FIRST MAJESTIC
SILVER CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(UNAUDITED)

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FIRST MAJESTIC
SILVER CORP.

Management's Responsibilities over Financial Reporting

The condensed interim consolidated financial statements of First Majestic Silver Corp. (the "Company") are the responsibility of the Company's management. The condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard 34, *"Interim Financial Reporting"*, as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

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

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

The condensed interim consolidated financial statements have not been audited.

Keith Neumeyer
President & CEO
November 6, 2019

Raymond Polman, CPA, CA
Chief Financial Officer
November 6, 2019

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

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note	2019	2018	2019	2018
Revenues	6	**$96,989**	**$88,521**	**$267,468**	**$226,801**
Mine operating costs					
Cost of sales	7	54,994	63,966	177,113	162,932
Depletion, depreciation and amortization		14,181	24,701	48,082	66,742
		69,175	**88,667**	**225,195**	**229,674**
Mine operating earnings (loss)		**27,814**	**(146)**	**42,273**	**(2,873)**
General and administrative expenses	8	6,690	5,417	19,156	15,486
Share-based payments		2,326	1,669	6,418	6,432
Mine holding costs		1,968	1,473	3,170	1,473
Impairment of non-current assets		—	—	—	31,660
Acquisition costs	4	—	—	—	4,877
Foreign exchange loss (gain)		1,821	(2,391)	(1,296)	190
Operating earnings (loss)		**15,009**	**(6,314)**	**14,825**	**(62,991)**
Investment and other income (loss)	9	4,703	(1,418)	6,634	(1,839)
Finance costs	10	(3,760)	(3,390)	(11,207)	(9,648)
Earnings (loss) before income taxes		**15,952**	**(11,122)**	**10,252**	**(74,478)**
Income taxes					
Current income tax expense (recovery)		1,972	(950)	5,936	1,424
Deferred income tax expense (recovery)		5,421	(16,076)	4,844	(36,181)
		7,393	(17,026)	10,780	(34,757)
Net earnings (loss) for the period		**$8,559**	**$5,904**	**($528)**	**($39,721)**
Earnings (loss) per common share					
Basic	11	**$0.04**	**$0.03**	**$0.00**	**($0.22)**
Diluted	11	**$0.04**	**$0.03**	**$0.00**	**($0.22)**
Weighted average shares outstanding					
Basic	11	**203,777,091**	**193,570,469**	**200,220,903**	**180,273,849**
Diluted	11	**205,960,008**	**194,595,224**	**200,220,903**	**180,273,849**

Approved by the Board of Directors

Keith Neumeyer, Director

Douglas Penrose, Director

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 and 2018

The Condensed Interim Consolidated Statements of Comprehensive Income (Loss) provide a summary of total comprehensive earnings or loss and summarizes items recorded in other comprehensive income that may or may not be subsequently reclassified to profit or loss depending on future events.

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2019	**2018**	**2019**	**2018**
Net earnings (loss) for the period		**$8,559**	**$5,904**	**($528)**	**($39,721)**
Other comprehensive (loss) income					
Items that may be subsequently reclassified to net earnings (loss):					
Unrealized loss on derivatives designated as foreign exchange cash flow hedges		(264)	—	(264)	—
Items that will not be subsequently reclassified to net earnings (loss):					
Unrealized loss on fair value of investments in marketable securities	14	(215)	(38)	(98)	(736)
Realized gain on investments in marketable securities	14	277	—	400	—
Other comprehensive (loss) income		(202)	(38)	38	(736)
Total comprehensive income (loss)		**$8,357**	**$5,866**	**($490)**	**($40,457)**

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 and 2018

The Condensed Interim Consolidated Statements of Cash Flows provide a summary of movements in cash and cash equivalents during the reporting periods by classifying them as operating, investing or financing activities.

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note	2019	2018	2019	2018
Operating Activities					
Net earnings (loss) for the period		$8,559	$5,904	($528)	($39,721)
Adjustments for:					
Depletion, depreciation and amortization		14,491	24,857	49,304	67,255
Share-based payments		2,326	1,669	6,418	6,432
Income tax expense (recovery)		7,393	(17,026)	10,780	(34,757)
Finance costs	10	3,760	3,390	11,207	9,648
Acquisition costs	4	—	—	—	4,877
Impairment of non-current assets		—	—	—	31,660
Other	23	(1,923)	1,905	(1,141)	5,176
Operating cash flows before movements in working capital and taxes		**34,606**	**20,699**	**76,040**	**50,570**
Net change in non-cash working capital items	23	6,063	(19,363)	17,943	(27,386)
Income taxes paid		(367)	(1,106)	(5,408)	(6,252)
Cash generated by operating activities		**40,302**	**230**	**88,575**	**16,932**
Investing Activities					
Expenditures on mining interests		(18,569)	(24,720)	(56,158)	(58,971)
Acquisition of property, plant and equipment		(11,447)	(9,233)	(30,393)	(24,136)
Deposits paid for acquisition of non-current assets		(578)	(4)	(2,227)	(2,154)
Proceeds from disposal of marketable securities		424	—	619	—
Proceeds from settlement of silver futures		1,731	—	2,555	—
Primero acquisition costs, net of cash acquired	4	—	—	—	(1,006)
Cash used in investing activities		**(28,439)**	**(33,957)**	**(85,604)**	**(86,267)**
Financing Activities					
Proceeds from ATM program, net of share issue costs	21(a)	4,616	—	53,102	—
Proceeds from exercise of stock options		11,333	786	13,393	2,672
Repayment of lease liabilities	20(b)	(1,281)	(1,500)	(3,329)	(3,456)
Finance costs paid		(2,153)	(2,685)	(5,083)	(3,979)
Net proceeds from debt facilities	19(b)	—	—	—	34,006
Repayment of debt facilities	19(b)	—	—	—	(16,000)
Repayment of Primero's debt facilities		—	—	—	(106,110)
Net proceeds from convertible debentures		—	—	—	151,079
Repayment of Scotia debt facilities		—	—	—	(32,072)
Shares repurchased and cancelled		—	(62)	—	(1,386)
Cash provided by (used in) financing activities		**12,515**	**(3,461)**	**58,083**	**24,754**
Effect of exchange rate on cash and cash equivalents held in foreign currencies		(293)	332	557	(1,188)
Increase (decrease) in cash and cash equivalents		**24,378**	**(37,188)**	**61,054**	**(44,581)**
Cash and cash equivalents, beginning of the period		94,539	109,228	57,013	118,141
Cash and cash equivalents, end of period		**$118,624**	**$72,372**	**$118,624**	**$72,372**
Cash and cash equivalents		$111,068	$39,469	$111,068	$39,469
Short-term investments		7,556	32,903	7,556	32,903
Cash and cash equivalents, end of period		**$118,624**	**$72,372**	**$118,624**	**$72,372**
Supplemental cash flow information	23				

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019 AND DECEMBER 31, 2018

The Condensed Interim Consolidated Statements of Financial Position provides a summary of assets, liabilities and equity, as well as their current versus non-current nature, as at the reporting date.

	Note	September 30, 2019	December 31, 2018
Assets			
Current assets			
Cash and cash equivalents		$118,624	$57,013
Trade and other receivables	12	6,922	5,599
Value added taxes receivable	22(c)	38,035	59,665
Income taxes receivable		1,330	982
Inventories	13	30,442	32,468
Other financial assets	14	6,446	8,458
Prepaid expenses and other		2,816	2,089
Total current assets		**204,615**	**166,274**
Non-current assets			
Mining interests	15	463,691	435,613
Property, plant and equipment	16	260,490	251,084
Right-of-use assets	17	5,912	—
Deposits on non-current assets		2,675	3,464
Non-current income taxes receivable		18,771	18,737
Deferred tax assets		46,181	50,938
Total assets		**$1,002,335**	**$926,110**
Liabilities and Equity			
Current liabilities			
Trade and other payables	18	$49,069	$50,183
Unearned revenue	6	1,317	3,769
Current portion of debt facilities	19	433	1,281
Current portion of lease liabilities	20	4,590	2,904
Total current liabilities		**55,409**	**58,137**
Non-current liabilities			
Debt facilities	19	152,994	148,231
Lease liabilities	20	5,330	2,943
Decommissioning liabilities		29,550	27,796
Other liabilities		4,204	3,787
Deferred tax liabilities		87,845	90,643
Total liabilities		**$335,332**	**$331,537**
Equity			
Share capital		900,019	827,622
Equity reserves		88,591	88,030
Accumulated deficit		(321,607)	(321,079)
Total equity		**$667,003**	**$594,573**
Total liabilities and equity		**$1,002,335**	**$926,110**

Commitments (Note 15; Note 22(c))

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

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

The Condensed Interim Consolidated Statements of Changes in Equity summarizes movements in equity, including common shares, share capital, equity reserves and retained earnings or accumulated deficit.

	Share Capital		Equity Reserves					
	Shares	Amount	Share-based payments[(a)]	Other comprehensive income[(b)]	Equity component of convertible debenture[(c)]	Total equity reserves	Accumulated deficit	Total equity
Balance at December 31, 2017	**165,824,164**	**$636,672**	**$65,307**	**($3,004)**	**$—**	**$62,303**	**($116,490)**	**$582,485**
Net loss for the period	—	—	—	—	—	—	(39,721)	(39,721)
Other comprehensive loss	—	—	—	(736)	—	(736)	—	(736)
Total comprehensive loss	**—**	**—**	**—**	**(736)**	**—**	**(736)**	**(39,721)**	**(40,457)**
Share-based payments	—	—	6,432	—	—	6,432	—	6,432
Equity component of convertible debenture, net of tax (Note 19(a))	—	—	—	—	19,164	19,164	—	19,164
Shares issued for:								
Exercise of stock options (Note 21(b))	660,385	3,379	(707)	—	—	(707)	—	2,672
Acquisition of Primero (Note 4)	27,333,184	186,959	—	—	—	—	—	186,959
Settlement of liabilities	92,110	500	—	—	—	—	—	500
Shares repurchased and cancelled	(14,343)	(62)	—	—	—	—	(35)	(97)
Shares repurchased for delisting from Bolsa	(230,000)	(899)	—	—	—	—	(390)	(1,289)
Balance at September 30, 2018	**193,665,500**	**$826,549**	**$71,032**	**($3,740)**	**$19,164**	**$86,456**	**($156,636)**	**$756,369**
Balance at December 31, 2018	**193,873,335**	**$827,622**	**$71,715**	**($2,849)**	**$19,164**	**$88,030**	**($321,079)**	**$594,573**
Net loss for the period	—	—	—	—	—	—	(528)	(528)
Other comprehensive income	—	—	—	38	—	38	—	38
Total comprehensive income (loss)	**—**	**—**	**—**	**38**	**—**	**38**	**(528)**	**(490)**
Share-based payments	—	—	6,418	—	—	6,418	—	6,418
Shares issued for:								
Exercise of stock options (Note 21(b))	2,249,408	18,300	(4,907)	—	—	(4,907)	—	13,393
At-the-Market Distributions (Note 21(a))	8,039,363	53,102	—	—	—	—	—	53,102
Settlement of restricted share units (Note 21(c))	145,576	988	(988)	—	—	(988)	—	—
Shares cancelled	1,661	7	—	—	—	—	—	7
Balance at September 30, 2019	**204,309,343**	**$900,019**	**$72,238**	**($2,811)**	**$19,164**	**$88,591**	**($321,607)**	**$667,003**

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

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

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

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

1. NATURE OF OPERATIONS

First Majestic Silver Corp. (the "Company" or "First Majestic") is in the business of silver production, development, exploration, and acquisition of mineral properties with a focus on silver production in Mexico. The Company owns and operates six producing mines: the San Dimas Silver/Gold Mine, the Santa Elena Silver/Gold Mine, the La Encantada Silver Mine, the San Martin Silver Mine, the Del Toro Silver Mine and the La Parrilla Silver Mine. Since September 2, 2019, the Company has temporarily suspended milling operations at the La Parrilla mine in order to build adequate surface stockpiles to be used during the commissioning phase of the new high-recovery microbubble flotation cells in early 2020. The Company plans to use the La Parrilla mill as a testing facility for microbubble flotation and grinding technologies, while continuing the expanded exploration program into 2020. The reopening of the underground mine at La Parrilla is not determinable at this time.

First Majestic is incorporated in Canada with limited liability under the legislation of the Province of British Columbia and is publicly listed on the New York Stock Exchange under the symbol "AG", on the Toronto Stock Exchange under the symbol "FR" and on the Frankfurt Stock Exchange under the symbol "FMV". The Company's head office and principal address is located at 925 West Georgia Street, Suite 1800, Vancouver, British Columbia, Canada, V6C 3L2.

2. BASIS OF PRESENTATION

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

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

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances, transactions, income and expenses are eliminated on consolidation.

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

Leases

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

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

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

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

2. BASIS OF PRESENTATION (continued)

Leases (continued)

In transitioning to IFRS 16, the Company analyzed its contracts to identify whether they are or contain a lease arrangement. This analysis identified contracts containing leases that have an equivalent increase to both the Company's right-of-use assets and lease liabilities. Upon the adoption of IFRS 16, the Company recognized additional right-of-use assets and lease liabilities primarily related to the Company's equipment and building rental contracts, land easement contracts and service contracts that contain embedded leases for property, plant and equipment. The incremental borrowing rates for lease liabilities initially recognized on adoption of IFRS 16 was 5.8% to 12.4%. Due to the recognition of additional right-of-use assets and lease liabilities, during the nine months ended September 30, 2019, depreciation expense increased by $1.0 million and financing costs increased by $0.4 million, respectively, under IFRS 16 compared to the previous standard. Additionally, operating cash flows increased by $1.2 million with a corresponding $1.2 million increase in financing cash outflows, with no net impact on overall cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

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

In preparing the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2019, the Company applied the critical judgments and estimates disclosed in note 3 of its audited consolidated financial statements for the year ended December 31, 2018 and the following critical judgments and estimates in applying accounting policies:

Leases as a result of adopting IFRS 16

Identifying Whether a Contract Includes a Lease

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

Estimate of Lease Term

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

Determining the Discount Rate for Leases

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

4. ACQUISITION OF PRIMERO MINING CORP.

Description of the Transaction

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

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

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

Concurrently, in connection with the Arrangement, First Majestic terminated the pre-existing silver purchase agreement with Wheaton Precious Metals Corp. and its subsidiary, Wheaton Precious Metals International Ltd. (“WPMI”), relating to the San Dimas Mine and entered into a new precious metal purchase agreement (the “New Stream Agreement”) with WPMI and FM Metal Trading (Barbados) Inc., a wholly-owned subsidiary of First Majestic. Pursuant to the New Stream Agreement, WPMI is entitled to receive 25% of the gold equivalent production (based on a fixed exchange ratio of 70 silver ounces to 1 gold ounce) at San Dimas in exchange for ongoing payments equal to the lesser of $600 (subject to a 1% annual inflation adjustment) and the prevailing market price, for each gold ounce delivered under the New Stream Agreement. As part of the restructuring of the stream agreement, WPMI received 20,914,590 common shares of First Majestic with an aggregate fair market value of approximately $143.1 million based on the closing price of First Majestic common shares on May 9, 2018 of $6.84. The final common share purchase consideration was determined based on the closing market price of First Majestic’s common shares on the day before the closing date of the Arrangement.

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

4. ACQUISITION OF PRIMERO MINING CORP. (continued)

Consideration and Purchase Price Allocation

Management has concluded that Primero constitutes a business and, therefore, the acquisition is accounted for in accordance with IFRS 3 - Business Combinations. Total consideration for the acquisition was valued at $187.0 million on the acquisition date. The purchase price allocation, is estimated as follows:

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

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

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

5. SEGMENTED INFORMATION

All of the Company’s operations are within the mining industry and its major products are precious metals doré and precious and base metals concentrates which are refined or smelted into pure silver, gold, lead and zinc and sold to global metal brokers. Transfer prices between reporting segments are set on an arms-length basis in a manner similar to transactions with third parties. Coins and bullion cost of sales are based on transfer prices.

A reporting segment is defined as a component of the Company that:

- engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity’s chief operating decision maker; and
- for which discrete financial information is available.

For the three and nine months ended September 30, 2019, the Company's reporting segments includes its six operating mines in Mexico. Effective January 1, 2019, the Company no longer considers the La Guitarra mine, which was placed on care and maintenance on August 3, 2018 as a significant reporting segment. Accordingly, it has been grouped in the “others” category for the three and nine ended September 30, 2019 and 2018. “Others” also consists primarily of the Company’s corporate assets including cash and cash equivalents, other development and exploration properties (Note 15), debt facilities (Note 19), intercompany eliminations, and corporate expenses which are not allocated to operating segments. Management evaluates segment performance based on mine operating earnings. Therefore, other income and expense items are not allocated to the segments. The segmented information for the comparative periods have been adjusted to reflect the Company's reporting segments for the reporting period ended September 30, 2019 for consistency.

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5. SEGMENTED INFORMATION (continued)

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

Three Months Ended September 30, 2019 and 2018		Revenue	Cost of sales	Depletion, depreciation, and amortization	Mine operating earnings (loss)	Capital expenditures
Mexico						
San Dimas	**2019**	**$47,071**	**$22,809**	**$6,862**	**$17,400**	**$11,020**
	2018	41,791	22,137	6,681	12,973	9,095
Santa Elena	**2019**	**29,104**	**13,163**	**3,744**	**12,197**	**5,756**
	2018	19,979	14,559	3,210	2,210	5,942
La Encantada	**2019**	**15,168**	**9,138**	**1,289**	**4,741**	**3,458**
	2018	5,610	7,952	2,931	(5,273)	5,556
San Martin	**2019**	**38**	**1,769**	**763**	**(2,494)**	**261**
	2018	8,445	6,342	2,104	(1)	2,678
La Parrilla	**2019**	**3,477**	**5,093**	**772**	**(2,388)**	**2,730**
	2018	5,984	6,813	5,942	(6,771)	4,399
Del Toro	**2019**	**1,996**	**2,843**	**479**	**(1,326)**	**1,168**
	2018	5,102	5,061	2,154	(2,113)	4,098
Others	**2019**	**135**	**179**	**272**	**(316)**	**4,198**
	2018	1,610	1,102	1,679	(1,171)	2,913
Consolidated	**2019**	**$96,989**	**$54,994**	**$14,181**	**$27,814**	**$28,591**
	2018	**$88,521**	**$63,966**	**$24,701**	**($146)**	**$34,681**

Nine Months Ended September 30, 2019 and 2018		Revenue	Cost of sales	Depletion, depreciation, and amortization	Mine operating earnings (loss)	Capital expenditures
Mexico						
San Dimas	**2019**	**$133,963**	**$74,277**	**$20,052**	**$39,634**	**$28,397**
	2018	69,780	40,746	10,929	18,105	13,133
Santa Elena	**2019**	**69,029**	**39,634**	**8,953**	**20,442**	**15,225**
	2018	64,920	40,044	9,113	15,763	15,207
La Encantada	**2019**	**33,935**	**26,485**	**7,475**	**(25)**	**9,905**
	2018	18,643	23,282	9,634	(14,273)	13,891
La Parrilla	**2019**	**14,003**	**16,038**	**3,234**	**(5,269)**	**8,732**
	2018	22,605	19,792	18,259	(15,446)	10,779
Del Toro	**2019**	**5,610**	**8,265**	**1,197**	**(3,852)**	**3,220**
	2018	15,134	14,697	6,528	(6,091)	9,666
San Martin	**2019**	**10,554**	**11,912**	**6,380**	**(7,738)**	**4,742**
	2018	26,587	17,191	6,417	2,979	6,944
Others	**2019**	**374**	**502**	**791**	**(919)**	**16,819**
	2018	9,132	7,180	5,862	(3,910)	11,778
Consolidated	**2019**	**$267,468**	**$177,113**	**$48,082**	**$42,273**	**$87,040**
	2018	**$226,801**	**$162,932**	**$66,742**	**($2,873)**	**$81,398**

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5. SEGMENTED INFORMATION (continued)

At September 30, 2019 and December 31, 2018		Mining Interests		Property, plant and equipment	Total mining assets	Total assets	Total liabilities
		Producing	Exploration				
Mexico							
San Dimas	**2019**	**$189,838**	**$6,434**	**$117,765**	**$314,037**	**$350,440**	**$55,170**
	2018	182,434	3,705	120,218	306,357	368,460	59,990
Santa Elena	**2019**	**41,906**	**14,649**	**47,868**	**104,423**	**135,621**	**20,990**
	2018	33,447	14,316	39,664	87,427	104,955	16,753
La Encantada	**2019**	**45,236**	**1,615**	**44,018**	**90,869**	**117,499**	**11,180**
	2018	39,564	5,660	43,060	88,284	111,887	13,972
San Martin	**2019**	**49,037**	**14,236**	**16,762**	**80,035**	**88,720**	**15,884**
	2018	50,406	12,538	18,373	81,317	92,835	23,386
La Parrilla	**2019**	**18,813**	**6,177**	**8,333**	**33,323**	**55,614**	**9,395**
	2018	17,172	3,486	7,603	28,261	52,383	9,784
Del Toro	**2019**	**10,059**	**4,625**	**5,765**	**20,449**	**35,769**	**7,398**
	2018	9,601	3,082	5,775	18,458	36,760	7,624
Others	**2019**	**21,027**	**40,039**	**19,979**	**81,045**	**218,672**	**215,315**
	2018	21,027	39,175	16,391	76,593	158,830	200,028
Consolidated	**2019**	**$375,916**	**$87,775**	**$260,490**	**$724,181**	**$1,002,335**	**$335,332**
	2018	**$353,651**	**$81,962**	**$251,084**	**$686,697**	**$926,110**	**$331,537**

During the three and nine months ended September 30, 2019, the Company had six (September 30, 2018 - five) customers that accounted for 100% of its doré and concentrate sales revenue, with one major customer accounting for 83% of total revenue (2018 - two major customers for 70% and 10%).

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6. REVENUES

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

Revenues for the period are summarized as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019		2018		2019		2018	
Gross revenue by material:								
Doré	$91,826	94%	$78,898	88%	$250,083	92%	$188,675	81%
Concentrate	6,269	6%	11,034	12%	21,326	8%	44,246	19%
Gross revenue	**$98,095**	**100%**	**$89,932**	**100%**	**$271,409**	**100%**	**$232,921**	**100%**
Gross revenue from payable metals:								
Silver	$57,113	58%	$51,512	57%	$156,445	58%	$134,705	58%
Gold	38,430	39%	34,174	38%	105,304	39%	81,727	35%
Lead	1,771	2%	3,160	4%	6,193	2%	11,693	5%
Zinc	781	1%	1,086	1%	3,467	1%	4,796	2%
Gross revenue	**98,095**	**100%**	**89,932**	**100%**	**271,409**	**100%**	**232,921**	**100%**
Less: smelting and refining costs	(1,106)		(1,411)		(3,941)		(6,120)	
Revenues	**$96,989**		**$88,521**		**$267,468**		**$226,801**	

As at September 30, 2019, $1.3 million of revenues that have not satisfied performance obligations were recorded as unearned revenue (December 31, 2018 - $3.8 million) and will be recorded as revenue in the subsequent period. During the nine months ended September 30, 2019, revenue related to provisional pricing adjustments on concentrate sales was $0.1 million (2018 - $0.1 million).

(a) Gold Stream Agreement with Sandstorm Gold Ltd.

The Santa Elena mine has a purchase agreement with Sandstorm Gold Ltd. ("Sandstorm"), which requires the Company to sell 20% of its gold production over the life of mine from its leach pad and a designated area of its underground operations. The selling price to Sandstorm is the lesser of the prevailing market price or $450 per ounce, subject to a 1% annual inflation. During the nine months ended September 30, 2019, the Company delivered 6,816 ounces (2018 - 7,060 ounces) of gold to Sandstorm at an average price of $458 per ounce (2018 - $453 per ounce).

(b) Gold Stream Agreement with Wheaton Precious Metals Corporation

The San Dimas mine has a purchase agreement with WPMI, which entitles WPMI to receive 25% of the gold equivalent production (based on a fixed exchange ratio of 70 silver ounces to 1 gold ounce) at San Dimas in exchange for ongoing payments equal to the lesser of $600 (subject to a 1% annual inflation adjustment) and the prevailing market price, for each gold equivalent ounce delivered under the New Stream Agreement.

During the nine months ended September 30, 2019, the Company delivered 33,169 ounces (2018 - 13,509 ounces) of gold equivalent to WPMI at $603 (2018 - $600) per ounce.

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7. COST OF SALES

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Consumables and materials	$10,492	$16,295	$34,980	$37,821
Labour costs	28,427	32,603	90,349	75,797
Energy	8,503	9,350	28,086	26,416
Other costs	4,311	1,256	9,908	9,394
Production costs	**$51,733**	**$59,504**	**$163,323**	**$149,428**
Transportation and other selling costs	555	913	2,096	2,715
Workers participation costs	1,549	3,191	6,623	4,243
Environmental duties and royalties	389	370	1,066	965
Inventory changes	(1,120)	(12)	2,117	5,581
Cost recovery related to Republic Metals Refining Corp. bankruptcy(1)	(1,600)	—	(1,600)	—
Standby Costs(2)	1,843	—	1,843	—
Restructuring costs(3)	1,645	—	1,645	—
	$54,994	**$63,966**	**$177,113**	**$162,932**

(1) In November 2018, one of the refineries used by the Company, Republic Metals Refining Corp. ("Republic"), announced it filed for bankruptcy. As a result, the Company wrote off $7.5 million in inventory that were in Republic's possession for refining. In September 2019, the Company reached a partial litigation settlement for $1.6 million. The Company continues to pursue legal and insurance channels to recover the remaining balance of inventory, but there is no assurance that this inventory is recoverable.

(2) Effective from July 2019, the Company temporarily suspended all mining and processing activities at the San Martin operation due to a growing insecurity in the area and safety concerns for our workforce. The Company is working with authorities to secure the area in anticipation of restarting the operation in early 2020.

(3) Effective September 2019, the Company has temporarily suspended milling operations at the La Parrilla mine. Restructuring costs reflect estimated costs, such as severance and plant closure costs, incurred or to be incurred for re-organizing the operation.

8. GENERAL AND ADMINISTRATIVE EXPENSES

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Corporate administration	$1,116	$1,421	$3,438	$4,353
Salaries and benefits	3,897	2,756	10,049	7,285
Audit, legal and professional fees	1,068	811	3,496	2,452
Filing and listing fees	101	83	361	333
Directors fees and expenses	197	197	590	557
Depreciation	311	149	1,222	506
	$6,690	**$5,417**	**$19,156**	**$15,486**

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9. INVESTMENT AND OTHER INCOME (LOSS)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Gain (loss) from investment in marketable securities (Note 14)	$446	($1,529)	$285	($3,779)
Gain (loss) from investment in silver futures derivatives	1,727	(411)	1,237	(411)
Interest income and other	2,530	522	5,112	2,351
	$4,703	**($1,418)**	**$6,634**	**($1,839)**

10. FINANCE COSTS

Finance costs are primarily related to interest and accretion expense on the Company's debt facilities, lease liabilities and accretion of decommissioning liabilities. The Company's finance costs in the period are summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Debt facilities (Note 19)	$2,733	$2,697	$8,192	$7,663
Lease liabilities (Note 20)	289	128	696	418
Accretion of decommissioning liabilities	595	414	1,805	1,101
Silver sales and other	143	151	514	466
	$3,760	**$3,390**	**$11,207**	**$9,648**

11. EARNINGS OR LOSS PER SHARE

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

The calculations of basic and diluted earnings or loss per share for the periods ended September 30, 2019 and 2018 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net earnings (loss) for the period	$8,559	$5,904	($528)	($39,721)
Weighted average number of shares on issue - basic	203,777,091	193,570,469	200,220,903	180,273,849
Effect impact of dilutive securities:				
Stock options	2,055,917	1,024,755	—	—
Restricted share units	127,000	—	—	—
Weighted average number of shares on issue - diluted(1)	205,960,008	194,595,224	200,220,903	180,273,849
Earnings (loss) per share - basic	$0.04	$0.03	$0.00	($0.22)
Earnings (loss) per share - diluted	$0.04	$0.03	$0.00	($0.22)

(1) For the three months ended September 30, 2019, diluted weighted average number of shares excluded $519,093 (2018 - 7,318,292) options and 16,327,598 (2018 - 16,327,598) common shares issuable under the convertible debentures (Note 19(a)) that were anti-dilutive. For the nine months ended September 30, 2019, diluted weighted average number of shares excluded 8,049,811 (2018 - 7,318,292) options, 127,000 restricted share units (2018 - nil) and 16,327,598 (2018 - 16,327,598) common shares issuable under the convertible debentures that were anti-dilutive.

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12. TRADE AND OTHER RECEIVABLES

Trade and other receivables of the Company are comprised of:

	September 30, 2019	December 31, 2018
Trade receivables	$6,155	$4,671
Other	767	928
	$6,922	**$5,599**

13. INVENTORIES

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

	September 30, 2019	December 31, 2018
Finished goods - doré and concentrates	$2,742	$2,538
Work-in-process	2,470	4,626
Stockpile	2,532	1,257
Silver coins and bullion	394	351
Materials and supplies	22,304	23,696
	$30,442	**$32,468**

The amount of inventories recognized as an expense during the period is equivalent to the total of cost of sales plus depletion, depreciation and amortization for the period. As at September 30, 2019, mineral inventories, which consist of stockpile, work-in-process and finished goods, includes a $0.8 million (December 31, 2018 - $3.0 million) net realizable value write-down which was recognized in cost of sales during the period.

14. OTHER FINANCIAL ASSETS

As at September 30, 2019, other financial assets consists of the Company's investment in marketable securities and foreign exchange derivatives comprised of the following:

	September 30, 2019	December 31, 2018
First Mining Gold Corp. (TSX: FF)	$2,836	$2,753
Sprott Physical Silver Trust (NYSE: PSLV)	2,496	2,236
FVTPL marketable securities	**$5,332**	**$4,989**
FVTOCI marketable securities	1,114	1,431
Total marketable securities	**$6,446**	**$6,420**
Silver future derivatives	—	2,038
Total other financial assets	**$6,446**	**$8,458**

(a) Marketable Securities

Changes in fair value of marketable securities designated as fair value through profit or loss ("FVTPL") for the nine months ended September 30, 2019 totalling $0.3 million (2018 - $3.8 million) are recorded through profit or loss.

Changes in fair value of marketable securities designated as fair value through other comprehensive income ("FVTOCI") for the nine months ended September 30, 2019 was $0.3 million (2018 - $0.7 million) and was recorded through other comprehensive income and will not be transferred into profit or loss upon disposition or impairment.

(b) Silver Future Derivatives

As at September 30, 2019, the Company did not carry any position in silver future contracts (December 31, 2018 - $2.0 million). For the nine months ended September 30, 2019, the Company recognized a $1.2 million net gain on its investment in silver future derivatives (2018 - loss of $0.4 million).

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15. MINING INTERESTS

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

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

	September 30, 2019	December 31, 2018
Producing properties	$375,916	$353,651
Exploration properties (non-depletable)	87,775	81,962
	$463,691	**$435,613**

Producing properties are allocated as follows:

Producing properties	San Dimas	Santa Elena	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Total
Cost								
At December 31, 2017	**$—**	**$36,371**	**$88,627**	**$155,351**	**$104,635**	**$90,955**	**$106,691**	**$582,630**
Additions	11,030	7,609	5,787	8,336	6,241	3,988	2,686	45,677
Acquisition of Primero (Note 4)	178,183	—	—	—	—	—	—	178,183
Change in decommissioning liabilities	4,092	(633)	3,122	—	—	—	—	6,581
Transfer from exploration properties	—	1,694	1,900	—	—	—	—	3,594
At December 31, 2018	**$193,305**	**$45,041**	**$99,436**	**$163,687**	**$110,876**	**$94,943**	**$109,377**	**$816,665**
Additions	16,777	4,807	4,455	4,706	1,307	2,091	—	34,143
Transfer from exploration properties	2,456	7,462	5,659	—	—	—	—	15,577
At September 30, 2019	**$212,538**	**$57,310**	**$109,550**	**$168,393**	**$112,183**	**$97,034**	**$109,377**	**$866,385**
Accumulated depletion, amortization and impairment								
At December 31, 2017	**$—**	**($7,639)**	**($55,564)**	**($62,144)**	**($67,154)**	**($40,317)**	**($62,594)**	**($295,412)**
Depletion and amortization	(10,871)	(3,955)	(4,308)	(16,470)	(4,850)	(4,220)	(3,102)	(47,776)
Impairment	—	—	—	(67,901)	(29,271)	—	(22,654)	(119,826)
At December 31, 2018	**($10,871)**	**($11,594)**	**($59,872)**	**($146,515)**	**($101,275)**	**($44,537)**	**($88,350)**	**($463,014)**
Depletion and amortization	(11,829)	(3,810)	(4,442)	(3,065)	(849)	(3,460)	—	(27,455)
At September 30, 2019	**($22,700)**	**($15,404)**	**($64,314)**	**($149,580)**	**($102,124)**	**($47,997)**	**($88,350)**	**($490,469)**
Carrying values								
At December 31, 2018	**$182,434**	**$33,447**	**$39,564**	**$17,172**	**$9,601**	**$50,406**	**$21,027**	**$353,651**
At September 30, 2019	**$189,838**	**$41,906**	**$45,236**	**$18,813**	**$10,059**	**$49,037**	**$21,027**	**$375,916**

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15. MINING INTERESTS (continued)

Exploration properties are allocated as follows:

Exploration properties	San Dimas	Santa Elena	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Other	Total
Cost									
At December 31, 2017	**$—**	**$7,777**	**$5,221**	**$13,982**	**$10,117**	**$9,599**	**$10,385**	**$29,847**	**$86,928**
Exploration and evaluation expenditures	3,705	8,233	2,339	3,291	2,363	2,939	1,337	3,593	27,800
Impairment	—	—	—	(13,787)	(9,398)	—	(5,987)	—	(29,172)
Transfer to producing properties	—	(1,694)	(1,900)	—	—	—	—	—	(3,594)
At December 31, 2018	**$3,705**	**$14,316**	**$5,660**	**$3,486**	**$3,082**	**$12,538**	**$5,735**	**$33,440**	**$81,962**
Exploration and evaluation expenditures	5,185	7,795	1,614	2,691	1,543	1,698	—	864	21,390
Transfer to producing properties	(2,456)	(7,462)	(5,659)	—	—	—	—	—	(15,577)
At September 30, 2019	**$6,434**	**$14,649**	**$1,615**	**$6,177**	**$4,625**	**$14,236**	**$5,735**	**$34,304**	**$87,775**

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

The San Dimas Mine has a gold and silver streaming agreement with WPMI which entitles WPMI to receive 25% of the gold equivalent production (based on a fixed exchange ratio of 70 silver ounces to 1 gold ounce) at San Dimas in exchange for ongoing payments equal to the lesser of $600 (subject to a 1% annual inflation adjustment commencing in May 2019) and the prevailing market price, for each gold equivalent ounce delivered under the New Stream Agreement.

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

The Santa Elena Mine has a gold streaming agreement with Sandstorm, which requires the mine to sell 20% of its life of mine gold production from its leach pad and a designated area of its underground operations to Sandstorm. The selling price to Sandstorm is the lesser of $450 per ounce, subject to a 1% annual inflation increase commencing in April 2018, and the prevailing market price.

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

(c) Del Toro Silver Mine, Zacatecas State

In October 2016, the Company entered into an agreement to acquire 7,205 hectares of mining concessions adjacent to the Del Toro Silver Mine. The total purchase price amounted to $1.5 million, payable over six equal payments every six months. As at September 30, 2019, $1.3 million (December 31, 2018 - $1.2 million) has been paid.

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16. PROPERTY, PLANT AND EQUIPMENT

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

Property, plant and equipment are comprised of the following:

	Land and Buildings(1)	Machinery and Equipment	Assets under Construction	Other	Total
Cost					
At December 31, 2017	**$134,398**	**$341,899**	**$21,949**	**$14,711**	**$512,957**
Additions	9	4,411	28,669	621	33,710
Acquisition of Primero (Note 4)	40,404	70,064	7,169	5,178	122,815
Transfers and disposals	3,053	14,488	(22,114)	2,900	(1,673)
At December 31, 2018	**$177,864**	**$430,862**	**$35,673**	**$23,410**	**$667,809**
Additions	—	1,166	29,943	398	31,507
Transfers and disposals	12,227	16,562	(30,948)	(34)	(2,193)
At September 30, 2019	**$190,091**	**$448,590**	**$34,668**	**$23,774**	**$697,123**
Accumulated depreciation, amortization and impairment					
At December 31, 2017	**($86,404)**	**($223,353)**	**$—**	**($11,148)**	**($320,905)**
Depreciation and amortization	(8,215)	(36,650)	—	(1,777)	(46,642)
Transfers and disposals	—	1,464	—	48	1,512
Impairment	(16,639)	(33,420)	—	(631)	(50,690)
At December 31, 2018	**($111,258)**	**($291,959)**	**$—**	**($13,508)**	**($416,725)**
Depreciation and amortization	(3,754)	(16,309)	—	(1,553)	(21,616)
Transfers and disposals	271	1,070	—	367	1,708
At September 30, 2019	**($114,741)**	**($307,198)**	**$—**	**($14,694)**	**($436,633)**
Carrying values					
At December 31, 2018	**$66,606**	**$138,903**	**$35,673**	**$9,902**	**$251,084**
At September 30, 2019	**$75,350**	**$141,392**	**$34,668**	**$9,080**	**$260,490**

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

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	San Dimas	Santa Elena	La Encantada	La Parrilla	Del Toro	San Martin	La Guitarra	Other	Total
Cost									
At December 31, 2017	**$—**	**$73,684**	**$124,198**	**$96,491**	**$117,201**	**$47,541**	**$28,115**	**$25,727**	**$512,957**
Additions	5,750	3,066	8,812	2,564	3,016	2,375	1,296	6,831	33,710
Acquisition of Primero (Note 4)	122,815	—	—	—	—	—	—	—	122,815
Transfers and disposals	(802)	(79)	(864)	(9)	1,311	1,784	(2,648)	(366)	(1,673)
At December 31, 2018	**$127,763**	**$76,671**	**$132,146**	**$99,046**	**$121,528**	**$51,700**	**$26,763**	**$32,192**	**$667,809**
Additions	6,435	2,623	3,836	1,335	370	953	—	15,955	31,507
Transfers and disposals	(322)	10,457	1,372	(1,927)	(483)	59	(676)	(10,673)	(2,193)
At September 30, 2019	**$133,876**	**$89,751**	**$137,354**	**$98,454**	**$121,415**	**$52,712**	**$26,087**	**$37,474**	**$697,123**
Accumulated depreciation, amortization and impairment									
At December 31, 2017	**$—**	**($28,898)**	**($80,269)**	**($52,984)**	**($93,579)**	**($27,789)**	**($21,654)**	**($15,732)**	**($320,905)**
Depreciation and amortization	(8,179)	(8,397)	(9,646)	(8,489)	(3,761)	(4,388)	(2,161)	(1,621)	(46,642)
Transfers and disposals	634	288	829	92	(804)	(1,150)	1,546	77	1,512
Impairment	—	—	—	(30,062)	(17,609)	—	(3,019)	—	(50,690)
At December 31, 2018	**($7,545)**	**($37,007)**	**($89,086)**	**($91,443)**	**($115,753)**	**($33,327)**	**($25,288)**	**($17,276)**	**($416,725)**
Depreciation and amortization	(8,501)	(5,055)	(3,539)	(87)	(274)	(2,729)	—	(1,431)	(21,616)
Transfers and disposals	(65)	179	(711)	1,409	377	106	375	38	1,708
At September 30, 2019	**($16,111)**	**($41,883)**	**($93,336)**	**($90,121)**	**($115,650)**	**($35,950)**	**($24,913)**	**($18,669)**	**($436,633)**
Carrying values									
At December 31, 2018	**$120,218**	**$39,664**	**$43,060**	**$7,603**	**$5,775**	**$18,373**	**$1,475**	**$14,916**	**$251,084**
At September 30, 2019	**$117,765**	**$47,868**	**$44,018**	**$8,333**	**$5,765**	**$16,762**	**$1,174**	**$18,805**	**$260,490**

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17. RIGHT-OF-USE ASSETS

The Company entered into operating leases to use certain land, building, mining equipment and corporate equipment for its operations. Upon the adoption of IFRS 16, which became effective January 1, 2019 (see note 2), the Company is required to recognize right-of-use assets representing its right to use these underlying leased asset over the lease term.

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

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

	Land and Buildings	Machinery and Equipment	Other	Total
At December 31, 2018	**$—**	**$—**	**$—**	**$—**
Initial adoption of IFRS 16 (Note 2)	2,624	1,036	22	3,682
Additions	2,024	1,128	—	3,152
Remeasurements	137	(42)	—	95
Depreciation and amortization	(494)	(517)	(6)	(1,017)
At September 30, 2019	**$4,291**	**$1,605**	**$16**	**$5,912**

18. TRADE AND OTHER PAYABLES

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

Trade and other payables are comprised of the following items:

	September 30, 2019	December 31, 2018
Trade payables	$18,183	$26,420
Trade related accruals	11,101	9,351
Payroll and related benefits	16,359	11,255
Environmental duty	1,061	1,536
Other accrued liabilities	2,365	1,621
	$49,069	**$50,183**

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19. DEBT FACILITIES

The movement in debt facilities during the nine months ended September 30, 2019 and year ended December 31, 2018, respectively, are comprised of the following:

	Convertible Debentures (a)	Revolving Credit Facility (b)	Scotia Debt Facilities	Primero Debt Facilities	Total
Balance at December 31, 2017	**$—**	**$—**	**$31,769**	**$—**	**$31,769**
Net proceeds from convertible debentures	151,079	—	—	—	151,079
Portion allocated to equity reserves	(26,252)	—	—	—	(26,252)
Net proceeds from revolving credit facility	—	34,006	—	—	34,006
Acquisition of Primero (Note 4)	—	—	—	106,111	106,111
Finance costs					
Interest expense	2,738	1,170	529	—	4,437
Accretion	4,978	419	555	—	5,952
Repayments of principal	—	(16,000)	(32,072)	(106,111)	(154,183)
Payments of finance costs	(1,736)	(890)	(781)	—	(3,407)
Balance at December 31, 2018	**$130,807**	**$18,705**	**$—**	**$—**	**$149,512**
Finance costs					
Interest expense	2,225	1,203	—	—	3,428
Accretion	4,274	490	—	—	4,764
Payments of finance costs	(2,934)	(1,343)	—	—	(4,277)
Balance at September 30, 2019	**$134,372**	**$19,055**	**$—**	**$—**	**$153,427**
Statements of Financial Position Presentation					
Current portion of debt facilities	$1,002	$279	$—	$—	$1,281
Debt facilities	129,805	18,426	—	—	148,231
Balance at December 31, 2018	**$130,807**	**$18,705**	**$—**	**$—**	**$149,512**
Current portion of debt facilities	$293	$140	$—	$—	$433
Debt facilities	134,079	18,915	—	—	152,994
Balance at September 30, 2019	**$134,372**	**$19,055**	**$—**	**$—**	**$153,427**

(a) Convertible Debentures

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

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

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

19. DEBT FACILITIES (continued)

(a) Convertible Debentures (continued)

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

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

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

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

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

(b) Revolving Credit Facility

On May 10, 2018, the Company entered into a $75.0 million senior secured revolving credit facility ("Revolving Credit Facility") with the Bank of Nova Scotia, Bank of Montreal and Investec Bank PLC, as lenders. The Revolving Credit Facility will mature on its third anniversary date. Interest on the drawn balance will accrue at LIBOR plus an applicable range of 2.25% to 3.5% while the undrawn portion is subject to a standby fee with an applicable range of 0.5625% to 0.875%, dependent on certain financial parameters of First Majestic. As at September 30, 2019, the applicable rates were 4.8% and 0.6875%, respectively.

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

The Revolving Credit Facility includes financial covenants, to be tested quarterly on a consolidated basis, requiring First Majestic to maintain the following: (a) a leverage ratio based on total debt to rolling four quarters adjusted EBITDA of not more than 3.00 to 1.00; (b) an interest coverage ratio, based on rolling four quarters adjusted EBITDA divided by interest payments, of not less than 4.00 to 1.00; and (c) tangible net worth of not less than $563.5 million plus 50% of its positive earnings subsequent to June 30, 2018. The debt facilities also provide for negative covenants customary for these types of facilities and allows the Company to enter into finance leases up to $30.0 million. As at September 30, 2019 and December 31, 2018, the Company was in compliance with these covenants.

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20. LEASE LIABILITIES

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

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

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

The movement in lease liabilities during the three months ended September 30, 2019 and year ended December 31, 2018, respectively, are comprised of the following:

	Finance Leases (a)	Operating Leases (b)	Equipment Financing (c)	Total
Balance at December 31, 2017	**$2,109**	**$—**	**$7,196**	**$9,305**
Finance costs	80	—	444	524
Repayments of principal	(1,700)	—	(1,846)	(3,546)
Payments of finance costs	(80)	—	(356)	(436)
Balance at December 31, 2018	**$409**	**$—**	**$5,438**	**$5,847**
Initial adoption of IFRS 16 (Note 2)	—	3,682	—	3,682
Additions	—	3,253	—	3,253
Finance costs	16	433	247	696
Repayments of principal	(277)	(1,207)	(1,845)	(3,329)
Payments of finance costs	(16)	—	(277)	(293)
Foreign exchange loss	—	64	—	64
Balance at September 30, 2019	**$132**	**$6,225**	**$3,563**	**$9,920**
Statements of Financial Position Presentation				
Current portion of lease liabilities	$352	$—	$2,552	$2,904
Lease liabilities	57	—	2,886	2,943
Balance at December 31, 2018	**$409**	**$—**	**$5,438**	**$5,847**
Current portion of lease liabilities	$132	$1,935	$2,523	$4,590
Lease liabilities	—	4,290	1,040	5,330
Balance at September 30, 2019	**$132**	**$6,225**	**$3,563**	**$9,920**

(a) Finance Leases

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

As at September 30, 2019, the net book value of property, plant and equipment includes $0.4 million (December 31, 2018 - $0.6 million) of equipment in property, plant and equipment pledged as security under finance leases.

20. LEASE LIABILITIES (continued)

(b) Operating Leases

Upon the adoption of IFRS 16, the Company recognized $3.7 million in operating lease liabilities as at January 1, 2019, primarily related to certain equipment and building rental contracts, land easement contracts and service contracts that contain embedded leases for property, plant and equipment.

These operating leases have remaining lease terms of one to 10 years, some of which include options to terminate the leases within a year, with incremental borrowing rates ranging from 5.8% to 12.4%.

(c) Equipment Financing

During 2017, the Company entered into a $7.9 million credit facility with repayment terms ranging from 12 to 16 equal quarterly installments in principal plus related interest. The facility bears an interest rate of LIBOR plus 4.60%. Proceeds from the equipment financing were primarily used for the purchase and rehabilitation of property, plant and equipment. The equipment financing is secured by certain equipment of the Company and is subject to various covenants, including the requirement for First Majestic to maintain a leverage ratio based on total debt to rolling four quarters adjusted EBITDA. As at September 30, 2019 and year ended December 31, 2018, the Company was in compliance with these covenants.

As at September 30, 2019, the net book value of property, plant and equipment includes $3.9 million (December 31, 2018 - $4.6 million) of equipment pledged as security for the equipment financing.

21. SHARE CAPITAL

(a) Authorized and issued capital

The Company has unlimited authorized common shares with no par value. The movement in the Company's issued and outstanding capital during the period is summarized in the consolidated statements of changes in equity.

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

In December 2018, and subsequently amended in August 2019, the Company filed prospectus supplements to the short form base shelf prospectus, pursuant to which the Company may, at its discretion and from time-to-time, sell common shares of the Company for aggregate gross proceeds of up to $100.0 million. The sale of common shares would be made through "at-the-market distributions" ("ATM"), as defined in the Canadian Securities Administrators' National Instrument 44-102 Shelf Distributions, directly on the New York Stock Exchange. During the nine months ended September 30, 2019, First Majestic sold 8,039,363 common shares of the Company under the ATM program at an average price of $6.48 per share for gross proceeds of $54.9 million, or net proceeds of $53.1 million after costs.

(b) Stock options

Under the terms of the Company's 2019 Long-Term Incentive Plan ("LTIP"), the maximum number of shares reserved for issuance under the LTIP is 8% of the issued shares on a rolling basis. Options may be exercisable over periods of up to ten years as determined by the Board of Directors of the Company and the exercise price shall not be less than the closing price of the shares on the day preceding the award date, subject to regulatory approval. All stock options granted are subject to vesting with 25% vesting on first anniversary from the date of grant, and 25% vesting each six months thereafter.

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21. SHARE CAPITAL (continued)

(b) Stock options (continued)

The following table summarizes information about stock options outstanding as at September 30, 2019:

	Options Outstanding			Options Exercisable		
Exercise prices (CAD$)	Number of Options	Weighted Average Exercise Price (CAD $/Share)	Weighted Average Remaining Life (Years)	Number of Options	Weighted Average Exercise Price (CAD $/Share)	Weighted Average Remaining Life (Years)
4.69 - 5.00	1,017,907	4.79	1.26	1,017,907	4.79	1.26
5.01 - 10.00	4,286,809	8.13	7.49	1,177,185	7.59	4.32
10.01 - 15.00	2,443,102	11.06	3.03	2,190,602	11.10	2.29
15.01 - 20.00	100,000	16.06	1.91	100,000	16.06	1.91
20.01 - 126.01	201,593	74.08	1.49	201,593	74.08	1.49
	8,049,411	10.35	5.13	4,687,287	11.66	2.53

The movements in stock options issued during the nine months ended September 30, 2019 and year ended December 31, 2018 are summarized as follows:

	Nine Months Ended September 30, 2019		Year Ended December 31, 2018	
	Number of Options	Weighted Average Exercise Price (CAD $/Share)	Number of Options	Weighted Average Exercise Price (CAD $/Share)
Balance, beginning of the period	9,266,098	10.76	9,431,737	9.35
Granted	2,391,680	7.57	2,552,796	15.95
Exercised	(2,249,408)	7.39	(973,948)	5.28
Cancelled or expired	(1,358,959)	13.87	(1,744,487)	13.78
Balance, end of the period	8,049,411	10.35	9,266,098	10.76

During the nine months ended September 30, 2019, the aggregate fair value of stock options granted was $7.5 million (December 31, 2018 - $7.8 million), or a weighted average fair value of $3.13 per stock option granted (December 31, 2018 - $3.07).

The following weighted average assumptions were used in estimating the fair value of stock options granted using the Black-Scholes Option Pricing Model:

Assumption	Based on	Nine Months Ended September 30, 2019	Year Ended December 31, 2018
Risk-free interest rate (%)	Yield curves on Canadian government zero- coupon bonds with a remaining term equal to the stock options' expected life	2.00	1.87
Expected life (years)	Average of the expected vesting term and expiry term of the option	5.31	5.40
Expected volatility (%)	Historical and implied volatility of the precious metals mining sector	51.24	58.70
Expected dividend yield (%)	Annualized dividend rate as of the date of grant	—	—

The weighted average closing share price at date of exercise for the nine months ended September 30, 2019 was CAD$12.34 (December 31, 2018 - CAD$8.86).

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21. SHARE CAPITAL (continued)

(c) Restricted Share Units

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

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

The following table summarizes the changes in RSU's for the nine months ended September 30, 2019:

	Nine Months Ended September 30, 2019	
	Number of shares	Weighted Average Fair Value
Outstanding, beginning of the period	—	$—
Granted	272,576	7.26
Settled	(145,576)	7.26
Forfeited	—	—
Outstanding, end of the period	127,000	$7.26

22. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

The Company's financial instruments and related risk management objectives, policies, exposures and sensitivity related to financial risks are summarized below.

(a) Fair value and categories of financial instruments

Financial instruments included in the consolidated statements of financial position are measured either at fair value or amortized cost. Estimated fair values for financial instruments are designed to approximate amounts for which the instruments could be exchanged in an arm's-length transaction between knowledgeable and willing parties.

The Company uses various valuation techniques in determining the fair value of financial assets and liabilities based on the extent to which the fair value is observable. The following fair value hierarchy is used to categorize and disclose the Company's financial assets and liabilities held at fair value for which a valuation technique is used:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: All inputs which have a significant effect on the fair value are observable, either directly or indirectly, for substantially the full contractual term.

Level 3: Inputs which have a significant effect on the fair value are not based on observable market data.

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22. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

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

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

Financial Instruments Measured at Fair Value	Valuation Method
Trade receivables (related to concentrate sales)	Receivables that are subject to provisional pricing and final price adjustment at the end of the quotational period are estimated based on observable forward price of metal per London Metal Exchange (Level 2)
Marketable securities Silver futures derivatives Foreign exchange derivatives	Based on quoted market prices for identical assets in an active market (Level 1) as at the date of statements of financial position

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

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

	September 30, 2019			December 31, 2018		
		Fair value measurement			Fair value measurement	
	Carrying value	Level 1	Level 2	Carrying value	Level 1	Level 2
Financial assets						
Trade receivables	$1,649	$—	$1,649	$2,559	$—	$2,559
Marketable securities (Note 14)	6,446	6,446	—	6,420	6,420	—
Silver futures derivatives (Note 14)	—	—	—	2,038	2,038	—

There were no transfers between levels 1, 2 and 3 during the nine months ended September 30, 2019 and year ended December 31, 2018.

(b) Capital risk management

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

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

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22. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(b) Capital risk management

The capital of the Company consists of equity (comprising of issued capital, equity reserves and retained earnings or accumulated deficit), debt facilities, lease liabilities, net of cash and cash equivalents as follows:

	September 30, 2019	December 31, 2018
Equity	$667,003	$594,573
Debt facilities	153,427	149,512
Lease liabilities	9,920	5,847
Less: cash and cash equivalents	(118,624)	(57,013)
	$711,726	$692,919

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

The Company is not subject to any externally imposed capital requirements with the exception of complying with covenants under the debt facilities (Note 19) and lease liabilities (Note 20). As at September 30, 2019 and December 31, 2018, the Company was in compliance with these covenants.

(c) Financial risk management

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

Credit Risk

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

As at September 30, 2019, value added taxes receivable was $38.0 million (2018 - $59.7 million), the majority of the reduction relates to Primero Empresa Minera, S.A. de C.V. ("PEM") due to filings in arrears when First Majestic acquired the entity. Since acquisition, the Company has accelerated its filings and reduced PEM's pre-acquisition VAT receivables to $4.2 million. The Company continues supplying additional information requested by the Servicio de Administración Tributaria ("SAT") in response to the review process and the Company fully expects the amounts to be refunded in the future.

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

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

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

22. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(c) Financial risk management (continued)

Liquidity Risk

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

The following table summarizes the maturities of the Company's financial liabilities as at September 30, 2019 based on the undiscounted contractual cash flows:

	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Trade and other payables	$49,069	$49,069	$49,069	$—	$—	$—
Debt facilities	153,427	188,851	4,268	26,616	157,967	—
Lease liabilities	9,920	10,240	4,769	3,658	1,813	—
Other liabilities	4,204	4,204	—	—	—	4,204
	$216,620	**$252,364**	**$58,106**	**$30,274**	**$159,780**	**$4,204**

At September 30, 2019, the Company had working capital of $149.2 million (December 31, 2018 – $108.1 million). Total available liquidity at September 30, 2019 was $204.2 million, including $55.0 million of undrawn revolving credit facility. The Company believes it has sufficient cash on hand, combined with cash flows from operations, to meet operating requirements as they arise for at least the next 12 months.

Currency Risk

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

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

	September 30, 2019							
	Cash and cash equivalents	Trade and other receivables	Value added taxes receivable	Other financial assets	Trade and other payables	Foreign exchange derivative	Net assets (liabilities) exposure	Effect of +/- 10% change in currency
Canadian dollar	$12,848	$46	$—	$2,836	($1,031)	$—	$14,699	$1,470
Mexican peso	10,721	—	29,276	—	(28,976)	55,000	66,021	6,602
	$23,569	**$46**	**$29,276**	**$2,836**	**($30,007)**	**$55,000**	**$80,720**	**$8,072**

For foreign currency hedges, the Company designates certain options contracts to hedge its currency risk, as applicable, and applies a hedge ratio of 1:1 as the underlying risk of the foreign exchange is identical to the hedged risk components. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method whereby the Company compares past changes in the fair value of the forward contracts with changes in the fair value of a hypothetical derivative. The net gain on derivatives designated as cash flow hedges for the nine months ended September 30, 2019 recorded in OCI was $0.2 million (2018 – $nil) which represented the effective portion of the change in fair value of the hedges.

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

22. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(c) Financial risk management (continued)

Commodity Price Risk

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

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

	September 30, 2019				
	Effect of +/- 10% change in metal prices				
	Silver	**Gold**	**Lead**	**Zinc**	**Total**
Metals subject to provisional price adjustments	$64	$—	$30	$14	$108
Metals in doré and concentrates inventory	173	339	10	—	522
	$237	**$339**	**$40**	**$14**	**$630**

Interest Rate Risk

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

As at September 30, 2019, the Company's exposure to interest rate risk on interest bearing liabilities is limited to its debt facilities and lease liabilities. The Company's equipment leases bear interest at fixed rates.

Based on the Company's interest rate exposure at September 30, 2019, a change of 25 basis points increase or decrease of market interest rate does not have a significant impact on net earnings or loss.

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

23. SUPPLEMENTAL CASH FLOW INFORMATION

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note	2019	2018	2019	2018
Adjustments to reconcile net earnings to operating cash flows before movements in working capital:					
Unrealized foreign exchange loss (gain) and other		$250	$377	$381	$1,398
Unrealized (gain) loss from marketable securities and silver futures derivatives	14	(2,173)	1,528	(1,522)	3,778
		($1,923)	**$1,905**	**($1,141)**	**$5,176**
Net change in non-cash working capital items:					
Decrease (increase) in trade and other receivables		$821	($1,347)	($1,323)	($607)
Decrease (increase) in value added taxes receivable		8,827	(12,017)	21,630	(19,262)
(Increase) decrease in inventories		(74)	495	3,081	5,742
Decrease (increase) in prepaid expenses and other		1,001	(136)	(7)	(294)
Decrease in income taxes payable		(929)	(482)	(4,366)	(956)
Decrease in trade and other payables		(3,583)	(5,876)	(1,072)	(12,009)
		$6,063	**($19,363)**	**$17,943**	**($27,386)**
Non-cash investing and financing activities:					
Transfer of share-based payments reserve upon settlement of RSUs		$346	$—	$988	$—
Transfer of share-based payments reserve upon exercise of options		$4,399	$195	$4,907	$707
Settlement of liabilities		$—	($500)	$—	($500)

24. CONTINGENCIES AND OTHER MATTERS

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

Claims and Legal Proceedings Risks

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

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

24. CONTINGENCIES AND OTHER MATTERS (continued)

Primero Tax Rulings

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

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

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

In February 2016, PEM received a legal claim from the SAT seeking to nullify the APA. The legal claim initiated does not identify any different basis for paying taxes. The Company is continuing Primero's effort to vigorously defend the validity of its APA. If the SAT is successful in retroactively nullifying the APA, the SAT may seek to audit and reassess PEM in respect of its sales of silver in connection with the Old Stream Agreement for 2010 through 2014. If the SAT is successful in retroactively nullifying the APA and issuing reassessments, it would likely have a material adverse effect on the Company's results of operations, financial condition and cash flows. PEM would have rights of appeal in connection with any reassessments.

In August and September 2019, as part of the ongoing annual audits of the PEM tax returns, the SAT issued reassessments for the 2010 and 2011 tax years, respectively, in the amount of $26.1 million and $78.3 million inclusive of interest, inflation, and penalties. The key items relate to the view that PEM should pay taxes based on the market price of silver and denial of the deductibility of interest expense and service fees in Mexico. As the Company continues to defend the APA in the Mexican legal proceeding, the APA remains valid and the Company will vigorously dispute any reassessment that has been or may be issued in the future on a basis that assesses taxes on PEM's historical silver revenues that is inconsistent with the APA. Based on the Company's assessments, the Company believes Primero's filings were appropriate and continues to believe its tax filing position based upon the APA is correct and, therefore, no liability has been recognized in the financial statements. Should the Company ultimately be required to pay tax on its silver revenues based on market prices without any mitigating adjustments, the incremental income tax for the years 2010-2018 would be approximately $185.0 million, before interest or penalties.

While the Company continues to vigorously defend the validity of the APA and its transfer pricing position, it is also engaging in dialogue with the SAT seeking to resolve matters and bring tax certainty through a negotiated solution. Since January 1, 2015, PEM has recorded its revenue from the sale of silver for purposes of Mexican tax accounting in a manner consistent with the APA, on the basis that the applicable facts and laws have not changed. The Company's legal and financial advisors continue to believe that the Company has filed its tax returns compliant with applicable Mexican law. Due to the uncertainty in timing of resolution to this matter, which may take more than one year, the Company has classified its income taxes receivable of $18.8 million as non-current at September 30, 2019 as SAT is not expected to refund PEM's income taxes paid until the dispute is resolved.

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

24. CONTINGENCIES AND OTHER MATTERS (continued)

Primero Class Action Suit

In July 2016, Primero and certain of its officers were served with a class action lawsuit that was filed in federal court in the State of California seeking to recover damages for investors in the Company's common shares under the U.S. federal securities laws. Primero filed a motion to dismiss this action which was granted on January 30, 2017. The plaintiff's claims were dismissed without prejudice and the plaintiffs filed an amended complaint on February 27, 2017. On July 14, 2017 the Company's motion to dismiss the amended complaint was granted and the plaintiffs' claims were dismissed without prejudice. Rather than amend the complaint again, the plaintiffs asked the federal court to enter final judgment and initiated an appeal of the dismissal to the U.S. Court of Appeals for the Ninth Circuit Court (the "Ninth Circuit") on September 8, 2017. On September 17, 2019, a majority of the Ninth Circuit affirmed the district ruling dismissing the securities class action suit against Primero. A further petition by the plaintiffs for a rehearing "en banc" (a full rehearing of the appeal by 11 of the 29 judges on the Ninth Circuit) was denied on October 24, 2019. The plaintiffs have 90 days from September 17, 2019 to file a petition for a writ of certiorari with the U.S. Supreme Court ("Cert Petition"). Should the plaintiffs pursue a Cert Petition, it would be at the discretion of the U.S. Supreme Court whether to grant a review of the action. The Company will continue to vigorously defend this class action lawsuit on behalf of Primero. No liability has been recognized in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This Management's Discussion and Analysis of Results of Operations and Financial Condition ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of First Majestic Silver Corp. ("First Majestic" or "the Company") for the three and nine months ended September 30, 2019, and the audited consolidated financial statements for the year ended December 31, 2018, which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). All dollar amounts are expressed in United States ("US") dollars and tabular amounts are expressed in thousands of US dollars, unless otherwise indicated. Certain amounts shown in this MD&A may not add exactly to total amounts due to rounding differences.

This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained at the end of this MD&A. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of November 6, 2019 unless otherwise stated.

COMPANY OVERVIEW

First Majestic is a multinational mining company headquartered in Vancouver, Canada, focused on primary silver production in México, pursuing the development of its existing mineral properties and acquiring new assets. The Company owns and operates six producing mines: the San Dimas Silver/Gold Mine, the Santa Elena Silver/Gold Mine, the La Encantada Silver Mine, the San Martin Silver Mine, the Del Toro Silver Mine and the La Parrilla Silver Mine. Since September 2, 2019, the Company has temporarily suspended milling operations at the La Parrilla mine in order to build adequate surface stockpiles to be used during the commissioning phase of the new high-recovery microbubble flotation cells in early 2020. The Company plans to use the La Parrilla mill as a research and development facility while continuing the expanded exploration program into 2020. The reopening of the underground mine at La Parrilla is not determinable at this time.

First Majestic is publicly listed on the New York Stock Exchange under the symbol "AG", on the Toronto Stock Exchange under the symbol "FR" and on the Frankfurt Stock Exchange under the symbol "FMV".

2019 THIRD QUARTER HIGHLIGHTS

Key Performance Metrics	2019-Q3	2019-Q2	Change Q3 vs Q2	2018-Q3	Change Q3 vs Q3	2019-YTD	2018-YTD	Change
Operational								
Ore Processed / Tonnes Milled	655,967	736,896	(11%)	864,056	(24%)	2,205,517	2,525,180	(13%)
Silver Ounces Produced	3,367,740	3,193,566	5%	3,505,344	(4%)	9,892,695	8,428,636	17%
Silver Equivalent Ounces Produced	6,636,716	6,410,483	4%	6,740,315	(2%)	19,320,876	15,757,310	23%
Cash Costs per Ounce [1]	$3.83	$6.84	(44%)	$6.85	(44%)	$5.64	$7.34	(23%)
All-in Sustaining Cost per Ounce [1]	$10.76	$14.76	(27%)	$15.12	(29%)	$12.78	$15.78	(19%)
Total Production Cost per Tonne [1]	$78.87	$77.93	1%	$68.87	15%	$74.06	$59.17	25%
Average Realized Silver Price per Ounce [1]	$17.63	$14.80	19%	$14.66	20%	$16.04	$15.89	1%
Financial (in $millions)								
Revenues	$97.0	$83.7	16%	$88.5	10%	$267.5	$226.8	18%
Mine Operating Earnings (Loss)	$27.8	$4.2	561%	($0.1)	NM	$42.3	($2.9)	NM
Net Earnings (Loss)	$8.6	($12.0)	172%	$5.9	46%	($0.5)	($39.7)	99%
Operating Cash Flows before Movements in Working Capital and Taxes	$34.6	$17.7	95%	$20.7	67%	$76.0	$50.6	50%
Cash and Cash Equivalents	$118.6	$94.5	26%	$72.4	64%	$118.6	$72.4	64%
Working Capital [1]	$149.2	$129.5	15%	$127.8	17%	$149.2	$127.8	17%
Shareholders								
Earnings (Loss) per Share ("EPS") - Basic	$0.04	($0.06)	171%	$0.03	38%	$0.00	($0.22)	99%
Adjusted EPS [1]	$0.06	($0.02)	392%	($0.03)	278%	$0.03	($0.16)	117%
Cash Flow per Share [1]	$0.17	$0.09	93%	$0.11	59%	$0.38	$0.28	36%

NM - Not meaningful

(1) The Company reports non-GAAP measures which include cash costs per ounce produced, all-in sustaining cost per ounce, total production cost per tonne, average realized silver price per ounce sold, working capital, adjusted EPS and 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 27 to 34 for a reconciliation of non-GAAP to GAAP measures.

Third Quarter Production Summary	San Dimas	Santa Elena	La Encantada	La Parrilla	Del Toro	Consolidated
Ore Processed / Tonnes Milled	173,679	229,094	191,926	33,439	27,829	**655,967**
Silver Ounces Produced	1,639,481	632,216	885,627	135,420	74,997	**3,367,740**
Silver Equivalent Ounces Produced	3,502,102	1,859,170	891,205	258,683	125,557	**6,636,716**
Cash Costs per Ounce	$2.28	($7.24)	$10.72	$16.27	$29.83	**$3.83**
All-in Sustaining Cost per Ounce	$7.30	($5.17)	$12.67	$28.81	$39.77	**$10.76**
Total Production Cost per Tonne	$135.71	$57.78	$47.86	$89.40	$98.98	**$78.87**

Operational Highlights

- Total production in the third quarter reached 6,636,716 silver equivalent ounces, representing a 4% increase compared to the prior quarter. Total production consisted of 3.4 million ounces of silver, 35,791 ounces of gold, 1.9 million pounds of lead and 1.0 million pounds of zinc. Despite the temporary suspension of operating activities at San Martin and La Parrilla, consolidated production increased due to a record quarterly production at Santa Elena of 1,859,170 silver equivalent ounces and a five-year production high at La Encantada of 885,627 silver ounces, up 27% and 81%, respectively, from the prior quarter.
- During the nine months ended September 30, 2019, total production reached 19.3 million silver equivalent ounces, or approximately 77% of the Company's annual guidance midpoint of producing 24.4 to 26.0 million ounces.
- In the third quarter, the Company achieved record consolidated average silver recoveries of 88%, the highest in the Company's 17 year history. Higher recoveries were achieved at Santa Elena following the successful installation and ramp

up of the new 3,000 tpd HIG mill. In addition, La Encantada achieved average silver recoveries of 82%, representing a significant 23% increase compared to the prior quarter and the highest recovery rate in recent history at this mine, following several plant optimization modifications.

- Cash cost per ounce for the quarter was $3.83 per payable ounce of silver, representing a significant 44% decrease from $6.84 per ounce in the previous quarter. The decrease in consolidated cash cost was primarily attributed to an increase in by-product credits due to a 44% increase in gold production at Santa Elena, a 13% increase in gold prices over the previous quarter, a reduction of $5.9 million in operating costs due to temporary suspension of operating activities at the higher cost La Parrilla and San Martin mines, as well as a $1.5 million increase in available Mexican government diesel tax credits recognized in the quarter compared to the previous quarter.
- All-in sustaining cost per ounce ("AISC") in the third quarter decreased 27% to $10.76 per ounce compared to $14.76 per ounce in the previous quarter, primarily attributed to decrease in cash costs as well as reduced sustaining capital expenditures due to the temporary suspension of operations at San Martin and La Parrilla.

Financial

- In the third quarter, the Company generated revenues of $97.0 million, an increase of 10% compared to $88.5 million in the third quarter of 2018, primarily due to a 20% increase in average realized silver price compared to the same quarter of the prior year, partially offset by a 10% decrease in silver equivalent ounces sold at market prices.
- The Company realized mine operating earnings of $27.8 million, its highest level since the first quarter of 2013 when the average realized silver price per ounce was $29.63. This compares to a mine operating loss of $0.1 million in the third quarter of 2018. The increase in mine operating earnings in the quarter was attributed to a combination of higher metal prices, record production from the Santa Elena mine, as well as cost savings upon temporary suspension of activities at the La Parrilla and San Martin mines which were operating at losses in the same quarter of the prior year.
- Net earnings for the quarter were $8.6 million (EPS of $0.04) compared to net earnings of $5.9 million (EPS of $0.03) in the third quarter of 2018. Adjusted net earnings for the quarter were $11.9 million (Adjusted EPS of $0.06) compared to a net loss of $6.4 million (Adjusted EPS of ($(0.03)) in the third quarter of 2018, after excluding non-cash and non-recurring items including deferred income tax expense, share-based payments and gains or losses from marketable securities and silver futures derivatives (see "Adjusted EPS" on page 33).
- During the quarter, the Company recorded an income tax expense of $7.4 million compared to an income tax recovery of $17.0 million in the third quarter of 2018. The decrease in income tax recovery in the quarter was attributed primarily to the decrease in value of tax loss carryforwards and the foreign exchange impact of the Mexican peso on the Company's Mexican Peso denominated future income tax liability balances.
- Cash flow from operations before movements in working capital and income taxes in the quarter was $34.6 million ($0.17 per share) compared to $20.7 million ($0.11 per share) in the third quarter of 2018.
- Cash and cash equivalents at September 30, 2019 were $118.6 million, an increase of $24.1 million compared to the previous quarter, while working capital was $149.2 million compared to $129.5 million in the previous quarter.

OVERVIEW OF OPERATING RESULTS

Selected Production Results for the Past Eight Quarters

	2019			2018				2017
PRODUCTION HIGHLIGHTS	**Q3(3)(4)**	**Q2**	**Q1**	**Q4**	**Q3(2)**	**Q2(1)**	**Q1**	**Q4**
Ore processed/tonnes milled								
San Dimas	173,679	172,368	163,264	172,641	176,884	85,765	—	—
Santa Elena	229,094	229,761	219,941	221,945	225,873	228,054	223,498	232,575
La Encantada	191,926	207,421	269,611	206,812	196,030	237,862	276,191	198,845
San Martin	—	39,213	62,148	66,924	67,926	74,431	75,374	72,503
La Parrilla	33,439	61,544	72,551	125,751	117,130	123,642	125,114	138,124
Del Toro	27,829	26,587	25,138	56,200	65,323	65,879	79,769	56,753
La Guitarra	—	—	—	—	14,891	35,715	29,829	37,885
Consolidated	**655,967**	**736,896**	**812,654**	**850,272**	**864,056**	**851,349**	**809,775**	**736,684**
Silver equivalent ounces produced								
San Dimas	3,502,102	3,641,139	3,172,270	3,127,871	3,225,352	1,698,382	—	—
Santa Elena	1,859,170	1,461,345	1,403,364	1,587,396	1,475,635	1,407,880	1,543,776	1,653,941
La Encantada	891,205	492,957	723,699	451,244	379,773	327,458	452,420	489,071
San Martin	—	271,450	421,091	511,911	557,746	524,843	574,838	617,879
La Parrilla	258,683	420,712	441,095	563,703	537,986	605,826	615,541	643,799
Del Toro	125,557	122,879	112,158	243,637	427,218	323,714	437,743	369,992
La Guitarra	—	—	—	—	136,605	249,214	255,359	290,654
Consolidated	**6,636,716**	**6,410,483**	**6,273,677**	**6,485,761**	**6,740,315**	**5,137,318**	**3,879,678**	**4,065,336**
Silver ounces produced								
San Dimas	1,639,481	1,603,016	1,404,454	1,367,028	1,445,918	808,923	—	—
Santa Elena	632,216	596,872	587,195	567,754	598,693	535,015	521,784	582,789
La Encantada	885,627	489,194	720,959	449,632	378,983	325,603	449,522	486,514
San Martin	—	224,056	331,539	404,523	438,061	419,815	483,740	514,678
La Parrilla	135,420	202,698	219,485	312,144	330,047	360,862	337,332	401,090
Del Toro	74,997	77,729	67,757	149,734	231,350	167,591	236,478	185,695
La Guitarra	—	—	—	—	82,292	138,454	138,173	166,698
Consolidated	**3,367,740**	**3,193,566**	**3,331,388**	**3,250,816**	**3,505,344**	**2,756,263**	**2,167,030**	**2,337,463**
Cash cost per ounce								
San Dimas	$2.28	$1.64	$0.93	$0.58	($0.40)	$0.24	—	—
Santa Elena	($7.24)	$4.28	$2.81	($1.06)	$5.77	$1.39	($4.74)	($6.93)
La Encantada	$10.72	$16.57	$12.60	$15.60	$21.15	$23.05	$16.93	$15.23
San Martin	$—	$16.52	$11.35	$10.40	$9.78	$9.68	$8.04	$7.55
La Parrilla	$16.27	$14.13	$16.58	$13.80	$16.29	$10.42	$11.02	$11.21
Del Toro	$29.83	$27.29	$27.20	$27.69	$13.07	$18.01	$13.66	$12.53
La Guitarra	$—	$—	$—	$—	$6.99	$12.89	$7.97	$11.20
Consolidated	**$3.83**	**$6.84**	**$6.34**	**$6.06**	**$6.85**	**$7.59**	**$7.83**	**$6.76**
All-in sustaining cost per ounce								
San Dimas	$7.30	$8.49	$5.65	$5.35	$6.74	$5.41	—	—
Santa Elena	($5.17)	$7.73	$6.37	$2.18	$9.03	$6.60	($0.17)	($2.01)
La Encantada	$12.67	$18.87	$13.72	$18.70	$27.25	$30.81	$20.97	$19.20
San Martin	$—	$21.15	$15.67	$13.60	$13.37	$12.49	$9.98	$9.73
La Parrilla	$28.81	$21.61	$25.62	$21.18	$23.34	$16.39	$17.66	$15.28
Del Toro	$39.77	$36.33	$35.89	$37.83	$24.48	$32.08	$20.61	$25.48
La Guitarra	$—	$—	$—	$—	$12.30	$18.11	$15.76	$17.77
Consolidated	**$10.76**	**$14.76**	**$12.91**	**$12.83**	**$15.12**	**$16.43**	**$16.01**	**$14.13**
Production cost per tonne								
San Dimas	$135.71	$142.42	$122.17	$113.66	$105.91	$148.91	—	—
Santa Elena	$57.78	$58.88	$56.53	$54.55	$63.15	$55.97	$54.31	$47.13
La Encantada	$47.86	$38.29	$32.71	$33.20	$40.20	$31.09	$27.00	$36.42
San Martin	$—	$109.51	$80.39	$83.27	$88.15	$72.77	$68.06	$73.14
La Parrilla	$89.40	$75.96	$76.78	$52.47	$58.18	$49.10	$48.12	$48.00
Del Toro	$98.98	$91.89	$95.06	$84.67	$73.50	$69.23	$58.12	$72.77
La Guitarra	$—	$—	$—	$—	$68.47	$83.68	$86.50	$83.61
Consolidated	**$78.87**	**$77.93**	**$66.65**	**$65.31**	**$68.87**	**$61.04**	**$46.88**	**$50.81**

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

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

3) Effective September 2, 2019, the Company has temporarily suspended milling operations at the La Parrilla mine in order to build adequate surface stockpiles to be used during the commissioning phase of the new high-recovery microbubble flotation cells in early 2020.

4) Activities at San Martin have been temporarily suspended since July 1, 2019 due to a growing insecurity in the area and safety concerns for our workforce. The Company is working with authorities to secure the area in anticipation of restarting the operation in early 2020.

Operating Results – Consolidated Operations

CONSOLIDATED	2019-Q3	2019-Q2	2019-Q1	2019-YTD	2018-YTD	Change Q3 vs Q2	Change '19 vs '18
Ore processed/tonnes milled	655,967	736,896	812,654	2,205,517	2,525,180	(11%)	(13%)
Average silver grade (g/t)	181	159	153	164	130	14%	26%
Average gold grade (g/t)	1.76	1.48	1.26	1.49	1.00	19%	49%
Average lead grade (%)	2.22	2.04	1.85	2.01	1.81	9%	11%
Average zinc grade (%)	1.12	1.39	1.22	1.26	0.67	(19%)	88%
Silver recovery (%)	88%	85%	83%	85%	80%	4%	6%
Gold recovery (%)	96%	96%	96%	96%	94%	0%	2%
Lead recovery (%)	64%	62%	67%	64%	63%	3%	2%
Zinc recovery (%)	68%	52%	48%	54%	56%	31%	(4%)
Production							
Silver ounces produced	3,367,740	3,193,566	3,331,388	9,892,695	8,428,636	5%	17%
Gold ounces produced	35,791	33,576	32,037	101,403	76,597	7%	32%
Pounds of lead produced	1,907,305	2,452,803	2,661,088	7,021,196	12,841,078	(22%)	(45%)
Pounds of zinc produced	1,026,739	1,398,922	1,265,438	3,691,100	4,228,844	(27%)	(13%)
Total production - ounces silver equivalent	6,636,716	6,410,483	6,273,677	19,320,876	15,757,310	4%	23%
Cost							
Cash cost per ounce	$3.83	$6.84	$6.34	$5.64	$7.34	(44%)	(23%)
All-In sustaining costs per ounce	$10.76	$14.76	$12.91	$12.78	$15.78	(27%)	(19%)
Total production cost per tonne	$78.87	$77.93	$66.65	$74.06	$59.17	1%	25%
Underground development (m)	11,265	15,531	15,947	42,742	51,585	(27%)	(17%)
Diamond drilling (m)	54,247	54,578	37,716	146,541	179,165	(1%)	(18%)

Production

Total production for the quarter reached 6,636,716 silver equivalent ounces, representing a 4% increase compared to the prior quarter. Total production consisted of 3.4 million ounces of silver, 35,791 ounces of gold, 1.9 million pounds lead and 1.0 million pounds of zinc. By the end of the third quarter of 2019, total production had reached 19.3 million silver equivalent ounces, or approximately 77% of the Company's guidance midpoint of producing 24.4 to 26.0 million silver equivalent ounces in 2019.

Total production increased 4% quarter over quarter due to record production at Santa Elena of 1,859,170 silver equivalent ounces, which was 27% higher than the prior quarter, and a five-year production high at La Encantada consisting of 885,627 silver ounces, an increase of 81% from the prior quarter.

Production at Santa Elena reached a new record as higher gold grades were produced from the Main Vein and higher metallurgical recoveries were achieved following the successful start-up of the new 3,000 tpd high-intensity grinding ("HIG") mill at Santa Elena, which has reached steady state production making it the only operating HIG mill processing mine ore in Latin America.

Total ore processed during the quarter at the Company's mines amounted to 655,967 tonnes, representing an 11% decrease compared to the previous quarter. The decrease in tonnes processed was primarily due to the suspension at San Martin and a decrease in processed ore at La Parrilla following the decision to temporarily halt milling operations in order to build adequate surface stockpiles to be used during the commissioning phase of the new high-recovery microbubble flotation cells in early 2020. The Company plans to use the La Parrilla mill as a research and development facility for microbubble flotation technologies and grinding technologies such as high intensity grinding and SAG/AG milling, while continuing the expanded exploration program into 2020.

Consolidated silver grades in the quarter averaged 181 g/t compared to 159 g/t in the previous quarter. The 14% increase was primarily the result of higher grades at La Encantada, San Dimas, Santa Elena and La Parrilla. Consolidated silver and gold recoveries averaged 88% and 96%, respectively, during the quarter. Consolidated gold grades averaged 1.76 g/t compared to 1.48 g/t in the prior quarter representing a 19% increase due to higher grades from the Main Vein at Santa Elena.

Cash Cost and All-In Sustaining Cost per Ounce

Cash cost per ounce for the quarter was $3.83 per payable ounce of silver, a decrease of 44% from $6.84 per ounce in the second quarter of 2019. The decrease in consolidated cash cost was primarily attributed to increase in by-product credits due to a 44% increase in gold production at Santa Elena and a 13% increase in gold prices over the previous quarter, a reduction of $5.9 million in operating costs due to temporary suspension of activities at the higher cost La Parrilla and San Martin mines, as well as a $1.5 million increase in available Mexican government diesel tax credits recognized compared to the previous quarter.

All-in sustaining cost per ounce ("AISC") in the third quarter decreased 27% to $10.76 compared to $14.76 per ounce in the previous quarter, primarily attributed to a decrease in cash costs as well as reduced sustaining capital expenditures due to the temporary suspension of operations at San Martin and La Parrilla.

Development and Exploration

During the third quarter, the Company completed 11,265 metres of underground development compared to 15,531 metres in the previous quarter due to reduced sustaining capital expenditures due to the temporary suspension of operations at San Martin and La Parrilla.

The Company completed 54,247 metres of diamond drilling during the third quarter. The revised 2019 drilling program of 209,000 metres consists of approximately 135,000 metres of infill and near mine expansionary diamond drilling with a focus on the Main Vein at Santa Elena and the Central and Western Block Veins at San Dimas; and approximately 66,000 metres of brownfield infill and expansionary drilling with a focus at Ermitaño (32,000 metres) and La Parrilla (18,000 metres). The 2019 drill budget also includes approximately 8,300 metres intended to test greenfield targets at Santa Elena and Del Toro.

San Dimas Silver/Gold Mine, Durango, México

The San Dimas Silver/Gold Mine is located approximately 130 km northwest of Durango, Durango State, Mexico and consists of 71,868 hectares of mining claims located in the states of Durango and Sinaloa, Mexico. San Dimas is one of the country's most prominent silver mines and the largest producing underground mine in the state of Durango with over 250 years of operating history. First Majestic acquired the San Dimas mine in May 2018 with the acquisition of Primero Mining Corp. The San Dimas operating plan involves processing ore from an underground mine with a 2,500 tpd capacity milling operation. The mine is accessible via a 40 minute flight from Durango airport to the airstrip in the town of Tayoltita. The Company owns 100% of the San Dimas mine.

San Dimas	2019-Q3	2019-Q2	2019-Q1	2019-YTD	2018-YTD[(1)]	Change Q3 vs Q2	Change '19 vs '18
Total ore processed/tonnes milled	173,679	172,368	163,264	509,311	262,649	1%	94%
Average silver grade (g/t)	315	312	287	305	282	1%	8%
Average gold grade (g/t)	4.00	4.32	4.18	4.16	4.07	(7%)	2%
Silver recovery (%)	93%	93%	93%	93%	95%	0%	(2%)
Gold recovery (%)	97%	96%	96%	96%	97%	1%	(1%)
Production							
Silver ounces produced	1,639,481	1,603,016	1,404,454	4,646,951	2,254,840	2%	106%
Gold ounces produced	21,534	23,082	21,095	65,711	33,259	(7%)	98%
Total production - ounces silver equivalent	3,502,102	3,641,139	3,172,270	10,315,510	4,923,734	(4%)	110%
Cost							
Cash cost per ounce	$2.28	$1.64	$0.93	$1.65	($0.17)	39%	NM
All-In sustaining costs per ounce	$7.30	$8.49	$5.65	$7.21	$6.26	(14%)	15%
Total production cost per tonne	$135.71	$142.42	$122.17	$133.65	$119.95	(5%)	11%
Underground development (m)	5,334	6,254	5,669	17,259	7,741	(15%)	123%
Diamond drilling (m)	19,688	16,683	16,191	52,562	29,846	18%	76%

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

During the third quarter, the San Dimas mine produced 1,639,481 ounces of silver and 21,534 ounces of gold for a total production of 3,502,102 silver equivalent ounces, reflecting a 4% decrease compared to the prior quarter primarily due to lower gold grades. Production at the San Dimas mine was partially affected by a weather related power outage that lasted nine days in July.

During the quarter, the mill processed a total of 173,679 tonnes with average silver and gold grades of 315 g/t and 4.00 g/t, respectively. Silver grades marginally improved 1% while gold grades decreased by 7% compared to the prior quarter, to a level consistent with budget expectations.

Silver and gold recoveries averaged 93% and 97%, respectively, during the quarter which were consistent with the prior quarter.

In the third quarter the cash cost and AISC per ounce were $2.28 and $7.30 per ounce, respectively, compared to $1.64 and $8.49 per ounce in the prior quarter. Overall production costs were consistent quarter over quarter and the increase in cash cost was primarily attributed to slightly lower gold by-product credits due to 7% decrease in gold production compared to the previous quarter.

With the acquisition of Primero, First Majestic renegotiated San Dimas' streaming agreement with Wheaton Precious Metals International Ltd. ("WPM"), which is entitled to receive 25% of the gold equivalent production (based on a fixed exchange ratio of 70 silver ounces to 1 gold ounce) from San Dimas in exchange for ongoing payments equal to the lesser of $600 (subject to a 1% annual inflation adjustment) and the prevailing market price for each gold ounce delivered, with provisions to adjust the gold to silver ratio if the average gold to silver ratio moves above 90:1 or below 50:1, respectively, for a period of six months. During the nine months ended September 30, 2019, the Company delivered 33,169 ounces of gold to WPM at $604 per ounce.

A total of 5,334 metres of underground development was completed in the third quarter, a decrease of 15% compared to the prior quarter, while diamond drilling increased 18% to 19,688 metres from 16,683 metres in the prior quarter. Eight rigs were active during the quarter completing 19,688 metres of drilling in 67 holes.

Santa Elena Silver/Gold Mine, Sonora, México

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

SANTA ELENA	2019-Q3	2019-Q2	2019-Q1	2019-YTD	2018-YTD	Change Q3 vs Q2	Change '19 vs '18
Total ore processed/tonnes milled	229,094	229,761	219,941	678,796	677,425	0%	0%
Underground tonnes							
Tonnes milled	132,437	142,831	136,984	412,252	388,537	(7%)	6%
Average silver grade (g/t)	141	123	121	128	124	15%	3%
Average gold grade (g/t)	3.02	1.89	1.87	2.25	2.46	60%	(9%)
Heap leach tonnes							
Tonnes milled	96,657	86,930	82,957	266,544	288,887	11%	(8%)
Average silver grade (g/t)	32	38	47	39	35	(16%)	11%
Average gold grade (g/t)	0.61	0.64	0.78	0.67	0.63	(5%)	6%
Silver recovery (%)	91%	89%	89%	90%	86%	2%	5%
Gold recovery (%)	96%	94%	95%	95%	95%	2%	0%
Production							
Silver ounces produced	632,216	596,872	587,195	1,816,283	1,655,492	6%	10%
Gold ounces produced	14,154	9,839	9,735	33,728	34,775	44%	(3%)
Total production - ounces silver equivalent	1,859,170	1,461,345	1,403,364	4,723,880	4,427,291	27%	7%
Cost							
Cash cost per ounce	($7.24)	$4.28	$2.81	($0.20)	$1.04	(269%)	(119%)
All-In sustaining costs per ounce	($5.17)	$7.73	$6.37	$2.80	$5.34	(167%)	(48%)
Total production cost per tonne	$57.78	$58.88	$56.53	$57.75	$57.82	(2%)	0%
Underground development (m)	1,943	2,069	2,277	6,289	8,281	(6%)	(24%)
Diamond drilling (m)	16,655	16,465	11,291	44,411	26,961	1%	65%

During the third quarter, Santa Elena produced 632,216 ounces of silver and 14,154 ounces of gold for a total production of 1,859,170 silver equivalent ounces, reflecting an increase of 27% compared to the prior quarter. This significant increase was primarily due to higher gold grades from the Main Vein, as well as improved silver and gold recoveries following the successful installation of the HIG mill.

The mine processed a total of 229,094 tonnes during the quarter, consisting of 132,437 tonnes (or approximately 58% of production) of underground ore and 96,657 tonnes (or approximately 42% of production) from the above ground heap leach pad.

Silver and gold grades from underground ore averaged 141 g/t and 3.02 g/t, respectively an increase of 15% and 60%, respectively, compared to the previous quarter. Silver and gold grades from the above ground heap leach pad averaged 32 g/t and 0.61 g/t, respectively. Silver and gold recoveries averaged 91% and 96%, respectively, both increased by 2% compared to the previous quarter.

Cash cost in the third quarter was negative $7.24 per ounce, compared to $4.28 per ounce in the previous quarter. AISC in the third quarter decreased to negative $5.17 per ounce compared to $7.73 per ounce in the previous quarter. The decrease in cash cost and AISC were primarily attributed to a $9.64 per ounce increase in gold by-product credits pursuant to a 44% increase in gold production and a 13% increase in gold prices, a $1.5 million increase in available Mexican government diesel tax credits recognized in the quarter compared to the previous quarter, as well as a 6% increase in silver production.

The new 3,000 tpd HIG mill reached steady state production during the quarter following a successful ramp up. The total project took less than one year to achieve commercial production and is currently the only operating HIG mill processing mine ore in

Latin America. Quarterly average recovery rates are expected to increase in the fourth quarter with the mill operating for the full period.

In the third quarter, a total of 1,943 metres of underground development was completed compared to 2,069 metres in the previous quarter. During the quarter, four rigs were active at Ermitaño completing 11,293 metres in 42 holes while two underground rigs were active at Santa Elena completing 5,361 metres in 19 holes for a total of 16,655 metres completed compared with 16,465 metres drilled in the previous quarter. In addition, above ground earthwork activities began to prepare the area for the installation of surface facilities and portal construction at Ermitaño.

The Company is expected to release a Preliminary Economic Assessment study and updated Resource estimates on the Ermitaño project in 2020.

In July 2019, the Company acquired additional strategic concessions within the primary land boundaries of the Santa Elena land holdings, known as El Capulin for $0.2 million, adding an additional 400 hectares to its existing substantial land package.

The Santa Elena mine has a gold streaming agreement with Sandstorm Gold Ltd. (“Sandstorm”), which requires the mine to sell 20% of its gold production from the leach pad and a designated area of its underground operations over the life of mine to Sandstorm. The selling price to Sandstorm is currently the lesser of $450 per ounce (subject to a 1% annual inflation increase every April) and the prevailing market price. During the quarter ended September 30, 2019 the Company delivered 2,901 ounces of gold to Sandstorm at an average price of $459 per ounce.

La Encantada Silver Mine, Coahuila, México

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

LA ENCANTADA	2019-Q3	2019-Q2	2019-Q1	2019-YTD	2018-YTD	Change Q3 vs Q2	Change '19 vs '18
Ore processed/tonnes milled	191,926	207,421	269,611	668,958	710,083	(7%)	(6%)
Average silver grade (g/t)	176	110	126	136	90	59%	51%
Silver recovery (%)	82%	66%	66%	72%	56%	23%	29%
Production							
Silver ounces produced	885,627	489,194	720,959	2,095,780	1,154,108	81%	82%
Gold ounces produced	65	43	33	140	70	51%	100%
Total production - ounces silver equivalent	891,205	492,957	723,699	2,107,861	1,159,652	81%	82%
Cost							
Cash cost per ounce	$10.72	$16.57	$12.60	$12.73	$20.04	(35%)	(36%)
All-In sustaining costs per ounce	$12.67	$18.87	$13.72	$14.48	$25.81	(33%)	(44%)
Total production cost per tonne	$47.86	$38.29	$32.71	$38.79	$32.02	25%	21%
Underground development (m)	1,426	1,300	1,426	4,151	5,024	10%	(17%)
Diamond drilling (m)	5,976	5,371	2,279	13,626	18,012	11%	(24%)

During the quarter, La Encantada produced 885,627 silver ounces, representing an 81% increase from the previous quarter, and the highest quarterly production in the past five years. The increase in silver production was primarily due to a 59% increase in silver grades and a 23% increase in silver recoveries.

Silver recoveries averaged 82% during the quarter, the highest recovery rate since acquiring the mine in 2006, due to a revised throughput methodology which included selective stockpiling, focus on finer grinding and a change in the management reporting structure of personnel at the processing plant.

Silver grades during the quarter averaged 176 g/t compared to 110 g/t in the prior quarter. This significant increase was driven by higher grades from the San Javier and La Prieta sub-level caving areas which produced 105,405 tonnes with an average silver grade of 228 g/t.

Cash cost per ounce for the quarter was $10.72 per ounce, a decrease of 35% compared to $16.57 per ounce in the previous quarter, primarily due to higher grades and improved recoveries, partially offset by higher reagent costs. AISC per ounce for the quarter was $12.67 compared to $18.87 in the previous quarter.

A total of 1,426 metres of underground development was completed in the third quarter compared to 1,300 metres in the prior quarter.

Three underground rigs and one surface rig were active during the quarter and completed 5,976 metres of underground drilling compared to 5,371 metres in the previous quarter.

A final redesign report from Hatch, an engineering firm, related to the roaster materials handling system is expected to be delivered to the Company in the coming weeks. During this design analysis, production from the roaster remains suspended until the necessary modifications can be determined and have been completed.

San Martin Silver Mine, Jalisco, México

The San Martin Silver Mine is an underground mine located near the town of San Martin de Bolaños in the Bolaños River valley, in the northern portion of the State of Jalisco, México. San Martin has 33 contiguous mining concessions in the San Martin de Bolaños mining district covering mineral rights for 37,560 hectares, including the application to acquire a new mining concession covering 24,723 hectares. In addition, the mine owns 160 hectares of surface land where the processing plant, camp, office facilities, maintenance shops, and tailings dams are located, and an additional 640 hectares of surface rights. The 1,300 tpd mill and processing plant consists of crushing, grinding and conventional cyanidation by agitation in tanks and a Merrill-Crowe doré production system. The mine can be accessed via small plane, 150 kilometres from Durango, or 250 kilometres by paved road north of Guadalajara, Jalisco. The San Martin Silver Mine is 100% owned by the Company.

SAN MARTIN	2019-Q2	2019-Q1	2019-YTD	2018-YTD	Change '19 vs '18
Ore processed/tonnes milled	39,213	62,148	101,362	217,732	(53%)
Average silver grade (g/t)	197	187	191	220	(13%)
Average gold grade (g/t)	0.46	0.60	0.53	0.64	(17%)
Silver recovery (%)	90%	89%	89%	87%	2%
Gold recovery (%)	93%	93%	93%	89%	4%
Production					
Silver ounces produced	224,056	331,539	555,595	1,341,616	(59%)
Gold ounces produced	543	1,069	1,611	3,954	(59%)
Total production - ounces silver equivalent	271,450	421,091	692,541	1,657,427	(58%)
Cost					
Cash cost per ounce	$16.52	$11.35	$13.45	$9.12	47%
All-In sustaining costs per ounce	$21.15	$15.67	$18.29	$11.88	54%
Total production cost per tonne	$109.51	$80.39	$91.65	$75.93	21%
Underground development (m)	2,783	3,091	5,874	8,857	(34%)
Diamond drilling (m)	7,754	4,863	12,617	22,664	(44%)

In July 2019, the Company temporarily suspended all mining and processing activities at the San Martin operation due to a growing insecurity in the area and safety concerns for our workforce. The Company is working with government authorities to secure the area in anticipation of restarting the operation in early 2020, although the exact date is currently not determinable.

La Parrilla Silver Mine, Durango, México

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

LA PARRILLA	2019-Q3	2019-Q2	2019-Q1	2019-YTD	2018-YTD	Change Q3 vs Q2	Change '19 vs '18
Total ore processed/tonnes milled	33,439	61,544	72,551	167,535	365,886	(46%)	(54%)
Average silver grade (g/t)	169	147	119	139	113	15%	23%
Average lead grade (%)	2.12	2.12	1.76	1.96	1.35	0%	45%
Average zinc grade (%)	2.05	1.99	1.64	1.85	1.58	3%	17%
Silver recovery (%)	75%	70%	79%	75%	77%	7%	(3%)
Lead recovery (%)	64%	59%	69%	64%	74%	8%	(14%)
Zinc recovery (%)	68%	52%	48%	54%	56%	31%	(4%)
Production							
Silver ounces produced	135,420	202,698	219,485	557,603	1,028,241	(33%)	(46%)
Pounds of lead produced	1,005,300	1,708,152	1,946,096	4,659,549	4,734,422	(41%)	(2%)
Pounds of zinc produced	1,026,739	1,398,922	1,265,438	3,691,100	4,228,844	(27%)	(13%)
Total production - ounces silver equivalent	258,683	420,712	441,095	1,120,490	1,759,353	(39%)	(36%)
Cost							
Cash cost per ounce	$16.27	$14.13	$16.58	$15.61	$12.53	15%	25%
All-In sustaining costs per ounce	$28.81	$21.61	$25.62	$24.93	$19.08	33%	31%
Total production cost per tonne	$89.40	$75.96	$76.78	$78.99	$51.67	18%	53%
Underground development (m)	1,422	2,154	2,452	6,027	8,507	(34%)	(29%)
Diamond drilling (m)	6,345	5,112	2,100	13,557	26,985	24%	(50%)

During the quarter, the flotation circuit processed 33,439 tonnes with an average silver grade of 169 g/t and a 75% recovery for a total production of 258,683 silver equivalent ounces.

The lead circuit processed ore with an average lead grade of 2.12% with recoveries of 64% for a total lead production of 1,005,300 pounds, representing a 41% decrease compared to the previous quarter due to lower throughput rates related to the temporary suspension of milling activities in September. The zinc circuit processed an average zinc grade of 2.05% with recoveries of 68% for a total zinc production of 1,026,739 pounds, representing a 27% decrease compared to the previous quarter.

Cash cost in the third quarter was $16.27 per ounce, an increase of 15% compared to $14.13 per ounce in the previous quarter. AISC per ounce in the quarter was $28.81 compared to $21.61 in the previous quarter. The increases in cash cost and AISC per ounce compared to the previous quarter were primarily attributed to the decrease in production and the temporary suspension of milling operations effective September 2, 2019.

The high recovery microbubble project advanced in the third quarter with the installation of the four microcell columns, the electrical power distribution system and a vibratory screen. At the end of September, approximately 75% of the project had been completed.

The Company continues to review toll milling opportunities from third party suppliers and is stockpiling fresh ore to be used during the commissioning phase of the new high-recovery microbubble flotation cells in early 2020. The Company is also evaluating methods to produce a new bulk concentrate from Del Toro to be shipped to La Parrilla's microbubble flotation cells for further processing.

The Company plans to use the La Parrilla mill as a research and development facility for microbubble flotation technologies and grinding technologies such as high intensity grinding and SAG/AG milling, while continuing the expanded exploration program into 2020. The reopening of the underground mine at La Parrilla is not determinable at this time.

A total of 1,422 metres of underground development was completed in the quarter compared to 2,154 metres in the previous quarter. Two underground rigs and two surface rigs were active completing 6,345 metres of exploration drilling in 9 holes, compared to 5,112 metres in the previous quarter. Drilling at La Parrilla changed from a focus on near mine expansionary and infill to brownfield expansionary targets.

Del Toro Silver Mine, Zacatecas, México

The Del Toro Silver Mine is located 60 kilometres to the southeast of the Company's La Parrilla mine and consists of 2,130 hectares of mining concessions and 219 hectares of surface rights. The Del Toro operation represents the consolidation of three historical silver mines, the Perseverancia, San Juan and Dolores mines, which are approximately one and three kilometres apart, respectively. Del Toro includes a 2,000 tpd flotation circuit and a 2,000 tpd cyanidation circuit which is currently in care and maintenance. First Majestic owns 100% of the Del Toro Silver Mine.

DEL TORO	2019-Q3	2019-Q2	2019-Q1	2019-YTD	2018-YTD	Change Q3 vs Q2	Change '19 vs '18
Ore processed/tonnes milled	27,829	26,587	25,138	79,555	210,971	5%	(62%)
Average silver grade (g/t)	115	117	114	115	132	(2%)	(13%)
Average lead grade (%)	2.33	1.87	2.12	2.1	3.0	25%	(30%)
Silver recovery (%)	73%	78%	74%	75%	71%	(6%)	6%
Lead recovery (%)	63%	68%	61%	64%	59%	(7%)	8%
Production							
Silver ounces produced	74,997	77,729	67,757	220,483	635,419	(4%)	(65%)
Pounds of lead produced	902,005	744,651	714,992	2,361,647	8,106,656	21%	(71%)
Total production - ounces silver equivalent	125,557	122,879	112,158	360,594	1,188,676	2%	(70%)
Cost							
Cash cost per ounce	$29.83	$27.29	$27.20	$28.13	$14.59	9%	93%
All-In sustaining costs per ounce	$39.77	$36.33	$35.89	$37.37	$25.04	9%	49%
Total production cost per tonne	$98.98	$91.89	$95.06	$95.37	$66.35	8%	44%
Underground development (m)	1,140	970	1,032	3,143	9,669	18%	(67%)
Diamond drilling (m)	5,583	3,192	993	9,768	20,440	75%	(52%)

During the third quarter, the Del Toro mine produced 74,997 ounces of silver and 902,005 pounds of lead for a total of 125,557 silver equivalent ounces, a 2% increase compared to 122,879 ounces produced in the previous quarter due to a 5% increase in tonnes milled, slightly offset by a 6% decrease in silver recoveries.

Silver grades and recoveries during the quarter averaged 115 g/t and 73%, respectively. Lead grades and recoveries averaged 2.33% and 63%, respectively, producing a total of 0.9 million pounds of lead representing a 21% increase compared to the previous quarter. The increase in lead grade is the result of improvement in stockpile management and blending practices.

Cash cost and AISC per ounce for the quarter were $29.83 and $39.77, respectively, a slight increase compared to $27.29 and $36.33, respectively, per ounce in the previous quarter. The increase was primarily attributed to the decrease in silver ounces produced.

In the third quarter, a total of 1,140 metres of development were completed compared to 970 metres in the second quarter. One surface rig and two underground rigs completed 5,583 metres compared to 3,192 metres of drilling in the previous quarter. Drilling focus has changed from near mine expansionary and infill to brownfield expansionary targets.

La Guitarra Silver Mine, México State, México

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

The La Guitarra milling and mining operations were placed under care and maintenance effective August 3, 2018 and the Company is currently reviewing strategic options including the potential sale of the operation. The Company received the final permit for the new tailings impoundment facility on August 12, 2019 and will continue with remediation programs to prepare the operation for a potential reopening in the future, subject to sufficient improvement in the economic situation to justify a restart of the operation. Ongoing care and maintenance activities include pumping and de-watering of the underground mine, preparation for closure of the tailings dam and water treatment.

OVERVIEW OF FINANCIAL PERFORMANCE

For the quarters ended September 30, 2019 and 2018 (in thousands of dollars, except for per share amounts):

	Third Quarter 2019	Third Quarter 2018	Variance %	
Revenues	**$96,989**	**$88,521**	**10 %**	(1)
Mine operating costs				
Cost of sales	54,994	63,966	(14)%	(2)
Depletion, depreciation and amortization	14,181	24,701	(43)%	(3)
	69,175	88,667	(22)%	
Mine operating earnings (loss)	**27,814**	**(146)**	**NM**	(4)
General and administrative expenses	6,690	5,417	24 %	(5)
Share-based payments	2,326	1,669	39 %	
Mine holding costs	1,968	1,473	34 %	(6)
Foreign exchange loss (gain)	1,821	(2,391)	(176)%	
Operating earnings (loss)	**15,009**	**(6,314)**	**338 %**	
Investment and other income (loss)	4,703	(1,418)	(432)%	(7)
Finance costs	(3,760)	(3,390)	11 %	
Earnings (loss) before income taxes	**15,952**	**(11,122)**	**243 %**	
Current income tax expense (recovery)	1,972	(950)	(308)%	
Deferred income tax expense (recovery)	5,421	(16,076)	(134)%	
Income tax expense (recovery)	7,393	(17,026)	(143)%	(8)
Net Earnings for the period	**$8,559**	**$5,904**	**45 %**	(9)
Earnings per share (basic and diluted)	**$0.04**	**$0.03**	**38 %**	(9)

1. **Revenues** in the quarter increased 10% compared to the same quarter of the previous year primarily attributed to:
   - a 20% increase in ***average realized price per ounce of silver sold*** of $17.63 compared to $14.66 per ounce in the third quarter of 2018, resulting in a $18.3 million increase in revenues;
   - a $0.3 million decrease in smelting and refining costs, primarily attributed to a $0.5 million write-off of outstanding treatment charges owed to Republic Metals Corp. as part of its bankruptcy litigation settlement.

   Partially offset by:
   - a 10% decrease in ***payable equivalent silver ounces sold*** at market prices compared to the same quarter of the prior year, resulting in a decrease in revenues of $10.1 million.

2. **Cost of sales** in the quarter decreased 14% or $9.0 million compared to the same quarter of the previous year as a result of the following factors:
   - a $4.6 million decrease due to temporary suspension of operating activities at the ***San Martin mine***;
   - a $2.2 million decrease at the ***Del Toro mine*** as a result of management's decision to reduce throughput in 2019; and
   - a $1.6 million recovery of inventory loss related to the Republic Metals Corp. bankruptcy litigation settlement.

3. **Depletion, depreciation and amortization** in the quarter decreased $10.5 million or 43% compared to the same quarter of the previous year primarily as a result of:
   - a $5.2 million decrease at the ***La Parrilla mine*** primarily due to the impairment charge taken at the end of 2018 and temporary suspension of milling activities effective September 2, 2019;

- a $1.6 million decrease at the ***Del Toro mine*** as a result of management's decision to reduce throughput in 2019; and
- a $1.3 million decrease due to temporary suspension of operating activities at the ***San Martin mine*** since July 1, 2019***.***

4. **Mine operating earnings** during the quarter increased by $28.0 million to a mine operating earnings of $27.8 million compared to a loss of $0.1 million in the third quarter of 2018 due to the combination of improved metal prices, increase in production at the Santa Elena and La Encantada mines, as well as reductions in cost of sales and depletion, depreciation and amortization attributed to suspension of activities at lower operating margin mines.

5. **General and administrative expenses** increased $1.3 million or 24% compared to the same quarter of 2018, primarily attributed to an increase in salaries and benefits associated with the addition of certain senior positions, incremental general and administrative costs following the acquisition and integration of Primero, and legal costs associated with the Republic Metals Chapter 11 bankruptcy and First Silver litigation recovery efforts.

6. **Mine holding costs** increased by $0.5 million or 34% during the quarter compared to the same quarter of 2018, primarily attributed to the temporary suspension of milling activities at the La Parrilla mine effective September 2, 2019.

7. **Investment and other income** in the quarter increased $6.1 million compared to the same quarter of the prior year, primarily related to:
   - a gain from investment in silver futures derivatives of $1.7 million in the current quarter compared to a loss of $0.5 million in the same quarter of the prior year;
   - a gain on investment in marketable securities of $0.4 million in the current quarter compared to a loss of $1.5 million in the same quarter of the prior year; and
   - an increase in interest and other income of $2.0 million due to an increase in interest income attributed to higher cash and cash equivalent holdings and interest from VAT recoveries.

8. During the quarter, the Company recorded an **income tax expense** of $7.4 million compared to an income tax recovery of $17.0 million in the third quarter of 2018. The increase in income tax expense in the quarter was attributed primarily to an increase in net earnings before taxes, decrease in value of tax loss carryforwards and the foreign exchange impact on the Company's Mexican Peso denominated future income tax liability balances.

9. As a result of the foregoing, **net earnings** for the quarter was $8.6 million (EPS of $0.04) compared to net income of $5.9 million (EPS of $0.03) in the same quarter of the prior year.

For the year to date period ended September 30, 2019 and 2018 (in thousands of dollars, except for per share amounts):

	Year to date 2019	Year to date 2018	Variance %
Revenues	**$267,468**	**$226,801**	**18 %** (1)
Mine operating costs			
Cost of sales	177,113	162,932	9 % (2)
Depletion, depreciation and amortization	48,082	66,742	(28)% (3)
	225,195	229,674	(2)%
Mine operating earnings (loss)	**42,273**	**(2,873)**	**NM** (4)
General and administrative	19,156	15,486	24 % (5)
Share-based payments	6,418	6,432	0 %
Impairment of non-current assets	—	31,660	(100)% (6)
Acquisition costs	—	4,877	(100)% (7)
Mine holding costs	3,170	1,473	46 % (8)
Foreign exchange (gain) loss	(1,296)	190	(782)%
Operating earnings (loss)	**14,825**	**(62,991)**	**124 %**
Investment and other income (loss)	6,634	(1,839)	461 % (9)
Finance costs	(11,207)	(9,648)	16 %
Earnings (loss) before income taxes	**10,252**	**(74,478)**	**114 %**
Current income tax expense	5,936	1,424	317 %
Deferred income tax expense (recovery)	4,844	(36,181)	113 %
Income tax expense (recovery)	10,780	(34,757)	131 % (10)
Net loss for the period	**($528)**	**($39,721)**	**(99)%** (11)
Loss per share (basic and diluted)	**$0.00**	**($0.22)**	**(99)%** (11)

1. **Revenues** in the nine months ended September 30, 2019 increased by 18% compared to the previous year due to the following significant contributors:
   - ***Silver equivalent ounces sold*** increased by 16% compared to the previous year resulting in an increase in revenues of $41.7 million, primarily attributed to the incremental production from nine months of operations at San Dimas compared to five months in the same period of 2018; and
   - ***Smelting and refining*** **costs** decreased from $6.1 million ($0.74 per ounce) to $3.9 million ($0.40 per ounce). The savings in smelting and refining costs per ounce were primarily attributed to a higher volume of doré production from San Dimas and Santa Elena and lower concentrate and treatment charges due to the temporary suspension of activities at La Parrilla. In addition, the Company recorded a $0.5 million write-off of outstanding treatment charges owed to Republic Metals Corp. as part of its bankruptcy litigation settlement.
2. **Cost of sales** in the year increased $14.2 million or 9% compared to 2018 as a result of the following factors:
   - *$*33.5 million increase in cost of sales as a result of full nine months of operations from the ***San Dimas mine***, compared to five months in the same period of 2018;

   Partially offset by:

   - Reduction of $6.1 million in cost of sales pursuant to the ***La Guitarra mine being placed on care and maintenance*** effective August 3, 2018;
   - Reduction of $6.4 million in cost of sales at the ***Del Toro mine*** as a result of management's decision to reduce throughput in order to give the Company more time to drill, develop additional resources and re-engineer the mine plan through 2020;

- Reduction of $5.3 million in cost of sales as a result of suspension of operating activities at the ***San Martin mine*** since July 1, 2019 due to growing insecurity in the area and safety concerns for our workforce;
- Reduction of $3.8 million in cost of sales as a result of temporary suspension of milling activities as previously announced at the ***La Parrilla mine;*** and
- $1.6 million recovery of inventory loss related to Republic Metals Corp. bankruptcy litigation settlement.

3. **Depletion, depreciation and amortization** in the year decreased $18.7 million or 28% compared to the previous year primarily due to:
   - a combined reduction of $20.4 million at the ***Del Toro and La Parrilla mines*** primarily attributed to impairment recognized in the fourth quarter of 2018;
   - a reduction of $4.4 million at the ***La Guitarra mine*** pursuant to the mine being placed on care and maintenance effective August 3, 2018;

   Partially offset by:
   - a $9.1 million increase at the ***San Dimas mine*** as a result of full nine months of operations in the current year.
4. **Mine operating earnings** during the nine months ended September 30, 2019 increased $45.1 million compared to 2018. The increase was primarily attributed to a full nine months of operations from the San Dimas mine, which increased its operating earnings by $21.5 million compared to the same period of the prior year, as well as an increase in production at the Santa Elena and La Encantada mines and reductions in cost of sales and depletion, depreciation and amortization attributed to suspension of activities at lower operating margin mines.
5. **General and administrative expenses** increased $3.7 million or 24% during the year compared to 2018, primarily attributed to an increase in salaries and benefits associated with the addition of certain senior positions, incremental general and administrative costs following the acquisition and integration of Primero, and legal costs associated with the Republic Metals Chapter 11 bankruptcy and First Silver litigation recovery efforts.
6. **Impairment on non-current assets:** decreased $31.7 million during the year compared to 2018, primarily due to the Company's recognition of an impairment loss at La Guitarra in the second quarter of 2018 as a result of management's decision to place the La Guitarra Silver Mine on care and maintenance effective August 3, 2018.
7. **Acquisition costs** in the year decreased $4.9 million relating to due diligence costs and closing fees incurred in connection with the acquisition of Primero Mining Corp. which closed on May 10, 2018.
8. **Mine holding costs** for the year increased to $3.2 million due to nine months of care and maintenance costs incurred for the La Guitarra mine as compared to two months in the prior year since the mine was placed under care and maintenance on August 3, 2018, as well as temporarily halting of milling operations at La Parrilla beginning on September 2, 2019.
9. **Investment and other income** for the year increased $8.5 million compared to the prior year primarily due to:
   - a gain on investment in marketable securities of $0.3 million in the current quarter compared to a loss of $3.8 million in the same period of the prior year;
   - interest and other income increased by $2.8 million due to an increase in interest income attributed to higher cash and cash equivalent holdings and interest from VAT recoveries; and
   - a gain from investment in silver future derivatives of $1.2 million in the current period compared to a loss of $0.5 million in the same period of the prior year.
10. During the nine months ended September 30, 2019, the Company recorded a net **income tax expense** of $10.8 million, compared to an income tax recovery of $34.8 million in 2018. The increase in income tax expense was primarily driven by an increase in net earnings before tax, an $11.2 million income tax recovery on the $31.7 million impairment charge on non-current assets recognized in the previous year, as well as the foreign exchange impact of the Mexican peso on the Company's Mexican peso denominated future income tax liability balances.
11. As a result of the foregoing, **net loss** for the nine months ended September 30, 2019 was $0.5 million (EPS of $0.00), compared to a loss of $39.7 million (EPS of ($0.22)) in the prior year.

SUMMARY OF QUARTERLY RESULTS

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

	2019			2018				2017
Selected Financial Information	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	$96,989	$83,669	$86,810	$74,128	$88,521	$79,687	$58,593	$61,165
Cost of sales	$54,994	$62,772	$59,347	$56,230	$63,966	$59,285	$39,681	$39,309
Depletion, depreciation and amortization	$14,181	$16,691	$17,210	$26,925	$24,701	$22,706	$19,335	$20,454
Mine operating earnings (loss)	$27,814	$4,206	$10,253	($9,027)	($146)	($2,304)	($423)	$1,402
Net earnings (loss) after tax	$8,559	($11,967)	$2,880	($164,443)	$5,904	($40,033)	($5,592)	($56,084)
Earnings (loss) per share - basic	$0.04	($0.06)	$0.01	($0.85)	$0.03	($0.22)	($0.03)	($0.34)
Earnings (loss) per share - diluted	$0.04	($0.06)	$0.01	($0.85)	$0.03	($0.22)	($0.03)	($0.34)

During the third quarter of 2019, mine operating earnings were $27.8 million compared to $4.2 million in the previous quarter. The increase in mine operating earnings was primarily attributed to a 19% increase in average realized silver price as well as decrease in cost of sales and depletion, depreciation and amortization pursuant to temporary suspension of operating activities at the San Martin and La Parrilla mines. Net earnings for the quarter were $8.6 million compared to net loss of $12.0 million in the previous quarter. The increase in net earnings was primarily attributed to $23.6 million increase in mine operating earnings offset by a $2.7 million increase in income tax expense.

LIQUIDITY, CAPITAL RESOURCES AND CONTRACTUAL OBLIGATIONS

Liquidity

As at September 30, 2019, the Company had cash and cash equivalents of $118.6 million, an increase of $61.6 million since December 31, 2018. The Company's cash and cash equivalents primarily comprised of cash held with reputable financial institutions and is invested in cash accounts and in highly liquid short-term investments with maturities of three months or less. The funds are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Working capital as at September 30, 2019 was $149.2 million compared to $108.1 million at December 31, 2018. Total available liquidity at September 30, 2019 was $204.2 million (see page 34), including $55.0 million of undrawn revolving credit facility.

In December 2018, and subsequently amended in August 2019, the Company filed prospectus supplements to the short form base shelf prospectus, pursuant to which the Company may, at its discretion and from time-to-time, sell common shares of the Company for aggregate gross proceeds of up to $100.0 million. The sale of common shares would be made through “at-the-market distributions” ("ATM"), as defined in the Canadian Securities Administrators’ National Instrument 44-102 Shelf Distributions, directly on the New York Stock Exchange.

During the nine months ended September 30, 2019, First Majestic sold 8,039,363 common shares of the Company under the ATM program at an average price of $6.48 per share for gross proceeds of $54.9 million, or net proceeds of $53.1 million after costs.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Cash flow				
Cash generated by operating activities	40,302	230	88,575	16,932
Cash used in investing activities	(28,439)	(33,957)	(85,604)	(86,267)
Cash generated by (used in) financing activities	12,515	(3,461)	58,083	24,754
Increase (decrease) in cash and cash equivalents	**24,378**	**(37,188)**	**61,054**	**(44,581)**
Effect of exchange rate on cash and cash equivalents held in foreign currencies	(293)	332	557	(1,188)
Cash and cash equivalents, beginning of the period	94,539	109,228	57,013	118,141
Cash and cash equivalents, end of period	**$118,624**	**$72,372**	**$118,624**	**$72,372**

The Company's cash flows from operating, investing and financing activities during the nine months ended September 30, 2019 are summarized as follows:

- **Cash provided from operating activities** of $88.6 million, primarily due to:
    - $76.0 million in operating cash flows from operating activities before movements in working capital and taxes;
    - a $21.6 million decrease in value added taxes receivable as the Mexican tax authorities have made good progress in releasing payments to San Dimas filings that were in arrears; and
    - net of $5.4 million in income taxes paid during the period.
- **Cash used in investing activities** of $85.6 million, primarily related to:
    - $56.2 million spent on mine development and exploration activities;
    - $30.4 million spent on purchase of property, plant and equipment;
    - $2.2 million spent on deposits on non-current assets; and
    - net of $2.6 million realized gain on settlement of silver futures.
- **Cash provided from financing activities** of $58.1 million, primarily consists of the following:
    - $53.1 million of net proceeds from the issuance through the ATM;
    - $13.4 million of net proceeds from the exercise of stock options;

  net of:
    - $5.1 million payment of financing costs; and
    - $3.3 million on repayment of lease obligations.

Capital Resources

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

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

The Company is not subject to any externally imposed capital requirements with the exception of complying with banking covenants defined in its debt facilities. As at September 30, 2019 and December 31, 2018, the Company was fully in compliance with these covenants.

Contractual Obligations and Commitments

As at September 30, 2019, the Company’s contractual obligations and commitments are summarized as follows:

	Contractual Cash Flows	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Trade and other payables	$49,069	$49,069	$—	$—	$—
Debt facilities	188,851	4,268	26,616	157,967	—
Equipment financing obligations	10,240	4,769	3,658	1,813	—
Other liabilities	4,204	—	—	—	4,204
Purchase obligations and commitments	12,527	11,827	700	—	—
	$264,891	**$69,933**	**$30,974**	**$159,780**	**$4,204**

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

MANAGEMENT OF RISKS AND UNCERTAINTIES

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

Credit Risk

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

As at September 30, 2019, value added taxes receivable was $38.0 million (2018 - $59.7 million), the majority of the reduction relates to Primero Empresa Minera, S.A. de C.V. ("PEM") due to filings in arrears when First Majestic acquired the entity. Since acquisition, the Company has accelerated its filings and reduced PEM's pre-acquisition VAT receivables to $4.2 million. The Company continues supplying additional information requested by the Servicio de Administración Tributaria (“SAT”) in response to the review process and the Company fully expects the amounts to be refunded in the future.

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

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

Liquidity Risk

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

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

Currency Risk

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

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

								September 30, 2019
	Cash and cash equivalents	**Trade and other receivables**	**Value added taxes receivable**	**Other financial assets**	**Trade and other payables**	**Foreign exchange derivative**	**Net assets (liabilities) exposure**	**Effect of +/- 10% change in currency**
Canadian dollar	$12,848	$46	$—	$2,836	($1,031)	$—	$14,699	$1,470
Mexican peso	10,721	—	29,276	—	(28,976)	55,000	66,021	6,602
	$23,569	**$46**	**$29,276**	**$2,836**	**($30,007)**	**$55,000**	**$80,720**	**$8,072**

For foreign currency hedges, the Company designates certain options contracts to hedge its currency risk, as applicable, and applies a hedge ratio of 1:1 as the underlying risk of the foreign exchange are identical to the hedged risk components. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method whereby the Company compares past changes in the fair value of the forward contracts with changes in the fair value of a hypothetical derivative. The net gain on derivatives designated as cash flow hedges for the nine months ended September 30, 2019 recorded in OCI was $0.2 million (2018 – $nil) which represented the effective portion of the change in fair value of the hedges.

Commodity Price Risk

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

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

					September 30, 2019
	Effect of +/- 10% change in metal prices				
	Silver	**Gold**	**Lead**	**Zinc**	**Total**
Metals subject to provisional price adjustments	$64	$—	$30	$14	$108
Metals in doré and concentrates inventory	173	339	10	—	522
	$237	**$339**	**$40**	**$14**	**$630**

Political and Country Risk

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

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

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

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

Environmental and Health and Safety Risks

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

Claims and Legal Proceedings Risks

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

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

In April 2013, the Company received a positive judgment on the First Silver litigation from the Supreme Court of British Columbia (the "Court"), which awarded the sum of $93.8 million in favour of First Majestic against Hector Davila Santos (the "Defendant"). The Company received a sum of $14.1 million in June 2013 as partial payment of the judgment, leaving an unpaid amount of approximately $59.7 million (CAD$81.5 million). As part of the ruling, the Court granted orders restricting any transfer or encumbrance of the Bolaños Mine by the Defendant and limiting mining at the Bolaños Mine. The orders also require that the Defendant to preserve net cash flow from the Bolaños Mine in a holding account and periodically provide to the Company certain information regarding the Bolaños Mine. There can be no guarantee that the remainder of the judgment amount will be collected, however, the Company is continuing its efforts to pursue recovery through the Mexico Courts. As at September 30, 2019, the Company has not accrued any of the remaining $59.7 million (CAD$81.5 million) unrecovered judgment in favour of the Company.

Primero Tax Rulings

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

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

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

In February 2016, PEM received a legal claim from the SAT seeking to nullify the APA. The legal claim initiated does not identify any different basis for paying taxes. The Company is continuing Primero's effort to vigorously defend the validity of its APA. If the SAT is successful in retroactively nullifying the APA, the SAT may seek to audit and reassess PEM in respect of its sales of silver in connection with the Old Stream Agreement for 2010 through 2014. If the SAT is successful in retroactively nullifying the APA and issuing reassessments, it would likely have a material adverse effect on the Company's results of operations, financial condition and cash flows. PEM would have rights of appeal in connection with any reassessments.

In August and September 2019, as part of the ongoing annual audits of the PEM tax returns, the SAT issued reassessments for the 2010 and 2011 tax years, respectively, in the amount of $26.1 million and $78.3 million inclusive of interest, inflation, and penalties. The key items relate to the view that PEM should pay taxes based on the market price of silver and denial of the deductibility of interest expense and service fees in Mexico. As the Company continues to defend the APA in the Mexican legal proceeding, the APA remains valid and the Company will vigorously dispute any reassessment that has been or may be issued in the future on a basis that assesses taxes on PEM's historical silver revenues that is inconsistent with the APA. Based on the Company's assessments, the Company believes Primero's filings were appropriate and continues to believe its tax filing position based upon the APA is correct and, therefore, no liability has been recognized in the financial statements. Should the Company ultimately be required to pay tax on its silver revenues based on market prices without any mitigating adjustments, the incremental income tax for the years 2010-2018 would be approximately $185.0 million, before interest or penalties.

While the Company continues to vigorously defend the validity of the APA and its transfer pricing position, it is also engaging in dialogue with the SAT seeking to resolve matters and bring tax certainty through a negotiated solution. Since January 1, 2015, PEM has recorded its revenue from the sale of silver for purposes of Mexican tax accounting in a manner consistent with the APA, on the basis that the applicable facts and laws have not changed. The Company's legal and financial advisors continue to believe that the Company has filed its tax returns compliant with applicable Mexican law. Due to the uncertainty in timing of resolution to this matter, which may take more than one year, the Company has classified its income taxes receivable of $18.8 million as non-current as at September 30, 2019 as SAT is not expected to refund PEM's income tax paid until the dispute is resolved.

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

Primero Class Action Suit

In July 2016, Primero and certain of its officers were served with a class action lawsuit that was filed in federal court in the State of California seeking to recover damages for investors in the Company's common shares under the U.S. federal securities laws. Primero filed a motion to dismiss this action which was granted on January 30, 2017. The plaintiff's claims were dismissed without prejudice and the plaintiffs filed an amended complaint on February 27, 2017. On July 14, 2017 the Company's motion to dismiss the amended complaint was granted and the plaintiffs' claims were dismissed without prejudice. Rather than amend the complaint again, the plaintiffs asked the federal court to enter final judgment and initiated an appeal of the dismissal to the U.S. Court of Appeals for the Ninth Circuit Court (the "Ninth Circuit") on September 8, 2017. On September 17, 2019, a majority of the Ninth Circuit affirmed the district ruling dismissing the securities class action suit against Primero. A further petition by the plaintiffs for a rehearing "en banc" (a full rehearing of the appeal by 11 of the 29 judges on the Ninth Circuit) was denied on October 24, 2019. The plaintiffs have 90 days from September 17, 2019 to file a petition for a writ of certiorari with the U.S. Supreme Court ("Cert Petition"). Should the plaintiffs pursue a Cert Petition, it would be at the discretion of the U.S. Supreme Court whether to grant a review of the action. The Company will continue to vigorously defend this class action lawsuit on behalf of Primero. No liability has been recognized in the financial statements.

OTHER FINANCIAL INFORMATION

Share Repurchase Program

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

During the year ended December 31, 2018, the Company repurchased and cancelled 230,000 common shares for a total consideration of $1.3 million through a normal course issuer bid in the open market as approved by the Toronto Stock Exchange. No shares were repurchased during the nine months ended September 30, 2019

Off-Balance Sheet Arrangements

At September 30, 2019, the Company had no material off-balance sheet arrangements such as contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that generate financing, liquidity, market or credit risk to the Company, other than contingent liabilities and vendor liability and interest, as disclosed in this MD&A and the consolidated financial statements and the related notes.

Related Party Disclosures

Amounts paid to related parties were incurred in the normal course of business and measured at the exchange amount, which is the amount agreed upon by the transacting parties and on terms and conditions similar to non-related parties. There were no transactions with related parties outside of the ordinary course of business during the nine months ended September 30, 2019.

Outstanding Share Data

As at the date on which this MD&A was approved and authorized for issue by the Board of Directors, the Company has 204,792,023 common shares issued and outstanding.

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Critical Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformity with IFRS as issued by IASB requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates. With the exception of the adoption of IFRS 16 - *"Leases"* as outlined in Note 2 and Note 3 of the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2019, there were no changes in critical accounting judgments and estimates that were significantly different from those disclosed in the Company's annual MD&A as at and for the year ended December 31, 2018.

NON-GAAP MEASURES

The Company has included certain non-GAAP measures including "Cash costs per ounce", "Production cost per tonne", "All-in sustaining costs per ounce", "Average realized silver price", "Adjusted earnings per share", "Cash flow per share" and "Working capital" to supplement its consolidated financial statements, which are presented in accordance with IFRS. The terms IFRS and generally accepted accounting principles ("GAAP") are used interchangeably throughout this MD&A.

The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-GAAP measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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

Cash costs per ounce and total production cost per tonne are non-GAAP measures used by the Company to manage and evaluate operating performance at each of the Company's operating mining units, and are widely reported in the mining industry as benchmarks for performance, but do not have a standardized meaning and are disclosed in addition to IFRS measures.

All-in sustaining cost ("AISC") is a non-GAAP measure and was calculated based on guidance provided by the World Gold Council ("WGC"). WGC is not a regulatory industry organization and does not have the authority to develop accounting standards for disclosure requirements. Other mining companies may calculate AISC differently as a result of differences in underlying accounting principles and policies applied, as well as differences in definitions of sustaining versus expansionary capital expenditures. AISC is a more comprehensive measure than cash cost per ounce for the Company's consolidated operating performance by providing greater visibility, comparability and representation of the total costs associated with producing silver from its current operations.

The Company defines sustaining capital expenditures as, "*costs incurred to sustain and maintain existing assets at current productive capacity and constant planned levels of productive output without resulting in an increase in the life of assets, future earnings, or improvements in recovery or grade. Sustaining capital includes costs required to improve/enhance assets to minimum standards for reliability, environmental or safety requirements. Sustaining capital expenditures excludes all expenditures at the Company's new projects and certain expenditures at current operations which are deemed expansionary in nature.*"

Expansionary capital expenditure is defined as, "*costs incurred to extend existing assets beyond their current productive capacity and beyond their planned levels of productive output, resulting in an increase in the life of the assets, increasing their future earnings potential, or improving their recoveries or grades which would serve to increase the value of the assets over their useful lives*". Development and exploration work which moves inferred resources to measured or indicated resources and adds to the Net Present Value of the assets is considered expansionary in nature. Expansionary capital also includes costs required to improve/enhance assets beyond their minimum standard for reliability, environmental or safety requirements.

Consolidated AISC includes total production cash costs incurred at the Company's mining operations, which forms the basis of the Company's total cash costs. Additionally, the Company includes sustaining capital expenditures, corporate general and administrative expense, share-based payments, operating lease payments and reclamation cost accretion. AISC by mine does not include certain corporate and non-cash items such as general and administrative expense and share-based payments. The Company believes this measure represents the total sustainable costs of producing silver from current operations, and provides additional information of the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of silver production from current operations, new project and expansionary capital at current operations are not included. Certain other cash expenditures, including tax payments, dividends and financing costs are also not included.

The following tables provide detailed reconciliations of these measures to cost of sales, as reported in notes to our consolidated financial statements.

(expressed in thousands of U.S. dollars, except ounce and per ounce amounts)	Three Months Ended September 30, 2019					
	San Dimas	Santa Elena	La Encantada	La Parrilla	Del Toro	Consolidated
Mining cost	$9,707	$4,216	$1,689	$981	$956	$17,549
Milling cost	5,627	6,610	5,091	1,145	724	19,197
Indirect cost	8,235	2,412	2,404	863	1,075	14,989
Total production cost (A)	**$23,569**	**$13,238**	**$9,184**	**$2,989**	**$2,754**	**$51,734**
Add: transportation and other selling cost	208	40	97	120	39	555
Add: smelting and refining cost	52	58	197	682	117	1,106
Add: environmental duty and royalties cost	190	148	31	13	7	390
Total cash cost before by-product credits (B)	**$24,019**	**$13,484**	**$9,509**	**$3,804**	**$2,917**	**$53,785**
Deduct by-product credits attributed to:						
Gold by-product credits	(20,319)	(18,054)	(55)	(5)	(1)	(38,430)
Lead by-product credits	—	—	—	(979)	(792)	(1,771)
Zinc by-product credits	—	—	—	(781)	—	(781)
Total by-product credits	**($20,319)**	**($18,054)**	**($55)**	**($1,765)**	**($793)**	**($40,982)**
Total cash cost (C)	**$3,700**	**($4,570)**	**$9,454**	**$2,039**	**$2,124**	**$12,803**
Workers' participation	1,205	57	77	66	45	1,549
General and administrative expenses	—	—	—	—	—	6,379
Share-based payments	—	—	—	—	—	2,326
Accretion of decommissioning liabilities	186	51	146	69	54	597
Sustaining capital expenditures	6,710	1,153	1,469	1,395	586	11,781
Operating lease payments	131	42	27	42	23	572
All-In Sustaining Costs (D)	**$11,932**	**($3,267)**	**$11,173**	**$3,611**	**$2,832**	**$36,007**
Payable silver ounces produced (E)	**1,638,661**	**631,584**	**882,085**	**125,401**	**71,247**	**3,348,978**
Tonnes milled (F)	**173,679**	**229,094**	**191,926**	**33,439**	**27,829**	**655,967**
Total cash cost per ounce, before by-product credits (B/E)	**$14.68**	**$21.35**	**$10.78**	**$30.34**	**$40.96**	**$16.07**
Total cash cost per ounce (C/E)	**$2.28**	**($7.24)**	**$10.72**	**$16.27**	**$29.83**	**$3.83**
All-in sustaining cost per ounce (D/E)	**$7.30**	**($5.17)**	**$12.67**	**$28.81**	**$39.77**	**$10.76**
Production cost per tonne (A/F)	**$135.71**	**$57.78**	**$47.86**	**$89.40**	**$98.98**	**$78.87**

(expressed in thousands of U.S. dollars, except ounce and per ounce amounts)	Three Months Ended September 30, 2018							
	San Dimas	**Santa Elena**	**La Encantada**	**San Martin**	**La Parrilla**	**Del Toro**	**La Guitarra**	**Consolidated**
Mining cost	$10,396	$4,831	$1,666	$2,301	$2,643	$1,743	$446	$24,026
Milling cost	3,653	7,120	4,083	2,128	2,574	1,521	215	21,293
Indirect cost	4,686	2,313	2,132	1,559	1,599	1,537	359	14,185
Total production cost (A)	**$18,735**	**$14,265**	**$7,880**	**$5,988**	**$6,816**	**$4,801**	**$1,020**	**$59,504**
Add: transportation and other selling cost	214	169	43	77	153	120	86	913
Add: smelting and refining cost	318	130	81	104	395	189	193	1,410
Add: environmental duty and royalties cost	166	101	12	42	23	16	10	370
Total cash cost before by-product credits (B)	**$19,432**	**$14,664**	**$8,017**	**$6,211**	**$7,387**	**$5,127**	**$1,309**	**$62,198**
Deduct by-product credits attributed to:								
Gold by-product credits	(20,012)	(11,212)	(32)	(1,930)	(233)	7	(763)	(34,175)
Lead by-product credits	—	—	—	—	(898)	(2,261)	—	(3,159)
Zinc by-product credits	—	—	—	—	(1,086)	—	—	(1,086)
Total by-product credits	**($20,012)**	**($11,212)**	**($32)**	**($1,930)**	**($2,217)**	**($2,254)**	**($763)**	**($38,420)**
Total cash cost (C)	**($580)**	**$3,452**	**$7,985**	**$4,281**	**$5,170**	**$2,873**	**$546**	**$23,778**
Workers' participation	2,952	67	78	80	80	68	(40)	3,191
General and administrative expenses	—	—	—	—	—	—	—	5,268
Share-based payments	—	—	—	—	—	—	—	1,669
Accretion of decommissioning liabilities	90	56	69	52	61	53	32	413
Sustaining capital expenditures	7,273	1,825	2,153	1,442	2,096	2,386	424	18,210
All-In Sustaining Costs (D)	**$9,735**	**$5,400**	**$10,285**	**$5,855**	**$7,407**	**$5,380**	**$962**	**$52,529**
Payable silver ounces produced (E)	**1,444,472**	**598,094**	**377,467**	**437,623**	**317,296**	**219,782**	**78,178**	**3,472,913**
Tonnes milled (F)	**176,884**	**225,873**	**196,030**	**67,926**	**117,130**	**65,323**	**14,891**	**864,056**
Total cash cost per ounce, before by-product credits (B/E)	**$13.45**	**$24.52**	**$21.24**	**$14.19**	**$23.28**	**$23.33**	**$16.74**	**$17.91**
Total cash cost per ounce (C/E)	**($0.40)**	**$5.77**	**$21.15**	**$9.78**	**$16.29**	**$13.07**	**$6.99**	**$6.85**
All-in sustaining cost per ounce (D/E)	**$6.74**	**$9.03**	**$27.25**	**$13.37**	**$23.34**	**$24.48**	**$12.30**	**$15.12**
Production cost per tonne (A/F)	**$105.91**	**$63.15**	**$40.20**	**$88.15**	**$58.18**	**$73.50**	**$68.47**	**$68.87**

(expressed in thousands of U.S. dollars, except ounce and per ounce amounts)	Nine Months Ended September 30, 2019						
	San Dimas	Santa Elena	La Encantada	San Martin	La Parrilla	Del Toro	Consolidated
Mining cost	$29,427	$13,513	$5,721	$3,390	$5,097	$2,657	$59,803
Milling cost	15,904	18,987	13,745	3,210	4,671	2,030	58,547
Indirect cost	22,734	6,701	6,480	2,690	3,467	2,901	44,974
Total production cost (A)	**$68,065**	**$39,201**	**$25,946**	**$9,290**	**$13,235**	**$7,587**	**$163,324**
Add: transportation and other selling cost	821	177	219	84	516	126	2,096
Add: smelting and refining cost	786	364	467	142	1,812	370	3,941
Add: environmental duty and royalties cost	537	345	68	52	45	20	1,067
Total cash cost before by-product credits (B)	**$70,209**	**$40,087**	**$26,700**	**$9,568**	**$15,608**	**$8,103**	**$170,428**
Deduct by-product credits attributed to:							
Gold by-product credits	(62,573)	(40,452)	(123)	(2,105)	(42)	(9)	(105,304)
Lead by-product credits	—	—	—	—	(3,990)	(2,203)	(6,193)
Zinc by-product credits	—	—	—	—	(3,467)	—	(3,467)
Total by-product credits	**($62,573)**	**($40,452)**	**($123)**	**($2,105)**	**($7,499)**	**($2,212)**	**($114,964)**
Total cash cost (C)	**$7,636**	**($365)**	**$26,577**	**$7,463**	**$8,109**	**$5,891**	**$55,464**
Workers' participation	5,622	150	235	389	173	54	6,623
General and administrative expenses	—	—	—	—	—	—	17,934
Share-based payments	—	—	—	—	—	—	6,418
Accretion of decommissioning liabilities	558	155	443	178	211	164	1,806
Sustaining capital expenditures	19,499	5,024	2,901	2,037	4,377	1,643	36,113
Operating lease payments	164	113	64	82	79	74	1,199
All-In Sustaining Costs (D)	**$33,479**	**$5,077**	**$30,220**	**$10,149**	**$12,949**	**$7,826**	**$125,557**
Payable silver ounces produced (E)	**4,644,628**	**1,814,467**	**2,087,397**	**555,039**	**519,311**	**209,459**	**9,830,301**
Tonnes milled (F)	**509,311**	**678,796**	**668,958**	**101,362**	**167,535**	**79,555**	**2,205,517**
Total cash cost per ounce, before by-product credits (B/E)	**$15.12**	**$22.09**	**$12.79**	**$17.24**	**$30.06**	**$38.69**	**$17.34**
Total cash cost per ounce (C/E)	**$1.65**	**($0.20)**	**$12.73**	**$13.45**	**$15.61**	**$28.13**	**$5.64**
All-in sustaining cost per ounce (D/E)	**$7.21**	**$2.80**	**$14.48**	**$18.29**	**$24.93**	**$37.37**	**$12.78**
Production cost per tonne (A/F)	**$133.65**	**$57.75**	**$38.79**	**$91.65**	**$78.99**	**$95.37**	**$74.06**

(expressed in thousands of U.S. dollars, except ounce and per ounce amounts)	Nine Months Ended September 30, 2018							
	San Dimas	**Santa Elena**	**La Encantada**	**San Martin**	**La Parrilla**	**Del Toro**	**La Guitarra**	**Consolidated**
Mining cost	$17,278	$13,579	$4,330	$6,391	$7,468	$5,176	$2,430	$56,652
Milling cost	6,444	18,584	12,626	5,746	6,803	4,599	1,621	56,423
Indirect cost	7,783	7,004	5,777	4,397	4,636	4,223	2,537	36,358
Total production cost (A)	**$31,505**	**$39,168**	**$22,733**	**$16,534**	**$18,907**	**$13,998**	**$6,589**	**$149,433**
Add: transportation and other selling cost	307	430	132	303	626	399	368	2,715
Add: smelting and refining cost	465	375	247	289	2,347	1,754	642	6,119
Add: environmental duty and royalties cost	265	336	39	135	85	52	53	965
Total cash cost before by-product credits (B)	**$32,542**	**$40,308**	**$23,147**	**$17,261**	**$21,965**	**$16,203**	**$7,652**	**$159,228**
Deduct: By-product credits attributed to								
Gold by-product credits	(32,924)	(38,585)	(111)	(5,032)	(711)	(1)	(4,364)	(81,728)
Lead by-product credits	—	—	—	—	(4,282)	(7,410)	—	(11,692)
Zinc by-product credits	—	—	—	—	(4,796)	—	—	(4,796)
Total by-product credits	**($32,924)**	**($38,585)**	**($111)**	**($5,032)**	**($9,789)**	**($7,411)**	**($4,364)**	**($98,216)**
Total cash cost (C)	**($382)**	**$1,723**	**$23,036**	**$12,229**	**$12,176**	**$8,792**	**$3,288**	**$61,012**
Workers' participation	3,043	282	244	251	223	224	(24)	4,243
General and administrative expenses	—	—	—	—	—	—	—	14,980
Share-based payments	—	—	—	—	—	—	—	6,432
Accretion of decommissioning liabilities	135	168	205	155	184	158	95	1,100
Sustaining capital expenditures	11,311	6,663	6,179	3,284	5,948	5,914	2,055	43,355
All-In Sustaining Costs (D)	**$14,107**	**$8,836**	**$29,664**	**$15,919**	**$18,531**	**$15,088**	**$5,414**	**$131,122**
Payable silver ounces produced (E)	**2,252,586**	**1,653,837**	**1,149,492**	**1,340,274**	**971,506**	**602,497**	**340,973**	**8,311,166**
Tonnes milled (F)	**262,649**	**677,425**	**710,083**	**217,732**	**365,886**	**210,971**	**80,435**	**2,525,180**
Total cash cost per ounce, before by-product credits (B/E)	**$14.45**	**$24.37**	**$20.14**	**$12.88**	**$22.61**	**$26.89**	**$22.44**	**$19.16**
Total cash cost per ounce (C/E)	**($0.17)**	**$1.04**	**$20.04**	**$9.12**	**$12.53**	**$14.59**	**$9.64**	**$7.34**
All-in sustaining cost per ounce (D/E)	**$6.26**	**$5.34**	**$25.81**	**$11.88**	**$19.08**	**$25.04**	**$15.88**	**$15.78**
Production cost per tonne (A/F)	**$119.95**	**$57.82**	**$32.02**	**$75.93**	**$51.67**	**$66.35**	**$81.92**	**$59.17**

Average Realized Silver Price per Ounce

Revenues are presented as the net sum of invoiced revenues related to delivered shipments of silver doré bars and concentrates, including associated metal by-products of gold, lead and zinc after having deducted refining and smelting charges, and after elimination of intercompany shipments of silver, silver being minted into coins, ingots and bullion products.

The following is an analysis of the gross revenues prior to refining and smelting charges, and shows deducted smelting and refining charges to arrive at the net reportable revenue for the period per IFRS. Gross revenues are divided into payable equivalent silver ounces sold to calculate the average realized price per ounce of silver equivalents sold.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues as reported	**$96,989**	**$88,521**	**$267,468**	**$226,801**
Add back: smelting and refining charges	1,106	1,411	3,941	6,120
Gross revenues	**98,095**	**89,932**	**271,409**	**232,921**
Less: Sandstorm gold revenues	(1,332)	(995)	(3,122)	(3,196)
Less: Wheaton gold revenues	(6,892)	(5,862)	(20,025)	**(8,105)**
Less: Wheaton silver revenues	—	—	—	**(1,953)**
Gross revenues, excluding Sandstorm, Wheaton (A)	**$89,871**	**$83,075**	**$248,262**	**$219,667**
Payable equivalent silver ounces sold	6,141,567	6,528,979	18,384,085	15,782,796
Less: Payable equivalent silver ounces sold to Sandstorm	(248,778)	(178,812)	(589,304)	(564,404)
Less: Payable equivalent silver ounces sold to Wheaton	(796,201)	(683,968)	(2,321,819)	**(1,397,837)**
Payable equivalent silver ounces sold, excluding Sandstorm and Wheaton (B)	**5,096,588**	**5,666,199**	**15,472,962**	**13,820,555**
Average realized price per ounce of silver sold (A/B)[(1)]	**$17.63**	**$14.66**	**$16.04**	**$15.89**
Average market price per ounce of silver per COMEX	$17.02	$15.02	$15.82	$16.12

(1) Average realized price per ounce of silver sold in each reporting period is affected by mark-to-market adjustments and final settlements on concentrate shipments in prior periods. Concentrates sold to third-party smelters are provisionally priced and the price is not settled until a predetermined future date, typically one month after delivery to the customer, based on the market price at that time. The mark-to-market adjustments do not apply to doré sales.

Cash Flow per Share

Cash Flow per Share is determined based on operating cash flows before movements in working capital and income taxes, as illustrated in the consolidated statements of cash flow, divided by the weighted average shares outstanding during the period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating Cash Flows before Working Capital and Taxes	**$34,606**	**$20,699**	**$76,040**	**$50,570**
Weighted average number of shares on issue - basic	203,777,091	193,570,469	200,220,903	180,273,849
Cash Flow per Share	**$0.17**	**$0.11**	**$0.38**	**$0.28**

Adjusted Earnings per Share ("Adjusted EPS")

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Net earnings (loss) as reported	**$8,559**	**$5,904**	**($528)**	**($39,721)**
Adjustments for non-cash or unusual items:				
Deferred income tax expense (recovery)	5,421	(16,076)	4,844	(36,181)
Share-based payments	2,326	1,669	6,418	6,432
(Gain) loss from investment in derivatives and marketable securities	(2,173)	1,529	(1,522)	3,779
(Recovery) write-down of mineral inventory	(616)	605	(2,223)	1,013
Cost recovery related to Republic Metals bankruptcy	(1,600)	—	(1,600)	—
Impairment of non-current assets	—	—	—	31,660
Primero acquisition costs	—	—	—	4,721
Adjusted net earnings (loss)	**$11,917**	**($6,369)**	**$5,389**	**($28,297)**
Weighted average number of shares on issue - basic	203,777,091	193,570,469	200,220,903	180,273,849
Adjusted EPS	**$0.06**	**($0.03)**	**$0.03**	**($0.16)**

Working Capital and Available Liquidity

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

	September 30, 2019	December 31, 2018
Current Assets	$204,615	$166,274
Less: Current Liabilities	(55,409)	(58,137)
Working Capital	**$149,206**	**$108,137**
Available Undrawn Revolving Credit Facility	55,031	55,031
Available Liquidity	**$204,237**	**$163,168**

ADDITIONAL GAAP MEASURES

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

Mine Operating Earnings

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

Operating Cash Flows before Working Capital and Taxes

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

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

The Company's management, with the participation of its President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's CEO and CFO have concluded that, as of September 30, 2019, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

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

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

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

There has been no change in the Company's internal control over financial reporting during the nine months ended September 30, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

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

CAUTIONARY STATEMENTS

Cautionary Note regarding Forward-Looking Statements

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

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

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

Cautionary Note regarding Reserves and Resources

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

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

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

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

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

Additional Information

Additional information on the Company, including the Company’s Annual Information Form and the Company’s audited consolidated financial statements for the year ended December 31, 2018, is available on SEDAR at www.sedar.com and on the Company’s website at www.firstmajestic.com.