

Kettle River Resources Ltd. **CDNX-KRR**

**Box 130, 298 Greenwood Street,
Greenwood, B.C. V0H 1J0**
Phone: 250 445 6756
Toll Free 1800 856 3966
Facsimile: 250 445 2259
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December 27, 2001

Office of International Finance (4193)
Attention: Listing Dept.
Securities & Exchange Commission
450 - 5th St. NW
Washington, DC 20549
USA

Phone: 202 272 3246
Fax: 202 272 2677

File #82-666 Rule 12g3-s(b)



SUPPL

02 FEB 20 AM 8:48

Dear Sir or Madam;

Enclosed please find one set of the following information:

1. Second quarter report to October 31, 2001 dated December 21, 2001.
 - Schedule A: Financial Statement (Unaudited – Prepared by Management)
 - Schedule B & C: Supplemental Information and Management Discussion.

Yours truly,
KETTLE RIVER RESOURCES LTD.

Ellen Clements
Director

Encl.

PROCESSED

FEB 25 2002

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FINANCIAL P



British Columbia Securities Commission

02 FEB 2002 8:50
QUARTERLY AND YEAR END REPORT
 BC FORM 51-901
 (previously Form 61)

Freedom of Information and Protection of Privacy Act: The personal information requested on this form is collected under the authority of and used for the purpose of administering the *Securities Act*. Questions about the collection or use of this information can be directed to the Supervisor, Financial Reporting (604-899-6729), PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver BC V7Y 1L2. Toll Free in British Columbia 1-800-373-5393

ISSUER DETAILS

NAME OF ISSUER

Kettle River Resources Ltd.FOR THE SECOND
QUARTER ENDED**October 31, 2001**

DATE OF REPORT

| Y | M | D |
|------|----|----|
| 2001 | 12 | 21 |

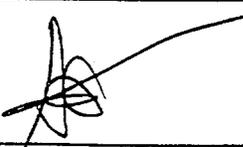
ISSUER'S ADDRESS**Box 130, 298 Greenwood Street**

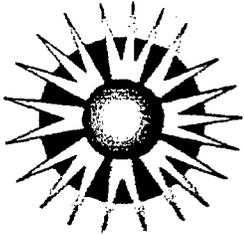
| CITY | PROVINCE | POSTAL CODE | ISSUER FAX | ISSUER TELEPHONE |
|-------------------|-----------|--------------------|---------------------|-----------------------|
| Greenwood | BC | V0H 1J0 | 250 445 2259 | 250 445 6756 |
| CONTACT PERSON | | CONTACT'S POSITION | | CONTACT TELEPHONE |
| G. Stewart | | Director | | 1 800 856 3966 |

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors.

Schedule A: Financial information, Schedule B: Supplementary information and Schedule C: Management Discussion. A copy of this Quarterly Report will be provided to any shareholder who requests it.

| DIRECTOR'S SIGNATURE | DIRECTOR'S NAME | DATE SIGNED | | |
|--|----------------------------|-------------|---------|---------|
| "George Stewart"  | George O.M. Stewart | Y 2001 | M 12 | D 24 |
| DIRECTOR'S SIGNATURE | DIRECTOR'S NAME | DATE SIGNED | | |
| "G. Rayner"  | G. Rayner | Y 2001 | M 12 | D 24 |



Kettle River Resources Ltd. CDNX -KRR.V

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December 24, 2001

BC Form 51 - 901 Quarterly Report
Six-month report ended October 31, 2001

SCHEDULE A – Financial Statements: The discussion should be read in conjunction with the Financial Statements for the period ended October 31, 2001.

SCHEDULE B – Supplemental Information: Also refer to the financial statement and accompanying notes.

1. General and Administrative expenses amounted to \$78,817 (2000 \$75,691) for the six month period and \$38,026 for the quarter (2000 \$43,112).
2. Exploration expenditures of \$46,259 this period were mainly included on the Phoenix tailings study, DHK Diamond exploration and Naket diamond JV program. The accumulated balance of mineral properties at the end of the period is \$2,850,431. There were no properties written off this period.
3. Amounts paid or accrued to related parties during the period was \$100,792.
4. No Shares were issued during the period. Shareholders approved the re-pricing of director and employee options from 25 to 15 cents.

SCHEDULE C – Management discussion and analysis of financial condition

General Administration:

The Company is principally engaged in the acquisition, exploration and development of mineral properties in British Columbia, Northwest Territories, Saskatchewan and Nunavut and accordingly has no revenue from any of its properties.

Exploration Activities & Resource properties:

Diamond Exploration – DHK properties, Northwest Territories, Lac de Gras

Results received December 14, 2001 from BHPBilliton (BHP) WO program resulted in 22 potential kimberlite targets and indicates the best place to look for new kimberlites is within existing kimberlite clusters. Diamondiferous kimberlites on the WO block include the Tli Kwi Chow (DO27, DO18 and the DO29 complex.) A number of the new targets are adjacent to existing kimberlites discovered by Kennecott/RTZ in the 1992-1996 era.



This WO exploration program will have the advantage of layers of geophysics, geochemistry and geology as well as a decade of case histories to assist in determining priorities.

Recent DHK Diamonds Inc. History

On August 11, 2000 Dentonia Resources Ltd. (DTA), Horseshoe Gold Mining Inc. (HSX), Kettle River Resources Ltd. (KRR) and DHK Diamonds Inc. formed an agreement with Kennecott Canada Exploration Inc. (KCEI) to acquire the 40% DHK property interest from KCEI plus a 100% interest in Pellatt Lake. DHK Diamonds Inc. was required to be publicly trading by August 11, 2001 and to provide KCEI a 9.9% equity interest. DHK management failed to meet the requirements of this agreement. Market conditions prevalent over the past year precluded this happening and failure to meet the agreement conditions provided KCEI the right to a 40% ownership in DHK Diamonds Inc. As a result of the DHK Diamonds Inc. default on the Aug. 11, 2000 DHK Reorganization Agreement, KCEI has indicated they are willing to negotiate this in exchange for a 1% gross overriding royalty on diamond production.

Upcoming program – WO property

Of the 22 targets, a new priority target is in the DO29 North pipe area. KCEI drilling in 1996 of a magnetic high discovered a diamondiferous phase. A strong EM, moderate Falcon anomaly with no magnetics has been located 200 meters northwest of this hole. This 3.1 hectare target lies within a small lake adjacent to the DO29North pipe.

There are numerous exciting targets where BHP has recommend ground geophysical follow-up. If warranted drilling a core size adequate for diamond testing will follow. The likelihood of these first priority targets being kimberlites is considered high due to the proximity to adjacent kimberlites. The use of ground geophysics prior to drilling will decrease the chance of repeating the recent program on the DHK property where all targets tested were non kimberlitic.

Naket

The 50% joint venture geophysical program on the Naket project in Nunavut located to the north and east of Lac de Gras was completed. A circular magnetic anomaly located requires drill testing. The Naket properties are located to the south of the area where the Ashton Canada results have triggered renewed interest in the potential for diamonds north of the diamond producing area of Lac de Gras. Kettle River expended \$80,000 Flow Through on the geophysical project and New Nadina Explorations Limited (50% partner) is obligated to match this amount in the next program.

British Columbia

In British Columbia the Company continued to prospect several properties for copper, gold and industrial minerals. A feasibility study is currently being conducted for certain industrial mineral production in the Greenwood area.

Phoenix Tailings – Preliminary results from the Phoenix tailings study, which commenced in September 2001, have been received from the UBC Centre for Industrial Mineral Innovations (CIMI). The production of magnetite for use in the coal industry as well as other uses for this 5 million ton tailings deposit are being examined. Recommendations will be received in the final report.

Operations and financial condition

At the end of the quarter, the Company had current assets of \$136,507 with current liabilities of \$19,679 resulting in a working capital of \$116,828. The loss for the period was \$99,266. During the



period the Company exploration projects included the Phoenix Tailings study for industrial mineral potential and DHK-BHP and Naket potential for diamonds. There are no shares held in escrow and of the fifty million authorized common shares, there are 4,853,611 issued and outstanding of which the Company holds 256,000.

Financings, Principal Purposes And Milestones

Financing of the company and its exploration projects is dependant on director and equity financing and subject to market conditions. Immediate financing is required in order to meet ongoing obligations. The Company continues to explore for minerals and diamonds on land currently held as well as search for additional properties of merit.

Kettle River explores for diamonds, precious and base metals in North America and trades on the Canadian Venture Exchange (CDNX) under the symbol KRR. The Company is listed with Moody's Investment and Standard & Poors and is registered with the Security and Exchange Commission File #82-666 under the 12g3-2(b) Exemption. News bulletins, financial reports and share price, bid/ask information is available on the company website www.kettleriver.com. The Company directors address investor relations issues and can be contacted at their toll free number: 1 800 856 3966.



KETTLE RIVER RESOURCES LTD.
Balance Sheets – Six months & Year End
(Unaudited – Prepared by Management)

| | October 31, 2001 | April 30, 2001 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and term deposits | \$ 70,595 | \$ 227,645 |
| Accrued interest and other amounts receivable | 22,230 | 43,427 |
| Marketable securities (Note 3) | 40,152 | 66,531 |
| Prepaid expenses | 3,530 | 3,406 |
| | 136,507 | 341,009 |
| INVESTMENTS (Note 4) | 394,308 | 388,340 |
| CAPITAL ASSETS (Note 5) | 104,539 | 108,011 |
| MINERAL PROPERTIES (Note 6) | 2,850,431 | 2,804,172 |
| | 3,485,785 | 3,641,532 |
| LIABILITIES and SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | 19,679 | 76,160 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (Note 7) | 8,120,506 | 8,120,506 |
| Deficit | (4,654,400) | (4,555,134) |
| Nature of operations (Note 1) | 3,466,106 | 3,565,372 |
| | \$ 3,485,785 | \$ 3,641,532 |



KETTLE RIVER RESOURCES LTD.
Statements of Operations and Deficit
(Unaudited – Prepared by Management)

| | Three month period | | Six month period | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | October 31, 2001 | October 31, 2000 | October 31, 2001 | October 31, 2000 |
| ADMINISTRATIVE EXPENSES | | | | |
| Accounting, audit & legal | \$ 9,983 | \$ 6,654 | \$ 15,255 | \$ 10,723 |
| Advertising, promotion & printing | 2,788 | 3,670 | 3,465 | 4,395 |
| Amortization | 553 | 667 | 1,105 | 1,333 |
| Licenses, insurance & fees | 4,970 | 7,794 | 10,227 | 11,087 |
| Management & wages (net of recoveries) | 14,321 | 17,940 | 37,924 | 36,338 |
| Office & sundry | 2,738 | 2,916 | 3,971 | 4,517 |
| Office building expenses | 963 | 928 | 3,666 | 3,996 |
| Telephone | 109 | 449 | 852 | 1,122 |
| Travel | 1,601 | 2,094 | 2,352 | 2,180 |
| | 38,026 | 43,112 | 78,817 | 75,691 |
| Equity In Loss of New Nadina Explorations Limited | 1,762 | 1,808 | 6,538 | 5,555 |
| Write Down (up) of Marketable Securities | (9,490) | (12,050) | (2,773) | (554) |
| Loss on Sale of Securities | 11,285 | Nil | 11,285 | Nil |
| Property Investigation Costs | 3,897 | 5,514 | 11,767 | 9,707 |
| Total Expenses | 45,480 | 38,384 | 105,634 | 90,399 |
| Less Income | | | | |
| Interest and investment | 2,666 | 6,216 | 6,368 | 14,846 |
| Loss for the period | (42,814) | (32,168) | (99,266) | (75,553) |
| Deficit, beginning of period | (4,611,586) | (4,371,143) | (4,555,134) | (4,327,758) |
| Deficit, end of period | \$ (4,654,400) | \$ (4,403,311) | \$ (4,654,400) | \$ (4,403,311) |
| Loss per share | \$ (0.01) | \$ (0.01) | \$ (0.02) | \$ (0.02) |
| Weighted average number of Common Shares outstanding | 4,853,611 | 4,653,611 | 4,853,611 | 4,653,611 |

The accompanying notes are an integral part of these financial statements.



KETTLE RIVER RESOURCES LTD.
Statements of Cash Flows
(Unaudited – Prepared by Management)

| | Three month period | | Six month period | |
|--|--------------------|------------------|------------------|------------------|
| | October 31, 2001 | October 31, 2000 | October 31, 2001 | October 31, 2000 |
| CASH PROVIDED BY (USED IN) OPERATIONS | | | | |
| Loss for the period | \$ (42,814) | \$ (32,168) | \$ (99,266) | \$ (75,553) |
| Items not involving cash | | | | |
| Amortization | 553 | 667 | 1,105 | 1,333 |
| Equity in loss of New Nadina Explorations Limited | 1,762 | 1,808 | 6,538 | 5,555 |
| Write down (up) of marketable securities | (9,490) | (12,050) | (2,773) | (554) |
| Loss on Sale of marketable securities | 11,285 | nil | 11,285 | nil |
| Changes in non-cash operating working capital | 11,871 | (28,079) | (35,408) | (27,042) |
| | (26,833) | (69,822) | (118,519) | (96,261) |
| INVESTMENTS | | | | |
| Proceeds on Sale of marketable securities | 17,866 | | 17,866 | |
| Increase in investments | (4,723) | (4,009) | (12,505) | (10,043) |
| Investment in DHK Resources Ltd. | nil | (42,673) | nil | (47,673) |
| Mineral property acquisition costs (net) | nil | (11,143) | nil | (11,143) |
| Deferred exploration expenditures, net of amortization of capital assets | (19,012) | (11,357) | (43,892) | (49,632) |
| | (5,869) | (69,182) | (38,531) | (118,491) |
| Decrease In Cash | (32,702) | (139,004) | (157,050) | (214,752) |
| Cash And Term Deposits, Beginning of Period | 103,297 | 397,022 | 227,645 | 472,770 |
| Cash And Term Deposits, End of Period | \$ 70,595 | \$ 258,018 | \$ 70,595 | \$ 258,018 |
| Interest Paid | nil | nil | nil | nil |
| Income taxes paid | nil | nil | nil | nil |
| B.C. mining exploration tax credit received | 24,061 | nil | 24,061 | nil |
| Non-cash investing activity | | | | |
| Amortization of capital assets capitalized to mineral properties | \$ 1,184 | \$ 1,415 | \$ 2,367 | \$ 2,830 |

The accompanying notes are an integral part of these financial statements.



KETTLE RIVER RESOURCES LTD.
NOTES TO INTERIM FINANCIAL STATEMENTS
Six month period

1. NATURE OF OPERATIONS

The Company was incorporated on October 17, 1980 under the laws of British Columbia and its principal business activity is mineral property exploration. The Company, directly and through joint ventures, is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the development, and the generation of sufficient income through future production from, or the disposition of, such assets.

2. ACCOUNTING POLICIES

These interim financial statements follow the same accounting policies and methods of their application as the annual financial statements. These interim financial statements do not include in all respects the annual disclosure requirements of generally accepted accounting principles and should be read in conjunction with the most recent annual financial statements.

3. MARKETABLE SECURITIES

| Securities of public companies | October 31, 2001 |
|--------------------------------|------------------|
| Cost | \$ 128,756 |
| Write down to market value | 88,604 |
| Market value | \$ 40,152 |

4. INVESTMENTS

| | October 31, 2001 |
|---|------------------|
| New Nadina Explorations Limited | |
| October 31/01 1,644,432 common shares – 16.32 % ownership | \$ 411,126 |
| Equity in losses of New Nadina Explorations Limited | (80,735) |
| Advances | 23,886 |
| | \$ 354,277 |
| Westquest Minerals Corp. | |
| 160,000 common shares at cost | 40,031 |
| | \$ 394,308 |

The investment in New Nadina Explorations Limited, a public company, has been accounted for on the equity basis as the Company has the ability to exercise significant influence as a result of share ownership, management and board representation. The quoted market value of the common shares at October 31, 2001 is \$65,777.

The company holds 160,000 common shares in Westquest Minerals Corp., a private company formed for the purpose of undertaking mineral property exploration in Nevada. There is presently no quoted market value available for this investment.

5. CAPITAL ASSETS

| | | | | October 31, 2001 | |
|------------------|-------|------------|-----------------------------|------------------|--|
| | RATE | Cost | Accumulated Amortization | Net | |
| Land | | \$ 15,000 | \$ Nil | \$ 15,000 | |
| Paving | 8% | 5,460 | 1,912 | 3,548 | |
| Buildings | 4%-5% | 110,401 | 37,389 | 73,012 | |
| Mining equipment | 30% | 126,765 | 121,560 | 5,205 | |
| Office equipment | 20% | 53,972 | 46,229 | 7,743 | |
| Trailer | 30% | 21,861 | 21,836 | 25 | |
| Automobiles | 30% | 5,417 | 5,411 | 6 | |
| | | \$ 338,876 | \$ 234,337 | \$ 104,539 | |



KETTLE RIVER RESOURCES LTD.**NOTES TO FINANCIAL STATEMENTS**

Six month period

6. MINERAL PROPERTIES Deferred Exploration & Development

| | Greenwood Area | DHK NWT | Skylark JV | Sask. JV | Naket JV | October 31, 2001 |
|--|-------------------|------------------|---------------|---------------|-----------------|---------------------|
| Allocation of management fees, salaries & wages | \$ 9,500 | \$ 5,000 | \$ - | \$ - | \$ - | \$ 14,500 |
| Amortization | 1,945 | 310 | 8 | 8 | 96 | 2,367 |
| Assessment & Filing | 1,100 | | 300 | | | 1,400 |
| Exploration programs | 5,753 | 1,494 | 450 | 150 | 8,471 | 16,318 |
| Legal & Miscellaneous | 196 | 2,971 | | | 91 | 3,258 |
| Roadwork/Reclamation | 165 | | | | | 165 |
| Storage-equipment | 4,112 | | | | | 4,112 |
| Taxes | 1,544 | | | 83 | | 1,627 |
| Travel | 136 | 2,330 | | | 46 | 2,512 |
| TOTAL EXPENSES | \$ 24,451 | \$ 12,105 | \$ 758 | \$ 241 | \$ 8,704 | \$ 46,259 |
| Deferred Exploration Expenditures -beginning of period | | | | | | 2,427,622 |
| Deferred Exploration Expenditures – end of period | | | | | | \$ 2,473,881 |
| Investment in DHK Diamonds Inc. – end of period | | | | | | 155,716 |
| Property Acquisition | | | | | | 220,834 |
| Total Mineral Properties | | | | | | \$ 2,850,431 |

| | Balance April 30, 2001 | Current Expenditures | Balance October 31, 2001 |
|--|---------------------------|-------------------------|-----------------------------|
| Deferred Exploration Expenditures | | | |
| Greenwood Area - BC | \$ 1,983,096 | \$ 24,451 | \$ 2,007,547 |
| DHK Diamonds Inc. - NWT | 303,201 | 12,105 | 315,306 |
| Skylark - BC | 7,645 | 758 | 8,403 |
| Saskatchewan/BC | 44,640 | 241 | 44,881 |
| Naket – Nunavut | 89,040 | 8,704 | 97,744 |
| | 2,427,622 | 46,259 | 2,473,881 |
| Acquisition Costs | | | |
| Greenwood Area | 199,804 | nil | 199,804 |
| Skylark - BC | 3,199 | nil | 3,199 |
| Saskatchewan/BC | 4,888 | nil | 4,888 |
| Naket - Nunavut | 12,943 | nil | 12,943 |
| | 220,834 | nil | 220,834 |
| Investment in DHK Resources Ltd. | 155,716 | nil | 155,716 |
| | 376,550 | nil | 376,550 |
| Total Mineral Properties | \$ 2,804,172 | \$ 46,259 | \$ 2,850,431 |



Notes, continued

7. SHARE CAPITAL

a) Authorized: 50,000,000 common shares without par value

b)

| Issued | October 31, 2001 | |
|------------------------------|------------------|---------------|
| | No. of Shares | Consideration |
| Opening balance | 4,853,611 | \$ 8,819,360 |
| Less treasury shares at cost | (256,000) | (698,854) |
| Ending balance | 4,597,611 | \$ 8,120,506 |

| Warrants | Number | Price/share | Total Value | Expiry |
|----------|---------|-------------|-------------|---------------|
| Issued | 200,000 | \$ 0.50 | \$ 100,000 | July 16, 2002 |

| Options | Issued | Exercise price | Expiry |
|-----------|---------|----------------|------------------|
| Directors | 205,000 | \$ 0.15 | March 11, 2003 |
| Director | 100,000 | \$ 0.15 | January 10, 2006 |
| Employees | 25,000 | \$ 0.15 | March 11, 2003 |
| | 330,000 | | |

8. RELATED PARTY TRANSACTIONS

During the period, the Company paid or accrued administration, management (including management of field programs) and legal fees of \$100,792 to directors.

9. Directors at the date of this report are:

George O.M. Stewart, President & CEO
 Ellen Clements, Secretary
 Gerald H. Rayner,
 Brian E. Abraham

