



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(UNAUDITED)



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.

A handwritten signature in black ink, appearing to read 'Keith Neumeyer', with a large, stylized flourish at the end.

Keith Neumeyer
President & CEO
May 3, 2023

A handwritten signature in black ink, appearing to read 'David Soares', with a large, stylized flourish at the end.

David Soares, CPA, CA
Chief Financial Officer
May 3, 2023

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**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**

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 March 31,	
	Note	2023	2022
Revenues	<u>5</u>	\$156,952	\$156,838
Mine operating costs			
Cost of sales	<u>6</u>	123,868	111,213
Cost of sales - standby costs	<u>6</u>	5,078	—
Depletion, depreciation and amortization ⁽¹⁾		34,429	30,556
		163,375	141,769
Mine operating (loss) earnings		(6,423)	15,069
General and administrative expenses	<u>7</u>	8,448	10,282
Share-based payments		4,629	4,822
Mine holding costs	<u>8</u>	3,789	3,165
Impairment of non-current asset	<u>18</u>	125,200	—
Loss on sale of mining interest	<u>14</u>	1,378	—
Foreign exchange gain		(5,643)	(709)
Operating loss		(144,224)	(2,491)
Investment and other income	<u>9</u>	3,225	2,632
Finance costs	<u>10</u>	(5,623)	(4,590)
Loss before income taxes		(146,622)	(4,449)
Income taxes			
Current income tax expense		65	11,492
Deferred income tax recovery		(46,027)	(23,226)
		(45,962)	(11,734)
Net (loss) earnings for the period		(\$100,660)	\$7,285
(Loss) earnings per common share			
Basic	<u>11</u>	(\$0.37)	\$0.03
Diluted	<u>11</u>	(\$0.37)	\$0.03
Weighted average shares outstanding			
Basic	<u>11</u>	274,220,112	260,199,875
Diluted	<u>11</u>	274,220,112	262,590,216

(1) Depreciation, depletion and amortization is made up of \$19.1 million for mining interests, \$16.0 million for property, plant and equipment, general and administrative items, and non-cash inventory changes of (\$0.6) million.

Approved and authorized by the Board of Directors for issuance on May 3, 2023



Keith Neumeyer, Director



Colette Rustad, Director

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**

Condensed Interim Consolidated Financial Statements - Unaudited

(In thousands of US dollars, except share and per share amounts)

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 March 31,	
		2023	2022
Net (loss) earnings for the period		(\$100,660)	\$7,285
Other comprehensive earnings			
Items that will not be subsequently reclassified to net loss:			
Unrealized gain on fair value of investments in marketable securities, net of tax	13(b)	2,479	1,315
Realized gain on investments in marketable securities, net of tax	13(b)	—	234
Other comprehensive earnings		2,479	1,549
Total comprehensive (loss) earnings		(\$98,181)	\$8,834

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**

Condensed Interim Consolidated Financial Statements - Unaudited

(In thousands of US dollars)

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 March 31,	
	Note	2023	2022
Operating Activities			
Net (loss) earnings for the period		(\$100,660)	\$7,285
Adjustments for:			
Depletion, depreciation and amortization		34,819	30,957
Share-based payments		4,253	4,822
Income tax recovery		(45,962)	(11,734)
Finance costs	10	5,623	4,590
Unrealized gain from marketable securities and silver futures derivatives		(2,217)	(2,342)
Loss on sale of mining interest	14	1,378	—
Impairment of non-current asset	18	125,200	—
Other		(579)	1,750
Operating cash flows before non-cash working capital and taxes		21,855	35,328
Net change in non-cash working capital items	25	(10,445)	(26,839)
Income taxes paid		(16,080)	(27,473)
Cash used in operating activities		(4,670)	(18,984)
Investing Activities			
Expenditures on mining interests		(40,977)	(32,028)
Acquisition of property, plant and equipment		(8,472)	(6,296)
Deposits paid for acquisition of non-current assets		(2,848)	(4,040)
Other	25	—	2,585
Cash used in investing activities		(52,297)	(39,779)
Financing Activities			
Proceeds from prospectus offering, net of share issue costs	23(a)	14,392	13,239
Proceeds from exercise of stock options		318	2,185
Repayment of lease liabilities	22	(3,426)	(3,020)
Finance costs paid		(1,374)	(252)
Dividends declared and paid	23(g)	(1,480)	—
Cash provided by financing activities		8,430	12,152
Effect of exchange rate on cash and cash equivalents held in foreign currencies		1,873	1,486
Decrease in cash and cash equivalents		(48,537)	(46,611)
Cash and cash equivalents, beginning of the year		151,438	237,926
Cash and cash equivalents, end of period		\$104,774	\$192,801
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**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2023 AND DECEMBER 31, 2022**

Condensed Interim Consolidated Financial Statements - Unaudited

(In thousands of US dollars)

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	March 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		\$104,774	\$151,438
Trade and other receivables		6,814	8,598
Value added taxes receivable	24(c)	34,950	32,618
Inventories	12	71,054	64,761
Other financial assets	13	69,288	34,528
Prepaid expenses and other		9,940	5,617
Assets held-for-sale	14	28,551	72,729
Total current assets		325,371	370,289
Non-current assets			
Mining interests	15	984,811	1,061,124
Property, plant and equipment	16	415,486	451,335
Right-of-use assets	17	29,840	26,649
Deposits on non-current assets		8,381	6,003
Non-current restricted cash	19	131,062	125,193
Non-current value added taxes receivable	24(c)	13,216	12,354
Deferred tax assets		75,436	57,062
Total assets		\$1,983,603	\$2,110,009
Liabilities and Equity			
Current liabilities			
Trade and other payables	20	\$114,405	\$115,120
Unearned revenue	5	1,256	3,383
Current portion of debt facilities	21	306	551
Current portion of lease liabilities	22	16,633	13,827
Liabilities relating to assets held-for-sale	14	6,312	16,278
Income taxes payable		1,879	18,240
Total current liabilities		140,791	167,399
Non-current liabilities			
Debt facilities	21	212,059	209,811
Lease liabilities	22	26,114	23,756
Decommissioning liabilities		150,766	149,017
Other liabilities		6,737	5,655
Non-current income taxes payable		22,034	20,605
Deferred tax liabilities		94,502	122,468
Total liabilities		\$653,003	\$698,711
Equity			
Share capital		1,797,735	1,781,280
Equity reserves		103,901	98,914
Accumulated deficit		(571,036)	(468,896)
Total equity		\$1,330,600	\$1,411,298
Total liabilities and equity		\$1,983,603	\$2,110,009
Commitments (Note 15); Contingencies (Note 26); Subsequent event (Note 27)			

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

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					Total equity
	Shares	Amount	Share-based payments ^(a)	Other comprehensive income(loss) ^(b)	Equity component of convertible debenture ^(c)	Total equity reserves	Accumulated deficit	
Balance at December 31, 2021	260,050,658	\$1,659,781	\$101,385	(\$6,387)	\$3,945	\$98,943	(\$347,753)	\$1,410,971
Net earnings for the period	—	—	—	—	—	—	7,285	7,285
Other comprehensive income	—	—	—	1,549	—	1,549	—	1,549
Total comprehensive income	—	—	—	1,549	—	1,549	7,285	8,834
Share-based payments	—	—	4,822	—	—	4,822	—	4,822
Prospectus offerings (Note 23(a))	1,000,000	13,239	—	—	—	—	—	13,239
Exercise of stock options (Note 23(b))	268,641	3,210	(1,025)	—	—	(1,025)	—	2,185
Settlement of restricted share units (Note 23(c))	64,759	847	(847)	—	—	(847)	—	—
Dividend declared and paid (Note 23(g))	—	—	—	—	—	—	(2,056)	(2,056)
Balance at March 31, 2022	261,384,058	\$1,677,077	\$104,335	(\$4,838)	\$3,945	\$103,442	(\$342,524)	\$1,437,995
Balance at December 31, 2022	272,577,979	\$1,781,280	\$110,895	(\$15,926)	\$3,945	\$98,914	(\$468,896)	\$1,411,298
Net loss for the period	—	—	—	—	—	—	(100,660)	(100,660)
Other comprehensive income	—	—	—	2,479	—	2,479	—	2,479
Total comprehensive loss	—	—	—	2,479	—	2,479	(100,660)	(98,181)
Share-based payments	—	—	4,253	—	—	4,253	—	4,253
Shares issued for:								
Prospectus offerings (Note 23(a))	1,719,634	14,392	—	—	—	—	—	14,392
Exercise of stock options (Note 23(b))	50,000	478	(160)	—	—	(160)	—	318
Settlement of restricted and deferred share units (Note 23(c) and 23(e))	144,085	1,585	(1,585)	—	—	(1,585)	—	—
Dividend declared (Note 23(g))	—	—	—	—	—	—	(1,480)	(1,480)
Balance at March 31, 2023	274,491,698	\$1,797,735	\$113,403	(\$13,447)	\$3,945	\$103,901	(\$571,036)	\$1,330,600

- (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, deferred 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") of financial instruments and re-measurements arising from actuarial gains or losses and return on plan assets in relation to San Dimas' retirement benefit plan.
- (c) Equity component of convertible debenture reserve represents the estimated fair value of its conversion option of \$42.3 million, net of deferred tax effect of \$11.4 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.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Consolidated Financial Statements - Unaudited

(Tabular amounts are expressed in thousands of US dollars)

1. NATURE OF OPERATIONS

First Majestic Silver Corp. (the “Company” or “First Majestic”) is in the business of production, development, exploration, and acquisition of mineral properties with a focus on silver and gold production in North America. The Company owns three producing mines in Mexico consisting of the San Dimas Silver/Gold Mine, the Santa Elena Silver/Gold Mine and the La Encantada Silver Mine and the Jerritt Canyon Gold Mine in Nevada, USA. The Jerritt Canyon Gold Mine has been placed on temporary suspension as of March 20, 2023 to focus on exploration, definition, and expansion of the mineral resources and optimization of mine planning and plant operations. In addition, the Company owns three mines in suspension: the San Martin Silver Mine, the Del Toro Silver Mine, the La Parrilla Silver Mine and several exploration stage projects. As at March 31, 2023 the La Parrilla Silver Mine was classified as an asset held-for-sale (Note [14](#)).

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*” of the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). 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, 2022, 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 [24](#)) and marketable securities (Note [13](#)). 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, 2022 except as outlined in Note [3](#).

3. MATERIAL 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 months ended March 31, 2023, the Company applied the accounting policies, critical judgments and estimates disclosed in Note 3 of its audited consolidated financial statements for the year ended December 31, 2022 and the following accounting policies, critical judgments and estimates in applying accounting policies:

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Consolidated Financial Statements - Unaudited

(Tabular amounts are expressed in thousands of US dollars)

3. MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Assets and liabilities held-for-sale:

Accounting Policy:

A non-current asset or disposal group of assets and liabilities ("disposal group") is classified as held-for-sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and when the following criteria are met:

(i) The non-current asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; and

(ii) The sale of the non-current asset or disposal group is highly probable. For the sale to be highly probable:

- The appropriate level of management must be committed to a plan to sell the asset or disposal group;
- An active program to locate a buyer and complete the plan must have been initiated;
- The non-current asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale (with certain exceptions); and
- Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets and disposal groups are classified as held for sale from the date these criteria are met and are measured at the lower of the carrying amount and fair value less costs to sell ("FVLCTS"). If the FVLCTS is lower than the carrying amount, an impairment loss is recognized in net earnings. Upon classification as held for sale, non-current assets are no longer depreciated.

Significant estimates and judgements:

In determining the probability of the sale being completed within a year, management has considered a number of factors including necessary approvals from management, the Board of Directors, regulators and shareholders.

Critical Judgements and Estimates

Investments in Associates and Joint Ventures

Judgement is needed to assess whether the Company's interest in an investee meets the definition of having significant influence and therefore requires to be accounted for under the equity method.

In making a judgement of whether the Company has significant influence over the entity, management has evaluated the ownership percentage as well as other qualitative factors including but not limited to representation on the Board of Directors, participation in operational or financial policy-making processes, material transactions between the Company and the investee, interchange of managerial personnel, provision of technical information and the nature of potential voting rights.

As part of this assessment, management has considered that until such time that First Majestic holds less than 19.9% of the outstanding shares, the Company has agreed to vote in the manner recommended by the Board of Directors of Sierra Madre.

Based on the qualitative factors noted above, the restrictions imposed on voting rights, and the lack of rights to have or appoint members to the Board, the Company has determined that significant influence does not exist despite holding a 48% interest in Sierra Madre Gold and Silver Ltd. The Company began accounting for the shares received from Sierra Madre as an equity security at FVTOCI.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Consolidated Financial Statements - Unaudited

(Tabular amounts are expressed in thousands of US dollars)

3. MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Critical Judgements and Estimates (continued)

Impairment of non-current asset

Once an indicator of impairment is identified, significant judgement is required to determine the recoverable amounts of the Company's mining interests. Following the recent temporary suspension of operations at Jerritt Canyon, the Company has determined that there was an indicator of impairment. The Company determined that the value of the CGU can be estimated using the market approach, based on the implied value per in-situ ounce of the property, rather than from the future cash flows from continuing operations.

In estimating the fair value less costs of disposal ("FVLCD"), the Company took into account the consideration paid in recent transactions for comparable Companies and benchmarked the value per in-situ ounce at Jerritt Canyon against these transactions. The Company concluded that the resulting measurement is more representative of the fair value of the CGU in the circumstances existing at the end of the current period.

New and amended IFRS standards that are effective for the current year:

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The International Accounting Standards Board ("IASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments were applied effective January 1, 2023 and did not have a material impact on the Company's consolidated financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Consolidated Financial Statements - Unaudited

(Tabular amounts are expressed in thousands of US dollars)

3. MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

New and amended IFRS standards that are effective for the current year (continued)

[Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates](#)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty.”

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments were applied effective January 1, 2023 and did not have a material impact on the Company's consolidated financial statements.

[Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction \(Amendments to IAS 12\)](#)

The amendments clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and decommissioning liabilities. The amendments were applied effective January 1, 2023 and did not have a material impact on the Company's consolidated financial statements.

Future Changes in Accounting Policies Not Yet Effective as at March 31, 2023

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective. Management does not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Group in future periods, except if indicated.

[Classification of Liabilities as Current or Non-Current with Covenants \(Amendments to IAS 1\)](#)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

In addition, the amendment requires entities to disclose information to enable users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2024, with early application permitted. This amendment is not expected to have a material impact on the Company's consolidated financial statements.

[Lease Liability in a Sale and Leaseback \(Amendments to IFRS 16\)](#)

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 although earlier application is permitted. This amendment is not expected to have a material impact on the Company's financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Consolidated Financial Statements - Unaudited

(Tabular amounts are expressed in thousands of US dollars)

4. SEGMENTED INFORMATION

All of the Company's operations are within the mining industry and its major products are precious metals doré which are refined or smelted into pure silver and gold 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 months ended March 31, 2023, the Company's significant reporting segments includes its three operating mines in Mexico, the Jerritt Canyon Gold Mine in Nevada, United States and its "non-producing properties" in Mexico which include the La Parrilla, Del Toro and San Martin, which have been placed on suspension. The Jerritt Canyon Gold Mine has been placed on temporary suspension as of March 20, 2023 to focus on exploration, definition, and expansion of the mineral resources and optimization of mine planning and plant operations. "Others" consists primarily of the Company's corporate assets including cash and cash equivalents, other development and exploration properties (Note 15), debt facilities (Note 21), coins and bullion sales, and corporate expenses which are not allocated to operating segments. The Company's chief operating decision maker ("CODM") evaluates segment performance based on mine operating earnings. Therefore, other income and expense items are not allocated to the segments.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Consolidated Financial Statements - Unaudited

(Tabular amounts are expressed in thousands of US dollars)

4. SEGMENTED INFORMATION (continued)

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

Three Months Ended March 31, 2023 and 2022		Revenue	Cost of sales	Depletion, depreciation, and amortization	Mine operating earnings (loss)	Capital expenditures
Mexico						
San Dimas	2023	\$61,260	\$39,635	\$12,764	\$8,861	\$11,893
	2022	61,941	31,303	10,876	19,762	12,903
Santa Elena	2023	49,016	27,227	8,871	12,918	13,536
	2022	42,884	24,304	5,410	13,170	10,120
La Encantada	2023	18,761	13,372	3,025	2,364	1,851
	2022	15,513	10,029	1,771	3,713	2,199
Non-producing Properties	2023	—	—	85	(85)	225
	2022	—	—	104	(104)	229
United States						
Jerritt Canyon	2023	24,109	46,489	8,952	(31,332)	18,765
	2022	37,032	45,611	11,595	(20,174)	16,119
Others⁽¹⁾	2023	3,806	2,223	732	851	384
	2022	4,352	2,429	800	1,123	5,355
Intercompany elimination	2023	—	—	—	—	—
	2022	(4,884)	(2,463)	—	(2,421)	—
Consolidated	2023	\$156,952	\$128,946	\$34,429	(\$6,423)	\$46,654
	2022	\$156,838	\$111,213	\$30,556	\$15,069	\$46,925

(1) The "Others" segment includes revenues of \$3.8 million from coins and bullion sales of 151,486 silver ounces at an average price of \$25.13 per ounce.

During the three months ended March 31, 2023, the Company had three (March 31, 2022 - three) customers that accounted for 98% (March 31, 2022 - 99%) of its sales revenue, with one major metal broker accounting for 93% of total revenue (March 31, 2022 - 93%).

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(Tabular amounts are expressed in thousands of US dollars)

4. SEGMENTED INFORMATION (continued)

At March 31, 2023 and December 31, 2022	Mining Interests		Property, plant and equipment	Total mining assets	Total assets	Total liabilities	
	Producing	Exploration					
Mexico							
San Dimas	2023	\$236,672	\$15,114	\$92,884	\$344,670	\$525,072	\$87,572
	2022	211,658	38,831	94,377	344,866	489,970	76,835
Santa Elena	2023	115,594	43,216	99,572	258,382	333,791	80,468
	2022	110,094	41,731	99,979	251,804	295,489	79,295
La Encantada	2023	24,735	3,416	23,856	52,007	105,219	27,124
	2022	23,496	4,935	24,422	52,853	106,008	30,601
Non-producing Properties	2023	62,414	14,006	18,042	94,462	166,366	23,710
	2022	62,414	13,781	18,195	94,390	206,796	33,391
United States							
Jerritt Canyon	2023	355,037	79,012	134,893	568,942	774,741	219,457
	2022	425,158	93,680	166,778	685,617	756,062	226,814
Others	2023	—	35,595	46,239	81,834	78,414	214,672
	2022	—	35,346	47,584	82,930	255,684	251,775
Consolidated	2023	\$794,452	\$190,359	\$415,486	\$1,400,297	\$1,983,603	\$653,003
	2022	\$832,820	\$228,304	\$451,335	\$1,512,459	\$2,110,009	\$698,711

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5. REVENUES

The majority of the Company's revenues are from the sale of precious metals contained in doré form. The Company's primary products are precious metals of silver and gold. Revenues from the 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 March 31,			
	2023		2022	
Gross revenue from payable metals:				
Silver	\$61,065	39%	\$62,155	39%
Gold	96,537	61%	95,328	61%
Gross revenue	157,602	100%	157,483	100%
Less: smelting and refining costs	(650)		(645)	
Revenues	\$156,952		\$156,838	

As at March 31, 2023, the Company had \$1.3 million of unearned revenue (December 31, 2022 - \$3.4 million) that has not satisfied performance obligations.

(a) Gold Stream Agreement with Sandstorm Gold Ltd.

The Santa Elena mine is subject to a gold streaming 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 at the Santa Elena mine. 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 three months ended March 31, 2023, the Company delivered 856 ounces (2022 - 621 ounces) of gold to Sandstorm at an average price of \$473 per ounce (2022 - \$468 per ounce).

(b) Net Smelter Royalty

The Santa Elena mine has a net smelter royalty ("NSR") agreement with Orogen Royalties Inc. that requires a 2% NSR from the production of the Ermitaño property. In addition, there is an underlying NSR royalty where Osisko Gold Royalties Ltd. retains a 2% NSR from the sale of mineral products extracted from the Ermitaño property. For the three months ended March 31, 2023, the Company has incurred \$1.9 million (March 31, 2022 - \$2.2 million) in NSR payments from the production of Ermitaño.

In 2022, the Company sold a portfolio of its existing royalty interests to Metalla Royalty and Streaming Limited. The agreement requires a 100% royalty for the first 1,000 ounces of gold produced annually from the La Encantada property. For the three months ended March 31, 2023, the Company has incurred \$0.3 million (March 31, 2022 - \$nil) in NSR payments from production at La Encantada.

(c) Gold Stream Agreement with Wheaton Precious Metals Corporation

In 2018, the San Dimas mine entered into a purchase agreement with Wheaton Precious Metals International ("WPMI"), a wholly owned subsidiary of Wheaton Precious Metals Corp., 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. Should the average gold to silver ratio over a six-month period exceed 90:1 or fall below 50:1, the fixed exchange ratio would be increased to 90:1 or decreased to 50:1, respectively. The fixed gold to silver exchange ratio as of March 31, 2023, was 70:1.

During the three months ended March 31, 2023, the Company delivered 10,651 ounces (2022 - 10,070 ounces) of gold to WPM at \$624 per ounce (2022 - \$618 per ounce).

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6. 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 March 31,	
	2023	2022
Consumables and materials	\$29,715	\$25,630
Labour costs	66,245	59,080
Energy	13,916	12,325
Maintenance	1,798	2,329
Assays and labwork	1,070	1,259
Insurance	1,438	1,252
Other costs ⁽¹⁾	(3,620)	2,069
Production costs	\$110,562	\$103,944
Transportation and other selling costs	935	369
Workers' participation costs	4,504	2,710
Environmental duties and royalties	3,194	2,769
Finished goods inventory changes	4,673	1,421
Cost of Sales	\$123,868	\$111,213
Cost of Sales - Standby Costs⁽²⁾	\$5,078	\$—

(1) Other costs include inventory write-downs, stockpile and work-in-process inventory changes, land access payments as well as services related to travel and medical testing. The inventory write-downs during the three months ended March 31, 2023 totalled \$10.5 million (March 31, 2022 - \$4.4 million).

(2) Cost of sales for the quarter included standby costs of \$5.1 million primarily related to direct severance and demobilization costs at the Jerritt Canyon mine following the temporary suspension announced on March 20, 2023.

7. 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 March 31,	
	2023	2022
Corporate administration	\$2,030	\$1,838
Salaries and benefits	4,023	5,676
Audit, legal and professional fees	1,674	2,042
Filing and listing fees	145	126
Directors' fees and expenses	186	199
Depreciation	390	401
	\$8,448	\$10,282

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8. MINE HOLDING COSTS

The Company's mine holding costs are primarily comprised of labour costs associated with care and maintenance staff, electricity, security, environmental and community support costs for the following mines which are currently under temporary suspension:

	Three Months Ended March 31,	
	2023	2022
La Parrilla ⁽¹⁾	\$1,205	\$1,069
Del Toro	656	646
San Martin	639	593
La Guitarra ⁽¹⁾	514	857
Santa Elena ⁽²⁾	775	—
	\$3,789	\$3,165

(1) During the three months ended March 31, 2023, La Guitarra and the La Parrilla mines were classified as assets held-for-sale ("AHFS") following the announcements for the sale of these assets in 2022 (Note 14). As of March 31, 2023 the sale of the La Guitarra mine has been completed.

(2) During 2023, the Company will be processing ore solely from the Ermitaño mine which is part of the Santa Elena operations. During the three months ended March 31, 2023, the Company has incurred \$0.8 million in holding costs relating to care and maintenance charges for Santa Elena mine.

9. INVESTMENT AND OTHER INCOME (LOSS)

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

	Three Months Ended March 31,	
	2023	2022
Gain from investment in silver futures derivatives	\$3,000	\$2,888
Loss from investment in marketable securities (Note 13(a))	(784)	(546)
Interest income and other	1,009	290
	\$3,225	\$2,632

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 periods are summarized as follows:

	Three Months Ended March 31,	
	2023	2022
Debt facilities ⁽¹⁾ (Note 21)	\$2,906	\$2,382
Accretion of decommissioning liabilities	1,742	1,506
Lease liabilities (Note 22)	585	535
Silver sales and other	390	167
	\$5,623	\$4,590

(1) During the three months ended March 31, 2023, finance costs for debt facilities include non-cash accretion expense of \$2.2 million (2022 - \$2.1 million).

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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 periods. Diluted net earnings or loss per share adjusts basic net earnings or loss 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 March 31, 2023 and 2022 are as follows:

	Three Months Ended March 31,	
	2023	2022
Net (loss) earnings for the period	(\$100,660)	\$7,285
Weighted average number of shares on issue - basic	274,220,112	260,199,875
Effect on dilutive securities:		
Stock options	—	962,996
Restricted, performance and deferred share units	—	1,427,345
Weighted average number of shares on issue - diluted⁽¹⁾	274,220,112	262,590,216
(Loss) earnings per share - basic and diluted	(\$0.37)	\$0.03

(1) For the three months ended March 31, 2023, diluted weighted average number of shares excluded 6,216,227 (2022 - 4,085,196) options, 5,000,000 (2022 - 5,000,000) warrants, 1,985,427 restricted and performance share units (2022 - 1,427,345) and 13,888,895 common shares issuable under the 2021 convertible debentures (2022 - 13,888,895) (Note 21(a)) that were anti-dilutive.

12. 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.

	March 31, 2023	December 31, 2022
Finished goods - doré	\$2,744	\$5,561
Work-in-process	16,063	9,176
Stockpile	7,734	4,825
Silver coins and bullion	6,163	8,001
Materials and supplies	38,350	37,198
	\$71,054	\$64,761

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 March 31, 2023, mineral inventories, which consist of stockpile, work-in-process and finished goods includes a \$10.5 million write down (December 2022 - \$9.3 million) which was recognized in cost of sales during the quarter.

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13. OTHER FINANCIAL ASSETS

As at March 31, 2023, other financial assets consists of the Company's investment in marketable securities comprised of the following:

	March 31, 2023	December 31, 2022
FVTPL marketable securities (a)	\$5,877	\$6,657
FVTOCI marketable securities (b)	63,411	27,871
Total other financial assets	\$69,288	\$34,528

(a) Fair Value through Profit or Loss ("FVTPL") Marketable Securities

Loss in marketable securities designated as FVTPL for the three months ended March 31, 2023 was \$0.8 million (2022 - loss of \$0.5 million) and was recorded through profit or loss.

(b) Fair Value through Other Comprehensive Income ("FVTOCI") Marketable Securities

Changes in fair value of marketable securities designated as FVTOCI for the three months ended March 31, 2023 was a gain of \$2.5 million (2022 - gain of \$1.5 million), net of tax, and were recorded through other comprehensive income and will not be transferred into earnings or loss upon disposition or impairment.

14. DIVESTITURES

(a) La Guitarra Silver Mine

On May 24, 2022, the Company announced that it entered into a share purchase agreement with Sierra Madre Gold and Silver Ltd. ("Sierra Madre"), to sell the Company's subsidiary La Guitarra Compañía Minera S.A. de C.V. ("La Guitarra"), which owns the La Guitarra Silver Mine for total consideration of approximately \$35 million, consisting of 69,063,076 Sierra Madre shares at a deemed price of \$0.51 per share. The closing of the transaction was subject to customary closing conditions including approval of the Sierra Madre shareholders (which was obtained in December 2022), regulatory approval and that Sierra Madre raise a minimum of \$7.7 million (CAD \$10 million) in a private placement concurrent or prior to the sale.

On December 31, 2022, the sale was considered highly probable; therefore, the assets and liabilities of La Guitarra were classified as assets and liabilities held for sale and presented separately under current assets and current liabilities, respectively. Immediately prior to the classification to asset and liabilities held for sale, the carrying amount of La Guitarra was remeasured to its recoverable amount, being its FVLCD, based on the expected proceeds from the sale. At December 31, 2022, the sale continued to be considered highly probable; therefore the assets and liabilities were presented as assets and liabilities held for sale and presented separately under current assets and current liabilities. During 2022, the Company recorded a reversal of impairment loss related to the La Guitarra assets of \$12.3 million based on the recoverable amount implied by the share purchase agreement.

Out of the impairment reversal of \$12.3 million related to La Guitarra, \$8.2 million was allocated to depletable mining interest, \$1.0 million was allocated to non-depletable mining interest with the remaining \$3.1 million allocated to property, plant and equipment, resulting in an impairment reversal of \$8.0 million, net of a \$4.4 million adjustment to the deferred tax liability. The recoverable amount of La Guitarra, being its FVLCD, was \$34.9 million based on the expected proceeds from the sale.

On March 29, 2023, the Company completed the sale of La Guitarra to Sierra Madre and received total consideration of \$33.2 million net of transaction costs, before working capital adjustments. Pursuant to the share purchase agreement, the purchase price is increased to the extent the working capital of La Guitarra is greater than zero, and decreased to the extent the working capital is less than zero. Based on the carrying value of the asset at the time of disposal of \$34.3 million, and the working capital adjustment of \$0.2 million, the Company has recorded a loss on disposition of \$1.4 million. The Company began accounting for the shares received from Sierra Madre as an equity security at FVTOCI (Note 13).

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14. DIVESTITURES (continued)

(b) La Parrilla Silver Mine

On December 7, 2022, the Company announced that it had entered into an asset purchase agreement with Golden Tag Resources Ltd. ("Golden Tag") to sell the La Parrilla Silver Mine for total consideration of up to \$33.5 million, consisting of 143,673,684 Golden Tag shares at a deemed price of \$0.14 per share, having an aggregate value as of the date of the sale agreement of \$20 million, and up to \$13.5 million in contingent consideration, in the form of three milestone payments payable in either cash or shares in Golden Tag. The Company has also agreed to purchase \$2.7 million of Golden Tag securities in a future Golden Tag equity financing of up to CAD \$9 million. Closing the transaction is pending and remains subject to customary closing conditions, including completion of such financing and receipt of all necessary regulatory approvals.

At December 31, 2022, the sale was considered highly probable; therefore, the assets of La Parrilla were classified as assets held for sale and presented separately under current assets. Immediately prior to the classification to assets held for sale, the carrying amount of La Parrilla was remeasured to its recoverable amount, being its FVLCD, based on the \$20 million initial payment, and the first milestone payment of \$2.7 million. As of March 31, 2023, the sale continued to be considered highly probable; therefore, the assets and liabilities were presented as assets and liabilities held for sale and presented separately under current assets and current liabilities.

During 2022, the Company recorded an impairment loss related to the La Parrilla assets of \$9.6 million based on the recoverable amount implied by the asset purchase agreement.

Out of the impairment of \$9.6 million related to La Parrilla, \$5.7 million was allocated to depletable mining interest, \$2.1 million was allocated to non-depletable mining interest with the remaining \$1.7 million allocated to property, plant and equipment, resulting in an impairment of \$9.6 million, net of a \$nil adjustment to the deferred tax liability. The recoverable amount of La Parrilla, being its FVLCD, was \$22.7 million, net of estimated transaction costs, based on the expected proceeds from the sale.

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14. DIVESTITURES (continued)

(b) La Parrilla Silver Mine (continued)

The components of assets and liabilities held for sale relating to La Guitarra and La Parrilla are as follows:

	As at March 31, 2023	As at December 31, 2022	
	La Parrilla	La Guitarra ⁽¹⁾	La Parrilla
Assets:			
Cash and cash equivalents	\$—	\$5,218	\$—
Trade and other receivables	—	396	—
Inventory	892	437	876
Prepaid expenses and other	—	51	—
Current assets	\$892	\$6,102	\$876
Non-Current Assets:			
Mineral Interests - depletable	13,758	30,193	13,758
Mineral Interests - non-depletable	5,252	3,917	5,252
Property, plant and equipment	7,912	4,004	7,821
Right of use assets	618	16	645
Deposits on long-term assets	119	26	117
Total assets held-for-sale	\$28,551	\$44,258	\$28,469
Liabilities:			
Trade payables and accrued liabilities	\$—	\$141	\$—
Current portion of lease obligations	—	8	—
Current Liabilities	\$—	\$149	\$—
Non-Current Liabilities:			
Deferred tax liabilities	1,667	6,894	1,667
Lease obligations	478	12	438
Decommissioning liabilities	4,167	2,951	4,167
Total liabilities relating to assets held-for-sale	\$6,312	\$10,006	\$6,272
Net assets held for sale	\$22,239	\$34,252	\$22,197

⁽¹⁾ On March 29, 2023, the Company completed the sale of La Guitarra to Sierra Madre Gold and Silver Ltd. As such, the asset is no longer classified as held-for-sale and has a carrying value of \$nil after disposition.

The La Guitarra and La Parrilla mines are presented in the non-producing properties reportable segment, up to the date of disposition (Note 4, 15 and 16).

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14. DIVESTITURES (continued)

(c) Sale of Royalty Portfolio

On December 21, 2022 the Company completed the sale of a portfolio of royalty interests to Metalla Royalty & Streaming Ltd. ("Metalla"), for total consideration of 4,168,056 Metalla shares with a fair value of \$21.5 million based on a share price of \$5.16 on the date of closing.

Asset	Owner	Location	Royalty	Allocated Value Total
La Encantada	First Majestic Silver Corp.	Coahuila, Mexico	100% Gold Royalty ⁽¹⁾	\$1,720,574
La Parrilla	First Majestic Silver Corp.	Durango, Mexico	2% Net Smelter Return	\$3,871,290
Del Toro	First Majestic Silver Corp.	Zacatecas, Mexico	2% Net Smelter Return	\$3,226,075
San Martin	First Majestic Silver Corp.	Jalisco, Mexico	2% Net Smelter Return	\$5,376,792
La Guitarra	Sierra Madre Gold and Silver Ltd.	Mexico, Mexico	2% Net Smelter Return	\$3,011,004
Plomosas	GR Silver Mining Ltd.	Sinaloa, Mexico	2% Net Smelter Return	\$4,301,434
La Luz	First Majestic Silver Corp.	San Luis Potosí, Mexico	2% Net Smelter Return	\$—
La Joya	First Majestic Silver Corp. - Optioned to Silver Dollar Resources	Durango, Mexico	2% Net Smelter Return	\$—

(1) Up to the first 1,000 payable ounces annually

The value of the consideration received was credited to mining interests for each property, resulting in a \$1.4 million gain during the period ended December 31, 2022 derived from the disposal of the royalty in the Plomosas property, which had a carrying value of \$nil.

With the exception of La Encantada, all mines included within the royalty portfolio are presented in the non-producing properties reportable segment (Note 4 and 15).

15. MINING INTERESTS

Mining interests primarily consist of acquisition, development, exploration and exploration potential 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:

	March 31, 2023	December 31, 2022
Depletable properties	\$794,452	\$832,820
Non-depletable properties (exploration and evaluation costs, exploration potential)	190,359	228,304
	\$984,811	\$1,061,124

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15. MINING INTERESTS (continued)

Depletable properties are allocated as follows:

Depletable properties	San Dimas	Santa Elena	La Encantada	Jerritt Canyon	Non-producing Properties ⁽¹⁾	Total
Cost						
At December 31, 2021	\$286,196	\$125,921	\$122,735	\$386,069	\$494,568	\$1,415,490
Additions	30,733	23,957	2,507	58,728	—	115,925
Transfer to assets held-for-sale (Note 14)	—	—	—	—	(279,399)	(279,399)
Change in decommissioning liabilities	(1,800)	1,518	(879)	1,241	(2,332)	(2,252)
Disposal of royalty portfolio (Note 14)	—	—	(1,721)	—	—	(1,721)
Transfer from non-depletable properties	—	—	2,098	30,503	—	32,601
At December 31, 2022	\$315,129	\$151,396	\$124,740	\$476,541	\$212,838	\$1,280,644
Additions	6,774	7,532	700	13,474	—	28,480
Transfer from non-depletable properties	26,426	1,896	2,021	—	—	30,343
At March 31, 2023	\$348,329	\$160,824	\$127,461	\$490,015	\$212,838	\$1,339,467
Accumulated depletion, amortization and impairment reversal						
At December 31, 2021	(\$72,671)	(\$28,650)	(\$96,908)	(\$23,258)	(\$388,354)	(\$609,841)
Depletion and amortization	(30,800)	(12,652)	(4,336)	(28,125)	—	(75,913)
Reversal of impairment (Note 14)	—	—	—	—	8,203	8,203
Transfer to assets held-for-sale (Note 14)	—	—	—	—	235,448	235,448
Impairment	—	—	—	—	(5,721)	(5,721)
At December 31, 2022	(\$103,471)	(\$41,302)	(\$101,244)	(\$51,383)	(\$150,424)	(\$447,824)
Depletion and amortization	(8,186)	(3,928)	(1,482)	(5,467)	—	(19,063)
Impairment (Note 18)	—	—	—	(78,128)	—	(78,128)
At March 31, 2023	(\$111,657)	(\$45,230)	(\$102,726)	(\$134,978)	(\$150,424)	(\$545,015)
Carrying values						
At December 31, 2022	\$211,658	\$110,094	\$23,496	\$425,158	\$62,414	\$832,820
At March 31, 2023	\$236,672	\$115,594	\$24,735	\$355,037	\$62,414	\$794,452

(1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines. The net book value of depletable mining interests for La Parrilla, classified as an asset held-for sale is \$13.8 million (December 31, 2022 - \$13.8 million). La Guitarra was classified as an asset held-for-sale up to the date of disposition during the three months ended March 31, 2023 and has a net book value of \$nil (December 31, 2022 - \$30.2 million).

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15. MINING INTERESTS (continued)

Non-depletable properties costs are allocated as follows:

Non-depletable properties	San Dimas ^(a)	Santa Elena ^(b)	La Encantada	Jerritt Canyon ^(c)	Non-producing Properties ⁽¹⁾	Exploration Projects ⁽²⁾	Springpole Stream ^(d)	Total
At December 31, 2021	\$29,186	\$31,067	\$4,640	\$104,431	\$38,752	\$22,948	\$11,856	\$242,881
Exploration and evaluation expenditures	9,645	10,664	2,393	19,752	771	694	—	43,919
Change in decommissioning liabilities	—	—	—	—	—	(153)	—	(153)
Impairment (Note 14)	—	—	—	—	(2,132)	—	—	(2,132)
Reversal of impairment	—	—	—	—	1,044	—	—	1,044
Metalla royalty	—	—	—	—	(15,485)	—	—	(15,485)
Transfer to assets held-for-sale (Note 14)	—	—	—	—	(9,169)	—	—	(9,169)
Transfer to depletable properties	—	—	(2,098)	(30,503)	—	—	—	(32,601)
At December 31, 2022	\$38,831	\$41,731	\$4,935	\$93,680	\$13,781	\$23,489	\$11,856	\$228,304
Exploration and evaluation expenditures	2,709	3,381	502	2,720	225	250	—	9,787
Impairment (Note 18)	—	—	—	(17,388)	—	—	—	(17,388)
Transfer to depletable properties	(26,426)	(1,896)	(2,021)	—	—	—	—	(30,343)
At March 31, 2023	\$15,114	\$43,216	\$3,416	\$79,012	\$14,006	\$23,739	\$11,856	\$190,359

(1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines. The net book value of non-depletable mining interest for La Parrilla classified as an asset held-for-sale is \$5.2 million (December 31, 2022 - \$5.3 million). La Guitarra was classified as an asset held-for-sale up to the date of disposition during the three months ended March 31, 2023 and has a net book value of \$nil (December 31, 2022 - \$3.9 million).

(2) Exploration projects include the La Luz, La Joya, Los Amoles, Jalisco Group of Properties and Jimenez del Tuel projects.

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

The San Dimas Mine is subject to 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 ounce delivered. Should the average gold to silver ratio over a six-month period exceed 90:1 or fall below 50:1, the fixed exchange ratio would be increased to 90:1 or decreased to 50:1, respectively. The fixed gold to silver exchange ratio as of March 31, 2023, was 70:1.

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

The Santa Elena Mine is subject to 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 of the Santa Elena mine to Sandstorm. The selling price to Sandstorm is currently the lesser of \$464 per ounce, subject to a 1% annual inflation increase every April, and the prevailing market price.

The Santa Elena mine has a net smelter royalty ("NSR") agreement with Orogen Royalties Inc. that requires a 2% NSR from the production of the Ermitaño property. In addition, there is an underlying NSR royalty where Osisko Gold Royalties Ltd. retains a 2% NSR from the sale of mineral products extracted from the Ermitaño property. As of the three months ended March 31, 2023, the Company has incurred \$1.9 million (March 31, 2022 - \$2.2 million) in NSR payments from the production of Ermitaño.

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15. MINING INTERESTS (continued)

(c) La Encantada Silver Mine, Coahuila State, Mexico

In 2022, the Company sold a portfolio of its existing royalty interests to Metalla Royalty and Streaming Limited. Under the terms of the agreement, the Company is required to pay a 100% gross value royalty on the first 1,000 ounces of gold produced annually from the La Encantada property. For the three months ended March 31, 2023, the Company has incurred \$0.3 million (March 31, 2022 - \$nil) in royalty payments from gold production at La Encantada.

(d) Jerritt Canyon Gold Mine, Nevada, United States

The Jerritt Canyon Mine is subject to a 0.75% NSR royalty on production of gold and silver from the Jerritt Canyon mines and processing plant. The royalty is applied, at a fixed rate of 0.75%, against proceeds from gold and silver products after deducting treatment, refining, transportation, insurance, taxes and levies charges.

The Jerritt Canyon Mine is also subject to a 2.5% to 5% NSR royalty relating to the production of gold and silver within specific boundary lines at certain mining areas. The royalty is applied, at a fixed rate of 2.5% to 5.0%, against proceeds from gold and silver products.

As at March 31, 2023, total NSR royalty accrual outstanding was \$0.5 million (2022 - \$0.8 million).

(e) Springpole Silver Stream, Ontario, Canada

In July 2020, the Company completed an agreement with First Mining Gold Corp. ("First Mining") to purchase 50% of the life of mine payable silver produced from the Springpole Gold Project ("Springpole Silver Stream"), a development stage mining project located in Ontario, Canada. First Majestic agreed to pay First Mining consideration of \$22.5 million in cash and shares, in three milestone payments, for the right to purchase silver at a price of 33% of the silver spot price per ounce, to a maximum of \$7.50 per ounce (subject to annual inflation escalation of 2%, commencing at the start of the third anniversary of production). Commencing with its production of silver, First Mining must deliver 50% of the payable silver which it receives from the offtaker within five business days of the end of each quarter.

Transaction consideration paid and payable by First Majestic is summarized as follows:

- The first payment of \$10.0 million, consisting of \$2.5 million in cash and \$7.5 million in First Majestic shares (805,698 common shares), was paid to First Mining on July 2, 2020;
- The second payment, consisting of \$3.75 million in cash and \$3.75 million in First Majestic shares (287,300 common shares), was paid on January 21, 2021 upon the completion and public announcement by First Mining of the results of a Pre-Feasibility Study for Springpole; and
- The third payment, consisting of \$2.5 million in cash and \$2.5 million in First Majestic shares (based on 20 days volume weighted average price), will be paid upon receipt by First Mining of a Federal or Provincial Environmental Assessment approval for Springpole, which has not yet been received.

In connection with the agreement, First Mining also granted First Majestic 30 million common share purchase warrants, each of which will entitle the Company to purchase one common share of First Mining at CAD\$0.40 over a period of five years. The fair value of the warrants was measured at \$5.7 million using the Black-Scholes option pricing model. First Mining shall have the right to repurchase 50% of the silver stream for \$22.5 million at any time prior to the commencement of production at Springpole leaving the Company with a reduced silver stream of 25% of life of mine payable silver production. First Mining is a related party with two independent board members who are also directors and/or officers of First Majestic.

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(Tabular amounts are expressed in thousands of US dollars)

16. PROPERTY, PLANT AND EQUIPMENT

The majority of the Company's property, plant and equipment is used in the Company's 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 ⁽²⁾	Other	Total
Cost					
At December 31, 2021	\$244,957	\$624,462	\$90,451	\$33,583	\$993,453
Additions	—	5,038	64,088	507	69,633
Reclassification to assets held-for-sale (Note 14)	(30,903)	(82,275)	(176)	(2,111)	(115,465)
Transfers and disposals	23,192	47,783	(80,436)	4,772	(4,689)
At December 31, 2022	\$237,246	\$595,008	\$73,927	\$36,751	\$942,932
Additions	—	349	8,021	17	8,387
Reclassification to asset held-for-sale (Note 14)	—	26	—	—	26
Transfers and disposals	12,785	5,914	(22,262)	1,498	(2,065)
At March 31, 2023	\$250,031	\$601,297	\$59,686	\$38,266	\$949,280
Accumulated depreciation, amortization and impairment reversal					
At December 31, 2021	(\$147,079)	(\$374,879)	\$—	(\$22,258)	(\$544,216)
Depreciation and amortization	(12,016)	(40,419)	—	(3,793)	(56,228)
Impairment (Note 14)	(1,742)	—	—	—	(1,742)
Impairment reversal (Note 14)	3,076	—	—	—	3,076
Reclassification to assets held-for-sale (Note 14)	20,774	80,964	—	1,902	103,640
Transfers and disposals	—	3,606	—	267	3,873
At December 31, 2022	(\$136,987)	(\$330,728)	\$—	(\$23,882)	(\$491,597)
Depreciation and amortization	(3,072)	(10,095)	—	(1,029)	(14,196)
Impairment (Note 18)	(7,585)	(21,979)	—	(120)	(29,684)
Reclassification to asset held-for-sale (Note 14)	—	(117)	—	—	(117)
Transfers and disposals	—	1,800	—	—	1,800
At March 31, 2023	(\$147,644)	(\$361,119)	\$—	(\$25,031)	(\$533,794)
Carrying values					
At December 31, 2022	\$100,259	\$264,280	\$73,927	\$12,869	\$451,335
At March 31, 2023	\$102,387	\$240,178	\$59,686	\$13,236	\$415,486

(1) Included in land and buildings is \$11.2 million (2022 - \$11.2 million) of land which is not subject to depreciation.

(2) Assets under construction includes certain innovation projects, such as high-intensity grinding ("HIG") mills and related modernization, the Santa Elena dual circuit project, plant improvements, other mine infrastructures and equipment overhauls.

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(Tabular amounts are expressed in thousands of US dollars)

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	Jerritt Canyon	Non-producing Properties ⁽¹⁾	Other	Total
Cost							
At December 31, 2021	\$158,528	\$122,597	\$150,718	\$193,085	\$285,806	\$82,719	\$993,453
Additions	6,985	13,093	5,325	16,297	98	27,835	69,633
Reclassification to assets held-for-sale	—	—	—	—	(115,465)	—	(115,465)
Transfers and disposals	(717)	31,852	1,880	367	(5,421)	(32,650)	(4,689)
At December 31, 2022	\$164,796	\$167,542	\$157,923	\$209,749	\$165,018	\$77,904	\$942,932
Additions ⁽²⁾	2,411	2,624	648	2,571	—	133	8,387
Reclassification to asset held-for-sale (Note 14)	—	—	—	—	26	—	26
Transfers and disposals	405	(1,219)	272	(11)	(681)	(831)	(2,065)
At March 31, 2023	\$167,612	\$168,947	\$158,843	\$212,309	\$164,363	\$77,206	\$949,280
Accumulated depreciation, amortization and impairment							
At December 31, 2021	(\$53,055)	(\$57,754)	(\$130,038)	(\$20,228)	(\$258,626)	(\$24,515)	(\$544,216)
Depreciation and amortization	(17,554)	(10,058)	(2,809)	(22,747)	(222)	(2,838)	(56,228)
Impairment	—	—	—	—	(1,742)	—	(1,742)
Impairment reversal	—	—	—	—	3,076	—	3,076
Reclassification to assets held-for-sale	—	—	—	—	103,640	—	103,640
Transfers and disposals	190	249	(654)	4	7,051	(2,967)	3,873
At December 31, 2022	(\$70,419)	(\$67,563)	(\$133,501)	(\$42,971)	(\$146,823)	(\$30,320)	(\$491,597)
Depreciation and amortization	(4,309)	(3,307)	(1,103)	(4,761)	(42)	(674)	(14,196)
Impairment (Note 18)	—	—	—	(29,684)	—	—	(29,684)
Reclassification to asset held-for-sale (Note 14)	—	—	—	—	(117)	—	(117)
Transfers and disposals	—	1,495	(383)	—	661	27	1,800
At March 31, 2023	(\$74,728)	(\$69,375)	(\$134,987)	(\$77,416)	(\$146,321)	(\$30,967)	(\$533,794)
Carrying values							
At December 31, 2022	\$94,377	\$99,979	\$24,422	\$166,778	\$18,195	\$47,584	\$451,335
At March 31, 2023	\$92,884	\$99,572	\$23,856	\$134,893	\$18,042	\$46,239	\$415,486

(1) Non-producing properties include the San Martin, Del Toro, La Parrilla and La Guitarra mines. The net book value of PPE for La Parrilla, classified as an asset held-for-sale is \$7.9 million (December 31, 2022 - \$7.8 million). La Guitarra was classified as an asset held-for-sale up to the date of disposition during the three months ended March 31, 2023 and has a carrying value of \$nil (December 31, 2022 - \$4.0 million).

(2) Additions classified in "Other" primarily consist of innovation projects and construction-in-progress.

17. RIGHT-OF-USE ASSETS

The Company entered into operating leases to use certain land, buildings, mining equipment and corporate equipment for its operations. The Company is required to recognize right-of-use assets representing its right to use these underlying leased assets over the lease term.

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17. RIGHT-OF-USE ASSETS (continued)

Right-of-use assets are initially measured at cost, equivalent to its obligation for payments over the term of the 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, 2021	\$8,302	\$20,921	\$2	\$29,225
Additions	1,786	1,514	14	3,314
Remeasurements	578	2,239	(2)	2,815
Depreciation and amortization	(1,608)	(6,431)	(5)	(8,044)
Transfer to asset held-for-sale	(634)	(27)	—	(661)
At December 31, 2022	\$8,424	\$18,216	\$9	\$26,649
Remeasurements	59	5,256	—	5,315
Depreciation and amortization	(434)	(1,717)	(2)	(2,153)
Transfer to asset held-for-sale (Note 14)	24	5	—	29
At March 31, 2023	\$8,073	\$21,760	\$7	\$29,840

18. IMPAIRMENT OF NON-CURRENT ASSET

On March 20, 2023, the Company announced the temporary suspension of operations at the Jerritt Canyon Gold mine. Having considered the facts and circumstances including the temporary suspension of operations, heightened costs, and operating mine performance, the Company determined that impairment indicators existed for the Jerritt Canyon mine. IFRS accounting standards require an entity to assess its assets for indicators of impairment at the cash-generating unit level based on their individual recoverable amounts. After the Company identified an indicator of impairment for Jerritt Canyon, the Company assessed the recoverable value of the Jerritt Canyon Gold Mine based on its FVLCD.

Key Assumptions

The FVLCD for Jerritt Canyon was determined using a multiple-based valuation method to estimate the value per in-situ ounce based on comparable market transactions. Valuation multiples applied to mineral resources and property, plant and equipment in the CGU, subject to impairment testing were determined as follows:

- External valuation specialists were used to obtain a population of gold exploration, development and operating companies. The value of trading multiples for operating companies based on recent transactions was determined to be between \$149 per ounce and \$248 per ounce.
- Management considered the \$165 per ounce multiple to be the most reasonable estimate of the fair value of Jerritt Canyon, as companies in this range included companies in operations that had invested significantly in exploration, capital structure, an operating plant and had significant exploration potential.

The market approach used to determine FVLCD is significantly affected by changes in key assumptions of determining which population of comparable companies are most relevant and the price for these precedent transactions. In determining the comparability of public companies and precedent transactions, factors such as primary ore, location, stage of operations, reserves and resources, exploration potential, infrastructure, and accessibility for the underlying commodity were taken into consideration. The Company performed a sensitivity analysis on the key assumption being the population of comparable transactions and determined that a change in this assumption could lead to a different fair value of this asset. Management's estimate of FVLCD is classified as a level 3 in the fair value hierarchy as the inputs are not based on observable market data.

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18. IMPAIRMENT OF NON-CURRENT ASSET (continued)

In prior periods, management utilized the discounted cash flow method as the valuation technique to determine the recoverable amount. Recoverable values were determined with internal discounted cash flow economic models projected using management's best estimate of recoverable mineral reserves and resources, future operating costs, capital expenditures and long-term foreign exchange rates and corroborated by in situ value of its Reserves and Resources. As Jerritt Canyon does not currently have a mine plan to estimate future cash flows, the market approach was used during the current period to determine the FVLCD.

Based on the Company's assessment, the Company concluded that the carrying value of the Jerritt Canyon mine had an estimated recoverable value, based on its FVLCD, below its carrying value at March 31, 2023. As a result, the following impairment charge was recognized:

	Three Months Ended March 31, 2023
Impairment of non-current asset	\$125,200
Deferred income tax recovery	(31,237)
Impairment of non-current asset, net of tax	\$93,963

At March 31, 2023, the Company determined there were no significant events or changes in circumstances to indicate that the carrying amount of its other non-current assets may not be recoverable, nor indicators that the recoverable amount of its previously impaired assets will exceed its carrying value. As such, no other impairment or impairment reversal were recognized during the period ended March 31, 2023 (2022 - \$nil).

The impairment charge recognized for the period ended March 31, 2023 with respect to the Jerritt Canyon operating segment was allocated as follows:

	Three Months Ended March 31, 2023
Mining interest - producing properties	\$78,128
Mining interests - exploration properties (non-depletable)	17,388
Property, plant and equipment	29,684
Impairment of non-current asset	\$125,200

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19. RESTRICTED CASH

Restricted cash is comprised of the following:

	March 31, 2023	December 31, 2022
Nevada Division of Environmental Protection ⁽¹⁾	\$17,825	\$17,702
Chartis Commutation Account ⁽²⁾	28,554	28,365
SAT Primero tax dispute ⁽³⁾	84,683	79,126
Non-Current Restricted Cash	\$131,062	\$125,193
Total Restricted Cash	\$131,062	\$125,193

1. On November 2, 2021, the Company executed an agreement with the NDEP relating to funds required to establish a trust agreement to cover post-closure water treatment cost at Jerritt Canyon. During the year ended December 31, 2022, the Company funded \$17.7 million into a trust; these amounts are included within non-current restricted cash.
2. The Company owns an environmental risk transfer program (the "ERTP") for Jerritt Canyon from American Insurance Group ("AIG"). As part of the ERTP, \$28.6 million is on deposit in an interest-bearing account with AIG (the "Commutation Account"). The Commutation Account principal plus interest earned on the principal is used to fund ongoing reclamation and mine closure obligations. The Company can elect to extinguish all rights under the policy, which would release AIG from reclamation cost and financial assurance liabilities, and substitute with replacement bonds. AIG would pay Jerritt Canyon the remaining balance in the Commutation Account.
3. In connection with the dispute between Primero Empresa Minera, S.A. de C.V. ("PEM") and the Servicio de Administracion Tributaria ("SAT") in relation to the advanced pricing agreement (Note 26), the tax authority has frozen a PEM bank account with funds of \$84.7 million (1,533 million MXN) as a guarantee against certain disputed tax assessments. This balance consists of Value Added Tax ("VAT") refunds that the Company has received which were previously withheld by the tax authority. The Company does not agree with SAT's position and has challenged it through the relevant legal channels.

20. 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:

	March 31, 2023	December 31, 2022
Trade payables	\$33,982	\$40,782
Trade related accruals	35,538	30,312
Payroll and related benefits	37,310	31,797
NSR royalty liabilities (Notes 15(b)(c))	2,009	1,518
Environmental duty and net mineral sales proceeds tax	1,696	3,570
Other accrued liabilities	3,870	7,141
	\$114,405	\$115,120

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21. DEBT FACILITIES

The movement in debt facilities during the three months ended March 31, 2023 and year ended December 31, 2022, respectively, are comprised of the following:

	Convertible Debentures (a)	Revolving Credit Facility (b)	Total
Balance at December 31, 2021	\$181,178	\$56	\$181,234
Finance costs			
Interest expense	896	1,241	2,137
Accretion	8,673	—	8,673
Proceeds from drawdown of revolving credit facility	—	50,000	50,000
Repayments of principal	—	(30,000)	(30,000)
Payments of finance costs	(505)	(1,177)	(1,682)
Balance at December 31, 2022	\$190,242	\$20,120	\$210,362
Finance costs			
Interest expense	180	477	657
Accretion	2,249	—	2,249
Payments of finance costs	(431)	(472)	(903)
Balance at March 31, 2023	\$192,240	\$20,125	\$212,365
Statements of Financial Position Presentation			
Current portion of debt facilities	\$431	\$120	\$551
Non-current portion of debt facilities	189,811	20,000	209,811
Balance at December 31, 2022	\$190,242	\$20,120	\$210,362
Current portion of debt facilities	\$181	\$125	\$306
Non-current portion of debt facilities	192,059	20,000	212,059
Balance at March 31, 2023	\$192,240	\$20,125	\$212,365

(a) Convertible Debentures

Senior Convertible Debentures

On December 2, 2021, the Company issued \$230 million of unsecured senior convertible debentures (the "Notes"). The Company received net proceeds of \$222.8 million after transaction costs of \$7.2 million. The Notes mature on January 15, 2027 and bear an interest rate of 0.375% per annum, payable semi-annually in arrears in January and July of each year.

The Notes are convertible into common shares of the Company at any time prior to maturity at a conversion rate of 60.3865 common shares per \$1,000 principal amount of Notes converted, representing an initial conversion price of \$16.56 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 January 20, 2025 except in the event of certain changes in Canadian tax law. At any time on or after January 20, 2025 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 in effect on each such trading day. 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.

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21. 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 \$222.8 million from the Notes were allocated into its debt and equity components. The fair value of the debt portion was estimated at \$180.4 million using a discounted cash flow model method with an expected life of five years and a discount rate of 4.75%. This amount is recorded as a financial liability on an amortized cost basis using the effective interest method at an effective interest rate of 5.09% 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 \$42.3 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 \$11.4 million related to taxable temporary difference arising from the equity portion of the convertible debenture was recognized in equity reserves.

Transaction costs of \$7.2 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 March 31, 2022, the Company amended its senior secured revolving credit facility (the "Revolving Credit Facility") with the Bank of Nova Scotia, Bank of Montreal and Toronto Dominion Bank ("syndicate") by extending the maturity date from November 30, 2022 to March 31, 2025 and increasing the credit limit from \$50.0 million to \$100.0 million. Interest on the drawn balance will accrue at the Secured Overnight Financing Rate ("SOFR") plus an applicable range of 2.25% to 3.5% per annum while the undrawn portion is subject to a standby fee with an applicable range of 0.563% to 0.875% per annum, dependent on certain financial parameters of First Majestic. As at March 31, 2023, the applicable rates were 2.25% and 0.56250% per annum, respectively.

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21. DEBT FACILITIES (continued)

(b) Revolving Credit Facility (continued)

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 net indebtedness to rolling four quarters adjusted EBITDA of not more than 3.00 to 1.00; and (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. The debt facilities also provide for negative covenants customary for these types of facilities and allows the Company to enter into finance leases, excluding any leases that would have been classified as operating leases in effect immediately prior to the implementation of IFRS 16 - Leases, of up to \$50.0 million. As at March 31, 2023 and December 31, 2022, the Company was in compliance with these covenants.

During 2022, the Company replaced cash bonds held with the NDEP and USFS with surety bonds to fund ongoing reclamation and mine closure obligations. The Company has provided the bond issuer with a \$5 million letter of credit using the Revolving Credit Facility as collateral for these bonds. As at March 31, 2023 the undrawn portion of the Revolving Credit Facility totals \$75.0 million (December 2022- \$75.0 million).

22. 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.

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.

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22. LEASE LIABILITIES (continued)

The movement in lease liabilities during the periods ended March 31, 2023 and December 31, 2022 are comprised of the following:

	Finance Leases	Operating Leases ^(a)	Equipment Financing ^(b)	Total
Balance at December 31, 2021	\$5,253	\$34,544	\$64	\$39,861
Additions	3,109	3,314	—	6,423
Remeasurements	—	2,815	—	2,815
Finance costs	237	1,894	—	2,131
Repayments of principal	(2,446)	(10,959)	(64)	(13,469)
Payments of finance costs	(210)	—	—	(210)
Transfer to asset held-for-sale (Note 14)	—	(458)	—	(458)
Foreign exchange gain	—	490	—	490
Balance at December 31, 2022	\$5,943	\$31,640	\$—	\$37,583
Additions	2,231	—	—	2,231
Remeasurements	—	5,315	—	5,315
Finance costs	81	504	—	585
Repayment of principals	(619)	(2,807)	—	(3,426)
Repayments of finance costs	(81)	—	—	(81)
Transfer to asset held-for-sale (Note 14)	—	(40)	—	(40)
Foreign Exchange	(151)	731	—	580
Balance at March 31, 2023	\$7,404	\$35,343	\$—	\$42,747
Statements of Financial Position Presentation				
Current portion of lease liabilities	\$2,801	\$11,026	\$—	\$13,827
Non-current portion of lease liabilities	3,142	20,614	—	23,756
Balance at December 31, 2022	\$5,943	\$31,640	\$—	\$37,583
Current portion of lease liabilities	\$3,544	\$13,089	\$—	\$16,633
Non-current portion of lease liabilities	3,860	22,254	—	26,114
Balance at March 31, 2023	\$7,404	\$35,343	\$—	\$42,747

(a) Operating leases

Operating leases primarily relate to 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 ten years, some of which include options to terminate the leases within a year, with incremental borrowing rates ranging from 2.5% to 11.2% per annum.

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22. LEASE LIABILITIES (continued)

(b) 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. 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 of March 31, 2023 and December 31, 2022, the Company was in compliance with these covenants.

As at March 31, 2023, the net book value of property, plant and equipment includes \$nil (December 31, 2022 - \$nil) equipment pledged as security for the equipment financing.

23. 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 periods is summarized in the consolidated statements of changes in equity.

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
	Number of Shares	Net Proceeds	Number of Shares	Net Proceeds
ATM program ⁽¹⁾⁽²⁾	1,719,634	\$14,392	1,000,000	\$ 13,239

(1) In May 2021, the Company filed prospectus supplements to its 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 is to 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 three months ended March 31, 2023, the Company sold nil (2022 - 1,000,000) common shares of the Company under the 2021 ATM program at an average price of \$nil (2022 - \$13.6 per common share) for gross proceeds of \$nil (2022 - 13.6 million), or net proceeds of \$nil (2022 - \$13.2 million). In July 2022, the Company filed prospectus supplements to its 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 through this ATM program. During the three months ended March 31, 2023, the Company sold 1,719,634 (2022 - nil) common shares of the Company under the ATM program at an average price of \$8.75 per common share (2022 - \$nil) for gross proceeds of \$15.0 million (2022 - \$nil), or net proceeds of \$14.4 million (2022 - \$nil). At March 31, 2023, the Company incurred \$0.6 million (2022 - \$nil) in transaction costs in relation to the ATM. The Company completed distributions under the ATM on January 13, 2023.

(2) In February 2023, the Company entered into an equity distribution agreement and filed prospectus supplements to its 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 is to be made through ATM distributions, as defined in Canadian Securities Administrator's National Instrument 44-102 Shelf Distributions, directly on the New York Stock Exchange. The Company has not sold any common shares under the renewed ATM during the three months ended March 31, 2023.

(b) Stock options

On May 26, 2022, a new Long-Term Incentive Plan was adopted ("LTIP"). Under the terms of the Company's LTIP, the maximum number of shares reserved for issuance under the LTIP is 6% 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. Any options granted prior to May 26, 2022 will be governed by the 2017 Option Plan and the 2019 Long-Term Incentive Plans, respectively ("2017 Plan" and "2019 LTIP").

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23. SHARE CAPITAL (continued)

(b) Stock options (continued)

The following table summarizes information about stock options outstanding as at March 31, 2023:

Exercise prices (CAD\$)	Options Outstanding			Options Exercisable		
	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)
5.01 - 10.00	2,051,795	8.75	6.27	1,664,295	8.63	5.58
10.01 - 15.00	4,027,824	12.77	8.79	1,145,116	13.71	7.56
15.01 - 20.00	1,237,402	16.35	7.53	826,882	16.22	7.14
20.01 - 250.00	613,501	21.46	8.15	293,186	21.45	8.15
	7,930,522	12.96	7.89	3,929,479	12.67	6.68

The movements in stock options issued for the quarter ended March 31, 2023 and year ended December 31, 2022 are summarized as follows:

	Three Months Ended March 31, 2023		Year Ended December 31, 2022	
	Number of Options	Weighted Average Exercise Price (CAD \$/Share)	Number of Options	Weighted Average Exercise Price (CAD \$/Share)
Balance, beginning of the period	7,275,744	13.19	5,638,383	13.29
Granted	849,149	10.83	3,107,500	12.96
Exercised	(50,000)	8.58	(609,623)	9.76
Cancelled or expired	(144,371)	13.53	(860,516)	15.44
Balance, end of the period	7,930,522	12.96	7,275,744	13.19

During the three months ended March 31, 2023, the aggregate fair value of stock options granted was \$3.2 million (December 31, 2022 - \$14.7 million), or a weighted average fair value of \$3.79 per stock option granted (December 31, 2022 - \$4.73).

During the three months ended March 31, 2023, total share-based payments expense related to stock options was \$2.5 million (December 31, 2022 - \$9.0 million).

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	Three Months Ended March 31, 2023	Year Ended December 31, 2022
Risk-free interest rate (%)	Yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life	3.61	2.16
Expected life (years)	Weighted average life of previously transacted awards	3.83	5.91
Expected volatility (%)	Historical volatility of the Company's stock	60.66	49.00
Expected dividend yield (%)	Annualized dividend rate as of the date of grant	0.22%	1.64%

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23. SHARE CAPITAL (continued)

(b) Stock options (continued)

The weighted average closing share price at date of exercise for the three months ended March 31, 2023 was CAD\$11.65 (December 31, 2022 - CAD\$14.70).

(c) Restricted Share Units

On May 26, 2022, a new LTIP was adopted. The Company adopted the 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. Any RSU's granted prior to May 26, 2022 will be governed by the 2019 LTIP.

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 three months ended March 31, 2023 and the year ended December 31, 2022:

	Three Months Ended March 31, 2023		Year Ended December 31, 2022	
	Number of shares	Weighted Average Fair Value (CAD\$)	Number of shares	Weighted Average Fair Value (CAD\$)
Outstanding, beginning of the period	652,339	14.35	400,549	16.77
Granted	685,769	11.27	498,740	13.18
Settled	(105,998)	14.71	(159,016)	16.57
Forfeited	(47,268)	11.78	(87,934)	14.74
Outstanding, end of the period	1,184,842	12.64	652,339	14.35

During the three months ended March 31, 2023, total share-based payments expense related to RSU's was \$1.6 million (December 31, 2022 - \$2.9 million).

(d) Performance Share Units

On May 26, 2022, a new LTIP was adopted. The Company adopted the LTIP to allow the Company to grant to its directors, employees and consultants non-transferable Performance Share Units ("PSU's"). The amount of units to be issued on the vesting date will vary from 0% to 200% of the number of PSU's granted, depending on the Company's total shareholder return compared to the return of a selected group of peer companies. Unless otherwise stated, the awards typically vest three years from the grant date. The fair value of a PSU is based on the value of the Company's share price at the date of grant and will be adjusted based on actual units issued on the vesting date. The Company intends to settle all PSU's in equity. Any PSU's granted prior to May 26, 2022 will be governed by the 2019 LTIP.

The following table summarizes the changes in PSU's granted to employees and consultants for the three months ended March 31, 2023 and the year ended December 31, 2022:

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23. SHARE CAPITAL (continued)

(d) Performance Share Units (continued)

	Three Months Ended March 31, 2023		Year Ended December 31, 2022	
	Number of shares	Weighted Average Fair Value (CAD\$)	Number of shares	Weighted Average Fair Value (CAD\$)
Outstanding, beginning of the period	474,654	14.82	275,516	16.58
Granted	358,369	11.29	268,955	13.21
Settled	(38,087)	15.47	—	—
Forfeited	(44,952)	14.83	(69,817)	15.55
Outstanding, end of the period	749,984	13.10	474,654	14.82

During the three months ended March 31, 2023, total share-based payments expense related to PSU's was \$0.2 million (year ended December 31, 2022 - \$1.5 million).

(e) Deferred Share Units

The Company adopted the 2019 LTIP to allow the Company to grant to its directors, employees and consultants non-transferrable Deferred Share Units ("DSU's"), in addition to options, RSU's and PSU's. Unless otherwise stated, the DSU awards typically vest immediately at the grant date. The fair value of a DSU is based on the value of the Company's share price at the date of grant. The Company intends to settle all DSU's under the 2019 LTIP in equity.

On March 23, 2022, a new DSU plan was adopted ("2022 DSU Plan"). All DSU's issued under the 2022 DSU Plan will be settled in cash. There were 53,189 DSU's granted under the 2022 plan during the three months ended March 31, 2023 resulting in a total expense of \$0.4 million. As at March 31, 2023, there were a total of 62,332 DSU's outstanding, with a total liability of \$0.7 million.

The following table summarizes the changes in DSU's granted to directors for the three months ended March 31, 2023 and the year ended December 31, 2022 under the 2019 DSU plan:

	Three Months Ended March 31, 2023		Year Ended December 31, 2022	
	Number of shares	Weighted Average Fair Value (CAD\$)	Number of shares	Weighted Average Fair Value (CAD\$)
Outstanding, beginning of the period	50,601	15.83	25,185	18.31
Granted	—	—	37,312	14.07
Settled	—	—	(11,896)	15.55
Outstanding, end of the period	50,601	15.83	50,601	15.83

During the three months ended March 31, 2023, total share-based payments expense related to DSU's was \$0.4 million (year ended December 31, 2022 - \$0.3 million).

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23. SHARE CAPITAL (continued)

(f) Share Repurchase Program and Share Cancellation

The Company has an ongoing share repurchase program to repurchase up to 5,000,000 of the Company's issued and outstanding shares. The normal course issuer bid will be carried out through the facilities of the Toronto Stock Exchange and alternative Canadian marketplaces. All common shares, if any, purchased pursuant to the Share Repurchase will be cancelled. The Company believes that from time to time, the market price of its common shares may not fully reflect the underlying value of the Company's business and its future business prospects. The Company believes that at such times, the purchase of common shares would be in the best interest of the Company. During the three months ended March 31, 2023, the Company repurchased an aggregate of nil common shares (December 2022 - 100,000) at an average price of CDN \$nil per share as part of the Share Repurchase Program (December 2022 - \$8.52) for total proceeds of \$nil million (December 2022 - \$0.7 million), net of transaction costs.

(g) Dividends

The Company declared the following dividends during the three months ended March 31, 2023:

Declaration Date	Record Date	Dividend per Common Share
February 23, 2023	March 10, 2023	\$0.0054
May 4, 2023 ⁽¹⁾	May 18, 2023	\$0.0057

(1) These dividends were declared subsequent to the period end and have not been recognized as distributions to owners during the period presented.

24. 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.

There were no transfers between levels 1, 2 and 3 during the three months ended March 31, 2023 and year ended December 31, 2022.

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24. 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
Marketable securities - common shares	Marketable securities and silver future derivatives are valued based on quoted market prices for identical assets in an active market (Level 1) as at the date of statements of financial position. Marketable securities - stock warrants are valued using the Black-Scholes model based on the observable market inputs (Level 2).
Marketable securities - stock warrants	
Silver futures derivatives	
Financial Instruments Measured at Amortized Cost	Valuation Method
Cash and cash equivalents	Approximated carrying value due to their short-term nature
Restricted cash	
Trade and other receivables	Approximated carrying value as discount rate on these instruments approximate the Company's credit risk.
Trade and other payables	
Debt facilities	

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

	March 31, 2023			December 31, 2022		
	Carrying value	Fair value measurement		Carrying value	Fair value measurement	
		Level 1	Level 2		Level 1	Level 2
Financial assets						
Marketable securities (Note 13)	\$69,288	\$35,501	\$33,787	\$34,528	\$33,426	\$1,102

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.

In 2022, an impairment reversal and impairment were recorded for the La Guitarra and La Parrilla mines, respectively, bringing the carrying value of the asset to its recoverable amount, being its FVLCD. The valuation technique used in the calculation of this fair value is categorized as Level 2 as it is based on the implied selling price within the purchase agreement (Note 14). At March 31, 2023, the sale of La Parrilla continues to be considered highly probable; therefore, La Parrilla continues to be classified as an asset held-for-sale. During the three months ended March 31, 2023, an impairment was recorded for the Jerritt Canyon mine bringing the carrying value of the asset to its recoverable amount, being its FVLCD (Note 18). Management's estimate of FVLCD is classified as a level 3 in the fair value hierarchy as the inputs are not based on observable market data.

(b) Capital risk management

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 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:

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24. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

(b) Capital risk management (continued)

	March 31, 2023	December 31, 2022
Equity	\$1,330,600	\$1,411,298
Debt facilities	212,365	210,362
Lease liabilities	42,747	37,583
Less: cash and cash equivalents	(104,774)	(151,438)
	\$1,480,938	\$1,507,805

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 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 [21\(b\)](#)) and lease liabilities (Note [22\(b\)](#)). As at March 31, 2023 and December 31, 2022, 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 chartered banks, trade receivables in the ordinary course of business, value added taxes receivable and other receivables.

As at March 31, 2023, VAT receivable was \$48.1 million (December 31, 2022 - \$44.9 million), of which \$22.9 million (December 31, 2022 - \$21.6 million) relates to Minera La Encantada S.A. de C.V. ("MLE") and \$24.1 million (December 31, 2022 - \$17.7 million) relates to PEM.

The Company sells and receives payment upon delivery of its silver doré and by-products 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.

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24. FINANCIAL INSTRUMENTS AND RELATED 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 manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and our holdings of cash and cash equivalents.

The following table summarizes the maturities of the Company's financial liabilities as at March 31, 2023 based on the undiscounted contractual cash flows:

	Carrying Amount	Contractual Cash Flows	Less than 1 year	2 to 3 years	4 to 5 years	After 5 years
Trade and other payables	\$114,405	\$114,405	\$114,405	\$—	\$—	\$—
Debt facilities	212,365	255,203	1,847	22,709	230,647	—
Lease liabilities	42,747	47,885	16,756	24,987	5,193	949
Other liabilities	6,737	6,956	—	—	6,956	—
Commitments	5,348	5,348	5,348	—	—	—
	\$381,602	\$429,797	\$138,356	\$47,696	\$242,796	\$949

At March 31, 2023, the Company had working capital of \$184.6 million (December 31, 2022 – \$202.9 million). Total available liquidity at March 31, 2023 was \$259.6 million (March 31, 2022 - \$294.4 million), including \$75.0 million of undrawn revolving credit facility (March 31, 2022 - \$100.0 million).

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 the Company needs additional liquidity to meet obligations, the Company may consider drawing on its debt facility, securing additional debt financing and/or equity financing.

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24. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

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 rates of the Canadian dollar and the Mexican peso against the U.S. dollar is included in the table below:

	March 31, 2023						
	Cash and cash equivalents	Restricted cash	Value added taxes receivable	Other financial assets	Trade and other payables	Net assets (liabilities) exposure	Effect of +/- 10% change in currency
Canadian dollar	\$25,285	\$—	\$—	\$1,926	(\$4,067)	\$23,144	\$2,314
Mexican peso	31,337	84,687	48,166	—	(57,771)	106,419	10,642
	\$56,622	\$84,687	\$48,166	\$1,926	(\$61,838)	\$129,563	\$12,956

From time to time, the Company utilizes certain derivatives to manage its foreign exchange exposures to the Mexican Peso. During the three months ended March 31, 2023, the Company did not have any gain or loss (2022 - \$nil) on fair value adjustments to its foreign currency derivatives. As at March 31, 2023, the Company does not hold any foreign currency derivatives (2022 - \$nil).

Commodity Price Risk

The Company is exposed to commodity price risk on silver and gold, 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 long-term derivative instruments to hedge its commodity price risk to silver or gold.

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

	March 31, 2023		
	Effect of +/- 10% change in metal prices		
	Silver	Gold	Total
Metals in doré inventory	\$1,244	\$441	\$1,685
	\$1,244	\$441	\$1,685

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 March 31, 2023, the Company's exposure to interest rate risk on interest bearing liabilities is limited to its debt facilities and lease liabilities. Based on the Company's interest rate exposure at March 31, 2023, a change of 25 basis points increase or decrease of market interest rate does not have a significant impact on net earnings or loss.

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(Tabular amounts are expressed in thousands of US dollars)

25. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended March 31,	
	2023	2022
Other adjustments to investing activities:		
Purchase of marketable securities	\$—	(\$1,419)
Proceeds from disposal of marketable securities	—	1,116
Cash received on settlement of silver futures	—	2,888
	\$—	\$2,585
Net change in non-cash working capital items:		
Decrease (increase) in trade and other receivables	\$1,784	(\$2,649)
(Increase) decrease in value added taxes receivable	(3,194)	7,090
(Increase) in inventories	(5,621)	(2,377)
(Increase) in prepaid expenses and other	(4,322)	(4,237)
Increase (decrease) in income taxes payable	965	(8)
Increase (decrease) in trade and other payables	5,812	(8,291)
(Increase) in restricted cash (Note 19)	(5,869)	(16,367)
	(\$10,445)	(\$26,839)
Non-cash investing and financing activities:		
Shares received from disposition of La Guitarra	\$33,172	\$—
Disposition of La Guitarra	(34,550)	—
Transfer of share-based payments reserve upon settlement of RSU's	1,585	847
Transfer of share-based payments reserve upon exercise of options	160	1,025
Assets acquired by finance lease	(2,231)	—
	(\$1,865)	\$1,872

As at March 31, 2023, cash and cash equivalents include \$1.5 million (December 31, 2022 - \$1.4 million) that are held in-trust as bonds for tax audits in Mexico.

26. 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.

(a) 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. Each of these matters is subject to various uncertainties and it is possible that some of these other matters may be resolved in a manner that is unfavourable to the Company which may result in a material adverse impact on the Company's financial performance, cash flow or results of operations. First Majestic carries liability insurance coverage and establishes provisions for matters that are probable and can be reasonably estimated, however there can be no guarantee that the amount of such coverage is sufficient to protect against all potential liabilities. In addition, the Company may in the future be subjected to regulatory investigations or other proceedings and 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.

(b) Primero Tax Rulings

When Primero, the previous owner of San Dimas acquired the San Dimas Mine in August 2010, it assumed the obligations under a Silver Purchase Agreement ("Old Stream Agreement") that required its subsidiary PEM to sell exclusively to Wheaton Precious Metals ("WPMI") up to 6 million ounces silver produced from the San Dimas Mine, and 50% of silver produced thereafter, at the lower of: (i) the spot market price and (ii) \$4.014 per ounce plus an annual increase of 1% ("PEM Realized Price"). In May 2018, the Old Stream Agreement was terminated between WPMI and STB in connection with the Company entering into a new stream agreement with WPMI concurrent with the acquisition of Primero by the Company.

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

To obtain tax and legal assurance that the Mexican tax authority, Servicio de Administración Tributaria ("SAT") would accept the PEM Realized Price as the transfer price to calculate Mexican income taxes payable by PEM, a mutually binding Advance Pricing Agreement ("APA") was entered into with the SAT for taxation years 2010 to 2014. On October 4, 2012, the SAT confirmed that based on the terms of the APA, the PEM Realized Price could be used as PEM's basis for calculating taxes owed for the silver sold under the Old Stream Agreement.

In February 2015, the SAT filed a legal process seeking to retroactively nullify the APA.

In 2019, the SAT issued reassessments for the 2010 to 2012 tax years in the total amount of \$271.6 million (4,919 million MXN) inclusive of interest, inflation, and penalties. In 2021, the SAT also issued a reassessment against PEM for the 2013 tax year in the total amount of \$150.3 million (2,723 million MXN) (collectively, the "Reassessments"). The Company believes that the Reassessments violate the terms of the APA. The major items in the Reassessments include determination of revenue based on silver spot market prices, denial of the deductibility of interest expense and service fees, SAT technical error related to double counting of taxes, and interest and penalties.

26. CONTINGENCIES AND OTHER MATTERS (continued)**(b) Primero Tax Rulings (continued)**

The Company continues to defend the APA in the Mexican legal proceedings, and also requested resolution of the transfer price dispute pursuant to the Mutual Agreement Procedure ("MAP"), under the relevant avoidance of double taxation treaties, between the competent tax authorities of Mexico, Canada, Luxembourg and Barbados. The SAT has refused to take the necessary steps under the MAP process contained in the three treaties. The Company believes that by its refusal, Mexico is in breach of its international obligations regarding double taxation treaties. Furthermore, the Company continues to believe that the APA remains valid and legally binding on the SAT.

The Company continues to pursue all available domestic and international remedies under the laws of Mexico and under the relevant tax treaties. Furthermore, as discussed further below, it has also made claims against Mexico under Chapter 11 of the North American Free Trade Agreement ("NAFTA") for violation of its international law obligations.

Domestic Remedies

In September 2020, the Company was served with a decision of the Federal Court seeking to nullify the APA granted to PEM. The Federal Court's decision directs SAT to re-examine the evidence and basis for the issuance of the APA with retroactive effect, for the following key reasons:

- (i) SAT's errors in analyzing PEM's request for the APA and the evidence provided in support of the request; and
- (ii) SAT's failure to request from PEM certain additional information before issuing the APA.

The Company filed an appeal of the decision to the Mexican Circuit Courts on November 30, 2020. Since two writs of certiorari were filed before the Mexican Supreme Court of Justice, on April 15, 2021, the Plenary of the Supreme Court i) admitted one of those writs, ii) requested the Circuit Court to send the appeal file and iii) assigned such writ to the Second Chamber of the Supreme Court for issuing the corresponding decision. Both writs of certiorari were withdrawn in December 2022. The challenge filed by the Company has been returned to the Mexican Circuit Courts and a decision may be issued within the second quarter of 2023.

The Company, in addition to challenging the SAT's actions in the Mexican courts, is also pursuing resolution of its dispute through Mexico's Federal Taxpayer Defense Attorney's Office (known as "PRODECON").

International Remedies

On March 2, 2021, the Company submitted a Request for Arbitration to the International Centre for Settlement of Investment Disputes ("ICSID"), on its own behalf and on behalf of PEM, based on Chapter 11 of NAFTA. On March 31, 2021, the Notice of Registration of the Request for Arbitration was issued by the ICSID Secretariat. Once the NAFTA Arbitration Panel (the "Tribunal") was fully constituted on August 20, 2021 by the appointment of all three panel members, the NAFTA Arbitration Proceedings (the "NAFTA Proceedings") were deemed to have been fully commenced. The first session of the Tribunal was held by videoconference on September 24, 2021 to decide upon the procedural rules which will govern the NAFTA Proceedings. The Tribunal issued Procedural Order No. 1 on October 21, 2021. Thereafter, on April 26, 2022, the Company submitted its Claimant's Memorial including expert reports and witness statements to the Tribunal, and on November 26, 2022, Mexico submitted its Counter-Memorial.

On March 31, 2023, the Company filed a new Notice of Intent under Chapter 11 of NAFTA ("VAT Notice of Intent") to invite the Government of Mexico to engage in discussions to resolve the dispute regarding the ongoing denial of access to PEM's VAT refunds within the stipulated 90-day consultation period. Should the parties be unable to achieve a resolution, the Company may seek to join proceedings related to the VAT Notice of Intent with the NAFTA Proceedings.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Consolidated Financial Statements - Unaudited

(Tabular amounts are expressed in thousands of US dollars)

26. CONTINGENCIES AND OTHER MATTERS (continued)

(b) Primero Tax Rulings (continued)

If the SAT's attempts to retroactively nullify the APA are successful, the SAT can be expected to enforce any Reassessments for 2010 through 2014 against PEM in respect of its sales of silver pursuant to the Old Stream Agreement. Such an outcome would likely have a material adverse effect on the Company's results of operations, financial condition and cash flows. Should the Company ultimately be required to pay tax on its silver revenues based on spot market prices without any mitigating adjustments, the incremental income tax for the years 2010-2019 would be approximately \$284.2 million (5,147 million MXN), before taking into consideration interest or penalties.

Based on the Company's consultation with third party advisors, the Company believes PEM filed its tax returns in compliance with applicable Mexican law and, therefore, at this time no liability has been recognized in the financial statements.

To the extent it is ultimately determined that the pricing for silver sales under the Old Stream Agreement is significantly different from the PEM Realized Price, and while PEM would have rights of appeal in connection with any reassessments, it is likely to have a materially adverse effect on the Company's business, financial position and results of operations.

(c) La Encantada Tax Re-assessments

In December 2019, as part of the ongoing annual audits of the tax returns of Minera La Encantada S.A. de C.V. and Corporacion First Majestic S.A. de C.V., the SAT issued tax assessments for fiscal 2013 for corporate income tax in the amount of \$5.3 million (96.9 million MXN) and \$16.9 million (306.9 million MXN), respectively including interest, inflation and penalties. In December 2022, the SAT issued tax assessments to Minera La Encantada, S.A. de C.V. for fiscal years 2014 and 2015 for corporate income tax in the amount of \$17.11 million (309.7 million MXN) and \$222.4 million (3,027.6 million MXN). The major items relate to forward silver purchase agreement and denial of the deductibility of mine development costs and service fees. The Company continues to defend the validity of the forward silver purchase agreement and will vigorously dispute the assessments that have been issued. The Company, based on advice from legal and financial advisors, believes MLE's tax filings were appropriate and its tax filing position is correct, therefore no liability has been recognized in the financial statements.

(d) First Silver Litigation

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") in connection with a dispute between the Company and the Defendant and his private company involving a mine in México (the "Bolaños Mine") as set out further below. The Company received a sum of \$14.1 million in June 2013 as partial payment of the judgment, leaving an unpaid amount of approximately \$64.3 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 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. After many years of domestic Mexican litigation, the enforceability of the British Columbia judgment was finally recognized by the Mexican Supreme Court in a written judgment on November 11, 2022. The Company has commenced collection actions in Mexico against the Defendant's assets and continues to seek recovery of the balance against one of the Defendant's assets located in the United States. Nonetheless, there can be no guarantee that the remainder of the judgment amount will be collected. Therefore, as at March 31, 2023, the Company has not accrued any of the remaining \$64.3 million (CAD\$81.5 million) unrecovered judgment in favour of the Company.

27. SUBSEQUENT EVENTS

Declaration of Quarterly Dividend

On May 4, 2023, the Company's board of directors approved the declaration of its quarterly common share dividend of \$0.0057 per share, payable on or after June 9, 2023, to common shareholders of record at the close of business on May 18, 2023. These dividends were declared subsequent to the quarter-end and have not been recognized as distributions to owners during the period ended March 31, 2023.



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED MARCH 31, 2023

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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 consolidated financial statements of First Majestic Silver Corp. (“First Majestic” or “the Company”) for the three months ended March 31, 2023 which are prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, and audited consolidated financial statements of the Company as at and for the year ended December 31, 2022, as some disclosures from the annual consolidated financial statements have been condensed or omitted. 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 reference to certain non-GAAP measures, as explained below under “Non-GAAP Measures” and also 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 May 3, 2023 unless otherwise stated.

COMPANY OVERVIEW

First Majestic is a multinational mining company headquartered in Vancouver, Canada, focused on primary silver and gold production in North America, pursuing the exploration and development of its existing mineral properties and acquiring new assets. The Company owns three producing mines in Mexico consisting of the San Dimas Silver/Gold Mine, the Santa Elena Silver/Gold Mine and the La Encantada Silver Mine and the Jerritt Canyon Gold Mine in Nevada, USA. The Jerritt Canyon Gold Mine has been placed on temporary suspension as of March 20, 2023 to focus on exploration, definition, and expansion of the mineral resources and optimization of mine planning and plant operations. In addition, the Company owns three mines currently in care and maintenance in Mexico: the San Martin Silver Mine, the Del Toro Silver Mine, the La Parrilla Silver Mine and several exploration projects. As at March 31, 2023, the La Parrilla Silver Mine remains classified as assets held-for-sale.

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”.

IN PRODUCTION

- 1 San Dimas
- 2 Santa Elena
- 3 La Encantada

PROJECTS

- 4 La Parrilla
- 5 Del Toro
- 6 San Martin
- 7 Jerritt Canyon



2023 FIRST QUARTER HIGHLIGHTS

Key Performance Metrics	2023-Q1	2022-Q4	Change Q1 vs Q4	2022-Q1	Change Q1 vs Q1
Operational					
Ore Processed / Tonnes Milled	845,868	851,564	(1%)	877,118	(4%)
Silver Ounces Produced	2,543,059	2,396,696	6%	2,613,327	(3%)
Gold Ounces Produced	60,594	63,039	(4%)	58,891	3%
Silver Equivalent Ounces Produced	7,627,105	7,558,791	1%	7,222,002	6%
Cash Costs per Silver Equivalent Ounce ⁽¹⁾	\$15.16	\$15.36	(1%)	\$14.94	1%
All-in Sustaining Cost per Silver Equivalent Ounce ⁽¹⁾	\$20.90	\$20.69	1%	\$20.87	0%
Total Production Cost per Tonne ⁽¹⁾	\$130.71	\$131.41	(1%)	\$118.51	10%
Average Realized Silver Price per Silver Equivalent Ounce ⁽¹⁾	\$21.98	\$23.24	(5%)	\$26.68	(18%)
Financial (in \$millions)					
Revenues	\$157.0	\$148.2	6 %	\$156.8	0%
Mine Operating (Loss) Earnings	(\$6.4)	(\$13.3)	(52%)	\$15.1	(143%)
Net (Loss) Earnings	(\$100.7)	(\$16.8)	NM	\$7.3	NM
Operating Cash Flows before Non-Cash Working Capital and Taxes	\$21.9	\$13.4	63%	\$35.3	(38%)
Cash and Cash Equivalents	\$104.8	\$151.4	(31%)	\$192.8	(46%)
Working Capital ⁽¹⁾	\$184.6	\$202.9	(9%)	\$194.4	(5%)
Free Cash Flow ⁽¹⁾	(\$26.7)	(\$32.3)	(17%)	(\$40.4)	(34%)
Shareholders					
(Loss) Earnings per Share ("EPS") - Basic	(\$0.37)	(\$0.06)	NM	\$0.03	NM
Adjusted EPS ⁽¹⁾	\$0.00	(\$0.07)	(100%)	(\$0.02)	(114%)

NM - Not meaningful

(1) The Company reports non-GAAP measures which include cash costs per silver equivalent ounce produced, all-in sustaining cost per silver equivalent ounce produced, total production cost per tonne, average realized silver price per silver equivalent ounce sold, average realized gold price per ounce sold, working capital, adjusted EPS and free cash flow. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning under the Company's financial reporting framework and the methods used by the Company to calculate such measures may differ from methods used by other companies with similar descriptions. See "Non-GAAP Measures" on pages 33 to 40 for further details on these measures and a reconciliation of non-GAAP to GAAP measures.

First Quarter Production Summary	San Dimas	Santa Elena	La Encantada	Jerritt Canyon	Consolidated
Ore Processed / Tonnes Milled	219,367	208,821	271,278	146,403	845,868
Silver Ounces Produced	1,602,483	104,129	836,448	—	2,543,059
Gold Ounces Produced	20,124	24,039	89	16,341	60,594
Silver Equivalent Ounces Produced	3,296,367	2,105,336	843,951	1,381,452	7,627,105
Cash Costs per Silver Equivalent Ounce	\$10.86	\$11.93	\$15.48	\$30.05	\$15.16
All-in Sustaining Cost per Silver Equivalent Ounce	\$14.67	\$15.18	\$18.64	\$36.14	\$20.90
Cash Cost per Gold Ounce	N/A	N/A	N/A	\$2,540	N/A
All-In Sustaining Costs per Gold Ounce	N/A	N/A	N/A	\$3,055	N/A
Total Production Cost per Tonne	\$157.39	\$108.74	\$46.27	\$278.57	\$130.71

Operational Highlights

- **Strong Q1 Silver Production from Mexican Operations:** The Company's Mexican operations produced over 2.5 million ounces of silver and 44,252 gold ounces, or approximately 6.2 million silver equivalent ("AgEq") ounces in the quarter. Silver production increased 6% over the prior quarter primarily due to higher grades at both San Dimas and La Encantada. Gold production in Mexico decreased 4% as slightly lower grades were processed at Santa Elena and San Dimas. At Jerritt Canyon in Nevada, USA, gold production was 16,341 ounces, or a 3% decrease over the prior quarter primarily due to lower processed tonnes resulting from extreme weather conditions in northern Nevada.
- **Ermitaño Achieves Full Quarterly Production at Santa Elena:** In Q1 2023, Santa Elena transitioned full mine production to Ermitaño achieving strong throughput rates of 208,821 processed tonnes, or 26% higher than the previous quarter.
- **Refocus of Resources at Jerritt Canyon:** On March 20, 2023, the Company announced the temporary suspension of all mining activities at Jerritt Canyon in order to reduce overall costs and refocus mining and exploration plans. For the rest of 2023, the Company plans to shift exploration activities towards growth of Resources and testing locations with favorable geologic settings and large volume resource potential. Approximately 28,000 metres are planned to be drilled in 2023.
- **Safety:** In Q1 2023, the consolidated Total Reportable Incident Frequency Rate (TRIFR) was 1.11 and the Lost Time Incident Frequency Rate (LTIFR) was 0.45. The Company advanced several safety initiatives to maximize safety performance throughout the business including establishing the *Rules to Live By* initiative, which is composed of 12 critical rules that when lived, followed, and owned by employees, contractors, business partners, and visitors are designed to lower incident rates and lower severity incidents.
- **Cash Cost per AgEq Ounce** for the quarter was \$15.16 per ounce, compared to \$15.36 per ounce in the previous quarter. The decrease in cash costs per AgEq ounce was primarily attributed to an increase in AgEq production at San Dimas and La Encantada driven by a 10% increase of silver grades at both sites. This was partially offset by higher cash costs per ounce at Santa Elena primarily due to processing slightly lower grade silver and gold ores during the quarter, along with a stronger Mexican Peso against the U.S. dollar which averaged 5% higher compared to the previous quarter. Excluding Jerritt Canyon, cash costs for the three Mexican operations were \$11.85 per AgEq ounce and AISC were \$15.38 per AgEq ounce.
- **All-in Sustaining Cost ("AISC") per AgEq Ounce** in the first quarter was \$20.90 per ounce compared to \$20.69 per ounce in the previous quarter. The increase in AISC per AgEq ounce was primarily attributed to additional sustaining capital expenditures for mine development at Santa Elena and Jerritt Canyon, partially offset by lower cash costs.
- **18 Drill Rigs Active:** The Company began its 2023 exploration program during the quarter by completing a total of 36,688 metres of exploration drilling, or an 128% increase over the prior quarter, across the Company's mines. Throughout the quarter, a total of 18 drill rigs were active consisting of seven rigs at San Dimas, five rigs at Santa Elena, two rigs at La Encantada, and four rigs at Jerritt Canyon.

Financial Highlights

- In the first quarter, the Company generated revenues of \$157.0 million which was in line with the first quarter of 2022. There was a 21% increase in the total number of payable AgEq ounces sold offset by an 18% decrease in the average realized silver price, which was \$21.98 per ounce during the quarter, compared to \$26.68 per ounce in the first quarter of 2022.
- The Company realized mine operating losses of \$6.4 million compared to mine operating earnings of \$15.1 million in the first quarter of 2022. The decrease in mine operating earnings was primarily attributed to lower than expected production at Jerritt Canyon resulting in higher production costs per ounce, as well as higher workers participation, labour, inflation, consumables and energy costs during the quarter. These increases were primarily driven by a stronger Mexican Peso against the U.S. dollar which averaged 5% higher compared to the previous quarter. Additionally, the Company incurred \$5.1 million in standby costs for winding down activities at Jerritt Canyon, following the announcement to temporarily suspend operations during the quarter.
- During the first quarter, the Company recognized a total impairment charge of \$125.2 million, or \$94.0 million net of tax, on the Jerritt Canyon mine due to the temporary suspension of mining operations which was announced on March 20, 2023.
- Net loss for the quarter was \$100.7 million (EPS of (\$0.37)) compared to net earnings of \$7.3 million (EPS of \$0.03) in the first quarter of 2022.

- Adjusted net earnings (a non-GAAP measure)¹ for the quarter, normalized for non-cash or non-recurring items such as impairment of non-current assets, write-downs on mineral inventory, standby costs, share-based payments, losses on the sale of mineral interests and unrealized gains on marketable securities for the quarter ended March 31, 2023, was \$0.9 million (Adjusted EPS of \$0.00) compared to an adjusted net loss of \$6.2 million (Adjusted EPS of (\$0.02)) in the first quarter of 2022.
- Operating cash flow before movements in working capital and taxes in the quarter was \$21.9 million compared to \$35.3 million in the first quarter of 2022.
- As of March 31, 2023, the Company had a cash and restricted cash balance of \$235.9 million consisting of \$104.8 million of cash and cash equivalents and \$131.1 million of restricted cash. The Company also had working capital of \$184.6 million.

¹ This measure does not have a standardized meaning under the Company's financial reporting framework and the methods used by the Company to calculate this measure may differ from methods used by other companies with similar descriptions. See "Non-GAAP Measures" on pages 33 to 40 for further details on these measures and a reconciliation of non-GAAP to GAAP measures.

OVERVIEW OF OPERATING RESULTS

Selected Production Results for the Past Eight Quarters

PRODUCTION HIGHLIGHTS	2023	2022				2021		
	Q1 ⁽³⁾	Q4	Q3	Q2	Q1	Q4	Q3	Q2 ⁽²⁾
Ore processed/tonnes milled								
San Dimas	219,367	210,108	185,126	197,102	195,300	206,738	214,205	202,382
Santa Elena	208,821	207,188	214,387	228,487	201,911	224,459	234,862	234,381
La Encantada	271,278	254,766	255,945	264,555	249,906	268,239	263,645	242,839
Jerritt Canyon	146,403	179,502	181,056	213,647	230,001	256,374	230,415	146,611
Consolidated	845,868	851,564	836,514	903,791	877,118	955,810	943,126	826,213
Silver equivalent ounces produced								
San Dimas	3,296,367	3,054,098	3,776,124	3,046,664	3,080,940	4,015,346	3,422,032	3,176,725
Santa Elena	2,105,336	2,302,904	2,733,761	2,241,763	1,868,787	1,955,550	1,061,657	1,140,398
La Encantada	843,951	813,649	788,872	871,365	651,875	768,796	913,481	847,502
Jerritt Canyon	1,381,452	1,388,140	1,467,435	1,546,143	1,620,400	1,821,331	1,922,270	1,270,398
Consolidated	7,627,105	7,558,791	8,766,192	7,705,935	7,222,002	8,561,023	7,319,441	6,435,023
Silver ounces produced								
San Dimas	1,602,483	1,392,506	1,649,002	1,527,465	1,632,117	2,174,353	1,888,371	1,868,031
Santa Elena	104,129	199,388	308,070	384,953	337,201	426,870	508,641	565,453
La Encantada	836,448	804,802	779,028	863,510	644,009	757,586	905,074	840,541
Consolidated	2,543,059	2,396,696	2,736,100	2,775,928	2,613,327	3,358,809	3,302,086	3,274,026
Gold ounces produced								
San Dimas	20,124	20,257	23,675	18,354	18,528	23,795	20,767	19,227
Santa Elena	24,039	25,830	26,989	22,309	19,556	19,810	7,498	8,453
Jerritt Canyon	16,341	16,845	16,299	18,632	20,707	23,660	26,145	18,762
Consolidated	60,504	62,932	66,963	59,295	58,791	67,265	54,410	46,442
Cash cost per Ounce⁽¹⁾								
San Dimas (per AgEq Ounce)	\$ 10.86	\$ 11.54	\$ 8.25	\$ 10.41	\$ 9.41	\$ 7.98	\$ 8.29	\$ 10.17
Santa Elena (per AgEq Ounce)	\$ 11.93	\$ 11.20	\$ 10.37	\$ 12.34	\$ 12.96	\$ 11.56	\$ 17.09	\$ 16.70
La Encantada (per AgEq Ounce)	\$ 15.48	\$ 15.48	\$ 15.55	\$ 14.09	\$ 16.41	\$ 14.51	\$ 12.25	\$ 13.66
Jerritt Canyon (per Au Ounce)	\$ 2,540	\$ 2,519	\$ 2,767	\$ 1,989	\$ 2,120	\$ 1,674	\$ 1,735	\$ 1,407
Consolidated (per AgEq Ounce)	\$ 15.16	\$ 15.36	\$ 13.34	\$ 14.12	\$ 14.94	\$ 12.32	\$ 14.09	\$ 13.89
All-in sustaining cost per Ounce⁽¹⁾								
San Dimas (per AgEq Ounce)	\$ 14.67	\$ 16.79	\$ 10.97	\$ 14.97	\$ 12.98	\$ 11.29	\$ 11.58	\$ 14.22
Santa Elena (per AgEq Ounce)	\$ 15.18	\$ 12.75	\$ 12.29	\$ 15.34	\$ 16.31	\$ 14.02	\$ 21.10	\$ 21.31
La Encantada (per AgEq Ounce)	\$ 18.64	\$ 19.39	\$ 18.61	\$ 16.65	\$ 19.63	\$ 19.41	\$ 15.28	\$ 15.97
Jerritt Canyon (per Au Ounce)	\$ 3,055	\$ 2,865	\$ 3,317	\$ 2,429	\$ 2,488	\$ 2,077	\$ 2,286	\$ 1,679
Consolidated (per AgEq Ounce)	\$ 20.90	\$ 20.69	\$ 17.83	\$ 19.91	\$ 20.87	\$ 17.26	\$ 19.93	\$ 19.42
Production cost per tonne								
San Dimas	\$ 157.39	\$ 162.68	\$ 161.41	\$ 155.09	\$ 143.66	\$ 146.30	\$ 128.67	\$ 153.43
Santa Elena	\$ 108.74	\$ 114.29	\$ 124.94	\$ 109.50	\$ 111.36	\$ 93.78	\$ 75.76	\$ 79.17
La Encantada	\$ 46.27	\$ 47.69	\$ 46.29	\$ 44.58	\$ 41.43	\$ 39.70	\$ 41.08	\$ 45.71
Jerritt Canyon	\$ 278.57	\$ 233.39	\$ 245.66	\$ 169.16	\$ 187.15	\$ 151.23	\$ 192.17	\$ 177.30
Consolidated	\$ 130.71	\$ 131.41	\$ 135.07	\$ 114.55	\$ 118.51	\$ 105.37	\$ 106.52	\$ 104.94

1) These measures do not have a standardized meaning under the Company's financial reporting framework and the methods used by the Company to calculate these measures may differ from methods used by other companies with similar descriptions. See "Non-GAAP Measures" on pages 33 to 40 for further details on these measures and a reconciliation of non-GAAP to GAAP measures.

2) Jerritt Canyon quarterly production was from April 30, 2021 to June 30, 2021, or 62 days.

3) At Jerritt Canyon, the Company incurred costs related to mining activities for only 79 days during the quarter. Refer to Jerritt Canyon operational highlights for further details.

Operating Results – Consolidated Operations

CONSOLIDATED	2023-Q1	2022-Q4	2022-Q1	Change Q1 vs Q4	Change '23 vs '22
Ore processed/tonnes milled	845,868	851,564	877,118	(1%)	(4%)
Production					
Silver ounces produced	2,543,059	2,396,696	2,613,327	6%	(3%)
Gold ounces produced	60,594	63,039	58,891	(4%)	3%
Silver equivalent ounces produced	7,627,105	7,558,791	7,222,002	1%	6%
Cost					
Cash cost per AgEq Ounce ⁽¹⁾	\$15.16	\$15.36	\$14.94	(1%)	1%
All-in sustaining costs per AgEq ounce ⁽¹⁾	\$20.90	\$20.69	\$20.87	1%	0%
Total production cost per tonne	\$130.71	\$131.41	\$118.51	(1%)	10%
Underground development (m)	10,962	9,815	11,153	12%	(2%)
Exploration drilling (m)	36,688	16,086	75,225	128%	(51%)

Production

Total production in the first quarter was 7.6 million AgEq ounces consisting of 2.5 million ounces of silver and 60,594 ounces of gold, representing a 6% increase and 4% decrease, respectively, from the previous quarter. Silver production increased over the prior quarter primarily due to higher grades at both San Dimas and La Encantada. Gold production in Mexico decreased 4% as slightly lower grades were processed at Santa Elena and San Dimas. At Jerritt Canyon in Nevada, USA, gold production was 16,341 ounces, or a 3% decrease over the prior quarter primarily due to lower processed tonnes resulting from extreme weather conditions in northern Nevada.

Total ore processed amounted to 845,868 tonnes during the quarter, representing a 1% decrease compared to the prior quarter.

Consolidated silver and gold grades in the quarter averaged 113 g/t and 2.46 g/t, respectively, compared to 102 g/t and 2.57 g/t, respectively, in the previous quarter. The slight increase in consolidated silver grades were primarily due to higher grades at San Dimas and La Encantada with higher tonnes milled. The slight decrease in gold grades were due to lower grades at the Santa Elena and San Dimas mines partially offset by a 15% increase in gold grades at Jerritt Canyon.

Consolidated silver and gold recoveries averaged 83% and 91%, respectively, during the quarter compared to silver and gold recoveries of 86% and 90%, respectively, in the prior quarter. A new tailings filter-press, an additional leaching tank and a fourth counter current decantation ("CCD") thickener were successfully commissioned at the site and are performing in line with expectations.

Cash Cost and All-In Sustaining Cost per Ounce

Cash cost per AgEq ounce for the quarter was \$15.16 per ounce, compared to \$15.36 per ounce in the previous quarter. The decrease in cash costs per AgEq ounce was primarily attributed to an increase in AgEq production at San Dimas and La Encantada driven by a 10% increase of silver grades at both sites. This was partially offset by higher cash costs per ounce at Santa Elena primarily due to processing slightly lower grade silver and gold ores during the quarter, along with a stronger Mexican Peso against the U.S. dollar which averaged 5% higher compared to the previous quarter. Excluding Jerritt Canyon, cash costs for the three Mexican operations were \$11.85 per AgEq ounce and AISC were \$15.38 per AgEq ounce.

All-in Sustaining Cost per AgEq ounce in the first quarter was \$20.90 per ounce compared to \$20.69 per ounce in the previous quarter. The increase in AISC per AgEq ounce was primarily attributed to additional sustaining capital expenditures for mine development at Santa Elena and Jerritt Canyon, partially offset by lower cash costs.

Management has developed a series of cost reduction initiatives across the organization aimed at improving efficiencies, lowering production costs, capital spending, care and maintenance holding costs and corporate G&A costs while also increasing production which includes:

- Renegotiating certain contracts and reducing the use of external consultants;
- Restructuring to optimize workforce and reduce labour costs;
- Optimizing use of reagent consumption;
- Optimize mobile fleet and plant maintenance programs;
- Efficiently manage energy costs by reducing plant operations during peak rates;
- Improving dilution controls at San Dimas and prioritizing long hole stoping of the Jessica and Regina veins which is expected to improve ore grade and production and continue developing the Perez vein; and
- Advancing mining at La Encantada towards the Ojuelas and Beca-Zone orebodies to extract higher-grade ores.

Development and Exploration

During the quarter, the Company completed 10,962 metres of underground development and 36,688 metres of exploration drilling, compared to 9,815 metres and 16,086 metres, respectively, in the previous quarter. Throughout the quarter, a total of 18 drill rigs were active consisting of seven rigs at San Dimas, five rigs at Santa Elena, two rigs at La Encantada, and four rigs at Jerritt Canyon.

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 and gold mines and the largest producing underground mine in the state of Durango with over 250 years of operating history. The San Dimas operating plan involves processing ore from several underground mining areas with a 2,500 tpd capacity milling operation which produces silver/gold doré bars. The mine is accessible via a 40-minute flight from the Durango International Airport to the private airstrip in the town of Tayoltita, or by improved roadway. The Company owns 100% of the San Dimas mine.

San Dimas	2023-Q1	2022-Q4	2022-Q1	Change Q1 vs Q4	Change '23 vs '22
Total ore processed/tonnes milled	219,367	210,108	195,300	4%	12%
Average silver grade (g/t)	241	220	282	10%	(15%)
Average gold grade (g/t)	2.98	3.12	3.09	(4%)	(4%)
Silver recovery (%)	94%	94%	92%	0%	2%
Gold recovery (%)	96%	96%	96%	0%	0%
Production					
Silver ounces produced	1,602,483	1,392,506	1,632,117	15%	(2%)
Gold ounces produced	20,124	20,257	18,528	(1%)	9%
Silver equivalent ounces produced	3,296,367	3,054,098	3,080,940	8%	7%
Cost					
Cash cost per AgEq Ounce	\$10.86	\$11.54	\$9.41	(6%)	15%
All-In sustaining costs per AgEq Ounce	\$14.67	\$16.79	\$12.98	(13%)	13%
Total production cost per tonne	\$157.39	\$162.68	\$143.66	(3%)	10%
Underground development (m)	4,664	4,451	6,005	5%	(22%)
Exploration drilling (m)	14,145	8,799	19,344	61%	(27%)

During the first quarter, San Dimas produced 3,296,367 silver equivalent ounces consisting of 1,602,483 ounces of silver and 20,124 ounces of gold. Silver production increased 15% compared to the prior quarter primarily due to a 10% increase in silver grades and a 4% increase in tonnes processed. Gold production was relatively unchanged compared to the prior quarter.

The mill processed a total of 219,367 tonnes of ore with average silver and gold grades of 241 g/t and 2.98 g/t, respectively, compared to 210,108 tonnes milled with average silver and gold grades of 220 g/t and 3.12 g/t, respectively, in the previous quarter. Head grades are expected to continue to improve in the second quarter as long-holed open stoping in the Perez vein began in early April and is planned to ramp up throughout the second quarter.

Silver and gold recoveries remain unchanged averaging 94% and 96%, respectively.

The Central Block and Sinaloa Graben areas contributed approximately 80% and 20%, respectively, of the total production during the quarter.

In the first quarter, cash cost per AgEq ounce was \$10.86 per ounce compared to \$11.54 per ounce in the prior quarter. The decrease in cash costs during the quarter was primarily due to an 8% increase in AgEq ounces produced.

AISC per AgEq ounce for the quarter was \$14.67 per ounce compared to \$16.79 per ounce in the prior quarter. The decrease was primarily due to a decrease in worker participation costs along with lower cash costs.

The San Dimas mine is subject to a gold and silver streaming agreement with Wheaton Precious Metals Corp. ("Wheaton" or "WPM") which entitles Wheaton 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 ounce delivered. Should the average gold to silver ratio over a six-month period exceed 90:1 or fall below 50:1, the fixed exchange ratio would be increased to 90:1 or decreased to 50:1, respectively. The fixed gold to silver exchange ratio as of March 31, 2023, was 70:1. During the three months ended March 31, 2023, the Company delivered 10,651 ounces (2022 - 10,070 ounces) of gold to WPM at \$624 per ounce (2022 - \$618 per ounce).

A total of 4,664 metres of underground development was completed in the first quarter, compared to 4,451 metres in the prior quarter. During the first quarter, a total of seven underground drill rigs were active on the property and completed 14,145 metres of exploration drilling compared to 8,799 metres in the prior quarter.

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. The operating plan for Santa Elena involves the processing of ore in a 3,000 tpd cyanidation circuit from a combination of underground reserves. Santa Elena consists of a central processing plant and underground mining operations from two separate mines, Santa Elena and Ermitaño. The Company owns 100% of the Santa Elena Silver/Gold Mine including mining concessions totaling over 102,244 hectares.

SANTA ELENA	2023-Q1	2022-Q4	2022-Q1	Change Q1 vs Q4	Change '23 vs '22
Total ore processed/tonnes milled	208,821	207,188	201,911	1%	3%
Average silver grade (g/t)	31	47	69	(34%)	(55%)
Average gold grade (g/t)	4.00	4.33	3.18	(8%)	26%
Silver recovery (%)	50%	64%	76%	(22%)	(34%)
Gold recovery (%)	90%	90%	95%	0%	(5%)
Production					
Silver ounces produced	104,129	199,388	337,201	(48%)	(69%)
Gold ounces produced	24,039	25,830	19,556	(7%)	23%
Silver equivalent ounces produced	2,105,336	2,302,904	1,868,787	(9%)	13%
Cost					
Cash cost per AgEq Ounce	\$11.93	\$11.20	\$12.96	7%	(8%)
All-In sustaining costs per AgEq Ounce	\$15.18	\$12.75	\$16.31	19%	(7%)
Total production cost per tonne	\$108.74	\$114.29	\$111.36	(5%)	(2%)
Underground development (m)	2,623	2,299	3,043	14%	(14%)
Exploration drilling (m)	14,499	2,232	13,241	NM	10%

During the first quarter, Santa Elena produced 2,105,336 AgEq ounces consisting of 104,129 ounces of silver and 24,039 ounces of gold. Total production decreased 9% primarily due to processing slightly lower grade silver and gold ores at the Santa Elena plant when compared to the prior quarter. All ore deliveries were from the Ermitaño underground mine as the Santa Elena mine production was temporarily suspended to focus on exploration and definition of the new Silvana vein and infill drilling of the Alejandra de Baja vein.

The mill processed 208,821 tonnes of ore during the quarter from Ermitaño containing average silver and gold head grades of 31 g/t and 4.00 g/t, respectively.

Silver and gold recoveries in the first quarter averaged 50% and 90%, respectively, compared to 64% and 90%, respectively, in the prior quarter. The new 3,000 tpd filter press and dual-circuit reached continuous performance in the quarter with good results. Silver recoveries for Ermitaño ore increased 18% compared to the prior quarter in spite of lower head grades being processed. Successful changes in reagent and optimization of fine grinding from the HIG mill at site helped maintain strong recovery rates from Ermitaño ore.

Cash cost per AgEq ounce in the first quarter was \$11.93 per ounce compared to \$11.20 per ounce in the previous quarter. The increase in cash cost was primarily attributed to a 9% decrease in AgEq ounces produced compared to the previous quarter.

AISC per AgEq ounce for the quarter was \$15.18 per ounce compared to \$12.75 per ounce in the prior quarter. The increase in AISC was primarily driven by the increase in cash costs per AgEq ounce along with additional sustaining capital expenditures for increased ramp development in Ermitaño as compared to the previous quarter.

The Santa Elena mine is subject to a gold streaming 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 at the Santa Elena mine. 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 three ended March 31, 2023, the Company delivered 856 ounces (2022 - 621 ounces) of gold to Sandstorm at an average price of \$473 per ounce (2022 - \$468 per ounce).

Orogen Royalties Inc., formerly Evrim Resource Corp., retains a 2% net smelter return ("NSR") royalty from the sale of mineral products extracted from the Ermitaño mining concessions. In addition, there is an underlying NSR royalty where Osisko Gold Royalties Ltd. retains a 2% NSR from the sale of mineral products extracted from the Ermitaño mining concessions. For the three months ended March 31, 2023, the Company has incurred \$1.9 million (March 31, 2022 - \$2.2 million) in NSR payments from the production of Ermitaño ores.

In the first quarter, Santa Elena completed a total of 2,623 metres of underground development, compared to 2,299 metres in the previous quarter. A total of five drill rigs consisting of four surface rigs and one underground rig completed 14,499 metres of exploration drilling compared to 2,232 metres in the prior quarter.

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 camp with 120 houses as well as administrative offices, laboratory, general store, hospital, airstrip and all the necessary infrastructure required for such an operation. The mine is accessible via a two-hour flight from the Durango International Airport to the mine's private airstrip, or via an improved road from the closest city, Muzquiz, Coahuila State, which is 225 kilometres away. The Company owns 100% of the La Encantada Silver Mine.

LA ENCANTADA	2023-Q1	2022-Q4	2022-Q1	Change Q1 vs Q4	Change '23 vs '22
Ore processed/tonnes milled	271,278	254,766	249,906	6%	9%
Average silver grade (g/t)	132	120	108	10%	22%
Silver recovery (%)	72%	82%	74%	(11%)	(3%)
Production					
Silver ounces produced	836,448	804,802	644,009	4%	30%
Gold ounces produced	89	107	100	(17%)	(11%)
Silver equivalent ounces produced	843,951	813,649	651,875	4%	29%
Cost					
Cash cost per AgEq Ounce	\$15.48	\$15.48	\$16.41	0%	(6%)
All-In sustaining costs per AgEq Ounce	\$18.64	\$19.39	\$19.63	(4%)	(5%)
Total production cost per tonne	\$46.27	\$47.69	\$41.43	(3%)	12%
Underground development (m)	834	903	510	(8%)	64%
Exploration drilling (m)	1,863	870	1,284	114%	45%

During the quarter, La Encantada produced 836,448 silver ounces compared to 804,802 silver ounces in the previous quarter, representing a 4% increase. The increase was primarily due to higher tonnes milled and silver grades offset by lower recoveries.

The mill processed a total of 271,278 tonnes of ore with an average silver grade and recovery during the quarter of 132 g/t and 72%, respectively, compared to 254,766 tonnes, 120 g/t and 82%, respectively, in the previous quarter. During the quarter, the Company began production in the Southern portion of the first level of Ojuelas, known as the Beca Zone, which delivered higher than expected silver grades. The Northern portion of the Beca Zone is expected to begin production in the second quarter and further improve overall production.

Cash cost per AgEq ounce for the quarter was \$15.48, which was consistent with the prior quarter. AISC per AgEq ounce for the quarter was \$18.64 per ounce compared to \$19.39 per ounce in the previous quarter. The 4% decrease in AISC per AgEq ounce was primarily due to a decrease in sustaining capital expenditures during the quarter.

In 2022, the Company sold a portfolio of its existing royalty interests to Metalla Royalty and Streaming Limited. Under the terms of the agreement, the Company is required to pay a 100% gross value royalty on the first 1,000 ounces of gold produced annually from the La Encantada property. For the three months ended March 31, 2023, the Company has incurred \$0.3 million (March 31, 2022 - \$nil) in royalty payments from gold production at La Encantada.

During the quarter, two underground rigs completed 1,863 metres of drilling compared to 870 metres in the previous quarter. A total of 834 metres of underground development was completed in the first quarter compared to 903 metres in the prior quarter.

Jerritt Canyon Gold Mine, Nevada, United States

The Jerritt Canyon Gold Mine is an underground mining complex located in northern Nevada, United States. Jerritt Canyon was discovered in 1972 and has been in production since 1981 having produced over 9.5 million ounces of gold over its 40-year production history. The operation, which was purchased by the Company on April 30, 2021, has one of only three permitted gold processing plants in Nevada that uses roasting in its treatment of ore. This processing plant has a capacity of 4,000 tonnes per day (“tpd”). On March 20, 2023, the Company temporarily suspended all mining activities at Jerritt Canyon to reduce overall costs and refocus mining and exploration plans. The property consists of a large, under explored land package consisting of 30,821 hectares (119 square miles). Jerritt Canyon is 100% owned by the Company.

Jerritt Canyon	2023-Q1	2022-Q4	2022-Q1	Change Q1 vs Q4	Change '23 vs '22
Ore processed/tonnes milled	146,403	179,502	230,001	(18%)	(36%)
Average gold grade (g/t)	4.03	3.51	3.39	15%	19%
Gold recovery (%)	86%	83%	83%	3%	4%
Production					
Gold ounces produced	16,341	16,845	20,707	(3%)	(21%)
Silver equivalent ounces produced	1,381,452	1,388,140	1,620,400	0%	(15%)
Cost					
Cash cost per Au Ounce	\$2,540	\$2,517	\$2,120	1%	20%
All-In sustaining costs per Au Ounce	\$3,055	\$2,862	\$2,488	7%	23%
Total production cost per tonne	\$278.57	\$233.39	\$187.15	19%	49%
Underground development (m)	2,841	2,162	1,595	31%	78%
Exploration drilling (m)	6,181	4,185	41,356	48%	(85%)

During the quarter, Jerritt Canyon produced 16,341 ounces of gold, representing a 3% decrease compared to the prior quarter. The slight decrease was primarily due to an 18% decrease in tonnes milled partially offset by a 15% increase in gold grades. Throughput was below plan due to excessive downtime in the crushing circuit driven by multiple failures and inefficiencies in the ore dryer system and issues with processing wet and frozen ore. In addition, inclement weather and roaming power outages continued for most of January and February which impacted production. Extreme winter weather conditions in northern Nevada resulted in record snowfall levels, which adversely impacted plant throughput and performance.

On March 20, 2023, management made the decision to temporarily suspend all mining activities at Jerritt Canyon effective immediately. Over the past 22 months since the acquisition of the Jerritt Canyon Gold Mine in Nevada, the Company has been focused on increasing underground mining rates in order to sustainably feed the processing plant at a minimum of 3,000 tpd in order to generate free cash flow as our plans suggested. Despite these efforts, mining rates remained below this threshold and cash costs per ounce have remained higher than anticipated primarily due to ongoing challenges such as contractor inefficiencies, inflationary pressures, lower than expected head grades and extreme weather events affecting northern Nevada. Going forward, the Company will focus on exploration, definition, and expansion of the mineral resources and optimization of mine planning and plant operations.

From March 21, 2023 onwards, the Company continued to process the remaining surface stockpiles. The Company recently held a two-day reverse career fair enabling Jerritt Canyon employees being impacted by the reduction in workforce to meet with over 30 local companies that are looking to hire.

The mill processed a total of 146,403 tonnes with an average gold grade and recovery of 4.03 g/t and 86%, respectively, compared to 179,502 tonnes with an average grade and recovery of 3.51 g/t and 83%, respectively, in the prior quarter.

Cash cost per Au ounce for the quarter was \$2,540 per ounce, a slight increase of 1% compared to \$2,517 in the prior quarter. This increase in cash cost per ounce was primarily due to a 3% decrease in ounces produced and increased

production costs. AISC per Au ounce for the quarter was \$3,055 per ounce, an increase of 7%, compared to \$2,862 per ounce in the prior quarter, primarily due to higher sustaining development costs during the quarter along with higher cash costs.

During the quarter, four underground drill rigs completed a total of 6,181 exploration drilling metres and 2,841 metres of underground development compared to 2,162 metres and 4,185 metres, respectively, in the prior quarter. For the remainder of 2023, exploration will shift its focus towards growth of the Resources and testing locations with favorable geologic setting and large volume potential. Approximately 28,000 metres of drilling are planned for 2023. Drilling will focus on testing geologic targets, such as structural intersections and stratigraphic horizons, that have historically been known to contain significant volume of gold resources.

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 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, metallurgical pilot plant, buildings, offices and associated infrastructure. The Company owns 100% of the La Parrilla Silver Mine.

Operations at the La Parrilla mine have been placed on care and maintenance since September 2019.

On December 7, 2022, the Company announced that it had entered into an asset purchase agreement with Golden Tag Resources Ltd. ("Golden Tag") to sell the La Parrilla Silver Mine for total consideration of up to \$33.5 million, consisting of 143,673,684 Golden Tag shares at a deemed price of \$0.14 per share, having an aggregate value as of the date of the sale agreement of \$20 million, and up to \$13.5 million in contingent consideration, in the form of three milestone payments payable in either cash or shares in Golden Tag. The Company has also agreed to purchase \$2.7 million of Golden Tag securities in a future Golden Tag equity financing of up to CAD \$9 million. Closing the transaction is pending and remains subject to customary closing conditions, including completion of such financing and receipt of all necessary regulatory approvals.

At December 31, 2022, the sale was considered highly probable; therefore, the assets of La Parrilla were classified as assets held for sale and presented separately under current assets. Immediately prior to the classification to assets held for sale, the carrying amount of La Parrilla was remeasured to its recoverable amount, being its FVLCD, based on the \$20 million initial payment, and the first milestone payment of \$2.7 million. As of March 31, 2023, the sale continued to be considered highly probable; therefore, the assets and liabilities were presented as assets and liabilities held for sale and presented separately under current assets and current liabilities.

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 3,815 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. First Majestic owns 100% of the Del Toro Silver Mine.

Operations at the Del Toro mine has been placed on care and maintenance since January 2020.

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 12,795 hectares, plus an application of a new mining concession covering 24,723 hectares to be granted. In addition, the mine includes 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.

In July 2019, the Company suspended all mining and processing activities at the San Martin operation due to growing insecurity in the area. Increasing violence and safety concerns resulted in the Company removing all of its remaining employees from the area in 2021 and the mine and plant have been occupied and are currently under the de facto control of an organized criminal group. The Company has repeatedly requested all applicable governmental authorities to take action to secure the area but, to date, the Mexican government has failed to take any such action and the Company's own efforts have been unsuccessful. The Company is continuing its efforts to cause the applicable governmental authorities to take action to secure the area, although it is not known when that might, if ever, occur.

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 La Guitarra milling and mining operations were placed under care and maintenance effective August 3, 2018.

On May 24, 2022, the Company announced that it entered into a share purchase agreement with Sierra Madre Gold and Silver Ltd. ("Sierra Madre"), to sell the Company's subsidiary La Guitarra Compañía Minera S.A. de C.V. ("La Guitarra"), which owns the La Guitarra Silver Mine for total consideration of approximately \$35 million, consisting of 69,063,076 Sierra Madre shares at a deemed price of \$0.51 per share. The closing of the transaction was subject to customary closing conditions including approval of the Sierra Madre shareholders (which was obtained in December 2022), regulatory approval and that Sierra Madre raise a minimum of \$7.7 million (CAD \$10 million) in a private placement concurrent or prior to the sale.

On December 31, 2022, the sale was considered highly probable; therefore, the assets and liabilities of La Guitarra were classified as assets and liabilities held for sale and presented separately under current assets and current liabilities, respectively. Immediately prior to the classification to asset and liabilities held for sale, the carrying amount of La Guitarra was remeasured to its recoverable amount, being its FVLCD, based on the expected proceeds from the sale. At December 31, 2022, the sale continued to be considered highly probable; therefore the assets and liabilities were presented as assets and liabilities held for sale and presented separately under current assets and current liabilities. During 2022, the Company recorded a reversal of impairment loss related to the La Guitarra assets of \$12.3 million based on the recoverable amount implied by the share purchase agreement.

On March 29, 2023, the Company completed the sale of La Guitarra to Sierra Madre and received total consideration of \$33.2 million net of transaction costs (paid in shares of Sierra Madre), before working capital adjustments. Based on the carrying value of the asset at the time of disposal of \$34.3 million, and the working capital adjustment of \$0.2 million, the Company has recorded a loss on disposition of \$1.4 million. The Company began accounting for the shares received from Sierra Madre as an equity security at FVTOCI.

Springpole Silver Stream, Ontario, Canada

In July 2020, the Company completed an agreement with First Mining Gold Corp. ("First Mining") to purchase 50% of the life of mine payable silver produced from the Springpole Gold Project ("Springpole Silver Stream"), a development stage mining project located in Ontario, Canada. First Majestic agreed to pay First Mining consideration of \$22.5 million in cash and shares, in three milestone payments, for the right to purchase silver at a price of 33% of the silver spot price per ounce, to a maximum of \$7.50 per ounce (subject to annual inflation escalation of 2%, commencing at the start of the third anniversary of production). Commencing with its production of silver, First Mining must deliver 50% of the payable silver which it receives from the offtaker within five business days of the end of each quarter.

Transaction consideration paid and payable by First Majestic is summarized as follows:

- The first payment of \$10.0 million, consisting of \$2.5 million in cash and \$7.5 million in First Majestic shares (805,698 common shares), was paid to First Mining on July 2, 2020;

- The second payment, consisting of \$3.75 million in cash and \$3.75 million in First Majestic shares (287,300 common shares), was paid on January 21, 2021 upon the completion and public announcement by First Mining of the results of a Pre-Feasibility Study for Springpole; and
- The third payment, consisting of \$2.5 million in cash and \$2.5 million in First Majestic shares (based on 20 days volume weighted average price), will be paid upon receipt by First Mining of a Federal or Provincial Environmental Assessment approval for Springpole, which has not yet been received.

In connection with the agreement, First Mining also granted First Majestic 30 million common share purchase warrants, each of which will entitle the Company to purchase one common share of First Mining at CAD\$0.40 over a period of five years. The fair value of the warrants was measured at \$5.7 million using the Black-Scholes option pricing model.

First Mining shall have the right to repurchase 50% of the silver stream for \$22.5 million at any time prior to the commencement of production at Springpole leaving the Company with a reduced silver stream of 25% of life of mine payable silver production.

Springpole is one of Canada's largest, undeveloped gold projects with permitting underway. In January 2021, First Mining announced positive results of its Pre-Feasibility Study ("PFS") which supports a 30,000 tonnes-per-day open pit mining operation over an 11-year mine life. First Mining announced resources of 24.3 million ounces of silver in the Indicated category and 1.4 million ounces of silver in the Inferred category, plus 4.6 million ounces of gold in the Indicated category and 0.3 million ounces of gold in the Inferred category.

The Springpole Project also includes large land holdings of 41,913 hectares which are fully encompassed under the silver streaming agreement.

First Mining is a related party with two independent board members who are also directors and/or officers of First Majestic.

OVERVIEW OF FINANCIAL PERFORMANCE

For the quarters ended March 31, 2023 and 2022 (in thousands of dollars, except for per share amounts):

	First Quarter 2023	First Quarter 2022	Variance %
Revenues	\$156,952	\$156,838	0% (1)
Mine operating costs			
Cost of sales	123,868	111,213	11%
Cost of sales - standby costs	5,078	—	100%
Depletion, depreciation and amortization	34,429	30,556	13%
	163,375	141,769	15%
Mine operating (loss) earnings	(6,423)	15,069	(143%)
General and administrative expenses	8,448	10,282	(18%)
Share-based payments	4,629	4,822	(4%)
Mine holding costs	3,789	3,165	20%
Loss on sale of mining interest	1,378	—	(100%)
Impairment of non-current asset	125,200	—	100%
Foreign exchange gain	(5,643)	(709)	NM
Operating loss	(144,224)	(2,491)	NM
Investment and other income	3,225	2,632	23%
Finance costs	(5,623)	(4,590)	23%
Loss before income taxes	(146,622)	(4,449)	NM
Current income tax expense	65	11,492	(99%)
Deferred income tax recovery	(46,027)	(23,226)	98%
Income tax recovery	(45,962)	(11,734)	NM
Net (loss) earnings for the period	(\$100,660)	\$7,285	NM (10)
(Loss) earnings per share (basic and diluted)	(\$0.37)	\$0.03	NM (10)

NM - Not meaningful

- Revenues** in the quarter marginally increased compared to the same quarter of the prior year primarily attributed to:
 - a 21% increase in the payable AgEq ounces sold compared to the same quarter of the prior year, which resulted in an increase in revenues of \$31.8 million.
- Partially offset by:
- an 18% decrease in the average realized silver price, which averaged \$21.98 per ounce, compared to \$26.68 per ounce during the same quarter of the prior year. This resulted in a \$31.7 million decrease in revenue compared to the first quarter of 2022.
- Cost of sales** in the quarter increased \$12.7 million compared to the same quarter of the prior year primarily due to:
 - a \$6.8 million increase in labour, consumables, energy, and insurance costs due to inflationary pressures during the quarter;
 - standby costs of \$5.1 million due to the temporary suspension of Jerritt Canyon;
 - a \$1.8 million increase in worker participation costs in Mexico; and
 - a stronger Mexican Peso against the U.S. dollar, which averaged 9% higher compared to the same period of 2022.
 - Depletion, depreciation and amortization** in the quarter increased \$3.9 million compared to the same quarter of the previous year, primarily as a result of:

- an increase of \$6.6 million related to depletion at the San Dimas, Santa Elena and La Encantada mines due to an increase in production from San Dimas and La Encantada in the current quarter and the depreciation following the commissioning of the dual circuit plant at Santa Elena.

Partially offset by:

- a decrease of \$2.6 million related to lower depletion at Jerritt Canyon due to a 36% decrease in tonnes milled.
4. **General and administrative expenses** decreased by \$1.8 million compared to the same quarter of 2022, primarily due to higher employee salaries and benefits including the annual incentive compensation during the first quarter of 2022.
 5. **Loss on sale of mining interest** for the quarter increased by \$1.4 million compared to the first quarter of the prior year, following the sale of La Guitarra to Sierra Madre Gold and Silver Ltd. The sale was completed on March 29, 2023, and the Company received \$33.2 million net of transaction costs, before working capital adjustments, representing the value of the Sierra Madre shares received. Based on the carrying value of the asset at the time of disposal of \$34.3 million, and the working capital adjustment of \$0.2 million, along with changes in the foreign exchange rate between the time the asset was classified as held-for-sale and the closing date, the Company has recorded a loss on disposition of \$1.4 million.
 6. **Impairment of non-current asset** for the quarter was \$125.2 million, or \$94.0 million net of tax, on the Jerritt Canyon mine due to the temporary suspension of mining operations which was announced on March 20, 2023.
 7. **Investment and other income** for the quarter increased by \$0.6 million compared to the first quarter of the prior year, primarily due to a gain on silver futures of \$3.0 million compared to \$2.9 million in the same quarter of the prior year, additional interest income of \$1.2 million, compared to \$0.3 million in the same quarter of the prior year. This was partially offset by an unrealized loss on marketable securities of \$0.8 million, compared to \$0.5 million in the same quarter of the prior year.
 8. **Finance costs** in the quarter increased by \$1.0 million compared to the first quarter of the prior year primarily due to an increase in the accretion expense for decommissioning liabilities resulting from changes in the asset retirement obligations as well as an increase in interest expense as a result of amounts outstanding on the revolving credit facility during the quarter.
 9. During the quarter, the Company recorded an **income tax recovery** of \$46.0 million compared to a recovery of \$11.7 million in the first quarter of 2022. The increase in income tax recovery was primarily driven by impairment on non-current assets.
 10. As a result of the foregoing, **net loss** for the quarter was \$100.7 million (EPS of (\$0.37)) compared to net earnings of \$7.3 million (EPS of \$0.03) in the same quarter of the prior year.

SUMMARY OF QUARTERLY RESULTS

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

Selected Financial Information	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$156,952	\$148,189	\$159,751	\$159,443	\$156,838	\$204,876	\$124,646	\$154,073
Cost of sales	\$123,868	\$126,148	\$120,707	\$113,619	\$111,213	\$121,236	\$92,006	\$95,782
Depletion, depreciation and amortization	\$34,429	\$35,307	\$35,707	\$34,212	\$30,556	\$43,278	\$29,122	\$28,868
Mine operating (loss) earnings	(\$6,423)	(\$13,266)	\$3,337	\$11,612	\$15,069	\$40,362	\$3,518	\$29,423
Net (loss) earnings after tax	(\$100,660)	(\$16,819)	(\$20,692)	(\$84,050)	\$7,285	(\$3,971)	(\$18,406)	\$15,599
(Loss) earnings per share - basic	(\$0.37)	(\$0.06)	(\$0.08)	(\$0.32)	\$0.03	(\$0.02)	(\$0.07)	\$0.06
(Loss) earnings per share - diluted	(\$0.37)	(\$0.06)	(\$0.08)	(\$0.32)	\$0.03	(\$0.02)	(\$0.07)	\$0.06

During the first quarter of 2023, mine operating loss was \$6.4 million compared to a loss of \$13.3 million in the previous quarter primarily due to an increase in payable gold ounces sold and lower cost of sales. This was offset by additional standby costs for winding down activities at Jerritt Canyon. During the quarter, the Company recognized a total impairment charge of \$125.2 million, or \$94.0 million net of tax. The net loss for the quarter was \$100.7 million compared to the net loss of \$16.8 million in the prior quarter primarily attributed to the impairment expense at Jerritt Canyon and an income tax recovery of \$46.0 million compared to an income tax recovery of \$14.6 million in the previous quarter.

LIQUIDITY, CAPITAL RESOURCES AND CONTRACTUAL OBLIGATIONS

Liquidity

As at March 31, 2023, the Company had cash and cash equivalents of \$104.8 million, comprised primarily 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. With the exception of \$1.5 million held in-trust for tax audits in Mexico, the Company's cash and cash equivalents 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 March 31, 2023 was \$184.6 million compared to \$202.9 million at December 31, 2022. Total available liquidity at March 31, 2023 was \$259.6 million, including working capital and \$75.0 million of undrawn revolving credit facility.

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

	Three Months Ended March 31,	
	2023	2022
Cash flow		
Cash used in operating activities	(\$4,670)	(\$18,984)
Cash used in investing activities	(52,297)	(39,779)
Cash provided by financing activities	8,430	12,152
Decrease in cash and cash equivalents	(\$48,537)	(\$46,611)
Effect of exchange rate on cash and cash equivalents held in foreign currencies	1,873	1,486
Cash and cash equivalents, beginning of the year	151,438	237,926
Cash and cash equivalents, end of period	\$104,774	\$192,801

The Company's cash flows from operating, investing and financing activities during the three months ended March 31, 2023 are summarized as follows:

- **Cash used by operating activities** of \$4.7 million, primarily due to:
 - \$16.1 million in income taxes paid during the period; and
 - \$10.4 million net change in non-cash working capital items during the period, including a \$5.8 million increase in trade payables, \$1.0 million increase in income taxes payable, a \$1.8 million increase in trade and other receivables partially offset by a \$3.2 million increase in value added tax ("VAT") receivables, a \$5.6 million increase in inventories, \$4.3 million increase in prepaid expenses, and \$5.9 million increase in restricted cash.
 net of:
 - \$21.9 million in cash flows from operating activities before movements in working capital and taxes.
- **Cash used in investing activities** of \$52.3 million, primarily related to:
 - \$41.0 million spent on mine development and exploration activities;
 - \$8.5 million spent on purchase of property, plant and equipment; and
 - \$2.8 million spent on deposits on non-current assets.
- **Cash provided by financing activities** of \$8.4 million, primarily consists of the following:
 - \$14.4 million of net proceeds from the issuance of shares through the ATM;
 - \$0.3 million of net proceeds from the exercise of stock options;
 net of:
 - \$3.4 million for repayment of lease obligations;
 - \$1.5 million for the payment of dividends during the period; and
 - \$1.4 million payment of financing costs.

During the quarter ended March 31, 2023, the Company received \$13.6 million (244.4 million MXN) related to value added tax filings. In connection with the Primero Empresa Minera, S.A. de C.V. ("PEM") tax ruling, the tax authority has frozen a PEM bank account with cumulative funds of \$84.7 million as a guarantee against certain disputed tax assessments which are currently held within the Company's restricted cash accounts. This balance consists of VAT refunds that the Company has received which were previously withheld by the tax authority. The Company does not agree with Servicio de Administracion Tributaria's ("SAT") position and is challenging the freezing of the bank account through the relevant legal channels.

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 from time to time adjust the structure by repurchasing shares, issuing new shares, issuing new debt or retiring existing debt. The Company prepares an 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 March 31, 2023 and December 31, 2022, the Company was fully in compliance with these covenants.

Contractual Obligations and Commitments

As at March 31, 2023, the Company's contractual obligations and commitments are summarized as follows:

	Contractual Cash Flows	Less than 1 year	2 to 3 years	4 to 5 years	After 5 years
Trade and other payables	\$114,405	\$114,405	\$—	\$—	\$—
Debt facilities	255,203	1,847	22,709	230,647	—
Lease liabilities	47,885	16,756	24,987	5,193	949
Other liabilities	6,956	—	—	6,956	—
Purchase obligations and commitments	5,348	5,348	—	—	—
	\$429,797	\$138,356	\$47,696	\$242,796	\$949

At March 31, 2023, the Company had a working capital of \$184.6 million (December 2022 – \$202.9 million) and total available liquidity of \$259.6 million (December 2022 – \$277.9 million), including \$75.0 million (December 2022 - \$75.0 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.

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 chartered banks, trade receivables in the ordinary course of business, value added taxes receivable and other receivables.

As at March 31, 2023, VAT receivable was \$48.1 million (December 31, 2022 - \$44.9 million), of which \$22.9 million (December 31, 2022 - \$21.6 million) relates to Minera La Encantada S.A. de C.V. ("MLE") and \$24.1 million (December 31, 2022 - \$17.7 million) relates to PEM.

The Company sells and receives payment upon delivery of its silver doré and by-products 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 manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and our holdings of cash and cash equivalents.

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 rates of the Canadian Dollar and the Mexican Peso against the U.S. Dollar is included in the table below:

	March 31, 2023						
	Cash and cash equivalents	Restricted cash	Value added taxes receivable	Other financial assets	Trade and other payables	Net assets (liabilities) exposure	Effect of +/- 10% change in currency
Canadian dollar	\$25,285	\$—	\$—	\$1,926	(\$4,067)	\$23,144	\$2,314
Mexican peso	31,337	84,687	48,166	—	(57,771)	106,419	10,642
	\$56,622	\$84,687	\$48,166	\$1,926	(\$61,838)	\$129,563	\$12,956

Commodity Price Risk

The Company is exposed to commodity price risk on silver and gold, 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 long-term derivative instruments to hedge its commodity price risk to silver or gold.

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

	March 31, 2023		
	Effect of +/- 10% change in metal prices		
	Silver	Gold	Total
Metals in doré inventory	\$1,244	\$441	\$1,685
	\$1,244	\$441	\$1,685

Political and Country Risk

First Majestic currently conducts foreign operations in México and the United States, 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, the conflict between Russia and Ukraine, 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, illegal mining operations by third parties on the Company's properties, labour unrest and surface access issues. 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 Estimation of Mineral Resources and Mineral Reserves, and Metal Recovery

There is a degree of uncertainty attributable to the estimation of Mineral Resources and Mineral Reserves (as defined in the Canadian Institute of Mining's Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines. 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, exchange rates assumptions used, underground stability conditions, the ability to maintain constant underground access to all working areas, geological variability, mining methods assumptions used and operating cost escalation. Any material change in the quantity of Mineral Reserves, Mineral Resources, grade or dimensions of the geological structures 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 estimated on the basis of economic factors at the time of calculation, including commodity prices and operating costs; 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 metal recoveries in small scale laboratory tests will be

replicated in larger scale tests under on-site conditions or during production, or that the existing known and experienced recoveries will continue.

Public Health Crises

Global financial conditions and the global economy in general have, at various times in the past and may in the future, experience extreme volatility in response to economic shocks or other events, such as the concern with COVID-19. Many industries, including the mining industry, are impacted by volatile market conditions in response to the widespread outbreak of epidemics, pandemics, or other health crises. Such public health crises and the responses of governments and private actors can result in disruptions and volatility in economies, financial markets, and global supply chains as well as declining trade and market sentiment and reduced mobility of people, all of which could impact commodity prices, interest rates, credit ratings, credit risk and inflation.

The Company's business could be materially adversely affected by the effects of the COVID-19 pandemic. As of the date of this MD&A, the global spread of COVID-19 appears to have stabilized. The Company has modified its measures to monitor, combat and manage the impact of COVID-19 at its operations. The Company also continues to provide sanitary support for the local communities in which it operates. Due to the potential for new variants of COVID-19, future disruptions to business internationally and related financial impact on the Company and the economy in general cannot be estimated with any degree of certainty at this time.

During 2022, the Company modified its preventative control measures. These measures include continuing education and, where appropriate, voluntary vaccination campaigns to avoid illnesses related to COVID-19, COVID-19 variants, and the seasonal flu. Monitoring of worker wellness or fitness for duty, as recommended by the Mexican, US and Canadian Governments health agencies, continues.

There is no guarantee that the Company will not experience disruptions to some of its active mining operations due to COVID-19 restrictions in the future. Any resurgence of COVID-19 or the spread of other public health crises could materially and adversely impact the Company's business, including without limitation, employee health, workforce availability and productivity, limitations on travel, supply chain disruptions, increased insurance premiums, increased costs and reduced efficiencies, the availability of industry experts and personnel, restrictions on the Company's exploration and drilling programs and/or the timing to process drill and other metallurgical testing and the slowdown or temporary suspension of operations at some or all of the Company's properties, resulting in reduced production volumes. Although the Company has the capacity to continue certain administrative functions remotely, many other functions, including mining operations, cannot be conducted remotely. Any such disruptions could have an adverse effect on the Company's production, revenue, net income and business.

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, waste disposal, hazardous substances and mine reclamation rules and permits. Although the Company makes provisions for environmental compliance and 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. 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.

On August 26, 2021, the NDEP issued 10 Notices of Alleged Violation (collectively the "NOAV") that alleged the Company doing business as Jerritt Canyon Gold, LLC had violated various air permit conditions and regulations applicable to operations at the Jerritt Canyon in Elko County, Nevada. The NOAV are related to compliance with emission monitoring, testing, recordkeeping requirements, and emission and throughput limits.

The Company filed a Notice of Appeal on September 3, 2021, challenging the NOAV before the Nevada State Environmental Commission ("NSEC"). The Company raised various defenses to the NOAV, including that the Company is not liable for the violations because it was never the owner/operator of Jerritt Canyon during the period the alleged violations began (on April 30, 2021, the Company acquired Jerritt Canyon Canada Ltd, which, through subsidiaries, owns and operates Jerritt Canyon). There is currently no hearing scheduled or any scheduling order in the matter, and the parties have yet to engage in discovery.

On March 8, 2022, NDEP issued an additional four Notices of Alleged Violations to Jerritt Canyon Gold, LLC for alleged exceedances and violations of an Air Quality Operating permit and Mercury Operating Permit to Construct. The new NOAVs relate to alleged exceedances of mercury emission limitations, exceedances of operating parameters, installation of equipment, and recordkeeping requirements. The Company filed a Request for Hearing with the Nevada State Environmental Commission on March 18, 2022, that challenged the bases for the alleged NOAVs and any potential penalties associated with the NOAVs. JCG and NDEP agreed to waive the 20-day hearing requirement for the NOAVs and the parties request that the NSEC withhold schedule a hearing for the NOAVs at this time. At this time the estimated amount cannot be reliably determined.

Climate Related Risks

A number of governments have introduced or are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. If the current regulatory trend continues, this may result in increased costs at some or all of the Company's operations. In addition, the physical risks of climate change may also have an adverse effect on the Company's operations. These risks include the following:

- Changes in sea levels could affect ocean transportation and shipping facilities that are used to transport supplies, equipment and workforce and products from the Company's operations to world markets.
- Extreme weather events (such as prolonged drought, flooding or freezing conditions) have the potential to disrupt operations at the Company's mines and may require the Company to make additional expenditures to mitigate the impact of such events. Extended disruptions to supply lines could result in interruption to production.
- The Company's facilities depend on regular supplies of consumables (diesel, tires, sodium cyanide, etc.) and reagents to operate efficiently. In the event that the effects of climate change or extreme weather events cause prolonged disruption to the delivery of essential commodities, production levels at the Company's operations may be reduced.

There can be no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on the Company's operations and profitability.

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. Each of these matters is subject to various uncertainties and it is possible that some of these other matters may be resolved in a manner that is unfavourable to the Company which may result in a material adverse impact on the Company's financial performance, cash flow or results of operations. First Majestic carries liability insurance coverage and establishes provisions for matters that are probable and can be reasonably estimated, however there can be no guarantee that the amount of such coverage is sufficient to protect against all potential liabilities. In addition, the Company may in the future be subjected to regulatory investigations or other proceedings and 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.

Title to Properties

The validity of mining or exploration titles or claims or rights, which constitute most of the Company's property holdings, can be uncertain and may be contested. The Company has used reasonable commercial efforts to investigate the Company's title or claim to its various properties, however, no assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining titles or claims and that such exploration and mining titles or claims will not be challenged or impugned by third parties. Mining laws are continually developing and changes in such laws could materially impact the Company's rights to its various properties or interests therein. The Company has obtained title insurance for its Jerritt Canyon Mine but there is a risk that such insurance could be insufficient, or the Company could not be successful in any claim against its insurer. Accordingly, the Company may have little or no recourse as a result of any successful challenge to title to any of its properties. The Company's properties may be subject to prior unregistered liens, agreements or transfers, land claims or undetected title defects which may have a material adverse effect on the Company's ability to develop or exploit the properties.

Primero Tax Rulings

When Primero, the previous owner of San Dimas acquired the San Dimas Mine in August 2010, it assumed the obligations under a Silver Purchase Agreement ("Old Stream Agreement") that required its subsidiary PEM to sell exclusively to Wheaton Precious Metals ("WPMI") up to 6 million ounces silver produced from the San Dimas Mine, and 50% of silver produced thereafter, at the lower of: (i) the spot market price and (ii) \$4.014 per ounce plus an annual increase of 1% ("PEM Realized Price"). In May 2018, the Old Stream Agreement was terminated between WPMI and STB in connection with the Company entering into a new stream agreement with WPMI concurrent with the acquisition of Primero by the Company.

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

To obtain tax and legal assurance that the Mexican tax authority, Servicio de Administración Tributaria ("SAT") would accept the PEM Realized Price as the transfer price to calculate Mexican income taxes payable by PEM, a mutually binding Advance Pricing Agreement ("APA") was entered into with the SAT for taxation years 2010 to 2014. On October 4, 2012, the SAT confirmed that based on the terms of the APA, the PEM Realized Price could be used as PEM's basis for calculating taxes owed for the silver sold under the Old Stream Agreement.

In February 2015, the SAT filed a legal process seeking to retroactively nullify the APA.

In 2019, the SAT issued reassessments for the 2010 to 2012 tax years in the total amount of \$271.6 million (4,919 million MXN) inclusive of interest, inflation, and penalties. In 2021, the SAT also issued a reassessment against PEM for the 2013 tax year in the total amount of \$150.3 million (2,723 million MXN) (collectively, the "Reassessments"). The Company believes that the Reassessments violate the terms of the APA. The major items in the Reassessments include determination of revenue based on silver spot market prices, denial of the deductibility of interest expense and service fees, SAT technical error related to double counting of taxes, and interest and penalties.

The Company continues to defend the APA in the Mexican legal proceedings, and also requested resolution of the transfer price dispute pursuant to the Mutual Agreement Procedure ("MAP"), under the relevant avoidance of double taxation treaties, between the competent tax authorities of Mexico, Canada, Luxembourg and Barbados. The SAT has refused to take the necessary steps under the MAP process contained in the three treaties. The Company believes that by its refusal, Mexico is in breach of its international obligations regarding double taxation treaties. Furthermore, the Company continues to believe that the APA remains valid and legally binding on the SAT.

The Company continues to pursue all available domestic and international remedies under the laws of Mexico and under the relevant tax treaties. Furthermore, as discussed further below, it has also made claims against Mexico under Chapter 11 of the North American Free Trade Agreement ("NAFTA") for violation of its international law obligations.

Domestic Remedies

In September 2020, the Company was served with a decision of the Federal Court seeking to nullify the APA granted to PEM. The Federal Court's decision directs SAT to re-examine the evidence and basis for the issuance of the APA with retroactive effect, for the following key reasons:

- (i) SAT's errors in analyzing PEM's request for the APA and the evidence provided in support of the request; and
- (ii) SAT's failure to request from PEM certain additional information before issuing the APA.

The Company filed an appeal of the decision to the Mexican Circuit Courts on November 30, 2020. Since two writs of certiorari were filed before the Mexican Supreme Court of Justice, on April 15, 2021, the Plenary of the Supreme Court i) admitted one of those writs, ii) requested the Circuit Court to send the appeal file and iii) assigned such writ to the Second Chamber of the Supreme Court for issuing the corresponding decision. Both writs of certiorari were withdrawn in December 2022. The challenge filed by the Company has been returned to the Mexican Circuit Courts and a decision may be issued within the second quarter of 2023.

The Company, in addition to challenging the SAT's actions in the Mexican courts, is also pursuing resolution of its dispute through Mexico's Federal Taxpayer Defense Attorney's Office (known as "PRODECON").

International Remedies

On March 2, 2021, the Company submitted a Request for Arbitration to the International Centre for Settlement of Investment Disputes ("ICSID"), on its own behalf and on behalf of PEM, based on Chapter 11 of NAFTA. On March 31, 2021, the Notice of Registration of the Request for Arbitration was issued by the ICSID Secretariat. Once the NAFTA Arbitration Panel (the "Tribunal") was fully constituted on August 20, 2021 by the appointment of all three panel members, the NAFTA Arbitration Proceedings (the "NAFTA Proceedings") were deemed to have been fully commenced. The first session of the Tribunal was held by videoconference on September 24, 2021 to decide upon the procedural rules which will govern the NAFTA Proceedings. The Tribunal issued Procedural Order No. 1 on October 21, 2021. Thereafter, on April 26, 2022, the Company submitted its Claimant's Memorial including expert reports and witness statements to the Tribunal, and on November 26, 2022, Mexico submitted its Counter-Memorial.

On March 31, 2023, the Company filed a new Notice of Intent under Chapter 11 of NAFTA ("VAT Notice of Intent") to invite the Government of Mexico to engage in discussions to resolve the dispute regarding the ongoing denial of access to PEM's VAT refunds within the stipulated 90-day consultation period. Should the parties be unable to achieve a resolution, the Company may seek to join proceedings related to the VAT Notice of Intent with the NAFTA Proceedings.

Based on the Company's consultation with third party advisors, the Company believes PEM filed its tax returns in compliance with applicable Mexican law and, therefore, at this time no liability has been recognized in the financial statements.

To the extent it is ultimately determined that the pricing for silver sales under the Old Stream Agreement is significantly different from the PEM Realized Price, and while PEM would have rights of appeal in connection with any reassessments, it is likely to have a materially adverse effect on the Company's business, financial position and results of operations.

If the SAT's attempts to retroactively nullify the APA are successful, the SAT can be expected to enforce any Reassessments for 2010 through 2014 against PEM in respect of its sales of silver pursuant to the Old Stream Agreement. Such an outcome would likely have a material adverse effect on the Company's results of operations, financial condition and cash flows. Should the Company ultimately be required to pay tax on its silver revenues based on spot market prices without any mitigating adjustments, the incremental income tax for the years 2010-2019 would be approximately \$284.2 million (5,147 million MXN), before taking into consideration interest or penalties.

La Encantada Tax Re-assessments

In December 2019, as part of the ongoing annual audits of the tax returns of Minera La Encantada S.A. de C.V. and Corporacion First Majestic S.A. de C.V., the SAT issued tax assessments for fiscal 2013 for corporate income tax in the amount of \$5.3 million (96.9 million MXN) and \$16.9 million (306.9 million MXN), respectively including interest, inflation and penalties. In December 2022, the SAT issued tax assessments to Minera La Encantada, S.A. de C.V. for fiscal years 2014 and 2015 for corporate income tax in the amount of \$17.11 million (309.7 million MXN) and \$222.4 million (3,027.6 million MXN). The major items relate to forward silver purchase agreement and denial of the deductibility of mine development costs and service fees. The Company continues to defend the validity of the forward silver purchase agreement and will vigorously dispute the assessments that have been issued. The Company, based on advice from legal and financial advisors, believes MLE's tax filings were appropriate and its tax filing position is correct, therefore no liability has been recognized in the financial statements.

First Silver litigation

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") in connection with a dispute between the Company and the Defendant and his private company involving a mine in México (the "**Bolaños Mine**") as set out further below. The Company received a sum of \$14.1 million in June 2013 as partial payment of the judgment, leaving an unpaid amount of approximately \$64.3 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 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. After many years of domestic Mexican litigation, the enforceability of the British Columbia judgment was finally recognized by the Mexican Supreme Court in a written judgment on November 11, 2022. The Company has commenced collection actions in Mexico against the Defendant's assets and continues to seek recovery of the balance against one of the Defendant's assets

located in the United States. Nonetheless, there can be no guarantee that the remainder of the judgment amount will be collected. Therefore, as at March 31, 2023, the Company has not accrued any of the remaining \$64.3 million (CAD\$81.5 million) unrecovered judgment in favour of the Company.

OTHER FINANCIAL INFORMATION

Share Repurchase Program

The Company has an ongoing share repurchase program to repurchase up to 5,000,000 of the Company's issued and outstanding shares. The normal course issuer bid will be carried out through the facilities of the Toronto Stock Exchange and alternative Canadian marketplaces. All common shares, if any, purchased pursuant to the Share Repurchase will be cancelled. The Company believes that from time to time, the market price of its common shares may not fully reflect the underlying value of the Company's business and its future business prospects. The Company believes that at such times, the purchase of common shares would be in the best interest of the Company. During the three months ended March 31, 2023, the Company repurchased an aggregate of nil common shares (December 2022 - 100,000) at an average price of CDN \$nil per share as part of the Share Repurchase Program (December 2022 - \$8.52) for total proceeds of \$nil million (December 2022 - \$0.7 million), net of transaction costs.

Off-Balance Sheet Arrangements

At March 31, 2023, 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.

In July 2020, the Company completed the agreement with First Mining Gold Corp., to purchase 50% of the payable silver produced from the Springpole Gold Project for total consideration of \$22.5 million in cash and shares, over three payments, for the silver stream which covers the life of the Springpole project. First Mining is a related party with two independent board members who are directors and/or officers of First Majestic.

With the exception of the agreement with First Mining Gold Corp., there were no transactions with related parties outside of the ordinary course of business during the three months ended March 31, 2023.

Outstanding Share Data

As at May 3, 2023, the Company has 278,630,138 common shares issued and outstanding.

SUBSEQUENT EVENTS

The following significant events occurred subsequent to March 31, 2023:

Declaration of Quarterly Dividend

On May 4, 2023, the Company's board of directors approved the declaration of its quarterly common share dividend of \$0.0057 per share, payable on or after June 9, 2023, to common shareholders of record at the close of business on May 18, 2023. These dividends were declared subsequent to the quarter-end and have not been recognized as distributions to owners during the period ended March 31, 2023.

Critical Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformity with IFRS as issued by the International Accounting Standards Board ("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.

The Company's condensed interim consolidated financial statements for the three months ended March 31, 2023, 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, 2022 and the following accounting policies, critical judgments and estimates in applying accounting policies:

Assets and liabilities held-for-sale

Accounting Policy

A non-current asset or disposal group of assets and liabilities ("disposal group") is classified as held-for-sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and when the following criteria are met:

(i) The non-current asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; and

(ii) The sale of the non-current asset or disposal group is highly probable. For the sale to be highly probable:

- The appropriate level of management must be committed to a plan to sell the asset or disposal group;
- An active program to locate a buyer and complete the plan must have been initiated;
- The non-current asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale (with certain exceptions); and
- Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets and disposal groups are classified as held for sale from the date these criteria are met and are measured at the lower of the carrying amount and fair value less costs to sell ("FVLCTS"). If the FVLCTS is lower than the carrying amount, an impairment loss is recognized in net earnings. Upon classification as held for sale, non-current assets are no longer depreciated.

Significant estimates and judgements

In determining the probability of the sale being completed within a year, management has considered a number of factors including necessary approvals from management, the Board of Directors, regulators and shareholders.

Critical Judgements and Estimates

Investments in Associates and Joint Ventures

Judgement is needed to assess whether the Company's interest in an investee meets the definition of having significant influence and therefore requires to be accounted for under the equity method.

In making a judgement of whether the Company has significant influence over the entity, management has evaluated the ownership percentage as well as other qualitative factors including but not limited to representation on the Board of Directors, participation in operational or financial policy-making processes, material transactions between the Company and the investee, interchange of managerial personnel, provision of technical information and the nature of potential voting rights.

As part of this assessment, management has considered that until such time that First Majestic holds less than 19.9% of the outstanding shares, the Company has agreed to vote in the manner recommended by the Board of Directors of Sierra Madre.

Based on the qualitative factors noted above, the restrictions imposed on voting rights, and the lack of rights to have or appoint members to the Board, the Company has determined that significant influence does not exist despite holding a 48% interest in Sierra Madre Gold and Silver Ltd. The Company began accounting for the shares received from Sierra Madre as an equity security at FVTOCI.

Impairment of non-current asset

Once an indicator of impairment is identified, significant judgement is required to determine the recoverable amounts of the Company's mining interests. Following the recent temporary suspension of operations at Jerritt Canyon, the Company has determined that there was an indicator of impairment. The Company determined that the value of the CGU can be estimated using the market approach, based on the implied value per in-situ ounce of the property, rather than from the future cash flows from continuing operations.

In estimating the fair value less costs of disposal ("FVLCD"), the Company took into account the consideration paid in recent transactions for comparable Companies and benchmarked the value per in-situ ounce at Jerritt Canyon against these transactions. The Company concluded that the resulting measurement is more representative of the fair value of the CGU in the circumstances existing at the end of the current period.

New and amended IFRS standards that are effective for the current year

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The International Accounting Standards Board ("IASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments were applied effective January 1, 2023 and did not have a material impact on the Company's consolidated financial statements.

[Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates](#)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty.”

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments were applied effective January 1, 2023 and did not have a material impact on the Company's consolidated financial statements.

[Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction \(Amendments to IAS 12\)](#)

The amendments clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and decommissioning liabilities. The amendments were applied effective January 1, 2023 and did not have a material impact on the Company's consolidated financial statements.

Future Changes in Accounting Policies Not Yet Effective as at March 31, 2023:

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective. Management does not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Group in future periods, except if indicated.

[Classification of Liabilities as Current or Non-Current with Covenants \(Amendments to IAS 1\)](#)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

In addition, the amendment requires entities to disclose information to enable users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2024, with early application permitted. This amendment is not expected to have a material impact on the Company's consolidated financial statements.

[Lease Liability in a Sale and Leaseback \(Amendments to IFRS 16\)](#)

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 although earlier application is permitted. This amendment is not expected to have a material impact on the Company's financial statements.

NON-GAAP MEASURES

The Company has included certain non-GAAP measures including “Cash costs per silver equivalents ounce”, “All-in sustaining cost per silver equivalent ounce”, “All-in sustaining cost per gold ounce”, “Production cost per tonne”, “Average realized silver price per silver equivalent ounce”, “Average realized gold price”, “Adjusted net earnings”, “Adjusted earnings per share”, “Free cash flow” 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 the methods used by the Company to calculate such measures may differ from methods used by other companies with similar descriptions, 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 AgEq Ounce, All-In Sustaining Cost per AgEq Ounce, All-In Sustaining Cost per Au Ounce, and Production Cost per Tonne

Cash costs per AgEq ounce and total production cost per tonne are non-GAAP performance measures used by the Company to manage and evaluate operating performance at each of the Company’s operating mining units, in conjunction with the related GAAP amounts. These metrics 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. Management and investors use these metrics for comparing the costs against peers in the industry and for assessing the performance of each mine within the portfolio.

Management calculates the cash costs per ounce and production costs per tonne by:

- starting with the production costs (GAAP) from the income statement;
- adding back duties and royalties, smelting and refining costs as well as transportation and selling costs, which form a part of the cost of sales on the financial statements and provide a better representation of total costs incurred;
- cash costs are divided by the payable silver equivalent ounces produced; and
- production costs are divided by the total tonnes milled.

AISC is a non-GAAP performance 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 and is useful for investors and management to assess the Company’s operating performance by providing greater visibility, comparability and representation of the total costs associated with producing silver from its current operations, in conjunction with related GAAP amounts. AISC helps investors to assess costs against peers in the industry and help management assess the performance of each mine within the portfolio in a standardized manner.

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 costs (GAAP measure) 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 expenses, 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 projects 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 condensed interim consolidated financial statements.

(expressed in thousands of U.S. Dollars, except ounce and per ounce amounts)	Three Months Ended March 31, 2023				
	San Dimas	Santa Elena	La Encantada	Jerritt Canyon	Consolidated
Mining cost	\$14,595	\$8,402	\$3,826	\$24,799	\$51,614
Milling cost	7,882	9,114	5,439	11,865	34,300
Indirect cost	12,049	5,191	3,288	4,120	24,647
Total production cost (A)	\$34,517	\$22,707	\$12,554	\$40,783	\$110,561
Add: transportation and other selling cost	438	245	176	14	935
Add: smelting and refining cost	385	49	179	36	649
Add: environmental duty and royalties cost	377	2,080	106	632	3,195
Total cash cost (B)	\$35,717	\$25,081	\$13,015	\$41,465	\$115,340
Workers' participation	3,394	661	449	—	4,504
General and administrative expenses	—	—	—	—	8,058
Share-based payments	—	—	—	—	4,629
Accretion of decommissioning liabilities	397	280	292	514	1,742
Sustaining capital expenditures	8,550	4,543	1,034	7,889	22,023
Operating lease payments	185	1,351	877	—	2,791
All-In Sustaining Costs (C)	\$48,243	\$31,916	\$15,667	\$49,868	\$159,087
Payable silver equivalent ounces produced (D)	3,288,126	2,102,178	840,380	1,380,070	7,610,754
Payable gold ounces produced (E)	N/A	N/A	N/A	16,325	N/A
Tonnes milled (F)	219,367	208,821	271,278	146,403	845,868
Cash cost per AgEq ounce (B/D)	\$10.86	\$11.93	\$15.48	\$30.05	\$15.16
AISC per AgEq ounce (C/D)	\$14.67	\$15.18	\$18.64	\$36.14	\$20.90
Cash cost per Au ounce (B/E)	N/A	N/A	N/A	\$2,540	N/A
AISC per Au ounce (C/E)	N/A	N/A	N/A	\$3,055	N/A
Production cost per tonne (A/F)	\$157.39	\$108.74	\$46.27	\$278.57	\$130.71

(expressed in thousands of U.S. Dollars,
except ounce and per ounce amounts)

Three Months Ended March 31, 2022

	San Dimas	Santa Elena	La Encantada	Jerritt Canyon	Consolidated
Mining cost	\$10,897	\$10,291	\$3,094	\$27,194	\$51,476
Milling cost	6,158	7,229	4,231	10,334	27,952
Indirect cost	11,001	4,965	3,029	5,518	24,513
Total production cost (A)	\$28,057	\$22,485	\$10,355	\$43,046	\$103,943
Add: transportation and other selling cost	106	110	86	13	369
Add: smelting and refining cost	390	100	138	16	644
Add: environmental duty and royalties cost	381	1,479	77	833	2,770
Total cash cost (B)	\$28,934	\$24,174	\$10,656	\$43,908	\$107,726
Workers' participation	2,399	831	(520)	—	2,710
General and administrative expenses	—	—	—	—	9,881
Share-based payments	—	—	—	—	4,822
Accretion of decommissioning liabilities	292	159	208	513	1,506
Sustaining capital expenditures	8,179	4,191	1,588	7,101	21,445
Operating lease payments	116	1,069	810	—	2,379
All-In Sustaining Costs (C)	\$39,920	\$30,424	\$12,742	\$51,522	\$150,469
Payable silver equivalent ounces produced (D)	3,075,050	1,865,869	649,063	1,618,780	7,208,762
Payable gold ounces produced (E)	N/A	N/A	N/A	20,707	N/A
Tonnes milled (F)	195,300	201,911	249,906	230,001	877,118
Cash cost per AgEq ounce (B/D)	\$9.41	\$12.96	\$16.41	\$27.12	\$14.94
AISC per AgEq ounce (C/D)	\$12.98	\$16.31	\$19.63	\$31.83	\$20.87
Cash cost per Au ounce (B/E)	N/A	N/A	N/A	\$2,120	N/A
AISC per Au ounce (C/E)	N/A	N/A	N/A	\$2,488	N/A
Production cost per tonne (A/F)	\$143.66	\$111.36	\$41.43	\$187.15	\$118.51

Average Realized Silver Price per Silver Equivalent Ounce

Revenues are presented as the net sum of invoiced revenues related to delivered shipments of silver or gold doré bars, including associated metal by-products of 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 average realized silver price is a non-GAAP performance measure that allows management and investors to assess the Company's ability to sell ounces produced, in conjunction with related GAAP amounts. Management calculates this measure by taking total revenue reported under GAAP and adding back smelting and refining charges to arrive at the gross reportable revenue for the period. Gross revenues are divided into payable silver equivalent ounces sold to calculate the average realized price per ounce of silver equivalents sold. The streaming and royalty agreements in place between the Company and Sandstorm as well as Wheaton, impacts the total revenues reported on the financial statements given the reduced prices provided to these vendors in line with the terms of the agreements. Therefore, management adjusts revenue to exclude smelting and refining charges as well as revenues earned through agreements with these vendors. This provides management with a better picture regarding its ability to convert ounces produced to ounces sold and provides the investor with a clear picture of the price that the Company can currently sell the inventory for, excluding pre-arranged agreements.

	Three Months Ended March 31,	
	2023	2022
Revenues as reported	\$156,952	\$156,838
Add back: smelting and refining charges	650	645
Gross revenues	157,602	157,483
Less: Sandstorm gold revenues	(405)	(291)
Less: Wheaton gold revenues	(6,650)	(6,225)
Gross revenues, excluding Sandstorm, Wheaton (A)	\$150,547	\$150,968
Payable silver equivalent ounces sold	7,811,637	6,446,737
Less: Payable silver equivalent ounces sold to Sandstorm	(74,988)	(2,904)
Less: Payable silver equivalent ounces sold to Wheaton	(887,701)	(786,395)
Payable silver equivalent ounces sold, excluding Sandstorm and Wheaton (B)	6,848,948	5,657,438
Average realized silver price per silver equivalent ounce (A/B)	\$21.98	\$26.68
Average market price per ounce of silver per COMEX	\$22.55	\$24.04

Average Realized Gold Price per Ounce

Revenues are presented as the net sum of invoiced revenues related to delivered shipments of silver or gold doré bars, including associated metal by-products of 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 average realized gold price is a non-GAAP performance measure that allows management and investors to assess the Company's ability to sell ounces produced, in conjunction with related GAAP amounts. Management calculates this measure by taking total revenue reported under GAAP and adding back smelting and refining charges to arrive at the gross reportable revenue for the period. Silver revenues are deducted from the reportable revenue for the period in order to arrive at the gold revenue for the period. Gross gold revenues are divided into gold ounces sold to calculate the average realized price per ounce of gold sold. The streaming and royalty agreements in place between the Company and Sandstorm as well as Wheaton, impacts the total revenues reported on the financial statements given the reduced prices provided to these vendors in line with the terms of the agreements. Therefore, management adjusts revenue to exclude smelting and refining charges as well as revenues earned through agreements with these vendors. This provides management with a better picture regarding its ability to convert ounces produced to ounces sold and provides the investor with a clear picture of the price that the Company can currently sell the inventory for, excluding pre-arranged agreements.

	Three Months Ended March 31,	
	2023	2022
Gross revenue, excluding Sandstorm, Wheaton	\$150,547	\$150,968
Less: Silver revenues	61,065	62,155
Gross gold revenues, excluding Sandstorm, Wheaton (A)	\$89,482	\$88,813
Gold ounces sold	59,187	58,215
Less: Gold ounces sold to Wheaton	10,651	10,070
Less: Gold ounces sold to Sandstorm	856	621
Gold ounces sold, excluding Sandstorm and Wheaton (B)	47,680	47,525
Average realized gold price per ounce (A/B)	\$1,877	\$1,869
Average market price per ounce of gold	\$1,892	\$1,874

Free Cash Flow

Free cash flow is a non-GAAP liquidity measure which is determined based on operating cash flows less sustaining capital expenditures. Management uses free cash flow as a critical measure in the evaluation of liquidity in conjunction with related GAAP amounts. It also uses the measure when considering available cash, including for decision-making purposes related to dividends and discretionary investments. Further, it helps management, the Board of Directors and investors evaluate a Company's ability to generate liquidity from operating activities.

	Three Months Ended March 31,	
	2023	2022
Operating cash flows	(\$4,670)	(\$18,984)
Less: Sustaining capital expenditures	22,023	21,445
Free cash flow	(\$26,693)	(\$40,429)

Adjusted Earnings per Share (“Adjusted EPS”)

The Company uses the financial measure “Adjusted EPS” which is a non-GAAP measure, to supplement earnings per share (GAAP) information in its condensed interim 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.

Management uses adjusted earnings per share as a critical measure of operating performance in conjunction with the related GAAP amounts. The only items considered in the adjusted earnings-per-share calculation are those that management believes (1) may affect trends in underlying performance from year to year and (2) are not considered normal recurring cash operating expenses.

Adjusted earnings per share is used for forecasting, operational and strategic decision making, evaluating current Company and management performance, and calculating financial covenants. Management believes that excluding certain non-cash and non-recurring items from the calculation increases comparability of the metric from period to period, which makes it useful for management, the audit committee and investors, to evaluate 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.

To calculate adjusted earnings per share, management adjusts from net earnings (GAAP), the per-share impact, net of the tax effects of adjustments, of the following:

- share based payments;
- realized and unrealized gains and losses from investment in derivatives and marketable securities; and
- other infrequent or non-recurring losses and gains.

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

	Three Months Ended March 31,	
	2023	2022
Net (loss) earnings as reported	(\$100,660)	\$7,285
Adjustments for non-cash or unusual items:		
Impairment of non-current asset	125,200	—
Deferred income tax (recovery) expense	(46,027)	(23,226)
Loss from investment in marketable securities	784	546
Loss on divestiture of mining interest	1,378	—
Share-based payments	4,629	4,822
Standby Costs	5,078	—
Write-down of mineral inventory	10,521	4,412
Adjusted net earnings (loss)	\$903	(\$6,161)
Weighted average number of shares on issue - basic	274,220,112	260,199,875
Adjusted EPS	\$0.00	(\$0.02)

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.

	March 31, 2023	December 31, 2022
Current Assets	\$325,371	\$370,289
Less: Current Liabilities	(140,791)	(167,399)
Working Capital	\$184,580	\$202,890
Available Undrawn Revolving Credit Facility	75,000	75,000
Available Liquidity	\$259,580	\$277,890

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 March 31, 2023, 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 condensed interim 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.

The Company's management evaluated the effectiveness of our internal controls over financial reporting based upon the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's evaluation, our CEO and CFO concluded that our internal controls over financial reporting was effective as of March 31, 2023. There have been no significant changes in our internal controls during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the President and CEO and CFO, 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 errors or mistakes. 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; interpretation of drill results and other technical data; anticipated development, expansion, exploration activities and production rates and mine plans and mine life; the security situation at the San Martin mine; 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 restarting of operations or potential interim plans at the Company's temporarily suspended and/or non-operating mines; decommissioning activities at Jerritt Canyon; anticipated reclamation and decommissioning activities; conversion of mineral resources to proven and probable mineral reserves; statements with respect to the Company's future financial position including operating efficiencies, cash flow, capital budgets, costs and expenditures; the implementation and effect of cost reduction initiatives; 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; completion of the sale of the Company's La Parrilla mine; payment of dividends; the impact of amendments to accounting policies; effectiveness of internal controls and procedures; statements with respect to the recovery of value added tax receivables and the tax regime in México; the conduct or outcome of outstanding litigation, regulatory proceedings, negotiations or proceedings under NAFTA or other claims; expectations regarding the continuing effect of the COVID-19 pandemic on the Company's operations, the global economy and the market for the Company's products. 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 forecasts of future results, estimates of amounts not yet determinable and assumptions of management made in light of management's experience and perception of historical trends, current conditions and expected future developments 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: global economic conditions including public health threats, 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 commodity 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, uninsured risks, defects in title, availability and costs of materials and equipment, changes in national or local governments, changes in applicable legislation or application thereof, timeliness of government approvals, actual performance of facilities, equipment, and processes relative to specifications and expectations and unanticipated environmental impacts on operations, 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 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

National Instrument 43-101 ("NI 43-101"), issued by the Canadian Securities Administrators, lays out the standards of disclosure for mineral projects. 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 Exploration and 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 materially from the requirements of United States securities laws applicable to U.S. companies. Information concerning our mineral properties has been prepared in accordance with the requirements of Canadian securities laws, which differ in material respects from the requirements of the United States Securities and Exchange Commission (the "SEC") applicable to domestic United States issuers. Accordingly, the disclosure in this Management's Discussion and Analysis regarding our mineral properties is not comparable to the disclosure of United States issuers subject to the SEC's mining disclosure requirements.

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, 2022, is available on SEDAR at www.sedar.com and on the Company's website at www.firstmajestic.com.