

APEX SILVER MINES LTD  
Form DEF 14A  
April 30, 2007  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

## SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

### Apex Silver Mines Limited

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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  - (3) Filing Party:
  - (4) Date Filed:

## **APEX SILVER MINES LIMITED**

Walker House  
Mary Street  
George Town, Grand Cayman  
Cayman Islands, British West Indies

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### **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To be held June 7, 2007**

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To Our Shareholders:

Notice is hereby given that the annual meeting of shareholders of Apex Silver Mines Limited will be held in the Onyx Room at The Brown Palace Hotel, 321 17th Street, Denver, Colorado, 80202 on Thursday, June 7, 2007 at 9:00 a.m., Denver time, for the following purposes:

1. To elect four (4) directors to hold office until the 2010 annual meeting of shareholders or until their successors are elected;
2. To ratify the selection of PricewaterhouseCoopers LLP as independent accountants for the current fiscal year; and
3. To transact such other business as may properly come before the meeting or any postponements or adjournments thereof.

Our board of directors has fixed the close of business on April 19, 2007 as the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting or any adjournments or postponements thereof.

Our annual report to shareholders for the fiscal year ended December 31, 2006, including financial statements, is being mailed with this proxy statement to all of our shareholders, and your board of directors urges you to read it.

April 30, 2007

By order of the Board of Directors,  
Jeffrey G. Clevenger,  
President and Chief Executive Officer

**TO ASSURE YOUR REPRESENTATION AT THE ANNUAL MEETING OF SHAREHOLDERS, PLEASE SIGN, DATE AND RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE, WHETHER OR NOT YOU EXPECT TO ATTEND IN PERSON. SHAREHOLDERS WHO ATTEND THE MEETING MAY REVOKE THEIR PROXIES AND VOTE IN PERSON IF THEY SO DESIRE.**

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# APEX SILVER MINES LIMITED

Walker House  
Mary Street  
George Town, Grand Cayman  
Cayman Islands, British West Indies

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## PROXY STATEMENT

### ANNUAL MEETING OF SHAREHOLDERS

**June 7, 2007**

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This Proxy Statement is furnished to the shareholders of Apex Silver Mines Limited ( Apex Silver or we ) in connection with the solicitation of proxies by the board of directors of Apex Silver to be voted at the annual meeting of shareholders on June 7, 2007, or at any postponements or adjournments of the annual meeting. Our annual meeting is being held for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. This Proxy Statement, the accompanying proxy card and the Notice of Annual Meeting are first being mailed to our shareholders on or about May 16, 2007.

Only holders of our ordinary shares, par value \$0.01 per share, at the close of business on April 19, 2007, the record date, are entitled to notice of and to vote at the annual meeting. On the record date, 58,637,525 ordinary shares were issued, outstanding and entitled to vote. Each ordinary share outstanding on the record date is entitled to one vote. The holders of a majority of our ordinary shares issued and outstanding will constitute a quorum.

Brokers holding ordinary shares in street name, who do not receive voting instructions from the beneficial owners of those shares, are entitled to vote on routine proposals, such as the election of directors and the ratification of our independent auditors. Accordingly, if a shareholder s ordinary shares are held by a broker and the shareholder does not submit a proxy card, the brokerage firm may choose to vote for the shareholder or leave the shareholder s shares unvoted. A broker non-vote occurs if (i) the broker chooses to vote for the shareholder on one routine matter but not on another or (ii) if the shareholder did not instruct the broker as to how it should vote on non-routine matters. Broker non-votes will be counted as present and entitled to vote for quorum purposes but are not considered votes cast. Consequently, broker non-votes will not affect the outcome of the vote.

Abstentions will be counted as present and entitled to vote for quorum purposes but, unlike broker non-votes, will have the effect of a negative vote.

Except in the case of broker non-votes, if a proxy is submitted without designating FOR, AGAINST, or ABSTAIN for any proposal, the ordinary shares represented by such proxy will be voted FOR such proposal.

Any proxy may be revoked at any time before it is voted by written notice to our Chief Executive Officer, by receipt of a proxy properly signed and dated subsequent to an earlier proxy, or by revocation of a written proxy by request in person at the annual meeting.

The cost of this proxy solicitation will be borne by Apex Silver. In addition to solicitation by mail, our officers, directors and employees may solicit proxies by telephone, telegraph or in person. We will also request banks and brokers to solicit their customers who have a beneficial interest in our ordinary shares registered in the names of nominees, and we will reimburse banks and brokers for their reasonable out-of-pocket expenses in doing so.

**TABLE OF CONTENTS**

	<b>Page</b>
<u>PROPOSAL NO. 1 ELECTION OF DIRECTORS</u>	1
<u>PROPOSAL NO. 2 RATIFICATION OF APPOINTMENT OF AUDITORS</u>	6
<u>THE BOARD AND ITS COMMITTEES</u>	7
<u>Meetings and Committees of the Board of Directors</u>	7
<u>Shareholder Nominations</u>	7
<u>Communication with the Board</u>	8
<u>Director Attendance at the Annual Meeting</u>	8
<u>Compensation Committee Interlocks and Insider Participation</u>	8
<u>Director Compensation</u>	8
<u>EXECUTIVE COMPENSATION</u>	12
<u>Compensation Discussion and Analysis</u>	12
<u>Summary Compensation Table</u>	18
<u>Grants of Plan-Based Awards Table</u>	20
<u>Outstanding Equity Awards at Fiscal Year-End Table</u>	21
<u>Option Exercises and Stock Vested Table</u>	22
<u>Post-Employment Payments</u>	23
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	26
<u>OWNERSHIP OF ORDINARY SHARES</u>	27
<u>REPORT OF THE COMPENSATION COMMITTEE</u>	29
<u>REPORT OF THE AUDIT COMMITTEE</u>	29
<u>OTHER INFORMATION</u>	30
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	30
<u>Incorporation by Reference</u>	30
<u>Shareholder Proposals</u>	30
<u>OTHER MATTERS</u>	31

**PROPOSAL NO. 1 ELECTION OF DIRECTORS**

The Board of Directors unanimously recommends that the Company's shareholders vote FOR the election of the following four nominees:

Harry M. Conger  
Rodman L. Drake  
Ian Masterton-Hume  
Charles B. Smith.

The affirmative vote of the holders of a majority of the ordinary shares entitled to vote and represented in person or by proxy at the annual meeting is required for the election of directors. If a nominee becomes unable to serve before the meeting begins, Apex Silver may nominate a substitute nominee and votes cast for or against the listed nominee will be cast in the same manner with respect to the substitute nominee.

Our Memorandum and Articles of Association establish a classified board of directors with three classes of directors. At each annual meeting of shareholders, the successors to the class of directors whose terms expire at that meeting are elected to serve as directors for a three-year term. The board of directors has nominated for election at the annual meeting the four persons named above to serve until the 2010 annual meeting of shareholders or until their successors are elected, and each of the four persons named above has consented to being named as a nominee. Each nominee is currently a director of Apex Silver.

The following table sets forth the name and age of each director, indicating all positions and offices with Apex Silver presently held, and the period during which each person has served as a director:

Name	Age	Term as a Director
Jeffrey G. Clevenger	57	President and CEO, Director since October 2004
Harry M. Conger	76	Director since April 1997
Rodman L. Drake	64	Director since April 2007
Ove Hoegh	70	Director since April 1997
Keith R. Hulley	67	Director since April 1997
Ian Masterton-Hume	56	Director since April 2007
Kevin R. Morano	53	Director since February 2000
Terry M. Palmer	62	Director since September 2004
Charles B. Smith	68	Director since March 2000
Paul Soros	80	Director since March 1996

The board of directors has determined that the following directors are independent as defined in the American Stock Exchange listing standards:

Harry M. Conger  
Ove Hoegh  
Kevin Morano  
Terry M. Palmer  
Charles B. Smith  
Paul Soros

Our two newest directors, Ian Masterton-Hume and Rodman Drake, were appointed to the board of directors in April 2007. Because these individuals were only recently appointed, the board of directors has not yet completed its review to determine whether they are independent under American Stock Exchange listing standards.

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The name and age of each nominee, his principal occupation for at least the past five years and other information is set forth below, based upon information furnished to us by the nominee.

### **Nominees For Election**

*Harry M. Conger, age 76, director since April 1997.*

Mr. Conger is a leading figure in the international mining community. A 40-year veteran of the industry, he is a former Chairman and Chief Executive Officer of Homestake Mining Company, which in 2001 merged with Barrick Gold Corporation to form one of the largest precious metals mining companies in the world. During his distinguished career, Mr. Conger has held directorships in several major American public corporations, including Pacific Gas and Electric Company (PG&E) and Baker Hughes Inc., and is currently a director of ASA Bermuda Limited. He is a former Chairman of the American Mining Congress and the World Gold Council and a distinguished member of the American Institute of Mining Engineers and the American Institute of Mining, Metallurgical and Petroleum Engineers. Mr. Conger holds honorary Doctorate degrees from the Colorado School of Mines and South Dakota School of Mines and Technology and is a registered Professional Engineer in both Arizona and Colorado.

*Rodman L. Drake, age 64, director since April 2007.*

Since 1997, Mr. Drake has served as Managing Director of Baringo Capital and its predecessors, a private equity group focused on investments in mining and venture capital, which he also co-founded. He also serves on the Advisory Board of Resource Capital Funds (\$850 million), a private equity fund focused in the natural resources sector. From 1994 to 1997, he served as co-founder and co-chairman of KMR Power Company, which developed independent power projects in Latin America. Prior to 1994, Mr. Drake held various positions in consulting companies including President of The Mandrake Group, focused on strategy and organizational design, from 1991 to 1994, and Chief Executive Officer and Managing Partner of Cresap, McCormick and Paget, a leading international management and strategy consulting firm, from 1980 to 1991. Mr. Drake serves as a director of Student Loan Corporation, a large provider of student loans; Jackson Hewitt, a tax preparation service company; Hyperion/Brookfield Funds, two closed-end funds focused on mortgage-backed securities, where he serves as Chairman; Parsons Brinkerhoff, a privately owned employee-owned global infrastructure engineering firm; Crystal River Capital, a REIT; Celgene Corp., a global biopharmaceutical company, and Excelsior and Laudus Funds, a family of mutual funds sponsored by U.S. Trust/Schwab, where he serves as Chairman. Mr. Drake holds a B.A. in Latin American Studies from Yale University and an M.B.A. from Harvard Business School.

*Ian Masterton-Hume, age 56, director since April 2007.*

Mr. Hume has over 30 years experience in the natural resource industry. Since January 2000, he has been a partner of The Sentient Group, a manager of closed-end private equity funds specializing in global investment in the natural resources sector headquartered in Sydney, Australia, which he also co-founded. From 1994 to 2000, Mr. Hume served as a consultant to AMP Society's Private Capital Division, focused on international mining and telecommunications investments primarily in North and South America, Russia and the Pacific Rim. His experience prior to 1994 includes serving as a consultant to Equatorial Mining in Santiago, Chile, regarding development of its copper assets, and approximately 23 years of investment management and investment banking experience for companies in Australia and the United Kingdom, including Impala Pacific Corporation in Hong Kong, Bain & Company in Sydney, Australia and the Jessel Group of companies in London and South Africa. He is also currently a director of Andean Resources Ltd. Mr. Hume attended both Harrow School (England) and Nice University (France).

*Charles B. Smith, age 68, director since March 2000.*

Mr. Smith is a mining executive with over 35 years of experience in the industry. His distinguished background includes a seven-year tenure with Southern Peru Copper Company, one of the world's largest copper producers, where he served in various executive capacities including President and Chief Executive Officer, Executive Vice President and Chief Operating Officer and an 18-year career with Atlantic Richfield Company (ARCO), a diversified resource company, where he held a wide range of senior positions including Vice President of US Operations and Marketing of its subsidiary ARCO Coal Company and Vice President of Engineering and Research at its subsidiary Anaconda Minerals Company. Mr. Smith holds a B.Sc. in Mining Engineering from the University of Arizona.

#### **Other Directors**

Information regarding the remaining members of the Board of Directors appears below.

*Jeffrey G. Clevenger, age 57, director since October 2004.*

Mr. Clevenger was elected to serve as a director and appointed as our President and Chief Executive Officer in October 2004. Mr. Clevenger worked as an independent consultant from 1999, when Cyprus Amax Minerals Company, his previous employer, was sold, until he joined us in 2004. Mr. Clevenger served as Senior Vice President and Executive Vice President of Cyprus Amax Minerals Company from 1993 to 1998 and 1998 to 1999, respectively, and as President of Cyprus Climax Metals Company and its predecessor, Cyprus Copper Company, a large integrated producer of copper and molybdenum with operations in North and South America, from 1993 to 1999. He was Senior Vice President of Cyprus Copper Company from August 1992 to January 1993. From 1973 to 1992, Mr. Clevenger held various technical, management and executive positions at Phelps Dodge Corporation, including President and General Manager of Phelps Dodge Morenci, Inc. Mr. Clevenger holds a B.S. in Mining Engineering with Honors from the New Mexico Institute of Mining and Technology and is a graduate of the Advanced International Senior Management Program of Harvard University. He is a Member of the American Institute of Mining, Metallurgical and Petroleum Engineers and the Metallurgical Society of America.

*Ove Hoegh, age 70, director since April 1997.*

Mr. Hoegh is an investor with more than 40 years of experience in the international shipping industry. He is a former Chief Executive, Chief Operating Officer and Director of Leif Hoegh & Co. ASA, a family-owned shipping business with over \$1 billion in assets. His past career also includes service on the shareholders' council of ESSO Norway, Den Norske Creditbank and several other major Norway-based public corporations. In addition, he has been a member of the Board of Directors of the Energy Policy Foundation of Norway, the steering committee of the International Maritime Industry Forum and the executive committee of the Independent Tanker Owners' Association. Mr. Hoegh is a graduate of the Royal Norwegian Naval Academy and holds an M.B.A. from Harvard University.

*Keith R. Hulley, age 67, director since April 1997.*

A 40-year mining veteran, Mr. Hulley has been with the company since October 1996. In March 1998, he was appointed President and Chief Operating Officer and in October 2004 he assumed the position of Chief Executive Officer. Mr. Hulley retired from the position of Chief Executive Officer in September 2004 and remains a director and Chairman of the Apex Silver Board of Directors. Prior to joining Apex Silver, Mr. Hulley served as a member of the Board of Directors and the Director of Operations at Western Mining Holdings Limited Corporation, a publicly traded international company that produced nickel, gold and copper. Prior to Western Mining, he held a number of executive positions in the mining industry, including Chief Executive Officer and Chairman of the Board of Directors of

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USMX Inc., a publicly traded mining and exploration company; President of the Minerals Division and Senior Vice President of Atlas Corporation, a diversified mining company; Vice President of Mining and Development of the US Division of BP Minerals Inc., a major international mining company; and various engineering and management positions including Superintendent of Kennecott's Bingham Canyon copper mining operations. Mr. Hulley became a director of Gabriel Resources Ltd. in February 2006. He is also a member of the American Institute of Mining and Metallurgical Engineers and a Fellow of the Australian Institute of Mining and Metallurgy. He holds a B.Sc. in Mining Engineering from the University of Witwatersrand in South Africa and an M.Sc. in Mineral Economics from Stanford University.

*Kevin R. Morano, age 53, director since February 2000.*

Mr. Morano is currently Managing Principal with KEM Capital LLC, a private equity investment company and provider of management advisory services. From March 2002 to March 2007, Mr. Morano worked for Lumenis Ltd., a laser and light-based technology company specializing in medical devices for aesthetic, surgical and ophthalmic applications. His positions with Lumenis included Chief Financial Officer from March 2002 to March 2004 and Senior Vice President for Marketing and Business Development from March 2004 to March 2007. Prior to joining Lumenis, Mr. Morano held a number of senior executive positions with major American public companies including a 21-year career at ASARCO Incorporated, a global copper mining company, and specialty chemicals and aggregates producer, which was acquired by Grupo de Mexico in December 1999. At ASARCO, Mr. Morano served in various senior executive capacities including President and Chief Operating Officer, Executive Vice President and Chief Financial Officer. Mr. Morano holds a B.Sc. in Finance from Drexel University and an M.B.A. from Rider University.

On April 26, 2006 the Securities and Exchange Commission filed a Complaint in U.S. District Court against Lumenis Ltd., one of its former officers and Mr. Morano, alleging violations of the anti-fraud and other provisions of federal securities law. With respect to Mr. Morano, the Complaint alleges that Mr. Morano knowingly or recklessly permitted the improper accounting of certain sales transactions, which resulted in the publication by Lumenis Ltd. of materially false financial statements in 2002 and 2003. If Mr. Morano is found liable, he may be subject to injunctions and monetary penalties as well as an order prohibiting him from serving as an officer or director of any public company, including Apex Silver. Lumenis Ltd. and the former officer, without admitting or denying the allegations in the Complaint, have each settled the claims brought against them. Mr. Morano has informed Apex Silver that he intends to vigorously defend himself against the allegations.

*Terry M. Palmer, age 62, director since September 2004.*

Mr. Palmer is Chairman of Apex Silver's Audit Committee. He has 40 years of financial, management and accounting experience with a particular focus on the mining industry. Since January 2003, Mr. Palmer has worked on a part-time basis for and is a principal of the CPA firm of Marrs, Sevier & Company, LLC. He spent 36 years at Ernst & Young LLP where he rose from a staff position to Partner responsible for audit and advisory services to major international mining companies and serving as the technical consulting partner in the Securities and Exchange Commission-related business. Mr. Palmer is also a director of Allied Nevada Gold Corp. Mr. Palmer holds a B.Sc. in Business Administration from Drake University and an MBA from the University of Denver. He is a Certified Public Accountant and a Member of the American Institute and Colorado Society of Certified Public Accountants.

*Paul Soros, age 80, director since March 1996.*

Mr. Soros serves on the Investment Advisory Committee of Quantum Industrial, a member of the Quantum Group of Funds. Mr. Soros is the founder and former President of Soros Associates, an international engineering firm specializing in port development and offshore terminal and material



handling projects for the mining and other basic industries in more than 80 countries. Mr. Soros has served on the Review Panel of the President's Office of Science and Technology and the US-Japan Natural Resources Commission. A recipient of the Outstanding Engineering Achievement Award of the National Society of Professional Engineers, he holds several patents in material handling and offshore technology and is the author of over 100 technical articles. Mr. Soros holds a Masters degree in Mechanical Engineering from the Polytechnic Institute of Brooklyn and is a licensed Professional Engineer in numerous states.

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**PROPOSAL NO. 2 RATIFICATION OF APPOINTMENT OF AUDITORS**

**The board of directors, pursuant to the recommendation of the Audit Committee of the board of directors, unanimously recommends ratification of the selection of PricewaterhouseCoopers LLP to serve as our independent accountants for our 2007 fiscal year.**

The affirmative vote of the holders of a majority of the ordinary shares entitled to vote and represented in person or by proxy at the annual meeting is required to ratify the selection of our independent accountants for the fiscal year 2007. In the event the ratification is not approved by the required number of holders, the Audit Committee may reconsider, but will not necessarily change, its selection of PricewaterhouseCoopers LLP to serve as our independent accountants.

PricewaterhouseCoopers LLP has served as our independent accountants since our inception. Representatives of PricewaterhouseCoopers LLP will be present at the annual meeting with the opportunity to make a statement if they desire to do so and to respond to appropriate shareholder questions.

The following table presents fees for professional audit services rendered by PricewaterhouseCoopers LLP for the audit or review of Apex Silver's financial statements for the years ended December 31, 2006 and December 31, 2005, and fees billed for other services rendered by PricewaterhouseCoopers during those periods.

	<b>December 31</b>	
	<b>2006</b>	<b>2005</b>
Audit Fees(1)	2,482,145	1,221,283
Audit-Related Fees		