

silberinfo im Gespräch

Keith Neumeyer, President and CEO of First Majestic Silver Corp gave silberinfo the following exclusive interview:

silberinfo:

Keith, as you know we have been tracking the development and growth of the company for many years. What goals did you achieve with the company, and which goals did you set for 2010 and in the long term?

K. Neumeyer

Over the past 5 years, the Company has achieved substantial growth in both production and resources/reserves. Looking back; we may have thought the growth would have been quicker, however, compared to many other silver (gold & copper) companies, I think our growth has been exceptional.

2010 is an important year as we're going to experience the result of the past two years of hard work in construction and development. The result of these efforts will result in our production climbing from 4.3 million eqv ounces in 2009 to 6.5 eqv ounces and in 2011 we're expecting that number to be over 7.5 million eqv ounces. These are getting to be big numbers.

Looking ahead into the next 2 to 3 years; our plan is much the same. Continue to build on our existing producing mines and develop other assets we own to bring them on line as producing silver mines as quickly as possible. To this end, we expect our Del Toro Silver Mine to be producing by the end of 2011 and our Real de Catorce Silver Project to be producing by the end of 2012.

silberinfo:

What measures will you take to raise the profile of First Majestic in general and specifically in Germany and Switzerland?

K. Neumeyer

When comparing our market capitalization to other similarly sized companies, I see that US listed mining companies are getting a much higher valuation than those just

listed in Canada. As a result of this phenomenon, I feel it's in our shareholders best interest to focus our promotional efforts on the United States and hopefully achieve a full US listing later this year or early next.

silberinfo:

In Germany the interest for mining stocks has decreased somewhat. Did this occur to First Majestic, and where do you see the reasons for this development?

K. Neumeyer

First Majestic entered Germany in 2005, before most of the other Canadian mining companies arrived. We were able to gain a lot of respect in Germany which resulted in our Company at one point being owned 25% by German speaking shareholders (Germany, Switzerland & Austria). Unfortunately, a rush of smaller less reputable companies began to list in Germany and many German investors began to lose a lot of money.

This unfortunately negatively impacted First Majestic resulting in a significant loss of many of our European shareholders. Today, approximately 10% of First Majestic is owned by German speaking people.

silberinfo:

Would it make sense to have access to the biggest stockmarket and to list First Majestic on the AMEX? And if yes, is this move already planned?

K. Neumeyer

As stated above, we are moving in this direction.

silberinfo:

A few days ago, the production figures from the last quarter of 2009 were published. The silver production could be increased 27%. Which factors made this possible?

K. Neumeyer

The efforts in 2008 & 2009 were focused on expanding each of our three silver mines; the La Encantada, the La Parrilla & the San Martin Silver Mines. Both La Parrilla & San Martin have increased in production rates due to the success in underground development and resulting increased grades going through the mills. As your readers witness, not only did the 4th qtr increase by 27%, but the 1st qtr of 2010 had a further increase of 30%. This increase was primarily due to the La Encantada expansion finally beginning to add ounces to our production.

silberinfo:

Not many German and Swiss Investors are aware of the fact that First Majestic is also a Gold and Lead producer. Could you give us the percentage of the revenue with those metals?

K. Neumeyer

Approximately 90% of our revenues are from the sale of silver, which is very high compared to other silver companies. As a mining company, it's not possible to only produce one metal; unless we elected to throw the rest of the metal into waste. At today's prices, that simply doesn't make sense. Currently, approximately 9% of our revenues are from the sale of lead and around 1% from the sale of gold.

silberinfo:

First Majestic expanded La Encantada very fast. The mine started commercial production in April. Are you on track to reach the full capacity of 3,500 tpd in the coming weeks?

K. Neumeyer

The mill construction was completed in Nov 2009 after 16 months of work. The mill was fully commercialized on April 1st, 2010. This is very fast, but I think it says a lot about our skills building mines. At the time of this interview, the mill was running on average 3000 tpd. We expect it to reach full capacity at 3500 tpd by late May.

silberinfo:

It is well noticed that First Majestic invests a lot of resources in keeping up high social and ecological standards. The company was awarded recently for being a socially responsible business. For La Encantada, new technology was used to recycle the water and reduce the tailings. What are the next steps in this field? Is there a possibility to get some kind of certification from environmental agencies or NGO's that would

allow First Majestic to sell the Silver for jewellery and other applications at a premium (e.g. as "responsibly mined silver")?

K. Neumeyer

We take our responsibilities as a mining company very seriously. First Majestic try's to bring Canadian standards to Mexico and the Company is assisting Mexico in updating its standards to more equally match internationally accepted standards for mining. This is a long term strategy of which ourselves and a few other progressive mining companies in Mexico are pushing. We feel this policy is good for the communities, the environment, the governments and Mexico and First Majestic intends to continue supporting the many social programs we have in place.

In respect to selling jewelry; we are a mining company and our business is to mine and sell metal at a profit. I don't see any time in the near future that we will be selling jewelry, however, it's not out of the question.

silberinfo:

How did the integration of Normabec Mining Resources go?

K. Neumeyer

First Majestic has gone through many growth spurts over the last 5 years. As you know, we have built this business through acquisitions. In the case of Normabec, that acquisition was one of our easier ones. We took on only 5 employees who were all still working at the Real de Catorce project.

silberinfo:

What news can you give our readers regarding Del Toro and Real de Catorce?

K. Neumeyer

In the case of Del Toro; all permits are now in place. We are ready anytime to break ground on a new facility there – which will become our 4th producing silver mine. Final engineering and planning need completion. We are tentatively planning for groundbreaking late in 2010.

At Real de Catorce; more work in exploration and development is required before we make further decisions there. We did buy it expecting it will one day be a producing silver mine, however, it is simply too premature to put a detailed timeline in place.

silberinfo:

Up to now, all projects of First Majestic are located in Mexico. Is it imagineable that this strategy would be changed someday and that you would diversify out of Mexico?

K. Neumeyer

Our plans are to remain in Mexico. We have no current plans to expand into another country.

silberinfo:

In the last years it has become more difficult to hire competent people in the mining business. First Majestic however seems to be blessed with many exceptionally competent people like Ramon Davila, just to mention one example. What is your secret to get this HR edge on many other mining companies?

K. Neumeyer

We pride ourselves with being the only true joint Canadian / Mexican mining company. We look at our relation with our employees as a cooperation for the mutual benefit of Mexico and Canada and our shareholders collectively. What this means is, we use no non Mexican employees in Mexico. All our talent in Mexico are Mexicans. What this policy has done is attract the best mining talent there is in the entire country under one umbrella – that being First Majestic.

silberinfo:

What is your growth strategy going forward? Will you try to become a senior player in the mining business by aquiring a big Silver company or do you prefer to continue the so far very successful strategy of small acquisitions mixed with a strong organic growth? Does it just depend on the different opportunities?

K. Neumeyer

I think you answered your own question. As you know, we have grown by acquisition. Two of our mines were operating when we bought them and our other three properties were all old mines at some time years ago. One is now been reopened and we expect the other two will also be reopened in the next couple years – giving us five producing silver mines.

We have a lot of growth ahead. I can't predict what will happen on the acquisition front, but I can say, we are always watching.

silberinfo:

We follow the bullion program of First Majestic with great interest. Can you tell us how many ounces were sold in 2009 and have been sold up to now in this way (FM Coins and bars)?

K. Neumeyer

This is a fun and exciting area we created around 18 months ago. We never thought our products would get so popular, but they have, and thats great. We supply 1 oz coins, 5 & 10 oz Ingots, 1 kl bars and 50 oz bars to the retail buyer right off our web site. In 2009 we sold 8% of our total production off our web site. In 2010, we expect these sales will amount to 10% of our total production.

silberinfo:

What is the bestseller, the 1 ounce coins or the bars?

K. Neumeyer

The 1 ounce coins in tubes of 20 coins are our most popular product by a long shot.


silberinfo:

Do you have you own private silver reserve? Do you have your own silver products exclusively or are you also fascinated by the classic bullion products?

K. Neumeyer

Our silver in inventory fluctuates quarter over quarter depending on where the ore is in the process of production. There will always be silver in inventory, whether it's in doré, in transit, at the smelter or refinery or at the mint. We try to keep our inventories as low as possible for cash flow purposes.

In respect to other silver products; we are a mining company and our business is to get the silver out of the ground as quickly as possible as cheaply as possible and sell it for a profit.



Mit Silber auf der sicheren Seite!

silberinfo:

What is your personal motivation building mining companies? What are your goals?

K. Neumeyer

My personal reason for building mining companies is, I get great satisfaction from creating employment in impoverished areas of the world.

Often, mining is the only means of a better standard of living for many of these regions of the world. I very much enjoy driving around the towns we're active in to see the positive effects of our investments; the refurbished schools and hospital, the clean streets & sidewalks and new stores. Also, the painted buildings & homes and paved roads and clean water. These things are just not possible without socially responsible mining companies. And I enjoy being a part of this process.

silberinfo:

Maybe you want to use this space to bring your message to the German speaking shareholders...

K.Neumeyer

My message is always the same. We are working diligently to build one of the largest primary silver producers in the world. We have the team to do it. We have a great collection of assets and we operate in a very mining friendly environment.

I expect silver to perform extremely well over the next many years and with First Majestic's growth to date and the future growth expected, I'm sure our shareholders will be very pleased with their investment in our Company.

silberinfo:

Keith, we thank you for your answers and wish you and your family all the best.

