in 2015, and non-deductible impairment of goodwill. In 2013, the Mexican government enacted a tax reform to introduce a mining royalty effective January 2014. This royalty is deductible for tax purposes and is calculated as 7.5% of 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 Company has taken the position that the 7.5% mining royalty is an income tax in accordance with IFRS for financial reporting purpose, as it is based on a measure of revenue less certain specified costs. On substantial enactment, a taxable temporary difference arises, as property, plant and equipment and mining assets have book basis but no tax basis for purposes of the royalty. At December 31, 2013, the Company recognized a deferred tax liability of $35.1 million. This deferred tax liability will be drawn down to $nil as a reduction to tax expense over the life of mine as the mine and its related assets are depleted or depreciated.

22. INCOME TAXES (continued)

During the years ended December 31, 2014 and 2013, the movement in deferred tax assets and deferred tax liabilities is shown below:

Deferred tax assets	Losses	Provisions	Deferred tax asset not recognized	Other	Total
At December 31, 2012	**$ 30,647**	**$ 6,189**	**$ (7,949)**	**$ 1,310**	**$ 30,197**
Benefit (expense) to income statement	33,907	3,972	7,217	(964)	44,132
Expense to equity	-	-	-	(319)	(319)
At December 31, 2013	**$ 64,554**	**$ 10,161**	**$ (732)**	**$ 27**	**$ 74,010**
Benefit (expense) to income statement	21,043	(1,068)	(3,730)	388	16,633
At December 31, 2014	**$ 85,597**	**$ 9,093**	**$ (4,462)**	**$ 415**	**$ 90,643**

Deferred tax liabilities	Property, plant and equipment and mining interests	Effect of Mexican tax deconsolidation	Other	Total
At December 31, 2012	**$ 108,122**	**$ -**	**$ 3,615**	**$ 111,737**
Expense to income statement	60,897	41,609	4,796	107,302
Reclassed to current income taxes payable	-	(10,407)	-	(10,407)
At December 31, 2013	**$ 169,019**	**$ 31,202**	**$ 8,411**	**$ 208,632**
(Benefit) expense to income statement	(23,408)	(3,494)	11,594	(15,308)
Reclassed from current income taxes payable	-	7,580	-	7,580
At December 31, 2014	**$ 145,611**	**$ 35,288**	**$ 20,005**	**$ 200,904**

Deferred tax liabilities, net	
At December 31, 2013	$ 134,622
At December 31, 2014	110,261

As at December 31, 2014 and 2013, the Company has available Canadian and Mexican non-capital tax losses, which if not utilized will expire as follows:

Year of expiry	Canadian non-capital losses	Mexican non-capital losses	Total as at December 31, 2014	Total as at December 31, 2013
2014	$ -	$ -	$ -	$ 2,265
2015	-	-	-	5,216
2016	-	4,823	4,823	18,047
2017	-	16,776	16,776	30,340
2018	-	28,056	28,056	13,288
2019	-	12,287	12,287	337
2020	-	311	311	35,828
2021	-	32,153	32,153	62,423
2022	-	62,888	62,888	49,299
2023	-	35,866	35,866	-
2024	-	79,680	79,680	-
2028	1,426	-	1,426	2,709
2031	1,715	-	1,715	1,870
Total	**$ 3,141**	**$ 272,840**	**$ 275,981**	**$ 221,622**

22. INCOME TAXES (continued)

At December 31, 2014, the Company did not recognize $4.5 million (2013 - $0.7 million) of deferred tax assets related to non-capital losses.

At December 31, 2014, the Company recognized $13.9 million (2013 - $4.1 million) of net deferred tax assets in entities that have had a loss for tax purposes in either 2014 or 2013, or both. In evaluating whether it is probable that sufficient taxable income will be generated to realize the benefit of these deferred tax assets, the Company considered all available evidence, including approved budgets, forecasts and business plans and, in certain cases, tax planning opportunities.

The Mexico tax reform enacted in December 2013 also abolished the previous tax consolidation regime effective as of January 1, 2014 and requires consolidated groups to deconsolidate. The tax deconsolidation results in the availability of entity level loss carryforwards that were previously used to shelter taxable income of other group companies. As at December 31, 2014, the Company has total entity level non-capital loss carryforwards of $272.8 million (2013 - $217.0 million) for Mexican income tax purposes that may be carried forward to reduce taxable income.

The aggregate amount of taxable temporary differences associated with investments in subsidiaries for which deferred taxes have not been recognized, as at December 31, 2014 is $196.0 million (2013 - $107.2 million).

23. SHARE CAPITAL

(a) Authorized and issued capital

The Company has unlimited authorized common shares with no par value. The movement in the Company's issued and outstanding capital during the year is as follows:

	Shares	Amount
Balance at December 31, 2012	**116,756,840**	**$ 423,958**
Shares issued for exercise of options	483,000	1,789
Shares repurchased and cancelled (Note 23(c))	(215,000)	(782)
Transfer of equity reserve upon exercise of options	-	742
Balance at December 31, 2013	**117,024,840**	**$ 425,707**
Shares issued for:		
Exercise of options	372,500	1,433
Acquisition of mining interests (Note 14(e))	337,300	3,220
Shares repurchased and cancelled (Note 23(c))	(140,000)	(513)
Transfer of equity reserve upon exercise of options	-	741
Balance at December 31, 2014	**117,594,640**	**$ 430,588**

(b) Stock options

Under the terms of the Company's Stock Option Plan, the maximum number of shares reserved for issuance under the Plan is 10% of the issued shares on a rolling basis. Options may be exercisable over periods of up to five 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 prior to May 19, 2011 were subject to vesting with 25% vesting upon issuance and 25% vesting each six months thereafter. All stock options granted thereafter are subject to vesting with 25% vesting on the first anniversary from the date of grant, and 25% vesting each six months thereafter. As of December 31, 2014, incentive stock options represent 5% (2013 – 6%) of issued and outstanding share capital.

23. SHARE CAPITAL (continued)

(b) Stock options (continued)

The following table summarizes the information about stock options outstanding and exercisable at December 31, 2014:

	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	50,000	5.94	4.88	-	-	-
10.01 - 15.00	2,939,842	10.99	3.63	561,236	12.26	1.68
15.01 - 20.00	1,378,400	16.73	1.96	1,374,650	16.73	1.96
20.01 - 22.45	1,716,216	21.59	2.96	1,050,288	21.74	2.95
	6,084,458	15.24	3.07	2,986,174	17.65	2.26

The aggregate intrinsic value of vested share options (the market value less the exercise value) at December 31, 2014 was $nil (2013 - $0.6 million).

The changes in stock options issued during years ended December 31, 2014 and 2013 are as follows:

	Year Ended December 31, 2014		Year Ended December 31, 2013	
	Number of Options	Weighted Average Exercise Price (CAD$/Share)	Number of Options	Weighted Average Exercise Price (CAD$/Share)
Balance, beginning of the year	5,208,520	16.85	4,603,520	14.59
Granted	2,549,142	10.57	1,963,075	18.04
Exercised	(372,500)	4.29	(483,000)	3.77
Cancelled or expired	(1,300,704)	15.67	(875,075)	14.82
Balance, end of the year	6,084,458	15.24	5,208,520	16.85

The weighted average closing share price at date of exercise for the year ended December 31, 2014 was CAD$8.85 (2013 - CAD$13.53).

During the year ended December 31, 2014, a total of 2,549,142 (2013 – 1,963,075) stock options were granted for an aggregate fair value of CAD$8.4 million (2013 – CAD$13.0 million). The weighted average fair value of employee stock options granted during the year ended December 31, 2014 was CAD$3.30 (2013 - CAD$6.63), which was estimated using the Black-Scholes Option Pricing Model with the following assumptions (on a weighted average basis):

	Year Ended December 31, 2014	Year Ended December 31, 2013
Average risk-free interest rate (%)[(1)]	1.44	1.31
Expected life (years)	3.38	3.38
Expected volatility (%)[(2)]	41.20	53.50
Expected dividend yield (%)	-	-

(1) The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the stock options.
(2) The expected volatility assumption is based on the historical and implied volatility of the precious metals mining sector.

23. SHARE CAPITAL (continued)

(c) Share repurchase program

In March 2014, the Company received approval from the Toronto Stock Exchange to extend the Company's share repurchase program to repurchase up to 5,865,931 common shares of the Company over the next 12 months through a normal course issuer bid in the open market. During the year ended December 31, 2014, the Company repurchased and cancelled 140,000 (2013 – 215,000) shares for a total consideration of $0.9 million (2013 - $2.4 million), of which $0.5 million (2013 - $0.8 million) was recorded as a reduction to share capital and the remaining balance of $0.4 million (2013 - $1.6 million) was recorded against retained earnings.

24. EQUITY RESERVES

	Year Ended December 31, 2014	Year Ended December 31, 2013
Share-based payments reserve (a)		
Balance at beginning of year	$ 47,069	$ 33,612
Share-based payments recognized in profit and loss and related tax benefit	7,320	14,199
Reclassed to share capital for exercise of stock options	(741)	(742)
Balance at end of year	$ 53,648	$ 47,069
Available for sale revaluation reserve (b)		
Balance at beginning of year	$ (218)	$ (2,085)
Loss on available for sale marketable securities	(362)	(2,047)
Reclassification of impairment on available for sale investments (Note 13(b))	580	3,914
Balance at end of year	$ -	$ (218)
Foreign currency translation reserve (c)		
Balance at beginning and end of year	$ (308)	$ (308)
Total equity reserves per statements of financial position	**$ 53,340**	**$ 46,543**

(a) The share-based payments reserve records the cumulative amount recognized under IFRS 2 in respect of options granted and share purchase warrants issued but not exercised to acquire shares of the Company and related tax benefits of $nil (2013 - $0.3 million).
(b) The available for sale revaluation reserve principally records the fair value gains or losses related to available-for-sale financial instruments, net of amount reclassified as impairment.
(c) The foreign currency translation reserve represents exchange differences arising on the translation of non-US dollar functional currency operations within the Company into the US dollar presentation currency. Effective January 1, 2013, all of the Company's entities have the US dollar as their functional currency and, thus, there were no changes in the foreign currency translation reserve.

25. FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company's objective when managing capital is to maintain its ability to continue as a going concern while maximizing growth of its business and returns on its shareholders' investments. The Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2013.

In order to facilitate the management of its capital requirements, the Company prepares semi-annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The semi-annual and updated budgets are approved by the Company's Board of Directors.

25. FINANCIAL INSTRUMENTS (continued)

(a) Capital risk management (continued)

The capital of the Company consists of equity (comprising of issued capital, equity reserves and retained earnings), prepayment facility, lease obligations, net of cash and cash equivalents as follows:

	December 31, 2014	December 31, 2013
Equity	$ 520,533	$ 570,745
Prepayment facilities	55,976	44,216
Lease obligations	26,883	36,290
Less: cash and cash equivalents	(40,345)	(54,765)
	$ 563,047	**$ 596,486**

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

The Company is not subject to any externally imposed capital requirements with the exception of complying with the covenant under the Prepayment Facility agreement (see Note 19).

(b) Categories of financial instruments

	December 31, 2014		December 31, 2013	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Loans and receivables				
Cash and cash equivalents	$ 40,345	$ 40,345	$ 54,765	$ 54,765
Trade and other receivables	13,561	13,561	22,045	22,045
Fair value through profit or loss				
Marketable securities	2,460	2,460	3,028	3,028
Derivatives	-	-	800	800
Available for sale				
Marketable securities	-	-	349	349
Total financial assets	**$ 56,366**	**$ 56,366**	**$ 80,987**	**$ 80,987**
Financial liabilities				
Fair value through profit or loss				
Prepayment facilities	$ 55,976	$ 55,976	$ 44,216	$ 44,216
Other financial liabilities				
Trade and other payables	40,360	40,360	34,534	34,534
Total financial liabilities	**$ 96,336**	**$ 96,336**	**$ 78,750**	**$ 78,750**

25. FINANCIAL INSTRUMENTS (continued)

(c) Fair value of financial instruments

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 years ended December 31, 2014 and 2013.

	December 31, 2014		December 31, 2013	
	Level 1	Level 2	Level 1	Level 2
Financial assets				
Cash equivalents	$ -	$ -	$ -	$ 9,458
Accounts receivable related to concentrate sales (1)	-	4,741	-	7,939
Marketable securities(2)	2,460	-	3,377	-
Derivatives(2)	-	-	800	-
Financial liabilities				
Prepayment facilities(3)	$ (1,132)	$ 57,108	$ (1,383)	$ 45,599

(1) Accounts receivable related to concentrate sales are subject to provisional pricing with the selling price adjusted at the end of the quotational period. At each reporting date, the Company's accounts receivable related to concentrate sales are marked-to-market based on a quoted forward price for which there exists an active commodity market.
(2) Derivative financial instruments and marketable securities are valued based on unadjusted quoted prices for identical assets in an active market obtained from securities exchanges.
(3) The prepayment facilities are valued based on the market value of lead and zinc to be delivered, determined using the observable forward price curve per London Metal Exchange ("LME") of the respective metals, discounted at market discount rate. Zinc and lead call options acquired in relation to the prepayment facility are valued based on unadjusted quoted prices for identical assets in an active market obtained from security exchanges.

(d) 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.

i) Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations. The Company's credit risk relates primarily to trade receivables in the ordinary course of business and VAT and other receivables. The Company sells and receives payment upon delivery of its silver doré and by-products primarily through three international customers. Additionally, silver-lead concentrates and related base metal by-products are sold primarily through four international organizations with good credit ratings. Payments of receivables are scheduled, routine and 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.

25. FINANCIAL INSTRUMENTS (continued)

(d) Financial risk management (continued)

i) Credit Risk (continued)

The carrying amount of financial assets recorded in the consolidated financial statements represents the Company's maximum exposure to credit risk. The Company believes it is not exposed to significant credit risk and overall, the Company's credit risk has not changed significantly from the prior year.

ii) 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 on an ongoing basis and to support its expansion plans. As at December 31, 2014, the Company has outstanding trade payables of $25.9 million (2013 - $20.9 million) which are generally payable in 90 days or less and accrued liabilities of $14.4 million (2013 - $13.6 million) which are generally payable within 12 months. 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.

The Company's liabilities and commitments have maturities which are summarized below:

		Payments Due By Period			
	Total	**Less than 1 year**	**1 to 3 years**	**4 to 5 years**	**After 5 years**
Trade and other payables	$ 40,360	$ 40,360	$ -	$ -	$ -
Prepayment facilities	66,619	29,389	37,230	-	-
Finance lease obligations	29,430	12,883	15,268	1,279	-
Decommissioning liabilities	16,816	-	-	-	16,816
Total Obligations	**$ 153,225**	**$ 82,632**	**$ 52,498**	**$ 1,279**	**$ 16,816**

iii) Currency Risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include Canadian dollar and Mexican peso denominated assets and liabilities. The sensitivity of the Company's net earnings and other comprehensive income due to changes in the exchange rate between the Canadian dollar and the Mexican peso against the U.S. dollar is included in the table below:

	December 31, 2014					December 31, 2013	
	Cash and cash equivalents	**Trade and other receivables**	**Trade and other payables**	**Net assets (liabilities) exposure**	**Effect of +/- 10% change in currency**	**Net assets (liabilities) exposure**	**Effect of +/- 10% change in currency**
Canadian dollar	$ 6,898	$ 643	$ (750)	$ 6,791	$ 679	$ 11,225	$ 1,123
Mexican peso	557	7,520	(20,507)	(12,430)	(1,243)	(6,784)	(678)
	$ 7,455	**$ 8,163**	**$ (21,257)**	**$ (5,639)**	**$ (564)**	**$ 4,441**	**$ 444**

iv) Commodity Price Risk

Commodity price risk is the risk that movements in the spot price of silver have a direct and immediate impact on the Company's income or the value of its related financial instruments. The Company also derives by-product revenue from the sale of gold, lead, zinc and iron ore, which accounts for approximately 22% of the Company's gross revenue. The Company's sales are directly dependent on commodity prices that have shown volatility and are beyond the Company's control. The Company has a forward sales agreement to sell a portion of the Company's lead and zinc production at a fixed price (see Note 19). The Company does not use derivative instruments to hedge its commodity price risk to silver. The Company purchased call options on lead and zinc futures to mitigate potential exposure to future price increases in lead and zinc.

25. FINANCIAL INSTRUMENTS (continued)

(d) Financial risk management (continued)

iv) Commodity Price Risk (continued)

As at December 31, 2014, a 10% increase or decrease of metal prices would have the following impact on net earnings:

					December 31, 2014
	Silver	Gold	Lead	Zinc	Effect of +/- 10% change in metal prices
Metals subject to provisional price adjustments	$ 969	$ 48	$ 938	$ 109	$ 2,064
Metals in doré and concentrates inventory	86	13	6	-	105
Prepayment facilities	-	-	(4,204)	(1,670)	(5,874)
	$ 1,055	**$ 61**	**$ (3,260)**	**$ (1,561)**	**$ (3,705)**

v) Interest Rate Risk

The Company is exposed to interest rate risk on its short-term investments. 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, 2014, the Company's exposure to interest bearing liabilities is limited to its prepayment facilities and finance leases which bear interest at fixed rates.

Based on the Company's interest rate exposure at December 31, 2014, a change of 25 basis points increase or decrease of market interest rate does not have a significant impact on net earnings.

26. SUBSIDIARIES AND ASSOCIATES

Details of the Company's significant subsidiaries and associates at December 31, 2014 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	2014 % Ownership	2013 % Ownership
First Majestic Silver Corp.	Holding company and silver sales	Canada	100%	100%
Corporación First Majestic, S.A. de C.V.	Holding company	Mexico	100%	100%
First Majestic Plata, S.A. de C.V.	Silver mining company	Mexico	100%	100%
Minera El Pilón, S.A. de C.V.	Silver mining company	Mexico	100%	100%
Minera La Encantada, S.A. de C.V.	Silver mining company	Mexico	100%	100%
First Majestic Del Toro, S.A. de C.V.	Silver mining company	Mexico	100%	100%
La Guitarra Compañia Minera, S.A. de C.V.	Silver mining company	Mexico	100%	100%
Minera Real Bonanza, S.A. de C.V.	Silver mining company	Mexico	100%	100%
Minera La Rastra, S.A. de C.V.	Silver mining company	Mexico	100%	100%
Minera Los Amoles, S.A. de C.V.	Silver mining company	Mexico	100%	0%
Majestic Services, S.A. de C.V.	Service company	Mexico	100%	100%
Servicios para La Industria Minera, S.A. de. C.V.	Service company	Mexico	100%	100%
Servicios Minero-Metalúrgicos Industriales, S.A. de C.V.	Service company	Mexico	100%	100%
Administración y Servicios Integrales ASI, S.A. de C.V.	Service company	Mexico	100%	100%
Mantenimiento Central Para Equipo Minero, S.A. de C.V.	Service company	Mexico	100%	100%
0915623 B.C. Ltd.	Holding company	Canada	100%	100%
FMS Investment Cooperatië UA	Investment company	Netherlands	100%	100%
FMS Investco B.V.	Investment company	Netherlands	100%	100%
FMS Trading AG	Silver trading company	Switzerland	100%	100%
FMS Capital AG	Treasury company	Switzerland	100%	100%
Sundance Minerals Ltd.	Investment in Associates	Canada	32%	0%

27. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel include the members of the Board of Directors and officers of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Company. The remuneration of directors and officers was as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Salaries, bonuses, fees and benefits		
Independent members of the Board of Directors	$ 753	$ 892
Other members of key management	2,357	3,396
Share-based payments		
Independent members of the Board of Directors	755	442
Other members of key management	3,005	5,471
	$ 6,870	**$ 10,201**

28. SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended December 31, 2014	Year Ended December 31, 2013
Net change in non-cash working capital items:		
Decrease (increase) in trade and other receivables	$ 8,415	$ (2,447)
Decrease (increase) in inventories	9,136	(3,143)
Decrease (increase) in prepaid expenses and other	1,384	(535)
Increase in income taxes payable	5,093	8,298
Increase in trade and other payables	8,624	2,180
	$ 32,652	**$ 4,353**
Non-cash investing and financing activities:		
Acquisition of mining interests	(2,820)	-
Transfer of share-based payments reserve upon exercise of options	741	742
Capitalization of borrowing costs	-	(3,193)
Assets acquired by finance lease	(2,418)	(6,523)
	$ (4,497)	**$ (8,974)**

29. CONTINGENT LIABILITIES

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

In 2012, the Mexican government introduced changes to the federal labour law which made certain amendments to the law relating to the use of service companies and subcontractors and the obligations with respect to workers' participation benefits. These amendments may have an effect on the distribution of profits to workers and result in additional financial obligations to the Company. The Company continues to be in compliance with the federal labour law and believes that these amendments will not result in any new material obligations. Based on this assessment, the Company has not accrued any provisions as at December 31, 2014. The Company will continue to monitor developments in Mexico and to assess the potential impact of these amendments.

30. FIRST SILVER LITIGATION

In 2006, the Company acquired a controlling interest in First Silver for $50.8 million ("the Agreement"). The purchase price was payable to Hector Davila Santos ("Davila Santos") in three instalments. The first and second instalments totaling $38.1 million were paid in accordance with the Agreement. The final 25% instalment of $12.7 million was not paid to Davila Santos pending a legal action by the Company against Davila Santos and his private company involving a mine in Mexico ("the Bolaños Mine") as set out further below.

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

The trial of the Action commenced in the Supreme Court of British Columbia in Vancouver, British Columbia in April 2012. In April 2013, the Company received a positive judgment from the Court, which awarded the sum of $93.8 million in favour of First Majestic against the defendants. In June 2013, as partial payment of the judgment, the Company received a sum of $14.1 million, representing monies previously held in trust by Davila Santos' lawyer, leaving an unpaid amount of approximately $70.3 million (CAD$81.5 million). The Supreme Court of British Columbia 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.

Since June 2013, Davila Santos has pursued various applications and appeals to reverse the judgment by the Supreme Court of British Columbia. As judgment against Davila Santos was not regarded as conclusive until outcome of the appeals were determinable, the sum of $14.1 million received as partial payment of the judgment was recorded as deferred litigation gain on the Company's statements of financial position prior to the current period. On June 5, 2014, the Court of Appeal dismissed the appeal filed by the defendants. As a result, the Company has recognized the $14.1 million deferred litigation gain as other income (see Note 8) in the second quarter of 2014.

Davila Santos subsequently filed an application for leave to appeal to the Supreme Court of Canada in June 2014, which was dismissed by the court in December 2014. There can be no guarantee that the remainder of the judgment amount will be collected and it is likely that it will be necessary to take additional action in Mexico and/or elsewhere to recover the balance. Therefore, as at December 31, 2014, the Company has not accrued any of the remaining $70.3 million (CAD$81.5 million) unpaid judgment in favour of the Company.

31. SUBSEQUENT EVENTS

Subsequent to December 31, 2014:

a) 2,267,055 options were granted with a weighted average exercise price of CAD$6.14 and expire in five years from the grant date; and
b) 62,000 options were cancelled.

Pursuant to the above subsequent events, the Company has 117,594,640 common shares outstanding as at the date on which these consolidated financial statements were approved and authorized for issue by the Board of Directors (see Note 32).

32. APPROVAL OF FINANCIAL STATEMENTS

The audited consolidated financial statements of First Majestic Silver Corp. for the year ended December 31, 2014 and 2013 were approved and authorized for issue by the Board of Directors on February 19, 2015.



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR AND QUARTER ENDED DECEMBER 31, 2014

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of First Majestic Silver Corp. ("First Majestic" or "the Company") for the year ended December 31, 2014 which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. All dollar amounts are expressed in United States ("US") dollars and tabular amounts are expressed in thousands of dollars unless otherwise indicated. All information contained in this MD&A is current as of February 19, 2015 unless otherwise stated.

Forward-Looking Statements

Certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "forecast", "project", "intend", "believe", "anticipate", "outlook" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, without limitation: the inherent risks involved in the mining, exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project delays or cost overruns or unanticipated excessive operating costs and expenses, uncertainties related to the necessity of financing, the availability of and costs of financing needed in the future, and other factors described in the Company's Annual Information Form under the heading "Risk Factors". The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change other than as required by securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Qualified Persons

Ramon Mendoza, P. Eng., Vice President of Technical Services and Jesus Velador, Ph.D., Regional Exploration Manager are certified Qualified Persons ("QP") for the Company. Ramon Mendoza has reviewed this MD&A for QP technical disclosures. All National Instrument 43-101 technical reports can be found on the Company's website at www.firstmajestic.com or on SEDAR at www.sedar.com.

Additional information on the Company, including the Company's Annual Information Form, is also available on SEDAR at www.sedar.com and on the Company's website at www.firstmajestic.com.

925 West Georgia Street, Suite 1805, 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

HIGHLIGHTS	Fourth Quarter 2014	Fourth Quarter 2013	Change	Year to Date 2014	Year to Date 2013	Change
Operating						
Ore Processed / Tonnes Milled	**683,528**	701,617	(3%)	**2,613,411**	2,741,717	(5%)
Silver Ounces Produced	**3,074,567**	2,746,598	12%	**11,748,721**	10,641,465	10%
Silver Equivalent Ounces Produced	**4,247,527**	3,421,161	24%	**15,257,958**	12,791,527	19%
Cash Costs per Ounce[1]	**$8.51**	$9.66	(12%)	**$9.58**	$9.35	2%
All-in Sustaining Cost per Ounce[1]	**$14.43**	n/a	n/a	**$17.71**	n/a	n/a
Total Production Cost per Ounce[1]	**$10.68**	$11.11	(4%)	**$11.68**	$10.36	13%
Total Production Cost per Tonne[1]	**$47.15**	$42.69	10%	**$51.53**	$39.29	26%
Average Realized Silver Price per Ounce ($/eq. oz.)[1]	**$16.30**	$20.61	(21%)	**$18.69**	$23.08	(19%)
Financial						
Revenues ($ millions)	**$72.5**	$59.0	23%	**$245.5**	$251.3	(2%)
Mine Operating Earnings ($ millions)[2]	**$5.8**	$14.3	(59%)	**$30.2**	$92.3	(67%)
Net Loss ($ millions)	**($64.6)**	($81.2)	(21%)	**($61.4)**	($38.2)	61%
Operating Cash Flows before Movements in Working Capital and Income Taxes ($ millions)[2]	**$21.1**	$20.4	3%	**$74.4**	$137.3	(46%)
Cash and Cash Equivalents ($ millions)	**$40.3**	$54.8	(26%)	**$40.3**	$54.8	(26%)
Working Capital ($ millions)[1]	**($2.9)**	$32.8	(109%)	**($2.9)**	$32.8	(109%)
Shareholders						
Loss per Share ("EPS") - Basic	**($0.55)**	($0.69)	(21%)	**($0.52)**	($0.33)	60%
Adjusted EPS[1]	**$0.04**	$0.05	(33%)	**$0.07**	$0.56	(88%)
Cash Flow per Share[1]	**$0.18**	$0.17	3%	**$0.63**	$1.17	(46%)
Weighted Average Shares Outstanding for the Periods	**117,543,961**	117,030,825	0%	**117,444,276**	116,935,325	0%

(1) The Company reports non-GAAP measures which include cash costs per ounce, all-in sustaining cost per ounce, total production cost per ounce, total production cost per tonne, average realized silver price per ounce, working capital, adjusted EPS and cash flow per share. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. See "Non-GAAP Measures" on pages 21 to 25.

(2) The Company reports additional GAAP measures which include mine operating earnings and operating cash flows before movements in working capital and income taxes. These additional financial measures are intended to provide additional information and do not have a standardized meaning prescribed by IFRS. See descriptions in "Additional GAAP Measures" on page 25.

Record Production

The Company achieved another quarter of record production, producing 3,074,567 ounces of silver and 4,247,527 of silver equivalent ounces, compared to 2,746,598 ounces of silver and 3,421,161 of silver equivalent ounces in the fourth quarter of 2013, increases of 12% and 24%, respectively.

Annual production in 2014 reached a record of 15,257,958 of silver equivalent ounces, in line with the Company's previous guidance of 14.8 million to 15.6 million ounces of silver equivalents. On a year over year basis, annual production increased 19% compared to 12,791,527 silver equivalent ounces produced in 2013. Silver production also increased 10% to 11,748,721 ounces compared to 10,641,465 ounces of silver in 2013.

Higher production for the year was primarily attributed to the ramp up of the Del Toro Silver Mine, which increased silver equivalent production by 90% compared to the prior year. In addition, the San Martin Silver Mine, which completed the expansion of its plant milling capacity in 2014, increased its silver equivalent ounces by 55% compared to the prior year.

Revenues

The Company generated revenues of $72.5 million in the fourth quarter of 2014, an increase of $13.5 million or 23% compared to $59.0 million in the fourth quarter of 2013. The increase in revenue was primarily due to the 54% increase in payable equivalent silver ounces sold compared to the same quarter of the prior year, partially offset by a 21% decrease in average silver price.

Revenues for the year ended December 31, 2014 were $245.5 million, a decrease of $5.8 million compared to $251.3 million in 2013, as record production in 2014 resulted in a 21% increase in payable equivalent silver ounces sold. However, the increase in ounces sold was offset by a 19% decrease in average realized silver price per ounce compared to 2013. Higher revenues were also partially offset by higher metal deductions and increased smelting and refining charges related to an increase in concentrate production from the new Del Toro mine and an increase in doré production from more tonnage milled at San Martin due to the completion of the plant expansion during the year.

Mine Operating Earnings

For the quarter ended December 31, 2014, mine operating earnings were $5.8 million compared to $14.3 million in the fourth quarter of 2013. The decrease was attributed to lower margins as a result of a 21% decrease in average realized silver price per ounce, as well as higher depletion, depreciation and amortization expense from expanded production and operations.

For the year ended December 31, 2014, the Company recognized mine operating earnings of $30.2 million, a decrease of 67% compared to $92.3 million in 2013. The decrease in mine operating earnings was primarily attributed to a 19% decline in average realized silver price per ounce during the year, higher production cost during the ramp up of the Del Toro mine, and $17.1 million increase in depletion, depreciation and amortization expense primarily due to 123% increase in production from the new Del Toro mine.

Net (Loss) Earnings

Net loss after taxes for the fourth quarter and year ended December 31, 2014 were $64.6 million and $61.4 million, respectively, compared to net loss after taxes of $81.2 million and $38.2 million, respectively, in the comparative periods of 2013. Net loss in the current period was attributed to non-cash impairment charges totalling $102.0 million (see “Impairment of Non-Current Assets” below).

Earnings per share (“EPS”) for the fourth quarter and year ended December 31, 2014 were a loss of $(0.55) and $(0.52) per share, respectively. Adjusted EPS (see “non-GAAP measures”), normalized for non-cash or unusual items such as impairment of non-current assets, deferred income tax or recovery and share-based payments, for the quarter and year ended December 31, 2014 were $0.04 and $0.07, respectively.

Cash Flows from Operations

In the fourth quarter of 2014, operating cash flows before movements in working capital and income taxes were $21.1 million ($0.18 per share), compared to $20.4 million ($0.17 per share) in the fourth quarter of 2013. The decrease in cash flow per share was primarily attributed to a decrease in mine operating earnings, which were affected by a 21% decline in silver prices compared to the fourth quarter of 2013.

Operating cash flows before movements in working capital and income taxes for the year decreased 46% from $137.3 million ($1.17 per share) in 2013 to $74.4 million ($0.63 per share) in 2014. Cash flows from operations were lower due to much lower margins as a result of a 19% decrease in average realized silver prices.

During 2014, after the completion of three expansion projects at the San Martin, La Guitarra and Del Toro silver mines, the Company’s focus shifted from the expansion of its operations into improving operational efficiency through continuing to optimize the mines to ensure profitability and to generate operating cash flows in the current lower silver price environment.

Cash Cost per Ounce

Cash cost per ounce (after by-product credits) for the fourth quarter ended December 31, 2014 was $8.51 per payable ounce of silver, a decrease of 12% compared to $9.66 in the fourth quarter of 2013. The decrease is primarily attributed to a $0.79 per ounce increase in by-product, as La Parrilla and Del Toro increased by-product credits by 32% and 28%, respectively, compared to the same quarter of the prior year. In addition, production costs were lower due to the conversion to national grid power at Del Toro along with the favourable foreign exchange effect, as the average Mexican Pesos exchange rate against the U.S. Dollars depreciated 6% compared to the same quarter of the prior year.

Cash cost for the year was $9.58 per ounce which was comparable to $9.35 per ounce in the prior year. The increase in production costs of $1.32 per ounce was mostly offset by a $0.98 per ounce increase in by-product credits and a 4% favourable foreign exchange effect. The increase in cash cost per ounce was primarily attributed to higher production costs from the La Encantada mine due to higher mining costs for mining and hauling underground ore versus tailings in the prior year. Also, additional diesel and generator rental costs were incurred in first nine months of the year at Del Toro due to delays in the connection of the new power line, and higher than expected smelting and refining costs at the new Del Toro mine due to penalty costs for impurities as the mill is refining its metallurgical processes during the ramp up of this new mine.

Annual cash cost of $9.58 per ounce was higher than the previous guidance of $8.67 to $9.12 per ounce primarily due to higher energy costs and lower than expected production at Del Toro as a result of the delay in connection of the new power line. With the connection of the power line and improvements made at Del Toro and San Martin to optimize production, the Company expects cash cost for 2015 to be in the range of $8.29 to $9.22 per ounce.

All-In Sustaining Cost per Ounce

Effective January 1, 2014, in conjunction with an initiative undertaken within the gold and silver mining industry, the Company voluntarily adopted the disclosure of all-in sustaining cost ("AISC") as a performance measure. The Company believes AISC is a more comprehensive measure than Cash Cost per Ounce for the Company's consolidated operating performance by providing greater visibility, comparability and representation of the total costs associated with producing silver from its current operations. It 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 GAAP.

AISC for the fourth quarter and year ended December 31, 2014 were $14.43 and $17.71 per ounce, respectively. AISC for the year ended 2014 was above the previous guidance of $16.66 to $16.96 per ounce, but improved significantly in the fourth quarter as a result of economies of scale attributed to production improvements from Del Toro, San Martin and La Guitarra mines. In addition, the Company has started to see cost savings materialized from the new power line at Del Toro and ongoing re-negotiation with suppliers and contractors. The Company has provided 2015 guidance for AISC in the range of $13.96 to $15.48 per ounce.

Del Toro Silver Mine Update

Del Toro, the Company's newest silver mine, achieved record production of 817,754 silver ounces and 1,264,751 silver equivalent ounces, an increase of 65% and 77%, respectively, compared to the previous quarter. The mine had a challenging year as it encountered numerous operational issues during ramp up such as metallurgical issues with its transitional ore, a delay in connecting the new power line, and higher production costs due to lower than expected production. With the decision to process all ore through the flotation plant to improve economics, cost cutting measures and successful completion of the power line at the end of September, Del Toro is back on track and is estimated to produce 2.6 to 2.9 million silver ounces and 3.7 to 4.2 million equivalent silver ounces in 2015 at a cash cost per ounce of $9.39 to $9.96 per ounce.

San Martin Mill Expansion

The Company completed its mill expansion in 2014 and achieved milling throughput of 1,051 tpd during the fourth quarter of 2014. As a result of improvements in throughput, head grade and recoveries, San Martin achieved a record production of 2,118,261 equivalent ounces in 2014, a 55% increase from the 1,370,890 equivalent ounces in the prior year.

Impairment of Non-Current Assets

At December 31, 2014, the Company determined there were several indicators of potential impairment on its non-current assets which included the sharp decline in silver price during the year and the consequential impact on the Company's reserves and resources. Based on the Company's assessment at December 31, 2014, the Company concluded that an impairment charge of $102.0 million, or $66.0 million net of tax, was required, as the La Guitarra, Del Toro and San Martin mines had estimated recoverable value below their carrying value.

		Year Ended December 31, 2014
La Guitarra Silver Mine	$	58,656
San Martin Silver Mine		21,744
Del Toro Silver Mine		21,550
Impairment of non-current assets	**$**	**101,950**
Deferred income tax recovery		(35,938)
Impairment of non-current assets, net of tax	**$**	**66,012**

Key assumptions used by the Company to determine recoverable values include a long-term silver price of $21.50 per ounce, long-term gold price of $1,300 per ounce, and a discount rate of 8.5%, equivalent to the Company's weighted average cost of capital adjusted for specific project risks. Internal discounted cash flow economic models are projected using management's best estimate of recoverable mineral reserves and resources, future operating costs and capital expenditures, and long-term foreign exchange rates. Short-term metal pricing in the first four years of the cash flow projections are based on consensus analyst pricing. For mineral resources that were not valued using internal discounted cash flow economic models, recoverable values were estimated based on in-situ value of their resources and exploration potential. The in-situ values vary on a project by project basis, dependent on market comparables most closely related to their specific facts and circumstances.

The internal discounted cash flow economic models and in-situ values used to determine recoverable values are significantly affected by changes in key assumptions for future metal prices, capital expenditures, production cost estimates and discount rates. For sensitivity purposes, the Company has estimated as at December 31, 2014, a $1 decrease in long-term silver price assumption would result in an additional $13.3 million in impairment charge for the three affected mines, whereas a 1% increase in the discount rate would result in a $12.7 million increase in impairment charge.

Mexican Tax Reform

In late 2013, a new Income Tax Law was enacted in México ("Mexican Tax Reform") which became effective January 1, 2014. Key provisions of the Mexican Tax Reform that affected the Company consist of:

- Imposition of a new 7.5% mining royalty;
- Imposition of a new environmental duty of 0.5% of gross income arising from the sale of gold and silver;
- Corporate income tax rate to remain at 30%, eliminating the scheduled reduction to 29% in 2014 and to 28% in 2015;
- Elimination of the Business Flat Tax ("IETU");
- Elimination of the option for depreciation of capital assets on an accelerated basis;
- Elimination of 100% deduction on exploration expenses for locating and quantifying new deposits in pre-operating periods. These exploration costs will be amortized on a straight-line basis over 10 years;
- Reduction of deductibility for various employee fringe benefits; and
- Imposition of a 10% withholding tax on dividends distributed to resident individuals or foreign residents.

In 2013, the Company recognized a non-cash deferred income tax liability of $35.1 million in respect of the new 7.5% mining royalty. During the year ended December 31, 2014, the Company reduced this deferred income tax liability by $5.4 million principally due to the recording of an impairment of $102.0 million on non-current assets. The remaining deferred income tax liability associated with the mining royalty will be drawn down to $nil as a reduction to tax expense over the life of mine as the mine and its related assets are depleted or depreciated.

In addition to the above, the Mexican Tax Reform abolished the tax consolidation regime and consolidated groups will effectively need to be de-consolidated on a go forward basis. Existing groups are now required to assess the tax impact of deconsolidation using a mechanism specified in legislation. The Company has a remaining deconsolidation liability of $37.0 million of which $1.7 million is classified as a current income tax liability due in 2015, and the balance is non-current.

2015 PRODUCTION OUTLOOK AND ALL-IN SUSTAINING COST GUIDANCE

This section of the MD&A provides management's production and cost forecasts for 2015. These forward-looking estimates are subject to the cautionary note regarding the risks associated with relying on forward-looking statements as stated at the beginning of this MD&A.

In 2015, First Majestic aims to maintain its status as one of silver industry's purest and highest margin producers. The focus of the Company will be on operational efficiency and cash flow generation to ensure profitability in a low silver price environment. The Company is projecting its 2015 AISC to be within a range of $13.96 to $15.48 per ounce, or $13.50 to $14.96 per ounce after excluding non-cash items such as share-based payments and accretion of reclamation costs. Annual silver production is expected to increase to a new record range of 11.8 million to 13.2 million ounces (or 15.3 million to 17.1 million silver equivalent ounces), due to the following:

- Del Toro is expected to reach 3.7 to 4.2 million silver equivalent ounces with improvements to optimize throughput and metallurgical recoveries, compared to 3.7 million silver equivalent ounces in 2014;
- An upgrade and expansion of the crushing and grinding area at La Encantada is expected to increase operations to 3,000 tpd and production to 4.0 to 4.5 million silver equivalent ounces; and
- At La Guitarra, the underground development of the El Coloso area is expected to result in higher silver grades to be extracted and processed in 2015.

The following is a summary of the Company's 2015 outlook by producing mines:

Anticipated Operating Parameters	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total
Tonnes processed ('000s)	**839 - 938**	**645 - 721**	**556 - 622**	**347 - 388**	**160 - 179**	**2,547 - 2,848**
Silver ounces ('000s)	**4,028 - 4,502**	**2,624 - 2,933**	**2,555 - 2,856**	**1,774 - 1,982**	**794 - 887**	**11,775 - 13,160**
Gold ounces	-	595 - 662	-	3,909 - 4,368	5,030 - 5,622	9,534 - 10,652
Pounds of lead ('000s)	-	15,142 - 16,924	21,014 - 23,486	-	-	36,156 - 40,410
Pounds of zinc ('000s)	-	13,515 - 15,105	-	-	-	13,515 - 15,105
Silver equivalent ounces ('000s)	**4,028 - 4,502**	**4,326 - 4,835**	**3,733 - 4,172**	**2,049 - 2,291**	**1,149 - 1,284**	**15,285 - 17,084**
Average silver grade (g/t)	249	156	199	209	182	205
Average recoveries (%)	60%	79%	72%	76%	85%	71%
Cash cost per ounce	**$8.73 - $9.11**	**$5.72 - $6.36**	**$9.39 - $9.96**	**$9.43 - $10.15**	**$8.18 - $9.83**	**$8.29 - $9.22**
Sustaining capital per ounce	**$2.25 - $2.51**	**$5.34 - $5.96**	**$2.94 - $3.29**	**$3.25 - $3.63**	**$5.11 - $5.72**	**$3.49 - $3.91**
Expansionary capital per ounce	**$1.90 - $2.13**	**$2.41 - $2.69**	**$2.24 - $2.50**	**$1.70 - $1.90**	**$5.97 - $6.67**	**$2.41 - $2.70**
Production cost per tonne	**$39.07 - $40.89**	**$40.29 - $42.66**	**$51.28 - $53.76**	**$58.74 - $62.36**	**$53.48 - $61.22**	**$45.63 - $49.82**

Metal average price assumptions for calculating equivalents: Silver $17.00/oz, Gold $1,200/oz, Lead $0.95/lb, Zinc $1.02/lb

An itemized breakdown of the 2015 AISC guidance is as follows:

All-In Sustaining Cost Calculation ($/Ag Oz)	FY 2015
Total Cash Costs per Payable Silver Ounce	**8.29 - 9.22**
General and Administrative Costs	1.55 - 1.73
Workers' Participation	0.16 - 0.10
Sustaining Development Costs	1.51 - 1.69
Sustaining Property, Plant and Equipment Costs	1.71 - 1.91
Sustaining Exploration Costs	0.28 - 0.31
Share-based Payments (non-cash)	0.38 - 0.43
Accretion of Reclamation Costs (non-cash)	0.08 - 0.09
All-In Sustaining Costs: (WGC definition)	**13.96 - 15.48**
All-In Sustaining Costs: (WGC excluding non-cash items)	**13.50 - 14.96**

In 2015, the Company plans to invest a total of $75.6 million on capital expenditures consisting of $44.7 million sustaining capital and $30.9 million in expansionary capital. The 2015 annual budget includes a total of $29.1 million to be spent towards property, plant and equipment, $37.1 million towards total development, $8.1 million in total exploration and $1.3 million towards corporate projects. Management has the flexibility to make adjustments to the projected 2015 budget should metal prices continue to remain weak in 2015.

REVIEW OF OPERATING RESULTS

Selected Production Results on a Mine-by-Mine Basis for the Past Eight Quarters

	2014				2013			
Production Highlights	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Ore processed/tonnes milled								
La Encantada	186,411	169,659	183,177	181,924	252,467	248,578	269,517	368,679
La Parrilla	175,830	178,252	171,617	186,216	200,541	189,664	193,470	204,660
Del Toro [1]	175,552	134,474	174,645	144,822	122,838	77,439	74,193	45,391
San Martin	96,651	92,498	96,278	78,524	78,805	78,284	85,483	80,046
La Guitarra	49,084	46,313	45,307	46,177	46,966	47,380	45,735	31,581
Consolidated	**683,528**	**621,196**	**671,024**	**637,663**	**701,617**	**641,345**	**668,398**	**730,357**
Silver equivalent ounces produced								
La Encantada	792,605	813,701	1,079,122	1,046,224	962,505	931,027	1,132,399	1,136,603
La Parrilla	1,159,177	1,168,240	1,142,432	1,203,337	1,151,728	1,208,635	952,819	906,192
Del Toro [1]	1,264,751	712,860	899,710	801,460	693,561	567,723	499,357	176,495
San Martin	698,605	584,822	510,697	324,137	313,834	377,816	402,798	276,442
La Guitarra	332,389	243,913	223,262	256,514	299,533	285,256	280,744	236,060
Consolidated	**4,247,527**	**3,523,536**	**3,855,223**	**3,631,672**	**3,421,161**	**3,370,457**	**3,268,117**	**2,731,792**
Silver ounces produced								
La Encantada	788,369	806,055	1,073,636	1,043,573	959,312	900,077	1,104,973	1,116,732
La Parrilla	646,283	705,928	716,045	808,196	813,090	866,710	710,979	725,218
Del Toro [1]	817,754	495,714	730,580	646,669	550,026	416,716	369,772	148,084
San Martin	592,698	509,046	449,045	282,829	280,490	339,099	371,301	259,884
La Guitarra	229,463	163,696	128,912	114,230	143,680	166,635	210,941	187,746
Consolidated	**3,074,567**	**2,680,439**	**3,098,218**	**2,895,497**	**2,746,598**	**2,689,237**	**2,767,966**	**2,437,664**
Gold ounces produced								
La Encantada	59	43	24	20	53	61	51	72
La Parrilla	244	235	239	264	274	277	211	289
Del Toro [1]	158	101	164	194	117	74	83	26
San Martin	1,451	1,166	939	653	544	625	512	305
La Guitarra	1,414	1,236	1,435	2,244	2,531	1,905	1,138	892
Consolidated	**3,326**	**2,781**	**2,801**	**3,375**	**3,519**	**2,942**	**1,995**	**1,584**
Lead pounds produced								
La Parrilla	3,855,052	5,526,546	6,003,245	5,874,716	5,481,400	5,715,018	3,978,798	3,328,235
Del Toro [1]	7,909,108	4,177,246	3,127,904	2,719,091	2,874,489	2,828,533	1,967,741	729,879
Consolidated	**11,764,160**	**9,703,792**	**9,131,149**	**8,593,807**	**8,355,889**	**8,543,551**	**5,946,539**	**4,058,114**
Zinc pounds produced								
La Parrilla	4,580,260	3,222,877	2,496,990	2,319,225	1,601,494	1,736,809	1,758,510	1,627,065
Del Toro [1]	-	-	140,977	370,049	97,251	496,072	1,139,583	52,313
Consolidated	**4,580,260**	**3,222,877**	**2,637,967**	**2,689,274**	**1,698,745**	**2,232,881**	**2,898,093**	**1,679,378**
Cash cost per ounce								
La Encantada	$ 11.50	$ 11.39	$ 8.67	$ 8.67	$ 10.61	$ 10.70	$ 8.85	$ 8.79
La Parrilla	$ 7.42	$ 5.87	$ 5.76	$ 6.21	$ 6.45	$ 6.54	$ 9.20	$ 7.36
Del Toro [1]	$ 7.03	$ 15.94	$ 14.70	$ 16.50	$ 12.16	$ 9.29	$ 8.20	$ -
San Martin	$ 7.32	$ 9.60	$ 10.02	$ 12.94	$ 13.96	$ 10.34	$ 10.91	$ 13.87
La Guitarra	$ 9.45	$ 10.91	$ 9.48	$ 2.14	$ 4.08	$ 5.63	$ 13.21	$ 16.85
Consolidated	**$ 8.51**	**$ 10.41**	**$ 9.63**	**$ 9.88**	**$ 9.66**	**$ 8.84**	**$ 9.43**	**$ 9.49**
Production cost per tonne								
La Encantada	$ 45.29	$ 50.82	$ 46.47	$ 45.77	$ 37.49	$ 37.50	$ 34.70	$ 25.65
La Parrilla	$ 42.68	$ 44.48	$ 45.58	$ 41.38	$ 35.80	$ 40.82	$ 37.79	$ 31.78
Del Toro [1]	$ 46.83	$ 66.95	$ 62.70	$ 77.09	$ 57.56	$ 55.35	$ 40.38	$ -
San Martin	$ 59.34	$ 64.57	$ 55.38	$ 56.21	$ 54.07	$ 53.13	$ 52.62	$ 48.18
La Guitarra	$ 47.30	$ 48.01	$ 47.44	$ 50.07	$ 52.87	$ 50.25	$ 49.90	$ 62.01
Consolidated	**$ 47.15**	**$ 54.34**	**$ 51.81**	**$ 53.20**	**$ 42.69**	**$ 43.49**	**$ 39.57**	**$ 31.79**

(1) The Del Toro Silver Mine achieved commercial production on the flotation circuit on April 1, 2013 and on the cyanidation circuit on January 1, 2014.

Consolidated Production Results for the Quarter and Year Ended December 31, 2014 and 2013

Fourth Quarter		CONSOLIDATED	Year to Date	
2014	**2013**	**OPERATING RESULTS**	**2014**	**2013**
683,528	701,617	**Ore processed/tonnes milled**	**2,613,411**	2,741,717
201	191	**Average silver grade (g/t)**	**206**	193
70%	64%	**Recovery (%)**	**68%**	62%
-	109,629	**Pre-commercial silver ounces produced**	**-**	257,713
3,074,567	2,636,969	**Commercial silver ounces produced**	**11,748,721**	10,383,752
3,074,567	2,746,598	**Total silver ounces produced**	**11,748,721**	10,641,465
3,326	3,519	**Gold ounces produced**	**12,283**	10,040
11,764,160	8,355,889	**Pounds of lead produced**	**39,192,908**	26,904,093
4,580,260	1,698,745	**Pounds of zinc produced**	**13,130,378**	8,509,097
-	-	**Tonnes of iron ore produced**	**1,332**	14,633
4,247,527	3,421,161	**Total production - ounces silver equivalent**	**15,257,958**	12,791,527
$8.51	$9.66	**Cash cost per ounce**	**$9.58**	$9.35
$14.43	n/a	**All-in sustaining cost per ounce**	**$17.71**	n/a
$10.68	$11.11	**Total production cost per ounce**	**$11.68**	$10.36
$47.15	$42.69	**Total production cost per tonne**	**$51.53**	$39.29
11,772	13,280	**Underground development (m)**	**49,030**	53,257
5,990	8,324	**Diamond drilling (m)**	**44,023**	58,578

Production

Total production for the fourth quarter of 2014 increased by 24% to 4,247,527 ounces of silver equivalent compared to 3,421,161 ounces of silver equivalent produced in the fourth quarter of 2013. Production in the fourth quarter of 2014 consisted of 3,074,567 ounces of silver, 3,326 ounces of gold, 11,764,160 pounds of lead and 4,580,260 pounds of zinc compared to 2,746,598 ounces of silver, 3,519 ounces of gold, 8,355,889 pounds of lead and 1,698,745 pounds of zinc. The increase in production was primarily attributed to the ramp up of the Del Toro mine and the mill expansion at San Martin; offset by a decrease in production at La Encantada due to less tonnage milled relating to the processing of only fresh mined ore.

Compared to the third quarter of 2014, production increased by 21% from 3,523,536 ounces of silver equivalents, which consisted of 2,680,439 ounces of silver, 2,781 ounces of gold, 9,703,792 pounds of lead, 3,222,877 pounds of zinc and 4,854 tonnes of iron ore.

Increase in production was primarily related to 10% increase in tonnes milled as well as 2% increase in head grades and 2% improvement in recoveries. At Del Toro, mill throughput increased by 31% while grade and recovery improved by 14% and 11%, respectively. At San Martin, tonnage milled increased by 4%, average silver grades by 5% and recovery by 6% resulted in an increase of 19% silver equivalent ounces during the quarter. At La Guitarra, the extraction of 26% higher average silver grade ore from the El Coloso area, as well as a 6% increase in ore processed and 4% improvement in recoveries produced a 36% increase in silver equivalents during the fourth quarter.

Total ore processed during the fourth quarter of 2014 amounted to 683,528 tonnes milled, representing an increase of 62,332 tonnes or 10% compared to the previous quarter primarily attributed to higher throughput rates at Del Toro. Mill availability at Del Toro improved by 31% as energy provided by the 115 kilovolt power line provided more consistent operations without power interruptions in the quarter.

Cash Cost per Ounce

Cash cost per ounce, a non-GAAP measure, for the fourth quarter of 2014 was $8.51 per ounce of payable silver compared to $10.41 in the third quarter of 2014 and $9.66 in the fourth quarter of 2013.

Cash cost per ounce for the fourth quarter consisted of production costs of $10.68 per ounce, transportation, smelting and refining costs of $3.32 per ounce, environmental duty and royalty cost of $0.12 per ounce, offset with by-product credits of $5.61 per ounce.

Compared to the third quarter of 2014, cash cost per ounce in the fourth quarter decreased by 18% or $1.90 per ounce. The decrease in cash cost per ounce was primarily attributed to economies of scale from higher production at the Del Toro, San Martin and La Guitarra mines. At Del Toro, cash costs decreased by $8.91 per ounce or 56% compared to the previous quarter due to higher tonnage milled and improvements in average silver grades and recoveries. In addition, Del Toro operated its first full quarter with the newly constructed 115 kilovolt power line supplying 100% of the required power to the mine, mill and buildings. At San Martin, cash costs decreased by $2.28 per ounce or 24% compared to the third quarter of 2014 and it was attributed to 16% more silver ounces produced due to increases in tonnage, average silver grades and recoveries. At La Guitarra, cash cost decreased by 13% as production of silver ounces increased by 40% due to higher average silver grades and recoveries and an increase in tonnes milled.

Compared to the fourth quarter of 2013, the decrease in cash cost per ounce was $1.15 per ounce or 12% and was primarily attributed to decreases in cash costs per ounce at the San Martin and Del Toro mines, 48% and 42%, respectively. This was offset by increases at La Guitarra, La Parrilla and Encantada of 132%, 15% and 8%, respectively. The increase at La Guitarra is attributed to lower by-product credits as gold production decreased 44% from the comparable period.

All-In Sustaining Cost per Ounce

Commencing in 2014, the Company is providing information relating to all-in sustaining costs. The definitions of these non-GAAP measures are detailed further in the All-In Sustaining Cost section on pages 22 to 23.

For the fourth quarter, the Company had a consolidated AISC of $14.43 per ounce, a decrease of 27% compared to $19.89 in the third quarter. AISC improved during the fourth quarter was primarily attributed to economies of scale from to higher production at the Del Toro, San Martin and La Guitarra mines. In addition, the Company continues to reduce its workforce and has started to see cost savings materialized from the new power line at Del Toro and ongoing re-negotiations with suppliers and contractors.

Head Grades and Recoveries

The overall average head grade for the fourth quarter of 2014 was 201 grams per tonne (“g/t”), a 5% increase compared to 191 g/t in the fourth quarter of 2013 and an increase of 2% compared to 196 g/t in the third quarter of 2014. Compared to the previous quarter, average silver head grades have increased at Del Toro, San Martin and La Guitarra; offset by decreases at La Encantada and La Parrilla. La Guitarra experienced the highest increase in head grades during this period as the Company completed the transition from working in the old La Guitarra zone to the newly developed El Coloso zone.

Combined recoveries of silver for all mines in the fourth quarter were 70%, an increase of 6 points compared to 64% in the fourth quarter of 2013 and 68% in the third quarter of 2014.

Development and Exploration

In mine development, a total of 11,772 metres of underground development was completed in the fourth quarter of 2014, compared to 13,280 metres developed in the fourth quarter of 2013 and 12,546 metres completed in the previous quarter.

In exploration, there are currently six active drill rigs at the Company’s five operating mines, two at La Guitarra and one at each of the other mines which is a reduction from the prior quarter as the budget for the exploration program was winding down at year end. In the fourth quarter of 2014, a total of 5,990 metres were drilled over 48 holes consisting of underground definition and in-fill drilling, representing a 67% decrease from the 18,335 metres drilled in the third quarter of 2014 and a 28% decrease from the 8,324 metres drilled in the fourth quarter of 2013.

La Encantada Silver Mine, Coahuila, México
Production Results for the Quarter and Year Ended December 31, 2014 and 2013

Fourth Quarter		LA ENCANTADA	Year to Date	
2014	**2013**	**OPERATING RESULTS**	**2014**	**2013**
186,411	252,467	**Ore processed/tonnes milled**	**721,171**	1,139,241
248	228	**Average silver grade (g/t)**	**282**	227
53%	52%	**Recovery (%)**	**57%**	49%
788,369	959,312	**Total silver ounces produced**	**3,711,633**	4,081,094
59	53	**Gold ounces produced**	**146**	237
-	-	**Tonnes of iron ore produced**	**1,332**	14,633
792,605	962,505	**Total production - ounces silver equivalent**	**3,731,652**	4,162,534
$11.50	$10.61	**Cash cost per ounce**	**$9.86**	$9.66
$17.76	n/a	**All-in sustaining cost per ounce**	**$15.50**	n/a
$10.71	$9.90	**Total production cost per ounce**	**$9.17**	$9.25
$45.29	$37.49	**Total production cost per tonne**	**$46.99**	$33.01
4,344	3,210	**Underground development (m)**	**13,818**	14,132
3,367	6,611	**Diamond drilling (m)**	**19,337**	15,835

The La Encantada Silver Mine is an underground mine located in the northern México State of Coahuila, 708 kilometres northeast of Torreon, accessible via a 1.5 hour flight from Torreon, Coahuila. The La Encantada mine consists of a 4,000 tpd cyanidation plant, a village with 180 houses as well as administrative offices, laboratory, general store, hospital, schools, church, airstrip and the infrastructure required for such an operation. The mine is comprised of 4,076 hectares of mining rights and surface land ownership of 1,343 hectares. The closest town, Muzquiz, is 225 kilometres away via mostly-paved road. The Company owns 100% of the La Encantada Silver Mine.

A total of 792,605 equivalent ounces of silver were produced by the La Encantada processing plant during the fourth quarter of 2014. Production in the fourth quarter of 2014 decreased by 3% compared to the 813,701 equivalent ounces of silver produced in the third quarter of 2014 and decreased by 18% compared to the 962,505 equivalent ounces of silver produced in the fourth quarter of 2013. The reduction in silver ounces produced were a result of factors which reduced the tonnage of ore fed into the La Encantada processing plant, as described in the following paragraph.

Tonnage milled in the fourth quarter was 186,411 tonnes, an increase of 10% compared to 169,659 tonnes processed in the third quarter of 2014, and decreased by 26% compared to the 252,467 tonnes processed in the fourth quarter of 2013. The reduction in processed ore and grades were a direct result of a change in the production stope sequencing in order to have consistent grades and tonnage in the coming quarters as well as a shaft rehabilitation project that occurred during the quarter. Rehabilitation of the shaft will allow a more reliable extraction of ore from higher grade zones recently identified in the area of the “660” deposit. Due to the low silver price environment, at the beginning of the year the Company suspended the feed of old tailings and began processing only fresh mined ore. As a result, total mill tonnage has decreased compared to the same quarter in the prior year, however, the average head grade has increased from 228 g/t in the fourth quarter of 2013 to 248 g/t in the current quarter and a year to date average of 282 g/t compared to 227 g/t in the prior year. Recoveries were slightly lower at 53% in the fourth quarter due to a higher content of manganese, compared to 57% in the third quarter of 2014. Grades increases are due to the higher silver grade from fresh ore rather than blended ore with tailings.

With the increase of fresh ore from the mine and the elimination of old tailings, the overall cost per tonne of production has increased due to higher cost of mining from underground versus the lower costs of hauling tailings to the mill, as well as the additional cost of crushing, grinding and processing the fresh ore. Furthermore, certain overhead costs are fixed and the reduction of tonnes milled has resulted in a higher average cost per tonne. As a result of the above, total production cost per tonne for La Encantada was $45.29 during the fourth quarter which was $5.53 per tonne or 11% lower than the $50.82 per tonne achieved in the previous quarter, but $7.80 per tonne or 21% higher than the fourth quarter of 2013. Cash cost per ounce was $11.50, comparable to the $11.39 per ounce in the previous quarter and 8% higher than $10.61 per ounce in the fourth quarter of 2013.

The Company's plan to increase production levels to 3,000 tpd was delayed from a late 2014 completion and is now expected to be completed by the end of June 2015 allowing for the ramp up to 3,000 tpd in July. As part of this process, a new 12' x 24' ball mill, crusher, two vibrating screens and a series of conveyor belts will be installed over the coming months.

A total of 4,344 metres were developed underground in the fourth quarter of 2014 compared to 3,537 metres in the third quarter of 2014 and 3,210 metres in the fourth quarter of 2013. The Company continues to explore the ore shoots from the Azul y Oro vein and the "990" and "990-2" chimneys along with the Buenos Aires extension, the Regalo vein and breccia and the San Francisco vein.

During the fourth quarter, the Company operated four drill rigs at La Encantada and completed a total of 3,367 metres of exploration and diamond drilling compared to 4,496 metres in the third quarter of 2014, representing a decrease of 25% and a decrease of 49% from the 6,611 metres in the fourth quarter of 2013. The decrease in drilling is related to the winding down of the 2014 budgeted exploration program. As a result of the exploration program, the Ojuelas area has been identified as a high priority for Resource development in La Encantada and more drilling has been planned in this area, for this reason the release of an updated NI 43-101 Technical Report in expected in late 2015.

La Parrilla Silver Mine, Durango, México
Production Results for the Quarter and Year Ended December 31, 2014 and 2013

Fourth Quarter		LA PARRILLA	Year to Date	
2014	**2013**	**OPERATING RESULTS**	**2014**	**2013**
175,830	200,541	**Ore processed/tonnes milled**	**711,915**	788,335
142	166	**Average silver grade (g/t)**	**158**	162
80%	76%	**Recovery (%)**	**79%**	76%
646,283	813,090	**Total silver ounces produced**	**2,876,452**	3,115,997
244	274	**Gold ounces produced**	**982**	1,051
3,855,052	5,481,400	**Pounds of lead produced**	**21,259,559**	18,503,451
4,580,260	1,601,494	**Pounds of zinc produced**	**12,619,352**	6,723,878
1,159,177	1,151,728	**Total production - ounces silver equivalent**	**4,673,186**	4,219,374
$7.42	$6.45	**Cash cost per ounce**	**$6.30**	$7.31
$11.09	n/a	**All-in sustaining cost per ounce**	**$11.54**	n/a
$11.96	$9.11	**Total production cost per ounce**	**$11.11**	$9.51
$42.68	$35.80	**Total production cost per tonne**	**$43.51**	$36.45
2,378	2,989	**Underground development (m)**	**8,981**	12,004
685	249	**Diamond drilling (m)**	**5,789**	10,974

The La Parrilla Silver Mine, located approximately 65 kilometres southeast of the city of Durango, Durango State, México, is a complex of producing underground operations consisting of the Rosarios / La Rosa and La Blanca mines which are inter-connected through underground workings, and the San Marcos, Vacas and Quebradillas mines which are connected via above-ground gravel roads. The total mining concessions consist of 69,460 hectares and the Company owns 45 hectares and leases an additional 69 hectares of surface rights, for a total of 114 hectares of surface rights. The Company owns 100% of the La Parrilla Silver Mine. La Parrilla includes a 2,000 tpd dual-circuit processing plant consisting of a 1,000 tpd cyanidation circuit and a 1,000 tpd flotation circuit, central laboratory, buildings, offices and associated infrastructure.

Total production at the La Parrilla mine was 1,159,177 equivalent ounces of silver in the fourth quarter of 2014, comparable with the 1,168,240 equivalent ounces of silver in the third quarter of 2014. The composition of the silver equivalent production in the fourth quarter of 2014 consisted of 646,283 ounces of silver, 244 ounces of gold, 3,855,052 pounds of lead and 4,580,260 pounds of zinc. This compares with a composition of 705,928 ounces of silver, 235 ounces of gold, 5,526,546 pounds of lead and 3,222,877 pounds of zinc produced in the third quarter of 2014, and 813,090 ounces of silver, 274 ounces of gold, 5,481,400 pounds of lead and 1,601,494 pounds of zinc in the fourth quarter of 2013.

In the fourth quarter of 2014, ore processed at La Parrilla decreased 1% to 175,830 tonnes compared to the 178,252 tonnes processed in the third quarter of 2014. During the quarter, the flotation circuit processed 94,513 tonnes having an average silver grade of 163 g/t and recovery of 91% while the cyanidation circuit processed 81,317 tonnes having an average silver grade of 118 g/t and a 64% recovery.

During the fourth quarter, total production cost was $42.68 per tonne, 4% lower than the $44.48 per tonne in the previous quarter. The production cost decrease was primarily attributed to cost savings from renegotiation with certain contractors. Cash cost was $7.42 per ounce in the fourth quarter, an increase of 26% compared to $5.87 per ounce in the previous quarter due to 8% decrease in silver production and lower by-product credits due to lower lead content in the Vacas zone, which has lower lead grade and higher zinc ore grade.

Compared to the fourth quarter of 2013, total production cost per tonne increased 19% from $35.80 per tonne primarily attributed to a 12% decrease in tonnes milled. Cash cost per ounce increased 15% compared to $6.45 per ounce in the fourth quarter of 2013 as a result of a 21% decrease in silver production, partially offset by increase in by-product credits from higher zinc production.

The development and construction of the underground rail haulage level (Level 11) is now 2,014 metres in length. Due to the reduction in development costs relating to budget cuts, the 5,000 metre project completion timeline has been extended until the end of 2016. This new haulage and underground electric rail system will consist of a 5,000 metre tunnel and a shaft of 260 vertical metres and will eventually replace the current less efficient above-ground system of trucking ore to the mill. Once completed, this investment is eventually expected to improve ore logistics, ultimately reducing overall operating costs and thereby delivering operational efficiencies.

A total of 2,378 metres of underground development were completed in the fourth quarter of 2014, compared to 2,315 metres in the third quarter of 2014 and 2,989 metres in the fourth quarter of 2013. A total of 685 metres of diamond drilling were completed in the fourth quarter of 2014 compared to 2,409 metres of diamond drilling in the third quarter of 2014 and 249 metres in the fourth quarter of 2013. At quarter end, one underground drill rig was active and a total of 11 holes were drilled during the quarter. The focus of the 2014 annual exploration program was on the Rosarios, Quebradillas, Vacas, San Marcos, La Intermedia and La Blanca mines, as well as the Viboras, San Nicolas and the newly discovered La Estrella vein areas.

Del Toro Silver Mine, Zacatecas, México
Production Results for the Quarter and Year Ended December 31, 2014 and 2013

Fourth Quarter		DEL TORO	Year to Date	
2014	**2013**	**OPERATING RESULTS**	**2014**	**2013**
175,552	122,838	**Ore processed/tonnes milled**	**629,493**	319,861
194	209	**Average silver grade (g/t)**	**193**	213
75%	67%	**Recovery (%)**	**69%**	68%
-	109,629	**Pre-commercial silver ounces produced**	**-**	257,713
817,754	440,397	**Commercial silver ounces produced**	**2,690,717**	1,226,885
817,754	550,026	**Total silver ounces produced**	**2,690,717**	1,484,598
158	117	**Gold ounces produced**	**617**	300
7,909,108	2,874,489	**Pounds of lead produced**	**17,933,349**	8,400,642
-	97,251	**Pounds of zinc produced**	**511,026**	1,785,219
1,264,751	693,561	**Total production - ounces silver equivalent**	**3,678,781**	1,937,136
$7.03	$12.16	**Cash cost per ounce**	**$13.04**	$9.99
$10.16	n/a	**All-in sustaining cost per ounce**	**$18.79**	n/a
$10.48	$12.05	**Total production cost per ounce**	**$15.15**	$10.53
$46.83	$57.56	**Total production cost per tonne**	**$62.52**	$51.54
2,095	2,612	**Underground development (m)**	**9,868**	11,595
559	799	**Diamond drilling (m)**	**7,145**	11,429

The Del Toro Silver Mine is located 60 kilometres to the southeast of the Company's La Parrilla Silver Mine and consists of 557 contiguous hectares of mining claims and 209 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. First Majestic owns 100% of the Del Toro Silver Mine. Del Toro includes 4,000 tpd dual-circuit processing plant consisting of a 2,000 tpd flotation circuit, which was deemed commercial on April 1, 2013, and a 2,000 tpd cyanidation circuit, which was deemed commercial on January 1, 2014.

The Del Toro mine operated at an average of 1,908 tpd during the fourth quarter of 2014 and the plant processed 175,552 tonnes of ore with an average silver grade of 194 g/t. In the fourth quarter, the average metallurgical recoveries for silver were 75%, increasing from an average of 68% in the previous quarter. Total production of 817,754 silver ounces represents an increase of 65% compared to the previous quarter. The Lupita vein is currently providing most of the higher grade ore being fed to the mill and this material has resulted in improvements in metallurgical recoveries compared to the third quarter.

Del Toro has shown significant improvements compared to the previous quarter. During the fourth quarter, the mine realized consistent and efficient energy fully sourced from the newly constructed 115 kilovolt power line for the power requirements of the mine, mill and auxiliary buildings. This has resulted in lower costs, higher production and improved economics with the decommissioning of portable diesel power generation units. In addition, the use of new reagents and implementation of the new regrinding circuit improved recoveries.

Lead production reached a new quarterly record of 7,909,108 pounds. Lead grades and recoveries averaged 3.4% and 61%, respectively, in the fourth quarter which is an increase of 13% and 29% compared to the previous quarter due to higher quality sulphide ore production from Perseverancia.

Cash cost per ounce for the fourth quarter was $7.03, a decrease of 56% compared to $15.94 in the previous quarter. Production cost per tonne in the fourth quarter was $46.83 compared to $66.95 per tonne in the third quarter of 2014. The decrease of 30% was primarily attributed to further economies of scale gained with a 31% increase in tonnage milled. In addition, the consistent operations from the power line had a significant impact on cost savings.

All four tailings filters are operational and available for use and will recycle approximately 80% of the water used throughout the milling process. In August, the Company completed building a containment dam to mitigate any potential risk of material spillage.

At quarter end, one underground drill rig was active at Del Toro and a total of 5 holes were diamond drilled for a total of 559 metres compared to 5,181 metres in the third quarter of 2014 and 799 metres in the fourth quarter of 2013. A substantial portion of the drilling at Del Toro focused on delineation and infill drilling to explore extensions of known underground structures.

Total underground development at Del Toro in the fourth quarter of 2014 was 2,095 metres compared to the 2,479 metres in the third quarter of 2014 and 2,612 metres in the fourth quarter of the prior year.

San Martin Silver Mine, Jalisco, México
Production Results for the Quarter and Year Ended December 31, 2014 and 2013

Fourth Quarter		SAN MARTIN	Year to Date	
2014	2013	OPERATING RESULTS	2014	2013
96,651	78,805	**Ore processed/tonnes milled**	**363,951**	322,618
249	156	**Average silver grade (g/t)**	**213**	153
77%	71%	**Recovery (%)**	**73%**	79%
592,698	280,490	**Total silver ounces produced**	**1,833,618**	1,250,774
1,451	544	**Gold ounces produced**	**4,209**	1,986
698,605	313,834	**Total production - ounces silver equivalent**	**2,118,261**	1,370,890
$7.32	$13.96	**Cash cost per ounce**	**$9.47**	$12.05
$9.54	n/a	**All-in sustaining cost per ounce**	**$14.01**	n/a
$9.71	$15.25	**Total production cost per ounce**	**$11.74**	$13.47
$59.34	$54.07	**Total production cost per tonne**	**$58.95**	$52.00
1,414	2,858	**Underground development (m)**	**9,565**	10,118
943	387	**Diamond drilling (m)**	**5,564**	8,667

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, 150 kilometres by air or 250 kilometres by paved road north of Guadalajara City. The San Martin mine is 100% owned by the Company. The mine comprises of 33 contiguous mining concessions in the San Martin de Bolaños mining district that cover mineral rights for 37,518 hectares, including the application to acquire two new mining concessions covering 29,676 hectares which are in the process of registration. In addition, the mine owns 160 hectares of surface land where the processing plant, camp, office facilities, maintenance shops, and tailings dams are located, and an additional 1,296 hectares of surface rights. The newly expanded 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.

During the quarter, San Martin set a new quarterly production record of 592,698 silver ounces and 1,451 ounces of gold representing an increase of 16% and 24%, respectively, compared to the previous quarter. The increase was primarily due to a 5% increase in silver grades and a 6% increase in silver recoveries. Total production in the fourth quarter of 2014 was 698,605 ounces of silver equivalent, an increase of 19% compared to the 584,822 ounces of silver equivalent produced in the third quarter of 2014, and 123% higher than the 313,834 equivalent ounces of silver produced in the fourth quarter of 2013. This compares with 509,046 ounces of silver and 1,166 ounces of gold produced in the third quarter of 2014 and 280,490 ounces of silver and 544 ounces of gold in the fourth quarter of 2013.

In the fourth quarter of 2014, the San Martin mine averaged 1,051 tpd and processed a total of 96,651 tonnes, comparable to the 92,498 tonnes milled in the third quarter of 2014 and a 23% increase compared to the 78,805 tonnes milled in the fourth quarter of 2013. The average head grade was 249 g/t in the fourth quarter of 2014, compared to the 237 g/t in the third quarter of 2014 and 156 g/t in the fourth quarter of 2013. The increase in the ore grade compared to the prior quarters is due to higher grades from the development of new veins from the new Rosario mine.

Silver recovery in the fourth quarter of 2014 was 77%, compared to 72% in the third quarter of 2014 and 71% in the fourth quarter of 2013. The increase in recovery was attributed to improvements made in leaching and thickeners tanks, and precipitation processes.

During the fourth quarter, total production cost was $59.34 per tonne, a decrease of 8% compared to $64.57 per tonne in the previous quarter due to a 4% increase in tonnes milled. Cash cost was $7.32 per ounce in the fourth quarter, a 24% decrease compared to $9.60 per ounce in the previous quarter due to a 16% increase in silver production and a 24% increase in by-product credits from gold production.

Compared to the fourth quarter of 2013, total production cost per tonne was 10% higher while cash cost per ounce decreased 48% from $13.96 per ounce to $7.32 per ounce. The increase in production cost per tonne was primarily due to increased milling costs from the 1,300 tpd mill expansion. The significant reduction in cash cost per ounce was a result of a 60% increase in silver head grade and 167% increase in gold by-products.

A total of 1,414 metres of underground development was completed in the fourth quarter of 2014 compared to 2,333 metres of development in the third quarter of 2014 and 2,858 metres in the fourth quarter of 2013.

During the fourth quarter, a total of 943 metres of diamond drilling were completed compared with 2,968 metres drilled in the third quarter of 2014 and 387 metres drilled in the fourth quarter of 2013. At the end of the quarter, one underground drill rig was active and drilled 6 holes during the fourth quarter within the Rosario mine, focusing on extension of the veins to assist with mining activities.

La Guitarra Silver Mine, México State, México
Production Results for the Quarter and Year Ended December 31, 2014 and 2013

Fourth Quarter		LA GUITARRA	Year to Date	
2014	**2013**	**OPERATING RESULTS**	**2014**	**2013**
49,084	46,966	**Ore processed/tonnes milled**	**186,881**	171,662
168	118	**Average silver grade (g/t)**	**127**	152
87%	81%	**Recovery (%)**	**84%**	84%
229,463	143,680	**Total silver ounces produced**	**636,301**	709,002
1,414	2,531	**Gold ounces produced**	**6,329**	6,466
332,389	299,533	**Total production - ounces silver equivalent**	**1,056,078**	1,101,593
$9.45	$4.08	**Cash cost per ounce**	**$8.53**	$10.60
$17.21	n/a	**All-in sustaining cost per ounce [(1)]**	**$21.16**	n/a
$10.37	$21.08	**Total production cost per ounce**	**$14.53**	$15.61
$47.30	$52.87	**Total production cost per tonne**	**$48.21**	$53.04
1,541	1,611	**Underground development (m)**	**6,798**	5,408
436	278	**Diamond drilling (m)**	**6,188**	11,673

The La Guitarra Silver Mine, acquired from Silvermex Resources Inc. in 2012, is located in the Temascaltepec Mining District in the State of México, near Toluca, México, approximately 130 kilometres southwest from México City. The La Guitarra mine consists of a recently expanded 500 tpd flotation mill with a new ball mill, new flotation cells, buildings and related infrastructure. The Company owns 100% of the La Guitarra mine.

During the fourth quarter of 2014, total production at La Guitarra was 332,389 equivalent ounces of silver, an increase of 36% compared to the 243,913 ounces produced in the third quarter of 2014 and an increase of 11% compared to the 299,533 ounces in the fourth quarter of 2013. The composition of the silver equivalent production in the quarter consisted of 229,463 ounces of silver and 1,414 ounces of gold, compared to 163,696 ounces of silver and 1,236 ounces of gold in the previous quarter and 143,680 ounces of silver and 2,531 ounces of gold in the fourth quarter of 2013. This represents a 40% increase in silver production compared to the previous quarter primarily due to a 27% increase in average silver grade as the Company completed the transition from working in the old La Guitarra zone to the newly developed El Coloso zone. Approximately 80% of 2015 production is planned to come from the El Coloso zone.

A total of 49,084 tonnes of ore were processed during the fourth quarter consisting of an average silver head grade of 168 g/t with recoveries of 87% compared to 46,313 tonnes of ore with silver head grades of 132 g/t and recoveries of 83% in the third quarter of 2014 and 46,966 tonnes of ore processed in the fourth quarter of 2013 with an average silver head grade of 118 g/t and recoveries of 81%. Mine production within the El Coloso area delivered 24,578 tonnes or 267 tpd during the quarter or 50% of total production.

Average production cost for the fourth quarter was $47.30 per tonne, comparable to $48.01 per tonne in the third quarter of 2014 and 11% lower than the $52.87 per tonne in the same quarter of the prior year.

Cash cost in the fourth quarter was $9.45 per ounce, a decrease of 13% or $1.46 per ounce compared to $10.91 per ounce in the third quarter of 2014 and an increase of 132% from the $4.08 per ounce in the fourth quarter of 2013. The increase from the prior quarters was primarily attributed to a decrease in gold by-product credits relative to the production of silver ounces. The decrease in gold production was due to lower gold grade in the current production area of the El Coloso zone, but with higher silver grades.

A total of 1,541 metres of underground development was completed during the fourth quarter compared to 1,882 metres in the previous quarter and 1,611 metres in the fourth quarter of 2013. At quarter end, two underground drill rigs were active in the fourth quarter at the La Guitarra property. A total of 436 metres of diamond drilling were completed during the fourth quarter compared to 3,281 metres during the third quarter of 2014 and 278 metres in the fourth quarter of 2013. The focus was to assist underground mining activities and further define Reserves and Resources to support a NI 43-101 Technical Report which is expected to be released in the first quarter of 2015.

Silvermex and its predecessors published NI 43-101 Technical Reports relating to the La Guitarra mine on September 22, 2006, May 15, 2007, June 25, 2008 and most recently on January 29, 2010. These Technical Reports were not approved by the Company and the Company did not rely on these reports in making its decision to acquire Silvermex and (indirectly) the La Guitarra Silver Mine. The reports are currently under review by management of the Company and its Qualified Persons, particularly with respect to the assumptions and the risks regarding those assumptions used in the previous mining studies. Specifically, management is of the opinion that there are risks when relying on the ability to permit the La Guitarra mine as an open pit mine in light of its proximity to a popular recreation area in México. Management is having its own internal Qualified Persons review all the technical data, the preferred mining options and the opportunities for mitigating risks to developing a successful mining operation. The results of this review will result in a revised mine plan which will necessitate the filing of a new Technical Report, which is expected to be released in the first quarter of 2015. Until the completion of an updated NI 43-101 Technical Report, the Company recommends caution when relying on any of the previously filed technical reports relating to the La Guitarra Silver Mine prepared by Silvermex.

DEVELOPMENT AND EXPLORATION PROJECTS

Plomosas Silver Project

The Plomosas Silver Project, which was acquired with the Silvermex acquisition, consists of 13 mining concessions covering 6,986 hectares which include the adjacent Rosario and San Juan historic mines located in Sinaloa, México.

The two key areas of interest within the property boundaries are the historic operations of the Rosario and San Juan mines. Extensive facilities and infrastructure are in place on the property, including a fully functional mining camp facility, a 20 year surface rights agreement in good standing, a 30 year water use permit, tailings dam, a 60 kilometre 33 kV power line, a 120 man camp, an infirmary, offices, shops and warehouses, and an assay lab. As well, extensive underground development at the Rosario and San Juan mines allows for easy access to mineralized zones. These existing developments are expected to allow First Majestic to accelerate development at a significant cost savings when it determines to proceed with this project.

The Company is currently utilizing the mining camp infrastructure to maintain the old structures under care and maintenance. Future plans include drilling and development in order to prepare a NI 43-101 Technical report with resource estimates and economic evaluation.

No current timeline exists to begin investing at Plomosas. However this project remains a high priority for the Company.

La Luz Silver Project, San Luis Potosi, México

The La Luz Silver Project is located 25 kilometres west of the town of Matehuala in San Luis Potosi State, México, near the village of Real de Catorce. The Company owns 100% of the La Luz Silver Project and all of the associated mining claims of what was historically known as the Santa Ana Mine and consists of 36 mining concessions covering 4,977 hectares, with estimated historical production of 230 million ounces between 1773 and 1990. In July 2013, the Company completed the acquisition of an additional 21 hectares of surface rights covering 29 adjacent properties for $1.0 million. The total surface rights on different properties at La Luz amount to 26 hectares.

To date, the Baseline Study and the Geo-hydrologic Study have been completed. The Company has submitted three different legal orders to obtain the approvals to present its final permit applications. The Company has obtained one positive resolution and the remaining orders remain in front of the court. There is currently no estimate of when a final resolution can be expected. The Company is ready to submit the Environmental Impact Statement, the Risk Study and the Change of Use of Land Studies to government authorities once the courts resolve the outstanding matters.

There has been opposition to mining in the La Luz area from certain groups of indigenous people and non-government organizations. An injunction was placed by the Company to defend against the attempt by the indigenous peoples to promote a constitutional decree to declare certain areas in San Luis Potosi as natural protected areas, including areas within which the La Luz mine has been duly granted mining concessions. These legal matters are being addressed in the Mexican courts by the Company. Contrary to independent reports regarding the La Luz project, the Company has no plans to do any mining above ground, no plans for open pit mining, and has no plans for the use of cyanide in any of its processing activities on or around the La Luz project.

During the first quarter of 2014, the Company decided to suspend the project of restoring the old historic buildings at the Santa Ana Hacienda and the construction of the previously announced Thematic and Cultural Park and mining museum. To date, an amount of $3.8 million has been invested in the project. The new cultural facility and mining museum was part of a "Sustainable Development Project" which was providing permanent long term jobs to the local communities but which have now been suspended.

Jalisco Group of Properties, Jalisco, México

The Company acquired a group of mining claims totalling 5,245 hectares located in various mining districts located in Jalisco State, México. During 2008, surface geology and mapping began with the purpose of defining future drill targets. However, exploration has since been discontinued as the Company focuses its capital investment on other higher priority projects.

In January 2011, the Company granted an option to acquire up to 90% in the Jalisco Group of Properties (the "Properties") to Sonora Resources Corp. (the "Optionee") whereby the Optionee issued 10 million shares of common stock with a fair value of $3.4 million. The Optionee has committed to spend $3 million over the first three years to earn a 50% interest and $5 million over five years to earn a 70% interest. In order to obtain a 90% interest, the Optionee is required to complete a bankable feasibility study within seven years. First Majestic will retain a 10% free carried interest and a 2.375% NSR.

In April 2014, the Company amended the option agreement, which requires the Optionee to spend $3.0 million over the first five years to earn a 50% interest and an additional $2.0 million over seven years to earn a 70% interest, with an option to earn a 90% interest by completing a bankable feasibility study within nine years. In exchange, First Majestic received an additional 3 million shares of common stock of the Optionee.

Divestiture of Minera Terra Plata

On July 1, 2014, First Majestic received $3.4 million in shares, equivalent to a 34.2% interest in Sundance Minerals Ltd. ("Sundance"), a privately held exploration company, in exchange for the Company's 100% wholly owned subsidiary, Minera Terra Plata S.A. de C.V. ("Terra Plata"). Terra Plata owns a 100% interest in the Penasco Quemado, the La Frazada and the Lobos projects, properties that First Majestic acquired through its acquisition of Silvermex Resources Inc. in July 2012. As part of the plan of arrangement, Sundance will then vend 100% of its shares to Albion Petroleum Ltd., a TSX Venture Exchange listed capital pool company, creating a new publicly listed exploration company to be named First Mining Finance Corp. ("Proposed Transaction"). This transaction is expected to be completed by mid-2015, pending regulatory approval.

As at July 1, 2014, Terra Plata had a net book value of $3.6 million, comprised of $3.7 million in mining interest, $0.1 million in other receivables, net of $0.2 million in deferred income tax liabilities, resulting in a loss of $0.2 million on the disposal of the subsidiary.

Subsequent to the sale of Terra Plata, certain officers, directors and employees of First Majestic subscribed in a private placement in Sundance to raise CAD$525,000 for a 7.6% minority interest in Sundance, which diluted First Majestic's interest in Sundance to 31.7%. Following the completion of the Proposed Transaction and subject to regulatory approval, First Majestic expects to distribute its interest in First Mining Finance Corp. to its shareholders by way of dividend in-kind.

As at December 31, 2014, the Company's investment in Sundance, accounted for as an investment in associate, has a carrying value of $3.4 million and no income or loss has been recognized on the investment during the period.

NON-GAAP MEASURES

CASH COST PER OUNCE AND TOTAL PRODUCTION COST PER TONNE

Cash costs per ounce and total production cost per tonne are non-GAAP measures used by the Company to manage and evaluate operating performance at each of the Company's operating mining units, and are widely reported in the silver mining industry as benchmarks for performance, but do not have a standardized meaning and are disclosed in addition to IFRS measures.

The following tables provide a detailed reconciliation of these measures to our cost of sales, as reported in our consolidated financial statements.

(expressed in thousands of U.S. dollars,	Three Months Ended December 31, 2014						Three Months Ended December 31, 2013					
except ounce and per ounce amounts)	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total
Cost of sales (as reported)						**$ 44,873**						**$ 31,437**
Add (Deduct): Cost of sales for Vancouver, Europe and intercompany elimination						(11,741)						(25)
Cost of sales (mine)	**$ 7,326**	**$ 8,218**	**$ 9,371**	**$ 5,659**	**$ 2,558**	**$ 33,132**	**$ 10,134**	**$ 8,303**	**$ 5,978**	**$ 4,282**	**$ 2,715**	**$ 31,412**
Add: Third party smelting and refining	340	3,183	3,232	188	1,181	8,124	469	3,748	2,545	94	417	7,273
Add (Deduct): Workers participation	319	-	-	(282)	-	37	(78)	(351)	(30)	(270)	(29)	(758)
Deduct: Other non-cash costs	(104)	(188)	(6)	(83)	(12)	(393)	(99)	(77)	(89)	(62)	(54)	(381)
Inventory changes	1,160	276	(406)	595	13	1,638	(266)	(39)	(450)	403	(65)	(417)
Total cash cost before by-product credits (A)	**$ 9,041**	**$ 11,489**	**$ 12,191**	**$ 6,077**	**$ 3,740**	**$ 42,538**	**$ 10,160**	**$ 11,584**	**$ 7,954**	**$ 4,447**	**$ 2,984**	**$ 37,129**
Deduct: By-product credits	(11)	(6,829)	(6,675)	(1,758)	(1,626)	(16,899)	(19)	(6,499)	(2,812)	(547)	(2,502)	(12,379)
Total cash cost (B)	**$ 9,030**	**$ 4,660**	**$ 5,516**	**$ 4,319**	**$ 2,114**	**$ 25,639**	**$ 10,141**	**$ 5,085**	**$ 5,142**	**$ 3,900**	**$ 482**	**$ 24,750**
Tonnes processed	**186,411**	**175,830**	**175,552**	**96,651**	**49,084**	**683,528**	**252,467**	**200,541**	**88,468**	**78,805**	**46,966**	**667,247**
Total ounces of silver produced	788,369	646,283	817,754	592,698	229,463	3,074,567	959,312	813,090	440,397	280,490	143,680	2,636,969
Deduct: Metal deduction ounces	(3,153)	(18,742)	(32,710)	(2,371)	(5,737)	(62,713)	(3,838)	(25,231)	(17,616)	(1,122)	(25,852)	(73,659)
Payable ounces of silver produced (C)	**785,216**	**627,541**	**785,044**	**590,327**	**223,726**	**3,011,854**	**955,474**	**787,859**	**422,781**	**279,368**	**117,828**	**2,563,310**
Mining cost per ounce	$ 3.38	$ 4.40	$ 3.84	$ 3.13	$ 3.93	$ 3.70	$ 2.95	$ 3.11	$ 4.78	$ 5.98	$ 8.97	$ 3.91
Milling cost per ounce	5.43	5.13	4.69	4.59	3.13	4.84	5.49	4.33	5.28	6.54	6.31	5.25
Indirect cost per ounce	1.90	2.43	1.95	1.99	3.31	2.14	1.46	1.67	1.99	2.73	5.80	1.95
Total production cost per ounce	**$ 10.71**	**$ 11.96**	**$ 10.48**	**$ 9.71**	**$ 10.37**	**$ 10.68**	**$ 9.90**	**$ 9.11**	**$ 12.05**	**$ 15.25**	**$ 21.08**	**$ 11.11**
Transport and other selling costs per ounce	0.26	1.10	0.84	0.15	0.94	0.61	0.24	0.69	0.75	0.32	0.71	0.49
Smelting and refining costs per ounce	0.42	5.09	4.13	0.31	5.31	2.71	0.49	4.76	6.01	0.34	3.53	2.84
Environmental duty and royalties per ounce	0.11	0.16	0.09	0.12	0.10	0.12	-	0.14	-	-	-	0.04
Cash cost per ounce before by-product credits (A/C)	**$ 11.50**	**$ 18.31**	**$ 15.54**	**$ 10.29**	**$ 16.72**	**$ 14.12**	**$ 10.63**	**$ 14.70**	**$ 18.81**	**$ 15.91**	**$ 25.32**	**$ 14.48**
Deduct: By-product credits	-	(10.89)	(8.51)	(2.97)	(7.27)	(5.61)	(0.02)	(8.25)	(6.65)	(1.95)	(21.24)	(4.82)
Cash cost per ounce (B/C)	**$ 11.50**	**$ 7.42**	**$ 7.03**	**$ 7.32**	**$ 9.45**	**$ 8.51**	**$ 10.61**	**$ 6.45**	**$ 12.16**	**$ 13.96**	**$ 4.08**	**$ 9.66**
Mining cost per tonne	$ 14.22	$ 15.69	$ 17.15	$ 19.13	$ 17.92	$ 16.30	$ 11.17	$ 12.22	$ 22.82	$ 21.21	$ 22.50	$ 15.01
Milling cost per tonne	23.06	18.32	20.99	28.05	14.28	21.42	20.79	17.04	25.22	23.19	15.83	20.19
Indirect cost per tonne	8.01	8.67	8.70	12.16	15.09	9.44	5.53	6.54	9.52	9.67	14.54	7.49
Total production cost per tonne	**$ 45.29**	**$ 42.68**	**$ 46.83**	**$ 59.34**	**$ 47.30**	**$ 47.15**	**$ 37.49**	**$ 35.80**	**$ 57.56**	**$ 54.07**	**$ 52.87**	**$ 42.69**

The following table provides a detailed breakdown of by-product credits on a total and per silver ounce basis:

(expressed in thousands of U.S. dollars,	Three Months Ended December 31, 2014						Three Months Ended December 31, 2013					
except ounce and per ounce amounts)	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total
By-product credits attributed to:												
Gold	$ (11)	$ (222)	$ -	$ (1,758)	$ (1,626)	$ (3,617)	$ (19)	$ (221)	$ -	$ (547)	$ (2,502)	$ (3,289)
Lead	-	(2,876)	(6,675)	-	-	(9,551)	-	(4,997)	(2,606)	-	-	(7,603)
Zinc	-	(3,731)	-	-	-	(3,731)	-	(1,281)	(206)	-	-	(1,487)
Iron	-	-	-	-	-	-	-	-	-	-	-	-
Total by-product credits	**$ (11)**	**$ (6,829)**	**$ (6,675)**	**$ (1,758)**	**$ (1,626)**	**$ (16,899)**	**$ (19)**	**$ (6,499)**	**$ (2,812)**	**$ (547)**	**$ (2,502)**	**$ (12,379)**
By-product credits cost per ounce												
Gold	-	(0.35)	-	(2.97)	(7.27)	(1.20)	(0.02)	(0.28)	-	(1.95)	(21.24)	(1.28)
Lead	-	(4.58)	(8.51)	-	-	(3.17)	-	(6.34)	(6.16)	-	-	(2.96)
Zinc	-	(5.96)	-	-	-	(1.24)	-	(1.63)	(0.49)	-	-	(0.58)
Iron	-	-	-	-	-	-	-	-	-	-	-	-
Total by-product credits per ounce	**$ -**	**$ (10.89)**	**$ (8.51)**	**$ (2.97)**	**$ (7.27)**	**$ (5.61)**	**$ (0.02)**	**$ (8.25)**	**$ (6.65)**	**$ (1.95)**	**$ (21.24)**	**$ (4.82)**

(expressed in thousands of U.S. dollars, except ounce and per ounce amounts)	Year to Date Ended December 31, 2014						Year to Date Ended December 31, 2013					
	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total
Cost of sales (as reported)						**$ 154,843**						**$ 115,658**
Add (Deduct): Cost of sales for Vancouver, Europe and intercompany elimination						(757)						(616)
Cost of sales (mine)	**$ 41,049**	**$ 35,182**	**$ 45,532**	**$ 22,727**	**$ 9,596**	**$ 154,086**	**$ 41,366**	**$ 31,552**	**$ 14,003**	**$ 17,552**	**$ 10,542**	**$ 115,015**
Add: Third party smelting and refining	1,526	12,530	8,617	580	3,311	26,564	1,904	12,922	6,774	436	3,975	26,011
Deduct: Workers participation	(1,827)	-	-	(282)	-	(2,109)	(1,047)	(351)	(30)	(270)	(58)	(1,756)
Deduct: Other non-cash costs	(160)	(329)	(6)	(127)	(12)	(634)	(216)	(156)	(157)	(96)	(125)	(750)
Inventory changes	(3,895)	(342)	(3,956)	(332)	119	(8,406)	(1,031)	15	(491)	(63)	(742)	(2,312)
Total cash cost before by-product credits (A)	**$ 36,693**	**$ 47,041**	**$ 50,187**	**$ 22,566**	**$ 13,014**	**$ 169,501**	**$ 40,976**	**$ 43,982**	**$ 20,099**	**$ 17,559**	**$ 13,592**	**$ 136,208**
Deduct: By-product credits	(231)	(29,486)	(16,332)	(5,264)	(7,730)	(59,043)	(1,731)	(21,892)	(8,354)	(2,546)	(7,418)	(41,941)
Total cash cost (B)	**$ 36,462**	**$ 17,555**	**$ 33,855**	**$ 17,302**	**$ 5,284**	**$ 110,458**	**$ 39,245**	**$ 22,090**	**$ 11,745**	**$ 15,013**	**$ 6,174**	**$ 94,267**
Tonnes processed	**721,171**	**711,915**	**629,493**	**363,951**	**186,881**	**2,613,411**	**1,139,241**	**788,335**	**240,100**	**322,618**	**171,662**	**2,661,956**
Total ounces of silver produced	3,711,633	2,876,452	2,690,717	1,833,618	636,301	11,748,721	4,081,094	3,115,997	1,226,885	1,250,774	709,002	10,383,752
Deduct: Metal deduction ounces	(14,847)	(87,673)	(94,597)	(7,334)	(15,908)	(220,359)	(18,137)	(95,173)	(51,372)	(5,506)	(126,310)	(296,498)
Payable ounces of silver produced (C)	**3,696,786**	**2,788,779**	**2,596,120**	**1,826,284**	**620,393**	**11,528,362**	**4,062,957**	**3,020,824**	**1,175,513**	**1,245,268**	**582,692**	**10,087,254**
Mining cost per ounce	$ 2.96	$ 4.03	$ 5.44	$ 3.95	$ 5.46	$ 4.07	$ 2.56	$ 3.59	$ 3.92	$ 4.59	$ 6.60	$ 3.51
Milling cost per ounce	4.71	4.92	7.71	5.52	4.65	5.56	5.50	4.42	4.78	6.29	4.47	5.13
Indirect cost per ounce	1.50	2.16	2.00	2.27	4.42	2.05	1.19	1.50	1.83	2.59	4.54	1.72
Total production cost per ounce	**$ 9.17**	**$ 11.11**	**$ 15.15**	**$ 11.74**	**$ 14.53**	**$ 11.68**	**$ 9.25**	**$ 9.51**	**$ 10.53**	**$ 13.47**	**$ 15.61**	**$ 10.36**
Transport and other selling costs per ounce	0.24	1.06	0.76	0.17	0.96	0.58	0.36	0.59	0.81	0.28	0.88	0.50
Smelting and refining costs per ounce	0.40	4.49	3.32	0.32	5.34	2.30	0.47	4.28	5.76	0.35	6.84	2.58
Environmental duty and royalties per ounce	0.11	0.21	0.10	0.12	0.16	0.14	-	0.18	-	-	-	0.05
Cash cost per ounce before by-product credits (A/C)	**$ 9.92**	**$ 16.87**	**$ 19.33**	**$ 12.35**	**$ 20.99**	**$ 14.70**	**$ 10.08**	**$ 14.56**	**$ 17.10**	**$ 14.10**	**$ 23.33**	**$ 13.49**
Deduct: By-product credits	(0.06)	(10.57)	(6.29)	(2.88)	(12.46)	(5.12)	(0.42)	(7.25)	(7.11)	(2.05)	(12.73)	(4.14)
Cash cost per ounce (B/C)	**$ 9.86**	**$ 6.30**	**$ 13.04**	**$ 9.47**	**$ 8.53**	**$ 9.58**	**$ 9.66**	**$ 7.31**	**$ 9.99**	**$ 12.05**	**$ 10.60**	**$ 9.35**
Mining cost per tonne	$ 15.18	$ 15.77	$ 22.45	$ 19.82	$ 18.12	$ 17.95	$ 9.14	$ 13.74	$ 19.18	$ 17.73	$ 22.45	$ 13.31
Milling cost per tonne	24.13	19.28	31.80	27.72	15.43	24.53	19.63	16.95	23.39	24.29	15.18	19.45
Indirect cost per tonne	7.68	8.46	8.27	11.41	14.66	9.05	4.24	5.76	8.97	9.98	15.41	6.53
Total production cost per tonne	**$ 46.99**	**$ 43.51**	**$ 62.52**	**$ 58.95**	**$ 48.21**	**$ 51.53**	**$ 33.01**	**$ 36.45**	**$ 51.54**	**$ 52.00**	**$ 53.04**	**$ 39.29**

The following table provides a detailed breakdown of by-product credits on a total and per silver ounce basis:

(expressed in thousands of U.S. dollars, except ounce and per ounce amounts)	Year to Date Ended December 31, 2014						Year to Date Ended December 31, 2013					
	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total
By-product credits attributed to:												
Gold	$ (29)	$ (800)	$ (299)	$ (5,264)	$ (7,730)	$ (14,122)	$ (97)	$ (860)	$ (7)	$ (2,546)	$ (7,418)	$ (10,928)
Lead	-	(18,584)	(15,460)	-	-	(34,044)	-	(16,435)	(6,866)	-	-	(23,301)
Zinc	-	(10,102)	(573)	-	-	(10,675)	-	(4,597)	(1,481)	-	-	(6,078)
Iron	(202)	-		-	-	(202)	(1,634)	-	-	-	-	(1,634)
Total by-product credits	**$ (231)**	**$ (29,486)**	**$ (16,332)**	**$ (5,264)**	**$ (7,730)**	**$ (59,043)**	**$ (1,731)**	**$ (21,892)**	**$ (8,354)**	**$ (2,546)**	**$ (7,418)**	**$ (41,941)**
By-product credits cost per ounce												
Gold	(0.01)	(0.29)	(0.11)	(2.88)	(12.46)	(1.22)	(0.02)	(0.28)	(0.01)	(2.05)	(12.73)	(1.08)
Lead	-	(6.66)	(5.96)	-	-	(2.95)	-	(5.45)	(5.84)	-	-	(2.30)
Zinc	-	(3.62)	(0.22)	-	-	(0.93)	-	(1.52)	(1.26)	-	-	(0.60)
Iron	(0.05)	-	-	-	-	(0.02)	(0.40)	-	-	-	-	(0.16)
Total by-product credits per ounce	**$ (0.06)**	**$ (10.57)**	**$ (6.29)**	**$ (2.88)**	**$ (12.46)**	**$ (5.12)**	**$ (0.42)**	**$ (7.25)**	**$ (7.11)**	**$ (2.05)**	**$ (12.73)**	**$ (4.14)**

All-IN SUSTAINING COSTS PER OUNCE

All-In Sustaining Cost ("AISC") is a non-GAAP measure and was calculated based on guidance provided by the World Gold Council ("WGC") in June 2013. 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 development capital expenditures.

AISC is a more comprehensive measure than cash cost per ounce for the Company's consolidated operating performance by providing greater visibility, comparability and representation of the total costs associated with producing silver from its current operations.

The Company defines sustaining capital expenditures as, "*costs incurred to sustain and maintain existing assets at current productive capacity and constant planned levels of productive output without resulting in an increase in the life of assets, future earnings, or improvements in recovery or grade. Sustaining capital includes costs required to improve/enhance assets to minimum standards for reliability, environmental or safety requirements. Sustaining capital expenditures excludes all expenditures at the Company's new projects and certain expenditures at current operations which are deemed expansionary in nature.*"

AISC includes total production cash costs incurred at the Company's mining operations, which forms the basis of the Company's total cash costs. Additionally, the Company includes sustaining capital expenditures, corporate general and administrative expense, exploration and evaluation costs, share-based payments and reclamation cost accretion. The Company believes that this measure represents the total sustainable costs of producing silver from current operations, and provides the Company and other stakeholders of the Company with 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 capital 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 a detailed reconciliation of these measures to our cost of sales, as reported in our consolidated financial statements.

(expressed in thousands of U.S. dollars, except ounce and per ounce amounts)	Three Months Ended December 31, 2014							
	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total Mines	Corporate	Total
Cost of sales (as reported)								**$ 44,873**
Add (Deduct): Cost of sales for Vancouver, Europe and intercompany elimination								(11,741)
Cost of sales (mine)	**$ 7,326**	**$ 8,218**	**$ 9,371**	**$ 5,659**	**$ 2,558**	**$ 33,132**	**$ -**	**$ 33,132**
Third party smelting and refining	340	3,183	3,232	188	1,181	8,124	-	8,124
Other non-cash costs	(94)	(54)	1	(9)	(4)	(160)	-	(160)
Inventory changes	1,160	276	(406)	595	13	1,638	-	1,638
By-product credits	(11)	(6,829)	(6,675)	(1,758)	(1,626)	(16,899)	-	(16,899)
Sustaining capital expenditures	5,170	2,133	2,410	926	1,698	12,337	331	12,668
General and administrative expenses	-	-	-	-	-	-	4,015	4,015
Share-based payments	-	-	-	-	-	-	743	743
Accretion of decommissioning liabilities	51	33	45	32	30	191	-	191
All-in sustaining costs	**$ 13,942**	**$ 6,960**	**$ 7,978**	**$ 5,633**	**$ 3,850**	**$ 38,363**	**$ 5,089**	**$ 43,452**
Payable ounces of silver produced	**785,216**	**627,541**	**785,044**	**590,327**	**223,726**	**3,011,854**	**3,011,854**	**3,011,854**
All-in sustaining costs per ounce	**$ 17.76**	**$ 11.09**	**$ 10.16**	**$ 9.54**	**$ 17.21**	**$ 12.74**	**$ 1.69**	**$ 14.43**

(expressed in thousands of U.S. dollars, except ounce and per ounce amounts)	Year to Date Ended December 31, 2014							
	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total Mines	Corporate	Total
Cost of sales (as reported)								**$ 154,843**
Add (Deduct): Cost of sales for Vancouver, Europe and intercompany elimination								(757)
Cost of sales (mine)	**$ 41,049**	**$ 35,182**	**$ 45,532**	**$ 22,727**	**$ 9,596**	**$ 154,086**	**$ -**	**$ 154,086**
Third party smelting and refining	1,526	12,530	8,617	580	3,311	26,564	-	26,564
Other non-cash costs	(160)	(329)	(6)	(127)	(12)	(634)	-	(634)
Inventory changes	(3,895)	(342)	(3,956)	(332)	119	(8,406)	-	(8,406)
By-product credits	(231)	(29,486)	(16,332)	(5,264)	(7,730)	(59,043)	-	(59,043)
Sustaining capital expenditures	18,808	14,501	14,746	7,860	7,723	63,638	1,175	64,813
General and administrative expenses	-	-	-	-	-	-	18,677	18,677
Share-based payments	-	-	-	-	-	-	7,320	7,320
Accretion of decommissioning liabilities	217	140	188	134	122	801	-	801
All-in sustaining costs	**$ 57,314**	**$ 32,196**	**$ 48,789**	**$ 25,578**	**$ 13,129**	**$ 177,006**	**$ 27,172**	**$ 204,178**
Expansionary capital expenditures	6,901	5,814	12,563	6,416	7,879	39,573	1,728	80,874
All-in costs (B)	**$ 64,215**	**$ 38,010**	**$ 61,352**	**$ 31,994**	**$ 21,008**	**$ 216,579**	**$ 28,900**	**$ 285,052**
Payable ounces of silver produced	**3,696,786**	**2,788,779**	**2,596,120**	**1,826,284**	**620,393**	**11,528,362**	**11,528,362**	**11,528,362**
All-in sustaining costs per ounce	**$ 15.50**	**$ 11.54**	**$ 18.79**	**$ 14.01**	**$ 21.16**	**$ 15.35**	**$ 2.36**	**$ 17.71**

AVERAGE REALIZED SILVER PRICE PER OUNCE

Revenues are presented as the net sum of invoiced revenues related to delivered shipments of silver doré bars and concentrates, including associated metal by-products of gold, lead, zinc and iron ore after having deducted refining and smelting charges, and after elimination of intercompany shipments of silver, silver being minted into coins, ingots and bullion products.

The following is an analysis of the gross revenues prior to refining and smelting charges, and shows deducted smelting and refining charges to arrive at the net reportable revenue for the period per IFRS. Gross revenues are divided into payable equivalent silver ounces sold to calculate the average realized price per ounce of silver equivalents sold.

	Three Months Ended December 31,		Year to Date Ended December 31,	
	2014	2013	2014	2013
Revenues as reported	**$ 72,480**	**$ 58,989**	**$ 245,473**	**$ 251,313**
Add back: smelting and refining charges	8,418	7,286	26,555	26,050
Gross Revenues	**80,898**	**66,275**	**272,028**	**277,363**
Payable equivalent silver ounces sold	4,961,920	3,215,055	14,551,096	12,018,168
Average realized price per ounce of silver sold (1)	**$ 16.30**	**$ 20.61**	**$ 18.69**	**$ 23.08**
Average market price per ounce of silver per COMEX	$ 16.45	$ 20.77	$ 19.04	$ 23.82

(1) Average realized price per ounce of silver sold in each reporting period is affected by mark-to-market adjustments and final settlements on concentrate shipments in prior periods. Concentrates sold to third-party smelters are provisionally priced and the price is not settled until a predetermined future date, typically one to four months after delivery to the customer, based on the market price at that time. The mark-to-market adjustments do not apply to doré sales.

ADJUSTED EARNINGS PER SHARE ("Adjusted EPS")

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

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

	Three Months Ended December 31,		Year Ended December 31,	
	2014	2013	2014	2013
Net loss as reported	**$ (64,568)**	**$ (81,229)**	**$ (61,448)**	**$ (38,232)**
Adjustments for non-cash or unusual items:				
Impairment of mining interests and goodwill	101,950	28,791	101,950	28,791
Deferred income tax (recovery) expense	(27,607)	51,032	(27,171)	63,164
Share-based payments	743	2,837	7,320	14,518
(Gain) loss from fair value adjustment of prepayment facility	(5,966)	2,907	(4,744)	(3,919)
Loss from investment in silver futures and marketable securities	84	1,628	690	6,601
(Recovery) write-down of mineral inventory	(1,419)	-	3,816	-
Gain (loss) from value added tax settlement	733	-	733	(711)
Write-down of AFS marketable securities	263	137	538	3,914
Loss on divestiture of subsidiary	-	-	248	-
Gain from First Silver litigation, net of fees	-	168	(14,004)	122
Gain from termination fee on Orko acquisition	-	-	-	(9,129)
Adjusted net earnings	**$ 4,213**	**$ 6,271**	**$ 7,928**	**$ 65,119**
Weighted average number of shares on issue - basic	117,543,961	117,030,825	117,444,276	116,935,325
Adjusted EPS	**$ 0.04**	**$ 0.05**	**$ 0.07**	**$ 0.56**

CASH FLOW PER SHARE

Cash Flow per Share is determined based on operating cash flows before movements in working capital and income taxes, as illustrated in the consolidated statements of cash flow, divided by the weighted average shares outstanding during the period.

	Three Months Ended December 31,		Year Ended December 31,	
	2014	2013	2014	2013
Operating Cash Flows before Movements in Working Capital and Income Taxes	**$ 21,087**	**$ 20,400**	**$ 74,404**	**$ 137,269**
Weighted average number of shares on issue - basic	117,543,961	117,030,825	117,444,276	116,935,325
Cash Flow per Share	**$ 0.18**	**$ 0.17**	**$ 0.63**	**$ 1.17**

WORKING CAPITAL

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.

	December 31, 2014	December 31, 2013
Current Assets	$ 75,352	$ 109,533
Less: Current Liabilities	(78,222)	(76,723)
Working Capital	**$ (2,870)**	**$ 32,810**

ADDITIONAL GAAP MEASURES

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

- *Gross margin* represents the difference between revenues and cost of sales, excluding depletion, depreciation and amortization. Management believes that this presentation provides useful information to investors to evaluate the Company's mine operating performance prior to non-cash depletion, depreciation and amortization in order to assess the Company's ability to generate operating cash flow.
- *Mine operating earnings* represents the difference between gross margin and depletion, depreciation and amortization. Management believes that mine operating earnings provides useful information to investors because mine operating earnings excludes expenses not directly associated with commercial production.
- *Operating cash flows before movements in working capital and income taxes* represents cash flows generated from operations before changes in working capital and income taxes paid. Management believes that this measure allows investors to evaluate the Company's pre-tax cash flows generated from operations adjusted for fluctuations in non-cash working capital items due to timing issues and the Company's ability to service its debt.

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

REVIEW OF FOURTH QUARTER FINANCIAL RESULTS

For the quarter ended December 31, 2014 compared to the quarter ended December 31, 2013 (in thousands of dollars, except for per share amounts):

	Quarter Ended December 31,		
	2014	2013	
Revenues	**$ 72,480**	**$ 58,989**	(1)
Cost of sales (excludes depletion, depreciation and amortization)	44,873	31,437	(2)
Gross margin	**27,607**	**27,552**	
Depletion, depreciation and amortization	21,774	13,298	(3)
Mine operating earnings	**5,833**	**14,254**	(4)
General and administrative expenses	4,210	6,457	(5)
Share-based payments	743	2,837	(6)
Accretion of decommissioning liabilities	191	135	
Impairment of mining interests and goodwill	101,950	28,791	(7)
Foreign exchange (gain) loss	(5,451)	654	(8)
Operating (loss) earnings	**(95,810)**	**(24,620)**	(9)
Investment and other income (loss)	6,241	(4,617)	(10)
Finance costs	(1,663)	(941)	(11)
Loss before income taxes	**(91,232)**	**(30,178)**	
Current income tax expense	943	19	
Deferred income tax (recovery) expense	(27,607)	51,032	
Income tax (recovery) expense	(26,664)	51,051	(12)
Net loss for the period	**$ (64,568)**	**$ (81,229)**	(13)
Loss per share (basic and diluted)	**$ (0.55)**	**$ (0.69)**	(13)

1. Revenues for the quarter ended December 31, 2014 increased by 23% to $72,480,000 from $58,989,000 in the fourth quarter of 2013. The increase in revenues was primarily attributed to 54% increase in silver equivalent ounces sold as the Company sold the 934,000 ounces of silver held in inventory at the end of third quarter, offset by a 21% decrease in average realized silver price.

2. Cost of sales in the fourth quarter of 2014 was $44,873,000, an increase of $13,436,000 or 43% compared to $31,437,000 in the fourth quarter of 2013. The increase in cost of sales was primarily attributed to the 54% increase in payable equivalent ounces sold due to temporarily suspended sales of 934,000 ounces in the previous quarter, partially offset by decrease in production costs and favourable foreign exchange rate effect as a result a 6% depreciation in the Mexican Pesos against the U.S. Dollars compared to the same quarter of the prior year.

3. Depletion, depreciation and amortization increased from $13,298,000 in the fourth quarter of 2013 to $21,774,000 in the fourth quarter of 2014, an increase of $8,476,000 or 64%, primarily attributed to the 54% increase in payable equivalent ounces sold, as well as depletion related to the Del Toro cyanidation plant expansion and additional depreciation and amortization expense from increase in production rates at the Del Toro, San Martin and La Guitarra mines.

4. Despite a 24% production growth, mine operating income of $5,833,000 in the fourth quarter of 2014 decreased 59% compared to $14,254,000 for the same quarter in the prior year. Mine operating earnings were primarily affected by lower silver prices and higher depletion, depreciation and amortization compared to the fourth quarter of 2013.

5. General and administrative expenses decreased by $2,247,000 or 35% compared to the fourth quarter of 2013, primarily due to lower salaries and benefits, professional fees, travel and administrative expenses as part of the Company's cost reduction program.

6. Share-based payments decreased by $2,094,000 or 74% compared to the fourth quarter of 2013, primarily due to a decrease in fair value of stock options granted and cancellation of stock options for management and operational positions eliminated during the quarter as part of the Company's cost-cutting efforts.

7. During the quarter ended December 31, 2014, as a result of the decline in silver prices, the Company recognized an impairment loss of $101,950,000 (2013- $28,791,000) on certain non-current assets (see “Impairment of Non-Current Assets” section).

8. Foreign exchange gain increased by $6,105,000 or 933% compared to the fourth quarter of 2013 and was primarily due to foreign exchange gain on trade payables and deferred tax liabilities denominated in Mexican pesos, which depreciated 9% against the US dollar during the quarter.

9. Operating loss for the quarter was $95,810,000 compared to operating loss of $24,620,000 for the quarter ended December 31, 2013. The decrease in earnings was primarily due to a $101,950,000 impairment of non-current assets and lower mine operating earnings, partially offset by foreign exchange gains and a decrease in share-based payments.

10. During the quarter ended December 31, 2014, the Company recognized investment and other income of $6,241,000 compared to a loss of $4,617,000 in the same quarter of the prior year. Investment and other income in the quarter was primarily attributed to a gain of $5,966,000 on fair value adjustment of the Company’s prepayment facility.

11. During the quarter ended December 31, 2014, the Company incurred $1,663,000 in finance costs compared to $941,000 in the same quarter of the prior year. The increase in finance costs was primarily related to $1,001,000 in interest and accretion expense related to the prepayment facilities, which were capitalized as part of Del Toro construction cost in the same quarter of the prior year, and additional interest costs on leased assets.

12. During the quarter ended December 31, 2014, the Company recorded an income tax recovery of $26,664,000 compared to an income tax expense of $51,051,000 in the quarter ended December 31, 2013. The income tax recovery was the result a $35,938,000 deferred tax recovery in relation to the impairment of certain non-current assets. Deferred income tax expense in the same quarter of the prior year also included a $38,793,000 non-cash accounting adjustment to deferred income tax in relation to the new 2013 Mexican tax reforms. The effective income tax rate in the fourth quarter of 2014 was affected by taxation effects on foreign currency translation, Mexican mining duties and non-deductible expenses.

13. As a result of the foregoing, net loss for the quarter ended December 31, 2014 was $64,568,000 or EPS of $(0.55), compared to net loss of $81,229,000 or EPS of $(0.69) in the quarter ended December 31, 2013.

REVIEW OF SELECTED ANNUAL FINANCIAL RESULTS

For the year ended December 31, 2014 compared to the years ended December 31, 2013 and 2012
(in thousands of dollars, except for share amounts):

	Annual			
	2014	**2013**	**2012**	
Revenues	**$ 245,473**	**$ 251,313**	**$ 247,177**	(1)
Cost of sales (excludes depletion, depreciation and amortization)	154,843	115,658	79,747	(2)
Gross margin	**90,630**	**135,655**	**167,430**	
Depletion, depreciation and amortization	60,466	43,337	25,405	(3)
Mine operating earnings	**30,164**	**92,318**	**142,025**	(4)
General and administrative	19,393	24,855	21,774	(5)
Share-based payments	7,320	14,518	10,646	(6)
Accretion of decommissioning liabilities	801	539	472	
Impairment of mining interests and goodwill	101,950	28,791	-	(7)
Acquisition costs	-	-	2,740	
Foreign exchange (gain) loss	(6,312)	926	(174)	(8)
Operating (loss) earnings	**(92,988)**	**22,689**	**106,567**	(9)
Investment and other income	18,627	5,974	6,715	(10)
Finance costs	(6,576)	(2,470)	(2,293)	(11)
(Loss) earnings before income taxes	**(80,937)**	**26,193**	**110,989**	
Current income tax expense	7,682	1,261	4,429	
Deferred income tax (recovery) expense	(27,171)	63,164	17,662	
Income tax (recovery) expense	(19,489)	64,425	22,091	(12)
Net (loss) earnings for the year	**$ (61,448)**	**$ (38,232)**	**$ 88,898**	(13)
(Loss) earnings per share (basic)	**$ (0.52)**	**$ (0.33)**	**$ 0.80**	(13)
(Loss) earnings per share (diluted)	**$ (0.52)**	**$ (0.33)**	**$ 0.79**	
Cash and cash equivalents	**$ 40,345**	**$ 54,765**	**$ 111,591**	
Total assets	**$ 771,342**	**$ 854,952**	**$ 813,031**	
Non-current liabilities	**$ 172,587**	**$ 207,484**	**$ 162,276**	

1. Revenues for the year ended December 31, 2014 decreased by 2% or $5,840,000 to $245,473,000 from $251,313,000 compared to the prior year primarily due to a 19% decline in average realized silver price, partially offset by a 21% increase in payable silver equivalent ounces sold.

2. Cost of sales for the year ended December 31, 2014 was $154,843,000, an increase of 34% or $39,185,000 compared to $115,658,000 in 2013. The increase in cost of sales was attributed to a 21% increase in payable equivalent ounces sold, as well as increase in by-product production at La Parrilla and Del Toro, as by-product credits are presented as revenue but costs related to by-product productions are in cost of sales. Cost of sales in the year also includes $3.8 million write-down of mineral inventories to its net realizable value as a result of decline in silver prices.

3. Depletion, depreciation and amortization for the year ended December 31, 2014 was $60,466,000, an increase of 40% or $17,129,000 compared to $43,337,000 in the prior year, primarily due to incremental depreciation and depletion expense related to commissioning of the cyanidation plant at Del Toro on January 1, 2014 and plant expansion of San Martin.

4. Mine operating earnings decreased by 67% to $30,164,000 for the year ended December 31, 2014, compared to $92,318,000 in the prior year. Mine operating earnings were affected by the decline in silver prices, and higher depletion, depreciation and amortization expenses related to higher production at Del Toro and San Martin.

5. General and administrative expenses for the year ended December 31, 2014 was $19,393,000, a decrease of 22% compared to the prior year due to lower salaries and employee benefits, professional fees, travel and administrative expenses as part of the Company's cost reduction program.

6. Share-based payments expense for the year ended December 31, 2014 decreased by $7,198,000 or 50% compared to the prior year. The decrease was primarily due to cancellation of stock options for management and operational positions eliminated during the year as part of the Company's cost-cutting efforts, as well as decrease in fair value of stock options granted in 2013 and 2014, when the Company's share price was lower at time of the grant compared to the prior year.

7. As a result of the decline in silver prices, the Company recognized an impairment loss of $101,950,000 (2013- $28,791,000) on certain non-current assets (see “Impairment of Non-Current Assets” section) during the year ended December 31, 2014.

8. Foreign exchange gain of $6,312,000 for the year ended December 31, 2014 compared to foreign exchange loss of $926,000 for the year ended December 31, 2013. Foreign exchange gain for the year was primarily due to foreign exchange gain on trade payables and deferred tax liabilities denominated in Mexican pesos, which depreciated 13% against the US dollar during the year.

9. Operating loss was $92,988,000 for the year ended December 31, 2014, compared to operating earnings of $22,689,000 for the year ended December 31, 2013, primarily due to the recognition of a $101,950,000 impairment loss on certain mines and projects, as well as decrease in mine operating earnings, partially offset by decreases in general and administrative expenses and share-based payments.

10. During the year ended December 31, 2014 investment income was $18,627,000 compared to investment and other income of $5,974,000 in the prior year. The income is primarily attributed to the recognition of the deferred gain from the First Silver litigation of $14,127,000 and gain of $4,744,000 from fair value adjustment of the prepayment facilities. In the prior year, investment and other income was primarily comprised of a $9,129,000 termination fee from the Orko acquisition, net of costs.

11. During the year ended December 31, 2014, the Company incurred $6,576,000 in financing costs compared to $2,470,000 in the prior year. The increase in financing costs was primarily related to $3,883,000 in interest and accretion expense related to the prepayment facilities, which were capitalized as part of Del Toro construction cost in the prior year, and $2,443,000 in financing costs related to the Company’s finance leases.

12. During the year ended December 31, 2014, the Company recorded an income tax recovery of $19,489,000 compared to an income tax expense of $64,425,000 in 2013. The income tax recovery was primarily attributed to deferred tax adjustment related to the impairment of non-current assets, lower earnings before taxes and the prior year included a non-cash accounting adjustment of $35,938,000 relating to the Mexican Tax Reform. The effective tax rate in the year ended December 31, 2014 was 24% compared to 246% in the year ended December 31, 2013. The decrease in effective tax rate reflects the taxation effects on the impairment on non-current assets, on foreign currency translation, non-deductible expenses and the Mexican Tax Reform which was effective January 1, 2014.

13. As a result of the foregoing, net loss for the year ended December 31, 2014 was $61,448,000, or basic EPS of $(0.52) compared to net loss of $38,232,000 or EPS of $(0.33) for 2013.

SUMMARY OF QUARTERLY RESULTS

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

	2014				2013			
Financial Highlights	**Q4[1]**	**Q3[2]**	**Q2[3]**	**Q1[4]**	**Q4[5]**	**Q3[6]**	**Q2[7]**	**Q1[8]**
Revenue	$ 72,480	$ 40,770	$ 66,927	$ 65,296	$ 58,989	$ 76,882	$ 48,372	$ 67,070
Cost of sales	$ 44,873	$ 31,973	$ 42,727	$ 35,270	$ 31,437	$ 36,060	$ 23,891	$ 24,270
Depletion, depreciation and amortization	$ 21,774	$ 10,588	$ 14,699	$ 13,405	$ 13,298	$ 11,645	$ 10,198	$ 8,196
Mine operating earnings (loss)	$ 5,833	$ (1,791)	$ 9,501	$ 16,621	$ 14,254	$ 29,177	$ 14,283	$ 34,604
Net (loss) earnings after tax	$ (64,568)	$ (10,450)	$ 7,590	$ 5,980	$ (81,229)	$ 16,320	$ 160	$ 26,517
Earnings (loss) per share (basic)	$ (0.55)	$ (0.09)	$ 0.06	$ 0.05	$ (0.69)	$ 0.14	$ 0.00	$ 0.23
Earnings (loss) per share (diluted)	$ (0.55)	$ (0.09)	$ 0.06	$ 0.05	$ (0.69)	$ 0.14	$ 0.00	$ 0.23

Notes:

1. In the quarter ended December 31, 2014, mine operating earnings was $5,833,000 compared to mine operating loss of $1,791,000 in the quarter ended September 30, 2014. The increase in mine operating earnings was attributed to additional silver equivalent ounces sold as approximately 934,000 ounces of silver sales that were suspended at the end of the third quarter of 2014 due to declining silver prices. Net loss for the quarter was $64,568,000 compared to $10,450,000 in the previous quarter due to a non-cash impairment charge of $101,950,000, or $66,012,000 net of tax, related to some of the Company's non-current assets during the quarter and related taxation effects.

2. In the quarter ended September 30, 2014, mine operating loss was $1,791,000 compared to mine operating earnings of $9,501,000 in the quarter ended June 30, 2014. The decrease in mine operating earnings was primarily attributed to the Company's decision to suspend approximately 934,000 in silver sales near the end of the quarter as a result of significant decline in silver prices during the quarter. Net earnings also decreased $18,040,000 compared to the preceding quarter as a result of a decrease in mine operating earnings and a one-time litigation gain of $14,127,000 recognized in the second quarter of 2014.

3. In the quarter ended June 30, 2014, mine operating earnings decreased by 43% to $9,501,000 compared to $16,621,000 in the quarter ended March 31, 2014. Net earnings increased by 27% to $7,590,000 from $5,980,000 in the quarter ended March 31, 2014. Increase in net earnings was primarily attributed to $14.1 million litigation gain, partially offset by decrease in mine operating earnings due to 6% decrease in average realized silver price and higher depletion, depreciation and amortization due to increase in production rate.

4. In the quarter ended March 31, 2014, mine operating earnings improved 17% to $16,621,000, compared to $14,254,000 in the quarter ended December 31, 2013. Net earnings increased $87,209,000 to $5,980,000, compared to a loss of $81,229,000 in the previous quarter. Net earnings in the previous quarter was affected by a $28,791,000 non-cash impairment of non-current assets and $38,793,000 non-cash adjustment to deferred income tax expense in relation to the Mexican Tax Reform.

5. In the quarter ended December 31, 2013, mine operating earnings decreased $14,923,000 or 51% compared to the quarter ended September 30, 2013, primarily attributed to decrease of 17% or 673,621 ounces of payable equivalent silver ounces sold. More ounces were sold in the prior quarter due to sale of approximately 650,000 ounces of silver sales that were suspended and delayed at the end of the second quarter. In addition, depletion, depreciation and amortization was higher due to 9% increase in tonnes milled during the fourth quarter compared to the prior quarter. Net loss after tax was $81,229,000 compared to net earnings of $16,320,000. The decrease was attributed to $28,791,000 impairment on goodwill and mining interests, $14,923,000 decline in mine operating earnings, as well as $38,793,000 non-cash adjustment to deferred income tax expense recorded during the quarter in relation to the Mexican Tax Reform.

6. In the quarter ended September 30, 2013, mine operating earnings increased $14,894,000 or 104% compared to the quarter ended June 30, 2013, primarily attributed to an increase of 57% or 1,407,022 ounces of payable equivalent silver ounces sold, which includes approximately 650,000 ounces of silver sales that were suspended and delayed at the end of the second quarter of 2013 due to declining silver prices. Net earnings after tax was $16,320,000, an increase of $16,160,000 compared to the previous quarter due to increase in mine operating earnings and investment and other income.

7. In the quarter ended June 30, 2013, mine operating earnings decreased $20,321,000 or 59% compared to the quarter ended March 31, 2013, primarily attributed to a 25% decline in silver prices and management's decision to suspend approximately 700,000 ounces of silver sales near quarter end in order to maximize future profits. Net earnings after tax was $160,000, a decrease of $26,357,000 compared to the previous quarter due to decrease in mine operating earnings and $5,864,000 loss on investment in silver futures and marketable securities, compared to a one-time gain of $9,131,000 from termination fee of the Orko acquisition in the previous quarter.

8. In the quarter ended March 31, 2013, mine operating earnings decreased $4,856,000 or 12% compared to the quarter ended December 31, 2012, primarily attributed to 9% decline in silver prices and higher cost of sales due to appreciation of the Mexican peso against the US dollar. Net earnings after tax increased by $4,167,000 or 19% compared to the previous quarter, due to gain from termination fee of the Orko acquisition and gain on fair value adjustment of the prepayment facility.

LIQUIDITY

At December 31, 2014, the Company held cash and cash equivalents of $40.3 million and had a working capital deficit of $2.9 million, compared to cash and cash equivalents of $54.8 million and working capital of $32.8 million at December 31, 2013. Cash and cash equivalents decreased by $14.4 million during the year, primarily as a result of $104.3 million spent on mining interests, property, plant and equipment, $16.0 million on repayment of lease obligations, $14.5 million on repayment of the prepayment facility, offset by $93.4 million generated from operating activities and $30.0 million proceeds from the new prepayment facility.

During the year, the Company expended $70.2 million on mineral properties and $34.1 million on property, plant and equipment compared to $94.4 million expended on mineral properties and $84.3 million expended on property, plant and equipment in 2013. Capital expenditures on mineral properties have decreased compared to the prior year as the Company suspended majority of discretionary capital expenditures due to the significant decline in silver price this year, as well as efforts by the Company to cut costs by re-negotiating all of its contracts with contractors and suppliers. Furthermore, capital expenditures on property, plant and equipment reduced as construction activity at Del Toro completed earlier in the year.

Funds surplus to the Company's short-term operating needs are held with reputable institutions and are invested in highly liquid short-term investments with maturities of three months or less. The funds are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

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.

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 on an ongoing basis and to support its expansion plans. As at December 31, 2014, the Company has outstanding trade payables of $25.9 million (2013 - $20.9 million) which are generally payable in 90 days or less and accrued liabilities of $14.4 million (2013 - $13.6 million) which are generally payable within 12 months. 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 its ongoing operating requirements as they arise for at least the next 12 months. If commodity prices in the metals markets were to decrease significantly, or the Company was to deviate significantly from its operating plan, the Company may need a further injection of capital to address its cash flow requirements.

The Company's liabilities and commitments have maturities which are summarized below:

	Payments Due By Period				
	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Trade and other payables	$ 40,360	$ 40,360	$ -	$ -	$ -
Prepayment facilities	66,619	29,389	37,230	-	-
Finance lease obligations	29,430	12,883	15,268	1,279	-
Decommissioning liabilities	16,816	-	-	-	16,816
Purchase obligations and commitments	3,045	3,045	-	-	-
Total Obligations	**$ 156,270**	**$ 85,677**	**$ 52,498**	**$ 1,279**	**$ 16,816**

Currency Risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include Canadian dollar and Mexican peso denominated assets and liabilities. The sensitivity of the Company's net earnings and other comprehensive income due to changes in the exchange rate between the Canadian dollar and the Mexican peso against the U.S. dollar is included in the table below:

				December 31, 2014		December 31, 2013	
	Cash and cash equivalents	Trade and other receivables	Trade and other payables	Net assets (liabilities) exposure	Effect of +/- 10% change in currency	Net assets (liabilities) exposure	Effect of +/- 10% change in currency
Canadian dollar	$ 6,898	$ 643	$ (750)	$ 6,791	$ 679	$ 11,225	$ 1,123
Mexican peso	557	7,520	(20,507)	(12,430)	(1,243)	(6,784)	(678)
	$ 7,455	**$ 8,163**	**$ (21,257)**	**$ (5,639)**	**$ (564)**	**$ 4,441**	**$ 444**

Commodity Price Risk

Commodity price risk is the risk that movements in the spot price of silver have a direct and immediate impact on the Company's income or the value of its related financial instruments. The Company also derives by-product revenue from the sale of gold, lead, zinc and iron ore, which accounts for approximately 22% of the Company's gross revenue. The Company's sales are directly dependent on commodity prices that have shown volatility and are beyond the Company's control. The Company has a forward sales agreement to sell a portion of the Company's lead and zinc production at a fixed price. The Company does not use derivative instruments to hedge its commodity price risk to silver. The Company purchased call options on lead and zinc futures to mitigate potential exposure to future price increases in lead and zinc.

As at December 31, 2014, a 10% increase or decrease of metal prices would have the following impact on net earnings:

					December 31, 2014
	Silver	Gold	Lead	Zinc	Effect of +/- 10% change in metal prices
Metals subject to provisional price adjustments	$ 969	$ 48	$ 938	$ 109	$ 2,064
Metals in doré and concentrates inventory	86	13	6	-	105
Prepayment facilities	-	-	**(4,204)**	**(1,670)**	**(5,874)**
	$ 1,055	**$ 61**	**$ (3,260)**	**$ (1,561)**	**$ (3,705)**

Political and Country Risk

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

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

Environmental and Health and Safety Risks

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

Claims and Legal Proceedings Risks

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

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

Since June 2013, Davila Santos has pursued various applications and appeals to reverse the judgment by the Supreme Court of British Columbia. As judgment against Davila Santos was not regarded as conclusive until outcome of the appeals were determinable, the sum of $14.1 million received as partial payment of the judgment was recorded as deferred litigation gain on the Company's statements of financial position prior to the current period. On June 5, 2014, the Court of Appeal dismissed the appeal filed by the defendants. As a result, the Company has recognized the $14.1 million deferred litigation gain as other income in the second quarter.

On June 27, 2014, Davila Santos filed an application for leave to appeal to the Supreme Court of Canada. It is of management's opinion that the defendant will not succeed. However, there can be no guarantee of collection on the remainder of the judgment amount and it is likely that it will be necessary to take additional action in México and/or elsewhere to recover the balance. Therefore, as at December 31, 2014, the Company has not accrued any of the remaining $70.3 million (CAD$81.5 million) unpaid judgment in favour of the Company.

SHARE REPURCHASE PROGRAM

In March 2014, the Company received approval from the Toronto Stock Exchange to extend the Company's share repurchase program to repurchase up to 5,865,931 common shares of the Company over the next 12 months through a normal course issuer bid in the open market. During the year ended December 31, 2014, the Company repurchased and cancelled 140,000 (December 31, 2013 – 215,000) shares for a total consideration of $0.9 million (December 31, 2013 - $2.4 million), of which $0.5 million (December 31, 2013 - $0.8 million) was recorded as a reduction to share capital and the remaining balance of $0.4 million (December 31, 2013 - $1.6 million) was recorded against retained earnings.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2014, 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 TRANSACTIONS

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. During the year ended December 31, 2014 and 2013, there were no significant transactions with related parties outside of the ordinary course of business.

SUBSEQUENT EVENTS

Subsequent to December 31, 2014:

a) 2,267,055 options were granted with a weighted average exercise price of CAD$6.14 and expire in five years from the grant date; and

b) 62,000 options were cancelled.

Pursuant to the above subsequent events, the Company has 117,594,640 common shares outstanding as at the date on which the Company's consolidated financial statements were approved and authorized for issue by the Board of Directors.

CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS as issued by IASB requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements are outlined as follows:

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 future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to Proven and Probable Reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Commencement of commercial production and production levels intended by management

Prior to reaching commercial production levels intended by management, costs incurred are capitalized as part of the costs of related mine or mill and proceeds from mineral sales are offset against costs capitalized. Depletion of capitalized costs for mining properties and depreciation and amortization of property, plant and equipment begin when operating levels intended by management have been reached.

Determining when a mine or mill is in the condition necessary for it to be capable of operating in the manner intended by management is a matter of judgement dependant 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 mine or mill to the condition necessary for it to be capable of operating 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 continue to produce ore at a steady or increasing level);
- the completion of a reasonable period of testing of the mine plant and equipment;
- the ability to produce a saleable product (i.e., the ability to produce concentrate within required sellable specifications);
- the mine or mill has been transferred to operating personnel from internal development groups or external contractors; and
- mineral recoveries are at or near the expected production levels.

The results of operations of the Company during the periods presented in the Company's consolidated financial statements have been impacted by management's determination that commercial production was achieved for the following expansions:

- the flotation plant at the Del Toro mine achieved commercial production on April 1, 2013; and
- the cyanidation plant at the Del Toro mine achieved commercial production on January 1, 2014.

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 US 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.

Impairment of property, plant and equipment assets, mining interests and goodwill

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's property, plant and equipment, mining interests and goodwill are impaired. 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, mining interests and goodwill. Internal sources of information management consider include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

In determining the recoverable amounts of the Company's property, plant and equipment, mining interests and goodwill, management makes estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the mining properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's property, plant and equipment and/or mining interests.

Depreciation and amortization rate for property, plant and equipment and depletion rate for mineral interests

Depletion, depreciation and amortization expenses are allocated based on assumed asset lives. Should the asset life, depletion rates or depreciation rates differ from the initial estimate, the change in estimate would be made prospectively in the consolidated statements of earnings.

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 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.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. 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 judgements 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 and results of operation.

Inventory valuation

Finished goods, work-in-process and stockpile ore are valued at the lower of the average production costs or net realizable value. The assumptions used in the valuation of work-in process inventories include estimates of silver contained in the stockpile ore, assumptions of the amount of silver that is expected to be recovered from the stockpile, the amount of silver in the mill circuits and assumption of the silver price expected to be realized when the silver is recovered. If these estimates or assumptions prove to be inaccurate, the Company could be required to write-down the recorded value of its work-in-process inventories, which would reduce the Company's earnings and working capital.

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.

Income and other taxes

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 and reviewed by management. 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 unrecognized income tax assets.

Mexican Tax Reform

In late 2013, the Mexican government approved a tax reform that enacted a new Mexican Income Tax Law ("MITL"), effective January 1, 2014, and repealed the Flat Tax Law ("IETU"). The new MITL maintains the current 30% corporate income tax rate, eliminating the previously scheduled reduction to 29% in 2014 and to 28% in 2015.

The new MITL eliminates the option to depreciate capital assets on an accelerated basis, as well as the 100% tax deduction for a mining company's pre-operating expenses. Starting in 2014, capital assets are depreciated on a straight-line basis using the provided allowed percentage for each type of asset, and pre-production expenses will be amortized over a 10 year period.

The new MITL also imposes a 10% withholding tax on dividends distributed to resident individuals or foreign residents (including foreign corporations). This withholding tax is effective January 1, 2014, but not to distributions of profits subject to corporate-level tax prior to 2014, so the pre-2014 tax paid profits balance distributions are exempted. Per the México-Canada tax treaty this dividend withholding tax rate may be reduced to 5%.

The tax reform also included in the Mexican Federal Fees Law a new 7.5% mining royalty on taxpayers with mining concessions. This royalty is deductible for tax purposes and is calculated as 7.5% of 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 Company has taken the position that the royalty is an income tax as it is based on a measure of revenue less certain specified costs. On substantial enactment, a taxable temporary difference arises, as property, plant and equipment and mining assets have book basis but no tax basis for purposes of the royalty. The Company recognized a non-cash deferred income tax liability of $35.1 million as at December 31, 2013 in respect of this royalty. During the year ended December 31, 2014, the Company reduced this deferred income tax liability by $5.4 million principally due to the recording of an impairment of $102.0 million on certain mines and projects. The remaining deferred income tax liability associated with the mining royalty will be drawn down to $nil as a reduction to tax expense over the life of mine as the mine and its related assets are depleted or depreciated.

The tax reform also creates a new environmental duty equal to 0.5% of gross revenues from the sale of gold and silver, which is also tax deductible for income tax purposes.

Management executed a corporate restructuring for tax purposes effective January 1, 2008, enabling it on a limited basis to consolidate its tax losses of certain subsidiaries against the taxable incomes of other subsidiaries. In December 2009, México introduced tax consolidation reform rules, which effective January 2010, would require companies to begin the recapture of the benefits of tax consolidation within five years of receiving each annual consolidation benefit, and phased in over a five year period. First Majestic's first tax deferral benefit from consolidation was realized in 2008, and as such the benefit of tax consolidation was expected to be recaptured from 2014 to 2023. The tax reform abolished the existing consolidation regime effective as of January 1, 2014 and offers a revised simplified form of tax integration over a three year period. Existing groups are now required to assess the tax impact of deconsolidation using a mechanism specified in legislation. The Company has a remaining deconsolidation liability of $37.0 million of which $1.7 million is classified as a current income tax liability due in 2015, and the balance is non-current.

The tax deconsolidation results in the availability of entity level loss carryforwards that were previously used to shelter taxable income of other group companies. As at December 31, 2014, the Company has total non-capital loss carryforwards of $272.8 million on a non-consolidated basis for Mexican income tax purposes that may be carried forward to reduce taxable income on a company by company basis.

Deferred tax assets are recognized for these tax losses to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon numerous factors, including the future profitability of individual operations in the legal entities in which the tax losses arose.

Tax and Other Contingencies

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

In 2012, the Mexican government introduced changes to the federal labour law which made certain amendments to the law relating to the use of service companies and subcontractors and the obligations with respect to workers' participation benefits. These amendments may have an effect on the distribution of profits to workers and result in additional financial obligations to the Company. The Company continues to be in compliance with the federal labour law and believes that these amendments will not result in any new material obligations. Based on this assessment, the Company has not accrued any provisions as at December 31, 2014. The Company will continue to monitor developments in México and to assess the potential impact of these amendments.

CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Accounting Policies Adopted Effective January 1, 2014

Levies imposed by governments

In May 2013, the IASB issued IFRIC 21 – *Levies* ("IFRIC 21"), an interpretation of IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The adoption of this interpretation did not have a significant impact on the Company's consolidated financial statements.

Recoverable Amount Disclosures

In May 2013, the IASB issued amendments to IAS 36 – *Impairment of* Assets ("amendments to IAS 36"). The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

Future Changes in Accounting Policies

Revenue Recognition

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers* ("IFRS 15") which supersedes IAS 11 – *Construction Contracts*, IAS 18 – *Revenue*, IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate* , IFRIC 18 – *Transfers of Assets from Customers* , and SIC 31 – *Revenue – Barter Transactions* involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments* ("IFRS 9") to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

Change in Accounting Estimates Effective January 1, 2014

Change in Depreciation Method

Effective January 1, 2014, the Company changed its depreciation method on long-lived assets which have expected useful lives equivalent to estimated life of mines, such as plant and buildings, from the straight-line method to the units-of-production method. The Company believes the units-of-production method better reflects the rate of depreciation of the asset, as well as the pattern of consumption of the future benefits to be derived from those assets, especially during the expansionary or ramp up stage of the asset. In accordance with IFRS, a change in depreciation method is applied on a prospective basis as a change in accounting estimate and, therefore, prior period results have not been restated.

OTHER

Additional information relating to the Company may be found on or in:

- SEDAR at www.sedar.com;
- the Company's Annual Information Form; and
- the Company's audited consolidated financial statements for the year ended December 31, 2014

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 and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's President and Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2014, 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 President and Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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'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:

- maintaining 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;
- 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.

Management assessed the effectiveness of the Company's internal control over financial reporting as at December 31, 2014 based on the criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management have concluded that, as at December 31, 2014, the Company's internal controls over financial reporting were effective and no material weakness was identified. There has been no change in the Company's internal control over financial reporting during the year ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

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

Exhibit 99.4

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, 2015

/s/ Keith Neumeyer
Keith Neumeyer
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.5

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Raymond Polman, certify that:

1. I have reviewed this annual report on Form 40-F of First Majestic Silver Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date March 31, 2015

/s/ Raymond Polman
Raymond Polman
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 99.6

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:

(a) the annual report on Form 40-F of First Majestic Silver Corp. for the year ended December 31, 2014 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) 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, 2015

/s/ Keith Neumeyer
Keith Neumeyer
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.7

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Raymond Polman, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(a) the annual report on Form 40-F of First Majestic Silver Corp. for the year ended December 31, 2014 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) 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, 2015

/s/ Raymond Polman
Raymond Polman
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 99.8

Runge Pincock Minarco

Runge, Inc. dba
RungePincockMinarco

165 S. Union Boulevard
Suite 950
Lakewood, Colorado 80228

CONSENT OF AUTHOR

March 31, 2015

VIA EDGAR
United States Securities and Exchange Commission

RE: FIRST MAJESTIC SILVER CORP.
Annual Report on Form 40-F
Consent of Expert

Dear Sirs/Madames:

This letter is provided in connection with the Company's Form 40-F annual report for the year ended December 31, 2014 (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, 2014.

I, Leonel López, C.P.G., of RungePincockMinarco, of 165 South Union Boulevard, Suite 950, Lakewood, Colorado 80228-2226 hereby consent to the use of my name in connection with reference to my involvement in the preparation of the following technical reports (the "Technical Reports").

- Technical Report for the Encantada Silver Mine, Coahuila State, México, dated January 12, 2009, as amended and restated on February 26, 2009;
- Technical Report for the La Parrilla Silver Mine, Durango State, México, dated September 8, 2011;
- NI 43-101 Technical Report for the Del Toro Silver Mine, Zacatecas State, México", dated August 20, 2012;
- Technical Report for the San Martin Silver Mine, Jalisco State, México dated May 23, 2013;

and to references to the Technical Reports, or portions thereof, in the Annual Report and to the inclusion and incorporation by reference of the information derived from the Technical Reports in the Annual Report.

Yours truly,

/s/ Leonel López
Signature of Qualified Person

Leonel López, C.P.G.
Print name of Qualified Person

Exhibit 99.9

Runge Pincock Minarco

Runge, Inc. dba
RungePincockMinarco

165 S. Union Boulevard
Suite 950
Lakewood, Colorado 80228

CONSENT OF AUTHOR

March 31, 2015

VIA EDGAR
United States Securities and Exchange Commission

RE: **FIRST MAJESTIC SILVER CORP.**
Annual Report on Form 40-F
Consent of Expert

Dear Sirs/Madames:

This letter is provided in connection with the Company's Form 40-F annual report for the year ended December 31, 2014 (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, 2014.

I, Richard Addison, P.E., of RungePincockMinarco, of 165 South Union Boulevard, Suite 950, Lakewood, Colorado 80228-2226 hereby consent to the use of my name in connection with reference to my involvement in the preparation of the following technical reports (the “Technical Reports”).

- Technical Report for the Encantada Silver Mine, Coahuila State, México, dated January 12, 2009, as amended and restated on February 26, 2009;
- Technical Report for the La Parrilla Silver Mine, Durango State, México, dated September 8, 2011;

and to references to the Technical Reports, or portions thereof, in the Annual Report and to the inclusion and incorporation by reference of the information derived from the Technical Reports in the Annual Report.

Yours truly,

/s/ Richard Addison, P.E.
Signature of Qualified Person

Richard Addison, P.E.
Print name of Qualified Person

Exhibit 99.10

March 31, 2015

VIA EDGAR

United States Securities and Exchange Commission

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 Form 40-F annual report for the year ended December 31, 2014 (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, 2014.

I hereby consent to the use of my name in connection with reference to my involvement in the preparation of certain technical information relating to the Company's mineral properties in the Annual Report and to the inclusion and incorporation by reference of the information derived from the technical information in the Annual Report.

Yours truly,

/s/ Ramon Mendoza Reyes
Ramon Mendoza Reyes, P. Eng.,
Vice President Technical Services

Exhibit 99.11

March 31, 2015

VIA EDGAR

United States Securities and Exchange Commission

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 Form 40-F annual report for the year ended December 31, 2014 (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, 2014.

I hereby consent to the use of my name in connection with reference to my involvement in the preparation of certain technical information relating to the Company's mineral properties in the Annual Report and to the inclusion and incorporation by reference of the information derived from the technical information in the Annual Report.

Yours truly,

/s/ Maria Elena Vazquez Jaimes, P.
Maria Elena Vazquez Jaimes, P. Geo.
Geological Database Manager



Exhibit 99.12

March 31, 2015

VIA EDGAR

United States Securities and Exchange Commission

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 Form 40-F annual report for the year ended December 31, 2014 (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, 2014.

I hereby consent to the use of my name in connection with reference to my involvement in the preparation of certain technical information relating to the Company's mineral properties in the Annual Report and to the inclusion and incorporation by reference of the information derived from the technical information in the Annual Report.

Yours truly,

/s/ Jesus Velador Beltran
Jesus Velador Beltran, Ph. D.,
Regional Exploration Manager

Exhibit 99.13

March 31, 2015

VIA EDGAR

United States Securities and Exchange Commission

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 Form 40-F annual report for the year ended December 31, 2014 (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, 2014.

I, Greg Kulla, P. Geo. of Amec Foster Wheeler Americas Ltd., hereby consent to the use of my name in connection with reference to my involvement in the preparation of the following technical reports (the "**Technical Report**"):

- **"Technical Report for the La Guitarra Silver Mine, Temascaltepec, Mexico" dated 15 March 2015**

and to references to the Technical Reports, or portions thereof, in the Annual Report and to the inclusion and incorporation by reference of the information derived from the Technical Reports in the Annual Report.

Yours truly,

/s/ Greg Kulla
Greg Kulla, P. Geo.

Exhibit 99.14

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use of our reports dated February 23, 2015 relating to the consolidated financial statements of First Majestic Silver Corp. and its subsidiaries ("First Majestic") and the effectiveness of First Majestic's internal control over financial reporting appearing in this Annual Report on Form 40-F of First Majestic for the year ended December 31, 2014.

/s/Deloitte LLP

Chartered Accountants
Vancouver, Canada
March 31, 2015