

# First Majestic Silver Corp.

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## First Majestic's price target lowered on reduced mine lives

First Majestic Silver (TSE:FR) had its price target lowered Thursday by Dundee Capital Markets, which cited the company's updates reserves that increased grades but decreased mine life.

Dundee analyst Matthew O'Keefe, in a note released earlier today, said reserve grades increased 21 percent, which should benefit near-term cash flow, but tonnage decreased 30 percent, which "substantially shortens mine lives".

"Our 2015 estimates remain unchanged; we continue to expect First Majestic to generate positive free cash flow as Del Toro ramps up and costs begin to fall to a more stable range," O'Keefe wrote.

First Majestic is a primary silver producer with five mines in Mexico.

The company reported updated reserves as of year-end 2014, including some 44,000 metres of drilling completed last year. Overall silver and silver equivalent was down 16 percent and 19 percent, respectively, when excluding the addition of La Guitarra to reserves.

Dundee said that resources also declined around 30 percent, impacted by revised standards, as resources are now reported inclusive of reserves and at different cutoffs.

The company noted that resources were also impacted by the recently revised CIM Definition Standard for mineral resources and reserves, which should increase confidence at lower silver prices.

Prices for silver and gold were lower for both reserves and resources in 2014 when compared to 2013.

"After updating our estimates to reflect the new reserves and resources our mine lives now sit at 7 years for La Encantada (unchanged), 13 years for La Parrilla (was 17), 13 years for San Martin (was 22) and 9 years for Del Torro (was 12)," said Dundee's O'Keefe.

"As a result, our NAVPS decreases 28% at our price deck to C\$2.88," he added, lowering Dundee's price target on First Majestic to C\$8.25 from C\$9.00 previously.

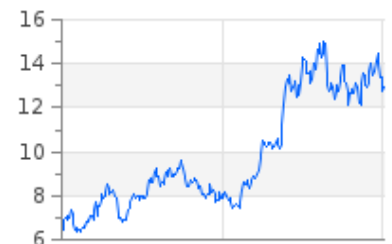
The analyst reiterated the company's "buy" rating, noting the improved reserve grades which are expected to benefit the silver miner in the short term. Dundee estimates the company will increase operating cash flow to \$140 million in 2016 and \$169 million in 2017, up from \$59 million this year.

First Majestic has plans to drill another 50,000 metres in 2015, which should replace depletion at its Mexico mines. Shares were down 1.6 percent at C\$6.85 in Toronto on Thursday.

**Price:** 13.52

**Market Cap:** \$2.77 billion

### 1 Year Share Price Graph



November 2018 May 2019 November 20

### Share Information

**Code:** FR

**Listing:** TSX

<b>52 week</b>	<b>High</b>	<b>Low</b>
	15.5	6.12

**Sector:** Gold & silver

**Website:** [www.firstmajestic.com](http://www.firstmajestic.com)

### Company Synopsis:

*First Majestic Silver Corp. is committed to building a senior Silver producing mining company based on an aggressive development and acquisition plan with a focus on Mexico. The Company presently owns and operates three producing silver mines in Mexico; the La Parrilla Silver Mine, the San Martin Silver Mine and the La Encantada Silver Mine. Production from these three mines is anticipated to be approximately 4.*

[action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

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