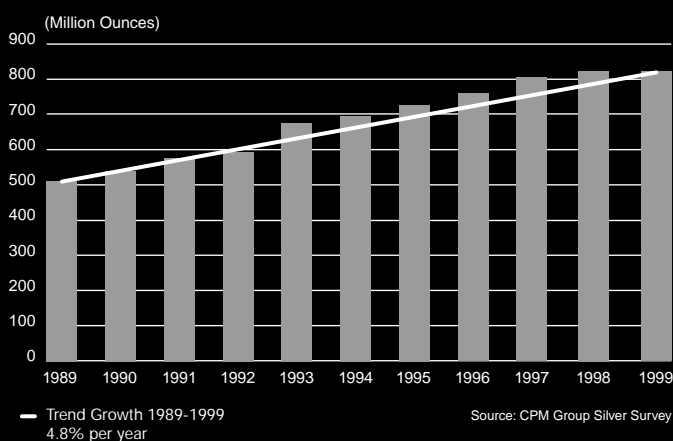


In 1999,
the demand for silver was 816 million ounces
the demand for zinc was 8 million tonnes
the demand for lead was 6 million tonnes

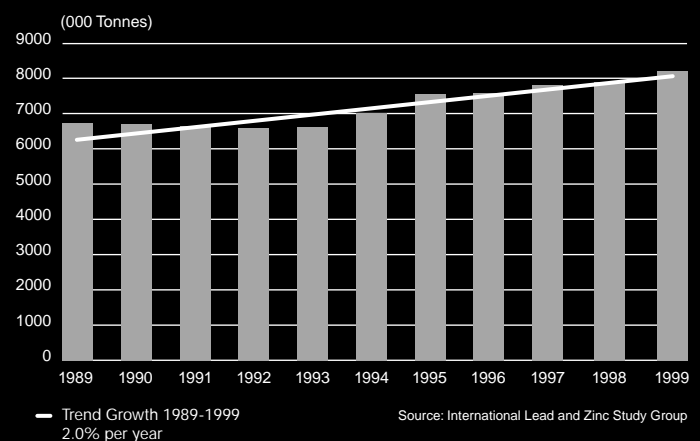
If indeed there is a New Economy
emerging from the Net,
with unprecedented productivity gains
to be derived from *disintermediation*
and the general march of technology,

San Cristobal
will come to be
seen as a treasury
of several key metals
underpinning
the revolution.

Silver Demand



Zinc Demand





Source: 1. A place or thing from which something comes or derives: point of origin
2. One that causes, creates, or initiates something 3. A person or place that supplies information

Purveyors to the New Economy

Technology: Coming back to Earth

When completed in 2002, San Cristobal will be one of the largest and lowest cost producers of silver and zinc in the world.

In effect, it will be a world class "content" provider that can't be duplicated in a Silicon Valley garage.



Looking southeast at San Cristobal with Jayula drill pads on the left of the photograph and Tesorera drill pads on the right.

To Our Shareholders,



*Thomas S. Kaplan
Chairman, Apex Silver Mines Limited
Chief Executive Officer,
Apex Silver Mines Corporation*

By any reasonable standard of measurement, 1999 was an excellent year for our Company. After having more than doubled our reserves at our flagship San Cristobal Project during the previous year, we were well positioned to define its scale and complete our bankable feasibility study. The results of that study, which we released in September, were indeed outstanding and confirmed what we and our analysts have long felt: that Apex's San Cristobal is emerging as one of the new century's most robust and exciting mining projects.

Let's briefly review the highlights of last year's achievements:

Project Financing Team Appointed

1999 began with our appointment of two of the world's largest financial institutions, Barclays Capital and Deutsche Bank Securities Inc., as lead arrangers for the San Cristobal project financing. By entering the process early, the banks were able to work with our Chief Financial Officer, Mark Lettes, to advance the financing even prior to the completion of the feasibility study. In early 1999, our bankers also commissioned the engineering firm of Pincock, Allen & Holt to monitor in real time the progress of our feasibility study, and ultimately, perform a technical audit of its results.

Positive Feasibility Study

The feasibility study completed by the independent engineering firm of Kvaerner, Metals E&C Division, ("Kvaerner") confirmed that not only does San Cristobal host one of the largest reserves of silver and zinc in the world, but that it will be among the three largest producers of two key industrial metals simultaneously... a distinction enjoyed by very few

mines and now an important aspect of our corporate profile going forward. Of equal significance, with a better than 2:1 projected cash margin, our low cost structure will make San Cristobal one of the industry's lowest cost producers.



We often say within the Company,
 “the next San Cristobal is at San Cristobal”.

source.apexsilver.com

As one can plainly see by the photograph beside that of Mac DeGuire, under whose able direction the study was most successfully completed, a bankable feasibility study for a project of San Cristobal's size is not completed by accident. It requires a tremendous amount of dedication and talent from literally hundreds of individuals to whom we are most grateful and we wish to remember on these pages.

Feasibility Findings Confirmed, Engineering Started

True to our corporate policy of not cutting corners and “doing it right”, in October 1999 we retained a second independent engineering firm, SNC-Lavalin America, Inc. (“SNC-Lavalin”), to vet the feasibility study and to perform a detailed review of the design for San Cristobal's mineral processing facilities. From both a technical and cost standpoint, SNC-Lavalin expressed the opinion that Kvaerner's process designs, as well as forecast capital and operating costs, were reasonable and within the study's accuracy standards. As SNC-Lavalin's review also identified potential cost savings for the Project, the Company contracted with them to complete basic engineering by early 2000. Having completed this process, the project was then put out to competitive bid for final engineering, procurement and construction management.

Successful Equity Raising

With the project having been strongly validated by two leading engineering firms, the company was well placed to execute what turned out to be the largest equity issue for a mining exploration and development company in 1999. With strong support from new and existing institutional and individual investors, Apex successfully raised \$97 million in early November. My sincere thanks to our President, Keith Hulley, and Vice President, Investor Relations, Linda Wilson, for their exceptional contribution to this effort, which was so important in positioning Apex with a solid platform with which to advance our project financing.



The San Cristobal feasibility study document consists of 26 volumes weighing 224 pounds with over 17,000 pages.

The San Cristobal feasibility study encompasses all aspects of the project including reserve calculation, mining and processing methods, equipment required, construction logistics, protecting the environment and projected financial results.

The feasibility study is prepared not only to determine the technical and financial viability of the project, but it also serves as a preliminary blueprint or plan for constructing the mine.

Mac DeGuire
 Vice President, Development
 Apex Silver Mines Corporation

Feasibility Study Results

In September 1999, the independent engineering firm of Kvaerner, Metals E&C Division, completed a positive feasibility study of bankable quality on the San Cristobal Project, the Company's wholly-owned open-pit silver-zinc mining project in southern Bolivia. The study confirmed that San Cristobal can be mined by low-cost, large-scale open-pit mining methods and that it should enter production as one of the top three global producers of both silver and zinc.

Proven and Probable Reserves: 240 million tonnes of ore grading 2.0 ounces per tonne of silver, 1.67 percent zinc and 0.58 percent lead containing approximately 470 million ounces of silver, 8.8 billion pounds of zinc and 3.1 billion pounds of lead

Existing Mineralized Material Inventory: 46 million tonnes grading an average of 2.9 ounces of silver per tonne, 1.04 percent zinc and 0.58 percent lead

Processing Rate: 40,000 tonnes of ore per day

Stripping Ratio: 1.8:1 (tonnes of waste per tonne of ore)

Annual Production: 24 million ounces of silver, 560 million pounds of zinc and 181 million pounds of lead
 (Contained) – First Five Full Years

Annual Production: 19 million ounces of silver, 473 million pounds of zinc and 133 million pounds of lead
 (Contained) – Life of Mine (17 Years)

Total Projected Capital Costs: \$413 million excluding value added taxes and other duties that are rebated upon production (assumes contract mining first five years)

Working Capital: \$15 million

Co-Product Cash Costs: \$1.59 per ounce of silver and \$0.26 per pound of zinc
 First Five Full Years

Co-Product Cash Costs: \$1.86 per ounce of silver and \$0.28 per pound of zinc
 Life of Mine (17 Years)

Financial Results: (Assuming \$5.25 Silver, \$0.55 Zinc and \$0.28 Lead)

Cash Operating Margin	2.06:1
Unleveraged IRR	20%*
Cumulative Cash Flow	\$975 million*

*After tax and repayment of capital in constant 1999 \$

1993
 Apex Silver was founded to acquire and develop silver properties worldwide.

Apex Silver Mines Limited

Andean Silver Corporation established. Office in Lima, Peru opened with Felipe de Lucio and Leni Berliner.

1994
Cordilleras Silver Mines established. Properties optioned in Mexico and Honduras by Hibernia Holdings.



Apex forms strategic partnership with Mintec, Bolivia's leading mining consulting firm.

Johnny Delgado
 President and Chief Executive Officer,
 Andean Silver Corporation

Initial private placement led by Soros Fund Management. Paul Soros and Eduardo Elstain join Board of Directors with Thomas Kaplan and David Sean Hanna.

The Lifecycle of a Mine | Exploration / Discovery

The San Cristobal Project

Mintec leases Tesorera and Jayula with purchase option for Apex.



Bolivia is, in sum,
a great place for miners to do business.

source.apexsilver.com

Bolivia – One of the World's Premier Mining Countries

In an era when the legal and political regimes in so many countries appear to have conspired to inhibit mining investment, it has been our exceptional privilege to operate in an atmosphere so conducive to facilitating a large-scale mining project.

Bolivia is democratically governed and economically sound. Having undergone one of the most far-reaching and enlightened privatization programs in Latin America, its free market reforms enjoy bipartisan political agreement at home and multilateral banking support abroad. Moreover, as home to the Cerro Rico de Potosi, the most famous silver discovery in history, Bolivia has long been known to possess one of Latin America's most favorable mining cultures. As enshrined in the Mining Code of 1997, mining is recognized as a vital national interest to be nurtured and safe-guarded: property title is secure and not subject to "use it or lose it" regulations found in many parts of Africa; foreigners are on the same footing as locals and are not subject to fickle governmental pressure, as contrasted with jurisdictions ranging from the former Soviet Union to Canada; environmental regulations, while on par with global standards, are enforced straightforwardly, a refreshing contrast with some North American locales; and Bolivia's effective tax rates are competitive with its neighbors Chile and Peru.

From all walks of life, Bolivians have been extremely helpful in doing their part to make our Project a reality. In acknowledging this contribution, I would note that 1999 had two key examples of our partnership in action. In July, the new town of San Cristobal was inaugurated with the full support of the local community, religious authorities, and provincial and national governments. In finalizing this community relocation and development, we have ensured a richer, healthier life for San Cristobal's inhabitants and an unencumbered mine site for safer and more efficient mining operations. And in August, at the national level, the government enacted a Supreme Decree that encourages infrastructure development through deferral of tax and duties on projects that improve the nation's public works. In San Cristobal's case, the fiscal credits this decree provides for can reduce by almost \$40 million our upfront capital funding requirements.

Bolivia is, in sum, a great place for miners to do business. It is a rare country these days that will recognize a mining company, as ours was named "Company of the Year" in 1999 by the La Paz newspaper, *La Razon*. On behalf of the Company, I wish to congratulate Johnny Delgado, Carlos Fernandez and their fine group in La Paz for a superb outcome to the year's activities.

Exploration Success

In addition to the important milestones reached at San Cristobal, we were pleased to report good news on the exploration front. Doug Smith, our Vice President of Exploration, and his team conducted two rounds of drilling during 1999 that led to an exciting new discovery of high-grade silver-lead-zinc mineralization at the Platosa property located 5 kilometers northwest of the town of Bermejillo, Durango State in central Mexico. Apex, through its Mexican subsidiary, is managing the evaluation of this property under an exploration and development agreement with Excellon Resources Inc.

In February 1999, the Company announced a five-hole test program at Platosa had discovered a significant interval of massive sulfides in one of the holes (7.45 meters averaging 36.4 ounces per tonne of silver, 35.2 percent zinc and 14.4 percent lead). A second round of closely spaced drilling that commenced in May encountered high-grade silver values in two distinct, tabular massive sulfide limestone replacement bodies, termed mantos. Fully 15 of 21 holes cut through the mantos. One of the mantos averaged 49.7 ounces per tonne of silver, 28.7 percent zinc and 16.5 percent lead. Additional geochemical surface sampling has identified a larger area to be tested through an expanded drilling program in 2000.

At San Cristobal itself, continuing fieldwork led by the "father of San Cristobal", Dr. Larry Buchanan, has expanded our understanding of the deposit's genesis and potential extent. The deposit, which remains open laterally as well as to depth, is clearly larger than our existing reserves. Perhaps much larger. Indeed, we often say within the Company, "the next San Cristobal is at San Cristobal". With new mineralized targets being served up on a regular basis, we believe shareholders can look forward to good news on this front.

Unlocking Portfolio Value

Apex Silver is strongly committed through our own exploration efforts, as well as through exploration agreements, to maximizing the value of our large, diversified property portfolio. Consistent with our primary focus on silver, Apex optioned its Peruvian copper-gold prospect, Pollo, to a subsidiary of Phelps Dodge Corporation in April 1999 and also signed a letter of understanding with an exploration subsidiary of Newmont Mining Corporation in September 1999 on our Jamgyr gold property in Kyrgystan. Optioning properties that are not predominantly silver is allowing us to unlock the inherent value of our portfolio without diffusing our own exploration resources.

1995

Israeli geologists from former Soviet Union recruited by Mada Ltd.

Apex Asia founded. Kyrgyz properties acquired.

1996

Apex Silver Mines Limited incorporated to facilitate second private placement.

Second private placement led by Moore Capital Management.

Acquired right to joint venture Cobrizos with Comibol.



Marcel F. DeGuire appointed Vice President, Development, Apex Silver Mines Corporation.



Keith R. Hulley appointed Chief Operating Officer, Apex Silver Mines Corporation and member of the Board of Directors, Apex Silver Mines Limited.



Dr. Larry Buchanan recognizes the potential of the silver deposits at San Cristobal.
Dr. Larry Buchanan
Chief Geologist,
Apex Silver Mines Corporation

Mintec acquires two-year purchase option on Animas for Apex.

Mintec acquires purchase option on Toldos mining concessions.

Exploration of San Cristobal indicates the presence of silver-lead-zinc deposit with potential for large scale, open pit mining.

Conceptual Study

Begins drilling program to delineate the deposit and determine reserves.



Until people live in virtual homes and drive virtual automobiles and wear virtual jewelry, there is unlikely to be a substitute for what we will produce.

source.apexsilver.com

In last year's annual report, we observed that, despite the collapse in oil, copper and most hard assets associated with basic industry, anecdotal evidence suggested "the cycle in our chosen sector is showing signs of nearing a bottom". Indeed, within weeks most commodities put in convincing bottoms and remain above them today. Our share price performed admirably well in the rally, more than doubling off its lows and ending the year 50 percent higher than year-end 1998. I believe we would have done even better had not the last quarter of 1999 witnessed what we might euphemistically term a "market rotation" but which was, in reality, a torrent that swept away all real assets in its path. While we have done no less well in the market than others in our sector — and considerably better than most — we are not satisfied with relative outperformance.

With exploration expenditures plunging worldwide, the odds of taking a mining prospect through to full feasibility are getting fiercer and will render San Cristobal that much more valuable an asset.

Perhaps that is because we see ourselves as an integral part of the New Economy. When completed in 2002, San Cristobal should be one of the largest and lowest cost producers of silver and zinc in the world. In effect, it will be a world class "content" provider that can't be duplicated in a Silicon Valley garage. As our Vice President, Marketing, Ed LeBlanc, has found so convincingly in his successful marketing activities: smelters, and that means consumers, *need* the clean, high quality concentrates that Apex will be providing. Maybe more than we realize. After all, until people live in virtual homes and drive virtual automobiles and wear virtual jewelry, there is no substitute for what we will produce.

Moreover, unlike so many high-tech start-ups, the barriers to entry in mining are high and getting higher. Even during the heyday of prospecting, the odds against taking a mining prospect through to full feasibility have been calculated at many thousands to one. With exploration expenditures plunging worldwide, these odds are getting fiercer and will render San Cristobal that much more valuable an asset.

If indeed there is a New Economy emerging from the Net, with unprecedented productivity gains to be derived from "disintermediation" and the general march of technology,

San Cristobal will come to be seen as a treasury of several key metals underpinning the revolution. Hence the theme of this year's annual report. Yes, fund managers forced to chase the sky-high prices of technology issues have found themselves selling real assets lately in order to keep up with the market weightings demanded by the crowd. But, painful as it can be to watch, there is not much one can do but remind ourselves that "this too shall pass" and wait for the inevitable reversal. For it will come. Overstretched bubble companies will deflate, and enterprises that efficiently produce raw materials that are needed to supply increased economic activity will find themselves in vogue again. Or, to coin a phrase, *technology will come back to earth*.

Finally, I would like to take the opportunity to once again thank my colleagues on the Board for their diligence and input. We are fortunate to add two new members to our fine group of Directors, both of whom I believe add tremendous experience to our ranks in several key areas going forward. Kevin Morano, until recently the President and Chief Operating Officer of ASARCO, joined our Board in February, bringing with him a wealth of hands-on experience in operations and finance. He also joins Michael Comminos and Ove Hoegh on the Audit Committee as Chairman. In addition, Charles Smith, formerly President and Chief Executive officer of Southern Peru Copper Company, was elected to our Board in March and joins Harry Conger, Paul Soros and Keith Hulley on our Project Development Committee overseeing developments relating to the construction of the San Cristobal Project. Charlie's direct, recent leadership in the building and operating of large-scale surface mines in South America will be of great value to us as San Cristobal progresses ever closer to construction.

The support of our Board, and our shareholders, has been invaluable to the Company since its inception. Nowhere was this more clearly evidenced than in 1999. I extend my warmest appreciation this year to all of our employees who worked so hard, and successfully, to support us and help bring the Company's vision that much closer to fruition.

Thomas S. Kaplan
Chairman and Chief Executive Officer
March 21, 2000



Compania Minerales de Zacatecas established under the leadership of Jon Gelvin, Chief Geologist, Compania Minerales de Zacatecas.

1997

Drilling at Cobrizos discovers 11 million tonnes of mineralized material grading 4.3 ounces of silver per tonne.

Company exercises purchase option on Animas.



Purchased Mintec's 2.5 percent interest in San Cristobal (ASC Bolivia).

Jaime Rubin de Celis
Managing Director,
Andean Silver Corporation

Kvaerner completes first phase feasibility study indicating the project could successfully be mined using open pit mining techniques and conventional sulfide ore processing at a rate of 30,000 tonnes of ore per day.

Reserves:
123 Million tonnes containing 219 million ounces of silver, 4.0 billion pounds of zinc and 1.4 billion pounds of lead.



Linda Good Wilson appointed Vice President, Investor Relations, Apex Silver Mines Corporation.

Company exercises purchase option for Tesorera and Jayula.

Initial Public Offering on the American Stock Exchange was the largest public offering for a precious metals mining company in North America in 1997.