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## **First Majestic Turns The Key At Del Toro, Ushering In A New Era For The World's Fastest Growing Silver Company**

*By Ryan Jackson in Vancouver*

**The title of the fastest growing silver producer in the world is a distinction which [First Majestic](#) intends to hold on to.**

After producing a record 9.1 million silver equivalent ounces in 2012, the company has recently commissioned its fifth operating mine, Del Toro, in Zacatecas State, Mexico.

The new addition should give [First Majestic](#) the horsepower to continue to deliver a 35 per cent compound annual growth rate and help it along the way to becoming the industry's next senior producer.

Del Toro has been some time in the making. Soon after acquiring the properties which now make up the Del Toro project back in 2004 and 2005, the company got to work, employing a time tested technique for exploration in Mexico: following up on historical workings.

"I'm a big believer that where there's an ancient mine, there's more metal", says Keith Neumeyer, chief executive of [First Majestic](#). "That's been our business plan right from the beginning when we put [First Majestic](#) together in 2003."

Two historical mines on the property were especially alluring - San Juan and Perseverancia. San Juan is believed to be the oldest mine in the district, possibly dating back 500 years. With the historical workings identified, as well as other zones of interest, Del Toro was drilled out from 2005 to 2008 resulting in a NI 43-101 report in 2008 which proved up 56 million ounces.

In 2008 though, the financial tide changed and all drilling across the board at [First Majestic](#) came to a halt, from 21 active drilling rigs to zero in one month. "When the end of 2008 came along, and the financial world was seemingly coming to an end, we started pulling all the drill rigs off of our properties", says Keith. "We didn't drill again until the third quarter of 2010."

But after two years in stasis, the drills did start turning again and in the two years that followed a great deal of exploration data was generated, culminating in a resource update in the summer of 2012.

The NI 43-101 resource at Del Toro now stands at 158.3 million silver equivalent ounces, of which 76.5 million ounces resides in the measured and indicated categories. What's more, the average measured and indicated silver grade stands at a healthy 175 grams per tonne.

Meanwhile, a series of NI 43-101 technical reports were released outlining a plan to build the company's most ambitious operation yet, a 4,000 tonne per day dual cyanidation/flotation operation.

At full throttle, which is anticipated in third quarter of 2014, silver equivalent production at Del Toro is expected to reach 7.2 million ounces per year, at a cash cost of US\$35.00 per tonne, or US\$7.05 an ounce.

The initial capital expense of US\$124.2 million to get there stacks up favourably when set against projects being developed by [First Majestic](#)' peers. Of note are the US\$302 million price tag for MAG Silver's Juanicipio project and the US\$405 million price tag for Tahoe's Escobal project.

For its US\$124.2 million [First Majestic](#) will have a project with a after tax net present value of US\$191.1 million with an internal rate of return of 49 per cent that's likely to achieve payback in 3.5 years.

So, by the end of 2014, Del Toro should be pumping out US\$59.4 million in operating cash flow adding to the company's already impressive operational cash flow figures.

The first phase of production was ushered in on January 23, 2013 at a ceremony attended by around 250 people including several Mexican Federal, State and Municipal authorities, most notably, Governor Reyes of Zacatecas.

It's no accident that [First Majestic](#) enjoys strong government and community support. In the adjacent state of Durango the company has distinguished its self as being the largest employer in the city of Durango as well as the largest taxpayer in the state.

In addition, during the summer of 2012, [First Majestic](#) stood out from the crowd though its highly proactive water management techniques. These not only ensured steady production during a critical drought but also rescued the town of San Martin de Bolanos, located nearby [First Majestic](#)'s San Martin mine, through the construction of an emergency water pipeline when the local river ran dry.

Production is currently underway using the flotation circuit of the Del Toro plant at 1,000 tonnes per day to process 97,700 tonnes of stockpiled ore which was accumulated during the underground development of the three mines which comprise the Del Toro. As the ramp up continues, commercialization is expected to be achieved by the start of April.

Meanwhile, plans are now well advanced for phase two of production, which will include the addition of a 1,000 tonne per day cyanidation circuit. Phase two start-up is expected by July,

at which time, the mill is expected to be running at a combined throughput rate of 2,000 tonnes per day.

From there, stage three of production will take Del Toro to its full planned throughput level of 4,000 tonnes per day (2,000 through flotation and 2,000 through cyanidation) by the third quarter of 2014.

“At that level”, Keith explains, “it will be producing around six million ounces of silver a year making it our largest mine.”

So with Del Toro commissioned and ramping up, [First Majestic](#) is on track to achieve a target Keith has had in his crosshairs for a long time - to produce 10 million ounces of silver in a single year.

Looking further down the line, the company has a number of exciting projects coming down the pipeline. Of particular note is the La Preciosa silver project which is one of the largest undeveloped primary silver deposits globally and is located only a short drive from the company’s operational mines.

[First Majestic](#) entered into a definitive agreement to take over Orko Silver and acquire the La Preciosa late in 2012. While a coming preliminary economic assessment will lay out [First Majestic](#)’s plans for La Preciosa, at this stage the company believes that the mine will eventually eclipse even the 4,000 tonne per day Del Toro mine and become [First Majestic](#)’s largest scale operation.

“Right now our focus is on Del Toro but I think you can expect the primary cash burn to happen in 2015 for La Preciosa. 2013 will be a year of permitting and final planning. 2014 will be a year of getting the mine prepared for construction and 2015 will be final preparation and construction, with production probably coming on line sometime in 2016”, says Keith.