



Ed LeBlanc
Vice President of Marketing
Apex Silver Mines Corporation

Prior to joining Apex in February 1998, Ed LeBlanc served as Director of Marketing for Westmin Resources Limited where he was responsible for selling all of the company's mine production. Westmin's products included copper, zinc, precious metal and molybdenum concentrates, as well as precious metal dore and copper cathode. With 17 years experience in mining, Mr. LeBlanc commenced his career as an exploration geologist before specializing in the marketing of nonferrous concentrates and precious metals.

How will San Cristobal's silver and zinc be sold?

San Cristobal is expected to produce zinc and lead concentrates, both rich in silver, which will be sold to zinc and lead smelters for downstream processing. Concentrates, just as the name implies, are composed of concentrated sulfide ore minerals that are subsequently sent to smelters for removal of the sulfur from the metals. Once the sulfur and other gangue minerals have been removed, the product is refined to increase metal purity.

Based on metallurgical test work to date, San Cristobal's zinc and lead concentrates are expected to have metal content well within acceptable norms for downstream smelting and refining processes. The smelters purchase the silver as a payable constituent of each con-

centrate. Metals prices used to calculate the value of the concentrates are based on quotations from the London Bullion Market and the London Metal Exchange.

Who will buy the concentrates?

Smelting companies in Western Europe, North and South America and Asia have expressed keen interest in San Cristobal concentrates due to their projected quality and quantity. Discussions are ongoing with respect to commercial sales contracts for delivery of future concentrate production. We expect to place San Cristobal's concentrates with a number of zinc and lead smelters to diversify the risk of any given smelter experiencing production problems.

Concentrates are a fine, powdery product of the milling process containing a high percentage of valuable metals.

What is the supply/demand outlook for zinc and lead concentrates?

Supply and demand for concentrates does not directly track the supply and demand for the metals themselves. Historically, smelters have not been quick to adjust their production capacity in response to changing metals prices. When lower metals prices force higher cost mines to close which in turn limits concentrate supply, smelters seek to keep their capacity full by lowering concentrate treatment charges.

Based on an independent analysis prepared by Brook Hunt and Associates, by 2002 an unusually large amount of zinc mine capacity will be lost due to the depletion of existing reserves. A significant shortage of zinc production is forecast even when probable new mines are included. This suggests a period of both healthy zinc prices and low treatment charges about the time San Cristobal is expected to reach commercial production.

Lead concentrates are commonly produced as a by-product of zinc mining. Brook Hunt and Associates forecasts that the probable new zinc mines will have less

by-product lead concentrates associated with them than the mines expected to close. Mine closures are expected to begin reducing lead concentrate availability in 2001, exerting downward pressure on lead smelter treatment charges from 2002 onwards, again coinciding with projected commercial production from San Cristobal.



San Cristobal map outlining proposed concentrate shipping options.



Loading bulk concentrates into an ocean going vessel.



Mark Lettes
Chief Financial Officer
and Vice President Finance
Apex Silver Mines Corporation

Prior to joining Apex in June 1998, Mark Lettes was Vice President Trading for Amax Gold and Director of Treasury for Cyprus Amax Minerals Company where he was responsible for all Amax Gold hedging activities and was an active member of the Kinross merger team. A financial professional with 25 years experience, Mr. Lettes previously served as Vice President and Chief Financial Officer for Amax Gold Inc. where he was responsible for numerous financings including project financings for the Fort Knox Mine in Alaska and the Refugio Mine in Chile, parent-subsidiary financing arrangements with Cyprus Amax Minerals Company and a convertible preferred issue.

"We regard our equity as more precious than the silver itself."

Will you hedge your production?

A project financing of this size always requires protection for the lenders. Our goal in hedging silver production is to maintain as much upside exposure to silver prices as possible. To meet that goal, we will optimize hedging our zinc and lead production first, then fill in any remaining required hedging with some of our silver. For any silver we are required to hedge, our intent is not to simply sell silver production forward, but to use dynamic hedges to minimize downside exposure while capturing nearly all of the upside movements.

How do you plan to finance San Cristobal?

Apex's financing of San Cristobal will be opportunistic and market driven. Over the past year, there have been periods when financing the project on advantageous terms would have been easy...and moments when it, like any project in the developing world, would have been very difficult. Assuming a reasonable global environment, we have no doubt that a successful conclusion to our bankable feasibility study will render the project financeable. The large vote of confidence expressed by

two of the world's leading mining finance houses, Barclays Capital and Deutsche Bank, in signing on as lead arrangers is indicative of the project's merits and its status as one of the most attractive mining projects in the world today.

To provide ourselves flexibility regarding financing alternatives, the Company plans to file a Universal Shelf Registration with the Securities and Exchange Commission in the very near future.

Zinc prices have averaged 58 cents per pound over the past ten years, while lead prices have averaged 30 cents per pound.

Have major mining houses approached Apex to joint venture San Cristobal?

Yes, major mining companies have approached us to joint venture San Cristobal. Rarely does a company have the opportunity to own 100 percent of a world-class asset like San Cristobal; however, we will do whatever we can to maximize shareholder value over the long term. If we believe a joint venture proposal is in the interests of our shareholders, we will carefully evaluate its merits.

San Cristobal Project Financing

Barclays Capital and Deutsche Bank
Lead Arrangers

In January 1999, Apex announced the joint appointment of Barclays Capital, the investment banking division of Barclays Bank PLC, ("Barclays Capital") and Deutsche Bank Securities Inc. ("Deutsche Bank") as Lead Arrangers for the Company's financing of San Cristobal.

Barclays Capital and Deutsche Bank are charged with developing an optimal capital structure for San Cristobal that incorporates a review of options to obtain debt financing from bank and debt capital markets and support from development agencies. Additional responsibilities include independent technical and legal reviews of the Project, along with advice regarding insurance coverage and risk management

