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APEX SILVER MINES LTD
Form 424B2
April 03, 2003

Filed pursuant to Rule 424(b) (2)
Registration file No. 333-33642

PROSPECTUS SUPPLEMENT
(To Prospectus Dated September 8, 2000)

APEX SILVER MINES LIMITED
133,932 Ordinary Shares
120,000 Warrants

We are issuing 13,932 ordinary shares, par value \$0.01 per share, 120,000 warrants to acquire ordinary shares, and are registering 120,000 ordinary shares issuable on the exercise of warrants as follows:

- o 13,932 ordinary shares offered by this prospectus supplement are being issued directly to Mr. Nathan Low at an equivalent purchase price of \$12.92 per share.
- o 60,000 warrants offered by this prospectus supplement are being issued directly to Deutsche Bank Securities Inc. for an equivalent purchase price of \$3.00 per warrant. Each warrant entitles Deutsche Bank Securities Inc. to purchase one of our ordinary shares for \$12.92 on or before April 1, 2008. The 60,000 ordinary shares which will be issued on exercise of the warrants are also offered by this prospectus supplement.
- o 60,000 warrants offered by this prospectus supplement are being issued directly to Barclays Bank PLC for an equivalent purchase price of \$3.00 per warrant. Each warrant entitles Barclays Bank PLC to purchase one of our ordinary shares for \$12.92 on or before April 1, 2008. The 60,000 ordinary shares which will be issued on exercise of the warrants are also offered by this prospectus supplement.

See "Plan of Distribution."

Our ordinary shares are listed on the American Stock Exchange under the symbol "SIL." On April 1, 2003, the last reported sales price of the ordinary shares on the AMEX composite index was \$12.92.

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

Investing in our securities involves significant risks. See the Risk Factors section in the related prospectus beginning on page 4.

The ordinary shares offered by this prospectus supplement will be issued to the purchasers for the consideration set forth in "Plan of Distribution". We will pay the expenses of the offering. See "Plan of Distribution."

The date of this prospectus supplement is April 1, 2003.

TABLE OF CONTENTS

Edgar Filing: APEX SILVER MINES LTD - Form 424B2

	Page
RISK FACTORS.....	S-1
USE OF PROCEEDS.....	S-1
PLAN OF DISTRIBUTION.....	S-2

Prospectus

	Page
SUMMARY.....	1
RISK FACTORS.....	4
FORWARD-LOOKING STATEMENTS.....	12
RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SHARE DIVIDENDS.....	13
USE OF PROCEEDS.....	13
WHERE YOU CAN FIND MORE INFORMATION.....	14
OUR BUSINESS.....	15
REPUBLIC OF BOLIVIA.....	16
DESCRIPTION OF THE DEBT SECURITIES.....	20
DESCRIPTION OF THE PREFERENCE SHARES.....	30
DESCRIPTION OF THE DEPOSITARY SHARES.....	32
DESCRIPTION OF THE ORDINARY SHARES.....	34
DESCRIPTION OF WARRANTS.....	35
DESCRIPTION OF THE ORDINARY SHARE PURCHASE RIGHTS.....	36
PLAN OF DISTRIBUTION.....	37
LEGAL MATTERS.....	38
EXPERTS.....	38
CERTAIN FEDERAL INCOME TAX CONSIDERATIONS.....	38

i

RISK FACTORS

The purchasers should consider carefully, in addition to the other information contained in, or incorporated by reference into, this prospectus supplement or the related prospectus, the risk factors set forth in the Risk Factors section on page 4 in the related prospectus.

USE OF PROCEEDS

There will be no cash proceeds from the sale of ordinary shares to Mr. Low or from the sale of the warrants in this offering to Deutsche Bank Securities, Inc. and Barclays Bank PLC. The ordinary shares offered by this prospectus supplement to Mr. Low will be issued as fees for ongoing consulting services. The warrants offered by this prospectus supplement to Deutsche Bank Securities Inc. and Barclays Bank PLC will be issued in exchange for services provided in connection with our San Cristobal project.

The cash proceeds, if any, from the exercise of the warrants by Deutsche Bank Securities Inc. and Barclays Bank PLC will be used for one or more of the following purposes:

- o constructing and developing the San Cristobal project;
- o exploring and developing properties in our portfolio;
- o maintaining control or ownership of our properties, including making ongoing lease and royalty payments and paying other maintenance and

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registration fees;

- o acquiring additional mining related properties or businesses; and
- o financing other general corporate purposes.

Pending the application of the net proceeds, we expect to invest the proceeds in short-term investment grade marketable securities or money market obligations.

DESCRIPTION OF THE WARRANTS

GENERAL. The warrants are being issued pursuant to a warrant agreement between our company and the warrant holder. The following summary of the material provisions of the warrant agreement is not complete. You should refer to the warrant agreement, a copy of which will be filed with the SEC prior to the issuance of the warrants.

The warrants offered by this prospectus supplement are initially exercisable by Deutsche Bank Securities Inc. for 60,000 ordinary shares at an exercise price of \$12.92 per share, and by Barclays Bank PLC for 60,000 ordinary shares at an exercise price of \$12.92 per share, respectively. If an adjustment of the exercise price were to occur, due to the payment of a dividend or distribution in ordinary shares or the subdivision, combination or reclassification of the outstanding ordinary shares, the number of ordinary shares issuable upon exercise of the warrants would increase or decrease proportionately. See "-- Adjustment." The warrants sold to Deutsche Bank Securities Inc. and Barclays Bank PLC will expire at 5:00 p.m., Denver time, on April 1, 2008. We have reserved out of our authorized share capital a number of ordinary shares sufficient to provide for the issuance of ordinary shares upon exercise of the warrants.

S-1

NO PUBLIC MARKET. There is no public market for the warrants, and we do not expect that a market will develop. There can be no assurance that the market price of the ordinary shares will exceed the exercise price of the warrants.

TRANSFER OF WARRANTS. Transfers of all or any portion of the warrants are effective only when recorded in our books and records.

ADJUSTMENT. The exercise price and the number of ordinary shares purchasable upon exercise of each outstanding warrant will be adjusted if we take any of the following actions:

- o declare a dividend or make a distribution on the ordinary shares payable in ordinary shares;
- o subdivide or reclassify the outstanding ordinary shares into a greater number of ordinary shares; or
- o combine or reclassify the outstanding ordinary shares into a smaller number of ordinary shares.

MERGERS, CONSOLIDATIONS AND OTHER TRANSACTIONS. If (1) we consolidate into or merge or consummate an arrangement, reconstruction or statutory share exchange with, any other person or company or (2) any other person or company acquires all of our outstanding ordinary shares, each warrant holder will have the right upon exercise of a warrant and payment of the exercise price to purchase the kind and amount of shares of stock and other securities and property, including cash, that the holder would have owned or been entitled to receive after the

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consolidation, merger, arrangement, reconstruction or share exchange, had the warrant been exercised immediately prior to the event.

NO RIGHTS AS SHAREHOLDERS. Holders of warrants are not entitled to vote, receive dividends, consent or receive notice as shareholders with respect to any meeting of shareholders, or to exercise any rights whatsoever as shareholders.

MODIFICATION OF THE WARRANTS. We may supplement or amend the warrant agreement from time to time without the approval of the holder in order to cure any ambiguity or correct or supplement any provision that may be defective or inconsistent with any other provision of the warrant agreement or as we deem necessary or advisable, so long as such supplements or amendments do not materially adversely affect the interests of the holder.

We may also supplement or amend the warrant agreement with the consent of the holder. Notwithstanding the foregoing, the holder must consent to the following events, to the extent the events are not originally provided for in the warrant agreement or made in compliance with applicable law:

- o a change in the number or nature of securities purchasable upon exercise of the warrants;
- o an increase in the exercise price of the warrants; or
- o an acceleration of the expiration date of the warrants.

PLAN OF DISTRIBUTION

13,932 ordinary shares offered by this prospectus supplement are being issued directly to Mr. Low in exchange for ongoing consulting services. Mr. Low is the principal owner of Sunrise Financial Group, which has provided advisory and financing services to the Company since 1999.

60,000 warrants offered by this prospectus supplement are being issued directly to Deutsche Bank Securities Inc. in exchange for ongoing services related to the financing of our San Cristobal project. Up

S-2

to 60,000 ordinary shares offered by the prospectus supplement would be issued to Deutsche Bank Securities Inc. on the exercise of the warrants. The exercise price of the warrants was established on April 1, 2003, when we agreed with Deutsche Bank Securities Inc. to compensate it with equity securities.

60,000 warrants offered by this prospectus supplement are being issued directly to Barclays Bank PLC in exchange for ongoing services related to the financing of our San Cristobal project. Up to 60,000 ordinary shares offered by the prospectus supplement would be issued to Barclays Bank PLC on the exercise of the warrants. The exercise price of the warrants was established on April 1, 2003, when we agreed with Barclays Bank PLC to compensate it with equity securities.

The ordinary shares offered by this prospectus supplement and to be issued upon the exercise of the warrants are expected to be listed on the American Stock Exchange, subject to official notice of issuance and listing.

S-3

You should rely only on the information incorporated by reference or

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provided in this prospectus supplement or the related prospectus. We have authorized no one to provide you with different information. We are not making an offer of these securities in any state or jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of this document.

APEX SILVER MINES LIMITED

133,932 Ordinary Shares

120,000 Warrants

PROSPECTUS SUPPLEMENT

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April 1, 2003