



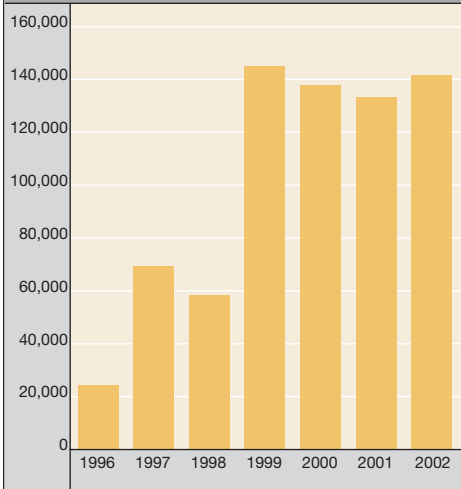
*Mark Lettes
Chief Financial Officer
and Vice President, Finance*

Q Why does Apex hold so much cash?

A At the end of 2002, our net cash position was \$44 million, approximately \$4 million more than a year ago. We believe that effective cash management is an important ingredient of a successful business. Our strategy with respect to cash is threefold:

- We use cash to continue to advance San Cristobal, to strengthen Apex' property position, community standing in the area, to develop valuable additional information and refine engineering and infrastructure parameters for the project.
- We use cash to selectively build our exploration property portfolio in some of the most prolific areas of the world. In 2002, we spent approximately \$4 million dollars to identify, evaluate, stake and acquire properties which potentially could give our shareholders the biggest bang for their invested buck.
- We minimize our overhead expenditures. Over the last three years, Apex' annual overhead has been reduced by 39%. Cash is a very valuable commodity for us and we exercise a lot of prudence in managing it.

**Apex Silver:
Growth in Shareholder Equity** \$000



*Carlos H. Fernandez,
President and Chief
Executive Officer,
Andean Silver Corporation
LDC, a wholly-owned
subsidiary of Apex Silver*

Q Why is Bolivia an attractive place to conduct mining business?

A There are three key reasons why Bolivia is an attractive place to conduct mining business. First, it is the country's rich mineral endowment and mining culture, which is traced back from the Inca Empire through the Spanish Period all the way to the present day. In fact, the silver discovery of Potosi continues to be the world's largest on record. Bolivia's rich mining history translates into the good availability of a trained local labor force and the constructive and businesslike attitude of the central and local governments. Second, it is the country's well-developed democratic institutions which promote foreign investment and allow investors to repatriate dividends and capital without any obstacles or foreign exchange restrictions. The country also has a simple tax system with certain incentives for export-related industries such as mining. Finally, Bolivia's stable economy, with the lowest inflation rate in the region for several years, makes it an attractive place to develop and operate a long-term project such as San Cristobal.



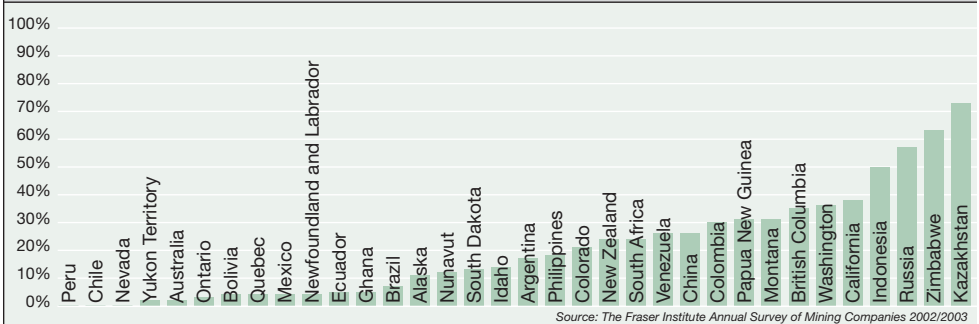
*Michael F. Shaw
Vice President, Project
Manager, San Cristobal*

Q What is the current status of the San Cristobal Project?

A We maintain a state of readiness to continue to advance the project and have it ready to proceed once financial conditions warrant development. We continue to maintain very close contact with vendors, smelters and suppliers. In addition, we are working with the government on issues related to infrastructure development and the optimal delivery of power. These activities are coupled with a constant search for ways of reducing the capital cost of the project through better utilization of more advanced technology and better sourcing of materials and services so that when the time comes to "pull the trigger", our shareholders are in the best position to take advantage of all market conditions.

Bolivia: Competitive Tax Regime

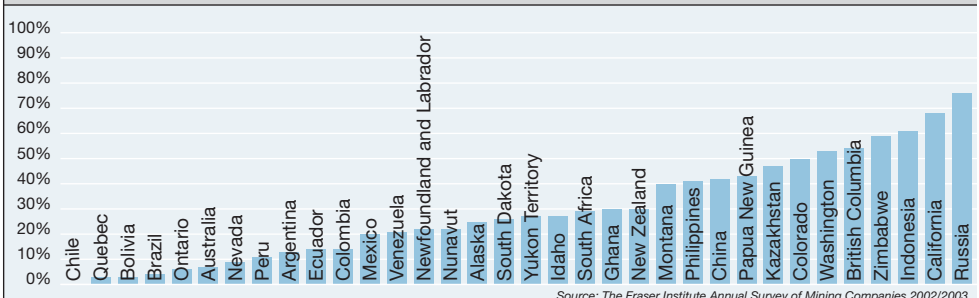
Percent of respondents who considered taxation as a strong deterrent to exploration investment



Source: The Fraser Institute Annual Survey of Mining Companies 2002/2003

Bolivia: Government Regulations Friendly to Investment

Percent of respondents who considered regulatory duplication and inconsistencies as a strong deterrent to exploration investment



Source: The Fraser Institute Annual Survey of Mining Companies 2002/2003

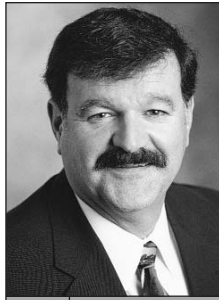


*Dr. Larry J. Buchanan
Chief Geologist*

Q Apex has been very successful in its exploration efforts. How can you build upon this success?

A Apex is uniquely positioned to find another world-class deposit because the company's exploration teams are well organized, lean, focused and dedicated. While it is true that major mining companies can enjoy a huge advantage in much larger annual exploration budgets, it is my experience that such advantage does not directly equate to great efficiency, effectiveness and success. Apex, by choice, keeps its exploration efforts focused, overhead low, hires only individuals with a strong desire to discover and keeps its geologists in the field where new discoveries can be made. This strategy forces us to do more with less, be innovative, cut through bureaucracy and remain aggressive. Our teams of geologists enjoy enough trust to be assertive self-starters who can make decisions right on the outcrops.

Let me give you an example of our recent acquisition of the El Tio property in Peru. Within 24 hours of first examining it, our geologists knew the prospect had merit and staked key claims. So far we have been very pleased with this acquisition. Another example of quick strategic thinking is Otuzco, a highly prospective property located not far from the seven-million-ounce Alto Chicama gold discovery of Barrick. Our geologists had their eyes on this property for years, but it was not available. They waited and their vigilance was ultimately rewarded. As the downturn in the commodity prices beset the mining industry some key exploration properties became available, including Otuzco. Our geologists moved quickly and staked approximately 4,600 hectares of prime exploration land in the heart of this mineralogically rich district. Our competitors, who came months later, had to settle for much less and pay much more.



*Marcel F. DeGuire
Vice President,
Project Development*

Q Apex has a major project under development. Nevertheless, will the company still be looking at other projects that could be potentially developed? If so, what are the criteria for your assessment of these projects?

A We always look for new opportunities. Our challenge is to identify and pursue only those opportunities that would be accretive to Apex on a per share basis. This is no easy task given the fact that we already own one of the best development projects in the world. We know, however, that these projects exist and we tirelessly look for them. In evaluating these projects, we must ensure that they have:

- Attractive financial returns commensurate with low geopolitical risk.
- Sufficient critical mass (reserves and production) and long enough life to withstand natural commodity price down-cycles.
- Sound reserve assessment basis and engineering depth to ensure that there would be no "negative surprises" in the future.

We believe that, with these fundamental safeguards in place, we can build shareholder value for many years to come.



*Igor Levental
Vice President,
Investor Relations and
Corporate Development*

Q Has the fact that San Cristobal is undeveloped had a negative impact on the share price performance of Apex Silver?

A We believe in two fundamental principles:

- Deposits such as San Cristobal are rare; and
- Commodity prices are cyclical.

With that in mind, Apex' management and its Board of Directors decided that this unique deposit should be developed only when silver and zinc prices emerge from their current lows. With the ownership of approximately 13 ounces of silver and 220 pounds of zinc per share on an in-situ basis, our shareholders are exceptionally well leveraged to the upside in these two commodities. If Apex produces silver and zinc now, it would effectively burn its reserves by simply subsidizing ever increasing world consumption. On the other hand, the company could make a fortune by being patient and planning production for the time when both metals move to the "right" side of their price cycles.

This approach of maximizing shareholder wealth has found positive resonance among a wide range of investors as demonstrated by the chart below representing the relative performance of shares of Apex Silver compared to a basket of other major silver-focused equities, measured since November 28, 1997, when shares of Apex Silver began trading on the American Stock Exchange:

