REVETT MINERALS INC.

REPORT TO THE SHAREHOLDERS

FOR THE THREE MONTHS ENDING MARCH 31, 2006

(unaudited)

(Prepared by Management)

REVETT MINERALS INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entities auditor.

Revett Minerals Inc.
Consolidated Balance Sheets
at March 31, 2006
(expressed in thousands of United States dollars)

	March 31, 2006 (unaudited)	December 31, 2005 (audited)
Assets		
Current Assets		
Cash and cash equivalents	$ 3,573.4	$ 4,608.5
Short term investments	5,890.4	7,396.4
Receivables	4,512.3	3,089.5
Inventories	2,600.2	1,738.4
Prepaid expenses and other	794.4	703.2
Total current assets	17,370.7	17,536.0
Property, plant, and equipment (net)	56,807.8	57,191.3
Restricted cash	6,797.6	6,718.6
Other long term assets	1,642.0	1,680.4
Total assets	$ 82,618.1	$ 83,126.3
Liabilities and stockholders equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,768.3	$ 2,858.8
Current portion of lease and note obligations	3,266.6	4,077.2
Total current liabilities	6,034.9	6,936.0
Long-term portion of debt	11,343.2	11,108.0
Reclamation and remediation	8,988.6	8,951.4
Future income tax	7,297.8	7,297.8
Total liabilities	33,664.5	34,293.2
Non controlling interest	8,305.7	8,210.8
Stockholders' equity		
Preferred stock, no par value, unlimited authorized, nil issued and outstanding		
Common stock, no par value unlimited authorized, 60,047,503 shares issued and outstanding	42,701.4	42,701.4
Contributed surplus	243.2	243.2
Deficit	(2,296.7)	(2,322.3)
	40,647.9	40,622.3
Total liabilities and stockholders equity	$ 82,618.1	$ 83,126.3

See accompanying notes to intermin consolidated financial statements.

Revett Minerals Inc.
Consolidated Statement of Operations
Three months ended March 31, 2006 and March 31, 2005
(expressed in thousands of United States dollars)

	Three month period March 31, 2006 (unaudited)	Three month period March 31, 2005 (unaudited)
Revenues	$ 7,437.7	$ -
Expenses:		
Cost of sales	5,933.8	(85.4)
Depreciation and amortization	414.7	89.4
Exploration and development	316.6	58.4
General & administrative	551.1	200.4
Accretion of reclamation and remediation liability	37.2	16.2
	7,253.4	279.1
Income from operations	184.3	(279.1)
Other expenses (income):		
Interest expense	241.7	181.2
Interest income	(177.7)	(45.1)
Total other expenses	63.9	136.2
Net income (loss) before non controlling interest and taxes	120.4	(415.3)
Income taxes (recovery)	-	-
Net income before non controlling interest	120.4	(415.3)
Non controlling interest	94.8	(126.7)
Net income (loss) for the period	$ 25.6	$ (288.6)
Basic earnings (loss) per share	$ 0.00	$ (0.01)
Fully diluted earnings (loss) per share	$ 0.00	$ (0.01)
Weighed average number of shares outstanding	60,047,503	19,702,283

See accompanying notes to interim consolidated financial statements.

Revett Minerals Inc.
Consolidated Statement of Cash Flow
Three months ended March 31, 2006 and March 31, 2005
(expressed in thousands of United States dollars)

	Three month period March 31, 2006 (unaudited)	Three month period March 31, 2005 (unaudited)
Cash flows from operating activities:		
Net income (loss) for the period	$ 25.6	$ (288.6)
Adjustment to reconcile loss to net cash used by operating activities		
Depreciation and amortization	414.7	89.4
Accretion of reclamation and remediation liability	37.2	58.4
Stock based compensation	-	10.3
Expenses paid with common shares	-	-
Future income tax expense (recovery)	-	-
Non controlling interest	94.8	(126.7)
Changes in:		
Accounts receivable	(1,422.8)	552.8
Inventory	(861.7)	(1,643.6)
Prepaid expenses and other	(91.1)	(608.4)
Accounts payable	(90.6)	1,368.7
Deferred revenue acquired	-	2,061.0
Net cash used by operating activities	(1,894.0)	1,473.4
Cash flows from investing activities:		
Business acquistions, net	-	1,123.3
Other long term assets	39.3	(1,360.0)
Restricted cash	(78.9)	(6,418.6)
Purchase of plant and equipment	(32.0)	(584.6)
Sale of short term investments	1,506.0	-
Net cash provided (used) by investing activities	1,434.4	(7,239.9)
Cash flows from financing activities:		
Proceeds from the issuance of common stock, net	-	24,972.1
Proceeds from long term debt	-	210.4
Repayment of debt	(463.3)	-
Repayment of capital leases	(112.3)	-
Net cash from (used by) financing activities	(575.5)	25,182.6
Net (decrease) increase in cash and cash equivalents	(1,035.1)	19,416.0
Cash and cash equivalents, beginning of period	4,608.5	-
Cash and cash equivalents, end of period	$ 3,573.4	$ 19,416.0
Supplementary cash flow information:		
Cash paid for interest expense	$ 299.6	$ -
Cash paid for income taxes	$ -	
Common stock issued in business acquisition	$ -	$ 16,439.5
Common stock issued in connection with debt settlement	$ -	$ -
Acquisition of plant and equipment under capital lease	$ -	$ -

See accompanying notes to interim consolidated financial statements.

Revett Minerals Inc.
Consolidated Statement of Deficit
Three months ended March 31, 2006 and March 31, 2005
(expressed in thousands of United States dollars)

	Three month period March 31, 2006	Three month period March 31, 2005
Deficit, beginning of period	$ 2,322.2	$ 21.7
Loss (income) for the period	(25.6)	288.6
Deficit, end of period	$ 2,296.7	$ 310.3

See accompanying notes to interim consolidated financial statements.

1. Nature of Operations

Revett Minerals Inc. ("Revett Minerals" or the "Company") was originally incorporated under the Canada Business Corporations Act in August 2004, for the purpose of accessing public markets to finance future development of the Rock Creek Project and provide the public with a vehicle for participating in the operations of the Troy Mine. Following the public offering and the supporting Plan of Arrangement approved by the shareholders of Revett Silver Company ("Revett Silver"), Revett Minerals currently owns approximately 67% of Revett Silver which in turn owns 100% of the Rock Creek Project and 100% of the Troy Mine. 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 that was placed into production in January 2005 after being placed into a care and maintenance basis, by its previous owner ASARCO Incorporated ("ASARCO"), in 1993.

The Company's continuing operations and the underlying value and recoverability of the amounts shown for the Rock Creek mineral property is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete exploration and development of the property, obtaining the necessary operating permits and upon future profitable production or proceeds from the sale of the project. The recoverability of the amounts shown for the Troy Mine and the related plant and equipment and supplies inventory is dependent upon the ability of the Company to profitably operate the mine or from proceeds from the disposition of the mine.

2. Summary of Significant Accounting Policies

Basis of Presentation

In the opinion of management, the accompanying unaudited interim consolidated balance sheet and consolidated statements of operations, deficit and cash flows contain all adjustments, consisting only of normal recurring accruals, necessary to present fairly, in all material respects, the financial position of Revett Minerals as of March 31, 2006 and the results of its operations and its cash flows for the three month period ended March 31, 2006.

These unaudited interim financial statements are prepared using the same accounting policies and methods of application as those disclosed in note 2 to the Company's audited financial statements for the period ended December 31, 2005. These interim statements do not include all the notes to the financial statements required in audited statements and as such these statements should be read in conjunction with the most recently completed audited statements of the Company for the year ended December 31, 2005 and with the financial statements and accompanying notes for the period ending December 31, 2005. These statements
have been prepared in accordance with accounting principles generally accepted in Canada. All currency is reported in United States dollars unless otherwise specified.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes and the disclosure of contingent assets and liabilities at the date of the financial statements. Significant areas requiring the use of estimates include the recoverability of mineral property, plant, and equipment, the determination of the reclamation and remediation liability, assumptions used in determining the fair value of non-cash based compensation, determination of valuation allowances for future income tax assets, measurement of concentrate inventory, expected economic lives for depreciation, depletion and amortization, the estimation of metal revenues prior to the finalization of weights, assays and the applicable metal price quotational period, and the fair value of assets and liabilities acquired in business combinations. Actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all short term money market instruments which, on acquisition; have an original maturity of three months or less. Cash and cash equivalents consist of funds deposited with various high quality financial institutions. The Company's cash and cash equivalents are not subject to any restriction.

Short term investments

Short term investments, which comprise marketable and other securities that are available for sale or have original maturity dates of more than three months and less than one year, are carried at cost less any amounts written off to reflect impairment in value which is other than temporary.

Revenue recognition

Revenue from the sale of copper and silver concentrate is recorded net of smelter treatment and refining charges and deductions. Revenue is recognized when persuasive evidence of an arrangement exists, title and risk passes to the buyer, collection is reasonably assured and the price is reasonably determinable. Copper and silver concentrates are sold under pricing arrangements where final prices are determined by quoted metal prices in periods subsequent to the date of sale. Therefore, revenue from the sale of metals in concentrates must be subject to adjustment upon final settlement of estimated metal prices, weights and assays. Adjustments to revenue for metal prices are made monthly and other adjustments are recorded on final settlement.

Stock-based compensation

The Company has adopted the CICA standard “Accounting for Stock-based Compensation and Other Stock-based Payments” and records all stock based compensation using the fair value method.

Under the fair value method, stock based payments are measured at fair value of the consideration received or the fair value of the equity instruments issued or the liabilities incurred, whichever is more readily measureable and are charged to earnings over the vesting period. The offset is credited to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

Income (loss) per share

Basic income (loss) per share is calculated using the weighted average number of shares issued and outstanding during the period. Diluted income (loss) per share is calculated using the treasury stock method which requires the calculation of the diluted income (loss) per share by assuming that outstanding stock options and warrants with an average price that exceeds the average exercise price of the options and warrants for the period are exercised and the assumed proceeds are used to repurchase shares of the Company at the average market price of the common shares for the period. If a loss exists the diluted loss per share is the same as the basic loss per share because any potential dilutive shares would be anti-diluted.

Foreign currency translation

Transactions and account balances stated in currencies other than the United States dollar are translated into the United States dollar using the temporal method of foreign currency translation as follows:

- Revenue and expense items at the rate of exchange in effect on the dates they occur
- Non-monetary assets and liabilities at historical exchange rates, unless such items are carried at market, in which case they are translated at the exchange rate in effect on the balance sheet date
- Monetary assets and liabilities at the exchange rate in effect at the balance sheet date.

Exchange gains and losses are recorded in the statement of operations in the period in which they occur.

Inventory

Materials and supplies are valued at the lower of average cost and replacement value. Stock-piled ore and work in process inventory are valued at the lower of average production cost and net realizable value after an allowance for additional processing costs. Finished goods inventory which consists of copper and silver concentrate available for sale is valued at the lower of average production cost and net realizable value. Production costs include the costs of raw materials, direct labour, mine site overhead expenses and depreciation of mineral property, plant and equipment.

Mineral property, plant and equipment

Costs related to the acquisition of property and minerals rights, construction of production facilities and the development of mine infrastructure costs are capitalized. Costs of permitting, evaluation and feasibility are capitalized upon the completion of an analysis which demonstrates the economic viability of the mineral deposit. Once commercial production has commenced, these costs are amortized using the units-of-production method based on proven and probable reserves. If the mineral property proves to be uneconomic or otherwise determined to have a value less than the carrying amount, then previously capitalized costs are written down in the period in which such determination is made. Production facilities and equipment are stated at cost and are depreciated using the straight-line or units-of-production method at rates sufficient to depreciate the assets over their estimated useful lives, not to exceed the life of the mine to which the asset relates. Vehicles and office equipment are stated at cost and are depreciated using the straight-line method over estimated useful lives of three to six years. Maintenance and repairs are charged to operations as incurred. Betterments of a major nature are capitalized. When assets are sold or retired, the costs and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in operations.

Reclamation and remediation

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognizes the fair value of future reclamation and remediation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long lived assets that results from the acquisition, construction, development and/or normal use of an asset, if a reasonable estimate of fair value can be made. The liability is measured initially at fair value and the resulting cost capitalized into the carrying value of the related asset. In subsequent periods the liability is adjusted for accretion of the discount and any change in the amount or timing of the underlying cash flows. The asset retirement cost is depreciated over the remaining life of the asset.

Income taxes

The provision for income taxes is based upon the asset and liability method. The Company recognizes future income tax assets and liabilities and the expected future income tax consequences of events that have been recognized in the financial statements. Future income tax assets and liabilities are determined based on the temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted rates in effect in the period in which the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the substantive date of enactment. The Company records a valuation allowance against any portion of those future income tax assets that management believes will ore likely than not fail to be realized.

(expressed in thousands of U.S. dollars, except per share amounts)

Non-controlling interest

Non-controlling interest exists on the Company's less than wholly owned subsidiary and represents the non-controlling interest's share of the carrying value of the subsidiary.

3. Business Acquisition

On February 16, 2005, the Company completed the acquisition of a 65% interest in Revett Silver Company, a private Montana corporation. The Company contributed the net proceeds of its IPO to Revett Silver in exchange for 34,500,000 common shares of Revett Silver and in addition exchanged 22,711,788 of its common shares for 22,711,788 common shares of Revett Silver. In July, 2005, the minority interest shareholders of Revett Silver converted an additional 1,777,917 common shares to Revett Minerals common shares on a one for one basis. As of March 31, 2006 Revett Minerals owned 67% of Revett Silver. The allocation of the purchase price for the combined acquisition based on the consideration given is summarized as flows.

Fair market value of assets acquired:	
Current assets	$32,826.2
Plant and equipment	4,251.4
Mineral property	49,014.8
Other assets	80.4
	$86,172.8
Less:	
Current Liabilities	6,628.5
Reclamation and remediation liability	8,367.0
Long term debt	10,551.1
Future income tax	9,015.5
Non controlling interest	9,416.8
	43,978.9
Consideration given:	
Cash subscription for 34,500,000 shares	24,972.1
Exchange of 24,489,705 Revett Silver common shares	17,221.8
	$42,193.9

(expressed in thousands of U.S. dollars, except per share amounts)

4. Inventory

The major components of the Company's inventory accounts at March 31, 2006 and December 31, 2005 are as follows:

	March 31, 2006	December 31, 2005
Concentrate inventory	$ 380.1	$ 200.4
Material and supplies	2,220.1	1,538.0
	$ 2,600.2	**$ 1,738.4**

5. Mineral Property, Plant, Equipment and Mine Development

The major components of the Company's mineral property, plant, and equipment accounts at March 31, 2006 and December 31, 2005 are as follows:

	March 31, 2005	December 31, 2005
TROY:		
Property	$ 11,314.1	$ 11,090.8
Plant and equipment	8,016.6	7,984.9
Buildings	441.5	441.5
ROCK CREEK:		
Property and development	37,713.7	37,937.5
OTHER, corporate	1,059.4	1,058.8
OTHER, mineral properties	117.5	118.7
Accumulated depreciation &depletion	(1,855.0)	(1,440.9)
	$ 56,807.8	**$ 57,191.3**

The Company reviews the carrying value of its assets at each reporting period and whenever events or circumstances indicate that an assets fair value may not be at least equal to its carrying value.

6. Restricted Cash

On March 29, 2005, the Company purchased from a leading North American insurance company an environmental risk transfer program ("the ERTP'). The total cost of the ERTP was $8.4 million. Of this $8.4 million, $6.5 million was deposited in an interest-bearing account with the insurer ("the Commutation Account"). The Commutation Account principal plus interest earned on the principal are reserved exclusively to pay the Company's currently existing reclamation and mine closure liabilities at the Troy Mine.

The remaining $1.9 million comprises premiums paid to the insurer and Montana state taxes on the ERTP transaction. This remaining amount is considered a non-current asset and will be amortized over the life of the mine on a units-of-production basis.

(expressed in thousands of U.S. dollars, except per share amounts)

7. Long-term debt

At March 31, 2006 and December 31, 2005 the balance of the company's long term debt and capital lease obligations was as follows.

	March 31, 2006	December 31, 2005
Royal Gold royalty	$ 6,719.3	$ 7,063.7
Kennecott note	6,000.0	6,000.0
Term Loan	1,074.6	1,193.2
Capital leases	815.9	928.3
Current portion	(3,266.6)	(4,077.2)
	$ 11,343.2	**$ 11,108.0**

Royal Gold Royalty

In October 2004, Revett Silver sold Royal Gold two royalties on production from the Troy Mine, for $7,250,000 (the "production payment") and $250,000 (the "tail royalty"), respectively. The production payment royalty is a 7% gross smelter return royalty payable in cash on production and limited to the lesser of 90% of proven and probable reserves as at October 13, 2004 or $10,500,000. The tail royalty is also payable in cash at the rate of 6.1% on the gross smelter returns from Troy for production between 100% and 115% of its proven and probable reserves as at October 13, 2004 and then at the rate of 2% thereafter. The tail royalty was accounted for as disposition of mineral property and the production payment is accounted for as a loan.

Kennecott Note Payable

The Kennecott note payable is for $5 million, and initially accumulated interest at 9% compounded on a semi-annual basis and matured on February 21, 2004. In 2002, an amendment to the Kennecott purchase agreement changed the interest rate to one-percent over the prime rate in effect on the last day of the preceding quarter and extended the maturity date to February 21, 2008. The note allows Kennecott the option to receive interest payments in cash or in common stock provided the stock has traded on a public market for no less than thirty days at the time the interest payment is due. In addition, Kennecott may elect to receive the interest semi-annually or to defer such payments. Until February 2005, Kennecott had elected to defer the interest payments due it, and accordingly, such accrued interest amounts were classified as long-term. The Kennecott note is secured by mortgages on the mining claims comprising the Troy and Rock Creek properties, buildings and mill facilities. Revett Silver cannot sell or further encumber these assets (other than in connection with production financing) without Kennecott's express consent for so long as the obligation is outstanding. Kennecott also has the right to approve any sale of all or substantially all of the assets of Revett Silver, or a merger or consolidation in which Revett Silver is not the surviving entity.

Term loan and capital leases

The loan and leases were entered into by Revett Silver and were used to acquire mining and ancillary equipment for the Troy Mine. The monthly payments on this loan are $46,325 and it will be repaid in 2008. The estimated annual payments on the capital leases are; 2006-$472,000; 2007-$381,000; 2008-$78,300; 2009-$31,100; and 2010-$9,000.

8. Share Capital

Common Stock

The Company has one class of no par value common stock of which an unlimited number are authorized for issue. The holders of common stock are entitled to receive dividends without restriction when and if declared by the board of directors. Holders of the Company's common stock are not entitled to preemptive rights to acquire additional shares of common stock and do not have cumulative voting rights. At March 31, 2006 and December 31, 2005 the Company had 60,047,503 shares of common stock outstanding. In addition Revett Silver has 28,978,706 Class B common shares outstanding which are exchangeable into common shares of the Company under certain conditions.

Preferred Stock

The Company is authorized to issue an unlimited number of no par preferred stock. The Company's Board of Directors is authorized to create any series and, in connection with the creation of each series, to fix by resolution the number of shares of each series, and the designations, powers, preferences and rights; including liquidation, dividends, conversion and voting rights, as they may determine. At March 31, 2006, no preferred stock was issued or outstanding.

Stock options

In 2005, the Company adopted the Equity Incentive Plan (the "Plan"). The purposes of the Plan are to enable the Company to attract and retain able employees and to provide a means of compensating those
employees, and directors, officers and other individuals or entities integral to the Company's success, with stock. The Plan is currently administered by the Company's board of directors, which is authorized to grant common stock, incentive stock options, stock appreciation rights or any combination of the foregoing to eligible participants.

The Plan requires the Company to reserve and have available for issue, 8,000,000 shares of common stock, less that number of shares reserved for issuance pursuant to stock options granted under the Revett Silver stock option plan. The aggregate number of shares of common stock that may be issued to any holder or awarded to any grantee under the Plan may not exceed five percent of the outstanding common shares. The Plan was approved by the Company's board of directors in January 2005.

(expressed in thousands of U.S. dollars, except per share amounts)

As at March 31, 2006, Revett Silver had granted a total of 3,325,000 stock purchase options exerciseable into Class B common shares of Revett Silver at a weighed average price of $0.59 per share. There were no grants of options in 2006.

There were no option grants for Revett Minerals during the first quarter of 2006. As at March 31, 2006, the Company granted its directors and employees options to acquire 825,000 common shares of the Company pursuant to the Plan at an average price of $0.63 per share.

The fair value of stock options granted was estimated using the Black-Scholes option pricing model with the following assumptions: The exercise price of the option at the date of the grant equals the fair value of the stock;

a) Risk-free interest rate at the date of the grant- 3.79% per annum;
b) Life of the option- 4 years;
c) Volatility- 70%; and
d) Dividends- nil.

Stock Purchase Warrants

In conjunction with the IPO of Revett Minerals in 2005, the Company granted the underwriters non-assignable compensation warrants exerciseable into 2,070,000 common shares of the Company at (Cdn) $1.20 per share until February 15, 2007.

All of the warrants of Revett Silver are exerciseable into Class B common stock of Revett Silver, which in turn are exchangeable into common stock of Revett Minerals. In conjunction with the private placement completed in the first quarter of 2004, Revett Silver issued compensation warrants to the underwriter exercisable into 520,667 Class B common shares of Revett Silver at $0.75 per share until March 18, 2006. These warrants expired unexercised. In addition, as part of this private placement Revett Silver issued stock purchase warrants exerciseable into 3,054,659 Class B common shares of Revett Silver at $1.00 per share. These warrants expire 18 months after Revett Silver becomes listed on a public stock exchange.

In 2003, the Revett Silver issued 620,000 stock purchase warrants in connection with a series of private placements of common stock of Revett Silver. These warrants expire on September 17, 2008 and have an exercise price of $0.25 per common share.

WARRANT SUMMARY TABLE

	Number	**Exercise price**	**Expiry**
Revett Minerals	2,070,000	C$1.20	February 2007
Revett Silver	3,054,659	US$ 1.00	To be determined
Revett Silver	620,000	US$ 0.25	September 2008

(expressed in thousands of U.S. dollars, except per share amounts)

9. Income Taxes:

The Company's income tax expense differs from the amount computed by applying the combined United States federal and state statutory rate of 39.4% as follows:

Income before taxes and non-controlling interest	$ 120.4
Expected tax recovery (expense)	(47.4)
Tax losses utilized	141.8
Other differences	(94.4)
Income tax recovery (expense)	$ 0.0

At March 31, 2006, the Company had United States operating losses of approximately $9.2 million and Canadian losses and tax deductions of approximately $2.0 million, which may be carried forward and used to reduce certain taxable income in future years. The use of the United States operating losses that were incurred prior to the acquisition of Revett Silver is subject to an annual limitation, estimated at approximately $2.1 million. The future income tax assets related to Canadian losses and tax deductions have been offset by a valuation allowance.

10. Related Party Transactions

There were no related party transactions during the first quarter of 2006.

11. Commitments and Contingencies

Environmental

The Company's mining properties are subject to various federal and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect the public health and environment and believes its operations are in compliance with all material applicable laws and regulations.

In connection with the terms of the ASARCO asset purchase agreement, the Company agreed to assume all liabilities associated with reclamation and closure obligations at the Troy Mine. The Montana Department of Environmental Quality ("Montana DEQ") looks to Genesis Inc. as primary obligor of the reclamation liabilities, and has required that Genesis post a reclamation bond in the amount of $10.5 million as security for the reclamation obligations at Troy. Revett Silver has purchased an environmental risk transfer program
which is expected to fund Revett Silver's expected reclamation and remediation cost obligations at the Troy Mine.

Revett Silver has estimated its environmental liabilities in conjunction with its purchase accounting of the Troy Mine and recorded them in accordance with CICA 3110 "Asset

Retirement Obligations". This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred. CICA 3110 requires the Company to record a liability for the present value of the estimated environmental remediation costs and the related asset created with it. The liability will be accreted and the asset will be depreciated over the remaining life of the Troy Mine using the units-of-production method. Adjustments for changes resulting from the passage of time and changes to either the timing or amount of the original present value estimate underlying the obligation will be made as such facts become quantifiable. The estimate for the final closure costs at Troy, assuming a third party manages the closure is $10.5 million.

In accordance with the operating permit granted the Troy Mine the Montana DEQ is periodically required to review the ultimate bonding requirements for the Troy Mine. The bonding requirements at Troy total $11.9 million and they are expected to increase by $338,005 per year to 2009.

Kennecott Purchase Agreement Amendment

During 2002, Kennecott and Revett Silver agreed in principle to amend the February 21, 2000 Asset Purchase and Sale Agreement. 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. Kennecott may exercise this right at any time until the later of: (1) one year after the Rock Creek Project achieves 80% of designed commercial capacity production or (2) December 31, 2015. The amendment requires Kennecott to surrender the 2,250,000 shares of the Company's common stock or the common stock of Revett Silver previously issued 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.

Royal Gold Private Placement

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 or the common shares of the Company 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 Revett Silver 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.