

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2009.**

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

**REVETT MINERALS INC.**

(Exact name of small business issuer in its charter)

Canada  
(State or other jurisdiction of incorporation)

Not Applicable  
(IRS Employer Identification No.)

11115 East Montgomery, Suite G  
Spokane Valley, Washington 99206  
(Address of principal executive offices)

Registrant's telephone number: (509) 921-2294

Indicate by check mark whether registrant has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for a shorter period that the registrant was required to file such reports), and has been subject to such filing requirements for the past 90 days.  **yes**  **no**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large filer" in rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer       Accelerated filer       **Non-accelerated filer**

Indicate by check whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.  **yes**  **No**

At August 14, 2009, **111,159,346** shares of common stock were issued and outstanding.

Revett Minerals Inc.  
Form 10-Q  
QUARTER ENDED June 30, 2009

INDEX

|   | <u>PAGE</u> |
|---|-------------|
| <br>PART I – FINANCIAL INFORMATION  |             |
| ITEM 1. FINANCIAL STATEMENTS.....   | 4           |
| ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF<br>FINANCIAL CONDITION AND RESULTS OF OPERATIONS..... | 23          |
| ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES<br>ABOUT MARKET RISK AND HEDGING ACTIVITIES.....     | 36          |
| ITEM 4. CONTROLS AND PROCEDURES.....  | 37          |
| <br>PART II – OTHER INFORMATION   |             |
| ITEM 1. LEGAL PROCEEDINGS.....  | 38          |
| ITEM 1A. RISK FACTORS.....  | 42          |
| ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES<br>AND USE OF PROCEEDS.....                           | 42          |
| ITEM 3. DEFAULTS UPON SENIOR SECURITIES.....  | 42          |
| ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF<br>SECURITY HOLDERS.....                                   | 42          |
| ITEM 5. OTHER INFORMATION.....  | 42          |
| ITEM 6. EXHIBITS.....   | 42          |
| SIGNATURES.....   | 43          |

## Part I – Financial Information

### Item 1. Financial Statements (unaudited)

## Revett Minerals Inc. and Subsidiaries

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### Contents

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|  | <u>Page</u> |
|--|-------------|
| <i>FINANCIAL STATEMENTS:</i>                           |             |
| <i>Consolidated balance sheets</i>                     | 4           |
| <i>Consolidated statements of operations</i>           | 5           |
| <i>Consolidated statements of cash flows</i>           | 6           |
| <i>Consolidated statements of shareholders' equity</i> | 7           |
| <i>Notes to consolidated financial statements</i>      | 8-22        |

**Revelt Minerals Inc.**  
**Consolidated Balance Sheets**  
**at June 30, 2009 and December 31, 2008**  
*(expressed in thousands of United States dollars)*

|  | June 30, 2009<br>(unaudited) | December 31, 2008 |
|--|------------------------------|-------------------|
| <b>Assets</b>  |                              |                   |
| <b>Current Assets</b>  |                              |                   |
| Cash and cash equivalents  | \$ 3,256                     | \$ 1,633          |
| Concentrate settlement and other receivable  | 1,875                        | 224               |
| Income taxes receivable  | -                            | 99                |
| Inventories (note 4)   | 3,365                        | 3,695             |
| Prepaid expenses and deposits  | 256                          | 341               |
| Total current assets   | 8,752                        | 5,992             |
| Property, plant, and equipment (net) (note 5)  | 54,734                       | 63,228            |
| Restricted cash  | 6,614                        | 7,597             |
| Other long term assets   | 1,042                        | 1,125             |
| <b>Total assets</b>  | <b>\$ 71,142</b>             | <b>\$ 77,942</b>  |
| <b>Liabilities and shareholders' equity</b>  |                              |                   |
| <b>Current liabilities</b>   |                              |                   |
| Trade accounts payable   | \$ 3,103                     | \$ 3,532          |
| Payroll liabilities  | 1,142                        | 1,251             |
| Income, property and mining taxes  | 1,168                        | 1,060             |
| Concentrate settlement payable   | -                            | 1,965             |
| Other accrued liabilities  | 2,056                        | 1,093             |
| Note payable (note 6)  | 4,292                        | -                 |
| Current portion of long term debt (note 7)   | 677                          | 1,569             |
| Total current liabilities  | 12,438                       | 10,470            |
| Long-term portion of debt (note 7)   | 1,372                        | 579               |
| Reclamation and remediation liability (note 9 (b))   | 7,845                        | 7,526             |
| Future income taxes  | -                            | 5,917             |
| Total liabilities  | 21,655                       | 24,492            |
| Non controlling interest   | 528                          | 5,253             |
| <b>Shareholders' equity</b>  |                              |                   |
| Preferred stock, no par value, unlimited authorized,<br>nil issued and outstanding   |                              |                   |
| Common stock, no par value unlimited authorized,<br>111,159,346 (2008- 75,210,697) shares issued and outstanding (note 8(a)) | 58,672                       | 56,899            |
| Warrants (note 8 (a))  | 241                          | -                 |
| Contributed surplus  | 2,420                        | 1,788             |
| Deficit  | (12,374)                     | (10,490)          |
| <b>Total liabilities and shareholders' equity</b>  | <b>\$ 71,142</b>             | <b>\$ 77,942</b>  |

*See accompanying notes to interim consolidated financial statements.*

**Revelt Minerals Inc.**  
**Consolidated Statements of Operations**  
**Three and six months ended June 30, 2009 and 2008**  
*(expressed in thousands of United States dollars except share and per share amounts)*  
*(unaudited)*

|   | Three month<br>period ended<br>June 30, 2009 | Three month<br>period ended<br>June 30, 2008 | Six month<br>period ended<br>June 30, 2009 | Six month<br>period ended<br>June 30, 2008 |
|---|--|--|--|--|
| Revenues  | \$ 7,638                                     | \$ 13,377                                    | \$ 14,777                                  | \$ 25,411                                  |
| Expenses:   |  |  |  |  |
| Cost of sales (note 4)                                      | 7,028  | 9,515  | 13,943                                     | 17,793                                     |
| Depreciation and depletion                                  | 633  | 454  | 1,260                                      | 846  |
| Exploration and development                                 | 76   | 958  | 149  | 1,310                                      |
| General & administrative                                    | 747  | 1,389  | 1,457                                      | 2,375                                      |
| Accretion of reclamation and remediation liability          | 165  | 148  | 319  | 295  |
|   | <u>8,649</u>                                 | <u>12,464</u>                                | <u>17,128</u>                              | <u>22,619</u>                              |
| Income (loss) from operations                               | (1,011)                                      | 913  | (2,351)                                    | 2,792                                      |
| Other income (expenses):                                    |  |  |  |  |
| Interest expense  | (72)   | (270)  | (179)                                      | (544)                                      |
| Interest and other income                                   | 6  | 362  | 45   | 617  |
| Foreign exchange gain (loss)                                | 20   | 35   | (6)  | (183)                                      |
| Total other income (expenses)                               | <u>(46)</u>                                  | <u>127</u>                                   | <u>(140)</u>                               | <u>(110)</u>                               |
| Net income (loss) before non-controlling interest and taxes | (1,057)                                      | 1,040  | (2,491)                                    | 2,682                                      |
| Income tax recovery (expense)                               | -  | (496)  | 267  | (71)                                       |
| Net income (loss) before non-controlling interest           | (1,057)                                      | 544  | (2,223)                                    | 2,611                                      |
| Non-controlling interest                                    | 33   | (469)  | 340  | (1,129)                                    |
| Net income (loss) and comprehensive income (loss)           | <u>\$ (1,024)</u>                            | <u>\$ 75</u>                                 | <u>\$ (1,884)</u>                          | <u>\$ 1,482</u>                            |
| Basic earnings (loss) per share                             | <u>\$ (0.01)</u>                             | <u>\$ 0.00</u>                               | <u>\$ (0.02)</u>                           | <u>\$ 0.02</u>                             |
| Diluted earnings (loss) per share                           | <u>\$ (0.01)</u>                             | <u>\$ 0.00</u>                               | <u>\$ (0.02)</u>                           | <u>\$ 0.02</u>                             |
| Weighted average number of shares outstanding               | <u>108,360,363</u>                           | <u>75,002,702</u>                            | <u>94,299,858</u>                          | <u>74,882,279</u>                          |
| Weighted average number of diluted shares outstanding       | <u>108,360,363</u>                           | <u>75,028,702</u>                            | <u>94,299,858</u>                          | <u>74,908,279</u>                          |

See accompanying notes to interim consolidated financial statements.

**Revelt Minerals Inc.**  
**Consolidated Statements of Cash Flows**  
**Three and six months ended June 30, 2009 and 2008**  
*(expressed in thousands of United States dollars)*  
*(unaudited)*

|   | Three month<br>period ended<br>June 30, 2009 | Three month<br>period ended<br>June 30, 2008 | Six month<br>period ended<br>June 30, 2009 | Six month<br>period ended<br>June 30, 2008 |
|---|--|--|--|--|
| <b>Cash flows from operating activities:</b>                                |  |  |  |  |
| Net income (loss) for the period  | \$ (1,024)                                   | \$ 75  | \$ (1,884)                                 | \$ 1,482                                   |
| Adjustment to reconcile net income to net cash used by operating activities |  |  |  |  |
| Depreciation and depletion  | 633  | 454  | 1,260                                      | 846  |
| Accretion of reclamation and remediation liability                          | 164  | 148  | 319  | 295  |
| Unrealized foreign exchange loss (gain)                                     | (20)   | (35)   | 6  | 183  |
| Stock based compensation  | 204  | 39   | 215  | 119  |
| Loss (gain) on disposal of fixed assets                                     | -  | (7)  | 243  | 67   |
| Future income tax expense (recovery)  | -  | 475  | (205)                                      | (147)                                      |
| Non controlling interest  | (33)   | 469  | (340)                                      | 1,129                                      |
| Accrued interest from reclamation trust fund                                | (10)   | (67)   | (38)                                       | (153)                                      |
| Amortization of prepaid insurance premium                                   | 42   | 36   | 83   | 68   |
| Change in fair value of derivative contracts                                | (24)   | 2,142  | (679)                                      | 109  |
| Changes in:   |  |  |  |  |
| Concentrate settlement and other receivables                                | 435  | (82)   | (1,651)                                    | (3,080)                                    |
| Income taxes receivable   | -  | -  | 99   | 1,250                                      |
| Inventories   | (61)   | (65)   | 330  | (247)                                      |
| Prepaid expenses and deposits   | 116  | (88)   | 85   | (153)                                      |
| Accounts payable and accrued liabilities                                    | 834  | 1,229  | 1,871                                      | 1,631                                      |
| <b>Net cash provided (used) by operating activities</b>                     | <b>1,275</b>                                 | <b>4,723</b>                                 | <b>393</b>                                 | <b>3,399</b>                               |
| <b>Cash flows from investing activities:</b>                                |  |  |  |  |
| Proceeds (purchase) of short term investments                               | -  | 1,002  | -  | 3,955                                      |
| Release of restricted cash  | 1,021  | -  | 1,021                                      | -  |
| Other long term assets  | -  | 3  | -  | -  |
| Purchase of plant and equipment   | (148)  | (149)  | (437)                                      | (155)                                      |
| <b>Net cash provided (used) by investing activities</b>                     | <b>873</b>                                   | <b>856</b>                                   | <b>584</b>                                 | <b>3,800</b>                               |
| <b>Cash flows from financing activities:</b>                                |  |  |  |  |
| Proceeds from the issuance of common stock, net                             | 280  | -  | 844  | -  |
| Repayment of debt   | -  | (763)  | -  | (7,388)                                    |
| Repayment of capital leases   | (165)  | (282)  | (192)                                      | (577)                                      |
| <b>Net cash provided (used) by financing activities</b>                     | <b>115</b>                                   | <b>(1,045)</b>                               | <b>652</b>                                 | <b>(7,965)</b>                             |
| <b>Effects of foreign exchange on cash held in foreign currencies</b>       | <b>20</b>                                    | <b>35</b>                                    | <b>(6)</b>                                 | <b>(183)</b>                               |
| <b>Net (decrease) increase in cash and cash equivalents</b>                 | <b>2,283</b>                                 | <b>4,569</b>                                 | <b>1,623</b>                               | <b>(949)</b>                               |
| Cash and cash equivalents, beginning of period                              | 973  | 8,537  | 1,633                                      | 14,055                                     |
| Cash and cash equivalents, end of period                                    | <b>\$ 3,256</b>                              | <b>\$ 13,106</b>                             | <b>\$ 3,256</b>                            | <b>\$ 13,106</b>                           |
| Supplementary cash flow information:  |  |  |  |  |
| Cash paid for interest expense  | \$ 161                                       | \$ 148                                       | \$ 305                                     | \$ 552                                     |
| Cash received for interest income   | -  | -  | -  | -  |
| Non cash transactions:  |  |  |  |  |
| Note payable in lieu of concentrate settlement payable                      | -  | -  | 4,292                                      | -  |
| Common stock issued to acquire non-controlling interest                     | 230  | -  | 1,628                                      | 556  |
| Reduction of reclamation and remediation liability                          | -  | -  | -  | 51   |
| Acquisition of plant and equipment under capital lease                      | -  | -  | 1,082                                      | 84   |
| Redemption of shares for a royalty interest                                 | -  | -  | 41   | -  |

See accompanying notes to interim consolidated financial statements.

**Revett Minerals Inc.**

**Consolidated Statements of Shareholders' Equity**

**Six months ended June 30, 2009 and the year ended December 31, 2008**

*(expressed in thousands of United States dollars)*

*(unaudited)*

|  | Common Shares      |                  | Warrants      | Contributed Surplus | Deficit            | Total            |
|--|--------------------|------------------|---------------|---------------------|--------------------|------------------|
|  | Shares             | Amount           |               |                     |                    |                  |
| <b>Balance, December 31, 2007</b>                      | 74,295,702         | \$ 56,315        | \$ -          | \$ 1,556            | \$ (3,800)         | \$ 54,071        |
| Issued to acquire non controlling interest             | 707,000            | 556              | -             | -                   | -                  | 556              |
| Issued to settle severance obligations                 | 207,995            | 28               | -             | -                   | -                  | 28               |
| Stock-based compensation on options granted            | -                  | -                | -             | 232                 | -                  | 232              |
| Net loss for the period                                | -                  | -                | -             | -                   | (6,690)            | (6,690)          |
| <b>Balance, December 31, 2008</b>                      | <b>75,210,697</b>  | <b>\$ 56,899</b> | <b>\$ -</b>   | <b>\$ 1,788</b>     | <b>\$ (10,490)</b> | <b>\$ 48,197</b> |
| Issued to acquire non controlling interest (note 3(a)) | 22,698,150         | 1,628            | -             | -                   | -                  | 1,628            |
| Shares issued for cash (note 8(a))                     | 3,855,558          | 280              | -             | -                   | -                  | 280              |
| Issue of units (note 8(a))                             | 10,000,000         | 323              | 241           | -                   | -                  | 564              |
| Redemption of shares (note 3(b))                       | (605,059)          | (458)            | -             | 417                 | -                  | (41)             |
| Stock-based compensation on options granted            | -                  | -                | -             | 215                 | -                  | 215              |
| Net loss for the period                                | -                  | -                | -             | -                   | (1,884)            | (1,884)          |
| <b>Balance, June 30, 2009</b>                          | <b>111,159,346</b> | <b>\$ 58,672</b> | <b>\$ 241</b> | <b>\$ 2,420</b>     | <b>\$ (12,374)</b> | <b>\$ 48,959</b> |

*See accompanying notes to unaudited interim consolidated financial statements*

## **1. Basis of Presentation and going concern**

In the opinion of management, the accompanying unaudited interim consolidated balance sheet and consolidated statements of operations, cash flows, and shareholders' equity contain all adjustments, necessary to present fairly, in all material respects, the financial position of Revett Minerals Inc. ("Revett Minerals" or the "Company") as of June 30, 2009, and the results of its operations and its cash flows for the three and six month periods ended June 30, 2009 and 2008. The operating and financial results for Revett Minerals for the three and six months ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ended December 31, 2009.

Except as discussed in note 2 below, 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 year ended December 31, 2008. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and accordingly, these interim financial statements do not include all the notes to the financial statements required in audited annual financial statements. These statements should be read in conjunction with the most recently completed audited annual financial statements and notes of the Company for the year ended December 31, 2008. These statements have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). Material differences between Canadian GAAP and generally accepted accounting principles in the United States ("US GAAP") are disclosed in note 11. All currency is reported in United States dollars unless otherwise specified.

At June 30, 2009, the Company had negative working capital of \$3.7 million and the Company incurred a loss for the six months ended June 30, 2009 of \$1.9 million. Future declines in the price of copper and silver could result in a further reduction in working capital and cash flows. These conditions raise substantial doubt regarding the Company's ability to continue as a going concern. The Company has entered into an agreement with its customer to defer payment of \$4.3 million until August 31, 2009 (note 6) and is in arrears on royalty obligation totaling \$1.6 million. Using copper and silver prices at June 30, 2009, the Company estimates it would generate modest positive cash flows but would not be able to pay off the \$4.3 million note payable or the \$1.6 million in royalty payments owing. The Company continues to have discussions with its customers, suppliers and royalty interest holder to manage its cash flows. The Company is currently investigating a number of alternative means of raising additional capital with potential lenders and investors. However, no assurance can be given that these efforts will prove to be successful. Given current market conditions, the Company may experience difficulties in securing sufficient external financing to meet its obligations. Because of the Company's need to conserve cash, limited discretionary capital spending and exploration spending has been employed. Furthermore, the Company does not have sufficient cash to undertake any significant activities at Rock Creek at this time.

The Company's continuing operations and the underlying value and recoverability of the mineral property, plant and equipment of the Troy mine and the Rock Creek property are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to profitably operate the Troy Mine, obtaining the continued forbearance of its creditors and/or the completion of additional financing in order to address its working capital deficiency, obtaining the necessary financing to complete exploration and development of the Rock Creek property, obtaining the necessary operating permits for the Rock Creek property and future profitable production or sufficient proceeds from the sale of the Rock Creek property.

These financial statements are prepared on a going concern basis. The financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

## **2. Change in Accounting Policy**

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. The new Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. The new requirements were adopted by the Company on January 1, 2009. The adoption of these standards did not have a material impact on the consolidated financial statements.

In February 2008, the Canadian Accounting Financial Standards Board confirmed that Canadian public companies will be required to adopt International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. The adoption of IFRS will require the Company to change certain accounting policies and disclosures. The Company is in the process of evaluating the impact of adopting IFRS for its financial statements. As an alternative, the Company is considering the adoption of U S GAAP.

## **3. Acquisition of non-controlling interest and conversion of shares to royalty:**

### **(a) Acquisition of non-controlling interest:**

During March 2009, the Company issued 20,553,500 of its common shares in exchange for an equal number of Class B common shares of Revett Silver Company ("Revett Silver"), increasing the Company's interest in Revett Silver from 69.8% to 94.2%. The consideration was determined to be \$1.4 million being the fair value of the Company's common shares (\$0.07 per share) exchanged based on the quoted market value of the shares and the applicable foreign exchange rate.

During June 2009, the Company issued a further 2,144,650 of its common shares in exchange for an equal number of Class B common shares of Revett Silver, increasing the Company's interest in Revett Silver from 94.2% to 96.7%. The value of the consideration was determined to be \$0.23 million being the fair value of the Company's common shares exchanged based on the quoted market value of the shares (\$ 0.11 per share) and the applicable foreign exchange rate.

The transactions were accounted for as a step acquisition of the non-controlling interest using the purchase method. The purchase price was allocated as follows:

|   |          |
|---|----------|
| Cost of acquisition, at fair value of shares issued | \$ 1,628 |
|   | <hr/>    |
| Non-controlling interest acquired                   | \$ 4,282 |
| Mineral property, plant and equipment               | (8,332)  |
| Future income taxes                                 | 5,678    |
|   | <hr/>    |
|   | \$ 1,628 |
|   | <hr/>    |

As the fair value of the consideration, being the market value of the common shares issued, was less than the carrying value of the net assets acquired, mineral property, plant and equipment was reduced by the excess. The reduction in the mineral property, plant and equipment was allocated to the individual categories of mineral property, plant and equipment for Troy and to the mineral property acquisition cost of Rock Creek on a pro-rata basis based on their carrying values.

(b) Conversion of shares to royalty

On January 5, 2009, Royal Gold Inc. exercised its option to convert its 605,059 common shares of the Company and 728,274 common shares of Revett Silver into a one percent net smelter royalty on future production of Rock Creek.

The conversion of the 605,059 common shares of the Company was accounted for as a redemption of shares at a cost of \$0.04 million, being the fair market value of the common shares exchanged based on their quoted market value and applicable foreign exchange rate on the conversion date. This cost was allocated to the Rock Creek property and the difference between the cost of redemption and the stated or assigned value of the common shares was allocated to contributed surplus as follows:

|                                   |        |
|-----------------------------------|--------|
| Redemption value of common shares | \$ 41  |
|                                   | <hr/>  |
| Stated value of common shares     | \$ 458 |
| Contributed surplus               | (417)  |
|                                   | <hr/>  |
| Allocated to mineral property     | \$ 41  |
|                                   | <hr/>  |

The conversion of the Revett Silver shares was accounted for as an acquisition of non-controlling interest similar to the transactions described in note 3(a). The acquisition cost, being the fair market value of the Company's common shares into which the Revett

Silver shares were convertible based on the quoted market value of those shares on the conversion date, was allocated as follows:

|                                       |              |
|---------------------------------------|--------------|
| Cost of acquisition                   | \$ 48        |
| Non-controlling interest acquired     | \$ 103       |
| Mineral property, plant and equipment | (89)         |
| Future income tax asset               | 34           |
|                                       | <u>\$ 48</u> |

#### 4. Inventories

The major components of the Company's inventory accounts at June 30, 2009 and December 31, 2008 are as follows:

|                       | June 30, 2009<br>(unaudited) | Dec. 31, 2008   |
|-----------------------|------------------------------|-----------------|
| Concentrate inventory | \$ 450                       | \$ 380          |
| Material and supplies | <u>2,915</u>                 | <u>3,315</u>    |
|                       | <u>\$ 3,365</u>              | <u>\$ 3,695</u> |

Cost of goods sold for the three and six months ended June 30, 2009 and 2008 is comprised of the following:

| Nature of expense                     | Three month<br>period ended<br>June 30, 2009<br>(unaudited) | Three month<br>period ended<br>June 30, 2008<br>(unaudited) | Six month<br>period ended<br>June 30, 2009<br>(unaudited) | Six month<br>period ended<br>June 30, 2008<br>(unaudited) |
|---------------------------------------|---|---|---|---|
| Raw materials and consumables used    | \$ 2,769  | \$ 3,683  | \$ 5,299  | \$ 6,802  |
| Labor costs                           | 2,673   | 3,685   | 5,279   | 6,259   |
| Other costs                           | 1,717   | 2,139   | 3,435   | 4,739   |
| Net change in concentrate inventories | <u>(131)</u>  | <u>8</u>  | <u>(70)</u>   | <u>(7)</u>  |
|                                       | <u>\$ 7,028</u>   | <u>\$ 9,515</u>   | <u>\$ 13,943</u>  | <u>\$ 17,793</u>  |

#### 5. Mineral Property, Plant, Equipment and Mine Development

The major components of the Company's mineral property, plant, and equipment accounts at June 30, 2009, and December 31, 2008 are as follows:

|       | June 30, 2009<br>(unaudited) | Dec. 31, 2008 |
|-------|------------------------------|---------------|
| TROY: |                              |               |

|   |                  |                  |
|---|------------------|------------------|
| Property acquisition and development costs      | \$ 6,437         | \$ 8,989         |
| Plant and equipment                             | 13,214           | 12,105           |
| Buildings and structures                        | 3,840            | 3,840            |
| ROCK CREEK:                                     |                  |                  |
| Property acquisition costs                      | 34,656           | 40,044           |
| OTHER, corporate                                | 3,656            | 4,059            |
| OTHER, mineral properties                       | <u>118</u>       | <u>118</u>       |
|   | 61,921           | 69,155           |
| Accumulated depreciation and depletion:         |                  |                  |
| Troy Property acquisition and development costs | (3,353)          | (2,927)          |
| Troy plant and equipment                        | (3,200)          | (2,598)          |
| Troy buildings and structures                   | (553)            | (322)            |
| Other corporate assets                          | <u>(81)</u>      | <u>(80)</u>      |
|   | <u>(7,187)</u>   | <u>(5,927)</u>   |
|   | <u>\$ 54,734</u> | <u>\$ 63,228</u> |

No drilling costs were incurred and capitalized to convert mineral resources to reserves at the Rock Creek property and the Troy mine during the periods presented. As the result of acquisition of non-controlling interest and the royalty conversion (notes 3(a) and 3(b)) mineral property, plant and equipment was decreased by \$8.4 million.

## 6. Note Payable

On January 23, 2009, the Company entered into a Senior Floating Rate Note (“Note”) for \$4.3 million with an interest rate of LIBOR plus five percent with its primary concentrate sales customer which delayed the due date of concentrate settlement otherwise payable. Interest payments are due on the last day of each quarter, commencing March 31, 2009 with computation commencing January 1, 2009. The outstanding principle balance of this Note was originally due on June 30, 2009 but was extended to August 31, 2009. The Company granted a first-priority mortgage on certain lands acquired for the Rock Creek project. If the lands are sold by the Company, the proceeds must be used to repay the note.

## 7. Long-term debt

At June 30, 2009 and December 31, 2008 the balance of the Company’s long term debt and capital lease obligations were as follows:

|                    | <u>June 30, 2009</u><br>(unaudited) | <u>Dec. 31, 2008</u> |
|--------------------|-------------------------------------|----------------------|
| Royal Gold royalty | \$ -                                | \$ 989               |
| Capital leases     | <u>2,049</u>                        | <u>1,159</u>         |
|                    | 2,049                               | 2,148                |
| Current portion    | <u>(677)</u>                        | <u>(1,569)</u>       |

\$ 1,372

\$ 579

In October 2004, Revett Silver, which is currently a 96.7% owned subsidiary of the Company, sold Royal Gold two royalties on production from the Troy Mine for \$7.25 million (the “production payment”) and \$0.25 million (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% production revenue to be received on proven and probable reserves existing for Troy as at October 13, 2004 or \$10.5 million. The tail royalty is payable in cash at the rate of 6.1% on the gross smelter returns from Troy for production revenue between 100% and 115% of its proven and probable reserves existing as at October 13, 2004 and then at the rate of 2% of production revenue on production revenues in excess of 115% of proven and probable reserves as at October 13, 2004. At June 30, 2009, the Company had not paid royalty obligations owing totaling \$1.6 million. This \$1.6 million is included in accrued liabilities. The Company is currently negotiating a deferral of this payment or arranging other means to settle this obligation.

## **8. Share Capital**

### (a) 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 June 30, 2009, the Company had 111,159,346 shares of common stock outstanding. During the six months ended June 30, 2009, the Company issued 22,698,150 of its common shares in exchange for an equal number of Class B common shares of Revett Silver (note 3(a)). At June 30, 2009, Revett Silver had 2,885,337 Class B common shares outstanding which are exchangeable by the holder into common shares of the Company, on a one for one basis. In addition, Revett Silver had 915,000 stock options and 993,661 warrants outstanding which, if exercised into common shares of Revett Silver, would be exchangeable by the holder into common shares of the Company on a one for one basis.

On January 5, 2009, Royal Gold Inc. exercised its option to convert its 605,059 common shares of the Company and 728,274 common shares of Revett Silver into a one percent net smelter royalty from future production at Rock Creek (note 3(b)).

On February 12, 2009, the Company closed a private placement of 10 million Equity Units for \$0.06 per Unit or gross proceeds of \$0.6 million. Each Unit consists of one common share of the Company, plus three-quarters of one purchase warrant. Each full purchase warrant allows holder to acquire one common share of the Company for a period of two years for \$0.10 per full purchase warrant. If the closing price of the common shares of the Company is above CAD\$0.50 per share for fifteen consecutive trading days, the Company may accelerate the expiry of the warrants by issuing a press release to the effect that the warrants will expire 30 days following the date of such press release. The proceeds of the Units were allocated between the common shares and the warrants based on their relative fair values. The fair value of the common shares was based on the quoted market price and the fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: stock price volatility – 70%; risk free interest rate – 0.89%; expected life – 2 years; and dividend rate – nil.

In April 2009, under an existing Shareholder Participation Rights Agreement, the Company completed a private placement of 3,855,558 shares and realized gross proceeds of approximately \$0.3 million.

(b) 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 June 30, 2009, no preferred stock was issued or outstanding.

(c) Stock options

The Company's Equity Incentive Plan authorizes the Company to reserve and have available for issue, 18,000,000 shares of common stock, less that number of shares reserved for issuance pursuant to stock options granted under the Revett Silver stock option plan. As at June 30, 2009 Revett Silver had a total of 915,000 stock options exercisable into Class B common shares of Revett Silver at a weighed average price of \$0.75 per share and expiring at various dates in 2009. During the six months ended June 30, 2009, 250,000 of the Revett Silver options expired. Revett Silver will not grant any further stock options pursuant to this plan.

There were 3,495,000 stock options granted during the three and six months ended June 30, 2009 by the Company. The fair value of the options was determined using the Black-Scholes option pricing model based on a volatility of 94.5%, risk free interest rate of 1.9%, a 60 month term and a 10.5% forfeiture rate. The weighed average fair value of the options was \$0.08 per option. At June 30, 2009, the Company had a total of 6,490,000 stock options outstanding at a weighted average exercise price of Can \$0.52 and 6,420,000 options are currently exercisable with a weighted average exercise price of Can \$0.52. During the six months ended June 30, 2009, 745,000 options were cancelled or expired.

The table below identifies the key attributes of the stock options granted by the Company and the options vested as at June 30, 2009.

| <b>Options<br/>Granted</b> | <b>Options<br/>Exercisable</b> | <b>Exercise<br/>Price (Can \$)</b> | <b>Expiry<br/>Date</b> |
|----------------------------|--------------------------------|------------------------------------|------------------------|
| 100,000                    | 100,000                        | 0.76                               | January 25, 2010       |
| 600,000                    | 600,000                        | 0.76                               | April 27, 2010         |
| 75,000                     | 75,000                         | 0.55                               | July 19, 2010          |
| 40,000                     | 40,000                         | 1.25                               | May 12, 2011           |
| 20,000                     | 20,000                         | 1.25                               | September 15, 2011     |
| 1,145,000                  | 1,145,000                      | 1.10                               | October 4, 2011        |
| 25,000                     | 25,000                         | 1.45                               | December 4, 2011       |
| 750,000                    | 750,000                        | 1.11                               | January 12, 2012       |
| 40,000                     | 40,000                         | 1.15                               | March 5, 2012          |
| 210,000                    | 140,000                        | 0.84                               | November 19, 2012      |
| 60,000                     | 60,000                         | 0.60                               | April 29, 2013         |
| 2,735,000                  | 2,735,000                      | 0.105                              | March 31, 2014         |
| <u>690,000</u>             | <u>690,000</u>                 | 0.09                               | April 27, 2014         |
| <b><u>6,490,000</u></b>    | <b><u>6,420,000</u></b>        |                                    |                        |

#### (d) Stock Purchase Warrants

The table below identifies stock purchase warrants outstanding at June 30, 2009 for the purchase of common shares of Revett Minerals and Revett Silver. The warrants of Revett Silver are exercisable into Class B common stock of Revett Silver, which in turn are exchangeable into common stock of the Company. During March 2009, 2,060,998 Revett Silver purchase warrants were converted into Revett Minerals purchase warrants at an exercise price of \$1.00 and with an expiration date of September 30, 2010.

|                              | <b>WARRANT</b>       | <b>SUMMARY</b>               | <b>TABLE</b>         |
|------------------------------|----------------------|------------------------------|----------------------|
|                              | <b><u>Number</u></b> | <b><u>Exercise price</u></b> | <b><u>Expiry</u></b> |
| Revett Silver <sup>(1)</sup> | 993,661              | US\$ 1.00                    | To be determined     |
| Revett Minerals              | 7,500,000            | US\$ 0.10                    | February 12, 2011    |
| Revett Minerals              | 300,000              | Can \$0.50                   | October 20, 2011     |
| Revett Minerals              | 2,060,998            | US\$ 1.00                    | September 30, 2010   |

(1) These warrants expire 18 months after Revett Silver becomes listed on a public stock exchange

## **9. Commitments and Contingencies**

### a) Federal Mine Safety and Health Act Violations

The U.S. Federal Mine Safety and Health Administration (“MSHA”) issued 53 safety related citations against a subsidiary of Revett Silver at various times in August 2007. These citations related to a rock fall which occurred at Troy on July 30, 2007. Three of these citations allege the subsidiary company was negligent with respect to certain operations or activities conducted while mining and two citations allege the subsidiary acted in reckless disregard for the safety of the employees at the mine. The Company disputes the allegations put forth by MSHA and is in the process of appealing the findings and fines. The Company has accrued its best estimate of possible penalties at June 30, 2009.

**b) Reclamation**

In accordance with the operating permit granted the Troy Mine, the Montana Department of Environmental Quality (“DEQ”) is periodically required to review the ultimate bonding requirements for the mine. The following table shows the changes in the reclamation liability for the six month period ended June 30, 2009.

|   | <b>June 30, 2009</b>   | <b>Dec. 31, 2008</b>   |
|---|------------------------|------------------------|
|   | (unaudited)            |                        |
| Reclamation and remediation liability beginning of period   | \$ 7,526               | \$ 7,141               |
| Reduction in present value of liability due to increase in mine life resulting from reserve additions | -                      | (205)                  |
| Accretion expense, year to date   | 319                    | 590                    |
| Ending balance  | <u><b>\$ 7,845</b></u> | <u><b>\$ 7,526</b></u> |

### c) Legal Proceedings

*(1) Cabinet Resources Group, Inc. Plaintiff v. Montana Department of Environmental Quality, Revett Minerals Inc. and Genesis Inc., Defendant.*

The plaintiff's suit alleges that Troy is being operated in violation of the Montana Metal Mine Reclamation Act ("MMRA") because of deficiencies in its reclamation plan and that the defendants have violated the Montana Constitution and various state statutes and regulations by allowing operations to continue. The plaintiffs seek a declaration that the Troy operating permit and reclamation plan are void and invalid; alternatively it seeks a writ of mandamus from the court requiring the DEQ to enforce the MMRA and suspend or revoke Troy's operating permit, declare a forfeiture of the Company's performance bond and enjoin the Company from further operations at Troy pending approval of a new reclamation plan. The Company believes this action is without merit, particularly in view of on-going discussions with the DEQ concerning proposed revisions to the existing reclamation plan at Troy and the increase in the performance bonds approved and accepted by the DEQ. The Company is vigorously defending itself with respect to this action.

*(2) Rock Creek Permitting Matters:*

There are a number of legal challenges relating to the United States Forest Service ("USFS") and DEQ approving the Rock Creek record of decision and supporting studies (including the recently re-affirmed biological opinion) and analysis. These challenges have been filed by individuals and organizations generally opposed to mining in the United States. The Company, in general, is not a named defendant to these actions, but it typically has requested and been granted intervener status due to the direct impact the outcome of these cases could have on the Company's Rock Creek project. These actions are either preliminary in nature, or where the Company has prevailed, the decision of the court is being appealed. Therefore, the outcome of these matters is not determinable. Although the Company believes that it will ultimately retain its environmental and operating permits, it is possible that successful challenges could delay or prevent the Company from advancing development of the Rock Creek project which could result in the impairment and write down of the carrying value related to Rock Creek.

*(3) Ivins litigation*

Revett Silver and the Company have been served with a lawsuit for damages in the amount of \$18 million by the estate of an employee who, in July 2007, was fatally injured during an isolated rock fall incident while he was working underground at the Troy mine. The Company plans on vigorously defending itself against the claim brought and damages sought. As the outcome of this action and any amounts payable are not determinable, no amounts have been accrued at June 30, 2009 in respect of this action. Counsel has been engaged to contest the claims and the Company's insurance carrier has agreed to join in the defense of this claim, including paying the legal costs.

*(4) Possible Litigation:*

Revett Silver Company believes that ASARCO LLC has filed or intends to file a complaint in a Texas court against Revett Silver that alleges certain amendments to the agreement, (but not the

agreement itself) by which Revett Silver acquired ASARCO's interest in Troy and Rock Creek, were invalid because ASARCO was about to become insolvent. These amendments were negotiated by the companies between 2000 and 2004 and were done at arm's length. As of the date of this report this complaint has not been served and is therefore not in effect. The Company does not know if or when this complaint may be served. In any event, because Revett Silver's dealings with ASARCO were years before ASARCO had filed for bankruptcy, the Company believes that these allegations are without merit and the Company plans on vigorously defending itself against these allegations when and if the complaint is served.

#### d) Kennecott Royalty Option

Kennecott has 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 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. Kennecott is required to surrender the 2,250,000 common shares of the Company it owns in order to acquire 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.

### **10. Financial Instruments**

The Company may be exposed to credit risk on copper and silver forward contracts if its counterparty were not to honor its contractual commitment at settlement. The Company attempts to manage this risk by contracting only with reliable and reputable third parties known personally to management. At June 30, 2009, the Company had forward contract to sell 1,400 tonnes of copper at a weighted average price of \$4,532 per tonne (\$2.06 per pound) maturing at various dates from July 2009 to January 2010 and 350,000 ounces of silver at a weighted average price of \$14.39 per ounce maturing at various dates from July 2009 to January 2010. These forward sales contracts have been designated as normal purchase and sales agreements as the contracts are with the Company's customer whom regularly purchases the Company's concentrates. As these contracts have been designated as normal purchase and sale contracts, these contracts have not been marked to market at June 30, 2009. The fair value of these contracts is a loss of \$0.3 million as at June 30, 2009.

The carrying values of cash and cash equivalents, accounts receivable, restricted cash, and accounts payable and accrued liabilities approximate fair value due to their limited time to maturity or ability to immediately convert them to cash in the normal course. The carrying value of capital lease obligations approximate fair market values as they are based on market rates of interest.

## 11. Reconciliation to United States Generally Accepted Accounting Principles:

The consolidated financial statements have been prepared in accordance with Canadian GAAP, which differs in certain material respects from those principles that the Company would have followed had its consolidated financial statements been prepared in accordance with US GAAP.

The effect of the material measurement differences between Canadian GAAP and US GAAP on the amounts reported in the consolidated balance sheets, statements of operations and cash flows are as follows:

|   | <b>June 30,<br/>2009</b> | <b>Dec. 31,<br/>2008</b> |
|---|--------------------------|--------------------------|
| Total assets under Canadian GAAP  | \$ 71,142                | \$ 77,942                |
| Adjustment to property, plant and equipment for acquisition of non controlling interest (e)(ii) | <u>4,229</u>             | <u>-</u>                 |
| Total assets under US GAAP  | <u>\$ 75,371</u>         | <u>\$ 77,942</u>         |
| Liabilities and non controlling, interest under Canadian GAAP                                   | \$ 22,183                | \$ 29,745                |
| Non-controlling interest (e)(ii)  | (528)                    | (5,253)                  |
| Adjustment to future tax liabilities for acquisition on non controlling interest(e) (ii)        | 1,254                    | -                        |
| Shares redeemable at option of holder (a)   | <u>676</u>               | <u>1,076</u>             |
| Liabilities, under US GAAP  | <u>\$ 23,585</u>         | <u>\$ 25,568</u>         |
|   | <b>June 30,<br/>2009</b> | <b>Dec. 31,<br/>2008</b> |
| Shareholders' equity, under Canadian GAAP   | \$ 48,959                | \$ 48,197                |
| Non-controlling interest  | 528                      | 5,253                    |
| Adjustment to contributed surplus for acquisition of non controlling interest (e)(ii)           | 2,750                    | -                        |
| Adjustment to deficit for additional depreciation and income tax recovery (e)(ii)               | 225                      | -                        |
| Shares redeemable at option of holder (a)   | <u>(676)</u>             | <u>(1,076)</u>           |
| Shareholders' equity, under US GAAP   | <u>\$ 51,786</u>         | <u>\$ 52,374</u>         |

|   | Three month<br>period ended<br>June 30, 2009<br>(unaudited) | Three month<br>period ended<br>June 30, 2008<br>(unaudited) | Six month<br>period ended<br>June 30, 2009<br>(unaudited) | Six month<br>period ended<br>June 30, 2008<br>(unaudited) |
|---|---|---|---|---|
| Net income (loss) under Canadian GAAP                           | \$ (1,024)  | \$ 75   | \$ (1,884)  | \$ 1,482  |
| Depreciation (e)(ii)  | (140)   | -   | (140)   | -   |
| Income tax recovery (e)(ii)                                     | <u>365</u>  | <u>-</u>  | <u>365</u>  | <u>-</u>  |
| Net income (loss) and comprehensive income (loss) under US GAAP | <u>(779)</u>  | \$ <u>75</u>  | \$ <u>(1,659)</u>   | \$ <u>1,482</u>   |

There are no material differences between Canadian GAAP and US GAAP with respect to total operating, financing or investing cash flows in the consolidated statement of cash flows, for any of the periods presented.

(a) Redeemable shares:

As at June 30, 2009, a shareholder owns 2,250,000 common shares of the Company which are redeemable, at the option of the holder, into a net smelter return royalty as described in note 9 (d). Under Canadian GAAP, the common shares are classified as equity and the value attributable to the royalty (which was not material on issue of the shares) would be classified as a liability. Under US GAAP, the full value associated with the redeemable shares of \$0.7 million as at June 30, 2009 (\$ 1,076 million at December 31, 2008) is classified as temporary equity.

During the six months ended June 30, 2009, 605,059 common shares and 728,274 Revett Silver Class B shares were converted to a royalty. As a result, for US GAAP purposes, the temporary equity reduced by \$0.4 million and contributed surplus was increased by the same amount.

(b) Income taxes:

For Canadian GAAP purposes, future income tax assets and liabilities are calculated based on substantively enacted tax rates in effect in the periods when the temporary differences are expected to reverse. For US GAAP purposes, enacted tax rates are used to calculate future income tax assets and liabilities. For all periods presented, there were no differences between the tax rates used for Canadian and US GAAP purposes.

The Company has reviewed tax exposures pursuant to Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - An Interpretation of SFAS Statement No. 109*. Based on the review, the Company does not believe that any income tax positions taken in its filings are subject to material uncertainty if reviewed by the Internal Revenue Service or Canada Revenue Agency. In cases where the Company is charged interest and penalties on uncertain tax positions which do not meet the recognition criteria, the Company includes these in interest expense and other operating expenses respectively. Tax years subsequent to December 31, 2004 remain open for examination by the Internal Revenue Service and Canada Revenue Agency. However, in both jurisdictions, if the Company utilizes tax loss carry forwards in the future, those losses can be challenged in the year they are used even though the tax year in which they were incurred is statute barred.

(c) Common share units:

Under Canadian GAAP, the proceeds received on issuance of units in November 2006, consisting of common shares and warrants, are not required to be allocated to the individual common share and warrant components when the instrument and its components are all determined to be equity instruments. Under US GAAP, the Company is required to allocate the proceeds received on unit offerings to the individual common share and warrant components on a relative fair value basis when both components are determined to be equity classified. The relative fair value of share purchase warrants issued in November 2006 was determined to be \$1.0 million using the Black-Scholes method based on the following factors: risk free rate - 4.50%; volatility - 70%; expected life - 2.5 years; expected dividend yield - nil. Accordingly, under US GAAP, share capital as at June 30, 2009 and December 31, 2008 has been reduced and contributed surplus as at these dates has been increased by \$1.0 million to reflect the relative fair values of the shares and warrants. As at June 30, 2009, all of the warrants have expired.

The \$1.0 million was reclassified from contributed surplus to deficit as a result of adoption of EITF 07-05 (note 11(e)(iii)). As a result, there is no change in total shareholders' equity arising from the warrants when reconciling Canadian GAAP to US GAAP.

(d) Stock option plan and compensation expense:

The weighed average intrinsic value of options exercised during the six months ended June 30, 2009 was nil (2008- nil). At June 30, 2009, the weighted average intrinsic value of options outstanding and exercisable was nil and nil respectively.

At June 30, 2009, the total unrecognized compensation cost related to unvested stock options is \$0.01 million. This cost is expected to be recognized over the next four months.

At June 30, 2009, Revett Silver had 915,000 stock options outstanding. The weighted averaged exercise price of Revett Silver options granted and exercisable is \$0.75 per share. All options granted have vested. As at June 30, 2009 the estimated intrinsic value of the options granted and vested was nil.

(e) Impact of recent United States accounting pronouncements:

(i) In December 2007, FASB issued SFAS NO. 141 (R) "*Business Combinations*". This standard is effective, for the Company, for transactions where the acquisition of control is on or after January 1, 2009. SFAS No. 141 (R) changes the accounting for assets acquired and liabilities assumed in a business combination as follows:

- acquisition costs are generally expensed as incurred;
- non controlling interests are valued at fair value at the acquisition date;
- acquired contingent liabilities are recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non acquired contingencies;
- in-process research and development is recorded at fair value as an indefinite-lived intangible asset at the acquisition date;
- restructuring costs associated with a business combination are generally expensed subsequent to the acquisition date; and
- changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date affect income tax expense.

Adoption of SFAS No 141 (R) did not have a material effect on the consolidated financial statements.

(ii) In December 2007, FASB issued SFAS NO. 160 "*Non Controlling Interests in Consolidated Financial Statements - an amendment of No. ARB 51*" and is effective for the Company on January 1, 2009. SFAS No. 160 amends ARB 51 to establish accounting and reporting standards for the non controlling ownership interest in a subsidiary and for the deconsolidation of a subsidiary. The adoption of the standard requires that for US GAAP purposes non controlling interest be classified as equity where as for Canadian GAAP, it is classified between liabilities and equity. Also, income (loss) before non-controlling interest, non-controlling interest and net income (loss) for US GAAP purposes would be labeled net income (loss), net income (loss) attributable to non-controlling interest and net income (loss) attributable to the Company, respectively.

The acquisition of the non-controlling interest during the six months ended June 30, 2009 would be accounted for as an equity transaction rather than a step acquisition using the purchase method for US GAAP purposes. Accordingly, for US GAAP purposes, a reduction of mineral property, plant and equipment of \$4.4 million and a reduction of the future income tax liability of \$1.6 million recorded for Canadian GAAP purposes would not be made under US GAAP and instead \$2.7 million would be included in contributed surplus. In addition, under US GAAP, additional depreciation expense of \$0.1 million and income tax recovery of \$0.4 million is recognized for the three and six months ended June 30, 2009.

The following table shows the changes in the non-controlling interest during the six months ended June 30, 2009:

|  | June 30<br>2009 | December 31<br>2008 |
|--|-----------------|---------------------|
|  | (unaudited)     |                     |
| Balance beginning of period                            | \$ 5,253        | \$ 8,175            |
| Income (loss) attributable to non-controlling interest | (340)           | 661                 |
| Acquisition of non-controlling interest                | (4,385)         | (3,583)             |
| Balance end of period                                  | <u>\$ 528</u>   | <u>\$ 5,253</u>     |

The following table shows the effect of changes to the Company's interest in Revett Silver on shareholders' equity attributable to the Company:

|  | Six months ended June 30,<br>2009 | 2008            |
|--|-----------------------------------|-----------------|
| Net loss attributable to the Company                                       | \$ (1,659)                        | \$ 1,482        |
| Increase in contributed surplus on acquisition of non-controlling interest | 2,750                             | -               |
| Change in equity attributable to the Company                               | <u>\$ (1,091)</u>                 | <u>\$ 1,482</u> |

(iii) In June 2008, the EITF reached a conclusion in EITF 07-05 that an equity-linked financial instrument would not be considered indexed to the Company's own stock if the strike price is denominated in a currency other than the issuer's functional currency. The determination of whether an equity-linked financial instrument is indexed to an entity's own stock is not affected by the currency or currencies in which the underlying shares trade. The guidance is effective for financial statements beginning on January 1, 2009. The adoption of EITF 07-05 resulted in no material impact on the balance sheet or statement of operations as the fair value of the outstanding warrants as at January 1, 2009 and at June 30, 2009 was nominal. However, certain warrants related to a previous Unit offering had an assigned value of \$1.0 million (note 11 (c)) for US GAAP purposes recognized in contributed surplus. On adoption of EITF 07-05, this amount was reclassified from contributed surplus to a liability at its fair value on January 1, 2009 of \$NIL resulting in a reduction in contributed surplus and opening deficit of \$1.0 million on adoption of EITF 07-05 effective January 1, 2009.

(iv) In June 2009, the FSP FAS No. 107-1 and ABP 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, amended FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments* and Accounting Principle Board Opinion No. 28, *Interim Financial Reporting*, to require disclosures about fair value of financial instruments in interim financial statements. The Company has provided the required disclosures in Note 10.

## **Management's Discussion and Analysis of Financial Condition and Results of Operations as at August 14, 2009**

This Management's Discussion and Analysis ("MD&A") of the financial results of Revett Minerals Inc. ("Revett Minerals" or the "Company") for the three month and six month periods ended June 30, 2009 should be read in conjunction with the unaudited consolidated interim financial statements and notes as at June 30, 2009 which form part of this report. In addition, this MD&A and related financial statements should be read in conjunction with the 2008 audited consolidated financial statements, the related Management's Discussion and Analysis, and the Form 10-K filed in Canada on SEDAR or on file in the United States with the Securities and Exchange Commission ("SEC") or on EDGAR. These financial statements are expressed in United States dollars, unless otherwise stated, and they are prepared in accordance with Canadian generally accepted accounting principles. Material differences between Canadian and US GAAP are disclosed in note 11 of the unaudited consolidated interim financial statements

Some of the statements in this MD&A are forward looking statements that are subject to risk factors set out in the cautionary note contained in this MD&A.

### **Overview and Important Factors Influencing Results for the Three and Six Months Ended June 30, 2009**

As at August 14, 2009, the Company's principal assets consisted of a 96.7% interest in the Troy copper and silver mine ("Troy") in northwest Montana, USA and also a 96.7% interest in the undeveloped Rock Creek copper and silver development project ("Rock Creek") also located in northwest Montana.

### **Overall Performance**

For the six month period ended June 30, 2009, Revett Minerals reported a net loss after taxes and non-controlling interest of \$1.9 million or \$0.02 per share compared to net income after taxes and non-controlling interest of \$1.5 million or \$0.02 per share for the six months ended June 30, 2008. The primary reason for loss in the first half of 2009 as compared to 2008 is lower copper and silver prices. For the six months ended June 30, 2009, the LME copper price averaged \$1.83 per pound and LME silver price averaged \$13.17 per ounce as compared to 2008 prices of \$3.68 per pound for copper and \$17.43 per ounce for silver. The average copper price dropped by approximately 51% while silver price decreased by approximately 25%. Although copper and silver quantities sold during the first half of 2009 were slightly higher than in 2008, the lower prices resulted in lower revenues by approximately \$10.6 million.

For the three months ended June 30, 2009, the Company reported a net loss after taxes and non-controlling interest of \$1.0 million or \$0.01 per share compared to a net income of \$0.1 million or \$0.00 per share for the three months ended June 30, 2008. Cost of sales is 26% lower in the 2<sup>nd</sup> quarter 2009 as compared to the same period in 2008 due to a concerted effort by management to reduce costs resulting in lower labor, fuel and steel costs. During the three months ended June 30, 2009, LME copper prices averaged \$2.11 per pound and LME silver averaged \$13.73 per ounce compared to \$3.83 per pound for copper and \$17.17 per ounce for silver during the same period in 2008 resulting in lower revenues by \$5.7 million.

## Results of Operations for the Three and Six Months Ended June 30, 2009 Compared to the Same Period in 2008.

The major highlights for the three and six months ended June 30, 2009, included:

- Troy (100% basis) achieved improved mill throughput averaging 3,932 tons per day compared to 3,645 tons per day in the second quarter of 2008;
- Troy (100% basis) produced 2.4 million pounds of copper and 301,770 ounces of silver during the three months ended June 30, 2009 compared to 2.4 million pounds of copper and 259,847 ounces of silver in the second quarter of 2008;
- The Company continued efforts to streamline its corporate structure with the exchange of 22,698,150 common shares for an equivalent number of Revett Silver Class B common shares during the first half of 2009. The Company now owns 96.7% of the issued and outstanding Class B common shares of Revett Silver.
- During the first six months of 2009, the Troy mill throughput improved to averaging 3,871 tons per day compared to 3,489 tons per day in the first half of 2008, an 11% improvement.
- For the six month period ended June 30, 2009, Troy produced 4.7 million pounds of Copper and 622,919 ounces of silver compared to 4.5 million pounds of copper and 491,759 ounces of silver over the same period in 2008.

Concentrate sales during the second quarter of 2009 consisted of 2.3 million pounds of copper and 283,009 ounces of silver compared to 2.5 million pounds of copper and 253,523 ounces of silver during the second quarter of 2008.

### Operating Results:

The table below illustrates certain key operating statistics for Troy (100% basis) for the three months ended June 30, 2009, with a comparison to the same three month period in 2008.

|                              | <u>Three Months Ended June 30, 2009</u> | <u>Three Months Ended June 30, 2008</u> |
|------------------------------|---|---|
| <b>Tons milled</b>           | 349,925                                 | 331,698                                 |
| <b>Tons milled per day</b>   | 3,932                                   | 3,727                                   |
| <b>Copper grade (%)</b>      | 0.39                                    | 0.41                                    |
| <b>Silver grade (opt)</b>    | 1.01                                    | 0.87                                    |
| <b>Copper recovery (%)</b>   | 84.0                                    | 87.9                                    |
| <b>Silver recovery (%)</b>   | 86.0                                    | 90.05                                   |
| <b>Copper produced (lbs)</b> | 2,284,770                               | 2,388,947                               |
| <b>Silver produced (ozs)</b> | 301,770                                 | 259,847                                 |

Production during the second quarter of 2009 was significantly improved at 3,932 tons per day, an 8% improvement over the second quarter of 2008 at 3,645 tons per day. With the increase in tons mined and improved silver grade at 1.01 ounces per ton, metal production improved to 301,770 ounces of silver and 2,417,606 pounds of copper as compared to 259,847 ounces of silver and 2,388,947 pounds of copper in 2008. An extensive employee training program was instituted in 2008 which has resulted in productivity improvements in the first half of 2009. Ore grades remain slightly lower than estimated life of mine averages due to mining more quantity of ore from the lower grade area known as the lower quartzite. Mill recoveries remain good but slightly lower than plan due to a higher percentage of non-sulfide ores milled at 86% for silver

and 84% for copper compared to expected recoveries of 88.5% for silver and 87.0% for copper. The table below illustrates the variation of operating costs per ton milled.

|                          | <b>Q2.09</b> | <b>Q1.09</b> | <b>Q4.08</b> | <b>Q3.08</b> | <b>Q2.08</b> | <b>Q1.08</b> |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Tons milled              | 349,925      | 339,171      | 354,190      | 321,696      | 331,698      | 299,863      |
| Cost per ton milled (\$) | 19.09        | 18.69        | 26.40        | 26.83        | 26.86        | 28.39        |

As shown in the table, operating costs have also improved significantly with a 29% decrease realized in the second quarter of 2009 as compared to 2008.

***Financial Results for the three months ended June 30, 2009:***

- a) *Revenue:* For the second quarter of 2009 compared to the second quarter of 2008, revenue decreased from \$13.4 million to \$7.6 million primarily due to the decrease in the prices of copper and silver. During the quarter ended June 30, 2009, the LME prices of copper and LME silver averaged \$2.11 per pound and \$13.73 per ounce, respectively, compared to average prices of \$3.83 per pound and \$17.17 per ounce, respectively in the second quarter of 2008. This lower metals pricing resulted in a decrease in revenue of approximately \$5.7 million.
- b) *Cost of Goods Sold:* The cost of goods sold associated with the second quarter revenue was \$ 7.0 million, a decrease of \$2.5 million (a 26% improvement) over the same period in 2008. The main reasons for the improved operating cost in the second quarter of 2009 were lower labor costs due to a 10% pay reduction for all workers at the mine, lower cost of consumables such as fuel, explosives and milling reagents and other milling consumables. In addition, employees have been successful in reducing consumption of consumables through increased operating efficiencies and a continued focus on obtaining the lowest costs possible.
- c) *Depreciation and depletion:* For the second quarter of 2009, these non cash charges were higher than the first quarter of 2008, because of an increase year over year in the total cost of equipment being depreciated. The majority of the plant and equipment at Troy is depreciated using the units-of-production method and an increase in mill throughput also resulted in higher depreciation.
- d) *Exploration and development:* This expense decreased by \$0.9 million because the Company has elected to defer its exploration program for 2009 and spending at Rock Creek was significantly lower in 2009 than it was in 2008 due to efforts to conserve cash.
- e) *General and administration costs:* The decrease in corporate administration costs in the second quarter of 2009 over the comparable quarter in 2008 was mainly due to a twenty percent pay cut by corporate management and efforts to reduce all spending in order to conserve cash.
- f) *Accretion of reclamation and remediation liability:* This expense is a marginal increase in the reclamation accretion at Troy, which increases as the amount of the liability increases.

- g) *Income (loss) from operations:* The lower metal pricing more than offset the decrease in costs. Revenues were \$5.8 million lower in 2009 compared to the same period in 2008 while costs were reduced by \$3.8 million. The net result was the Company recording \$1.0 million in loss from operations compared to income from operation in 2008 of \$0.9 million.
- h) *Other Expenses:* There was a \$0.02 million foreign exchange gain on the cash and investments held in Canada and denominated in Canadian dollars and net interest expense of \$0.07 million in the second quarter of 2009.
- i) *Income taxes:* For the three month period ended June 30, 2009, the Company reported an income tax recovery of nil as its future income tax liability has been eliminated as a result of various transactions and the Company has concluded that it is not “more likely than not” that the benefit of its tax losses will be realized.
- j) *Non-controlling interest:* The non-controlling interest recovery of \$0.03 million represents the after tax share of Revett Silver’s loss attributable to the Class B shareholders of Revett Silver. This charge changes as Revett Silver’s income changes and it is reduced as Revett Minerals ownership in Revett Silver increases.
- k) *Net earnings:* The Company recorded net loss of \$1.0 million or \$0.01 per share for the second quarter compared to net income of \$0.074 million or \$0.00 per share in the second quarter of 2008.

#### Summarized Financial Results by Quarter

|   | 2009    | 2009   | 2008    | 2008    | 2008   | 2008   | 2007    | 2007    | 2007    |
|---|---------|--------|---------|---------|--------|--------|---------|---------|---------|
|   | Q2      | Q1     | Q4      | Q3      | Q2     | Q1     | Q4      | Q3      | Q2      |
| Cu Production (million lbs)                               | 2.4     | 2.3    | 2.7     | 2.5     | 2.1    | 2.2    | 1.1     | 1.8     | 3.5     |
| Ag Production (000's ozs)                                 | 302     | 321    | 380     | 302     | 260    | 232    | 127     | 196     | 372     |
| Total Sales (000's \$)                                    | 7,638   | 7,139  | 3,101   | 7,430   | 13,377 | 12,034 | 3,130   | 9,136   | 15,903  |
| Net Income (000's \$)                                     | (1,024) | (859)  | (5,193) | (2,980) | 75     | 1,407  | (3,037) | (120)   | 3,727   |
| EPS- Basic (\$)   | (0.01)  | (0.01) | (0.07)  | (0.04)  | 0.00   | 0.02   | (0.04)  | (0.00)  | 0.05    |
| EPS- Fully diluted (\$)                                   | (0.01)  | (0.01) | (0.07)  | (0.04)  | 0.00   | 0.02   | (0.04)  | (0.00)  | 0.05    |
| Cash and Cash Equivalents & Investments ending (000's \$) | 3,256   | 973    | 1,633   | 11,479  | 13,106 | 9,540  | 18,010  | 26,012  | 27,639  |
| Total Assets ending (000's \$)                            | 71,142  | 71,071 | 77,942  | 90,187  | 91,563 | 89,519 | 94,611  | 100,329 | 102,398 |
| Total liabilities ending (000's \$)                       | 21,655  | 20,826 | 24,492  | 28,943  | 26,264 | 24,801 | 32,365  | 33,959  | 36,318  |
| Total Equity ending (000's \$)                            | 48,959  | 49,270 | 48,197  | 53,306  | 56,227 | 56,114 | 54,071  | 56,017  | 55,984  |

***Operating Results for the six months ended June 30, 2009 and 2008:***

The table below illustrates certain key operating statistics for Troy (100% basis) for the six months ended June 30, 2009, with a comparison to the same six month period in 2008.

|                              | <u>Six Months Ended June 30, 2009</u> | <u>Six Months Ended June 30, 2008</u> |
|------------------------------|---------------------------------------|---------------------------------------|
| <b>Tons milled</b>           | 689,096                               | 631,561                               |
| <b>Tons milled per day</b>   | 3,871                                 | 3,489                                 |
| <b>Copper grade (%)</b>      | 0.39                                  | 0.41                                  |
| <b>Silver grade (opt)</b>    | 1.04                                  | 0.87                                  |
| <b>Copper recovery (%)</b>   | 85.0                                  | 87.2                                  |
| <b>Silver recovery (%)</b>   | 86.0                                  | 89.6                                  |
| <b>Copper produced (lbs)</b> | 4,734,308                             | 4,518,469                             |
| <b>Silver produced (ozs)</b> | 622,919                               | 491,759                               |

Production during the first half of 2009 was much improved at 3,871 ton per day, an 11% improvement over the first half of 2008 at 3,489 tons per day. With the increase in tons mined and improved silver grade at 1.04 ounces per ton, metal production improved to 622,919 ounces of silver and 4,734,308 pounds of copper as compared to 491,759 ounces of silver and 4,518,469 pounds of copper in 2008. An extensive employee training program was instituted in 2008 which has resulted in productivity improvements in the first half of 2009. Copper ore grades remain slightly lower than estimated life of mine averages due to mining more quantity of ore from the lower grade area known as the lower quartzite.

***Financial Results for the six months ended June 30, 2009:***

- b) *Revenue:* For the first half of 2009 compared to the first half of 2008, revenue decreased from \$25.4 million to \$14.8 million primarily due to the decrease in the price of copper and silver. During the six months ended June 30, 2009, the LME price of copper and silver averaged \$1.83 per pound and \$13.17 per ounce, respectively, compared to average prices of \$3.68 per pound and \$17.43 per ounce, respectively in the first half of 2008. This lower metals pricing resulted in a decrease in revenue of approximately \$10.6 million.
- b) *Cost of Goods Sold:* The cost of goods sold associated with the first half 2009 revenue was \$ 13.9 million, a decrease of \$3.9 million (a 22% improvement) over the same period in 2008. The main reasons for the improved operating cost in the first half of 2009 were lower labor costs due to a 10% pay reduction for all workers at the mine, lower cost of consumables such as fuel, explosives, milling reagents and other milling consumables. In addition, employees have been successful in reducing consumption of consumables through increased operating efficiencies and a continued focus on obtaining the lowest costs possible.
- c) *Depreciation and depletion:* For the first half of 2009, these non cash charges were higher than the first half of 2008, because of an increase year over year in the total cost of equipment being depreciated. The majority of the plant and equipment at Troy is depreciated using the units-of-production method and an increase in mill throughput also resulted in higher depreciation.
- d) *Exploration and development:* This expense decreased by \$1.2 million because the Company has elected to defer the majority of its exploration program for 2009 and

spending at Rock Creek was significantly lower in 2009 than it was in 2008 due to efforts to conserve cash.

- e) *General and administration costs:* The decrease in corporate administration costs in the first half of 2009 over the comparable quarter in 2008 was mainly due to a twenty percent pay cut by corporate management and efforts to reduce all spending in order to conserve cash.
- f) *Accretion of reclamation and remediation liability:* This expense is a marginal increase in the reclamation accretion at Troy which increases as the liability increases.
- g) *Income(loss) from operations:* The lower metal pricing more than offset the decrease in costs. Revenues were \$10.6 million lower in the first half of 2009 compared to the same period 2008 while costs were reduced by \$5.5 million. The net result was the Company recording \$2.4 million in loss from operations compared to income from operation in 2008 of \$2.8 million.
- h) *Other Expenses:* There was a \$0.006 million foreign exchange loss on the cash and investments held in Canada and denominated in Canadian dollars and net interest expense of \$0.1 million in the first half of 2009.
- i) *Income taxes:* For the six month period ended June 30, 2009, the Company reported an income tax recovery of \$0.3 million which arose from the recognition of certain deferred tax assets, principally net operating loss carry forwards, that were not previously recognized and the on-going amortization of the fair market purchase price adjustment to property, plant and equipment. As the Company's future income tax liability has been eliminated through various transactions and it is not "more likely than not" that the benefit of the Company's tax assets will be realized, no future tax assets have been recognized.
- j) *Non-controlling interest:* The non-controlling interest recovery of \$0.3 million represents the after tax share of Revett Silver's loss attributable to the Class B shareholders of Revett Silver. This charge changes as Revett Silver's income changes and it is reduced as Revett Minerals ownership in Revett Silver increases.
- l) *Net earnings:* The Company recorded net loss of \$1.9 million or \$0.02 per share for the first half of 2009 compared to net income of \$1.5 million or \$0.02 per share in the first half of 2008.

## Financing Activities

During the first quarter of 2009 the Company entered into a capital lease for the purchase of a CAT haul truck with a value of \$1.3 million which is being financed over a six year period. Revett Silver had entered into the following contractual financial obligations (in thousands of USD):

| <b>Contractual obligation</b>        | <b>Total</b>         | <b>Current portion</b> | <b>1 to 3 years</b> | <b>3 to 5 years</b> | <b>5 years or more</b> |
|--------------------------------------|----------------------|------------------------|---------------------|---------------------|------------------------|
| Note payable                         | 4,292                | 4,292                  |                     | -                   | -                      |
| Royalty payable                      | 1,572                | 1,572                  |                     |                     |                        |
| Capital lease obligations            | 2,049                | 677                    | 1,016               | 356                 |                        |
| Long term Reclamation costs          | <u>13,320</u>        | -                      | -                   | -                   | <u>13,320</u>          |
| <b>Total contractual obligations</b> | <b><u>21,233</u></b> | <b><u>6,541</u></b>    | <b><u>1,016</u></b> | <b><u>365</u></b>   | <b><u>13,320</u></b>   |

Revett Silver has also entered into three different operating leases for a total of 54 rail cars at an average cost of \$458 per car per month. The leases have different terms, the first lease for 33 cars expiring May 2011, the second lease for 15 cars expires in February 2010 and the final lease for 6 cars expires in May 2010.

## Liquidity and Capital Resources

The Company's liquidity position is directly related to the level of concentrate production, cost of this production and the provisional and final prices received for the copper and silver in the concentrate that is sold. At June 30, 2009, working capital was a negative \$3.7 million and cash and cash equivalents was \$3.3 million. At June 30, 2009, net concentrate receivable was \$1.9 million.

As a result of significant decreases in both copper and silver prices and the Company's lack of working capital, the Company was unable to repay its customer for some of its concentrate sold prior to December 31, 2008, upon final settlement. On January 23, 2009, the Company issued a senior floating rate note in the principal amount of \$4.3 million related to amounts owing for shipments from November 2008 and prior periods. The outstanding principal of the Note was originally due on June 30, 2009 but was extended to August 31, 2009. Using copper and silver prices at June 30, 2009, the Company estimates it would generate a modest positive cash flows, however the Company may not be in position to pay off the \$4.3 million note that is due on August 31, 2009 or the \$1.6 million in royalty currently owing unless alternative financing is secured.

Further price declines in copper and silver could further erode the Company's cash and working capital position and although it is currently investigating means of raising additional capital with potential lenders and investors, no assurance may be given if these efforts will prove successful. Given market conditions in 2009, it may be difficult for the Company to secure sufficient external financing to meet its obligations. These conditions raise substantial doubt regarding the Company's ability to continue as a going concern. Because of the Company's need to conserve cash, all discretionary capital spending and exploration spending have been placed on hold. Furthermore, the Company does not have sufficient cash to undertake any activities at Rock Creek at this time.

In February 2009, the Company completed a private placement of 10,000,000 units (each unit consisting of one share of common stock and three quarters of one common stock purchase warrant) and realized gross proceeds of \$0.6 million. If fully exercised, the warrants would result in the issuance of 7,500,000 additional shares of common stock. The exercise price for a full warrant is \$0.10 and the warrants expire on February 13, 2011.

In April 2009, under an existing Shareholder Participation Rights Agreement, the Company completed a private placement of 3,855,558 shares and realized gross proceeds of approximately \$0.3 million.

In May of 2009, the Company requested and received \$1.0 million from its commutation account (restricted cash account) which is administered by its insurance bonding company. The Company requested its bonding company to reimburse for the final reclamation costs incurred over the last four years.

### **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 Troy and Rock Creek. 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 at any time until the later of: (i) one year after Rock Creek achieves 80% of designed commercial production capacity or, (ii) December 31, 2015. The amendment requires Kennecott to surrender 2,250,000 common shares of the Company previously issued 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.

In October 2004, Revett Silver sold Royal Gold 1,333,333 common shares for gross proceeds of \$1.0 million. Royal Gold had the right to convert these common shares into a perpetual, non-participating 1% net smelter return royalty from production from Rock Creek. On January 5, 2009, Royal Gold exercised its right and converted these common shares into a perpetual, non-participating 1% net smelter return royalty from production from Rock Creek.

### **Related Party Transactions**

There were no related party transactions during the first six months of 2009.

### **Proposed Transactions**

In accordance with the Agreement and Plan of Reorganization approved by the shareholders of Revett Silver, Revett Silver anticipates it may either redeem its Class B common shares for cash or exchange them for common shares of Revett Minerals. In March 2009, Revett Silver shareholders exchanged 20,553,500 Class B common shares of Revett Silver for a like number of common shares of Revett Minerals, which increased Revett Minerals ownership in Revett Silver to 94.2%. In June 2009, Revett Silver shareholders exchanged 2,144,650 Class B common shares of Revett Silver for a like number of common shares of Revett Minerals, which increased Revett Minerals ownership in Revett Silver to 96.7%. As at June 30, 2009, there are 2,885,337 Revett Silver Class B common shares outstanding.

## **Principal Risks and Uncertainties**

*Revett Minerals is a speculative investment, for many reasons, and the following risk factors should be carefully considered in evaluating it. In addition, this report contains forward-looking statements that involve known and unknown risks and uncertainties. These forward-looking statements include statements of our plans, objectives, expectations and intentions. Actual results could differ from those discussed in the forward-looking statements as a result of certain factors, including those set forth below. You should carefully consider the risks and uncertainties described below and the other information in this report before investing.*

***We may not be able to continue as a going concern.*** Our consolidated financial statements have been prepared on the basis that we will continue as a going concern. At June 30, 2009, we had negative working capital of approximately \$3.7 million, which may not be sufficient to meet our planned business objectives. The Company has entered into an agreement with its customer to defer payment of \$4.3 million until August 31, 2009. At current copper and silver prices the Company would be able to generate a modest positive cash flow but would not be able to pay off the note payable or the \$1.6 million in royalty payments owing. Management recognizes that the Company will need to generate additional financial resources in order to meet its objectives. If the Company is not able to generate positive cash flows and profits or obtain adequate additional financing, it will be required to curtail operations and exploration activities. Furthermore, its inability to continue as a going concern would require it to restate its assets and liabilities on a liquidation basis, which could differ significantly from the going concern basis.

***We have a limited operating history and had losses in prior years.*** We have been engaged in commercial mining operations at Troy for just over four years and have not yet attained a significant level of earnings. In 2008, we incurred a loss of \$6.7 million on revenues of \$35.9 million. In 2007, we earned approximately \$0.9 million on revenues of approximately \$39 million. In 2006, we incurred a loss of approximately \$1.7 million on revenues of approximately \$31.4 million, and in 2005 we incurred a loss of approximately \$2.9 million on revenues of approximately \$21.1 million. Our loss in 2008 was primarily a result of a rapid decrease in copper and silver pricing during the second half of 2008 and lower than expected metals production. Our losses in 2006 and 2005 were partially attributable to the fact that production levels at Troy had not attained projected levels due to geotechnical problems, a shortage of skilled employees, problems in obtaining necessary repair parts for its equipment, and other factors common to underground hard rock mining operations. This ongoing shortfall in production has resulted in higher than anticipated operating costs.

***Environmental challenges could prevent us from ever developing Rock Creek.*** Our proposed development of Rock Creek has been challenged on environmental grounds by several regional and national organizations at various times subsequent to the Forest Service's issuance of an administrative record of decision approving our plan of operation in 2003. Some of these challenges are substantial and ongoing, and allege violations of the procedural and substantive requirements of a variety of federal and state laws and regulations pertaining to our permitting activities at Rock Creek, including ESA, NEPA, the 1872 Mining Law, the Federal Land Policy Management Act, the Wilderness Act, the National Forest Management Act, the Clean Water Act, the Forest Service Organic Act of 1897, and the Administrative Procedural Act. Although we have generally been successful in addressing most of the environmental challenges to our operations, we cannot predict with any degree of certainty how the pending challenges will be resolved. Rock Creek is potentially the more significant of our two mining assets. Continued

court challenges to the record of decision and its accompanying biological opinion will inevitably delay us from proceeding with our planned development, and a successful challenge to either could prevent us from developing the project at all. If we are successful in defending these challenges, we still must comply with a number of requirements and conditions as development progresses, failing which we could be denied the ability to continue with our proposed activities at Rock Creek.

***Our reclamation liability at Troy could be substantial.*** In acquiring Troy, we agreed to indemnify ASARCO and hold it harmless from all of the liabilities associated with the reclamation, restoration and closure of the mine. This entailed our procurement of a \$12.9 million performance bond to ensure that sufficient funds would be available to meet these obligations. We are currently preparing a revised reclamation and restoration plan for Troy, which, when completed, may result in changes to the estimated reclamation and restoration costs and the amount of the performance bond. One of the key issues that has yet to be resolved is the extent to which we may be required to treat water from Troy after mining operations have ceased. Another issue is whether we are required to prepare and file an EIS in conjunction with any action taken with respect to our revised reclamation plan. We have advised the DEQ that we will fund the cost of an EIS, but believe the study should be postponed until such time as mining operations at Troy are actually projected to cease and more current information concerning the scope of any required remediation is known. We do not presently know whether our revised plan will actually result in increased reclamation and restoration costs at Troy. Laws governing the closure of mining operations in Montana have become more stringent since Troy was first placed into production, and in the case of Troy, could include provisions requiring us to perpetually treat all of the discharged water from the mine. These factors could result in the imposition of a higher performance bond. Further, our reclamation and restoration liability at Troy is not limited by the amount of the performance bond itself. The bond serves only as security for the payment of these obligations; any substantial increase in actual costs over and above the amount of the bond would necessarily be borne by the Company. Payment of such costs could have a material adverse effect on the Company's financial condition.

***We presently do not have the financial resources to develop Rock Creek.*** At June 30, 2009 we had cash and cash equivalents and short term investments of approximately \$3.3 million. At this time we do not have sufficient cash to fund our evaluation program at Rock Creek and we do not have sufficient funds to allow us to develop the mine or begin mining operations should it prove feasible to do so. Moreover, we do not have any commitments for additional funding. The forecasted capital cost of constructing a mine at Rock Creek is currently estimated to be in the range of \$220 to \$270 million and could change materially.

***Non-U.S. persons owning our stock could be subject to U.S. taxes if we are treated as a United States company.*** Section 7874 of the Internal Revenue Code of 1986, as amended (the "Code"), provides that, under certain instances, a non-U.S. corporation such as Revett Minerals could be treated as a U.S. corporation for U.S. tax purposes. A consequence of this treatment for non-U.S. persons owning common stock of such a corporation is that they could be subject to U.S. tax on any gain they receive from the sale of such stock unless they qualify for a statutory exemption. Were these to occur, it is unlikely that this potential U.S. tax liability would be credited against the shareholder's tax liability in his or her country of domicile, meaning that the shareholder would likely suffer double taxation on any such gain. Management does not believe Revett Minerals will be treated as a U.S. corporation for tax purposes, but cannot offer any assurance that such treatment would not occur. There is presently uncertainty surrounding the interpretation of Section 7874. The Internal Revenue Service could challenge Revett Minerals' interpretation of the guidance that has been provided to date, or it could write implementing regulations that differ from that guidance.

***We could be treated as a passive foreign income company for tax purposes.*** Section 1297 of the Code provides that a foreign corporation such as Revett Minerals may be a passive foreign investment company (“PFIC”) if (a) 75% or more of its gross income is passive income or (b) the average percentage of the corporation’s assets (by value) held by it during the taxable year that produce passive income or are held for the production of passive income is at least 50%. (For purposes of Section 1297, “passive income” could include income derived by Revett Minerals from the operations of its majority-owned Revett Silver subsidiary.) If a U.S. taxpayer shareholder receives an “excess distribution” from a PFIC, that distribution is generally subject to an interest charge unless the shareholder has elected to treat its interest in the corporation as an interest in a “qualified electing fund” or “QEF”, or makes an election to mark to market his or her PFIC stock at the close of each taxable year. An “excess distribution” for purposes of Section 1297 and regulations promulgated there-under is the amount of any current distribution that exceeds the normal level of a PFIC’s distributions. The purpose of the interest charge is to enable a recapture of the benefit of any U.S. income tax deferral to a U.S. shareholder while the investment income (presumably untaxed) was accumulated by the foreign investment company.

***There are other formidable risks to mining.*** We are subject to all of the risks inherent in the mining industry, including industrial accidents, labor disputes, unusual or unexpected geologic formations, cave-ins, surface subsidence, flooding, power disruptions and periodic interruptions due to inclement weather. These risks could result in damage to or destruction of its mineral properties and production facilities, personal injury, environmental damage, delays, monetary losses and legal liability. We do not maintain insurance covering environmental or other catastrophic liabilities, and we do not expect to procure such insurance unless and until it is economically feasible to do so. Insurance against environmental risks (including pollution or other hazards resulting from the disposal of waste products generated from exploration and production activities) is generally not available. In addition, we are subject to competition for new minerals properties, management and skilled miners from other mining companies, many of which have significantly greater resources than we do. We also have no control over changes in governmental regulation of mining activities, the speculative nature of mineral exploration and development, operating hazards, fluctuating metals prices, and inflation and other economic conditions.

***Copper and silver prices fluctuate markedly.*** Our operations are significantly influenced by the price of copper and silver. Copper and silver prices fluctuate widely and are affected by numerous factors that are beyond our control, such as inflation, the strength of the United States dollar relative to foreign currencies, global and regional demand, commodity funds and speculators and the political and economic conditions of major producing countries throughout the world. Since 1990, world average copper prices fluctuated from a low of \$0.71 per pound in 2002 to a high of \$3.23 per pound in 2007, and world average annual silver prices fluctuated from a low of \$3.95 per ounce in 1992 to a high of \$15.03 per ounce in 2008.

***Currency fluctuations will affect our competitiveness.*** The price of copper and silver are denominated in U.S. dollars even though most production originates in countries whose currencies are independently valued. Fluctuations in the value of the U.S. dollar relative to the values of these host country currencies could affect the competitiveness of our operations.

### **Recently Adopted Accounting Standards**

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, Goodwill and Other Intangible Assets and Section 3450, research and Development Costs. The new Section establishes standards for the recognition, measurement and disclosure of

goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. The new requirements were adopted by the Company on January 1, 2009. The adoption of this standard did not have a material impact on the consolidated financial statements.

In December 2007, FASB issued SFAS NO. 160 “*Non Controlling Interests in Consolidated Financial Statements - an amendment of No. ARB 51*” and is effective for the Company on January 1, 2009. SFAS No. 160 amends ARB 51 to establish accounting and reporting standards for the non controlling ownership interest in a subsidiary and for the deconsolidation of a subsidiary. The adoption of this standard requires that for US GAAP purposes non controlling interest be classified as equity where as for Canadian GAAP, it is classified between liabilities and equity. FAS 160 also affected the accounting for the acquisition of the non-controlling interest in March, 2009.

In December 2007, FASB issued SFAS NO. 141 (R) “*Business Combinations*”. This standard is effective for the Company for transactions where the acquisition of control is on or after January 1, 2009. SFAS No. 141 (R) changes the accounting for assets acquired and liabilities assumed in a business combination as follows:

- acquisition costs are generally expensed as incurred;
- non controlling interests are valued at fair value at the acquisition date;
- acquired contingent liabilities are recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non acquired contingencies;
- in-process research and development is recorded at fair value as an indefinite-lived intangible asset at the acquisition date;
- restructuring costs associated with a business combination are generally expensed subsequent to the acquisition date; and
- changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date affect income tax expense.

Adoption of SFAS No 141 (R) did not have a material effect on our consolidated financial statements.

In June 2008, the EITF reached a conclusion in EITF 07-05 that an equity-linked financial instrument would not be considered indexed to the Company’s own stock if the strike price is denominated in a currency other than the issuer’s functional currency. The determination of whether an equity-linked financial instrument is indexed to an entity’s own stock is not affected by the currency or currencies in which the underlying shares trade. The guidance is effective for financial statements beginning on January 1, 2009. The adoption of EITF 07-05 did not have a material impact on the balance sheet or statement of operations as the fair value of the warrants at January 1, 2009 adoption and at June 30, 2009 was nominal. However certain warrants related to a previously issued Unit offering have an assigned value of \$1.0 million (note 10 (c)) for U.S. GAAP purposes recognized in contributed surplus. This amount has been reclassified as a liability and subsequently revalued to a fair value of \$NIL resulting in a charge to opening deficit of \$1.0 million on adoption at January 1, 2009.

In June 2009, the FSP FAS No. 107-1 and ABP 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, amended FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments* and Accounting Principle Board Opinion No. 28, *Interim Financial*

*Reporting*, to require disclosures about fair value of financial instruments in interim financial statements. The Company has provided the required disclosures in Note 10 of the consolidated interim financial statements.

### **Future accounting changes**

In February 2008, the Canadian Accounting Financial Standards Board confirmed that Canadian public companies will be required to adopt International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. The adoption of IFRS will require the Company to change certain accounting policies and disclosures. The Company is in the process of evaluating the impact of adopting IFRS for its financial statements. As an alternative, the Company is considering the adoption of US GAAP.

### **Financial Instruments**

#### ***Hedging Activities***

The Company fair values the amount of silver and copper in concentrate for which final prices have not yet been determined. At each month end, the Company adjusts its revenue to account for expected future prices and the corresponding expected future revenue and cash flow. In order to do this, the Company must make estimates of the future prices expected to prevail when final settlement occurs. The Company uses Comex commodity futures market prices at each month end to estimate these expected prices. At June 30, 2009, the Company had 528,718 pounds of copper and 68,186 ounces of silver with prices not yet fixed. The fair value revenue adjustment as at June 30, 2009 was a loss of \$0.07 million and is recorded in accounts receivable at June 30, 2009 with the corresponding loss recorded in the statement of operations. Considerable judgment is required to interpret market data and to develop the estimates of fair value for future periods. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company will realize in such future periods.

#### ***Other Instruments***

At June 30, 2009, the Company had one forward contract to sell 200 tons of copper at a price of \$4,037 per ton maturing in July 2009; six forward contracts to sell a total of 1,200 tons of copper at a price of \$4,615 per ton maturing between August 2009 and January 2010; one forward contract to sell 50,000 ounces of silver at a price of \$15.55 per ounce maturing in July 2009; six forward contracts to sell a total of 300,000 ounces of silver at a price of \$14.20 per ounce maturing between August 2009 and January 2010. The Company has elected not to recognize the fair value of these fixed pricing contracts in accordance with the normal sales exception allowed in FAS 133.

### **Forward Looking Statements**

*Cautionary “Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995.* With the exception of historical matters, the matters discussed in this report are forward- looking statements that involve risk and uncertainties that could cause actual results to differ materially from projections or estimates contained herein. The words “believe”, “estimate”, “anticipate”, “expect”, and “project” and similar expressions are included to identify forward-looking

statements. Such forward looking-statements include statements regarding future production levels and operating costs at the Troy mine, future levels of capital expenditures at both Troy and Rock Creek, the reserve and resource estimates at both Troy and Rock Creek, the adequacy of the financial resources and funds to cover operating and exploration costs at Troy and the cost of exploration at Rock Creek, the timing of certain litigation activities which have delayed exploration activities at Rock Creek, the adequacy of third party financing to complete certain corporate development activities, and the expectation that the Troy mine will be able to generate positive cash flow in future periods. Factors that could cause actual results to differ materially from these forward looking statements include, among others:

- changes in copper and silver prices;
- the operating performance of the Troy mine;
- geological conditions at the Troy mine;
- the need for copper concentrate by copper smelters and the costs associated with selling such concentrate to the smelters;
- the ability of the Company to complete exploration activities at the Rock Creek project;
- activities of certain environmental groups opposed to the Company's activities in the United States;
- changes in the planned Rock Creek project parameters;
- changes in estimates of the reserves and resources at all the properties owned or controlled by the Company;
- economic and market conditions;
- future financial needs and the Company's ability to secure such financing under reasonable terms and conditions;
- changes in federal or state legislation and regulations governing our operations and projects;
- risks of future unknown lawsuits respecting future planned activities on our projects or past activities by the Company.

as well as other factors described elsewhere in our annual Form 10-K and the various regulatory filings done with United States and Canadian and provincial regulatory bodies which are available in Canada at [www.sedar.com](http://www.sedar.com) or in the United States on EDGAR. Future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward-looking statements. Most of these factors are beyond our ability to predict or control. Future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward looking statements. We disclaim any obligation to update any forward-looking statement made here-in. Readers are cautioned not to put undue reliance on forward looking statements.

### **Quantitative and Qualitative Disclosures About Market Risk**

Our earnings and cash flow are significantly affected by changes in the market price of copper and silver. The prices of both metals can fluctuate widely and are influenced by numerous factors such as demand, production levels, the economic policies of central banks, producer and fund hedging, world political and economic events and the strength of the US dollar relative to other currencies. During the past eighteen years the average annual price of copper has ranged from a low of \$0.71 per pound to a high of \$3.23 per pound. Average annual silver prices over this same period have ranged from a low of \$3.95 per ounce to a high of \$15.02. Currently the prices for both metals are at or near \$2.27 per pound for copper and \$14.65 per ounce for silver. Should the price of copper or silver decline substantially, the value of Troy and Rock Creek could fall

dramatically and the future operation of Troy and the future exploration and development at Rock Creek could both be at risk.

During the six months ended June 30, 2009, the Company delivered and sold 4.5 million pounds of copper and 580,220 ounces of silver. Based upon these metals sales levels, a \$0.50 change in the price of each metal would have changed revenue by \$2.2 million.

A substantial portion of the Company's cash and short term investments are invested in certificates of deposit or high quality government and corporate fixed income securities, all of which are denominated in US dollars. With the uncertainty in the financial markets the value of these fixed income securities could change materially. Approximately \$0.4 million of the Company's short term investments are in savings deposits by a major Canadian chartered bank and are denominated in Canadian dollars which exposes the Company to some foreign exchange risk.

### **Controls and Procedures**

Management of the Company is responsible for adopting an internal control system that gives it and the board of directors reasonable assurance that the Company's financial statements present fairly its financial position and activities. Management is also responsible for establishing and maintaining disclosure controls and procedures that provide reasonable assurance the material information concerning the Company and its consolidated subsidiaries is appropriately disclosed.

***Disclosure Controls and Procedures.*** The Company's disclosure controls and procedures are designed to ensure that information the Company is required to disclose in its periodic reports and other information filed under the Securities Exchange Act, as amended ("the Exchange Act") is recorded, processed, summarized and accurately reported within the time periods prescribed by the Securities and Exchange Commission's rules. They include, without limitation, controls and procedures designed to ensure that such information is accumulated and promptly communicated to the Company's management, including its chief executive officer, its chief financial officer and other principal accounting officers, so such persons can make timely decisions regarding disclosure.

The Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures as required by Exchange Act Rules 13 (a) - 15 (e) and 15 (d) – 15 (e). This evaluation was performed under the supervision and with the participation of its management, including the chief executive officer and its chief financial officer. Based upon this evaluation, the chief executive officer and the chief financial officer concluded that the design and operation of the Company's disclosure controls and procedures are effective as at June 30, 2009 to ensure that information required to be disclosed by us in reports that we file under the Exchange Act, is gathered, reported, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to management of Revett Minerals, including the CEO and CFO, to allow timely decisions regarding required disclosure as specified under U.S. and Canadian securities laws.

***Internal Controls over Financial Reporting.*** Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of our financial reporting and preparation of our financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those

policies and procedures that: pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of our assets are being made only in accordance with the authorizations of management and directors; and provided reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of assets that could have a material effect on our financial statements. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions or that degree of compliance with the policies and procedures may deteriorate.

*Changes in Internal Controls.* During the first half of 2009, the Company rehired its tax expert to review the quarter end income tax recovery. During the fourth quarter of 2008, the Company, in its efforts to conserve cash, did not hire this tax expert and a material weakness was noted during our December 31, 2008 assessment which was reported by management in its year end management's discussion and analysis.

## **PART II: Other Information**

### **Legal proceedings**

The Company and certain of its subsidiaries are parties to several pending legal actions in the federal and state courts in Montana as of the date of this report, most of which are predicated on alleged violations of various federal and state environmental laws and regulations at Troy and Rock Creek.

#### *Troy-Related Actions.*

Cabinet Resource Group, Inc. v. Montana Department of Environmental Quality, Revett Minerals Inc. and Genesis Inc., Montana Nineteenth Judicial District Court in and for Lincoln County (Case No. DV-07-118). This action was brought in 2007. The plaintiff, a regional environmental organization, alleges that Genesis, Inc. is operating Troy in violation of the Metal Mine Reclamation Act ("MMRA") because of deficiencies in its reclamation plan, and that all of the defendants have violated the Montana constitution and various state statutes and regulations by allowing such operations to continue. The plaintiff seeks a declaration that the Troy operating permit and reclamation plan are void and invalid; alternatively, it seeks a writ of mandamus from the court requiring DEQ to enforce the MMRA and presumably suspend or revoke the operating permit, declare a forfeiture of the Company's performance bond, and enjoin the Company from further operations at Troy pending approval of a reclamation plan. The plaintiff also alleges that DEQ has failed to maintain a clean and healthful environment, in violation of the Montana constitution.

The Company has answered the complaint and asserted several affirmative defenses to plaintiff's claims. It has also filed a motion seeking to dismiss Revett Minerals on the grounds that it does not do business in Montana. Discovery has been substantially completed, although no trial date has been set. The court has indicated that it will not set a trial date until DEQ has completed its required review of the reclamation plan. The Company is engaged in ongoing discussions with

DEQ concerning proposed revisions to the existing reclamation plan and increased performance bond requirements, and therefore believes the claim is without merit.

Federal Mine Safety and Health Act Violations and Related Matters. MSHA issued 53 safety-related citations and six orders against Revett Silver's Genesis, Inc. subsidiary during the period from July 30, 2007 to September 30, 2007, the majority of which relate to the isolated rock fall incident and resulting fatality that occurred at Troy on July 30, 2007. Three of these citations allege that the Company was negligent with respect to certain operations or activities conducted at Troy, and two of them allege that Company acted in reckless disregard of the safety of its employees. The Company has engaged counsel to contest these citations.

***Rock Creek-Related Actions.***

Clark Fork Coalition, Rock Creek Alliance, Inc., Cabinet Resource Group, Inc., Montana Environmental Information Center, Inc. and Trout Unlimited v. Montana Department of Environmental Quality, Montana First Judicial District Court in and for Lewis and Clark County (Cause No. BDV-2002-70). This action was brought in 2002 challenging DEQ's issuance of a Montana Pollution Discharge Elimination System ("MPDES") permit pertaining to prospective wastewater and mine drainage from the proposed Rock Creek project. The plaintiffs contend the permit was arbitrarily issued because DEQ did not perform the required non-degradation review and did not ensure that surface waters designated as Outstanding Water Resources within the Cabinet Mountains Wilderness Area would not be degraded by the proposed project. The plaintiffs also allege that the proposed reclamation plan for Rock Creek fails to provide for the reclamation of lands within the wilderness area that may be damaged by subsidence or other disturbances, all in violation of MMRA and the Montana Water Quality Act, and that the permitted discharges violate the constitutional rights of Montana citizens to a clean and healthy environment.

In February 2005, the parties stipulated to a dismissal of the constitutional, MMRA and Outstanding Water Resources claims, without prejudice. In March 2006, the district court entered summary judgment against the plaintiffs on their claim that the MPDES permit as to Outfall 001 and 004 violated the Montana Water Quality Act and the state's constitution. However, it did find that those portions of the MPDES permit covering Outfall 002 (the area in which a proposed paste facility would be constructed) violated the act and the constitution since it allows an increase in arsenic levels below the outfall, and was therefore void. The court concluded by noting that its decision does not mean Rock Creek could not go forward, only that the MPDES permit needed to be revised in light of its ruling. The Company had commenced the required revision of the MPDES permit before the court's ruling was issued, as part of its statutorily-required five-year review process, and management is confident that the issues with the Outfall 002 can be successfully resolved.

In May 2007, the plaintiffs filed an appeal with the Montana Supreme Court, contending that the district court's March 2006 summary judgment was incorrect in not invalidating the MPDES permit entirely, and asking the court to do so on constitutional grounds. On December 4, 2008, the Montana Supreme Court reversed the prior judgment in favor of DEQ remanding consideration of the MPDES permit back to DEQ for further consideration. DEQ is now in discussions on how to address the Supreme Court ruling. The Company believes this particular outfall of the MPDES permit is not required to start the evaluation of the program at Rock Creek.

Rock Creek Alliance, Clark Fork Coalition, Cabinet Resource Group, Inc., Montana Wilderness Association, Earthworks, and Alliance for the Wild Rockies, Plaintiffs, v. United States Forest Service, U.S. Department of Agriculture, Tom Tidwell, in his official capacity as Regional Forester for the Northern Region, Paul Bradford, in his official capacity as Forest Supervisor of the Kootenai National Forest, and Ed Schaffer, in his official capacity as Secretary of the U.S.

Department of Agriculture, Defendants, United States District Court for the District of Montana, Missoula Division, Case No. CV-05-107-M-DWM. This action was originally filed in June 2005 and was superseded by an amended complaint filed in February 2008. Plaintiffs seek injunctive and declaratory relief against the defendants, claiming they unlawfully approved the record of decision, plan of operations, and the final EIS for Rock Creek. In addition, plaintiffs challenge the findings of a determination letter issued by the Forest Service and three supplemental information reports issued by the Kootenai National Forest in December 2007. They allege violations of the ESA, NEPA, the National Forest Management Act, the Clean Water Act, the Forest Service Organic Administration Act of 1897, the Administrative Procedure Act, and various implementing regulations adopted under these statutes. Revett Silver petitioned the court and was granted intervenor status in October 2005.

This action has twice been stayed. The first stay was ordered in 2005 pending resolution of a challenge to the USFWS's May 2003 biological opinion in a separate lawsuit in the United States District Court for the District of Montana entitled *Rock Creek Alliance v. U.S. Fish and Wildlife Service*, CV 01-152-M-DWM. That lawsuit has now been concluded and resulted in the issuance of a revised biological opinion in October 2006, which concluded that development of Rock Creek would not likely to jeopardize the continued existence of grizzly bears or bull trout, each of which is listed as a threatened species under the ESA, nor adversely modify critical habitat of these species. The second stay was ordered in November 2006 pending a Forest Service determination as to whether the Company's plan of operations at Rock Creek needed to be modified. The Forest Service's December 2007 supplemental information reports did not mandate any changes to the plan of operations of the final EIS.

The governmental defendants and the Company each filed answers to the plaintiffs' amended complaint in March 2008 and the issues in this action are to be fully briefed to the court by early June 2008. An adverse ruling could delay or even prevent the Company from proceeding with its proposed activities at Rock Creek.

Rock Creek Alliance, Cabinet Resource Group, Sierra Club, Alliance For The Wild Rockies, Natural Resource Defense Council, Trout Unlimited, Earthworks, Idaho Counsel of Trout Unlimited, Pacific Rivers Counsel and Great Old Broads For Wilderness v United States Fish and Wildlife Service, United States District Court for the District of Montana, Missoula Division, case No. CV-08-28-M-DWM. This lawsuit was filed in February 2008 after the US Fish and Wildlife Service reaffirmed the conclusions reached in its revised October 2006 biological opinion—namely, that Rock Creek would not jeopardize the continued existence of the grizzly bear or bull trout in the vicinity of the proposed mine. The plaintiffs contend that the conclusions reached by the USFWS ignored the best available science and were arbitrary, capricious, and an abuse of discretion in violation of the ESA and the Administrative Procedural Act. The Company has intervened in this matter as a defendant and this case has been consolidated with the above described actions. Answers have been filed by the Fish and Wildlife service and the Company and the issues will be briefed to the court tentatively scheduled for June 2008.

Management's Analysis of Actions pertaining to the Record of Decision and Biological Opinion. Management cannot predict with any degree of certainty whether the Company will be successful in defending the pending legal challenges to the Forest Service's record of decision and the Fish and Wildlife Service's revised biological opinion. The issues presented by these challenges are complex and involve agency actions, procedures and determinations that the Company may influence but not control. The February 2008 amendment to the lawsuit petition challenging the USFWS's revised biological opinion is particularly difficult to analyze at this time, since it simply challenges the scientific studies and evidence reached by the responsible agencies. It is also vexing in light of the conclusions that were reached in earlier challenges to the biological

opinions, including an agency-approved agreed mitigation plan that addresses concerns about Rock Creek's affect on grizzly bear habitat and migration corridors in the project area.

The validity of the USFWS's various studies and analyses has been a recurrent theme in prior environmental challenges to the Rock Creek biological opinions. Consequently, management of the Company anticipates that, should the petitioners ultimately commence an action challenging the revised opinion, they will again contend that these studies and analyses are flawed or ignore the best available science.

Management's ability to predict the outcome of these challenges is further complicated by the fact that Rock Creek is one of two proposed mining projects in the Cabinet Mountains Wilderness Area, the other being the Montanore project being developed by Mines Management, Inc., a junior mining company based in Spokane, Washington. Although the pending actions are specific to Rock Creek, it is only because development of Rock Creek has proceeded to the point where the jurisdictional agencies have either issued permits or taken other administrative actions that invoke legal challenges. The prospective cumulative effect of two mining projects within the Cabinet Mountains Wilderness Area is an implicit factor in these pending actions, in management's opinion—this despite the fact that the Montanore project faces substantial hurdles and, at this point, may not be developed in the foreseeable future.

Management anticipates that, even if the revised biological opinion is upheld, it will result in some modification of the Forest Service's record of decision, which could in turn affect the Rock Creek plan of operation. Regardless, unless and until they are favorably resolved, these challenges could delay the Company's planned evaluation program at Rock Creek and may make it more difficult to obtain the financing needed to fund commercial development. Even if the Company is ultimately successful in defending these challenges, it still must comply with a number of requirements and conditions as development of Rock Creek progresses, failing which it could be denied the ability to continue.

#### ***Other Actions and Proceedings.***

In re ASARCO, LLC et al., Debtor: ASARCO, LLC, Plaintiff v. Revett Silver Company and Genesis, Inc., United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division (Bankruptcy Case No. 05-21207). This action seeks to avoid the July 2002 and May 2004 amendments to Revett Silver's purchase agreement with ASARCO. It also seeks a judgment in an amount equal to the value ceded by these amendments. Importantly, the action does not challenge the provisions of the original agreement that resulted in ASARCO's transfer of its interests in the Troy mine and the Rock Creek project to us. (See the subsection of this report entitled "Properties – Our Purchase Agreements with ASARCO and Kennecott.").

The amendments pertain to the amount we owed ASARCO under the original purchase agreement and the manner in which we were to have paid that amount. Specifically, the amendments resulted in the issuance of additional shares of our common stock to ASARCO in exchange for its cancellation of a production debt obligation and certain share price guaranties in the original purchase agreement. Plaintiff contends that the amendments constitute fraudulent transfers under applicable federal and state law because ASARCO was insolvent at the time and received insufficient or no value under the amendments. Although this action was commenced in 2007, neither Revett Silver nor Genesis, Inc. had been served as of the date of this report.

Tammy K. Ivins, Individually and as Personal Representative of the Estate of Michael E. Ivins, Deceased, Plaintiffs, vs. Revett Minerals Inc., a Foreign Corporation for Profit; Revett Silver

Company, a for Profit Corporation; and Does A-Z, Inclusive, Defendants. This action arises from the isolated rock fall incident and resulting fatality that occurred at Troy on July 30, 2007. The complaint alleges causes of action based on negligence, failure to provide a safe work place, strict liability for abnormally dangerous activity, and intentional and malicious acts or omissions and seeks compensatory damages in the amount of \$8,000,000 and punitive damages in the amount of \$10,000,000. We have engaged counsel to contest the claims and the Company's insurance carrier has agreed to join in the defense of this claim, including the paying the legal costs.

**Item #2: Unregistered sales of equity securities and Use of proceeds**

Not Applicable

**Item #3: Defaults Upon Senior Securities**

Not Applicable

**Item #4: Submission To A Vote of Securities Holders**

Not Applicable.

**Item #5: Other Information**

Not Applicable

**Item #6: Exhibits**

(a) Exhibits:

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C., 1350 (Section 906 of the Sarbanes-Oxley Act

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C., 1350 (Section 906 of the Sarbanes-Oxley Act

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### **REVETT MINERALS INC.**

Date: August 15, 2009

By: /s/John Shanahan  
John Shanahan  
President and Chief Executive Officer

Date: August 15, 2009

By: /s/Ken Eickerman  
Ken Eickerman  
Chief Financial Officer