

# Investor Questions and Answers

*Updated: January 13, 2009*

## **Common Stock, Bonds and Delisting**

### **1. What value will Apex's common stock have in the future?**

We cannot comment on what value, if any, may be ascribed by any person to our common stock. The plan we have proposed does not provide any recovery to shareholders because creditors, who rank senior to equity in the priority scheme, are not being paid in full.

### **2. What is the listing status of Apex's common stock?**

On January 12, 2009, the Company was informed orally by NYSE Alternext US LLC (the "Exchange") that the Exchange had halted trading of the Company's ordinary shares and planned to issue a notice regarding delisting of the Company's ordinary shares. The Exchange noted that it reached this decision in light of the Company's decision to file a voluntary petition for reorganization relief under Chapter 11 of the Bankruptcy Code. The last day that the Company's ordinary shares traded on the Exchange was January 9, 2009. The Company does not intend to take any further action to appeal the Exchange's decision, and therefore it is expected that the ordinary shares will be delisted after the completion of the Exchange's application to the U.S. Securities and Exchange Commission.

### **3. Who can shareholders speak with regarding the future of their investment?**

Shareholders should consult with their own professional investment advisor to assess their personal investment situation.

### **4. Will Apex continue to issue financial results?**

Apex will submit monthly operating reports to the Bankruptcy Court. These reports will also be filed on form 8-K with the SEC. The Company will continue to file quarterly and annual reports with the SEC. All of these reports will be available in the Investor Relations section of [www.ApexSilver.com](http://www.ApexSilver.com)

## **The Sumitomo Transaction**

### **1. What is the Sumitomo transaction?**

Apex Silver Mines Limited ("ASML") has entered into an agreement with Sumitomo Corporation to sell its 65% interest in the San Cristobal mine. As part of this transaction, Apex Silver Mines Corporation ("ASMC") will manage the mine for Sumitomo upon emergence from the Chapter 11 proceedings.

## **2. When will the transaction close?**

The transaction is expected to close by March 31, 2009, after the Bankruptcy Court approves the transaction and confirms ASML's plan of reorganization.

## **3. What is the Purchase Price?**

Apex will receive \$27.5 million in cash from Sumitomo. In addition, Sumitomo will reimburse Apex for \$2.5 million in past expenditures and assume obligations, including certain guarantees related to the San Cristobal mine. The proceeds from the cash purchase price will help ASML pay its creditors.

## **About the Bankruptcy Filings**

### **1. What is Apex's liquidity situation?**

Apex continues to have cash from operations and also has cash on hand. In addition, ASML has obtained the agreement in principle of Sumitomo to fund a debtor-in-possession credit agreement for ongoing San Cristobal expenses. This new credit agreement is secured by all of ASML's assets, including cash. ASML will enter into this agreement once the Bankruptcy Court has approved it.

### **2. Why did Apex file a Chapter 11 bankruptcy case?**

As previously disclosed, ASML has been experiencing significant liquidity problems. The Sumitomo transaction and the Chapter 11 proceeding permit ASML to discharge its obligations related to the San Cristobal project financing loans and ASML's convertible subordinated notes, subject to Bankruptcy Court approval. In addition, the bankruptcy process will provide certain buyer protections to Sumitomo and allow ASML to implement a new business plan.

### **3. What has happened?**

On January 12, 2009, ASML and its wholly owned subsidiary, ASMC, filed voluntary petitions for reorganization relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. ASML and ASMC will continue to manage their properties and operate their businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court pending the approval of a plan of reorganization. As part of this process, ASML and ASMC have executed certain agreements with Sumitomo, certain senior lenders and approximately 65% of the Company's subordinated convertible noteholders relating to the proposed plan of reorganization. These agreements and other agreements relating to Apex's reorganization are described in our Form 8-K filed on January 13, 2009.

#### **4. What is the goal in the bankruptcy?**

The goal of our proposed plan of reorganization is to have Apex emerge as a reorganized company, with fewer liabilities and a more narrow business focus. We would no longer own the San Cristobal mine, but we would continue to manage it and continue to focus on our exploration and development projects.

#### **5. What does it mean to voluntarily file for Chapter 11? What happens during the Chapter 11 process?**

A voluntary filing under Chapter 11 of the U.S. Bankruptcy Code allows a company to reorganize its debts, liabilities and finances under a court-supervised process. Even in bankruptcy, ASML and ASMC will continue to operate their day-to-day business as usual under existing management and Board of Directors. However, all non-ordinary course actions will require approval of the Bankruptcy Court. The Chapter 11 process ends after the Bankruptcy Court has approved a plan of reorganization, which in this case could create a mechanism for resolving ASML's obligations relating to the San Cristobal project financing debt and ASML's subordinated convertible notes, as well as reorganizing the corporate structure of ASML.

#### **6. What is the Cayman liquidation proceeding?**

Because ASML is a Cayman company, it is seeking the appointment of joint provisional liquidators in the Cayman Islands. Joint provisional liquidators are officers of the court who have fiduciary responsibilities to creditors. Here, we are pursuing a so-called soft touch liquidation, meaning that the Chapter 11 proceedings in the United States will be the lead proceedings. Even so, the joint provisional liquidators will have oversight authority over the board of directors and its decisions. At the end of the process, assuming it proceeds as we expect and following ASML's emergence from the Chapter 11 proceeding, ASML will be liquidated in an official liquidation proceeding in the Cayman Islands.

#### **7. Are any Apex companies besides ASML and ASMC expected to file bankruptcy?**

No. Only ASML and ASMC have sought Chapter 11 protection, and only ASML will file a liquidation proceeding in the Cayman Islands. At this time, we do not expect any other Apex companies to do the same.

#### **8. Are ASML and ASMC going out of business?**

No. ASML and ASMC will continue to conduct operations during the pendency of the Chapter 11 proceeding. If the plan is consummated, ASML will form a new Delaware company that will pursue a business plan focusing on our exploration and development projects and managing the San Cristobal mine for Sumitomo.

#### **9. How long will ASML and ASMC be in Chapter 11?**

We anticipate that ASML and ASMC will emerge from bankruptcy by March 31, 2009, although that date is subject to change depending on the course of the Chapter 11 proceeding and a variety of other factors. Following its emergence from the Chapter 11 proceeding, we expect ASML to liquidate under the Cayman proceeding.

#### **10. How will this filing affect ASML's and ASMC's day-to-day operations?**

Generally, the filing will not affect the Company's ordinary day-to-day operations, except that ASML and AMSC will not be able to pay debts that came due before filing bankruptcy unless the Bankruptcy Court approves such payment. In addition, all non-ordinary course actions will require approval of the Bankruptcy Court.

#### **11. Where can investors go for more information?**

Key court filings and other information related to Apex's bankruptcy proceedings will be available at: <http://Chapter11.epiqsystems.com/Apex>.

### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, including statements regarding the Company's planned reorganization under Chapter 11 of the Bankruptcy Code, its anticipated financial resources and potential enforcement action against the Company by the Commission. These statements are subject to risks and uncertainties, including the ability of the Company to continue business operations during the Chapter 11 proceeding; whether the Company's anticipated financial resources during the proceedings will be sufficient to fund its operations and its ability to operate pursuant to the DIP Financing Facility; the ability of the Company to obtain court approval of various motions it expects to file as part of the Chapter 11 proceeding; the ability of the Company to consummate its plan of reorganization as currently planned; risks associated with third party motions in the Chapter 11 proceeding, which may interfere with the Company's ability to develop and consummate a plan of reorganization; the potential adverse effects of the Chapter 11 proceeding on the Company's liquidity or results of operations; the ability of the Company to obtain and maintain reasonable terms with vendors and service providers during the Chapter 11 proceeding; the Company's ability to motivate and retain key executives and other necessary personnel while seeking to implement its plan of reorganization; and whether the Commission determines to proceed against the Company and, if so, the nature of the penalties that may be sought by the Commission and the impact of such an action on the ability of the Company to implement its reorganization plan. The Company assumes no obligation to update this information. Additional risks relating to the Company may be found in the Company's periodic and current reports filed with the Commission