Management's Discussion and Analysis of Financial Condition and Results of Operations

General

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements of the Company and related notes.

Apex Silver Mines Limited (the "Company") is a mining exploration and development company that holds a portfolio of silver exploration and development properties in South America and Central America. None of these properties are in production and, consequently, the Company has no current operating income or cash flow.

Background

In mid-1993, Apex Silver Mines Ltd. ("Apex Bermuda") was established to acquire and develop silver exploration properties throughout the world.

On December 22, 1994, Apex Bermuda contributed substantially all of its assets to Apex Silver Mines LDC ("Apex LDC"), a limited duration company formed under the laws of the Cayman Islands.

In March of 1996, Apex Silver Mines Limited ("Apex Limited"), a limited liability company formed under the laws of the Cayman Islands, was incorporated in order to facilitate the 1996 Private Placement. In connection with the 1996 Private Placement, Apex Limited issued Ordinary Shares to certain of the non-U.S. investors in Apex LDC in exchange for their interests in Apex LDC. These transactions and the 1996 Private Placement were completed effective August 6, 1996. In addition, minority shareholders of Apex LDC were entitled to exchange their shares of Apex LDC for Ordinary Shares of Apex Silver Mines Limited on a one for one basis. During 1998, Apex Limited exchanged 7,079,006 of its Ordinary Shares for an equal number of Apex LDC shares. Such shares are included in the 26,250,761 Apex Limited Ordinary Shares outstanding at December 31, 1998. At December 31, 1998, Apex Limited owned 100 percent of Apex LDC.

The Initial Public Offering

On December 1, 1997, the Company closed its initial public offering (the "Offering") of Ordinary Shares. The Company sold 5,000,000 Ordinary Shares at a price of $11 per share on the American Stock Exchange under the symbol "SIL." 3,720,000 Ordinary Shares were offered initially in the United States and Canada by the U.S. Underwriters, 450,000 Ordinary Shares were offered initially outside the United States by the International Underwriters
and 830,000 Ordinary Shares were offered in a concurrent offering by the Company directly to a shareholder. In addition, on December 23, 1997, the underwriters exercised their option to purchase an additional 523,372 Ordinary Shares at the initial price of $11 per share. Net proceeds raised in the Offering were approximately $54.8 million.

The San Cristobal Project

From 1994 to 1998, the properties comprising the San Cristobal Project were acquired in a series of transactions. In 1996 the Company began exploring these properties, and discovered the presence of a significant silver, zinc and lead deposit with the potential to be developed as a large-scale open-pit mining project. In the fall of 1996, an in-fill drilling program using reverse circulation and diamond core drilling was continued in order to delineate the deposit and to provide information to be used in a reserve determination. In addition, an expanded exploration effort at the San Cristobal Project resulted in the discovery of additional silver and base metal anomalies. On August 15, 1997, the Company acquired the 2.5 percent minority interest in ASC Bolivia for 268,496 Ordinary Shares of the Company valued at $11 per share. The primary asset of ASC Bolivia is the San Cristobal Project. Accordingly, the total consideration of $2,953,456 was capitalized as mining properties.

Drilling on the San Cristobal property during 1998 more than doubled the proven and probable

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reserves. Based on the results of a pre-feasibility study on the San Cristobal Project and drill results through 1998, the proven and probable reserves at San Cristobal contain 509 million ounces of silver, 4.1 million tonnes of zinc and 1.4 million tonnes of lead. Since the 1998 drilling indicated the San Cristobal deposit is still open in many directions, including at depth, the Company conducted a drilling program during early 1999 to demonstrate the lateral continuation of mineralization.

The Company is targeting the completion of a bankable feasibility study of the San Cristobal Project by mid-year 1999 with a goal of securing committed financing by the end of 1999. As a part of this study, proposals for power supply, transportation, and smelting and refining of metal concentrates are being evaluated. Construction is expected to begin soon thereafter and commercial production should commence in 2002. The San Cristobal Project is expected to consist of a large scale, open pit mining operation using conventional mining and processing technologies capable of producing and processing an aggregate 40,000 tonnes per day ("tpd") of ore.

During January 1999, the Company completed an engagement letter appointing Barclays Capital ("Barclays") and Deutsche Bank Securities Inc. ("Deutsche Bank") as Co-Lead Arrangers to provide exclusive financial arranging services in regard to development of the San Cristobal Project. Under the terms of the engagement letter, Barclays and Deutsche Bank will help develop an optimal capital structure for San Cristobal by reviewing debt financing options through banks and debt capital markets as well as support from development agencies. In addition, Barclays and Deutsche Bank will provide independent technical and legal reviews of the project as well as providing advice in the areas of insurance coverage and risk management strategies. Barclays and Deutsche Bank are under no obligation to provide financing for the San Cristobal Project.

Other Projects

The Company is also evaluating the economic viability of the Cobrizos property in Bolivia and the Platosa property in Mexico.

The Cobrizos property is located approximately 12 kilometers north of the San Cristobal Project. Recent drilling by the Company suggests the presence of approximately 10.8 million tonnes of mineralized material containing 3.4 ounces of silver per tonne. This mineralized material estimate has been calculated by Mine Reserve Associates, Inc., an independent mine geology consulting firm. The mineralized body is amenable to open pit mining and is being considered as a satellite mining operation to the San Cristobal Project.

The Platosa property is located in the Durango State in northern Mexico. A first stage drill program intersected high grade massive sulfides in one of five drill holes. A geophysical survey is being conducted to assist the design of a follow-up drilling program. This property is in a mining district with well established massive sulfide deposits that have been profitably mined.

Results of Operations

Interest Income

The Company does not yet produce silver or any other mineral products and has no revenues from product sales. The only source of revenue is interest income. The Company's policy is to invest all excess cash in liquid, high credit quality, short-term financial instruments. Interest income for the year ended December 31, 1998 was $2,444,357 compared to $961,810 and $574,470 for the years ended December 31, 1997 and 1996, respectively. The increase in interest income for the comparative periods was due to the additional cash raised in the 1996 Private Placement and the 1997 Offering.

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Exploration

Mineral exploration expenditures are expensed as incurred prior to the determination of the feasibility of mining operations. Once it has been determined that a mineral property has proven and probable ore reserves, subsequent development and exploration expenses are capitalized. Through December 31, 1998, all acquisition and exploration costs have been expensed as incurred, except those pertaining to the San Cristobal Project. As of September 1, 1997, the Company has capitalized exploration and development costs associated with the San Cristobal Project and will continue to do so in the future.

Exploration expenses were $5,147,935 for the year ended December 31, 1998 compared to $9,754,231 and $9,590,632 for the years ended December 31, 1997 and 1996, respectively. The decrease in exploration expenses for 1998 compared to 1997 is primarily the result of the capitalization of exploration costs associated with the San Cristobal Project beginning September 1, 1997.

Administrative

Administrative expenses were $5,066,652 for the year ended December 31, 1998, compared to $4,129,623 and $1,923,165 for the years ended December 31, 1997 and 1996, respectively. The increase in administrative expenses for 1998 compared to 1997 is primarily the result of increased salaries and benefits, insurance costs, and rents related to the increased activity and personnel associated with the development and financing of the San Cristobal Project. The increase in 1997 as compared to 1996 is primarily the result of increased expenditures related to the hiring of key management personnel, the opening of Apex Silver Mines Corporation's ("Apex Corporation") Denver office and employee and director stock option compensation expense incurred in 1997.

Consulting

Consulting fees were $2,257,647 for the year ended December 31, 1998 compared to $1,523,116 and $2,506,250 for the years ended December 31, 1997 and 1996, respectively. The increase in consulting fees for 1998 compared to 1997 is the result of increased fees associated with the financing arrangements for San Cristobal. The decrease in consulting fees for 1997 versus 1996 is primarily due to the capitalization of technical consulting fees associated with the San Cristobal Project beginning September 1, 1997.

Professional Fees

Professional fees were $832,577 for the year ended December 31, 1998, compared to $390,369 and $1,096,271 for the years ended December 31, 1997 and 1996, respectively. The increase in 1998 professional fees compared to 1997 was primarily due to higher legal and accounting fees associated with being a public company. The decrease from 1996 to 1997 was primarily due to the capitalization of costs associated with the Offering.

Income Taxes

Apex Corporation, the Company's U.S. management services company, is subject to U.S. income taxes. Otherwise the Company pays no income tax in the U.S. since the Company is incorporated in the Cayman Islands and conducts no business that currently generates U.S. taxable income. There is currently no corporate taxation imposed by the Cayman Islands. If any form of taxation were to be enacted in the Cayman Islands, the Company has been granted exemption until January 16, 2015.

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Employee Benefits

The Company does not provide any post-retirement or post-employment benefits to its employees and therefore does not accrue for such expenses. In 1997, Apex Corporation instituted a 401(k) Plan for its U.S. employees. Apex Corporation makes monthly contributions to this 401(k) Plan, and currently matches
50 percent of each employee's contribution up to an employee contribution of six percent of base salary. Employees vest in the Company's contribution at 50 percent after one year of service and 100 percent after two years of service.

Under the Company's approved Bonus Plan, bonuses in the amount of $253,400 were awarded to employees during 1998 for services performed during the year. The awards were paid in the form of cash of $67,775 and 21,838 Ordinary Shares of restricted stock valued at $185,625 using an award date market value of $8.50. Such shares are restricted for two years from the date of issuance and may not be traded or pledged during that period. Should the employee terminate during the restricted period the shares are forfeited to the Company. These shares are included in the outstanding shares at December 31, 1998.

Liquidity and Capital Resources

As of December 31, 1998, the Company had cash and cash equivalents of $26,217,241 compared to $57,033,193 at December 31, 1997. The December 31, 1997, cash and cash equivalents balance was primarily the proceeds from the December 1997 Offering. The decrease in cash and cash equivalents during 1998 is the result of the Company's investment of $18,486,098 in the development of the San Cristobal Mine, $1,421,467 to purchase plant, buildings and equipment and expenditures related to operations of $10,641,471. In addition the Company paid down $464,639 of its long-term debt.

The Company is subject to a series of obligations with respect to its mineral properties; the failure to meet any of these commitments could result in the loss or forfeiture of one or more of the Company's properties. These obligations consist of government mineral patent fees and commissions, work commitments, lease payments and advance royalties. Also, a number of the Company's property interests derive from contractual purchase options. In order to acquire such properties, the Company will be obliged to make certain payments to the registered concession holders and others who have interests in the properties. In addition, it is anticipated that significant expenditures will be made for other continuing exploration, property acquisition, property evaluation and general corporate expenses. All such obligations and anticipated expenditures will be funded from existing cash balances for the next twelve months.

The Company does not currently have a line of credit with any financial institution.

The Company's future revenues and earnings will be influenced by world market prices for silver, zinc, lead, copper and gold, and by currency exchange and interest rates that fluctuate and over which the Company has no control. The Company may from time to time choose to hedge its metal, interest rate and/or currency exposure in order to decrease fluctuations in earnings and revenues. The Company is currently developing policies, procedures and guidelines for the hedging of metal prices, interest rates and foreign currency exposure.

The Company does not know of any trends, demands, commitments, events or incidents that may result in the Company's liquidity either materially increasing or decreasing at present or in the foreseeable future.

The development program at the San Cristobal Project will require significant external financing. Sources of financing may include bank borrowings and future additional debt or equity financing. In January 1999, the Company completed an engagement letter appointing Barclays and Deutsche Bank as Co-Lead Arrangers for the project financing of the San Cristobal Project. There can be no assurance that the required financing will be obtainable on terms that are attractive to the Company, or at all.

As of the date hereof, the Company does not plan to declare or pay a dividend.

Environmental Compliance

The Company's current and future mining and processing operations and exploration activities will be subject to various federal, state and local laws and regulations in the countries in which it conducts its activities, which govern the protection of the environment, prospecting, development, production, taxes, labor standards, occupational health, mine safety, toxic substances and other matters. Management does not believe that compliance with such laws and regulations will have a material adverse effect on its competitive position. The Company intends to obtain all licenses and permits required by all applicable regulatory agencies in connection with its mining operations and exploration activities. The Company intends to maintain standards of environmental compliance consistent with best contemporary industry practice.

The Company's preliminary analysis of the mining activities conducted by the previous owners and operators of the Toldos mine at the San Cristobal Project indicates that some low level effluents from the site may be draining into a seasonal stream which flows into the Rio Grande, which flows into the Salar de Uyuni, a salt lake to the north of the San Cristobal Project. Pursuant to the recently enacted Bolivian Mining Code, mining companies are not liable for identified pre-existing conditions. Nonetheless, during construction and operations the Company expects to improve the environmental situation which may currently exist at the Toldos property. The Company does not expect any such efforts to have a material adverse effect on the Company's proposed construction or operations at the San Cristobal Project.

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Year 2000 Date Conversion

The inability of certain computer programs to interpret "00" as the year 2000 does not appear to be a significant problem for the Company. As of December 31, 1998, the Company does not maintain a mainframe computer or central database, and the accounting system is supported by personal computers and their related software. The Company believes that its computer systems are year 2000 compliant. Notwithstanding this fact, the Company, for reasons independent of year 2000 issues, expects to complete installation of upgraded accounting software at its major locations by mid 1999. All such software is year 2000 compliant. To further mitigate the risk of data loss or corruption, the Company performs regular tape backups of all files, stays in contact with software manufacturers regarding updates to their products and keeps informed of the latest developments concerning year 2000 issues. The Company's costs with respect to the year 2000 issue have been minimal.

The Company is in a development stage and as such does not expect to have any customers until after the year 2000. The Company has not evaluated whether its suppliers and other service providers are year 2000 compliant. However, the Company does not believe that the failure of its suppliers and service providers to timely achieve year 2000 compliance would have a material adverse effect on earnings. Accordingly the Company has not developed a contingency plan at this time. The Company will continue to monitor the need for a contingency plan as additional information is acquired.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical facts, included in this report which address activities, events or developments that the Company expects, believes, intends or anticipates will or may occur in the future, including such matters as future investments in existing development projects and the acquisition of new mineral properties (including the amount and nature thereof), business strategies, mine development and construction plans, costs, grade production and recovery rates, permitting, financing needs from external sources, the availability of financing on acceptable terms, the timing of engineering studies and environmental permitting, and the markets for silver, zinc and lead, are forward-looking statements. Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy, and some of which might not even be anticipated. The use of any of the words "anticipate," "continue," "estimate," "expect," "may," "will," "project," "should," "believe" and similar expressions are intended to identify uncertainties. The Company believes the expectations reflected in those forward looking statements are reasonable. However, the Company cannot assure that such expectations will prove to be correct. Future events and actual results, financial and otherwise, could differ materially from those set forth in or contemplated by the forward-looking statements herein.

Factors that could cause actual results to differ materially include, among others: worldwide economic and political events affecting the supply of and demand for silver, zinc, and lead; volatility in market prices of silver, zinc and lead; financial market conditions, and availability of financing on terms acceptable to the Company; uncertainties associated with the development of a new mine, including potential cost overruns and the unreliability of estimates in early stages of mine development; variations in ore grade and other characteristics affecting mining, crushing, milling and smelting operations and mineral recoveries; geological, technical, permitting, mining and processing problems; the availability of and timing of acceptable arrangements for power, transportation, water and smelting; the availability of experienced employees; and variations in smelting operations and capacity. Many such factors are beyond the Company's ability to control or predict.

Consolidated Balance Sheet

(Expressed in United States dollars)

Years ended December 31,	1998	1997
Assets		
Current assets		
Cash and cash equivalents	$ 26,217,241	$ 57,033,193
Accrued interest receivable	126,332	102,412
Amounts due from affiliates	—	722,717
Prepaid expenses and other assets	1,197,622	968,050
Current assets	27,541,195	58,826,372
Mining properties and development costs	29,777,360	11,888,258
Plant, buildings and equipment (net)	2,229,584	1,149,842
Value added tax recoverable	2,725,803	1,351,004
Deferred organizational costs (net)	56,592	113,183
Other	16,500	—
Total assets	$ 62,347,034	$ 73,328,659

Liabilities and Shareholders' Equity		
Current liabilities		
Accrued salaries, wages and benefits	$ 154,800	$ 40,736
Accounts payable and other accrued liabilities	1,580,123	553,130
Current portion of long-term debt	248,773	412,408
Current liabilities	1,983,696	1,006,274
Long-term debt	1,966,588	3,093,788
Commitments and contingencies (Note 12)	—	—
Shareholders' equity		
Ordinary Shares, $.01 par value, 75,000,000 shares authorized; 26,250,761 and 19,124,916, shares issued and outstanding, respectively (See Note 1e)	262,507	191,249
Contributed surplus	97,946,434	97,819,969
Accumulated deficit	(39,812,191)	(28,782,621)
Total shareholders' equity	58,396,750	69,228,597
Total liabilities and shareholders' equity	$ 62,347,034	$ 73,328,659

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Operations

(Expressed in United States dollars)

	Years ended December 31, 1998	1997	1996	For the period December 22, 1994 (inception) through December 31, 1998
Income				
Interest income	$ 2,444,357	$ 961,810	$ 574,470	$ 4,458,140
Total income	2,444,357	961,810	574,470	4,458,140
Expenses				
Exploration	5,147,935	9,754,231	9,590,632	26,157,857
Administrative	5,066,652	4,129,623	1,923,165	12,249,481
Consulting	2,257,647	1,523,116	2,506,250	6,991,913
Professional fees	832,577	390,369	1,096,271	2,997,438
Amortization and depreciation	169,116	149,429	57,392	432,528
Total expense	13,473,927	15,946,768	15,173,710	48,829,217
Loss before minority interest	(11,029,570)	(14,984,958)	(14,599,240)	(44,371,077)
Minority interest in loss of consolidated subsidiary	—	—	2,875,927	4,558,886
Net loss for the period	$(11,029,570)	$(14,984,958)	$(11,723,313)	$(39,812,191)
Net loss per Ordinary Share—Basic and diluted[1]	$ (0.42)	$ (0.72)	$ (0.66)	$ (1.96)
Weighted average Ordinary Shares outstanding (See Note 1e)	26,212,009	20,929,882	17,672,206	20,348,742

[1]*Diluted earnings per share were antidilutive for all periods presented.*

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

(Expressed in United States dollars)

	Shares Outstanding	Amount	Contributed Surplus	Accumulated Deficit and Comprehensive Deficit	Total Shareholders' Equity
Issuance of shares upon incorporation December 22, 1994	8,822,546	$ 88,225	$ 5,571,398	$ —	$ 5,659,623
Net loss and comprehensive loss	—	—	—	(213,165)	(213,165)
Balance, December 31, 1994	8,822,546	88,225	5,571,398	(213,165)	5,446,458
Net loss and comprehensive loss	—	—	—	(1,861,185)	(1,861,185)
Balance, December 31, 1995	8,822,546	88,225	5,571,398	(2,074,350)	3,585,273
Issuance of shares in private placement	4,256,700	42,567	32,406,783	—	32,449,350
Net loss and comprehensive loss	—	—	—	(11,723,313)	(11,723,313)
Balance, December 31, 1996	13,079,246	130,792	37,978,181	(13,797,663)	24,311,310
Purchase of minority interest in ASC Bolivia	268,496	2,685	2,950,771	—	2,953,456
Issuance of shares to associates	138,595	1,386	1,523,159	—	1,524,545
Issuance of shares services	115,207	1,152	231,566	—	232,718
Stock option compensation expense	—	—	416,562	—	416,562
Issuance of shares upon Initial Public Offering	5,523,372	55,234	54,719,730	—	54,774,964
Net loss and comprehensive loss	—	—	—	(14,984,958)	(14,984,958)
Balance, December 31, 1997	19,124,916	191,249	97,819,969	(28,782,621)	69,228,597
Exchange of Apex LDC shares	7,079,006	70,790	(70,790)	—	—
Stock options exercised	25,001	250	197,473	—	197,723
Restricted stock awards	21,838	218	185,407	—	185,625
Unearned compensation	—	—	(185,625)	—	(185,625)
Net loss and comprehensive loss	—	—	—	(11,029,570)	(11,029,570)
Balance, December 31, 1998	26,250,761	$262,507	$97,946,434	$(39,812,191)	$ 58,396,750

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

(Expressed in United States dollars)

	Years ended December 31,			For the period December 22, 1994 (inception) through December 31,
	1998	1997	1996	1998
Cash flows from operating activities:				
Net cash used in operating activities (See Note 11)	$(10,641,471)	$(17,776,508)	$(12,091,580)	$(44,328,776)
Cash flows from investing activities:				
Mining properties and development costs	(18,486,098)	(5,428,606)	—	(23,914,704)
Purchase of plant, buildings and equipment	(1,421,467)	(719,146)	(524,335)	(2,664,948)
Net cash used in investing activities	(19,907,565)	(6,147,752)	(524,335)	(26,579,652)
Cash flows from financing activities:				
Net proceeds from issuance of Ordinary Shares	—	55,007,682	35,269,068	97,675,541
Payment of debt	(464,639)	—	—	(464,639)
Proceeds from exercise of stock options	197,723	—	—	197,723
Deferred organizational and financing costs	—	—	—	(282,956)
Net cash provided by (used in) financing activities	(266,916)	55,007,682	35,269,068	97,125,669
Net increase (decrease) in cash and cash equivalents	(30,815,952)	31,083,422	22,653,153	26,217,241
Cash and cash equivalents beginning of period	57,033,193	25,949,771	3,296,618	—
End of period	$ 26,217,241	$ 57,033,193	$ 25,949,771	$ 26,217,241
Supplemental non-cash transactions:				
Acquisition of minority interest in ASC Bolivia for Ordinary Shares at $11 per share	$ —	$ 2,953,456	$ —	
Acquisition of mining properties for assumption of debt	$ —	$ 3,506,196	$ —	
Non-cash debt extinguished by one-time early cash payment (See Note 7)	$ 826,196	$ —	$ —	

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

1. Incorporation, Recapitalization, Initial Public Offering, Ownership and Operations

a. Apex Silver Mines Limited ("Apex Limited" or the "Company") was formed under the laws of the Cayman Islands in March of 1996 for the sole purpose of serving as a holding company for certain ownership interests in Apex Silver Mines LDC ("Apex LDC"). On April 15, 1996, holders of approximately 55% of the then-outstanding shares of Apex LDC elected to participate, effective as of the completion of a proposed private placement of shares of Apex Limited which was completed as of August 6, 1996, in a recapitalization effected by an exchange, on a one-for-one basis, of their shares in Apex LDC for identical equity instruments of Apex Limited (the "Recapitalization"). The balance of shareholders retained a direct ownership interest in Apex LDC. As a result of this recapitalization, Apex LDC became a majority-owned subsidiary of Apex Limited. The accompanying financial statements reflect the historical accounts of the Company's predecessor, Apex LDC. For purposes of the accompanying consolidated financial statements of Apex Limited, the recapitalization has been given retroactive effect to the date of incorporation of Apex LDC, with the results of operations and equity attributable to the other ownership interests in Apex LDC being reflected in "minority interest in consolidated subsidiary." Consequently, for purposes of these financial statements, Apex Limited is considered the successor to Apex LDC.

b. In August of 1996, Apex Limited issued 4,256,700 Ordinary Shares in a private placement transaction (the "Private Placement") for net proceeds of $32.4 million. These proceeds were contributed to Apex LDC in exchange for the issuance by Apex LDC of 4,256,700 shares of its share capital. As a result of this private placement, the Company's ownership interest in Apex LDC was increased from approximately 55% to 65%.

c. On December 1, 1997, the Company closed its initial public offering (the "Offering") of Ordinary Shares. The Company sold 5,000,000 Ordinary Shares at a price of $11 per share on the American Stock Exchange under the symbol "SIL." In addition, on December 23, 1997, the underwriters exercised an option to purchase an additional 523,372 Ordinary Shares at the initial price of $11 per share. Net proceeds raised in the offering were approximately $54.8 million. These proceeds were contributed to Apex LDC in exchange for the issuance by Apex LDC of 5,523,372 shares of its capital.

d. Apex LDC was incorporated under the laws of the Cayman Islands on November 23, 1994 as a 30-year limited duration company on the contribution of all the assets of its predecessor entity, Apex Silver Mines Ltd., a Bermuda corporation. (Actual contribution occurred on December 22, 1994.) The Company's principal activity is the exploration of mineral properties. The Company participates in the acquisition and exploration of mineral properties for possible future development directly and indirectly through Apex LDC's principal subsidiaries, Andean Silver Corporation LDC ("Andean"), ASC Bolivia LDC ("ASC Bolivia"), Apex Asia LDC ("Apex Asia"), Minera de Cordilleras (Honduras), S. de R.L. ("Cordilleras Honduras"), Cordilleras Silver Mines Ltd. ("Cordilleras Bahamas"), Cordilleras Silver Mines (Cayman) LDC ("Cordilleras Cayman"), Compania Minerales de Zacatecas, S. de R.L. de C.V. ("CMZ"), Apex Silver Mines Corporation, ("Apex Corporation") and ASC Peru LDC ("ASC Peru").

e. In conjunction with the Recapitalization and the Private Placement, Apex Limited and the shareholders of Apex LDC entered into a Buy-Sell Agreement (the "Buy-Sell Agreement") which was intended to maintain the same beneficial interest in Apex LDC attributable to all shareholders of Apex LDC prior to the Recapitalization and Private Placement. During 1998, pursuant to the terms of the Buy-Sell Agreement, Apex Limited exchanged

7,079,006 of its ordinary shares for an equal number of Apex LDC shares. Such shares are included in the 26,250,761 Apex Limited Ordinary Shares outstanding at December 31, 1998. At December 31, 1998, Apex Silver Mines Limited owned 100 percent of Apex LDC. Per the provisions of the Buy-Sell Agreement, all of the outstanding shares of Apex LDC are considered Ordinary Shares outstanding for the purposes of computing net loss per Ordinary Share for the periods presented.

f. The Company, through indirect subsidiaries, is active in Central America and South America and currently holds interests in, or is the beneficial owner of, non-producing silver resource properties in Chile, Bolivia, Honduras, Mexico and Peru. The Company is in the process of evaluating certain of its properties to determine economic feasibility of bringing one or more of the properties into production.

2. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The policies adopted, considered by management to be significant, are summarized as follows:

a. Basis of consolidation

These consolidated financial statements include the accounts of the Company and its majority owned subsidiaries. Investments in joint ventures are proportionately consolidated consistent with generally accepted accounting practices in the mining industry.

b. Translation of foreign currencies

Substantially all expenditures are made in United States dollars. Accordingly, the Company uses the United States dollar as its functional currency.

c. Cash, cash equivalents and short-term investments

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Short-term investments include certificates of deposit with maturities greater than three months, but not exceeding twelve months. Short-term investments are recorded at cost which approximates fair value.

d. Mining properties, exploration and development costs

The Company expenses general prospecting costs and the costs of acquiring and exploring unevaluated mining properties. When a property is determined to have proven and probable reserves, further exploration costs and development costs are capitalized. When ore reserves are developed and operations commence, capitalized costs will be amortized using the units-of-production method. Upon abandonment or sale of projects, all capital costs relating to the specific project are written off in the year abandoned or sold and a gain or loss is recognized. Beginning September 1, 1997, all costs associated with the Company's San Cristobal Project have been capitalized. As of December 31, 1998, capitalized property and development costs related to the San Cristobal Project amounted to $29,777,360. No other amounts related to mineral properties have been capitalized.

e. Fixed assets

Buildings and equipment are carried at cost and are depreciated on a straight-line basis over estimated useful lives of three to thirty years.

f. Deferred organizational costs

Costs incurred in the organization of the Company have been capitalized and are being amortized on a straight-line basis over five years.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

g. Asset impairment

The Company evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable. If the sum of estimated future net cash flows on an undiscounted basis is less than the carrying amount of the related asset, an asset impairment is considered to exist. The related impairment loss is measured by comparing estimated future net cash flows on a discounted basis to the carrying amount of the asset. Changes in significant assumptions underlying future cash flow estimates may have a material effect on the Company's financial position and results of operations. To date no such impairments have been identified.

h. Stock compensation

As permitted under Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," the Company has elected to measure compensation expense as prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Under that method, the difference between the exercise price and the estimated fair value of the shares at the date of grant is charged to compensation expense ratably over the vesting period.

i. Net loss per Ordinary Share

In 1997, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share," which requires the presentation of basic and diluted earnings per share. All prior-period earnings per share data have been restated to conform with the provisions of this Statement.

Basic earnings per share excludes dilution and is computed by dividing net earnings available to ordinary shareholders by the weighted average number of Ordinary Shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue Ordinary Shares were exercised or converted into Ordinary Shares.

Outstanding options to purchase 626,571, 455,625 and 281,250 Ordinary Shares were not included in the computation of diluted earnings per share at December 31, 1998, 1997 and 1996, respectively, because to do so would have been antidilutive.

j. New accounting pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"). FAS 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999 (January 1, 2000 for the Company). FAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. For fair-value hedge transactions in which the Company is hedging changes in an asset's, liability's, or firm commitment's fair value, changes in the fair value of the derivative instrument will generally be offset by changes in the hedged item's fair value. For cash flow hedge transactions, in which the Company is hedging the variability of cash flows related to a variable-rate asset, liability or forecasted transaction, changes in the fair value of the derivative instrument will be reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the periods in which earnings are impacted by the variability of cash flows of the hedged item. The ineffective portion of all hedges will be recognized in current-period earnings.

The Company has not yet determined the future impact that the adoption of FAS 133 will have on its earnings or statement of financial position.

Other pronouncements issued by authoritative bodies with future effective dates are either not applicable or not material to the consolidated financial statements of the Company.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

3. Income Taxes

The provision for income taxes includes United States federal, state and foreign income taxes currently payable and deferred based on currently enacted tax laws. Deferred income taxes are provided for the tax consequences of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized.

There is currently no taxation imposed by the Cayman Islands. If any form of taxation were to be enacted, the Company has been granted exemption therefrom to January 16, 2015. The Company's subsidiaries which do business in other countries have not generated income and therefore are not liable for local income taxes.

As of December 31, 1998 and 1997, operating loss carryforwards generated by ASC Bolivia amounted to approximately $13.1 and $9.6 million, respectively. Operating losses (as adjusted for inflation) may be carried forward and deducted from taxable income indefinitely. The deferred tax asset resulting from the operating loss carryforwards has been entirely offset by a valuation allowance.

No net deferred tax assets related to operating losses generated through December 31, 1998 by the Company's other foreign subsidiaries have been included in the accompanying financial statements, as all such assets have been entirely offset by a valuation allowance.

4. Value Added Tax Recoverable

The Company has recorded value added tax ("VAT") paid by ASC Bolivia and Cordilleras Honduras as recoverable assets. The VAT paid by ASC Bolivia is expected to be recovered through the sale of mine production. The VAT paid by Cordilleras Honduras is related to exploration activities and is recoverable upon application to the tax authorities. During 1998, Cordilleras Honduras received VAT refunds totaling $68,946. The refunds were related to VAT paid in 1996. At December 31, 1998, the recoverable VAT recorded by ASC Bolivia and Cordilleras Honduras is $2,539,586 and $186,217 respectively.

Because of the uncertainty of the recoverability of VAT paid by ASC Peru, during 1998 the Company recorded a one-time charge of $202,560 related to the ASC Peru VAT receivable. All future VAT costs incurred by ASC Peru will be charged to expense as incurred.

5. Plant, Buildings and Equipment

The components of plant, buildings and equipment were as follows:

December 31,	1998	1997
Buildings	$ 828,077	$ 410,639
Mining equipment and machinery	1,513,757	728,313
Other furniture and equipment	229,475	104,529
	2,571,309	1,243,481
Less: Accumulated depreciation	(341,725)	(93,639)
	$2,229,584	$1,149,842

Depreciation expense for the period ended December 31, 1998, 1997 and 1996 totaled $112,471, $92,838 and $801, respectively. During 1998, $135,561 of depreciation associated with the San Cristobal development was capitalized. No amounts were capitalized during 1997 and 1996.

(Expressed in United States dollars)

6. Deferred Organizational Costs

December 31,	1998	1997
Organizational costs	$ 282,956	$ 282,956
Less: Accumulated amortization	(226,364)	(169,773)
	$ 56,592	$ 113,183

Amortization expense was $56,591 for each of the years ended December 31, 1998, 1997 and 1996.

7. Long-Term Debt

The Company's long-term debt consists of the following:

December 31,	1998	1997
Banco de Santa Cruz	$ 515,361	$ 536,000
Barex	900,000	900,000
Banco Industrial	—	1,126,196
Monica de Prudencio	800,000	944,000
Sub-total	2,215,361	3,506,196
Less current portion	(248,773)	(412,408)
Total	$1,966,588	$3,093,788

The following debt was assumed as a result of the Company's decision to exercise its option to purchase the Toldos property, a portion of San Cristobal, in December 1997:

Banco de Santa Cruz – The Company made an initial payment of $53,600 on March 31, 1998. Beginning in 1999, the Company will pay $68,914 for each of the next seven years, plus interest at Banco de Santa Cruz' preferential rate of interest. As of December 31, 1998, the preferential interest rate was approximately 14%. Although the principal payments of $68,914 are due annually, the Company is required to make interest payments on a quarterly basis.

Barex – The Company will make one payment of $900,000 on December 1, 2001. No interest is due on this debt.

Banco Industrial – Originally this debt was to be paid through a 5% net smelter return royalty during the first year of production. However, on March 31, 1998, Banco Industrial agreed to extinguish the debt for a one-time payment of $300,000. The $826,196 gain on the extinguishment of this debt has been credited to mining properties and development costs.

Monica de Prudencio – This debt was acquired in September 1997, when the Company exercised its option to purchase various properties in the San Cristobal area. The total option price was $2,000,000 of which $1,020,000 was paid in cash. The remainder is being paid in 78 monthly installments of $12,000 due the fifteenth of every month until June 2004 and a final payment of $8,000 due July 15, 2004. No interest is due on this debt.

(Expressed in United States dollars)

8. Stock Option Plans

The Company has established a plan to issue share options and other awards to be valued in whole or part by reference to the Company's Ordinary Shares for officers, employees, consultants and agents of the Company and its subsidiaries (the "Plan"). Under the Plan, the total number of options and other awards outstanding at any time cannot exceed ten percent of the Company's share capital. Options and other awards granted under the Plan are non-assignable. Options exist for a term, not to exceed ten years, as fixed by the Compensation Committee of the board of directors of the Company (the "Committee"). Options vest ratably over periods of up to four years with the first tranche vesting on the date of grant or the anniversary of the date of grant. Unexercised options expire ten years after the date of grant.

The Company has established a share option plan for its non-employee directors (the "Director Plan"). Under the Director Plan, the total number of options outstanding at any one time cannot exceed five percent of the Company's share capital. Pursuant to the Director Plan non-employee directors receive (1) at the effective date of their initial election to the Company's board of directors, an option to purchase the number of Ordinary Shares equal to $50,000 divided by the closing price of the Ordinary Shares on the American Stock Exchange (the "AMEX") on such date, (2) at the close of business of each annual meeting of the Company's shareholders, an option to purchase the number of Ordinary Shares equal to $50,000 divided by the closing price of the Ordinary Shares on the AMEX on such date, and (3) at the close of business of each meeting of the Company's board of directors, an option valued at $3,000 calculated using the Black-Scholes option pricing model to purchase Ordinary Shares with an exercise price equal to that of the closing price of the Ordinary Shares on the AMEX on such date. Options granted to a non-employee director vest on the date of the grant and expire 10 years after the date of the grant or one year after the date that such non-employee director ceases to be a director of the Company. Options granted under the Director Plan are transferable only in limited circumstances.

The following table summarizes stock option information:

Year ended December 31,	1998	1997	1996
Options outstanding at beginning of period	455,625	281,250	—
Options granted during period	195,947	174,375	281,250
Options exercised during period	(25,001)	—	—
Options outstanding at end of period	626,571	455,625	281,250
Options exercisable at end of period	391,222	241,727	73,438
Weighted average grant-date fair value of options granted during period	$1.98	$1.08	$1.30
Weighted average remaining contractual life	8.3 years	8.9 years	9.7 years

Options granted during the period were at an average exercise price of $10.69, $8.00 and $8.00 for the years 1998, 1997 and 1996, respectively. Options granted during 1998 ranged in price from $8.25 to $12.75.

Pro forma information regarding net income is required by SFAS No. 123, and has been determined as if the Company has accounted for its stock options under the fair value method of SFAS No. 123. For purposes of calculating the fair value of options, volatility was not considered for the years ended December 31, 1997 and 1996, as the Company was non-public at the date of those grants. The volatility for 1998 is based on the historical volatility of the Company's stock over its public trading life. The Company currently does not foresee the payment of dividends in the near term. The fair value for these options was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

(Expressed in United States dollars)

Years ended December 31,	1998	1997	1996
Weighted average risk-free interest rate	5.55%	6.27%	6.45%
Volatility	48.10%	0.00%	0.00%
Expected dividend yield	—	—	—
Weighted average expected life (in years)	2.53	2.33	2.78

For the purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information follows:

Years ended December 31,	1998	1997	1996
As reported			
Net loss	$(11,029,570)	$(14,984,958)	$(11,723,313)
Net loss per Ordinary Share	(.42)	(.72)	(.66)
Pro forma			
Net loss	$(11,548,400)	$(15,199,421)	$(11,852,522)
Net loss per Ordinary Share	(.44)	(.73)	(.67)

In addition, on December 15, 1998, the Company issued 21,838 of its Ordinary Shares to employees as a portion of performance bonuses paid during the year. Such shares are restricted for two years from the date of issuance and may not be traded or pledged during that period. Should the employee terminate during the restricted period the shares are forfeited to the Company. These shares are included in the outstanding shares at December 31, 1998.

9. Events Subsequent to December 31, 1998

During January 1999, the Company completed an engagement letter appointing Barclays Capital ("Barclays") and Deutsche Bank Securities Inc. ("Deutsche Bank") as Co-Lead Arrangers to provide exclusive financial arranging services in regard to development of the Company's San Cristobal Project. Under the terms of the engagement letter, Barclays and Deutsche Bank will assist in the development of an optimal capital structure for the San Cristobal Project by reviewing debt financing options through banks and debt capital markets as well as support from development agencies. In addition, Barclays and Deutsche Bank will provide independent technical and legal reviews of the project as well as providing advice in the areas of insurance coverage and risk management strategies. Barclays and Deutsche Bank are under no obligation to provide financing for the San Cristobal Project. Consistent with these financing measures, the Company plans on filing a Universal Shelf Registration with the Securities and Exchange Commission by the end of the first quarter of 1999.

10. Related Party Transactions

Apex LDC engaged Tigris Financial Group Ltd. ("Tigris") and LCM Holdings LDC ("LCM") to provide management advisory services to Apex LDC and its subsidiaries. Tigris is wholly owned by Mr. Thomas S. Kaplan, a director and officer of Apex LDC and a director and shareholder of the Company. LCM is wholly owned by a shareholder of the Company. The LCM consulting arrangement was terminated at the end of the first quarter of 1997, following the formation of Apex Corporation. During the years ended December 31, 1998, 1997 and 1996 fees and reimbursed expenses paid to Tigris and LCM for such services amounted to $39,637, $93,964, and $423,684, respectively. Apex

(Expressed in United States dollars)

Corporation has provided management advisory and administrative services for the Company pursuant to a Management Services Agreement dated October 22, 1996, for a fee equal to 110% of certain costs incurred as provided by the agreement.

During the years ended December 31, 1997 and 1996, Apex LDC hired both individuals and companies ("associates") to perform services on its behalf in countries in which Apex LDC has mineral interests. These services include property acquisitions on Apex LDC's behalf, consulting services and administrative costs. In certain cases persons affiliated with such associates served as officers or directors of certain Apex LDC's subsidiaries. During the years ended December 31, 1997 and 1996, the total amounts charged to Apex LDC by such related associates were $7,395,441 and $5,695,193 respectively, and are included in the statement of operations under the applicable captions. Prior to 1998 all of these associates became employees or subsidiaries of Apex LDC and are no longer considered related parties.

During the year ended December 31, 1996, Apex LDC paid an associate who, until August 6, 1996, was a shareholder of certain subsidiaries of Apex LDC, $485,179 in consideration for geology services provided and disbursements made on Apex LDC's behalf. During 1997, this associate became an employee of Apex Corporation and thus, is not considered a related party.

Two individuals, one of whom is an officer of a subsidiary and a shareholder of the Company, the second of whom is an officer of certain of the Company's subsidiaries, are shareholders and directors of Begeyge Minera Ltda. ("Begeyge"), from whom the Company has the right to purchase the Suyatal Project in Honduras for an aggregate purchase price of $3,000,000 (see Note 12). Begeyge also served as an associate during the years ended December 31, 1997 and 1996. During 1996, the Company paid Begeyge $106,691 for consulting services.

11. Cash Flow Information

A reconciliation of net earnings to cash from operations is as follows:

	Years ended December 31,			For the period December 22, 1994 (inception) through December 31,
	1998	1997	1996	1998
Cash flows from operating activities:				
Net loss	$(11,029,570)	$(14,984,958)	$(11,723,313)	$(39,812,191)
Adjustments to reconcile net loss to net cash used in operating activities:				
Amortization and depreciation	169,116	149,429	57,392	432,528
Minority interest in loss of consolidated subsidiary	—	—	(2,875,927)	(4,558,886)
Stock option compensation expense	—	416,562	—	416,562
Shares issued in consideration for services	—	1,524,545	—	1,524,545
Changes in operating assets and liabilities:				
(Increase) decrease in accrued interest receivable	(23,920)	(102,412)	66,112	(126,332)
(Increase) decrease in prepaid expenses	(229,572)	(813,825)	(154,225)	(1,197,622)
Increase in Value Added Tax recoverable	(1,374,799)	(1,351,004)	—	(2,725,803)
(Increase) decrease in amounts due to/from affiliates	722,717	(1,254,800)	411,246	—
Increase (decrease) in other current assets and liabilities	1,124,557	(1,360,045)	2,127,135	1,718,423
Net cash used in operating activities	$(10,641,471)	$(17,776,508)	$(12,091,580)	$(44,328,776)

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

12. Commitments and Contingencies

The Company has outstanding options and other optional payments relating to certain mineral properties at December 31, 1998, as follows:

Property	1999	2000	2001	2002	2003	Thereafter
Honduras						
El Coloal District [1]	$ 200,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ —
Suyatal [2]	25,000	40,000	40,000	40,000	40,000	2,745,000
Bolivia						
San Cristobal	464,480	256,116	245,712	1,137,829	229,945	—
Choroma	56,357	—	—	—	—	—
Ximena Group [3]	133,582	122,345	122,345	2,345	2,345	—
General	33,521	33,521	33,521	33,521	33,521	—
Pulacayo [4]	18,000	18,000	18,000	18,000	18,000	—
Peru						
Otuzco [5]	54,798	54,798	54,798	54,798	54,798	—
Aventura [6]	15,689	15,689	15,689	15,689	15,689	—
San Juan de Lucanas [7]	1,292,852	42,852	42,852	42,852	42,852	—
General	19,600	19,600	19,600	19,600	19,600	—
Chile	24,080	24,080	24,080	24,080	24,080	—
Mexico						
General	34,900	34,900	34,900	34,900	34,900	—
San Juan Cordero [8]	36,000	137,000	218,000	390,000	1,560,000	148,000
Saltillera & Platosa [9]	370,000	700,000	1,100,000	1,200,000	975,000	—
Total	$2,778,859	$1,573,901	$2,044,497	$3,088,614	$3,125,730	$2,893,000

[1] This district is comprised of five separate properties. Upon production, the Company would also pay a 5% net smelter return ("NSR") royalty on one of these properties.

[2] Annual installments are not to exceed the greater of $40,000, or a 2% NSR.

[3] These payments include purchase payments of $120,000 per year plus property payments of $2,345.

[4] These payments will be applied toward a joint venture with Cooperativa Minera Pulacayo.

[5] Otuzco is comprised of five properties, two of which are leased with an option to buy. Should the Company elect to exercise these options, payments would total $550,000.

[6] Aventura is comprised of five properties, two of which are leased with an option to buy. Should the Company elect to exercise these options, payments would total $90,000.

[7] The Company has an option to purchase this property for $2.1 million payable in 15 installments. This table reflects the payments to be made after the Company made an initial payment in June 1998.

[8] San Juan Cordero is comprised of three properties. In addition to the lease payments scheduled in this table, the Company has an option to purchase two of the properties for a $462,000 payment in February 2004. In lieu of the purchase payment the Company may elect to pay $1,250,000 to the owners of the two properties through a 2.5% net smelter return royalty ("NSR"). In addition to the lease payments in this schedule the third property also carries a 2% NSR capped at $2,000,000. Also included in the lease payment schedule is $75,000 in finder's fees payable to a third party. As part of the finder's fee agreement the third party is also entitled to a 0.35% NSR capped at $425,000.

[9] With the final payment in 2003 the Company would own 65% of Saltillera and Platosa. Included in the payment schedule are $1,775,000 in lease payments and $2,570,000 of work commitments. In addition to these scheduled payments, the owners would retain a 3%, 1.5 year NSR capped at $2,000,000.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

13. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, VAT recoverable, accounts payable, other current liabilities and long-term debt. Except for the VAT and long-term debt, the carrying amounts of these financial instruments approximate fair value due to their short maturities. The estimated fair values of the Company's long-term financial instruments, as measured on December 31, 1998 and 1997, are as follows:

	1998		1997	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
VAT recoverable	$2,725,803	$2,145,645	$1,351,004	$ 995,314
Long-term debt	1,966,588	1,449,227	3,093,788	2,046,358

The fair values of the VAT recoverable and the long-term debt are estimated based on expected discounted future cash flows.

14. Segment Information

In 1998, the Company adopted SFAS 131, "Disclosures about Segments of an Enterprise and Related Information." The Company's sole activity is the exploration for and development of silver properties and, consequently, Apex has only one operating segment—mining.

Substantially all of the Company's long-lived assets are located in Bolivia.

Stock Market Information

Apex Silver Mines Limited Ordinary Shares are traded on the American Stock Exchange ("AMEX") under the symbol "SIL." The ranges of actual trade prices by quarters for the Ordinary Shares, as reported by the AMEX, are set forth below:

	Ordinary Shares			
	1998		1997	
Period	High	Low	High	Low
1st Quarter	$14⅛	$10⅝	$—	$—
2nd Quarter	$12¾	$ 9⅜	$—	$—
3rd Quarter	$10 5/16	$ 6¾	$—	$—
4th Quarter	$ 9⅝	$ 7½	$13 1/16	$11*

**Apex Silver Mines Limited began trading on November 25, 1997, accordingly the high and low shown are for a partial period.*

The closing trade price per Ordinary Share on March 19, 1999, as reported by the AMEX was $9½. As of March 19, 1999, the number of registered shareholders of Apex Silver Mines Limited Ordinary Shares was approximately 90 with an estimated 1,800 additional beneficial holders whose shares were held in street name by brokerage houses.

Linda Good Wilson
Vice President of Investor Relations
Apex Silver Mines Corporation

Prior to joining Apex in October 1997, Linda Good Wilson worked for Cyprus Amax Minerals Company as both a financial analyst and a Director of Treasury and Investor Relations. With 15 years of industry experience, Ms. Wilson commenced her career as a geologist before specializing in the financial evaluation of mining projects.

Shareholder Information

Investor Relations Contact/1998 10-K Report
The Company's 1998 Annual Report and/or Form 10-K is available without charge by contacting:

Linda G. Wilson
Vice President of Investor Relations
Apex Silver Mines Corporation
1700 Lincoln Street, Suite 3050
Denver, CO 80203
(303) 839-5060
(888) 696-2739

Stock Transfer Agent
Questions regarding your Shareholder account should be addressed to:

American Stock Transfer
40 Wall Street, 46th Floor
New York, NY 10005
(718) 921-8200
(800) 937-5449
Attn: Geraldine Zarbo

Market Information
Apex Silver Mines Limited ordinary shares (symbol SIL) are traded on the American Stock Exchange.

Independent Accountants
PricewaterhouseCoopers LLP
950 17th Street
Suite 2500
Denver, CO 80202

Annual Meeting
May 4, 1999, Tuesday
4:00 p.m. (EDT)

Le Parker Meridien
Salon Rivoli
118 West 57th Street
New York, NY 10019

Board of Directors

Michael Comninos
Former Director
N.M. Rothschild & Sons Limited
Age 67

Harry M. Conger
Former Chairman
Homestake Mining Company
Age 68

Eduardo S. Elsztain
President
Consultores Asset Management S.A.
Age 39

David Sean Hanna
Partner
Arthur D. Hanna
Age 38

Ove Hoegh
Senior Partner
Hoegh Invest
Age 62

Keith R. Hulley
President and
Chief Operating Officer
Apex Silver Mines Corporation
Age 59

Thomas S. Kaplan
Chairman and Founder
Apex Silver Mines Limited
Chief Executive Officer
Apex Silver Mines Corporation
Age 36

Richard Katz
Chairman, Board of Advisors
Quantum Industrial Holdings Ltd.
Age 57

Paul Soros
Investment Advisory Committee Member
Quantum Industrial Partners LDC
Age 72

General Information

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