

SECTION 85 TAX ELECTION INSTRUCTION LETTER

**INFORMATION ABOUT HOW TO COMPLETE A
SECTION 85 TAX ELECTION FOR THE EXCHANGE OF
SILVERCREST SHARES FOR FIRST MAJESTIC SHARES
AND CASH**

**IN RESPECT OF THE PLAN OF ARRANGEMENT
BETWEEN**



AND



**The tax election process is time sensitive. Your immediate
attention is required.**

The deadline for action is December 31, 2015

The information included in this instruction booklet is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any shareholder of SilverCrest Mines Inc. SilverCrest Shareholders should consult their own tax advisors concerning the tax consequences of the Plan of Arrangement having regard to their particular circumstances.

All capitalized terms used in this document, not otherwise defined herein, have the meanings set forth in the joint management information circular of First Majestic Silver Corp. and SilverCrest Mines Inc. dated August 24, 2015.

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SUMMARY OF SHARE EXCHANGE

On October 1, 2015, First Majestic Silver Corp. (“First Majestic”) acquired all of the shares of SilverCrest Mines Inc. (“SilverCrest”), pursuant to a plan of arrangement (the “Arrangement”). Under the Arrangement, each SilverCrest common share was exchanged for 0.2769 of a common share of First Majestic and CDN\$0.0001 in cash.

The Arrangement is described in the joint management information circular (the “Joint Information Circular”) of First Majestic and SilverCrest dated August 24, 2015.

The transactions that are the subject matter of this Section 85 Tax Election Instruction Letter are described in the Joint Information Circular (see page 56 under the heading “Description of the Arrangement”) which states, in general terms, that each outstanding SilverCrest Share (other than any SilverCrest Shares held by any Dissenting SilverCrest Shareholder) will be irrevocably assigned and transferred by the holder thereof to First Majestic (free and clear of any liens, charges and encumbrances of any nature whatsoever) in exchange for such number of First Majestic Shares as is equal to the First Majestic Exchange Ratio (defined within the Joint Information Circular to be 0.2769) and C\$0.0001 in cash for each SilverCrest Share held.

No fractional First Majestic Shares will be issued to SilverCrest Shareholders under the Arrangement (see page 63 under the heading “Treatment of Fractional Shares”). Where the aggregate number of First Majestic Shares to be issued to a SilverCrest Shareholder as consideration under the Arrangement would result in a fraction of a First Majestic Share being issuable, the number of First Majestic Shares to be received by such SilverCrest Shareholder shall be rounded down to the nearest whole First Majestic Share and no cash or other consideration will be paid to such SilverCrest Shareholder in lieu of the issuance of any fractional First Majestic Share.

In any case where the aggregate cash consideration payable to a SilverCrest Shareholder (see page 63 under the heading “Entitlement to Cash Consideration”) under the Arrangement would (a) be less than one cent, then the aggregate cash consideration payable to such SilverCrest Shareholder will be rounded up to one cent; or (b) be at least one cent, but

including a fraction of a cent, then the aggregate cash consideration payable to such SilverCrest Shareholder will be rounded down to the nearest whole cent.

KEY INFORMATION

- PricewaterhouseCoopers LLP (Canada) (“PwC”) e-mail address for tax elections: **silvercrest.tax.election@ca.pwc.com**
- PwC hotline for tax elections: **1-855-348-5088** (toll-free in Canada from 8:00 am to 5:00 pm (Eastern Standard Time) Monday to Friday).
- Share exchange ratio: Each outstanding SilverCrest Share (other than any SilverCrest Shares held by any Dissenting SilverCrest Shareholder) will be exchanged for 0.2769 of a First Majestic Share and C\$0.0001 in cash (which implies a value of C\$1.30 per SilverCrest Share based on the closing price of the First Majestic Shares on the Toronto Stock Exchange on July 24, 2015, the last trading day prior to announcement of the Arrangement).

Note: No fractional First Majestic Shares will be issued to SilverCrest Shareholders. Where the aggregate number of First Majestic Shares to be issued to a SilverCrest Shareholder would result in a fraction of a First Majestic Share being issuable, the number of First Majestic Shares to be received by such a SilverCrest Shareholder shall be rounded down to the nearest whole First Majestic Share and no cash or other consideration will be paid in lieu of the issuance of any fractional First Majestic Share.

- **DEADLINES:**

- **Deadline for contacting PwC** to submit information to complete a tax election: **before December 31, 2015.**
- **Deadline for filing** a Section 85 Tax Election form and any applicable similar joint election under provincial legislation with the tax authorities is the earlier of:
 - **June 30, 2016**, being First Majestic’s expected Canadian income tax filing deadline,
 - or
 - **the SilverCrest Shareholder’s deadline for filing** their own Canadian income tax return for the taxation year that includes October 1, 2015.

Individuals will generally have to file the tax election on or before their regular income tax filing deadline of **April 30, 2013** as this is the earlier of (i) June 30, 2013 and (ii) April 30, 2013.

Corporations and Trusts may be required to file the tax election earlier than First Majestic’s income tax corporate filing deadline of June 30, 2013 depending on their taxation year end.

OPTION OF FILING A SECTION 85 TAX ELECTION

The exchange of SilverCrest Shares for First Majestic Shares and cash pursuant to the Arrangement will be treated as a disposition (or sale) at fair market value of the SilverCrest Shares held by each of the Former SilverCrest Shareholders for Canadian income tax purposes. Because of this sale treatment, Former SilverCrest Shareholders may realize a gain (or loss) and be subject to tax as a result of the disposition.

It is possible to defer some or all of the tax on any gains realized from the exchange of SilverCrest Shares for First Majestic Shares and cash by making a Section 85 Tax Election and any applicable similar joint election under provincial legislation with First Majestic and filing such tax election(s) with the Canada Revenue Agency and any applicable provincial taxation authority in the prescribed form and within the prescribed time. Each SilverCrest Shareholder is encouraged to review their own situation and make a determination with respect to the filing of a Section 85 Tax Election and any applicable similar joint election under provincial legislation with First Majestic in a timely manner.

The joint tax election(s) are optional. **However, a Shareholder who does not make the joint tax election(s) with First Majestic will NOT obtain a tax-deferred rollover on their gain and may be subject to tax on such a gain.** SilverCrest Shareholders residing within Canada should refer to the summary of principal Canadian federal income tax considerations (pages 12 to 13, and pages 79 to 86) in the Joint Information Circular that explains the income tax results of an exchange of SilverCrest Shares for First Majestic Shares and Cash. SilverCrest Shareholders residing outside Canada should refer to the Canadian tax guidance (pages 84 to 86) of the Joint Information Circular that explains the Canadian income tax results for a non-resident of Canada in relation to an exchange of SilverCrest Shares for First Majestic Shares and Cash.

A SilverCrest Shareholder that will be eligible to make a Section 85 Tax Election is defined within the Joint Information Circular to mean a beneficial owner of SilverCrest Shares who is: (i) resident in Canada for the purposes of the Tax Act and is not exempt from tax under Part I of the Tax Act, or (ii) a partnership, any member of which is resident in Canada for the purposes of the Tax Act (other than a partnership, all members of which are residents of Canada that are exempt from tax under Part I of the Tax Act). First Majestic has engaged

PricewaterhouseCoopers LLP (Canada) (“PwC”) to assist SilverCrest Shareholders that are eligible to make a Section 85 Tax Election in preparing and printing their Section 85 Tax Election forms and any applicable similar joint elections under provincial legislation. An “Eligible Holder” as described in the Joint Information Circular that will be eligible to make a Section 85 Tax Election will be entitled to submit the information required to prepare the Section 85 Election and have PwC facilitate the preparation of the tax election by contacting PwC at **silvercrest.tax.election@ca.pwc.com** or by calling PwC at **1-855-348-5088** and following the instructions provided by PwC (see details below under in this Section 85 Tax Instruction Letter under the heading “How to Complete the Section 85 Tax Election”). Once the election(s) is prepared, the Eligible Holder must sign and file the signed election forms with the applicable Canadian federal and provincial tax authorities as outlined in the Joint Information Circular.

SilverCrest Shareholders that do not complete a Section 85 Tax Election form and any applicable similar joint election under provincial legislation in a timely manner in relation to the proposed Arrangement in accordance with the procedures set out in this Section 85 Tax Instruction Letter before December 31, 2015 cannot benefit from the rollover provisions of the Canadian income tax legislation. The PwC email and phone contact information for the purposes of these joint elections may be unavailable after December 31, 2015, thereafter preventing any subsequent submission of information to PwC required for the preparation of the Section 85 Election and for processing and e-mailing of any Section 85 Tax Election forms to be signed and filed.

Once a Section 85 Tax Election form and any applicable similar joint election under provincial legislation has been prepared by PwC and received by an Eligible Holder from PwC, the Eligible Holder is solely responsible for ensuring that the Section 85 Tax Election form and any applicable similar joint election under provincial legislation is signed by the Eligible Holder, and completed correctly (including confirming and validating the completeness and accuracy of the forms, including all numbers appearing on the forms) and filed with the Canada Revenue Agency and any applicable provincial taxation authorities by the applicable deadline.

Neither First Majestic nor PwC assumes any responsibility or liability to any SilverCrest Shareholder in assisting any SilverCrest Shareholder in preparing a Section 85 Tax Election form or any applicable similar joint election under provincial

legislation. Each SilverCrest Shareholder has the responsibility for contacting PwC by email or by phone as described below in this Section 85 Tax Instruction Letter and following the instructions provided by PwC for the submission of information required for the preparation of the Section 85 Election within the specific time provided (after which the PwC e-mail and phone contacts for these purposes will no longer be available), and to correctly provide the personal details of the SilverCrest Shareholder information, SilverCrest Share tax attributes, and to choose an appropriate agreed amount as described in the Section 85 Tax Election (“Agreed Amount”) or as described in any similarly applicable joint election under provincial legislation. Each SilverCrest Shareholder is also solely responsible and liable for any taxes, interest, penalties, damages or expenses resulting from the failure by the SilverCrest Shareholder to properly complete and file a valid Section 85 Tax Election form (or any applicable similar joint election under provincial legislation) in the form and manner and within the time prescribed by Canadian tax legislation.

Deadline to contact PwC by email or by phone as described below in this Section 85 Tax Instruction Letter to submit information required for the preparation of the Section 85 Election or any applicable similar joint election under provincial legislation is December 31, 2015. After that day, the PwC email and phone contacts for these purposes may no longer be available, preventing any subsequent processing and printing of Section 85 Tax Election forms.

Details pertaining to the filing deadline and where and how to file the Section 85 Tax Election form and any applicable similar joint election under provincial legislation with the Canada Revenue Agency and any applicable provincial tax authority is described within the tax election form, and should be read by each SilverCrest Shareholder. Generally, a Section 85 Tax Election form must be filed with a taxation authority by the earlier of:

- (i) June 30, 2016, being First Majestic’s expected Canadian income tax filing deadline,
- or
- (ii) the SilverCrest Shareholder’s deadline for filing their own Canadian income tax return for the taxation year that includes the Effective Date of the Arrangement (October 1, 2015).

Individuals will generally have to file the Section 85 Tax Election form and any applicable similar joint election under provincial legislation on or before their regular filing deadline for their Canadian individual income tax returns of April 30, 2016. SilverCrest Shareholders that are either a corporation or trust may be required to file the Section 85 Tax Election form and any applicable similar joint election under provincial legislation earlier than First Majestic's filing deadline of June 30, 2016, depending on their specific taxation year end. SilverCrest Shareholders are urged to consult their own tax advisors in respect of their own filing deadlines, as well as to obtain details on where to file and how to file the Section 85 Tax Election forms and any applicable similar joint election under provincial legislation.

The Section 85 Tax Election form and any applicable similar joint election under provincial legislation can only be used to defer a gain on the share exchange, and cannot be used if the share exchange creates a loss re

HOW TO COMPLETE THE SECTION 85 TAX ELECTION

First Majestic has engaged PwC to assist SilverCrest Shareholders that are eligible to make a Section 85 Tax Election in preparing and printing their Section 85 Tax Election forms and any applicable similar joint elections under provincial legislation.

An “Eligible Holder” as described in the Joint Information Circular that will be eligible to make a Section 85 Tax Election and any applicable similar joint election under provincial legislation will be entitled to submit the information required to prepare the election(s) and have PwC facilitate the preparation of the tax election(s) by contacting PwC by e-mailing PwC at **silvercrest.tax.election@ca.pwc.com** or by calling PwC at **1-855-348-5088** and following the instructions provided by PwC.

At any time, an Eligible Holder may ask for technical assistance using the PwC hotline at **1-855-348-5088** (toll-free in Canada). The Technical Assistance Hotline is in operation from 8:00 am to 5:00 pm (Eastern Standard Time) Monday to Friday. A voice mail box will be available to leave messages during busy times and when calling outside of the hours noted above.

The information that will be requested by PwC for the preparation of the Section 85 Election and any applicable similar joint election under provincial legislation will include the following:

1. **Name of taxpayer** (full name of the individual, corporation, partnership, or trust)
2. **Social insurance number** of an individual (or **Business Number** of a corporation or partnership) or **Trust Account Number** of a Trust.
3. **Address** (mailing address)
4. **Taxpayer type:** individual, trust, corporation, or partnership.
5. **Taxation year of taxpayer**

The taxation year of a SilverCrest Shareholder is the year that includes the effective date of the Arrangement for Canadian income tax purposes. We note that, generally:

- a) Individuals are taxed on a calendar year basis.
- b) Inter vivos trusts are taxed on a calendar year basis.
- c) Testamentary trusts may have a taxation year that ends at any time of the year.
- d) Corporations and partnerships may have a taxation year that ends at any time of the year.

6. Tax Services Office

There are numerous Tax Services Offices (“TSO”) across Canada. The TSO applicable to a SilverCrest Shareholder can be obtained from the Notice of Assessment issued by the CRA to the SilverCrest Shareholder after filing their most recent tax return.

Alternatively, the SilverCrest Shareholder can call CRA at 1-800-959-8281 (individuals) or 1-800-959-5525 (corporations and trusts). A complete TSO listing can be found on CRA’s website at www.cra-arc.gc.ca.

7. Name of Co-Owner(s)

If you own the SilverCrest Shares together with another owner (such as spouse) or owners (a “co-owner” or “co-owners”, as the case may be), there would be a single Agreed Amount applicable to you and any co-owner(s). Where there are multiple co-owners, you must identify each co-owner and provide the same information as requested for the initial owner.

8. Contact Information

Provide contact information in case a representative from PwC or First Majestic wishes to clarify the information provided.

9. Are Any of the Properties Transferred Capital Properties?

SilverCrest Shareholders holding their shares as capital property should answer this question as “Yes”.

SilverCrest Shareholders holding their shares in a business of buying and selling stock might be holding their shares as inventory and should answer this question as “No”.

Whether the SilverCrest Shares are held by particular SilverCrest Shareholders as capital property or inventory will determine how any gain or loss is treated for Canadian income tax purposes. Gains on shares held as capital property will be taxed as a capital gain, only one-half of which will be taxable. Gains on shares held as inventory will be fully taxable as income. SilverCrest Shareholders that are unsure of the nature of their SilverCrest Shares should discuss this matter with their own tax advisors.

10. Are You Required to File a Quebec Income Tax Return?

SilverCrest Shareholders that are required to file a Quebec income tax return are also required to file an additional “Quebec Tax Election Form” that is the provincial equivalent of the federal Section 85 Tax Election form in order to obtain a tax deferral for Quebec income tax purposes.

For SilverCrest Shareholders that answer “Yes” to this question, PwC will prepare an equivalent Quebec Tax Election for filing by the SilverCrest Shareholder with the Quebec taxation authority.

11. Are You Required to File an Alberta Income Tax Return?

SilverCrest Shareholders that are required to file an Alberta income tax return may be required to file a separate “Alberta Tax Election Form” that is the provincial equivalent of the federal Section 85 Tax Election form in order to obtain a tax deferral for Alberta income tax purposes.

This requirement to file only applies if the SilverCrest Shareholder wants to elect a different Agreed Amount than the amount elected for the federal tax purposes. If the SilverCrest Shareholder wants to elect a different Agreed Amount for Alberta income tax purposes, please call PwC at the number provided above.

12. The Number of SilverCrest Shares Disposed

This is the number of SilverCrest Shares disposed (given up) in the exchange of SilverCrest Shares for First Majestic Shares.

13. The Adjusted Cost Base of all SilverCrest Shares Disposed

The starting point for determining the adjusted cost base of the SilverCrest Shares for Canadian income tax purposes will generally be what each SilverCrest Shareholder paid for the shares when acquired, plus any appropriate costs of acquisition. The adjusted cost base may be different due to certain events (e.g., receiving shares from an estate, or where a SilverCrest Shareholder received their shares due to a previous tax deferred transaction).

The rules on determining the adjusted cost base for Canadian income tax purposes are complex. Neither First Majestic nor PwC has access to information that can assist SilverCrest Shareholders in determining their particular adjusted cost base. SilverCrest Shareholders should consult their tax advisors to obtain assistance in determining the correct adjusted cost base of their SilverCrest Shares.

The amount determined for the adjusted cost base of the SilverCrest Shares should be the adjusted cost base for all the SilverCrest Shares held at the time by the SilverCrest Shareholder and that were disposed (given up) for First Majestic Shares and cash by the SilverCrest Shareholder (i.e. the adjusted cost base should not be reported on a “per share” basis).

14. Agreed Amount

The Agreed Amount or “Elected Amount” is chosen (selected) by each SilverCrest Shareholder, within certain parameters provided for by Canadian tax law, and is defined to become the deemed “proceeds of disposition” that SilverCrest Shareholders are required to report on their Canadian income tax returns.

SilverCrest Shareholders that wish to minimize any gain on the disposition of the SilverCrest Shares should answer “Yes” to having the lowest possible Agreed Amount allowed by Canadian tax law to be used in completing the Section 85 Tax Election form.

In some instances, a SilverCrest Shareholder may wish to report a portion of the gain. Such SilverCrest Shareholder must understand and follow the rules outlined below to determine the appropriate Agreed Amount in their circumstances.

The Agreed Amount must be within the range defined by Canadian tax law. A SilverCrest Shareholder may choose any Agreed Amount within the range defined as follows:

- (1) The Agreed Amount cannot be higher than fair market value of the SilverCrest Shares disposed; and
- (2) The Agreed Amount cannot be less than the greater of:
 - (i) the aggregate adjusted cost base of the all SilverCrest Shares disposed, or
 - (ii) the aggregate amount of cash received from First Majestic.

Using all the information described above, a SilverCrest Shareholder will need to determine the Agreed Amount. Upon filing of the Section 85 Tax Election forms and any applicable similar joint elections under provincial legislation this Agreed Amount should be deemed to be the proceeds of disposition of the SilverCrest Shares of the SilverCrest Shareholder and must be reported in the Canadian income tax return of the SilverCrest Shareholder to calculate any gain or loss on the disposition of the SilverCrest Shares.

If the fair market value of the SilverCrest Shares is less than the adjusted cost base for a particular SilverCrest Shareholder resulting in a loss on the exchange, then the particular SilverCrest Shareholder cannot file a Section 85 Tax Election form or any similar joint election under provincial legislation. The Section 85 Tax Election form and similar joint elections under provincial legislation are only to be used to defer a gain on the transaction and are not applicable in cases where a loss results from the disposition.