

Apex Silver Mines Limited



1.

Commodities: Silver and Zinc

Silver: Higher Prices, Depleting Inventories

With a steady increase in world consumption and decline in inventories, the pressure has been building for the price of silver to increase. For months it lingered around lows of \$4 to \$5 per ounce until, in the second half of 2003, it commenced its upward trend. By February 13, 2004 it rose to \$6.60 per ounce, increasing by 37% compared to the end of 2002.

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Zinc Posts Major Recovery in 2003

Apex Silver, a significant future producer of this metal, should be a major beneficiary from the existing supply/demand imbalance in the world zinc concentrate markets. The shortage of zinc concentrates should result in lower treatment charges levied on producers by the smelters, a positive factor for a major concentrate producer such as Apex Silver.

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2.

San Cristobal: A Major Reserve of Silver, Zinc and Lead

Flagship Project

The wholly-owned San Cristobal property is Apex Silver's flagship project. Located in the Potosi district of southwestern Bolivia, it is one of the largest open-pit deposits of silver, zinc and lead in the world. The project hosts approximately 450 million ounces of silver, eight billion pounds of zinc and three billion pounds of lead contained in 210 million tonnes of proven and probable reserves. As the deposit is open both laterally as well as to depth, reserve expansion is considered highly likely.

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A Case of an Emerging Mine Becoming a Great Exploration Target

San Cristobal, which was discovered by Apex Silver geologists, has all the attributes to join an elite group of the world's major long-life low-cost producing deposits. Its current reserve contains sufficient ore to sustain production for over fifteen years under the current feasibility plan and existing exploration targets are expected to extend the mine life well beyond that period.

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3.

Our Community



Defining New Standards for Sustainable Development

Apex Silver strongly believes that successful mine development is inseparable from a well thought out community development. This philosophy, commonly referred to in the industry as the "San Cristobal Model", has been recognized as an example of how future mines will be built anywhere in the world.

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The Site is Ready for Development

Preparation for an upcoming re-commencement of development at San Cristobal never stopped as Apex Silver awaited a much-anticipated recovery in commodity prices. With the town of San Cristobal successfully moved to a more desirable location in 1999, the company was well positioned to maintain the site in condition for a quick start-up of activities once production decision is made.

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4.

Bringing Products to Markets



Transportation and Processing of Concentrates: Putting Strategy into Action

In 2003, Apex Silver concluded a rail agreement with Antofagasta Railway Company PLC, a major transportation company listed under the laws of the United Kingdom. The agreement establishes parameters for truck-rail transportation of concentrates from San Cristobal to the Chilean port of Mejillones.



In 2003, Apex Silver also concluded a port agreement with Puerto de Mejillones S. A., a member of the Ultmar and Belfi Groups. The agreement provides for construction of a concentrate storage facility as well as a new loading conveyor and a ship loader to handle concentrates from San Cristobal.

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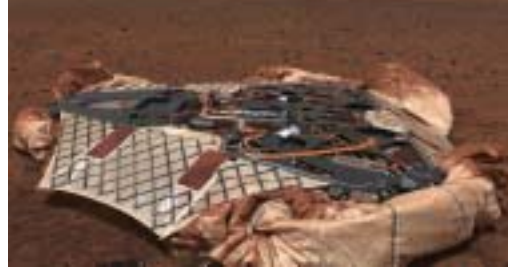
5.

Building Shareholder Wealth

Current Economic Environment Bodes Well to Reduce San Cristobal's Operating Costs Below Feasibility Forecasts

While San Cristobal's projected unit silver operating costs include lead by-product credits, these credits were most recently assessed on the basis of the average lead price of \$0.28 per pound or \$617 per tonne. Over the last two years and particularly over the last six months the price of lead has undergone a remarkable recovery reaching approximately \$0.34 cents per pound or \$750 per tonne. The higher price of lead should have a significant impact on the projected cash operating costs of silver production.

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Mars Rover
Courtesy: NASA/JPL/Cornell

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Endurance:

Silver facilitates the joining of metals for aerospace applications where enduring leak-tight and corrosion-resistant joints are required.



Concept Camera
Courtesy: Samsung Electronics, 2004

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Sensitivity to Light:
It is silver halide crystals' sensitivity to light that records an image on photographic film.

Silver-Coated Fabrics



DVD To Go
Courtesy: Samsung Electronics, 2004



DVD To Go
Courtesy: Samsung Electronics, 2004



Hi-Tech Washer
Courtesy: Samsung Electronics, 2004



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Strength:
When silver is electroplated onto steel bearings, it adds strength and load carrying capacity in high-tech and heavy-duty applications.

Zinc

Silver

Lead

Silver: It's Everywhere.

6.

7.

8.

Successful Development of Large-Scale Mining Projects Brings Rewards to Shareholders

San Cristobal should emerge as one of the largest and lowest-cost silver mines in the world producing, on average, well in excess of 20 million ounces of silver per year for the first five years and transforming Apex Silver into one of the largest primary and the fourth largest overall producer of silver in the world. On that basis, the shareholders of Apex Silver should be well positioned to derive significant financial returns on their investment as a result of higher silver prices.

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Exploration Outside of San Cristobal



A Premier Portfolio

Apex Silver holds one of the most diversified and extensive portfolios of silver-exploration properties ever assembled, with over 46 major property groups spread over 300,000 hectares (760,000 acres) of highly prospective land located primarily in the traditional precious metals-producing regions of South and Central America.

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Silver: Solid Demand Fundamentals



Snapshot: The Use of Silver in Photography

While a secular shift from conventional to digital photography, especially in graphic arts, will continue, it will be primarily prevalent in the developed economies of North America, Europe and Japan. The large population-based emerging economies are expected to continue to expand their usage of conventional photographic products making the overall photographic demand for silver sound and steady for the foreseeable future.

By Jeffrey M. Christian
Managing Director, CPM Group

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Emerging Trends in the Silver Supply/Demand Balance: The China Factor

The China factor looks set to remain an important feature of the global supply/demand balance for silver, although in future it may have a more positive impact on prices than has been the case in recent years.

By Philip Klapwijk
Managing Director,
Goldfields Mineral Services Ltd.

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Rail Printer
Courtesy: Samsung Electronics, 2004

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Luster:
Silver is an excellent choice for silverware and jewelry because its reflective properties allow it to achieve the most brilliant polish of any metal.

Diagnostic Kit
Courtesy: Samsung Electronics, 2004



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Conductivity:
Silver is the best conductor of all metals; therefore, it is widely used in circuit paths, membrane switches and conductive adhesives.

HomePAD Web Fridge
Courtesy: Samsung Electronics, 2004



Management's Discussion and Analysis

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Fresh Closet
Courtesy: Samsung Electronics, 2004