

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of the financial results of Revett Minerals Inc. ("Revett Minerals" or the "Company") for the year ended December 31, 2005 should be read in conjunction with the audited consolidated financial statements and notes as at December 31, 2005 which form part of this report. These consolidated financial statements are expressed in thousands of United States dollars, unless otherwise stated, and are prepared in accordance with Canadian generally accepted accounting principles. This MD&A is prepared as of March 31, 2006.

Overview

The Company was incorporated in August of 2004 under the Canada Business Corporations Act for the purpose of acquiring Revett Silver Company ("Revett Silver"), completing its initial public offering on the Toronto Stock Exchange (the "IPO"), and furthering the development of the Rock Creek Project. Following the Company's IPO in February 2005 and the supporting Agreement and Plan of Reorganization which was approved by the shareholders of Revett Silver, Revett Minerals acquired approximately 65% of Revett Silver which in turn owns 100% of the Rock Creek Project and 100% of the Troy Mine. In July 2005, Revett Minerals increased its ownership in Revett Silver to approximately 67% through a further exchange of Revett Silver Class B common shares for Revett Minerals common shares. Rock Creek is a large development stage copper and silver property located in northwest Montana. The Troy Mine is a copper and silver mine also located in northwest Montana. In 1993, it was placed on a care and maintenance basis by its previous owner ASARCO Incorporated ("ASARCO"). The Troy Mine was restarted by Revett Silver in late 2004. The consolidated financial statements of Revett Minerals at December 31, 2005 include the accounts of the Company and its subsidiaries being Revett Silver and Revett Silver's wholly owned subsidiaries (Genesis Inc. and RC Resources, Inc.). All inter-company transactions have been eliminated upon consolidation.

Overall Performance

The Troy Mine had been placed on care and maintenance by its previous owner ASARCO in 1993 and had not operated since its acquisition by Revett Silver. As more fully discussed below, the rehabilitation of the mine and the resumption of operations has been successful, albeit, the ramp up of mine production was much slower and more challenging than expected. In February of 2005, the Company completed its IPO realizing net proceeds of approximately \$25 million. At the end of the fourth quarter the Company had over \$12 million of cash and short term investments and remains in a good liquidity position. This cash excludes restricted cash of \$6.7 million (the majority of which is used to secure the reclamation and final closure obligations at the Troy Mine).

For the year ended December 31, 2005, the Company recorded revenues of \$21.1 million. The direct operating costs to produce that revenue were \$19.3 million and depreciation and depletion expense was \$1.4 million implying a profit from mining operations (a non-GAAP measure) of \$0.4 million. Other expenses included the non-cash accrual for reclamation and remediation liability of \$0.6 million, general and administrative costs of \$2.6 million, exploration and development expenditures at Troy and Rock Creek of \$1.3 million and interest expense of \$1.7 million, which is offset by \$0.6 million of interest and other income. This resulted in a loss before

income taxes and non-controlling interest of \$5.2 million and a loss after non-controlling interest of \$2.3 million or \$0.05 per share. Metal sales for the first twelve months of 2005 were 7.8 million pounds of copper and 953,982 ounces of silver. During the twelve month period ending December 31, 2005, the Company used approximately \$1.6 million in cash for operating activities. Overall, the Company experienced difficulty in ramping up production to the levels originally forecast, although steady improvements are now being made. This issue is discussed in more detail further in this report.

Revenues for the fourth quarter of 2005 were \$6.5 million. During the fourth quarter, the mine shipped and received provisional payment for 1.9 million pounds of copper and 244,627 ounces of silver. The direct costs of production for the fourth quarter were \$5.6 million and depreciation and depletion expense was \$0.6 million; implying a profit from mining operations (a non-GAAP measure) of \$0.3 million, representing 71% of the total profit from mining operations for the year. Other expenses during the fourth quarter included, exploration and development costs of \$0.5 million, general and administrative costs of \$1.0 million, interest expense of \$0.9 million, which is offset by interest and other income of \$0.2 million, and the reclamation and remediation liability of \$0.2 million. The loss for the fourth quarter before income taxes and non-controlling interest was \$2.1 million and the loss for the quarter after non-controlling interest was \$0.01 million or \$0.00 per share. For the three month period ending December 31, 2005, the Company used approximately \$0.4 million for operating activities.

Results of Operations for the Fourth Quarter and Twelve Months Ended December 31, 2005

The table below illustrates certain key operating statistics for the three months and twelve months ended December 31, 2005.

	<u>Three Months Ended Dec. 31, 2005</u>	<u>Year Ended Dec. 31, 2005</u>
Tons milled	222,888	782,972
Tons milled per day	2,423	2,145
Copper grade (pct)	0.58	0.69
Silver grade (opt)	1.42	1.65
Copper recovery (pct)	81.7	81.1
Silver recovery (pct)	85.2	84.6
Copper sold (lbs)	1,932,799	7,771,099
Silver sold (ozs)	244,627	953,982
Copper production (lbs)	2,103,121	8,772,802
Silver production (ozs)	270,614	1,094,725

During the first twelve months of 2005, 782,972 tons of ore (2,145 tpd) were processed through the mill, which is less than expected levels. Mill throughput for the fourth quarter was 222,888 tons of ore (2,423 tpd). The primary reason for the shortfall in mill throughput is a shortfall in the production of ore from the mine. This mining shortfall is due to employee inexperience operating the new jumbo drills, delays in developing a sufficient number of mining areas caused by the lower productivity from the new jumbo drills and difficult ground condition in parts of the mine and, also, by poor availability of the new jumbo drill. Management of the Company continues to work aggressively to rectify the production shortfalls. During the fourth quarter, the grade of copper milled averaged 0.58% and the silver head grade was 1.42 ounces per ton. For the year

the copper grade was 0.69% and the silver grade was 1.65 ounces per ton. Recoveries have been marginally below estimates, which is due to the intermittent nature of the mill operations caused by the below plan mill throughput and the normal low recoveries experienced during restart periods.

The table below summarizes the quarterly financial performance of the Company (000's US dollars, except per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net Sales	\$0.00	\$9,741.2	\$4,902.2	\$6,492.4
Loss before taxes and non-controlling interest	\$415.3	\$1,041.4	\$1,634.4	\$2,133.2
Loss for the period	\$288.6	\$848.9	\$1,155.0	\$0.01
Loss per share	\$0.01	\$0.01	\$0.02	\$0.00

Note: First quarter shipments were not recognized as revenue until the second quarter as required by Canadian generally accepted accounting principles

Results of Operations for the Quarter Ended December 31, 2004

The Company was in its formative stages during the final quarter of 2004 and had no material operating activities.

Selected Annual Information For 2004

The Company was originally incorporated in August 2004. In 2004, it had no source of revenue and no continuous operating activities. During December 2004, the Company initiated the preparation of a prospectus for its IPO which was completed in February 2005. The only expenses incurred during 2004 were, therefore, the costs of incorporation, the costs of director fees and meetings and the costs relating to the IPO. All of these expenditures were financed by non-interest bearing advances from Revett Silver which became a subsidiary of the Company following Revett Minerals' IPO in February of 2005. In 2004, the incorporation costs and costs relating to the prospectus were capitalized and the director fees and relating expenses were charged to general and administrative expenses. For 2004, director fees and related costs totaled \$21,747 and these expenses represented the entire loss for the period. In addition, the Company incurred an estimated \$510,268 in incorporation costs and expenditures related to the IPO. These costs were capitalized pending completion of the IPO.

The Troy Mine commenced operations in December 2004 and shipped its first copper concentrate in January 2005.

Prior to commencing evaluation and development activities at Rock Creek, the Company must first complete certain mitigation measures as stipulated in the Rock Creek Record of Decision. This Record of Decision has been challenged by numerous environmental groups. The Company believes that it and the permitting agencies can successfully defend the Record of Decision, and begin work on the Rock Creek evaluation audit. The Company anticipates that further challenges from environmental groups will most likely be initiated as its activities at Rock Creek gain momentum.

Financing Activities

Following the completion of the IPO in February of 2005 and including the exercise of the over allotment rights granted the underwriters, Revett Minerals issued 34.5 million common shares for net proceeds after commissions and the costs of the offering of approximately \$25 million. Revett Minerals used these funds to subscribe for 34.5 million common shares of Revett Silver. Also, in conjunction with the IPO, the Company exchanged 22.7 million of its common shares for 22.7 million common shares of Revett Silver held by the previous owners of Revett Silver. Currently, Revett Minerals owns approximately 67% of Revett Silver, with the remaining 33% of Revett Silver retained by its prior shareholders. In addition, in December Kennecott Montana Company (“Kennecott”) elected to receive common shares as payment for \$0.5 million of deferred interest on its long term note. A total of 1,042,108 common shares of Revett Minerals were issued to satisfy this obligation. As at December 31, 2005 Kennecott retains the right to have a further \$1.0 million of deferred interest satisfied in common shares or cash at its election. As of the date of this report, Revett Silver had entered into the following contractual financial obligations (reported in thousands of US dollars):

Contractual Debt Obligations	Amount Outstanding (long-term portion)	Repayment Schedule	Current Portion	Comments
Long term debt	\$6,000	Interest only, principal due in February 2008	\$189	Interest at prime plus 1%
Royalty obligation	\$3,915	7% of gross metal value; maximum \$9.1 million left	\$3,148	Amount varies with actual production and actual metal prices
Capital lease obligations	\$487	Monthly	\$441	Fixed payments
Operating lease (rail cars)	\$1,518	Monthly	\$298	Fixed payments
Term loan	\$706	Monthly for 36 months	\$488	Fixed payments
Totals	<u>\$12,626</u>		<u>\$4,564</u>	

The above obligations were entered into by Revett Silver in 2004 or 2005 and were necessary to resume mining operations at the Troy Mine. The long term debt due to Kennecott was part of the original consideration given by Revett Silver for the acquisition of the Troy Mine and the Rock Creek Project. The royalty obligation was entered into by Revett Silver in October 2004 and the proceeds from the sale of this royalty were used to restart the Troy Mine. This royalty obligation

is only applicable to production from the Troy Mine. The capital lease obligations and other borrowings were to acquire equipment necessary to resume commercial operations at Troy.

Liquidity and Capital Resources

The Company is in a strong working capital position. At the end of December 31, 2005, there was \$11 million of working capital, including cash and short term investments of \$12 million. The mine is currently operating at a cash flow neutral position and with marginal improvements in production it should begin to generate cash at current metal prices. The Company also has restricted cash of \$6.7 million relating to its funding of the reclamation obligations at the Troy Mine. Long term debt totals \$11 million. Of this amount \$4 million is a production royalty payable only from production from the Troy Mine. The long term portion of equipment leases and term loans totals \$1 million and the remaining \$6 million is the note given Kennecott on the original acquisition of the Troy and Rock Creek properties. The Kennecott note is due in full in February 2008 and interest is payable semi-annually.

Off Balance Sheet Arrangements

During 2002, Kennecott and Revett Silver agreed to amend the February 21, 2000 Asset Purchase and Sale Agreement pursuant to which Revett Silver acquired Kennecott's interest in the Troy Mine and the Rock Creek Project. Among other things, the amendment granted Kennecott the right to acquire a 2% net smelter return royalty from the sale of metals from a defined area of the Company's Rock Creek property. The amendment requires Kennecott to surrender the 2,250,000 shares of Revett Silver's common stock issued as part of the original acquisition agreement in exchange for this royalty. The royalty terminates upon Kennecott's recovery of \$8 million in total royalty payments, plus an adjustment related to changes in the consumer price index. The exchange of common stock for the royalty is at Kennecott's option and may be done at any time until the later of (i) the date one year after Rock Creek achieves production at 80% of designed capacity, or (ii) December 31, 2015.

In October 2004, Revett Silver sold Royal Gold 1,333,333 common shares for gross proceeds of \$1,000,000. Royal Gold has the right to convert these common shares into a perpetual, non-participating 1% net smelter return royalty from production from the Rock Creek Project. This conversion must be made within a specified period of time after the Company makes a decision to develop the Rock Creek Project. This agreement also gives Royal Gold the right to assume certain obligations with respect to the Kennecott note payable if the Company is in default of that note. If Royal Gold assumes the Kennecott note, Royal Gold will have the right to convert the note and interest owing into a 3% net smelter return royalty or into common shares of the Company.

Related Party Transactions

There were no related party transactions in 2005.

Proposed Transactions

In accordance with the Agreement and Plan of Arrangement approved by the shareholders of Revett Silver, Revett Silver anticipates it may either redeem or exchange for common shares of Revett Minerals up to \$1 million worth of Class B common shares of Revett Silver per quarter beginning at the end of the second quarter of 2005. In July 2005, Revett Minerals exchanged

1,777,917 of its common shares for a like number of Revett Silver Class B common shares. Future exchanges of common shares will be dependent upon the guidance provided by the United States Internal Revenue Service on the application of IRS Code section 7874.

Principal Risks and Uncertainties

In March 2005, the Company received the decision of the United States District Court in Missoula, Montana respecting an action by certain environmental groups challenging the United States Fish and Wildlife Services (USFWS) Biological Opinion. That Biological Opinion concluded that the proposed development of the Rock Creek Project would not jeopardize the continued existence of grizzly bears or bull trout in the vicinity of the proposed development. Essentially, the environmental groups alleged the Biological Opinion ignored best available science in its determination with respect to grizzly bears and the agency was arbitrary and capricious. The groups also challenged the mitigation plan which allowed Revett Silver to acquire certain mitigation lands over a period of time, rather than acquiring such lands prior to the commencement of any activity. The Court denied the appeal by the environmental groups on this issue and granted summary judgment on this issue to the USFWS. However, in accordance with the Court's order, the Biological Opinion was remanded back to the USFWS for reconsideration. The Company anticipates a revised Biological Opinion with enhanced mitigation requirements will be issued in early to mid 2006.

In June 2005 certain environmental groups sued the United States Forest Service, among others, over its granting of the Record of Decision ("ROD") approving the development of the Rock Creek project. The Company has been granted intervener status in this dispute. This action was stayed by all parties pending the finalization of the revised Biological Opinion

The Company is an emerging mining company with one producing asset and one developmental property. The following is not an all inclusive discussion of all risks and uncertainties and the reader should refer to the annual information form dated March 31, 2006 for a more detailed discussion of the risk factors that the Company may face. Revett Minerals has engaged in significant mining operations for a period of just over one year. Several regional and national environmental groups have appealed the permitting decisions allowing the Rock Creek evaluation program to proceed. The estimates of mineral resources for the Rock Creek Project are preliminary and cannot be equated with reserves. The Company will not be able to determine if it has a commercially minable ore body at the Rock Creek Project until the evaluation program is completed and a final, positive economic and technical feasibility study is produced. Copper and silver prices fluctuate markedly and had been low for a number of years. No mining had taken place at the Troy Mine since 1993 because of low metals prices. The actual costs of mining at the Troy Mine and developing and operating Rock Creek may differ from the Company's estimates. Challenges to some of the Company's permits brought by various environmental groups could delay or even prevent the commencement of activities at the Rock Creek Project. The Company may not be able to obtain the substantial additional financing needed for such activities. The Company may be subject to substantial reclamation costs at its Troy Mine, and it has substantial financial obligations to Kennecott. Finally, the Company will encounter formidable general mining risks when it engages in mining operations at both the Troy Mine and at the Rock Creek Project.

Critical Accounting Estimates

The company's accounting policies are presented in note 2 of the consolidated financial statements. The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to select accounting policies and make estimates. Such estimates may have a significant effect on the financial statements. These estimates may include but are not limited to:

- a) the carrying values of plant, equipment and mine development,
- b) the estimate of concentrate receivables and revenue,
- c) the carrying values of mineral properties,
- d) the estimates of mineral resources and reserves,
- e) future costs of site reclamation and remediation;
- f) the valuation of stock-based compensation expense; and
- g) the estimate of the allocation of the purchase price for the acquisition of the 67% interest in Revett Silver Company

Actual amounts could differ from the estimates used and, accordingly, affect the results of operation.

Mineral resources and reserves, and the carrying values of mineral properties, and plant, equipment and mine development

Mineral resources and reserves are estimated by professional geologists and engineers in accordance with recognized industry, professional and regulatory standards. These estimates require inputs such as future metal prices, future operating costs and various technical, geological, engineering and construction parameters. Changes in any of these inputs could cause a significant change in the resources and reserves calculated which in turn could have a material effect on the carrying value of mineral property, plant, equipment and mine development.

The carrying value of mineral property is also dependant on the valuation of the consideration given when such properties were acquired. These estimates included the value of common stock, notes payable and reclamation obligations assumed at the time of the acquisition.

The carrying value of property, plant, equipment, and mine development is dependant on the rates used for depreciation and depletion, which themselves are estimates.

Concentrate receivables and revenue

The Company sells its copper and silver in concentrate based upon its own assays of metal content, moisture content and the estimated dry weight of copper concentrate loaded in rail cars. These weight and assay estimates are subject to final confirmation by the receiving smelter and as such these weights and assay estimates may be subject to change. In addition, the Company records the revenue anticipated to be received from the sale of each concentrate shipment based upon its determination of the weight and assays for the each shipment and in accordance with the contract respecting the sale of this copper and silver in concentrate, the preliminary payments are based upon the copper and silver prices determined prior to the date of the provisional invoice. The final price received for copper and silver sold is determined by quoted metal prices

in periods subsequent to the date of the provisional invoice. Changes in these estimates or in metal prices could result in a significant change to the results from operations.

Reclamation and remediation obligations

The Company has a legal obligation to reclaim its mineral properties, and it has estimated the final costs necessary to comply with the standards currently enacted under the applicable laws and regulations. These estimates are prepared and reviewed by third party consultants, government authorities and the Company's employees. The Company must also make estimates for the rate of interest applicable for determination of the periodic accretion expense and the depreciation expense, and for the timing and magnitude of future payments for the work undertaken. Changes in these estimates could result in a significant change to the results from operations.

Stock-based compensation expense

The Company may, from time to time, grant stock options to employees, directors, and service providers. The Company uses the Black-Scholes option pricing model to estimate a value for these options. This model requires management to make estimates as to the expected volatility of the common stock of the Company, the expected term of the option to exercise and future interest rates. Additionally, the Black-Scholes model includes a number of assumptions which are inconsistent with the terms under which these options are granted, such assumptions assume that the options are exercisable by the holder at any time and that these options are freely transferable. Neither of these critical valuation parameters may hold for the options granted by the Company. Thus, changes in these estimates and the conditions underlying the grant of the option could cause a significant change in the stock-based compensation expense charged in any period.

Allocation of the purchase price for the acquisition of a 67% interest in Revett Silver Company

The Company is required to make estimates of the fair market value of the consideration paid for the assets of Revett Silver when it completed its acquisition of a 67% interest in Revett Silver. These estimates included estimates of the fair market value of minerals properties and plant and equipment associated with the Troy Mine which do not have readily determinable market prices and in addition the liabilities assumed are not publicly traded and as such their fair market value is subject to uncertainty.

Changes in Accounting Policies Including Initial Adoption

Effective January 1, 2005, The Company adopted CICA Accounting Guideline 15, "Consolidation of Variable Interest Entities" (AcG-15) on a prospective basis. AcG-15 prescribes the application of consolidation principles for entities that meet the definition of a variable interest entity ("VIE"). An enterprise holding other than a voting interest in a VIE could, subject to certain conditions, be required to consolidate the VIE if it is considered its primary beneficiary whereby it would absorb the majority of the VIE's expected losses, receive the majority of its expected residual returns, or both. The adoption of this new standard had no effect on the consolidated financial statements because management has determined the Company does not have any VIE's.

Financial Instruments and Other Instruments

The Company has no financial instruments and other instruments. Revett Minerals has engaged in minimal hedging activities relating to the quotational period on copper sold. The Company is analyzing its alternatives with respect to the Troy operations and may consider entering into additional hedging transactions in the future. It is the current policy of the Company that if it enters into a hedging agreement, the amount of metal hedged will be less than the amount of metal sold for that same time period.

In accordance with generally accepted accounting principles, the Company must mark to market the amount of concentrate for which final prices have not yet been determined, often referred to as the “open quotational period”. At each month end, the Company will then adjust its revenue to account for these future prices. In order to do this, the Company must make estimates of the future prices which will prevail when the final prices are determined. The company uses future contact prices in effect as at the end of each month to estimate these prices.

Other Requirements

Outstanding Share Data

As of the date of this MD&A, Revett Minerals had 60,047,503 common shares outstanding. Revett Minerals had 825,000 stock options outstanding and 2,070,000 compensation stock purchase warrants outstanding. Revett Silver had 3,325,000 stock options and 3,674,659 stock purchase warrants outstanding. On March 18, warrants representing 520,667 common shares of Revett Silver expired unexercised and are excluded from the foregoing total. The Revett Silver options and warrants may be exercised into Class B common shares of Revett Silver which, under certain conditions, may be exchanged for shares of common stock of Revett Minerals.

As required by Multilateral Instrument 52-109 the Company evaluated the effectiveness of its disclosure controls and procedures as of the year ended December 31, 2005 under the supervision and with the participation of the President and Chief Executive Officer and the Chief Financial Officer. Based upon the results of this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that the design and operations of these disclosure controls and procedures were effective.

Further information on Revett Minerals may be found on the Company’s web site at www.revettminerals.com or at www.sedar.com. In addition, additional information may be found in the Company’s annual information form which is also available on SEDAR.

Forward Looking Statements

Except for the statements of historical fact contained herein, the information presented in this MD&A may contain “forward-looking statements” within the meaning of the *Private Securities Litigation Reform Act of 1995*. Such forward-looking statements, including but not limited to those with respect to the price of silver and copper, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks relating to

environmental laws and regulations, the actual results of exploration activities, actual results of current reclamation activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future metal prices, as well as those factors discussed in the section entitled “Risk Factors” in the annual information form filed on sedar at www.sedar.com Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.