

APEX SILVER MINES LTD
Form S-3
January 13, 2005

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As filed with the Securities and Exchange Commission on January 13, 2005.

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

APEX SILVER MINES LIMITED

(Exact name of registrant as specified in its charter)

Cayman Islands, British West Indies

(State or other jurisdiction of incorporation or organization)

N/A

(I.R.S. Employer Identification No.)

**Walker House
Mary Street
George Town, Grand Cayman
Cayman Islands, British West Indies
(345) 949-0050**

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

**Mark A. Lettes
Chief Financial Officer
Apex Silver Mines Corporation
1700 Lincoln Street, Suite 3050
Denver, Colorado 80203
Telephone: (303) 839-5060**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

**Deborah J. Friedman
Katelin R. Oakley
Davis Graham & Stubbs LLP
1550 Seventeenth Street, Suite 500
Denver, Colorado 80202
Telephone: (303) 892-9400**

**Patrick J. Dooley
Stephen E. Older
Akin Gump Strauss Hauer & Feld, LLP
590 Madison Avenue
New York, New York 10022
Telephone: (212) 872-1000**

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after this registration statement becomes effective.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per security(1)	Proposed maximum aggregate offering price(1)	Amount of registration fee
4.0% Convertible Senior Subordinated Notes due 2024	\$139,987,000	100%	\$139,987,000	\$16,476
Ordinary Shares	4,891,229(2)	(3)	(3)	(3)

(1) Estimated solely for the purpose of computing the registration fee.

(2) Reflects 4,891,229 ordinary shares of Apex Silver Mines Limited initially issuable upon conversion of the notes at a rate of 34.9406 ordinary shares per \$1,000 original principal amount of the notes, plus an indeterminate number of additional ordinary shares that may be issued from time to time upon conversion of the notes as a result of certain adjustments, in circumstances described in the prospectus that is part of this registration statement.

(3) Pursuant to Rule 457(i) under the Securities Act, there is no filing fee with respect to the ordinary shares issuable upon conversion of the notes because no additional consideration will be received in connection with the exercise of the conversion privilege.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

The information in this prospectus is not complete and may be changed. The selling security holders may not sell these securities or accept any offer to buy these securities until the registration statement filed with the Securities and Exchange Commission becomes effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated January 12, 2005

PROSPECTUS

APEX SILVER MINES LIMITED

\$139,987,000

**4.0% CONVERTIBLE SENIOR SUBORDINATED NOTES DUE 2024 AND
THE ORDINARY SHARES ISSUABLE UPON CONVERSION OF THE NOTES**

This prospectus relates to resales of our 4.0% Convertible Senior Subordinated Notes due 2024 issued in private offerings in October and December 2004 and 4,891,229 ordinary shares, \$.01 par value, issuable upon conversion of the notes, plus an indeterminate number of additional ordinary shares that may be issued from time to time upon conversion of the notes as a result of certain adjustments, in circumstances described in this prospectus.

The notes and the shares may be sold from time to time by and for the account of the selling securityholders named in this prospectus or in supplements to this prospectus. See "Selling Securityholders" on page 19 for additional information on the selling securityholders. The selling securityholders may sell all or a portion of the notes or the shares from time to time in market transactions, in negotiated transactions or otherwise, and at prices and terms which will be determined by the then prevailing market price for the notes or shares at negotiated prices directly or through a broker or brokers, who may act as agent or as principal or by a combination of such methods of sale. See "Plan of Distribution" on page 22 for additional information on the methods of sale.

We will not receive any of the proceeds from the sale of the notes or the ordinary shares offered by the selling securityholders. The selling securityholders will receive all proceeds from the sale of the notes or the ordinary shares being registered in this registration statement.

The notes bear interest at the rate of 4.0% per year on the principal amount from October 15, 2004, or from the most recent date to which interest has been paid or provided for. Interest is payable semiannually in arrears on March 15 and September 15 of each year, beginning March 15, 2005, unless the notes are earlier converted.

Holder may convert all or a portion of their notes into 34.9406 ordinary shares of Apex Silver Mines Limited prior to stated maturity under the following circumstances: (1) at any time in any fiscal quarter commencing prior to September 15, 2019 if the closing sale price of our ordinary shares for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than 120% of the conversion price per ordinary share on such last day; (2) at any time after September 15, 2019 and prior to maturity, if the closing sale price of our ordinary shares issuable upon conversion reaches a specified threshold on any day following September 15, 2019; (3) during the five business day period after any five consecutive trading day period in which the trading price per \$1,000 principal amount of the notes for each day of that period was less than 98% of the product of the closing sale price of our ordinary shares and the number of shares issuable upon conversion of \$1,000 principal amount of the notes; (4) if the notes have been called for redemption; or (5) upon the occurrence of specified corporate transactions described in this prospectus.

The initial conversion rate is 34.9406 ordinary shares of Apex Silver Mines Limited per \$1,000 principal amount of the notes. The conversion rate will be subject to adjustment in some events but will not be adjusted for accrued and unpaid interest.

We may redeem for cash all or a portion of the notes at our option any time on or after September 15, 2014 at a price equal to the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. We may also redeem the notes in whole or in part at any time prior to September 15, 2014, at a price equal to the principal amount of the notes to be redeemed plus accrued and unpaid interest and a "make whole" payment if the price of our ordinary shares reaches certain levels, as discussed in the section "Description of Notes Redemption of Notes at Our Option Provisional Redemption."

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Holders may require us to repurchase for cash all or a portion of their notes on September 15, 2014 and September 15, 2019 at a repurchase price equal to the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any. We may at our option choose to pay the repurchase price for any such notes in cash or in our ordinary shares (valued as described herein) or any combination thereof. In addition, if we experience specified types of fundamental changes, holders may require us to purchase for cash the notes for 100% of the principal amount of notes to be purchased, plus accrued and unpaid interest, if any.

The notes are unsecured obligations (except as described below) and rank (i) subordinate in right of payment to future unsubordinated indebtedness for the construction and development of the San Cristobal project which will be secured by the San Cristobal property and other project assets or other assets, (ii) subordinate in right of payment to any guarantee of the indebtedness described in (i) by Apex Silver Mines Limited or its affiliates for the period the guarantee is in effect, and (iii) equal in right of payment to all other existing and future unsecured and unsubordinated indebtedness of Apex Silver Mines Limited. However, the notes are effectively subordinated to all existing and future secured debt of Apex Silver Mines Limited, to the extent of the security on such other indebtedness and to all existing and future obligations of the subsidiaries of Apex Silver Mines Limited.

We have pledged a portfolio of U.S. government securities as security for the first three years of interest payments on the notes.

The notes issued in the private placement are eligible for trading in the PORTAL (SM) market of the National Association of Securities Dealers, Inc. The notes sold using this prospectus, however, will no longer be eligible for trading in the PORTAL market. We do not intend to list the notes on any other national securities exchange or automated quotation system. The ordinary shares of Apex Silver Mines Limited currently trade on the American Stock Exchange under the symbol "SIL." On January 10, 2005, the last reported sale price of the ordinary shares on the American Stock Exchange was \$15.94 per share.

Investing in the securities offered in this prospectus involves risks. See "Risk Factors" beginning on page 7 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2005.

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You should rely only on the information contained in this prospectus and those documents incorporated by reference herein. We have not authorized anyone to provide you with different information. This prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should not assume that the information contained in this prospectus or any document incorporated by reference is accurate as of any date other than the date on the front cover of the applicable document. Neither the delivery of this prospectus nor any distribution of securities pursuant to this prospectus shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated into this prospectus by reference or in our affairs since the date of this prospectus.

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As used in this prospectus, the terms "Apex Silver," "we," "our," "ours" and "us" may, depending on the context, refer to Apex Silver Mines Limited or to one or more of Apex Silver Mines Limited's consolidated subsidiaries or to all of them taken as a whole. When we refer to "ordinary shares" throughout this prospectus, we include all rights attaching to our ordinary shares under any stockholder rights plan then in effect.

WHERE YOU CAN FIND MORE INFORMATION

Apex Silver Mines Limited (the "Company") files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any of these documents at the SEC's public reference room at 450 Fifth Street N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC's website at <http://www.sec.gov>.

The SEC allows us to "incorporate by reference" the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The

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information incorporated by reference is considered part of this prospectus, and information that we file later with the SEC will automatically update and supersede the information in this prospectus.

The following documents, which were previously filed with the SEC pursuant to the Securities Exchange Act of 1934, are hereby incorporated by reference:

our Annual Report on Form 10-K for the year ended December 31, 2003;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004 except for the financial statements and Management's Discussion and Analysis included therein which have been restated in our amended Quarterly Report on Form 10-Q/A for the quarter ended September 30, 2004, which includes our restated financial statements for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004 and revised Management's Discussion and Analysis for the quarter ended September 30, 2004;

our Current Reports on Form 8-K, filed on January 28, 2004, February 13, 2004, March 11, 2004, March 17, 2004, April 2, 2004, October 6, 2004, October 18, 2004, November 15, 2004, December 2, 2004, December 17, 2004 and January 12, 2004; and

the description of the ordinary shares and other classes or series of shares contained under the caption "Description of Ordinary Shares" in our registration statement on Form S-1, as amended, filed with the SEC on August 29, 1997 (File No. 333-34685), and incorporated by reference into our registration statement on Form 8-A under the Securities Exchange Act of 1934 filed with the SEC on November 18, 1997.

All reports and other documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 subsequent to the date of this prospectus and prior to the termination of this offering shall be deemed to be incorporated by reference into this prospectus and shall be a part hereof from the date of filing of such reports and documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus shall be deemed modified, superseded or replaced for purposes of this prospectus to the extent that a statement contained in this prospectus, or in any subsequently filed document that also is deemed to be incorporated by reference in this prospectus, modifies, supersedes or replaces such statement. Any statement so modified, superseded or replaced shall not be deemed, except as so modified, superseded or replaced, to constitute a part of this prospectus. Subject to the foregoing, all information appearing in this prospectus is qualified in its entirety by the information appearing in the documents incorporated by reference.

Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance we refer you to the copy of the contract or document filed as an exhibit to the registration statement or the documents incorporated by reference in this prospectus, each such statement being qualified in all respects by such reference.

You may receive a copy of any of these filings, at no cost, by writing or calling Apex Silver Mines Corporation, 1700 Lincoln Street, Suite 3050, Denver, Colorado 80203, Attention: Vice President, Investor Relations and Corporate Development, telephone (303) 839-5060.

ENFORCEABILITY OF CIVIL LIABILITIES UNDER UNITED STATES LAWS

Apex Silver is a Cayman Islands exempted company and some of our directors reside in jurisdictions outside of the United States. At any one time, all or a substantial portion of our assets and directors are or may be located in jurisdictions outside of the United States. Therefore, it could be difficult for investors to effect within the United States service of process on us or any of our directors who reside outside the United States. Further, it could be difficult to recover against us or such directors judgments of courts in the United States, including judgments based upon civil liability under

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U.S. federal securities laws and similar state laws. Notwithstanding the foregoing, we have irrevocably agreed that we may be served with process with respect to actions based on offers of the securities offered by this prospectus in the United States by serving Apex Silver Mines Corporation, 1700 Lincoln Street, Suite 3050, Denver, Colorado 80203, our U.S. agent appointed for that purpose.

Walkers, our Cayman Islands counsel, has advised us that there may be circumstances where the courts of the Cayman Islands would not enforce:

judgments of U.S. courts obtained in actions against us or our directors that are not resident within the United States that are based upon the civil liability provisions of U.S. federal securities laws and similar state laws; or

original actions brought in the Cayman Islands against us or such persons based solely upon U.S. federal securities laws.

There is no treaty in effect between the United States and the Cayman Islands providing for such enforcement. There are grounds upon which Cayman Islands courts may not enforce judgments of U.S. courts. In addition, some remedies that are available under the laws of U.S. jurisdictions, including certain remedies under U.S. federal securities laws, may not be allowed in Cayman Islands courts as being contrary to public policy.

FORWARD-LOOKING STATEMENTS

Some information contained or incorporated by reference in this prospectus may contain forward-looking statements. These statements include comments regarding mine development and construction plans, costs, grade, production and recovery rates, permitting, financing needs, the availability of financing on acceptable terms, the timing of engineering studies and environmental permitting, and the markets for silver, zinc and lead. The use of any of the words "anticipate," "continue," "estimate," "expect," "may," "will," "project," "should," "believe" and similar expressions are intended to identify uncertainties. We believe the expectations reflected in these forward-looking statements are reasonable. However, we cannot assure you that these expectations will prove to be correct. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and other factors set forth in this prospectus:

worldwide economic and political events affecting the supply of and demand for silver, zinc and lead;

political and economic uncertainties and instability in Bolivia and other developing countries in which we conduct business;

volatility in market prices for silver, zinc and lead;

financial market conditions, and the availability of financing on terms acceptable to Apex Silver;

uncertainties associated with developing 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 and timing of acceptable arrangements for power, transportation, water and smelting;

the availability, terms, conditions and timing of required government approvals;

uncertainties regarding future changes in tax legislation or implementation of existing tax legislation;

variations in smelting operations and capacity;

the availability of experienced employees; and

the factors discussed under "Risk Factors."

Many of these factors are beyond our ability to control or predict. You should not unduly rely on these forward-looking statements. These statements speak only as of the date of this prospectus. Except as required by law, we are not obligated to publicly release any revisions to these forward-looking statements to reflect future events or developments. All subsequent written and oral forward-looking statements attributable to us and persons acting on our behalf are qualified in their entirety by the cautionary statements contained in this section and elsewhere in this prospectus.

SUMMARY

This summary contains basic information about us and the resale by securityholders of the notes and the ordinary shares issuable upon conversion of the notes. Because it is a summary, it does not contain all of the information that you should consider before investing. You should read this entire prospectus carefully, including the section entitled "Risk Factors" and our financial statements and the related notes contained elsewhere or incorporated by reference in this prospectus, before making an investment decision.

Our Company

Apex Silver Mines Limited, incorporated under the laws of the Cayman Islands in 1996, is engaged in the exploration and development of silver properties in South America and Mexico. Our exploration efforts have produced our first development property, our 100% owned San Cristobal project located in southern Bolivia. San Cristobal's proven and probable reserves, based on \$4.62 per ounce silver, \$0.38 per pound zinc and \$0.22 per pound lead, total approximately 211 million tonnes of ore grading 65.81 grams per tonne of silver, 1.63% zinc and 0.61% lead, containing approximately 446 million ounces of silver, 7.6 billion pounds of zinc and 2.8 billion pounds of lead.

Based on recently completed evaluations for our updated life-of-mine development plan, we expect San Cristobal to produce an annual average of approximately 21 million contained ounces of silver, 438 million contained pounds of zinc and 148 million contained pounds of lead over a mine life of approximately 17 years. Assuming that metals markets remain favorable and that we are able to complete the additional financing required for the project, we expect to commence construction at San Cristobal in 2005 and start-up and production in 2007.

We also have a large diversified portfolio of privately owned and controlled silver exploration properties. We have rights to or control over 100 silver and other mineral exploration holdings, divided into approximately 50 property groups, located in or near the traditional silver producing regions of Bolivia, Mexico and Peru. None of our properties is in production, and, consequently, we have no operating income or cash flow.

We are managed by a team of seasoned mining professionals with significant experience in the construction, development and operation of large scale, open pit and underground, precious and base metals mining operations, as well as in the identification and exploration of mineral properties.

Our principal executive office is located at 1700 Lincoln Street, Suite 3050, Denver, Colorado 80203, and our telephone number is (303) 839-5060. Our internet address is www.apexsilver.com. Information on our website is not incorporated into this prospectus and is not a part of this prospectus.

Our Strategy

Apex Silver is one of a limited number of mining companies which focus on silver exploration, development and production. Our strategy is to capitalize on the San Cristobal project and our sizeable portfolio of silver exploration properties in order to achieve long-term profits and growth and to enhance shareholder value.

The principal elements of our business strategy are to:

secure financing for and proceed to develop the San Cristobal project as a large scale open pit mining operation;

continue to explore and develop those properties which we believe are most likely to contain significant amounts of silver and divesting those properties that are not of continuing interest; and

identify and acquire additional mining and mineral properties that we believe contain significant amounts of silver or have exploration potential.

Certain Tax Considerations

We believe that we likely were a passive foreign investment company ("PFIC") with respect to 2004, and likely will be a PFIC in 2005 as well as potentially with respect to future years. If we are a PFIC, U.S. Holders of notes and ordinary shares will be subject to certain adverse U.S. federal income tax rules. Under the PFIC rules, a U.S. Holder who disposes or is deemed to dispose of notes or ordinary shares at a gain, or who receives or is deemed to receive certain distributions with respect to ordinary shares, generally will be required to treat such gain or distributions as ordinary income and pay an interest charge on the tax imposed with respect thereto. In addition, certain elections that may sometimes be used to reduce the adverse impact of the PFIC rules ("QEF elections" and "mark-to-market" elections) will not be available with respect to the notes. The PFIC rules are extremely complex, and prospective investors are urged to consult their own tax advisers regarding the potential consequences to them of Apex Silver being classified as a PFIC. See "Certain Tax Considerations."

The Offering

This prospectus relates to resales of up to \$139,987,000 in aggregate original principal amount of the notes and 4,891,229 ordinary shares issuable upon conversion of the notes, plus an indeterminate number of additional ordinary shares that may be issued from time to time upon conversion of the notes as a result of certain adjustments, in circumstances described in this prospectus.

We issued and sold \$100,000,000 in aggregate principal amount of the notes on October 15, 2004, in a private offering to certain initial purchasers led by Citigroup Global Markets Inc. In addition, pursuant to an option exercised by the initial purchasers, we issued and sold an additional \$39,987,000 in aggregate principal amount of the notes to the initial purchasers on December 14, 2004. We have been advised by the initial purchasers that the notes were resold in transactions which were exempt from the registration requirements of the Securities Act to persons reasonably believed by the initial purchasers to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A and outside the United States in reliance on Regulation S.

The following is a brief summary of the terms of the notes. For a more complete description of the notes, see the section entitled "Description of Notes" in this prospectus.

Notes Offered	\$139,987,000 aggregate principal amount of 4.0% Convertible Senior Subordinated Notes due 2024.
Maturity	September 15, 2024.
Cash Interest	The notes bear interest at the rate of 4.0% per year on the principal amount from October 15, 2004, or from the most recent date to which interest has been paid or provided for. Interest is payable semiannually in arrears on March 15 and September 15 of each year, beginning March 15, 2005. The interest rate will be calculated using a 360-day year composed of twelve 30-day months.

Conversion Rights

Holders may convert all or a portion of their notes prior to the stated maturity, in multiples of \$1,000 principal amount, into ordinary shares only if at least one of the conditions described below is satisfied. For each \$1,000 principal amount of notes surrendered for conversion, if the conditions for conversion are satisfied, a holder will receive 34.9406 ordinary shares. When we refer to "ordinary shares" throughout this prospectus, we include all rights attaching to our ordinary shares under any stockholder rights plan then in effect.

The conversion rate may be adjusted in some circumstances, but will not be adjusted for accrued and unpaid interest. Upon conversion, a holder will not receive any cash payment of interest (unless such conversion occurs between a regular record date and the interest payment date to which it relates). Instead, accrued and unpaid interest will be deemed to be paid in full by the ordinary shares received by the holder on conversion.

Holders may surrender notes for conversion into our ordinary shares at any time in any fiscal quarter commencing prior to September 15, 2019 if the closing sale price of our ordinary shares for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is more than 120% of the conversion price per ordinary share on such last day.

Holders may also surrender notes for conversion at any time after September 15, 2019 and prior to maturity, if the closing sale price of our ordinary shares is greater than or equal to 120% of the applicable conversion price on any day after September 15, 2019. If either of the foregoing conditions is satisfied, then the notes will be convertible at any time, at the option of the holder, through maturity. The conversion price per share as of any day will equal the principal amount of a note, divided by 34.9406, subject to any adjustments to the conversion rate through that day.

Holders may also surrender notes for conversion during the five business day period after any five consecutive trading day period in which the trading price per \$1,000 principal amount of notes for each day of that period was less than 98% of the product of the closing sale price for our ordinary shares for each day of that period and the number of ordinary shares issuable upon conversion of \$1,000 principal amount of notes.

Notes in integral multiples of \$1,000 principal amount called for redemption may be surrendered for conversion until the close of business on the second business day prior to the redemption date. In addition, if we make a distribution to our stockholders with a per share value of more than 15% of the closing sale price of our ordinary shares on the date immediately preceding the declaration of such distribution, or if we are a party to some specified consolidations, mergers or binding share exchanges, notes may be surrendered for conversion, as provided in "Description of Notes Conversion Rights." The ability to surrender notes for conversion will expire at the close of business on September 15, 2024.

If a holder elects to convert notes in connection with certain fundamental changes, we will in certain circumstances increase the conversion rate by a number of additional ordinary shares upon conversion or, in lieu thereof, we may in certain circumstances elect to adjust the conversion rate and related conversion obligation so that the notes are convertible into shares of the acquiring or surviving company, in each case as described under "Description of Notes Conversion Rights Conversion Upon Occurrence of Certain Fundamental Changes."

Security

We have purchased and pledged to the trustee under the indenture, as security for the exclusive benefit of the holders of the notes, approximately \$15.4 million of U.S. government securities, which will be sufficient upon receipt of scheduled principal and interest payments thereon, to provide for the payment in full of the first three years of scheduled interest payments (up to and including the interest payment due on September 15, 2007) due on the notes. The notes will not otherwise be secured. See "Description of Notes Security."

Ranking

The notes will be unsecured obligations (except as described under "Security") and rank (i) subordinate in right of payment to future unsubordinated indebtedness for the construction and development of the San Cristobal project which will be secured by the San Cristobal property and other project assets or other assets, (ii) subordinate in right of payment to any guarantee of the indebtedness described in (i) by Apex Silver Mines Limited or its affiliates for the period the guarantee is in effect, and (iii) equal in right of payment to all other existing and future unsecured and unsubordinated indebtedness of Apex Silver. However, the notes are effectively subordinated to all existing and future secured debt of Apex Silver to the extent of the security on such other indebtedness and to all existing and future obligations of the subsidiaries of Apex Silver.

Sinking Fund

None.

Provisional Redemption

We may redeem for cash the notes in whole or in part at any time prior to September 15, 2014 at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to the redemption date if: (1) the closing sale price of our ordinary shares has exceeded 140% of the then applicable conversion price for at least 20 trading days in any consecutive 30-day trading period ending on the trading day prior to the mailing of the notice of redemption; and (2) the shelf registration statement covering resales of the notes and the ordinary shares is effective and expected to remain effective and available for use for the 30 days following the redemption date, unless registration is no longer required. If we redeem notes under these circumstances, we will make an additional payment on the redeemed notes equal to \$396.67 per \$1,000 principal amount of notes, less the amount of any interest actually paid or accrued and unpaid on the note. We may make these additional payments, at our option, in cash or our ordinary shares or a combination thereof. We must make these payments on all notes called for redemption prior to September 15, 2014, including notes converted after the date we mailed the notices. See "Description of Notes Redemption of Notes at Our Option Provisional Redemption."

Redemption of Notes at Our Option

We may redeem for cash all or a portion of the notes at our option any time on or after September 15, 2014 at a price equal to the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. See "Description of Notes Redemption of Notes at Our Option Redemption."

Repurchase at the Option of the Holder

Holder may require us to repurchase the notes on September 15, 2014 and September 15, 2019 at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any. We may at our option choose to pay the repurchase price for any such notes in cash or in our ordinary shares (valued as described herein) or any combination thereof. See "Description of Notes Repurchase at Option of the Holder."

Fundamental Change

If a fundamental change (as described under "Description of Notes Redemption at Option of the Holder Upon a Fundamental Change") occurs prior to maturity, holders may require us to purchase for cash all or a portion of their notes at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest, if any.

DTC Eligibility	The notes were issued in fully registered book entry form and are represented by one or more permanent global notes without coupons. Global notes were deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company in New York, New York. Beneficial interests in global notes are shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants (including the Euroclear System ("Euroclear") or Clearstream Banking, S.A. ("Clearstream")), and your interest in any global note may not be exchanged for certificated notes, except in limited circumstances described herein. See "Description of Notes Book-Entry System."
Registration Rights	We will use commercially reasonable efforts to cause this registration statement to become effective within 210 days after the date of original issuance of the notes and keep such shelf registration statement effective until the earliest of (i) the sale pursuant to Rule 144 under the Securities Act or a shelf registration statement of all the notes and the ordinary shares issuable upon conversion of the notes and (ii) the expiration of the holding period applicable to such securities held by our non affiliates under Rule 144(k) under the Securities Act, or any successor provision, subject to certain permitted exceptions. See "Description of Notes Registration Rights."
Trading	The notes issued in the private placements are eligible for trading in the PORTAL(SM) market of the National Association of Securities Dealers, Inc. The notes sold using this prospectus, however, will no longer be eligible for trading in the PORTAL market. We do not intend to list the notes on any other national securities exchange or automated quoting system
Ordinary Shares	Our ordinary shares are listed on the American Stock Exchange under the symbol "SIL." We intend to apply for listing on the American Stock Exchange of the ordinary shares issuable upon conversion of the notes.
Use of Proceeds	We will not receive any proceeds from the sale of the notes or the ordinary shares offered by this prospectus. The selling securityholders will receive all proceeds from the sale of the notes as the sale of the ordinary shares offered by this prospectus.

RISK FACTORS

You should carefully consider the risk factors set forth below as well as the other information included or incorporated by reference in this prospectus before deciding to purchase any notes. The risks described below are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also impair our business operations. Any of these risks may have a material adverse effect on our business, financial condition, results of operations and cash flows. In that case, you may lose all or part of your investment in the securities.

Risks Related to the Business

We have identified a material weakness in our internal controls over financial reporting.

Section 404 of the Sarbanes-Oxley Act of 2002 requires management to make an assessment of the design and operating effectiveness of our internal controls and our auditors to audit the design and operating effectiveness of our internal controls as well as forming an opinion on management's assessment. We have reported a material weakness in internal controls related to the financial reporting process with respect to our ability to properly apply generally accepted accounting principles to non-routine transactions or to transactions subject to new or complex accounting pronouncements, as the result of a lack of adequate staffing in our accounting department. We have retained the public accounting firm currently assisting in our Section 404 compliance effort to assist us in preparing our financial statements and to provide technical expertise in the proper application of generally accepted accounting principles to various transactions and other financial statement matters. We are continuing to evaluate the hiring of additional personnel for our accounting department, including personnel with technical expertise in the application of generally accepted accounting principles. We have not yet been able to test and assess the operating effectiveness of our internal controls, including these mitigating steps, surrounding the financial reporting process and testing may reveal similar or additional weaknesses in the design and effectiveness related to the financial reporting process. In the event that the reported material weakness is not effectively remediated, or additional weaknesses are revealed, it is reasonably possible that management may conclude that the Company's controls are ineffective and that an adverse opinion or disclaimer of opinion on our internal controls as of December 31, 2004 may be issued by our independent registered public accounting firm. Because opinions on internal controls have not been issued in the past, it is uncertain what impact an adverse opinion or disclaimer of opinion would have on our company or our stock price.

We have no history of production.

We have no history of producing silver or other metals. The development of our San Cristobal project will require the construction or rehabilitation and operation of mines, processing plants and related infrastructure. As a result, we are subject to all of the risks associated with establishing new mining operations and business enterprises. There can be no assurance that we will successfully establish mining operations or profitably produce silver or other metals at any of our properties.

We have a history of losses and we expect losses to continue for at least the next three years.

As an exploration and development company that has no production history, we have incurred losses since our inception, and we expect to continue to incur additional losses for at least the next three years. As of September 30, 2004, we had an accumulated deficit of \$94.7 million. There can be no assurance that we will achieve or sustain profitability in the future.

The estimates of our reserves and other mineralization estimates are potentially inaccurate.

Unless otherwise indicated, reserves and other mineralization figures presented in our filings with the SEC, press releases and other public statements that may be made from time to time are based on estimates of contained silver and other metals made by independent geologists or our own personnel.

These estimates are imprecise and depend on geological interpretation and statistical inferences drawn from drilling and sampling which may prove to be unreliable. There can be no assurance that:

these estimates will be accurate;

reserves and other mineralization figures will be accurate; or

reserves or mineralization could be mined and processed profitably.

Since we have not commenced production on any of our properties, reserves and other mineralization estimates may require adjustments or downward revisions based on actual production experience. Extended declines in market prices for silver, zinc and lead may render portions of our reserves uneconomic and result in reduced reported reserves. Any material reductions in estimates of our reserves and other mineralization, or of our ability to extract these reserves or mineralization, could have a material adverse effect on our results of operations and financial condition.

We have not established the presence of any proven or probable reserves at any of our mineral properties other than the San Cristobal project. There can be no assurance that subsequent testing or future feasibility studies will establish additional reserves at our properties. The failure to establish additional reserves could restrict our ability to successfully implement our strategies for long term growth beyond the San Cristobal project.

The San Cristobal project is subject to risks including delays in commencement and completion, and we may be unable to achieve anticipated production volume or manage cost increases.

Completion of the development of the San Cristobal project is subject to various factors, including the maintaining of recent price levels for silver and zinc; the availability, terms, conditions and timing of acceptable arrangements for financing, power, transportation, construction, contract mining and smelting; required government approvals, including renewal of the construction and operations permit; and the performance of our engineering and construction contractor and suppliers and consultants. The lack of availability on acceptable terms or the delay in any one or more of the other items listed above could also delay or prevent the development of San Cristobal. There can be no assurance:

when or whether the San Cristobal project will be completed;

whether the resulting operations will achieve the anticipated production volume; or

that the construction costs and ongoing operating costs associated with the development of the San Cristobal project will not be higher than anticipated.

We have never developed or operated a mine or managed a significant mine development project. We cannot assure you that the development of San Cristobal will be completed at the cost and on the schedule predicted, or that silver, zinc and lead grades and recoveries, production rates or anticipated capital or operating costs will be achieved.

If the actual cost to complete the development of the San Cristobal project is significantly higher than currently expected, there can be no assurance that we will have enough funds to cover these costs or that we would be able to obtain alternative sources of financing to cover these costs. Unexpected cost increases, reduced silver and zinc prices or the failure to obtain necessary project financing on acceptable terms to commence or complete the development of the San Cristobal project on a timely basis, or to achieve anticipated production capacity, could have a material adverse effect on our future results of operations and financial condition.

The successful development of the San Cristobal project is also subject to the other risk factors described herein.

We depend on a single mining project.

We anticipate that the majority, if not all, of any revenues for the next few years and beyond will be derived from the sale of metals mined at the San Cristobal project. Therefore, if we are unable to complete and successfully mine the San Cristobal project, our ability to generate revenue and profits would be materially adversely affected.

Our success will depend on our ability to manage our growth.

As we increase our development activity at San Cristobal, we are experiencing significant growth in our operations, which we expect to continue and accelerate over the next three years as construction commences and production begins. This growth has created and will continue to create new positions and responsibilities for management personnel and will substantially increase demands on our operating and financial systems. There can be no assurance that we will successfully meet these demands and manage our anticipated growth.

Our profitability will be affected by changes in the prices of metals.

Our profitability and long-term viability depend, in large part, on the market price of silver, zinc, lead and other metals. The market prices for these metals are volatile and are affected by numerous factors beyond our control, including:

- global or regional consumption patterns;
- supply of, and demand for, silver, zinc, lead and other metals;
- speculative activities;
- expectations for inflation; and
- political and economic conditions.

The aggregate effect of these factors on metals prices is impossible for us to predict. Decreases in metals prices have delayed, and could in the future adversely affect, our ability to finance the development of the San Cristobal project and the exploration and development of our other properties, which would have a material adverse effect on our financial condition and results of operations. There can be no assurance that metals prices will not decline.

The following table sets forth for the periods indicated (1) the Comex nearby active silver futures contract's high and low price of silver in U.S. dollars per troy ounce and (2) the London Metals Exchange's high and low settlement prices of zinc and lead in U.S. dollars per pound.

Year	Silver		Zinc		Lead	
	High	Low	High	Low	High	Low
1999	\$ 5.77	\$ 4.86	\$ 0.56	\$ 0.41	\$ 0.25	\$ 0.21
2000	5.57	4.62	0.58	0.46	0.26	0.18
2001	4.83	4.03	0.48	0.33	0.24	0.20
2002	5.13	4.22	0.42	0.33	0.24	0.18
2003	5.99	4.35	0.46	0.34	0.34	0.19
2004	8.29	5.49	.5715	.4309	.4631	.2950

The closing prices of silver, zinc and lead on January 4, 2005 were \$6.4520 per troy ounce, \$0.5307 per pound and \$0.4137 per pound, respectively.

We may not be successful in hedging against price, currency and interest rate fluctuations and may incur mark to market losses and lose money through our hedging programs.

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We have engaged in limited metals trading activities to hedge against commodity and base metals price risks, using puts and calls. We may also engage in activities to hedge the risk of exposure to currency and interest rate fluctuations related to the development of the San Cristobal project in Bolivia or in other countries in which we incur substantial expenditures for exploration or development. Further, terms of our financing arrangements may require us to hedge against these risks. We anticipate that as we bring our mineral properties into production and we begin to generate revenue, we may utilize various price hedging techniques to mitigate some of the risks associated with fluctuations in the prices of the metals we produce.

There can be no assurance that we will be able to successfully hedge against price, currency and interest rate fluctuations. In addition, our ability to hedge against zinc and lead price risk in a timely manner may be adversely affected by the smaller volume of transactions in both the zinc and lead markets. Further, there can be no assurance that the use of hedging techniques will always be to our benefit. Hedging instruments which protect against market price volatility may prevent us from realizing the benefit from subsequent increases in market prices with respect to covered production. This limitation would limit our revenues and profits. Hedging contracts are also subject to the risk that the other party may be unable or unwilling to perform its obligations under these contracts. Any significant nonperformance could have a material adverse effect on our financial condition and results of operations.

The exploration of mineral properties is highly speculative in nature, involves substantial expenditures and is frequently non-productive.

Our future growth and profitability will depend, in part, on our ability to identify and acquire additional mineral rights, and on the costs and results of our continued exploration and development programs. Competition for attractive mineral exploration properties is intense. Our strategy is to expand our reserves through a broad program of exploration. Mineral exploration is highly speculative in nature and is frequently non-productive. Substantial expenditures are required to:

establish ore reserves through drilling and metallurgical and other testing techniques;

determine metal content and metallurgical recovery processes to extract metal from the ore; and

construct, renovate or expand mining and processing facilities.

If we discover ore, it usually takes several years from the initial phases of exploration until production is possible. During this time, the economic feasibility of production may change. As a result of these uncertainties, there can be no assurance that we will successfully acquire additional mineral rights, or that our exploration programs will result in new proven and probable reserves in sufficient quantities to justify commercial operations in any of our properties, other than the San Cristobal project.

We consider from time to time the acquisition of operating or formerly operating mines. Our decisions to acquire these properties are based on a variety of factors including historical operating results, estimates of and assumptions about future reserves, cash and other operating costs, metals prices and projected economic returns, and evaluations of existing or potential liabilities associated with the property and its operation. Other than historical operating results, all of these may differ significantly from our estimates and assumptions. In addition, there is intense competition for attractive properties. Accordingly, there is no assurance that our acquisition efforts will result in profitable mining operations.

Our profitability depends, in part, on actual economic returns and actual costs of developing mines, which may differ significantly from our estimates and involve unexpected problems and delays.

None of our mineral properties, including the San Cristobal project, has an operating history upon which we can base estimates of future cash operating costs. Our decision to develop the San Cristobal

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project is based on feasibility studies. Decisions about the development of other projects in the future may also be based on feasibility studies. Feasibility studies derive estimates of reserves and operating costs and project economic returns. Estimates of economic returns are based, in part, on assumptions about future metals prices. Our profitability will be affected by changes in the price of metals. Feasibility studies derive estimates of average cash operating costs based upon, among other things:

anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;

anticipated recovery rates of silver and other metals from the ore;

cash operating costs of comparable facilities and equipment; and

anticipated climatic conditions.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by our studies and estimates.

There are a number of uncertainties inherent in the development and construction of any new mine, including the San Cristobal project. These uncertainties include:

the timing and cost, which can be considerable, of the construction of mining and processing facilities;

the availability and cost of skilled labor, power, water and transportation;

the availability and cost of appropriate smelting and refining arrangements;

the need to obtain necessary environmental and other governmental permits, and the timing of those permits; and

the availability of funds to finance construction and development activities.

The costs, timing and complexities of mine construction and development are increased by the remote location of many mining properties, like the San Cristobal project. It is common in new mining operations to experience unexpected problems and delays during development, construction and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, there is no assurance that our future development activities will result in profitable mining operations.

Title to our mineral properties may be challenged.

Our policy is to seek to confirm the validity of our rights to title to, or contract rights with respect to, each mineral property in which we have a material interest. However, we cannot guarantee that title to our properties will not be challenged. Title insurance generally is not available, and our ability to ensure that we have obtained secure claim to individual mineral properties or mining concessions may be severely constrained. We have not conducted surveys of all of the claims in which we hold direct or indirect interests and, therefore, the precise area and location of these claims may be in doubt. Accordingly, our mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, we may be unable to operate our properties as permitted or to enforce our rights with respect to our properties.

We may lose rights to properties if we fail to meet payment requirements or development or production schedules.

We derive the rights to some of our mineral properties, including some of our principal properties at the San Cristobal project, from leaseholds or purchase option agreements which require the payment of rent or other installment fees. If we fail to make these payments when they are due, our rights to the property may lapse. There can be no assurance that we will always make payments by the requisite payment dates. In addition, some contracts with respect to our mineral properties require development

or production schedules. There can be no assurance that we will be able to meet any or all of the development or production schedules. In addition, our ability to transfer or sell our rights to some of our mineral properties requires governmental approvals or third party consents, which may not be granted.

We cannot insure against all of the risks associated with mining.

The business of mining is subject to a number of risks and hazards, including:

adverse environmental effects;

industrial accidents;

labor disputes;

technical difficulties due to unusual or unexpected geologic formations;

failures of pit walls; and

flooding and periodic interruptions due to inclement or hazardous weather conditions.

These risks can result in, among other things:

damage to, and destruction of, mineral properties or production facilities;

personal injury;

environmental damage;

delays in mining;

monetary losses; and

legal liability.

Although we maintain, and intend to continue to maintain, insurance with respect to our operations and mineral properties within ranges of coverage consistent with industry practice, there can be no assurance that insurance will be available at economically feasible premiums. Insurance against environmental risks is not generally available. These environmental risks include potential liability for pollution or other disturbances resulting from mining exploration and production. In addition, not all risks associated with developing and producing silver, zinc, lead and other metals are included in coverage and some covered risks may result in liabilities which exceed policy limits. Further, we may elect to not seek coverage for all risks. The occurrence of an event that is not fully covered, or covered at all, by insurance, could have a material adverse effect on our financial condition and results of operations.

Our San Cristobal project and our exploration activities are in countries with developing economies and are subject to the risks of political and economic instability associated with these countries.

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We currently conduct exploration activities in countries with developing economies including Bolivia, Mexico and Peru in Latin America. These countries and other emerging markets in which we may conduct operations have from time to time experienced economic or political instability. We may be materially adversely affected by risks associated with conducting operations in countries with developing economies, including:

political instability and violence;

war and civil disturbance;

expropriation or nationalization;

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changing fiscal regimes;

fluctuations in currency exchange rates;

high rates of inflation;

underdeveloped industrial and economic infrastructure; and

unenforceability of contractual rights.

In particular, Bolivia has experienced slow economic growth and increasing political and economic instability in the last three years. In late 2003, there were violent demonstrations in La Paz and elsewhere in Bolivia, protesting the free-trade policies of the Bolivian government and specifically the proposed export of natural gas to the U.S. through Chile and the impact of U.S. policies regarding the drug trade. These demonstrations resulted in the resignation of President Lozada, in October 2003, and his replacement by President Mesa. Although to date these conditions and events have not caused any adverse impact on our San Cristobal project, there can be no assurance regarding when or whether these political and economic uncertainties will be successfully resolved, that the political and economic climate may not become more unstable or that the political and economic uncertainties would not have an adverse impact on the development of San Cristobal.

Changes in mining or investment policies or shifts in the prevailing political climate in any of the countries in which we conduct exploration and development activities could adversely affect our business. Our operations may be affected in varying degrees by government regulations with respect to, among other things:

production restrictions;

price controls;

export and import controls;

income and other taxes;

maintenance of claims;

environmental legislation;

foreign ownership restrictions;

foreign exchange and currency controls;

labor;

welfare benefit policies;

land use;

land claims of local residents;

water use; and

mine safety.

We cannot accurately predict the effect of these factors. In addition, legislation in the United States regulating foreign trade, investment and taxation could have a material adverse effect on our financial condition and results of operations.

Our activities are subject to foreign environmental laws and regulations which may materially adversely affect our future operations.

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We conduct mineral exploration and development activities primarily in Central America and South America, and are most active in Bolivia, where the San Cristobal project is located, and Mexico. With the development of San Cristobal, we also expect to conduct mining operations in Bolivia. These countries have laws and regulations which control the exploration and mining of mineral properties and their effects on the environment, including air and water quality, mine reclamation, waste handling and disposal, the protection of different species of flora and fauna and the preservation of lands. These laws and regulations will require us to acquire permits and other authorizations for certain activities. In many countries, including Bolivia, there is relatively new comprehensive environmental legislation, and the permitting and authorization processes may be less established and less predictable than they are in the United States. There can be no assurance that we will be able to acquire necessary permits or authorizations on a timely basis, if at all. Delays in acquiring any permit or authorization could increase the development cost of San Cristobal or other projects and could delay the commencement of production.

Environmental legislation in many countries is evolving in a manner which will likely require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. In Bolivia, where there is relatively new environmental legislation, enforcement activities and strategies may be under development, and thus may be less predictable than in the United States. We cannot predict what environmental legislation or regulations will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies or regulatory agencies or stricter interpretation of existing laws, may (1) necessitate significant capital outlays, (2) cause us to delay, terminate or otherwise change our intended activities with respect to one or more projects and (3) materially adversely affect our future operations.

Many of our exploration and development properties are located in historic mining districts where prior owners may have caused environmental damage which may not be known to us or to the regulators. In most cases, we have not sought complete environmental analyses of our mineral properties and have not conducted comprehensive reviews of the environmental laws and regulations in every jurisdiction in which we own or control mineral properties. To the extent we are subject to environmental requirements or liabilities, the cost of compliance with these requirements and satisfaction of these liabilities would reduce our net cash flow and could have a material adverse effect on our financial condition and results of operations. If we are unable to fund fully the cost of remediation of any environmental condition, we may be required to suspend operations or enter into interim compliance measures pending completion of the required remediation.

We compete against larger and more experienced companies.

The mining industry is intensely competitive. Many of the largest mining companies are primarily producers of base metals, and may become interested in the types of silver deposits on which we are focused because these deposits typically are polymetallic, containing significant quantities of base metals including zinc, lead and copper. Many of these companies have greater financial resources, operational experience and technical capabilities than we have. We may encounter increasing competition from other mining companies in our efforts to acquire mineral properties and hire experienced mining professionals. Increased competition in our business could adversely affect our ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Our ability to obtain dividends or other distributions from our subsidiaries may be subject to restrictions imposed by law and foreign currency exchange regulations.

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We conduct, and will continue to conduct, all of our operations through subsidiaries. Our ability to obtain dividends or other distributions from our subsidiaries may be subject to restrictions on dividends or repatriation of earnings under applicable local law, monetary transfer restrictions and foreign currency exchange regulations in the jurisdictions in which the subsidiaries operate. Our subsidiaries' ability to pay dividends or make other distributions to us is also subject to their having sufficient funds to do so. If our subsidiaries are unable to pay dividends or make other distributions, our growth may be inhibited unless we are able to obtain additional debt or equity financing on acceptable terms. In the event of a subsidiary's liquidation, we may lose all or a portion of our investment in that subsidiary.

We may not be able to raise the funds necessary to explore and develop our mineral properties.

Although we raised approximately \$536.7 million through equity sales and proceeds from the sale of notes in 2004, we will need additional external financing to develop and construct the San Cristobal project and to fund the exploration and development of our other mineral properties. Sources of external financing may include bank borrowings and future debt and equity offerings. There can be no assurance that financing will be available on acceptable terms, or at all. The failure to obtain financing would have a material adverse effect on our growth strategy and our results of operations and financial condition. The mineral properties that we are likely to develop are expected to require significant capital expenditures. There can be no assurance that we will be able to secure the financing necessary to retain our rights to, or to begin or sustain production at, our mineral properties.

We depend on the services of key executives.

We are dependent on the services of key executives including our executive chairman and chief executive officer and a small number of highly skilled and experienced executives and personnel focused on the development of the San Cristobal project. Due to the relatively small size of Apex Silver, the loss of these persons or our inability to attract and retain additional highly skilled employees required for the development of the San Cristobal project may delay or otherwise adversely affect the development of the San Cristobal project, which could have a material adverse effect on our business or future operations.

The substantial control of Apex Silver by our directors, officers and 5% shareholders may have a significant effect in delaying, deferring or preventing a change in control of Apex Silver or other events which could be of benefit to our other shareholders.

As of January 4, 2005, the directors of Apex Silver and officers of Apex Silver Mines Corporation, together with members of their families and entities that may be deemed to be affiliates of or related to these persons or entities, and 5% shareholders beneficially owned approximately 25.6 million, or 54%, of our outstanding shares, assuming the conversion of currently exercisable options and warrants. This level of ownership by these persons may have a significant effect in delaying, deferring or preventing a change in control of Apex Silver or other events which could be of benefit to our other shareholders.

Apex Silver and certain lower tier subsidiaries may be treated as passive foreign investment companies for U.S. federal income tax purposes.

We believe that we likely were a passive foreign investment company ("PFIC") with respect to 2004, and likely will be a PFIC in 2005 as well as potentially with respect to future years. If we are a PFIC, U.S. Holders of notes and ordinary shares will be subject to certain adverse U.S. federal income tax rules. Under the PFIC rules, a U.S. Holder who disposes or is deemed to dispose of notes or ordinary shares at a gain, or who receives or is deemed to receive certain distributions with respect to ordinary shares, generally will be required to treat such gain or distributions as ordinary income and pay an interest charge on the tax imposed with respect thereto. In addition, certain elections that may sometimes be used to reduce the adverse impact of the PFIC rules ("QEF elections" and

"mark-to-market" elections) will not be available with respect to the notes. The PFIC rules are extremely complex, and prospective investors are urged to consult their own tax advisers regarding the potential consequences to them of Apex Silver being classified as a PFIC. See "Certain Tax Considerations."

We have in certain prior filings stated that we believed that (i) Apex Silver may be considered a PFIC but (ii) none of our non-U.S. lower tier subsidiaries was a corporation for U.S. tax purposes that would itself be considered to be a PFIC. We now believe that certain of our non-U.S. lower tier subsidiaries, including the subsidiary that contains the principal assets associated with the San Cristobal project, were corporations for U.S. tax purposes that constituted PFICs in certain prior years. As a result, there is a possibility that some shareholders may suffer adverse U.S. federal income tax consequences that arguably might not have been suffered had they been aware of the PFIC status of these lower tier subsidiaries. Such shareholders may, however, be able to make retroactive elections in some cases that would mitigate any such adverse consequences. Moreover, under applicable proposed regulations, the fact that our lower tier subsidiaries of any consequence may not have had earnings and profits for any taxable year since formation may arguably eliminate any such tax consequences in respect of prior taxable years. For the current and all subsequent taxable years, we believe that the potential for our lower tier subsidiaries to be classified as PFICs with respect to new investors can be substantially eliminated without adverse tax consequences.

In the future, holders of our shares may claim that they have suffered adverse tax consequences for which they could have taken remedial action if they had been aware that such subsidiaries constituted PFICs. It is not possible for us to determine the number of shareholders, if any, that might make such a claim or to determine the merits or impact of such claims on us and whether such claims may be material to us.

Risks Related to the Notes

We may incur substantial debt which could adversely affect our financial condition, liquidity, results of operations and our ability to obtain financing in the future, react to changes in our business and make payments on the notes.

As of September 30, 2004, on a pro forma basis after giving effect to the issuance and sale of the notes and the application of the net proceeds therefrom, as described under "Use of Proceeds", we would have had an aggregate principal amount of approximately \$340 million of outstanding long-term debt.

The indenture for the notes permits us to incur or guarantee additional indebtedness subject to specified limitations. We expect to incur substantial additional indebtedness in connection with the financing of San Cristobal, and may incur other additional substantial debt in the future.

Any substantial debt we incur could have important consequences to holders of the notes including:

impairment of our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes and our ability to satisfy our obligations with respect to the notes;

dedication of a substantial portion of our cash flow from operations to the payment of principal and interest on indebtedness, reducing the funds available to us for other purposes; and

limitation of our flexibility to adjust to changing market conditions and ability to withstand competitive pressures, and increased vulnerability to a downturn in general economic conditions or our business which could impair our ability to carry out capital spending that is necessary or important to our business strategy and the development of the San Cristobal project.

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The agreements and instruments governing our debt will contain restrictions and limitations that could significantly impact our ability to operate our business and adversely affect the holders of the notes.

Future credit arrangements will likely contain covenants that, among other things, restrict our ability to:

- dispose of assets;
- incur additional indebtedness, including guarantees;
- prepay other indebtedness or amend other debt instruments;
- pay dividends or make investments, loans or advances;
- create liens on assets;
- enter into sale and leaseback transactions;
- engage in mergers, acquisitions or consolidations;
- change the business conducted by us; and
- engage in transactions with affiliate.

In addition, under future credit facilities, we may be required to comply with financial covenants, comprised of leverage and interest coverage ratio requirements, covenants which require us to hedge a portion of our production, and covenants limiting the amount of capital expenditures. Our ability to comply with these covenants in future periods will depend on our ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond our control, and will be substantially dependent on the selling prices for our products, raw material and energy costs, our success at implementing cost reduction initiatives and our ability to successfully implement our overall business strategy.

The indenture governing the notes contains restrictive covenants that, among other things, limit our ability to:

- create liens; and
- merge or consolidate.

The breach of any of these covenants or restrictions could result in a default under the applicable agreement which would permit the applicable lenders or noteholders, as the case may be, to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. In any such case, we may be unable to pay the amounts due under any such credit facilities and any such notes. This could have serious consequences to our financial condition and results of operations and could cause us to become bankrupt or insolvent.

Our ability to generate the significant amount of cash needed to pay interest and principal amounts on the notes and service any other debt, and our ability to refinance all or a portion of our indebtedness or obtain additional financing, depend on many factors beyond our control.

Because we will have substantial debt following the issuance of the notes, in order to fund our debt service obligations we will require significant amounts of cash. Unless and until the development of San Cristobal is successfully completed, or we acquire or develop other operating properties, cash to meet these obligations will be sourced from cash on hand, asset sales or the issuance of additional debt or equity securities. Assuming we have operating properties in the future, our ability to generate cash from operations to meet scheduled payments or to

refinance our debt will depend on our financial and

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operating performance which, in turn, is subject to prevailing economic and competitive conditions and to the following financial and business factors, some of which may be beyond our control:

operating difficulties;

increased operating costs;

increased raw material and energy costs;

decreased demand for our products;

market cyclicality;

product prices;

the response of competitors; and

regulatory developments.

If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or to delay capital expenditures, sell assets, or seek to obtain additional equity capital or restructure our debt. In the future, our cash flow and capital resources may not be sufficient to make payments of interest on, and principal of, our debt, and such alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. We also cannot assure you that we will be able to refinance any of our indebtedness or obtain additional financing, particularly because of our anticipated high levels of debt and the debt incurrence restrictions imposed by the agreements governing our debt, as well as prevailing market conditions. In the absence of such operating results and resources, we could face substantial liquidity problems and may be required to dispose of material assets or operations to meet our debt service and other obligations. If so required, we cannot be sure as to the timing of such sales or the proceeds that we could realize therefrom.

Your rights to receive payments on the notes are subordinate to certain future indebtedness which may be incurred to finance the San Cristobal project.

The indenture governing the notes permits us to incur certain indebtedness which may be senior to the notes and secured by a lien on substantially all of our assets, including, but not limited to the pledge of all rights, properties, equipment and/or all or a portion of the capital stock of certain of our subsidiaries holding such assets. We expect to incur such indebtedness under credit facilities entered into for purposes of financing the construction and development of the San Cristobal project, and expect to secure such indebtedness with substantially all of our assets related to the project, including, but not limited to, the capital stock of our subsidiaries holding such assets, which currently constitute substantially all of our assets. We expect that these credit facilities will be guaranteed by Apex Silver or its affiliates. The notes are by their terms subordinate in right of payment to such credit facilities for the period the guarantee is in effect. The notes also would be effectively subordinated to such indebtedness and other secured debt to the extent of the collateral securing the indebtedness. As a result, upon any distributions to our creditors in a bankruptcy, liquidation or reorganization or similar proceeding relating to us or our property, the secured lenders would have the right to be paid in full before any payment could be made with respect to the notes. Accordingly, all or a substantial portion of our assets will be unavailable to satisfy the claims of the holders of notes.

The trading price of our ordinary shares will directly affect the trading price of the notes.

To the extent there is a secondary market for the notes, the trading price of our ordinary shares will directly affect the trading price of the notes. It is impossible to predict whether the price of our ordinary shares will rise or fall. Our credit quality, operating results, economic and financial prospects and other factors will affect the trading price of our ordinary shares. In addition, market conditions can effect the capital markets generally, therefore affecting the price of our ordinary shares. These

conditions could include the level of, and fluctuations in, the trading price of stocks generally and sales of substantial amounts of our ordinary shares in the market after this offering or the perception that those sales could occur.

In addition, the trading price of our ordinary shares could be affected by possible sales of our ordinary shares by investors who view the notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity that may develop involving our ordinary shares. The hedging or arbitrage could, in turn, affect the trading price of the notes.

The conditional conversion features of the notes could result in your inability to convert your notes into our ordinary shares.

The notes are convertible into our ordinary shares only if specified conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your notes, even if the value of the ordinary shares into which the notes would otherwise be convertible at the conversion rate exceeds the value of the notes.

A holder of notes will not be entitled to any rights with respect to our ordinary shares, but will be subject to all changes made with respect to our ordinary shares.

Until you acquire ordinary shares upon conversion, you will have no rights with respect to our ordinary shares, including voting rights (except as required under applicable state laws), rights to respond to tender offers and rights to receive dividends or other distributions on our ordinary shares. Upon conversion, you will be entitled to exercise the rights of a holder of our ordinary shares only as to actions for which the record date occurs after the conversion date.

We may not have the financial resources to repurchase the notes for cash upon the occurrence of a fundamental change.

In the event of a fundamental change, as defined in "Description of Notes Redemption at Option of the Holder Upon a Fundamental Change," holders may require us to repurchase all or a portion of their notes for cash at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. It is possible that we will not have, nor have access to, sufficient funds at the time of any such repurchase request or fundamental change to repurchase the notes. In addition, our ability to repurchase the notes in cash in such event may be limited by law, by the indenture, by the terms of other agreements relating to our outstanding debt and by debt and agreements that we may enter into, replace, supplement or amend from time to time. Furthermore, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not trigger our obligation to repurchase the notes. See "Description of Notes Redemption at Option of the Holder Upon a Fundamental Change."

The additional ordinary shares payable on notes converted in connection with certain fundamental changes may not adequately compensate you for the lost option time value of your notes as a result of such fundamental changes.

If certain fundamental changes occur, we will in certain circumstances increase the conversion rate on notes converted in connection with the fundamental change by a number of additional ordinary shares. The number of additional ordinary shares will be determined based on the date on which the fundamental change becomes effective and the price paid per ordinary share in the fundamental change transaction as described under "Description of Notes Conversion Rights Conversion Upon Occurrence of Certain Fundamental Changes." While the increase in the conversion rate upon conversion is designed to compensate the holder for the lost option time value of its notes as a result of the fundamental change, the increase is only an approximation of this lost value and may not adequately compensate the holder for the loss. If the price paid per ordinary share in the fundamental change transaction is less than the ordinary share price at the date of issuance of the notes or above a

specified price, there will be no increase in the conversion rate. In addition, in certain circumstances upon a change of control arising from our acquisition by a public company, we may elect to adjust the conversion rate as described under "Description of Notes Conversion Rights Conversion After a Public Acquirer Change of Control" and, if we so elect, holders of notes will not be entitled to the increase in the conversion rate described above.

The conversion rate of the notes may not be adjusted for all dilutive events.

The conversion rate of the notes is subject to adjustment for certain events, including but not limited to the issuance of dividends or distributions payable in our ordinary shares on our ordinary shares, the issuance of certain rights to purchase our ordinary shares at less than their current market price, and certain repurchases of our ordinary shares described under "Description of Notes Conversion Rights." The conversion rate will not be adjusted for other events that could adversely affect the trading price of the notes or our ordinary shares into which the notes may be converted. There can be no assurance that an event that adversely affects the value of the notes, but does not result in an adjustment to the conversion rate, will not occur.

We cannot assure you that an active trading market will develop.

There is no established trading market for the notes. Although the notes sold to qualified institutional buyers under Rule 144A are eligible for trading in the PORTAL market, the notes resold pursuant to this prospectus will no longer trade in the PORTAL market. As a result there may be a limited market for the notes. We do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system. Accordingly, we cannot predict whether an active trading market for the notes, following their registration, will develop or be sustained. If an active market for the notes fails to develop or to be sustained, the trading price of the notes could fall. Moreover, the notes could trade at prices that may be lower than their initial offering price. In addition, the market price for the notes may be adversely affected by changes in our financial performance, changes in the overall market for similar securities and changes in performance or prospects for companies in our industry.

RATIO OF EARNINGS TO FIXED CHARGES

We are a mining exploration and development company that holds a portfolio of silver exploration and development properties in South America and Mexico. None of these properties are in production, and, consequently, we have no current operating income or operating cash flow. Accordingly, no ratios are shown for any of the years ended December 31, 1999, 2000, 2001, 2002 and 2003 and the nine-month period ended September 30, 2004 as earnings were not sufficient to cover fixed charges. As of the date of this prospectus, we have not issued any preference shares. We did not have any material amount of indebtedness for which interest payments were required during the years ended December 31, 1999, 2000, 2001, 2002 and 2003, and, therefore the amount by which earnings were inadequate to cover fixed charges was not material. For the nine-month period ended September 30, 2004, we had interest expenses of \$3.4 million (of which \$1.9 million was expensed and approximately \$1.5 million was capitalized). Because we had no operating income during that period, our fixed charges for the period exceeded earnings by \$3.4 million.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the notes or the ordinary shares offered by this prospectus. The selling securityholders will receive all proceeds from the sale of the notes or the sale of the ordinary shares offered by this prospectus.

SELLING SECURITYHOLDERS

The notes were originally issued in a private offering to initial purchasers led by Citigroup Global Markets Inc. The initial purchasers have advised us that the notes were resold in transactions exempt from the registration requirements of the Securities Act to "qualified institutional buyers," as defined by Rule 144A under the Securities Act and outside the United States in reliance on Regulation S. Selling securityholders, including their transferees, pledgees, donees or successors, may from time to time offer and sell pursuant to this prospectus any or all of the notes and the ordinary shares into which the notes are convertible.

The table below sets forth information with respect to the selling securityholders, the principal amount of the notes beneficially owned by each selling securityholder and the number of ordinary shares into which the notes are convertible that may be offered pursuant to this prospectus. Unless set forth below, none of the selling security-holders has had within the past three years any material relationship with us or any of our predecessors or affiliates.

We have prepared the table based on information given to us by, or on behalf of, the selling securityholders on or before January 10, 2005. Because the selling securityholders may offer, pursuant to this prospectus, all or some portion of the notes or ordinary shares listed below, no estimate can be given as to the amount of notes or ordinary shares that will be held by the selling securityholders upon consummation of any sales. In addition, the selling securityholders listed in the table may have sold, transferred or otherwise disposed of, in transactions exempt from the registration requirements of the Securities Act, some or all of their notes since the date as of which the information in the table is presented.

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Information about the selling securityholders may change over time. Any changed information given to us by the selling securityholders will be set forth in prospectus supplements or amendments to this prospectus if and when necessary.

Selling Securityholder	Principal Amount of Notes at Maturity		Number of Ordinary Shares	
	Beneficially Owned and Offered Hereby (\$)	Percentage of Notes Outstanding	Number of Ordinary Shares that may be sold(1)	Percentage of Outstanding Ordinary Shares(2)
Barclays Global Investors Diversified Alpha Plus Funds (3)	7,000	*	244	*
Citigroup Global Markets Inc.(4)	8,550,000	6.11%	298,742	*
DKR Saturn Event Driven Holding Fund Ltd.(5)	19,070,000	13.62%	666,317	1.38%
DKR Saturn Multi-Strategy Holding Fund Ltd.(5)	19,070,000	13.62%	666,317	1.38%
Forest Fulcrum Fund, LP(3)(6)	294,000	*	10,272	*
Forest Global Convertible Fund, Ltd, Class A-5(3)	980,000	*	34,241	*
HFR CA Global Opportunity Master Trust(3)	420,000	*	14,675	*
LLT Limited(7)	302,000	*	10,552	*
Lyxor/Forest Fund Limited(3)	313,000	*	10,936	*
Lyxor/Qwest Fund Ltd.(8)	350,000	*	12,229	*
Mohican VCA Master Fund, Ltd.	600,000	*	20,964	*
Morgan Stanley Convertible Securities Trust(9)	400,000	*	13,976	*
National Bank of Canada c/o Putman Lovell NBF Securities Inc.(9)	1,000,000	*	34,940	*
Nomura Securities International(6)(10)	1,000,000	*	34,940	*
Polaris Vega Fund L.P.	6,300,000	4.50%	220,125	*
Qwest Global Convertible Master Fund Ltd(8)	150,000	*	5,241	*
Ritchie Convertible Arbitrage Trading(11)	400,000	*	13,976	*
Royal Bank of Canada(9)	1,000,000	*	34,940	*
Sphinx Convertible Arbitrage SPC(3)	421,000	*	14,709	*
Sunrise Partners Limited Partnership	12,005,000	8.58%	419,461	*
SuttonBrook Capital Portfolio, LP(12)	2,000,000	1.43%	69,881	*
Tenor Opportunity Master Fund Ltd	500,000	*	17,470	*
UBS AG London Branch(9)(13)	24,500,000	17.5%	856,044	1.76%
Xavex Convertible Arbitrage 4 Fund(3)	93,000	*	3,249	*
Zurich Institutional Benchmarks Master Fund Ltd.(3)	670,000	*	23,410	*
Unnamed securityholders or any future transferees, pledges, donees or successors of or from any such unnamed securityholders(14)	39,592,000	28.28%	3,507,861	2.82%
Total	\$ 139,987,000	100.00%	4,891,229	10.26%

*
Less than 1%.

(1)
Assumes conversion of all of the notes held by such holder at the initial conversion rate of 34.9406 ordinary shares for each \$1,000 in principal amount of the notes. This conversion rate is subject to

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adjustment as described under "Description of Notes Conversion Rights." As a result, the number of ordinary shares issuable upon conversion of the notes may increase in the future. Further assumes that such holder does not hold any ordinary shares other than ordinary shares into which the notes are convertible.

- (2) Calculated based on 47,679,793 ordinary shares outstanding as of January 10, 2005. In calculating this amount for each holder, we treated as outstanding the number of ordinary shares issuable upon conversion of all of that holder's notes, but we did not assume conversion of any other holder's notes.
- (3) The selling securityholder has identified Forest Investment Management, LLC as an entity with control over the selling securityholder. Forest Investment Management, LLC is wholly-owned by Forest Partners II L.P.
- (4) The selling securityholder, a registered broker-dealer, served as one of the initial purchasers of the notes.
- (5) DKR Saturn Management Company, L.P., a registered investment advisor, is the Investment Manager of the selling securityholder.
- (6) The selling securityholder is a registered broker-dealer.
- (7) Forest Investment Management LP has sole voting control and shared investment control over the securities.
- (8) Qwest International Management has sole voting control and dispositive power over the securities. Frank F. Campana and James E. Doolin are the general partners of Qwest International Management.
- (9) The selling securityholder is an affiliate of a registered broker-dealer.
- (10) The selling securityholder has identified Simon Pharr as a natural person with control over the selling securityholder.
- (11) The selling securityholder has identified Ritchie Capital Management as an entity with sole voting and dispositive power over the securities. A. R. Thane Ritchie is the President of Ritchie Capital Management.
- (12) SuttonBrook Capital Management, LP, a registered investment advisor, is the Investment Manager of the selling securityholder. John London and Steve Weinstein are persons with control over SuttonBrook Capital Management, LP.
- (13) The selling securityholder has identified Tom Klein and Charles Dietz as natural persons with control over the selling securityholder.
- (14) Additional information about the selling securityholders will be set forth in amendments to this prospectus if and when necessary.

PLAN OF DISTRIBUTION

We are registering the notes and ordinary shares issuable upon conversion of the notes to permit securityholders to conduct secondary trading of these securities from time to time after the date of this prospectus. We will not receive any proceeds from the sale of the securities covered by this prospectus. The notes and ordinary shares issuable upon conversion of the notes are being offered on behalf of the selling securityholders.

The notes and ordinary shares issuable upon conversion of the notes may be sold or distributed from time to time by the selling securityholders, or by pledgees, donees or transferees of, or other successors in interest to, the selling securityholders, directly to one or more purchasers (including pledgees) or through brokers, dealers or underwriters who may act solely as agents or who may acquire the notes or ordinary shares as principals, at market prices prevailing at the time of sale, at varying prices determined at the time of sale, at negotiated prices, or at fixed prices, which may be changed. If the notes or ordinary shares are sold through brokers, dealers or underwriters, the selling securityholder will be responsible for underwriting discounts or commissions or agent's commissions. To the extent required, the specific notes or ordinary shares to be sold, the names of the selling securityholders, the respective purchase prices and public offering prices, the names of any agent, dealer or underwriter, any applicable commission or discounts with respect to a particular offer, and any material arrangements that a selling securityholder notifies us has been entered into for a distribution with an agent, dealer or underwriter, will be set forth in an accompanying prospectus supplement, or if appropriate, a post-effective amendment to the registration statement of which this prospectus is a part.

The sale of the notes or ordinary shares may be effected in one or more of the following methods:

on any national securities exchange or quotation service on which the notes or ordinary shares may be listed or quoted at the time of sale;

in transactions otherwise than on such exchanges or services in the over-the-counter market;

through the writing of options, whether the options are listed on an option exchange or otherwise; or

through the settlement of short sales.

In addition, any notes or ordinary shares that qualify for resale pursuant to Rule 144 or Rule 144A of the Securities Act may be sold under Rule 144 or Rule 144A of the Securities Act rather than pursuant to this prospectus.

These transactions may include crosses or block transactions. Crosses are transactions in which the same broker acts as agent on both sides of the trade.

In addition, the selling securityholders or their successors in interest may enter into hedging transactions with broker-dealers or other financial institutions who may engage in short sales of the notes or ordinary shares, sell the notes or ordinary shares short and deliver these securities to close out such short positions, or loan or pledge the notes or ordinary shares to broker-dealers that in turn may sell such securities. The selling securityholders or their successors in interest may also enter into option or other transactions with broker-dealers that require the delivery by such broker-dealers of the notes or ordinary shares which may be resold thereafter pursuant to this prospectus if the notes or ordinary shares are delivered by the selling securityholders.

The selling securityholders or their successors in interest may from time to time pledge or grant a security interest in some or all of the notes or ordinary shares and, if the selling securityholders default in the performance of their secured obligation, the pledgees or secured parties may offer and sell the notes or ordinary shares from time to time under this prospectus; however, in the event of a pledge or

the default on the performance of a secured obligation by the selling securityholders, in order for the notes or ordinary shares to be sold under this prospectus, unless permitted by law, we must distribute a prospectus supplement and/or an amendment to the registration statement of which this prospectus is a part amending the list of selling securityholders to include the pledgee, transferee, secured party or other successors in interest as selling securityholders under this prospectus.

Brokers, dealers, underwriters or agents participating in the distribution of the notes or ordinary shares as agents may receive compensation in the form of commissions, discounts or concessions from the selling securityholders and/or purchasers of the notes or ordinary shares for whom such broker-dealers may act as agent, or to whom they may sell as principal, or both (which compensation as to a particular broker-dealer may be less than or in excess of customary commissions).

The selling securityholders and any underwriters, broker-dealers or agents who act in connection with the sale of notes or ordinary shares hereunder may be deemed to be "underwriters" within the meaning of the Securities Act, and any commissions they receive and proceeds of any sale of notes or ordinary shares may be deemed to be underwriting discounts and commissions under the Securities Act. Neither we nor any selling security holder can presently estimate the amount of such compensation. We know of no existing arrangements between any selling securityholder, broker, dealer, underwriter or agent relating to the sale or distribution of the notes or ordinary shares. Selling securityholders who are "underwriters" within the meaning of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

The anti-manipulation rules under the Exchange Act may apply to sales of notes or ordinary shares in the market and to the activities of the selling securityholders and their affiliates. The Exchange Act rules include, without limitation, Regulation M, which may limit the timing of purchases and sales of any of the notes and the underlying ordinary shares by the selling securityholders and any other such person. In addition, Regulation M of the Exchange Act may restrict the ability of any person engaged in the distribution of the notes and the underlying ordinary shares to engage in market-making activities with respect to the particular notes and the underlying ordinary shares being distributed for a period of up to five business days prior to the commencement of such distribution. This may affect the marketability of the notes and the underlying ordinary shares and the ability of any person or entity to engage in market-making activities with respect to the notes and the underlying ordinary shares.

Under the registration rights agreement between us and the initial purchasers, we will use our reasonable best efforts to keep the registration statement of which this prospectus is a part effective until the earlier of (i) the sale pursuant to Rule 144 under the Securities Act or the registration statement of which this prospectus is a part of all the securities registered thereunder and (ii) the expiration of the holding period applicable to such securities held by persons that are not affiliates of Apex Silver under Rule 144(k) under the Securities Act or any successor provision, subject to certain permitted exceptions.

We are permitted to prohibit offers and sales of securities pursuant to this prospectus under certain circumstances relating to corporate developments, public filings with the SEC and similar events for a period not to exceed 30 days in any three-month period and not to exceed an aggregate of 90 days in any 12-month period. We have agreed to pay predetermined additional amounts to holders of the notes and ordinary shares issuable upon conversion of the notes if the prospectus is unavailable for the periods in excess of those permitted above.

We have agreed to indemnify the selling securityholders against certain liabilities, including liabilities under the Securities Act arising out of any actual or alleged material misstatement or omission of a material fact in this prospectus. This indemnification shall not apply to any liability arising out of any untrue statement or omission made in reliance upon and in conformity with written information furnished to us by or on behalf of the selling securityholders.

We have agreed, among other things, to bear all fees and expenses, other than selling expenses, commissions and discounts, and expenses of counsel to the selling securityholders, in connection with the registration of the notes and the ordinary shares covered by this prospectus.

DESCRIPTION OF NOTES

We issued the notes under an indenture, dated as of October 15, 2004, between us, as issuer, and The Bank of New York, as trustee. The following description is a summary of the material provisions of the notes. The following description does not purport to be complete and is subject to, and qualified by reference to, all of the provisions of the indenture, the notes and the registration rights agreement, which we urge you to read because they, and not this description, define your rights as a note holder. Copies of the indenture, the notes and the registration rights agreement are available upon request.

General

The notes are limited to \$139,987,000 aggregate principal amount. The notes will mature on September 15, 2024. The principal amount of each note is \$1,000, and the issue price of each note is \$1,000, plus accrued interest from October 15, 2004.

The notes are payable at the principal corporate trust office of the paying agent, which initially is an office or agency of the trustee, or an office or agency maintained by us for such purpose, in the Borough of Manhattan, The City of New York.

The notes bear interest at the rate of 4.0% per year on the principal amount from September 15, 2004, or from the most recent date to which interest has been paid or provided for. Interest will be payable semiannually in arrears on March 15 and September 15, commencing on March 15, 2005 to holders of record at the close of business on the March 1 and September 1 immediately preceding such interest payment date. Each payment of cash interest on the notes will include interest accrued through the day before the applicable interest payment date (or purchase, redemption or, in certain circumstances, conversion date, as the case may be). Any payment required to be made on any day that is not a business day will be made on the next succeeding business day. The interest rate will be calculated using a 360-day year composed of twelve 30-day months.

Maturity, conversion, repurchase by us at the option of a holder or redemption of a note at our option will cause the interest to cease to accrue on such note. We may not reissue a note that has matured or been converted, repurchased by us at your option, redeemed or otherwise cancelled, except for registration of transfer, exchange or replacement of such note.

Notes may be presented for conversion at the office of the conversion agent and for exchange or registration of transfer at the office of the registrar. The conversion agent and the registrar shall initially be the trustee. No service charge will be made for any registration of transfer or exchange of notes. However, we may require the holder to pay any tax, assessment or other governmental charge payable as a result of such transfer or exchange.

The indenture does not limit the amount of other indebtedness or securities that may be issued by us or any of our subsidiaries. The indenture does not contain any financial covenants or restrictions on the payment of dividends, the incurrence of senior debt or the issuance or repurchase of our securities (other than the notes). The indenture contains no covenants or other provisions to afford protection to holders of notes in the event of a highly leveraged transaction or a change in control except to the extent described under " Redemption at Option of the Holder Upon a Fundamental Change."

Security

On the closing date for this offering, we purchased and pledged to the trustee as security for the exclusive benefit of the holders of the notes (and not for the benefit of our other creditors), U.S.

government securities in such amount as will be sufficient upon receipt of scheduled interest and principal payments of such securities to provide for payment in full of the first three years of scheduled interest payments (up to and including the interest payment due September 15, 2007) due on the notes. We spent \$15.4 million of the net proceeds from the offering to acquire such U.S. government securities.

The U.S. government securities were pledged by us to the trustee for the exclusive benefit of the holders of the notes and are being held by the trustee in a pledge account. Immediately prior to an interest payment date, the trustee will release from the pledge account proceeds sufficient to pay interest then due on the notes. A failure to pay interest on the notes when due through the first three years of scheduled interest payment dates will constitute an immediate event of default under the indenture, with no grace period (unless due solely to the fault of the trustee, in which event we will have a three-day grace period).

The trustee will reinvest any cash received by the pledge account, due to the maturity of or payment of interest on any U.S. government securities held in the pledge account, in a money market account, money market mutual fund or both. The reinvested cash will be released from the pledge account, along with any other proceeds, to pay the interest due on the interest payment date next succeeding the date on which the reinvested cash was received by the pledge account. Any reinvested cash not required to be applied to the payment of interest on an interest payment date will be released to us from the pledge account.

The pledged U.S. government securities and the pledge account will also secure the repayment of the principal amount and premium on the notes, if prior to September 15, 2007

an event of default under the notes occurs and is continuing and,

the trustee or the holders of 25 percent in aggregate principal amount of the notes accelerate the notes by declaring the principal amount of the notes to be immediately due and payable (by written consent, at a meeting of note holders or otherwise), except for the occurrence of an event of default relating to our bankruptcy, insolvency or reorganization, upon which the notes will be accelerated automatically,

then the proceeds from the pledged U.S. government securities will be promptly released to note holders, subject to the automatic stay provisions of bankruptcy law, if applicable. Distributions from the pledge account will be applied:

first, to any accrued and unpaid interest on the notes, and

second, to the extent available, to the repayment of a portion of the principal amount of the notes.

However, if any event of default is cured prior to the acceleration of the notes by the trustee or holders of the notes referred to above, the trustee and the holders of the notes will not be able to accelerate the notes as a result of that event of default.

For example, if the first two interest payments were made when due but the third interest payment was not made when due and the note holders promptly exercised their right to declare the principal amount of the notes to be immediately due and payable then, assuming automatic stay provisions of bankruptcy law are inapplicable and the proceeds of the pledged U.S. government securities are promptly distributed from the pledge account,

an amount equal to the interest payment due on the third interest payment would be distributed from the pledge account as accrued interest, and

the balance of the proceeds of the pledge account would be distributed as a portion of the principal amount of the notes.

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In addition, note holders would have an unsecured senior subordinated claim against us for the remainder of the principal amount of their notes.

Once we make the first three years of scheduled interest payments on the notes, all of the remaining pledged U.S. government securities, if any, will be released to us from the pledge account and thereafter the notes will be unsecured.

The pledged U.S. government securities and the pledge account will not be used to secure the payment of any additional amounts, as defined in "Registration Rights," that may become due on the notes.

Additional Notes

We may, without the consent of the holders of the notes, increase the principal amount of the notes by issuing additional notes in the future on the same terms and conditions, except for any differences in the issue price and interest accrued prior to the issue date of the additional notes, and with the same CUSIP number as the notes offered hereby. The notes offered by this prospectus any additional notes would rank equally and ratably and would be treated as a single class for all purposes under the indenture. No additional notes may be issued if any event of default has occurred with respect to the notes.

Methods of Receiving Payments on the Notes

Each installment of semiannual interest on any note shall be paid in same-day funds by transfer to an account maintained by the payee located inside the United States, if the trustee shall have received proper wire transfer instructions from such payee not later than the related regular date or accrual date, as the case may be, or, if no such instructions have been received, by check drawn on a bank in New York City mailed to the payee at its address set forth on the registrar's books.

Paying Agent and Registrar for the Notes

The trustee will initially act as paying agent and registrar. We may change the paying agent or registrar without prior notice to the holders of the notes, and we or any of our subsidiaries may act as paying agent or registrar.

Ranking of the Notes

The notes will be unsecured obligations (except as described under "Security") and will rank (i) subordinate in right of payment to future unsubordinated indebtedness for the construction and development of the San Cristobal project which will be secured by the San Cristobal property and other project assets or other assets, (ii) subordinate in right of payment to any guarantee of the indebtedness described in (i) by Apex Silver Mines Limited or its affiliates for the period the guarantee is in effect, and (iii) equal in right of payment to all other existing and future unsecured and unsubordinated indebtedness of Apex Silver. However, the notes will be effectively subordinated to all of our existing and future secured debt to the extent of the security on such other indebtedness and to all existing and future obligations of our subsidiaries. As of September 30, 2004, after giving effect to the offering of the notes, we have \$340 million in long-term debt. See Risk Factor Your rights to receive payments on the notes are subordinate to certain future indebtedness which may be incurred to finance the San Cristobal project on page 17.

Conversion Rights

Holders may convert all or a portion of their notes, in multiples of \$1,000 principal amount, into ordinary shares only if at least one of the conditions described below is satisfied. In addition, a holder

may convert a note until the close of business on the second business day prior to the redemption date if we call a note for redemption. A note for which a holder has delivered a repurchase notice or a notice requiring us to redeem such note upon a fundamental change may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

The initial conversion rate is 34.9406 ordinary shares per \$1,000 principal amount of each note, subject to adjustment upon the occurrence of the events described below. A holder of a note otherwise entitled to a fractional share will receive cash equal to the applicable portion of the closing sale price of our ordinary shares on the trading day immediately preceding the conversion date. The ability to surrender notes for conversion will expire at the close of business on September 15, 2024.

To exercise its conversion right, a holder must:

complete and manually sign a conversion notice, a form of which is on the back of the note, and deliver the conversion notice to the conversion agent;

surrender the note to the conversion agent;

if required by the conversion agent, furnish appropriate endorsements and transfer documents; and

if required, pay all transfer or similar taxes.

On conversion of a note, a holder will not receive any cash payment of interest (unless such conversion occurs between a regular record date and the intent payment date to which it relates) and we will not adjust the conversion rate to account for accrued and unpaid interest. Delivery to the holder of the full number of ordinary shares into which \$1,000 principal amount of the note is convertible, together with any cash payment of such holder's fractional shares, will be deemed to satisfy our obligation to pay the principal amount of the note. As a result, any accrued and unpaid interest to the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited upon conversion. Notwithstanding the foregoing, accrued and unpaid interest will be payable upon any conversion of notes made concurrently with or after acceleration of the notes following an event of default described under "Events of Default and Acceleration" below.

Holders of notes at the close of business on a regular record date will receive payment of interest payable on the corresponding interest payment date notwithstanding the conversion of such notes at any time after the close of business on such regular record date. Notes surrendered for conversion by a holder during the period from the close of business on any regular record date to the opening of business on the next interest payment date, except for notes to be redeemed within this period or on the next interest payment date, must be accompanied by payment of an amount equal to the interest that the holder is to receive on the principal amount of notes so converted.

For a discussion of the tax treatment of a holder receiving our ordinary shares upon surrendering notes for conversion, see "Certain Tax Considerations."

The conversion rate will not be adjusted for accrued and unpaid interest. We will, however, adjust the conversion rate for:

- (1) dividends or distributions on our ordinary shares payable in our ordinary shares or other capital stock;
- (2) subdivisions, combinations or certain reclassifications of our ordinary shares;
- (3) distributions to all holders of our ordinary shares of certain rights to purchase our ordinary shares for a period expiring within 60 days of such distribution at less than the then current closing sale price per share;

- (4) distributions to the holders of our ordinary shares of a portion of our assets (including cash and shares of capital stock of a subsidiary) or debt or other securities issued by us or certain rights to purchase our securities; provided, however, that if we distribute capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of our ordinary shares, in each case based on the average closing sale prices of those securities for the 10 trading days commencing on and including the fifth trading day after the date on which "ex-dividend trading" commences for such distribution on the American Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted; and
- (5) a tender offer or exchange offer by us or one of our subsidiaries for our ordinary shares to the extent that the cash and value of any other consideration included in the payment per ordinary share exceeds the current market price per ordinary share on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer.

However, no adjustment to the conversion rate need be made if holders of the notes may participate in the transaction without conversion or in certain other cases.

In the event that we elect to make a distribution to all holders of ordinary shares pursuant to clause (3) or clause (4) of the third preceding paragraph, which, in the case of clause (4), has a per share value equal to more than 15% of the closing sale price of our ordinary shares on the day preceding the declaration date for such distribution, we will be required to give notice to the holders of notes at least 20 days prior to the date for such distribution and, upon the giving of such notice, the notes may be surrendered for conversion at any time until the close of business on the business day prior to the date of distribution or until we announce that such distribution will not take place.

The indenture permits us to increase the conversion rate from time to time.

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U.S. Holders of the notes may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal income tax as a dividend upon:

a taxable distribution to holders of our ordinary shares which results in an adjustment of the conversion rate;

an increase in the conversion rate at our discretion; or

failure to adjust the conversion rate in some instances.

See "Certain Tax Considerations."

If we are a party to a consolidation, merger or binding share exchange or a transfer of all or substantially all of our assets, the right to convert a note into ordinary shares may be changed into a right to convert it into the kind and amount of securities, cash or other assets of ours or another person which the holder would have received if the holder had converted the holder's note immediately prior to the transaction. In such a case, any increase in the conversion rate by the additional shares as described under " Conversion Upon Occurrence of Certain Fundamental Changes" will not be payable in our ordinary shares, but will represent a right to receive the aggregate amount of cash, securities or other property into which the additional shares would convert in the transaction from the surviving entity (or an indirect or direct parent thereof). Notwithstanding the first sentence of this paragraph, if we elect to adjust the conversion rate and our conversion obligation as described in " Conversion After a Public Acquirer Change of Control," the provisions described in that section will apply instead of the provisions described in the first sentence of this paragraph.

If and only to the extent the holder elects to convert notes in connection with a transaction described in clause (3) of the definition of fundamental change as described below under " Redemption at Option of the Holder Upon a Fundamental Change" pursuant to which 10% or more of the consideration for our ordinary shares (other than cash payments for fractional shares and cash payments made in respect of dissenters' appraisal rights) in such fundamental change transaction consists of cash or securities (or other property) that are not traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange or the Nasdaq National Market, we will either increase the conversion rate by a number of additional shares as described under " Conversion Upon Occurrence of Certain Fundamental Changes" or, in lieu thereof, we may in certain circumstances elect to adjust the conversion rate and related conversion obligation so that the notes are convertible into shares of the acquiring or surviving entity as described under " Conversion After a Public Acquirer Change of Control." We must give notice to all holders and to the trustee at least 15 trading days prior to the anticipated effective date of such a fundamental change. Such notice will state whether we will adjust the conversion rate pursuant to " Conversion Upon Occurrence of Certain Fundamental Changes" or pursuant to " Conversion After a Public Acquirer Change of Control," as the case may be. We must also give notice to all holders and to the trustee that such a fundamental change has become effective. Holders may surrender notes for conversion and receive the additional shares described under " Conversion Upon Occurrence of Certain Fundamental Changes" at any time from and after the date which is 15 days prior to the anticipated effective date of such fundamental change until and including the date which is 15 days after the actual effective date (or, if such transaction also results in holders having a right to require us to repurchase their notes, until the fundamental change repurchase date).

The conversion agent will, on our behalf, determine if the notes are convertible and notify the trustee and us accordingly. If one or more of the conditions to the conversion of the notes has been satisfied, we will promptly notify the holders of the notes thereof and use commercially reasonable efforts to post this information on our website or otherwise publicly disclose this information.

A "trading day" is any day on which the American Stock Exchange is open for trading or, if the applicable security is quoted on any other national securities exchange or the Nasdaq National Market,

a day on which trades may be made on such market or, if the applicable security is not so listed, admitted for trading or quoted, any business day.

Conversion Based on Price of the Ordinary Shares

Holders may surrender notes for conversion: (1) in any fiscal quarter commencing prior to September 15, 2019 if the sale price of our ordinary shares (as defined below) for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is more than 120% of the conversion price (as defined below) per ordinary share on the last day of such preceding fiscal quarter and (2) at any time after September 15, 2019 and prior to maturity, if the closing sale price of our ordinary shares is greater than or equal to the conversion trigger price on any day after September 15, 2019. If either of the foregoing conditions is satisfied, then the notes will be convertible at any time thereafter at the option of the holder, through maturity.

The conversion price per share as of any day will equal the principal amount of a note on that day, divided by the number of our ordinary shares issuable upon conversion of such note on that day. The sale price of our ordinary shares on any trading day means the closing per share sale price (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date on the principal national securities exchange on which the ordinary shares are listed or, if our ordinary shares are not listed on a national securities exchange, as reported by the Nasdaq system or otherwise as provided in the indenture.

Conversion Based on Trading Price of Notes

Holders may also surrender notes for conversion prior to maturity during the five business day period after any five consecutive trading day period in which the "trading price" per \$1,000 principal amount of notes, as determined following a request by a holder of notes in accordance with the procedures described below, for each day of that period was less than 98% of the product of the closing sale price of our ordinary shares and the number of shares issuable upon conversion of \$1,000 principal amount of notes.

The "applicable stock price" means, in respect of a date of determination, the average of the closing sale price of our ordinary shares over the five trading-day period starting the third trading day following such date of determination.

The "trading price" of the notes on any date of determination means the average of the secondary market bid quotations obtained by the trustee for \$5 million principal amount of the notes at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select; provided that if three such bids cannot reasonably be obtained by the trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the trustee, that one bid shall be used. If the trustee cannot reasonably obtain at least one bid for \$5 million principal amount of the notes from a nationally recognized securities dealer, then the trading price per \$1,000 principal amount of notes will be deemed to be less than 98% of the product of the closing sale price of our ordinary shares and the number of shares issuable upon conversion of \$1,000 principal amount of the notes.

In connection with any conversion upon satisfaction of the above trading pricing condition, the trustee shall have no obligation to determine the trading price of the notes unless we have requested such determination; and we shall have no obligation to make such request unless a holder of the notes provides us with reasonable evidence that the trading price per \$1,000 principal amount of notes would be less than 98% of the product of the closing sale price of our ordinary shares and the number of ordinary shares issuable upon conversion of \$1,000 principal amount of the notes. At such time, we shall instruct the trustee to determine the trading price of the notes beginning on the next trading day

and on each successive trading day until the trading price per \$1,000 principal amount of the notes is greater than 98% of the product of the closing sale price of our ordinary shares and the number of shares issuable upon conversion of \$1,000 principal amount of the notes.

Conversion Based on Redemption

A holder may surrender for conversion a note called for redemption at any time prior to the close of business on the second business day immediately preceding the redemption date, even if it is not otherwise convertible at such time. A note for which a holder has delivered a repurchase notice or a notice requiring us to redeem such note upon a fundamental change, as described below, may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

Conversion Upon Occurrence of Certain Fundamental Changes

If and only to the extent a holder elects to convert its notes in connection with a transaction described in clause (3) of the definition of fundamental change as described below under "Redemption at Option of the Holder Upon a Fundamental Change" pursuant to which 10% or more of the consideration for our ordinary shares (other than cash payments for fractional shares and cash payments made in respect of dissenters' appraisal rights) in such fundamental change transaction consists of cash or securities (or other property) that are not traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange or the Nasdaq National Market, we will increase the conversion rate for the notes surrendered for conversion by a number of additional shares (the "additional shares") as described below. The number of additional shares will be determined by reference to the table below, based on the date on which such fundamental change transaction becomes effective (the "effective date") and the price (the "stock price") paid per ordinary share in such fundamental change transaction. If holders of our ordinary shares receive only cash in such fundamental change transaction, the stock price shall be the cash amount paid per share. Otherwise, the stock price shall be the average of the last reported sale prices of our ordinary shares on the five trading days prior to but not including the effective date of such fundamental change transaction.

The stock prices set forth in the first row of the table below (i.e., column headers) will be adjusted as of any date on which the conversion rate of the notes is adjusted, as described above under "Conversion Rights." The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the conversion rate as so adjusted. The number of additional shares will be adjusted in the same manner as the conversion rate as set forth under "Conversion Rights."

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The following table sets forth the hypothetical stock price and number of additional shares issuable per \$1,000 principal amount of notes:

Effective Date of Fundamental Change	Stock Price on Date of Fundamental Change									
	\$21.05	\$22.50	\$25.00	\$27.50	\$30.00	\$35.00	\$40.00	\$45.00	\$50.00	\$100.00
October 15, 2004	12.5653	11.5149	10.0152	8.8271	7.8656	6.4106	5.3672	4.5856	3.9801	0.0000
September 15, 2005	12.4783	11.3928	9.8659	8.6628	7.6939	6.2376	5.2016	4.4309	3.8372	0.0000
September 15, 2006	12.3581	11.2397	9.6753	8.4509	7.4715	6.0121	4.9852	4.2285	3.6502	0.0000
September 15, 2007	12.2312	11.0696	9.4550	8.2018	7.2072	5.7416	4.7245	3.9840	3.4242	0.0000
September 15, 2008	12.0835	10.8661	9.1867	7.8959	6.8816	5.4074	4.4027	3.6829	3.1463	0.0000
September 15, 2009	11.9187	10.6274	8.8618	7.5210	6.4802	4.9942	4.0053	3.3121	2.8053	0.0000
September 15, 2010	11.7376	10.3460	8.4630	7.0540	5.9774	4.4761	3.5091	2.8522	2.3852	0.0000
September 15, 2011	11.5498	10.0150	7.9639	6.4576	5.3308	3.8110	2.8786	2.2748	1.8644	0.0000
September 15, 2012	11.3709	9.6167	7.3070	5.6530	4.4536	2.9187	2.0517	1.4721	1.2147	0.0000
September 15, 2013	11.2996	9.1472	6.3581	4.4357	3.1190	1.6103	0.9107	0.5805	0.4176	0.0000
September 15, 2014	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The stock prices and additional share amounts set forth above are based upon a stock price for our ordinary shares of \$21.05 at October 11, 2004 and an initial conversion price of \$28.62.

The exact stock price and repurchase dates may not be set forth on the table; in which case, if the stock price is:

between two stock price amounts on the table or the repurchase date is between two dates on the table, the number of additional shares will be determined by straight-line interpolation between the number of additional shares set forth for the higher and lower stock price amounts and the two dates, as applicable, based on a 365 day year;

in excess of \$100.00 per share (subject to adjustment), no additional shares will be issued upon conversion;

less than \$21.05 per share (subject to adjustment), no additional shares will be issued upon conversion.

Conversion After a Public Acquirer Change of Control

Notwithstanding the foregoing, in the case of a public acquirer change of control (as defined below), we may, in lieu of increasing the conversion rate by additional shares as described in "Conversion Upon Occurrence of Certain Fundamental Changes" above, elect to adjust the conversion rate and the related conversion obligation such that from and after the effective date of such public acquirer change of control, holders of the notes will be entitled to convert their notes into a number of shares of public acquirer common stock (as defined below) by adjusting the conversion rate in effect immediately before the public acquirer change of control by a fraction:

the numerator of which will be (i) in the case of a share exchange, consolidation, merger or binding share exchange, pursuant to which our ordinary shares are converted into cash, securities or other property, the average value of all cash and any other consideration (as determined by our board of directors) paid or payable per ordinary share or (ii) in the case of any other public acquirer change of control, the average of the last reported sale price of our ordinary shares for the five consecutive trading days prior to but excluding the effective date of such public acquirer change of control, and

the denominator of which will be the average of the last reported sale prices of the public acquirer common stock for the five consecutive trading days commencing on the trading day next succeeding the effective date of such public acquirer change of control.

A "public acquirer change of control" means any event constituting a fundamental change that would otherwise obligate us to increase the conversion rate as described above under " Conversion Upon Occurrence of Certain Fundamental Changes" and the acquirer has a class of common stock traded on a U.S. national securities exchange or quoted on the Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with such fundamental change (the "public acquirer common stock"). If an acquirer does not itself have a class of common stock satisfying the foregoing requirement, it will be deemed to have "public acquirer common stock" if either (1) a direct or indirect majority owned subsidiary of acquirer or (2) a corporation that directly or indirectly owns at least a majority of the acquirer, has a class of common stock satisfying the foregoing requirement; in such case, all references to public acquirer common stock shall refer to such class of common stock. Majority owned for these purposes means having "beneficial ownership" (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the total voting power of all shares of the respective entity's capital stock that are entitled to vote generally in the election of directors.

Upon a public acquirer change of control, if we so elect, holders may convert their notes (subject to the satisfaction of the conditions to conversion described under " Conversion Rights" above) at the adjusted conversion rate described in the second preceding paragraph but will not be entitled to the increased conversion rate described under " Conversion Upon Occurrence of Certain Fundamental Changes." We are required to notify holders of our election in our notice to holders of such transaction. As described under " Conversion Rights," holders may convert their notes upon a public acquirer change of control during the period specified therein. In addition, the holder can also, subject to certain conditions, require us to repurchase all or a portion of its notes as described under " Redemption at Option of the Holder Upon a Fundamental Change."

Redemption of Notes at Our Option

No sinking fund is provided for the notes.

Provisional Redemption

We may redeem for cash any portion of the notes at any time prior to September 15, 2014 upon at least 30 days and not more than 60 days' notice by mail to the holders of the notes, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest and the "make whole" payment described below, if (1) the closing sale price of our ordinary shares has exceeded 140% of the then applicable conversion price for at least 20 trading days in any consecutive 30-day trading period ending on the trading day prior to the mailing of the notice of redemption and (2) the shelf registration statement covering resales of the notes and the ordinary shares is effective and available for use and is expected to remain effective and available for use for the 30 days following the redemption date, unless registration is no longer required.

If we redeem notes under these circumstances, we will make a "make whole" payment on the redeemed notes equal to \$396.67 per \$1,000 principal amount of notes, minus the amount of any interest actually paid or accrued and unpaid on the note prior to the redemption date. We must make these "make whole" payments on all notes called for redemption prior to September 15, 2014, including notes converted after the date we mailed the notice. We may make these "make whole" payments, at our option, either in cash or in our ordinary shares or a combination thereof. We will specify the type of consideration for the "make whole" payment in the redemption notice (appropriately adjusted to take into account the occurrence of certain events that would result in an adjustment of the conversion rate with respect to our ordinary shares). Payments made in our ordinary shares will be valued at 95% of the average of the closing sales prices of our ordinary shares for the five consecutive trading days ending on the third trading day prior to the redemption date.

Because the sale price of the ordinary shares will be determined before the redemption date, if we specify that we will make payment of the redemption price in our ordinary shares, holders of notes bear the market risk that our ordinary shares will decline in value between the date the sale price is calculated and the redemption date.

Redemption

Beginning on September 15, 2014, we may redeem the notes for cash, as a whole at any time or in part from time to time. We will give not less than 30 days or more than 60 days notice of redemption by mail to holders of notes.

If redeemed at our option, the notes will be redeemed at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest, if any.

If less than all of the outstanding notes are to be redeemed, the trustee will select the notes to be redeemed in principal amounts of \$1,000 or integral multiples of \$1,000 principal amount. In this case, the trustee may select the notes by lot, pro rata or by any other method the trustee considers fair and appropriate. If a portion of a holder's notes is selected for partial redemption and the holder converts a portion of the notes, the converted portion will be deemed to be the portion selected for redemption.

Repurchase at Option of the Holder

Holders have the right to require us to repurchase the notes on September 15, 2014 and September 15, 2019. We will be required to repurchase any outstanding note for which a holder delivers a written repurchase notice to the paying agent. This notice must be delivered during the period beginning at any time from the opening of business on the date that is 25 business days prior to the repurchase date until the close of business on the third business day prior to the repurchase date. If a repurchase notice is given and withdrawn during that period, we will not be obligated to repurchase the notes listed in the notice. Our repurchase obligation will be subject to certain additional conditions.

The repurchase price payable for a note will be equal to 100% of the principal amount plus accrued and unpaid interest, if any, on such notes to, but excluding, the repurchase date. We may, at our option, elect to pay the repurchase price in cash, in our ordinary shares or in any combination of the two. We may in the future without noteholders' consent amend the indenture to eliminate our ability to pay the repurchase price for the notes in ordinary shares on any repurchase date after the date of that amendment.

If we elect to pay the repurchase price, in whole or in part, in our ordinary shares, the number of shares to be delivered in exchange for the portion of the repurchase price to be paid in our ordinary shares will be equal to that portion of the repurchase price divided by 95% of the average closing sale price of our ordinary shares for the five trading days ending on the third business day prior to the applicable repurchase date (appropriately adjusted to take into account the occurrence of certain events that would result in an adjustment of the conversion rate with respect to our ordinary shares). We will not, however, deliver fractional shares in repurchases using our ordinary shares as consideration. Note-holders who would otherwise be entitled to receive fractional shares will instead receive cash in an amount equal to the market price of one of our ordinary shares multiplied by such fraction.

Because the market price of our ordinary shares will be determined prior to the applicable repurchase date, note-holders bear the market risk that our ordinary shares will decline in value between the date the market price is calculated and the repurchase date.

Holders' right to require us to repurchase notes is exercisable by delivering a written repurchase notice to the paying agent within 25 business days of the repurchase date. The paying agent initially will be the trustee.

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The repurchase notice must state:

- (1) if certificated notes have been issued, the note certificate numbers (or, if a holder's notes are not certificated, such holder's repurchase notice must comply with appropriate DTC procedures);
- (2) the portion of the principal amount of notes to be repurchased, which must be in \$1,000 multiples; and
- (3) that the notes are to be repurchased by us pursuant to the applicable provisions of the notes and the indenture.

Holders may withdraw any written repurchase notice by delivering a written notice of withdrawal to the paying agent prior to the close of business of the repurchase date. The withdrawal notice must state:

the principal amount of the withdrawn notes;

if certificated notes have been issued, the certificate numbers of the withdrawn notes (or, if a holder's notes are not certificated, such holder's withdrawal notice must comply with appropriate DTC procedures); and

the principal amount, if any, which remains subject to the repurchase notice.

We must give notice of an upcoming repurchase date to all note holders not less than 20 business days prior to the repurchase date at their address shown in the register of the registrar. We will also give notice to beneficial owners as required by applicable law. This notice will state, among other things, the procedures that holders must follow to require us to repurchase their notes.

Our right to repurchase notes, in whole or in part, with our ordinary shares is subject to various conditions, including:

registration of the ordinary shares to be issued upon repurchase under the Securities Act and the Exchange Act, if required;

qualification or registration of our ordinary shares to be issued upon repurchase under applicable state securities laws, if necessary, or the availability of an exemption therefrom; and

listing of our ordinary shares on a United States national securities exchange or quoted on an inter-dealer quotation system of any registered United States national securities association.

Payment of the repurchase price for a note for which a repurchase notice has been delivered and not withdrawn is conditioned upon book-entry transfer or delivery of the note, together with necessary endorsements, to the paying agent at its office in the Borough of Manhattan, The City of New York, or any other office of the paying agent, at any time after delivery of the repurchase notice. Payment of the repurchase price for the note will be made promptly following the later of the repurchase date and the time of book-entry transfer or delivery of the note. If the paying agent holds money sufficient to pay the repurchase price of the note on the business day following the repurchase date, then, on and after the date:

the note will cease to be outstanding;

interest will cease to accrue; and

all other rights of the holder will terminate.

This will be the case whether or not book-entry transfer of the note has been made or the note has been delivered to the paying agent, and all other rights of the note holder will terminate, other than the right to receive the repurchase price upon delivery of the note.

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Our ability to repurchase notes with cash may be limited by the terms of our then-existing borrowing agreements. Even though we become obligated to repurchase any outstanding note on a repurchase date, we may not have sufficient funds to pay the repurchase price on that repurchase date. See "Risk Factors."

We will comply with the provisions of Rule 13e-4 and any other tender offer rules under the Exchange Act that may be applicable in connection with any offer by us to repurchase the notes.

Redemption at Option of the Holder Upon a Fundamental Change

If a fundamental change of Apex Silver occurs at any time prior to the maturity of the notes, holders may require us to redeem their notes for cash, in whole or in part, on a repurchase date set by us that is 30 days after the date of our notice of the fundamental change. The notes will be redeemable in integral multiples of \$1,000 principal amount.

We will redeem the notes at a price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. If the repurchase date is an interest payment date, we will pay interest to the record holder on the relevant record date.

We will mail to all record holders a notice of a fundamental change within 10 days after it has occurred. We are also required to deliver to the trustee a copy of the fundamental change notice. The notice must describe the fundamental change, your right to elect repurchase of notes and the repurchase date. If a holder elects to redeem notes, such holder must deliver to us or our designated agent, on or before the 30th day after the date of our fundamental change notice, a redemption notice and any notes to be redeemed, duly endorsed for transfer. We will promptly pay the redemption price for notes surrendered for redemption following the repurchase date.

A "fundamental change" will be deemed to have occurred at any time after the notes are originally issued that any of the following occurs:

- (1) our ordinary shares or other ordinary shares into which the notes are convertible are neither listed for trading on a United States national securities exchange nor approved for trading on the Nasdaq National Market or another established automated over-the-counter trading market in the United States,
- (2) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act other than us, our subsidiaries or our or their employee benefit plans, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of our common equity representing more than 50% of the voting power of our common equity entitled to vote generally in the election of directors, or
- (3) consummation of any share exchange, consolidation or merger of us with or into another person or any merger of another person with or into us pursuant to which our ordinary shares will be converted into cash, securities or other property or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of us and our subsidiaries, taken as a whole, to any person other than us or one or more of our subsidiaries; provided, however, that a transaction where the holders of our comm