



BOARD OF DIRECTORS' MANDATE

(Adopted by the Board of Directors of First Majestic Silver Corp. (the “**Company**”) with immediate effect on November 28, 2013)

INTRODUCTION

The board of directors (the “**Board**”) of the Company is responsible for the overall stewardship of the Company and its primary objective is to enhance and preserve long-term shareholder value. In pursuing this primary objective and in the performance of its functions, the Board should also take into account the legitimate interests of its other stakeholders, such as its employees and the communities and the environment in which it operates.

The Board is responsible for the management or supervising the management of the Company's business and affairs. In supervising the conduct of the business, the Board, through the Chief Executive Officer (the “**CEO**”), sets the standards of conduct for the Company.

This mandate is prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

COMPOSITION OF THE BOARD

1. Each director must be qualified to serve as a director pursuant to, and meet the requirements of, the *Business Corporations Act* (British Columbia) (the “**Act**”), all applicable securities laws and the rules, instruments, policies, regulations and guidelines of all applicable securities regulatory authorities, including without limitation the securities commissions in each of the provinces of Canada, and all stock exchanges on which the Company's securities are listed, including without limitation the Toronto Stock Exchange and the New York Stock Exchange (collectively, “**Applicable Laws**”).
2. A minimum of two-thirds of directors comprising the Board must qualify as “independent” as determined by Applicable Laws.
3. Nominees for directors are approved by the Board and elected annually at the Company's annual general meeting of shareholders. The Compensation and Nominating Committee selects, reviews and recommends to the Board candidates for director nominees. In selecting, reviewing, and accepting candidates for nomination as directors, as applicable, the Board and the Compensation and Nominating Committee must consider and evaluate the composition of the Board as a whole, including considering and making a determination as to the independence of each director nominee under Applicable Laws, and consider the existence and the impact of any Board Interlocks or Committee Interlocks on director independence and the functioning and independence of the Board as a whole. For the purposes of this Mandate, the term “**Board**

Interlock” means when two or more directors of the Company sit together on the board (or equivalent) of another reporting issuer, and the term “**Committee Interlock**” means when a Board Interlock exists, and in addition, the relevant two or more directors also sit together on a board committee of the Company or the other reporting issuer.

4. No director of the Company may serve as a director (a “**Directorship**”) on a board (or equivalent) of more than five reporting issuers (excluding the Board) without the prior approval of the Board. In determining to recommend or accept, as applicable, a candidate for nomination as a director who holds more than five Directorships, the Board and the Compensation and Nominating Committee must consider whether or not the number of Directorships a nominee holds will prevent such director from devoting sufficient time and resources to his or her duties as a member of the Board.
5. The Company must disclose in its management information circular for each general meeting of shareholders at which directors are nominated for election to the Board, the following:
 - (a) all Board Interlocks, Committee Interlocks and Directorships held by nominee directors;
 - (b) the Board’s judgment as to whether any Board Interlocks or Committee Interlocks exist which could impact the independence of those directors or their ability to act in the best interests of the Company; and
 - (c) if a director nominee holds more than five Directorships, the Board’s judgment as to whether or not such director can devote sufficient time and resources to his or her duties as a member of the Board.
6. During the period between annual shareholder meetings, directors must advise the Compensation and Nominating Committee of their intention to join or be nominated for election to the board (or equivalent) or any committee thereof of another reporting issuer.

ADMINISTRATION, DUTIES AND RESPONSIBILITIES

1. Meetings of the Board

- (a) The Board will meet a minimum of four times per year and may also hold additional meetings as considered necessary.
- (b) Each director of the Company is expected to use all reasonable efforts to attend a minimum of 75% of all regularly scheduled Board and applicable committee meetings, except to the extent that any absence is due to medical or other valid reasons.
- (c) The members of the Board who are “independent” as determined by Applicable Laws may hold *in camera* sessions at each Board meeting.

2. Managing the Affairs of the Board

The Board operates by delegating certain of its responsibilities and authority, including spending authorizations, to management, and by reserving certain powers to itself. Certain of the powers that the Board retains may be delegated to committees of the Board, pursuant to the policies, mandates, charters and terms of reference of such committees as approved by the Board.

The legal obligations of the Board are described below under the heading “*General Legal Obligations of the Board of Directors*”. Subject to these legal obligations and to the Articles of the Company, the Board retains the responsibility for managing its own affairs, including:

- (a) annually reviewing the skills and experience represented on the Board in light of the Company's strategic direction and approving a Board composition plan recommended by the Compensation and Nominating Committee;
- (b) annually, following each annual general meeting of shareholders:
 - (i) electing a Chair of the Board and appointing the President and CEO of the Company,
 - (ii) on the recommendation of the CEO, appointing the senior officers of the Company, and
 - (iii) appointing committees of the Board, including an Audit Committee, Corporate Governance Committee, Compensation and Nominating Committee, and any other standing committee the Board determines is necessary or advisable from time to time, and determining the composition of those committees, within the following parameters:
 - (A) all members of committees of the Board must be "independent" as determined by Applicable Laws; and
 - (B) directors who are also officers of the Company shall not participate in determining the composition of the Compensation and Nominating Committee and no more than 1/3 of the members of that committee may be the CEO or President of another reporting issuer;
- (c) establishing from time to time, as determined necessary or advisable by the Board, special committees of the Board;
- (d) periodically setting and updating (from time to time as determined to be necessary by the Board) the policies, mandates, charters and terms of reference of the committees of the Board, as applicable;
- (e) determining and implementing an appropriate process for assessing the effectiveness of the Board, the Chair of the Board, each committee of the Board and each individual director in fulfilling their respective responsibilities;
- (f) periodically assessing the adequacy and form of director compensation;
- (g) assuming responsibility for the Company's governance practices;
- (h) establishing new director orientation and ongoing director education processes;
- (i) ensuring that the independent directors meet regularly without executive directors and management present;
- (j) to the extent feasible, satisfying itself as to the integrity of the Board as a whole;
- (k) setting the terms of reference for the Board; and
- (l) appointing the secretary to the Board.

3. **Human Resource Matters**

The Board has the responsibility to:

- (a) provide advice and counsel to the CEO in the execution of the CEO's duties;
- (b) appoint and discharge the CEO and plan CEO succession;
- (c) set terms of reference for the CEO;
- (d) annually approve corporate goals and objectives that the CEO is responsible for meeting;
- (e) monitor and, at least annually, review the CEO's performance against agreed upon annual objectives;
- (f) set the CEO's compensation including salary, incentives, benefits and pension plans and review and approve employment or consulting agreements, as applicable, between the Company and the CEO;
- (g) approve the CEO's acceptance of significant public service commitments or outside directorships;
- (h) approve decisions relating to senior management, including:
 - (i) review senior management structure including such duties and responsibilities to be assigned to each of the officers of the Company;
 - (ii) on the recommendation of the CEO, appoint and discharge the officers of the Company;
 - (iii) review compensation plans for senior management including salary, incentives, benefit and pension plans; and
 - (iv) employment contracts, termination and other special arrangements with executive officers;
- (i) to the extent feasible, satisfy itself as to the integrity of the CEO and other senior officers, and that the CEO and other senior officers create a culture of integrity throughout the Company;
- (j) approve certain matters relating to the Company's employees in general, including:
 - (i) the Company's broad compensation strategy and philosophy; and
 - (ii) new benefit programs or material changes to existing programs; and
- (k) ensure succession planning programs are in place, including programs to train and develop management.

4. **Strategy and Plans**

The Board has the responsibility to:

- (a) adopt and periodically review a strategic planning process for the Company;
- (b) participate with management in the development of and annually approve a strategic plan for the Company that takes into consideration, among other things, the risks and opportunities of the business;

- (c) approve annual capital and operating budgets that support the Company's ability to meet its strategic objectives;
- (d) direct management to develop, implement and maintain a reporting system that accurately measures the Company's performance against its business plans;
- (e) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company;
- (f) approve material acquisitions and divestitures;
- (g) conduct periodic reviews of human, technological and capital resources required to implement the Company's strategic plan;
- (h) conduct periodic reviews of the environmental and social, cultural or governmental constraints of the business of the Company; and
- (i) review regularly any recent developments that may affect the Company's business and its strategic plan, and advise management on emerging trends and issues.

5. **Financial and Corporate Matters**

The Board has the responsibility to:

- (a) take reasonable steps to ensure the implementation and integrity of the Company's internal control and management information systems;
- (b) review and approve release by management of any materials reporting on the Company's financial performance or providing guidance on future results to its shareholders;
- (c) ensure the Company's public disclosure is disseminated on a timely and regular basis in accordance with Applicable Law, accurately and fairly reflects the state of affairs of the Company, and is in accordance with generally accepted accounting principles, including quarterly results press releases and quarterly financial statements, any guidance provided by the Company on future results, Company information circulars, annual information forms, annual reports, offering memoranda, prospectuses and registration statements;
- (d) ensure the CEO and CFO certify the Company's annual and interim financial statements, annual and interim MD&A and Annual Information Form, and that the content of the certification meets all legal and regulatory requirements;
- (e) declare dividends if and when the Board deems it to be appropriate;
- (f) approve financings, issuances and repurchases of shares, issuances of debt securities, listings of shares and other securities, issuances of commercial paper, and related offering memoranda, prospectuses or registration statements; and recommend changes in the Company's authorized share capital to shareholders for their approval;
- (g) approve the incurrence of any material debt by the Company outside the ordinary course of business;
- (h) approve the commencement or settlement of litigation that may have a material impact on the Company; and

- (i) recommend to the Company's shareholders the appointment of external auditors and, if so authorized by the Company's shareholders, approve auditors' fees.

6. **Business and Risk Management**

The Board has the responsibility to:

- (a) ensure management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks;
- (b) evaluate and assess information provided by committees of the Board, management and others about principal risks of the Company's business and the effectiveness of risk management systems in place;
- (c) approve any plans to hedge mineral sales; and
- (d) review the adequacy of security of information, information systems and recovery plans.

7. **Corporate Communications and Compliance Reporting**

The Board has the responsibility to:

- (a) ensure the Company has in place effective communication processes with shareholders, management, employees and other stakeholders and financial, regulatory and other recipients;
- (b) ensure all communications with shareholders and information otherwise disseminated by the Company adheres to the requirements of the Company's Disclosure of Information, Confidentiality and Restrictions on Trading Policy;
- (c) ensure the Board has measures in place to receive feedback from shareholders;
- (d) approve interaction with shareholders on all items requiring shareholder response or approval;
- (e) ensure timely reporting of any other developments that have a significant and material effect on the Company in accordance with Section 5(b)-(d) above, as applicable; and
- (f) report annually to the shareholders on the Board's stewardship for the preceding year.

8. **Company Policies**

The Board has the responsibility to:

- (a) direct management to ensure the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (b) approve and monitor, through management, compliance with all significant policies and procedures that govern the Company's operations; and
- (c) approve and periodically review the following:
 - (i) the Company's Code of Ethical Conduct;
 - (ii) the Company's Whistle Blower Policy;

- (iii) the Company's Disclosure of Information, Confidentiality and Restrictions on Trading Policy; and
- (iv) the Company's policies with respect to corporate social responsibility and environmental health and safety.

GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

1. The Board is responsible for the management of or supervising the management of the business and affairs of the Company and directing management to ensure legal requirements have been met and documents and records have been properly prepared, approved and maintained.
2. The Act requires that each director:
 - (a) acts honestly and in good faith with a view to the best interests of the Company, including the duty:
 - (i) to disclose conflicts of interest;
 - (ii) not to appropriate or divert corporate opportunities;
 - (iii) to maintain confidential information of the Company and not use such information for personal benefit; and
 - (iv) to disclose information vital to the business of the Company in the possession of a director;
 - (b) exercises the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances; and
 - (c) acts in accordance with the Act and the Company's Articles.

EFFECTIVE DATE

This Mandate was approved and adopted by the Board on November 28, 2013 (the "**Effective Date**") and is and shall be effective and in full force and effect in accordance with its terms and conditions from and after such date.

GOVERNING LAW

This Mandate shall be interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in that province.

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Certified on November 28, 2013 by Connie Lillico, in her capacity as Corporate Secretary of First Majestic Silver Corp., as adopted by the board of the directors of First Majestic Silver Corp. on November 28, 2013.

"signed"

Connie Lillico
Corporate Secretary