

APEX SILVER MINES LTD
Form 10-Q
May 09, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED

MARCH 31, 2007.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO .

COMMISSION FILE NUMBER 1-13627

APEX SILVER MINES LIMITED

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(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

CAYMAN ISLANDS, BRITISH WEST INDIES
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)

NOT APPLICABLE
(I.R.S. EMPLOYER IDENTIFICATION NO.)

WALKER HOUSE
MARY STREET
GEORGE TOWN, GRAND CAYMAN
CAYMAN ISLANDS, BRITISH WEST INDIES
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

NOT APPLICABLE
(ZIP CODE)

(345) 949-0050

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS: YES NO

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A LARGE ACCELERATED FILER, AN ACCELERATED FILER, OR A NON-ACCELERATED FILER:

LARGE ACCELERATED FILER ACCELERATED FILER NON-ACCELERATED FILER

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A SHELL COMPANY (AS DEFINED IN RULE 12B-2 OF THE EXCHANGE ACT): YES NO

AT MAY 9, 2007, 58,637,525 ORDINARY SHARES, \$0.01 PAR VALUE PER SHARE, WERE ISSUED AND OUTSTANDING.

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APEX SILVER MINES LIMITED
FORM 10-Q
QUARTER ENDED MARCH 31, 2007

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

APEX SILVER MINES LIMITED
An Exploration and Development Stage Company

CONSOLIDATED BALANCE SHEETS
(Expressed in United States dollars)
(Unaudited)

	March 31, 2007 (in thousands, except share data)	December 31, 2006
Assets		
Current assets		
Cash and cash equivalents	\$ 147,792	\$ 49,840
Restricted cash	10,192	31,942
Investments	223,198	325,536
Restricted investments	35,850	65,343
Ore inventories	6,609	3,183
Material and supply inventories	3,025	3,149
Prepaid expenses and other assets	11,002	9,984
Total current assets	437,668	488,977
Property, plant and equipment, net		
Ore inventories	746,425	641,758
Deferred financing costs	26,797	21,341
Value added tax recoverable	18,150	19,485
Investments	63,614	54,158
Deferred tax asset	32,980	42,255
Other	1,596	1,596
Total assets	\$ 1,327,373	\$ 1,270,096
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities		
Accounts payable and other accrued liabilities	\$ 52,272	\$ 47,979
Accrued interest payable	1,151	3,405
Derivatives at fair value	88,046	39,080
Current portion of long term debt	6,688	4,408
Total current liabilities	148,157	94,872
Long term debt	538,489	492,195
Derivatives at fair value	621,846	779,118
Deferred gain on sale of asset	945	1,400
Uncertain tax positions	1,596	1,596
Asset retirement obligation	6,053	5,761
Total liabilities	1,317,086	1,373,346
Minority interest in subsidiaries	395	40
Commitments and contingencies (Note 13)		
Shareholders' equity (deficit)		
Ordinary Shares, \$.01 par value, 175,000,000 shares authorized; 58,628,150 and 58,577,700 shares issued and outstanding at respective dates	586	586
Additional paid in capital	670,922	669,487
Accumulated deficit during development stage	(661,360)	(773,339)
Accumulated other comprehensive income (loss)	(256)	(24)
Total shareholders' equity (deficit)	9,892	(103,290)
Total liabilities and shareholders' equity	\$ 1,327,373	\$ 1,270,096

The accompanying notes form an integral part of these consolidated financial statements.

APEX SILVER MINES LIMITED
An Exploration and Development Stage Company

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in United States dollars)
(Unaudited)

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	Three Months Ended March 31, 2007		2006	For the Period from December 22, 1994 (inception) through March 31, 2007
	(in thousands, except share data)			
Operating income and expenses:				
Exploration	\$ (2,731)	\$ (1,450)	\$ (84,478)	
Administrative	(6,290)	(5,313)	(97,395)	
Gain (loss) on commodity derivatives	108,306	(172,818)	(757,362)	
Gain (loss) on foreign currency derivatives and transactions	984	113	2,597	
Asset retirement accretion expense	(139)	(48)	(545)	