

APOGEE SILVER LTD.
(FORMERLY APOGEE MINERAL LTD.)
(A Development Stage Company)

Interim Consolidated Financial Statements
For the three and nine months ended
March 31, 2011 and March 31, 2010

(Stated in Canadian Dollars)

- Unaudited -

APOGEE SILVER LTD.
(FORMERLY APOGEE MINERALS LTD.)
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Stated in Canadian Dollars)
As at:

	March 31, 2011 \$	June 30, 2010 \$
ASSETS		
Current		
Cash and cash equivalents	4,857,024	2,114,843
Accounts receivable	273,691	71,147
Prepaid expenses	175,185	90,662
	<u>5,305,900</u>	<u>2,276,652</u>
Long-term advance (Note 4)	174,672	174,672
Equipment	31,804	29,875
Interest in mineral properties (Note 5)	17,146,791	12,683,660
	<u>22,659,167</u>	<u>15,164,859</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	366,947	364,761
	<u>366,947</u>	<u>364,761</u>
Shareholders' Equity		
Capital Stock		
Share capital (Note 6)	36,242,374	28,399,048
Warrants (Note 7)	2,892,258	1,272,242
Contributed surplus (Note 9)	8,308,224	6,762,149
Deficit	(25,150,636)	(21,633,341)
	<u>22,292,220</u>	<u>14,800,098</u>
	<u>22,659,167</u>	<u>15,164,859</u>

Commitments and contingencies (Notes 1, 5 and 11)

APPROVED ON BEHALF OF THE BOARD:

Signed "David Gower" _____, Director

Signed "Francois Perron" _____, Director

APOGEE SILVER LTD.
(FORMERLY APOGEE MINERALS LTD.)
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(Stated in Canadian Dollars)

	Number of shares	Share Capital	Contributed Surplus	Warrants	Deficit	Total
	#	\$	\$	\$	\$	\$
BALANCE - June 30, 2009	87,913,056	24,545,408	4,967,046	2,011,671	(21,114,937)	10,409,188
Private placement, net of issue costs	51,311,000	4,754,882	-	-	-	4,754,882
Private placement, warrants issued to brokers	-	(31,532)	-	31,532	-	-
Recovery of accrued issue costs	-	69,000	-	-	-	69,000
Warrants valuation on private placement	-	(938,710)	-	938,710	-	-
Warrants expired	-	-	1,709,671	(1,709,671)	-	-
Stock based compensation	-	-	85,432	-	-	85,432
Loss for the period	-	-	-	-	(518,404)	(518,404)
BALANCE - JUNE 30, 2010	139,224,056	28,399,048	6,762,149	1,272,242	(21,633,341)	14,800,098
Private placement, net of issue costs December 3, 2010	37,690,058	6,275,170	-	-	-	6,275,170
Private placement, warrants issued to brokers	-	(328,611)	-	328,611	-	-
Warrant valuation on private placement	-	(1,539,181)	-	1,539,181	-	-
Warrants exercised	9,318,516	1,044,852	-	-	-	1,044,852
Warrants exercised - valuation	-	247,776	-	(247,776)	-	-
Options exercised	850,000	127,500	-	-	-	127,500
Options exercised - valuation	-	65,820	-	-	-	65,820
Shares issued on property acquisition of January 28, 2011	5,000,000	1,950,000	-	-	-	1,950,000
Stock based compensation	-	-	1,546,075	-	-	1,546,075
Loss for the period	-	-	-	-	(3,517,295)	(3,517,295)
BALANCE - March 31, 2011	192,082,630	36,242,374	8,308,224	2,892,258	(25,150,636)	22,292,220

- See notes accompanying the consolidated financial statements -

APOGEE SILVER LTD.
(FORMERLY APOGEE MINERALS LTD.)
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited)
For the
(Stated in Canadian Dollars)

	Three months ended March 31,		Nine months ended March 31,	
	2011	2010	2011	2010
	\$	\$	\$	\$
Expenses				
Management and consulting fees	1,535,953	84,757	2,875,161	328,588
Shareholder communications	111,524	35,344	214,550	75,841
Office and general expenses	22,797	23,971	65,674	65,556
Travel and promotion	143,247	11,071	214,259	37,118
Professional fees	87,437	14,002	123,000	31,502
Transfer agent and filing fees	33,286	8,832	37,047	17,154
Amortization	205	150	438	451
Interest	-	158	22	158
Loss before the undernoted	(1,934,449)	(178,285)	(3,530,151)	(556,368)
Interest income	14,815	-	19,715	-
Foreign exchange (loss)/gain	12,093	11,636	(6,859)	76,162
Net loss	(1,907,541)	(166,649)	(3,517,295)	(480,206)
NET LOSS FOR THE PERIOD	(1,907,541)	(166,649)	(3,517,295)	(480,206)
DEFICIT, beginning of period	(23,243,095)	(21,428,494)	(21,633,341)	(21,114,937)
DEFICIT, end of period	(25,150,636)	(21,595,143)	(25,150,636)	(21,595,143)
Basic and diluted loss per share	(0.01)	0.00	(0.02)	0.00
Weighted average number of common shares outstanding - basic and diluted	183,660,670	124,679,360	157,869,777	110,073,382

- See notes accompanying the consolidated financial statements -

APOGEE SILVER LTD.
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(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
For the
(Stated in Canadian Dollars)

	Three months ended March 31,		Nine months ended March 31,	
	2011	2010	2011	2010
	\$	\$	\$	\$
CASH AND CASH EQUIVALENTS (USED IN) PROVIDED BY				
OPERATING ACTIVITIES				
Net loss for the period	(1,907,541)	(166,649)	(3,517,295)	(480,206)
Charges not affecting cash and cash equivalents				
Amortization	205	150	438	451
Stock-based compensation (Note 9)	451,020	-	1,546,075	85,432
Net change in working capital	(102,468)	43,134	(21,585)	(196,286)
	(1,558,784)	(123,365)	(1,992,367)	(590,609)
FINANCING ACTIVITIES				
Shares issued from private placement	-	-	6,800,000	2,050,000
Shares issued from exercise options	193,320	-	193,320	-
Shares issued from exercise of warrants	910,102	-	1,044,852	-
Costs of issue	-	-	(524,830)	(101,171)
	1,103,422	-	7,513,342	1,948,829
INVESTING ACTIVITIES				
Purchase of equipment	(2,367)	-	(2,367)	(6,802)
Interest in mineral properties (Note 5 and 6)	(1,244,452)	(453,047)	(2,513,131)	(1,220,484)
Change in prepaid attributable to property expenditures	(37,540)	157,187	(123,063)	157,187
Change in accounts payable attributable to property expenditures	(7,176)	(586,736)	(140,233)	(371,881)
	(1,291,535)	(882,596)	(2,778,794)	(1,441,980)
CHANGE IN CASH AND CASH EQUIVALENTS	(1,746,897)	(1,005,961)	2,742,181	(83,760)
CASH, beginning of period	6,603,921	1,156,216	2,114,843	234,015
CASH and cash equivalents, end of period	4,857,024	150,256	4,857,024	150,255
Cash and cash equivalents consist of :				
Cash	4,252,433	1,156,216	4,252,433	1,156,216
Cash equivalents	604,591	-	604,591	-
	4,857,024	1,156,216	4,857,024	1,156,216
SUPPLEMENTAL INFORMATION				
Interest paid	-	158	22	158

- See notes accompanying the consolidated financial statements -

APOGEE SILVER LTD.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011
(Stated in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Apogee Silver Ltd. (formerly Apogee Minerals Ltd.) ("Apogee" or the "Company") was incorporated in British Columbia, Canada on May 25, 1987 to engage in mineral exploration and development activities. The Company was continued under the laws of the Province of Ontario on January 21, 2005. The Company is a development stage entity as defined by Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 11. The Company currently has interests in exploration and development properties in Bolivia. Substantially all of the Company's efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in exploration and development properties contain mineral reserves which are economically recoverable. The Company's assets that are located outside of North America are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

Pursuant to a special resolution passed by the shareholders of the Company at the Annual and General Meeting held on March 11, 2011, the Company changed its name to "Apogee Silver Ltd." in order to reflect the Company's focus on exploration and development of silver projects. The Company's ticker symbol on the TSX Venture Exchange remained unchanged and is "APE".

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of the carrying value of exploration and development properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements.

These unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

Continued...

APOGEE SILVER LTD.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011
(Stated in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed below, these interim unaudited consolidated financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's annual audited consolidated financial statements for the year ended June 30, 2010.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for public companies in Canada (IFRS will replace Canadian GAAP for public companies). The official changeover date will apply for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of the implementation of IFRS and developing a changeover plan. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. The Company has begun assessing the adoption of IFRS for 2011 and is developing a changeover plan; however, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business combinations

CICA Handbook Section 1582 "Business Combinations", replaces Section 1581 - "Business Combinations" and provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3 - Business Combinations. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Company expects to adopt this standard on July 1, 2011. The Company is currently in the process of evaluating the impact of this standard.

Consolidations and non-controlling interests

CICA Handbook Sections 1601 "Consolidations" and Section 1602 "Non-Controlling Interests" replace Section 1600 "Consolidated Financial Statements". Section 1602 provides the Canadian equivalent to International Accounting Standard 27 - "Consolidated and Separate Financial Statements", for non-controlling interests. The Company expects to adopt this standard on July 1, 2011. The Company is currently in the process of evaluating the impact of this standard.

APOGEE SILVER LTD.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2011

(Stated in Canadian Dollars)

3. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES

Capital management

The Company defines the capital that it manages as its shareholders' equity. As at March 31, 2011 total shareholders' equity was \$22,292,220 (June 30, 2010 - \$14,800,098). As an exploration and development stage company, the Company manages its capital structure, and makes adjustments to it, based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will utilize its working capital and raise additional amounts as needed and if available. The Company continues to evaluate and assess new project opportunities consistent with its growth strategy.

Due to the continuing volatility, along with uncertain forecasts of economic conditions, the Company plans to prudently and cautiously manage its capital resources with respect to expenditure levels.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

Fair value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying value of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate fair value because of the limited term of these instruments. At March 31, 2011, the Company's financial instruments that are carried at fair value, consisting of cash have been classified as Level 1 within the fair value hierarchy.

Credit risk

The Company's credit risk is primarily attributable to amounts receivable. Amounts receivable consists primarily of refundable goods and services tax due from the government of Canada. The Company has no significant concentration of credit risk arising from its operations. Management believes that the risk of loss is low.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2011, the Company had current assets totaling \$5,305,900 (June 30, 2010 - \$2,276,652) to settle current liabilities of \$367,047 (June 30, 2010 - \$364,761).

Continued...

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2011

(Stated in Canadian Dollars)

3. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES (Continued)

Market risk

a) Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

b) Foreign exchange risk

The Company conducts some of its operating and investing activities in currencies other than the Canadian dollar. The Company is therefore subject to gains or losses due to fluctuations in these currencies relative to the Canadian dollar.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

d) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movement is "reasonably possible" (assuming no expenditures are made) over the ensuing year. Since cash deposits are subject to varying terms and rates, sensitivity to a plus or minus 1% change in rates could affect its net loss by approximately \$48,570 based on the cash balance at March 31, 2011.

4. LONG TERM ADVANCES

In October 2009, the Company entered into a letter agreement with Valencia Ventures Inc. ("Valencia") whereby the Company has agreed to purchase a 75% interest in Valencia's Cachinal properties. In consideration for this interest, the Company would pay \$200,000 in cash, and issue 3,000,000 units of the Company, where each unit would comprise of one common share of the Company and one common share purchase warrant. Each warrant would entitle Valencia to acquire one common share of the Company at an exercise price of \$0.25 for a period of twelve months. The Company would have the option to purchase the remaining 25% interest in the Cachinal properties with a payment of \$1,000,000 at any time prior to the third anniversary of the definitive agreement. Completion of this acquisition remains subject to regulatory approval. The Company and Valencia share a common director and common officers. As at March 31, 2011, the Company has advanced \$153,205 of the \$200,000 cash payment required in relation to this agreement. The advance is due on demand, unsecured, non interest bearing with no fixed terms of repayment. This sum is included in long term advances on the balance sheet. We advanced other cost totaling \$21,467 with respect to this property.

Continued...

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011
(Stated in Canadian Dollars)

5. EXPLORATION AND DEVELOPMENT PROPERTIES

	Pulacayo Paca, Bolivia \$	TOTAL \$
Description		
<u>Acquisition costs</u>		
Balance, June 30, 2010	366,901	366,901
Acquisition and property	1,975,907	1,975,907
	2,342,808	2,342,808
<u>Exploration and development expenditures (net)</u>		
Balance, June 30, 2010	12,316,759	12,316,759
Assaying	231,955	231,955
Field expenses	1,117,511	1,117,511
Field office	198,679	198,679
Drilling	447,015	447,015
Travel	6,819	6,819
Geologists/Consultant	485,245	485,245
	14,803,983	14,803,983
Total, March 31, 2011	17,146,791	17,146,791

Pulacayo-Paca, Bolivia

In September 2005, Apex Silver Mines Limited ("Apex") and the Company entered into an agreement on the Pulacayo-Paca project in Bolivia. Under the terms of the agreement, the Company has the right to earn from Apex a 60% interest in the property by completing a bankable feasibility study by July 30, 2009 (not completed) and by spending US\$1,000,000 in exploration within three years of the earn-in period, including US\$250,000 within the first six months of the earn-in period (completed). Apex has agreed to extend the due date for the bankable feasibility study while Apex and the Company negotiate the ongoing terms of the agreement. The Company will be the operator of all work programs on the property.

In February, 2010, the Company announced that it had successfully concluded negotiations with Golden Minerals ("Golden Minerals"), formerly Apex, and had entered into a non-binding Term Sheet to acquire 100% of the Pulacayo-Paca property. In January 2011, the Company announced that it has entered into a definitive agreement (the "Agreement") with Golden Minerals to acquire all of the issued and outstanding shares of an indirectly held subsidiary of Golden Minerals which holds a 100% interest in the Pulacayo-Paca Project. Upon completion of the proposed transaction, the Company will acquire a 100% interest in the property. On January 28, 2011, Apogee issued 5,000,000 common shares of the Company at a value of \$1,950,000 upon closing of the transaction and shall be required to issue an additional 3,000,000 common shares and shall pay Golden Minerals a cash fee in the amount of US\$500,000 eighteen months following closing of the transaction.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011
(Stated in Canadian Dollars)

6. SHARE CAPITAL

	Number of shares	Share capital
	#	\$
Balance, June 30, 2009	87,913,056	24,545,408
Private placements, net of issue costs of \$221,265	51,311,000	4,723,350
Recovery of accrued issue costs	-	69,000
Warrant valuation on private placement	-	(938,710)
Balance, June 30, 2010	139,224,056	28,399,048
Private placement, net of issue costs	37,690,058	6,275,170
Private placement, warrants issued to brokers	-	(328,611)
Warrant valuation on private placement	-	(1,539,181)
Warrant exercised	9,318,516	1,044,852
Warrant exercised - valuation	-	247,776
Options exercised	850,000	127,500
Options exercised - valuation	-	65,820
Shares issued on property acquisition of January 28, 2011	5,000,000	1,950,000
Balance, March 31, 2011	192,082,630	36,242,374

On December 3, 2010, the Company closed a brokered private placement financing of 36,111,112 units at a price of \$0.18 per unit for gross proceeds in the amount of \$6,500,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share of the Company at the exercise price of \$0.25 per share until December 3, 2012. The Company paid the agents and certain finders an aggregate cash commission of \$455,000 and issued to the agents and certain finders a total of 2,527,777 compensation options to acquire 2,527,777 units of the Company. Each compensation option is exercisable at a price of \$0.18 and consists of one common share of the Company and one warrant entitling the holder to acquire a common share at an exercise price of \$0.25 until December 3, 2012.

On December 17, 2010, the Company closed a non-brokered private placement financing of 1,578,946 units of the Company for gross proceeds of \$300,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire a common share of the Company at an exercise price of \$0.25 until December 18, 2012. The common shares and warrants are subject to statutory resale restrictions which expire on April 19, 2011.

In January 2011, the Company announced that it has entered into a definitive agreement (the "Agreement") with Golden Minerals to acquire all of the issued and outstanding shares of an indirectly held subsidiary of Golden Minerals which holds a 100% interest in the Pulacayo-Paca Project. Upon completion of the proposed transaction, the Company will acquire a 100% interest in the property. On January 28, 2011, Apogee issued 5,000,000 common shares of the Company at a value of \$1,950,000 upon closing of the transaction and shall be required to issue an additional 3,000,000 common shares and shall pay Golden Minerals a cash fee in the amount of US\$500,000 eighteen months following closing of the transaction.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011
(Stated in Canadian Dollars)

7. WARRANTS

Warrant activity is as follows:

	March 31, 2011		June 30, 2010	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
	#	\$	#	\$
Balance, beginning of period	39,887,493	0.14	30,410,707	0.32
Granted	40,217,835	0.25	26,481,311	0.50
Exercised	(9,318,516)	0.11	-	0.00
Expired	-	0.00	(17,004,525)	0.50
Balance, end of period	70,786,812	0.21	39,887,493	0.14

Outstanding warrants to acquire common shares of the Company at March 31, 2011 were as follows:

Number of Warrants	Exercise Price \$	Expiry Date	Fair Value \$
4,833,500	0.10	April 30, 2011	110,270
1,616,666	0.10	May 26, 2011	34,388
2,500,000	0.10	August 12, 2011	55,000
1,250,000	0.14	October 16, 2011	47,500
5,550,000	0.14	December 18, 2011	210,900
413,311	0.10	December 18, 2011	16,532
13,775,000	0.20	May 12, 2011	535,766
150,000	0.10	May 12, 2011	4,500
480,500	0.20	May 31, 2011	9,610
36,111,112	0.25	December 3, 2012	1,444,444
2,527,777 *	0.18	December 3, 2012	328,611
<u>1,578,946</u>	0.25	December 17, 2012	<u>94,737</u>
<u>70,786,812</u>	0.21 (weighted average exercise price)		<u>2,892,258</u>

* These are exercisable into units consisting of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.25 until December 3, 2012.

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March 31, 2011
(Stated in Canadian Dollars)

8. STOCK OPTIONS

Stock option activity is as follows:

	March 31, 2011		June 30, 2010	
	Number of Stock Options #	Weighted average exercise price \$	Number of Stock Options #	Weighted average exercise price \$
Balance, beginning of period	8,264,000	0.34	5,364,000	0.49
Granted	11,015,000	0.24	3,300,000	0.10
Expired	(464,000)	0.46	(400,000)	0.36
Exercised	(850,000)	0.08	-	-
Balance, end of period	<u>17,965,000</u>	0.29	<u>8,264,000</u>	0.34

Outstanding stock options to acquire common shares of the Company at March 31, 2011 were as follows:

<u>Number of options outstanding</u>	<u>Exercise price</u>	<u>Expiry Date</u>
100,000	0.365	February 15, 2016
100,000	0.365	March 4, 2016
800,000	0.325	March 10, 2016
600,000	0.28	March 16, 2016
500,000	0.10	September 4, 2014
2,350,000	0.10	August 27, 2014
1,895,000	0.10	August 23, 2015
25,000	0.26	January 11, 2013
7,120,000	0.27	December 8, 2015
25,000	0.295	February 9, 2013
200,000	0.315	February 12, 2013
100,000	0.35	November 28, 2012
200,000	0.35	November 16, 2012
200,000	0.36	December 3, 2012
1,500,000	0.40	June 20, 2013
50,000	0.41	September 1, 2012
1,150,000	0.41	September 4, 2012
100,000	0.60	April 9, 2012
50,000	0.91	June 8, 2011
<u>900,000</u>	0.99	May 8, 2011
<u>17,965,000</u>	0.29 (weighted average exercise price)	

The grant date fair value of the 100,000 stock options granted to directors, officers and consultants of the Company on February 15, 2011, exercisable at \$0.365 and expiring on February 15, 2016, was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 99%; risk-free interest rate of 1.8% and an expected life of 5 years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011
(Stated in Canadian Dollars)

The grant date fair value of the 100,000 stock options granted to directors, officers and consultants of the Company on March 4, 2011, exercisable at \$0.365 and expiring on March 4, 2016, was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 105%; risk-free interest rate of 1.8% and an expected life of 5 years.

The grant date fair value of the 100,000 stock options granted to directors, officers and consultants of the Company on March 10, 2011, exercisable at \$0.28 and expiring on March 10, 2016, was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 104%; risk-free interest rate of 1.5% and an expected life of 5 years.

The grant date fair value of the 100,000 stock options granted to directors, officers and consultants of the Company on March 16, 2011, exercisable at \$0.28 and expiring on March 16, 2016, was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 99%; risk-free interest rate of 1.8% and an expected life of 5 years.

9. CONTRIBUTED SURPLUS

	<u>March 31, 2011</u>	<u>June 30, 2010</u>
	\$	\$
Balance, beginning of period	6,762,149	4,967,046
Stock options granted and/or vested during the period		
Employee	1,484,003	46,952
Non-employee	127,892	38,480
Stock options exercised during the period	(65,820)	
Valuation on warrants expired	-	1,709,671
Balance, end of period	8,308,224	6,762,149

10. RELATED PARTY TRANSACTIONS

The Company was charged \$22,500 by a company controlled by a director of the Company, for administrative services for the nine months ended March 31, 2011 (March 31, 2010 - \$22,500). Related parties are also reimbursed for out of pocket expenses.

The Company shares its premises with other corporations that have common directors and the Company reimburses the related corporations for its proportional share of the expenses. At March 31, 2011 an amount of \$nil (March 31, 2010 - \$1,904) was included in accounts payable in relation to these expenses. These amounts are non-interest bearing, unsecured with no fixed terms of repayment.

The above transactions with related parties are in the normal course of operations and are measured at an exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. COMMITMENTS AND CONTINGENCIES

- (a) The Company is party to certain management contracts. These contracts contain clauses requiring additional payments be made upon the occurrence of certain events such as a change of control. As at March 31, 2011, such payments would amount to \$1,350,492. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated

APOGEE SILVER LTD.
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financial statements. Additional minimum management contract commitments remaining under these contracts are approximately \$36,000 due within one year.

- (b) In connection with the share purchase agreement related to the Company's sale of the La Solucion property, the Company provided an indemnity to the purchasers related to any unrecorded liabilities related to La Solucion at the time of the disposal. If additional liabilities are determined to exist at the time of disposal, the Company is required to assume such liabilities. The Company is not presently aware of any such liabilities.
- (c) The Company's mining and exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

12. SUBSEQUENT EVENTS

Subsequent to the quarter end, on April 26, 2011, the Company announced that it had entered into a letter of intent with for the provision of a \$15,000,000 loan facility (the "Facility") for the development of the Pulacayo-Paca project. The Facility remains subject to a number of conditions precedent, including obtaining all necessary government approvals, including approval of the TSX Venture Exchange, execution of a definitive facility agreement, and satisfactory completion of due diligence investigations by the proposed lender.

On May 3, 2011, the Company announced that it has closed its bought deal private placement of 89,400,000 common shares (the "Offered Shares") of the Company at a price of \$0.28 per Offered Share for aggregate gross proceeds of \$25,032,000.