



FIRST MAJESTIC
SILVER CORP

Responsibly Managing Water in Water-Stressed Regions

Note: We thank First Majestic employees Adrian Quiñones, Hilda Pérez, and Francisco Navarro Dewar for their contributions to this story.

Sourcing Water in Water-Stressed Regions

As the Mexican landscape rises out of the Gulf of California, the lower-elevation Sonoran Desert slowly gives way to higher elevation scrublands. While deserts usually receive less than 25 cm of rainfall a year, semi-arid regions like First Majestic's Santa Elena mine and the nearby town of Banámichi receive between 25 and 50 cm of rain a year. This mostly falls during the monsoon in July through September, with the rest of the year seeing less than 2cm of rain a month. With this type of weather, the region around Santa Elena is considered to be "water-stressed" – a term that means the demand for water is greater than the supply of water for a certain period of time.

Water stress impacts operations like mining, as well as our local communities. Mining relies on water to carry ore as it is being processed and suppress dust from operations. At First Majestic our operations are highly water efficient, with multiple water efficiency practices, including all of our Mexico operations reclaiming used water from dry tailings in order to minimize the need for freshwater inputs and provide environmental benefits like reduced seepage potential. Despite this, some water is lost to evaporation and we must pump groundwater in order to ensure continuity of operations.

In the area, any extraction of water from groundwater or surface sources must be allocated and approved by the government via water concessions. At the Santa Elena mine, water is obtained from two sources:

1. Water from two wells, as allowed by existing water concessions.
2. Tillage water, which is the water pumped out of subsurface mines in order to make the mine tunnels accessible, enable safe extraction of ore, and prevent tunnel flooding.

Good Water Management Practices

After pumping water from our mines, Mexican law requires that we release any excess water into the local waterways or back into the ground. At Santa Elena, excess water is treated and pumped into waterways, which has the added benefit of supplementing the flow of the Sonora River, one of the most important resources to the surrounding area, and a key source for crop irrigation and feed water for cattle ranching.

However, according to CONAGUA, the Mexico agency that oversees water management, water must be treated before releasing it to riverways. The released water must be of good quality and free of dissolved solids. In order to ensure that First Majestic is releasing high-quality water, we have installed three sedimentation ponds, three Geotubes, and one thickener tank. Sedimentation ponds help to purify the water by allowing suspended solids to settle to the bottom of the pond. Geotubes are tube-shaped bags constructed of strong but permeable fabric that allow water to pass through the material while keeping small particulates within the Geotube. A thickener tank helps to remove very small suspended solids from water by adding substances, called flocculants and coagulants, to cause the solids to cling together until they make large particles and settle to the bottom of the tank. After passing through these treatment stages, the final water is of excellent quality and is discharged to tributaries of the Sonora River.



We have installed three sedimentation ponds (tan), and three geotubes (grey) to help purify water for release

Sharing Excess Water

As of 2023, all water that could possibly be allocated by law has been allocated, and no additional concessions are being considered by CONAGUA. This means that no new applications for water withdrawal are being accepted in the Sonora Desert region.

The Santa Elena mine has two existing water concessions for groundwater withdrawal. According to Mexican law, we pay the government for the volume of water that we extract and use. Due to the site's high water efficiency, our concessions are for more water than necessary to sustain operations. Every year, we donate 48,000 m³ of our water concession to the local Ejido, allowing other users to extract water for livestock and irrigation uses.

Ejidos are a unique Mexican establishment. An Ejido property is an area of communal land for a community, overseen by the Mexican government and with multiple individuals holding rights to use the land for agricultural purposes. In practice, this allows for multiple community members to farm designated plots and collectively maintain communal agricultural buildings and facilities. The water donation by First Majestic allows for the donated volume of water to be pumped and communally shared by Ejido rights holders.

About First Majestic

First Majestic is a publicly traded mining company focused on silver and gold production in Mexico and the United States. The Company presently owns and operates the San Dimas Silver/Gold Mine, the Santa Elena Silver/Gold Mine, and the La Encantada Silver Mine as well as a portfolio of development and exploration assets, including the Jerritt Canyon Gold project located in northeastern Nevada.

First Majestic is proud to offer a portion of its silver production for sale to the public. Bars, ingots, coins and medallions are available for purchase online at its Bullion Store at some of the lowest premiums available.

FOR FURTHER INFORMATION contact info@firstmajestic.com, visit our website at www.firstmajestic.com or call our toll-free number 1.866.529.2807.