Kanowna Lights
Limited
ACN 062 409 303

21 August 2003

Company Announcements Office
Australian Stock Exchange
20 Bond Street
Sydney NSW 2000

E-Lodgement

Dear Sir/Madam

Re: Kanowna Lights Limited

Please find attached a non renounceable entitlement issue prospectus (Prospectus). The Prospectus is not underwritten however, the Directors have reserved the right to place the shortfall within 3 months of the closing date of the entitlement issue.

The Directors have resolved not to proceed with the placement of 17,000,000 Shares at 0.5 cents each as a result of the improved market price of the securities.

Yours faithfully

Gary Steinepreis
Company Secretary

KANOWNA LIGHTS LIMITED

ABN 67 062 409 303

PROSPECTUS

A non-renounceable Entitlement Issue of Shares on the basis of 1 Share for every 3 Shares held at an issue price of 0.5 cents each and being approximately 37,927,900 Shares to raise approximately $189,640 (**Entitlement Issue**).

THE NON RENOUNCEABLE ENTITLEMENT ISSUE TO EXISTING SHAREHOLDERS IS NOT UNDERWRITTEN.

Applicants should read the entire Prospectus for the purpose of making an informed assessment of the assets and liabilities, financial position and performance and prospects of Kanowna Lights Limited and the rights and liabilities attaching to the Shares. The Shares, the subject of this Prospectus should be considered speculative. Please refer to Section 4 of this Prospectus relating to Risk Factors.

This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional adviser.

TABLE OF CONTENTS

CORPORATE DIRECTORY

Directors
Adrian Corp
Michael Fry
David Steinepreis

Company Secretary
Gary Steinepreis

Registered Office
Level 1
33 Ord Street
WEST PERTH WA 6005
Telephone: (08) 9481 2407
Facsimile: (08) 9481 2690

Web: www.kanownalights.com.au

Stock Exchange
The Company's securities are quoted on the official list of the Australian Stock Exchange Limited, the home branch being Perth.

ASX Codes:	**KLS**	**Shares**
	KLSO	**2005 Options**

Solicitors to the Company
Steinepreis Paganin
Level 14, Chancery House
37 St. George's Terrace
PERTH WA 6000

Share Registry*
Computershare Investor Services Pty Limited
Level 2, 45 St. George's Terrace
PERTH WA 6000
Telephone: 1300 557 010
Facsimile: (08) 9323 2033

* Name included for information purposes only.

21 August 2003

Dear Shareholders

The new Board of Directors, who were appointed on 7 May 2003, are seeking working capital for Kanowna Lights Limited (**Kanowna** or **Company**) to develop its resource interests and to pursue new investment opportunities.

To date, the new Board has commissioned further work on the various anomalies generated at Kanowna's Pinnacles nickel project using MLTEM (Moving Loop TEM). This further work involves ground follow up to more accurately estimate the source conductor's quality and confirm the location of previously identified anomalies, all of which have been interpreted as relating to "bedrock conductive sources" and hopefully contain massive nickel sulphides.

In addition, the new Board continues to review investment opportunities to complement the Company's existing portfolio and improve shareholder wealth.

To achieve its goals the Company requires further working capital and to this end the new Board has undertaken this entitlement issue. To assist Shareholders, included in this Prospectus is current information on Kanowna.

Yours faithfully

Michael Fry
Director

IMPORTANT INFORMATION

This Prospectus is dated 21 August 2003 and was lodged with the ASIC on that date. Neither the ASIC nor ASX take any responsibility for the contents of this Prospectus. The expiry date for this Prospectus is 13 months after lodgement (**Expiry Date**). No securities will be allotted or issued on the basis of this Prospectus later than the Expiry Date. Securities allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out in this Prospectus.

The Company will apply to ASX within 7 days after the date of this Prospectus for official quotation by ASX of the Shares offered by this Prospectus.

This Prospectus contains various Application Forms which Applicants must complete in making an Application for Shares. Please refer to Section 1 for instructions on how to make an Application for Shares.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and in particular, in considering the prospects for the Company, investors should consider the assumptions underlying the prospective financial information and the risk factors that could affect the financial performance of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares, in any jurisdiction outside Australia. Please refer to the Glossary in Section 6 on Defined Terms for terms and abbreviations used in this Prospectus.

A copy of this Prospectus can be downloaded from the website at www.kanownalights.com.au/asx/210803_prospectus.pdf. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person from passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. A person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

IMPORTANT DATES

Prospectus lodged with ASIC	21 August 2003

ENTITLEMENT OFFER

Record Date for determining Existing Shareholder's Entitlements to shares	8 September 2003
Prospectus with Entitlement and Acceptance Form despatched	11 September 2003
Entitlement Closing Date (5.00pm WST)	29 September 2003
Shares issued pursuant to the Entitlement Issue quoted on a deferred basis	30 September 2003
Acceptances from member organisations close	2 October 2003
Shares entered into holder's security holdings	9 October 2003
Holding Statements despatched for Shares issued pursuant to the Entitlement Issue	9 October 2003

Important:

These dates are indicative only. Subject to the Listing Rules the Directors reserve the right to vary the dates and times of the Offer without prior notice, which may have a consequential effect on other dates. Accordingly, Applicants are encouraged to apply as soon as possible.

The expected dates of quotation of the Shares on ASX are subject to the determination of ASX.

1. DETAILS OF THE OFFER

1.1 *The Offer*

Non Renounceable Entitlement Issue to Existing Shareholders

By this Prospectus, the Company invites all Existing Shareholders to subscribe for their respective entitlement to Shares on the basis of one new Share for every three Shares held in the Company on the Record Date, at an issue price of 0.5 cents per Share to raise approximately $189,640. Your entitlement is indicated on your personalised ENTITLEMENT AND ACCEPTANCE FORM.

The rights attaching to the Shares are summarised in Section 5 of this Prospectus.

All Application Monies, before the allotment of Shares pursuant to this Prospectus, shall be held by the Company in trust in a bank account until allotment or, where applicable, it is repaid to the Applicants. The account will be established solely for the purpose of depositing Application Monies received.

All interest earned on all Application Monies (including those which do not result in allotments of Shares) will be retained by the Company.

1.2 *Purpose of the Offer – Use of Proceeds*

The purpose of the Offer is to:

(a) provide additional working capital to assess and participate in new investment opportunities for Kanowna;

(b) provide additional working capital for the continued work on the Company's Pinnacles Project and other existing exploration projects; and

(c) provide additional working capital for the Company and meet the expenses of the Offer.

A table disclosing the use of funds is set out in Section 3 of this Prospectus.

1.3 *Trading History of Shares*

The highest and lowest market sale prices of Shares on the ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were 2.6 cents on 21 August 2003 and 1 cent on 15 July 2003. The latest available market sale price of Shares on the ASX immediately before the date of this Prospectus was 2.5 cents.

1.4 *Additional Capital*

The development of the Company's business, projects and new opportunities may require additional funding in the future. Future funding requirements will be dependent on the success of the Company's existing mineral exploration programmes and also the costs of acquiring additional businesses, investments or resource projects as and when identified.

1.5 *Entitlement Issue – Minimum Subscription*

The Entitlement Issue is not underwritten and there is no minimum subscription. No fees will be payable on any applications lodged.

1.6 *Shortfall Offer*

The Directors reserve the right, in their absolute discretion, to place the Shortfall within 3 months of the closing of the Offer. The Offer of the Shortfall is a separate offer pursuant to this Prospectus. The Directors cannot guarantee that any application to participate in the Shortfall will be filled.

In relation to the Shortfall, the Directors reserve the right to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies, or to reject an Application or to not proceed with the placing of the Shortfall.

If the number of Shares allotted is fewer than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on monies refunded.

1.7 *Applications Under the Entitlement Issue*

It is important that you consider the Entitlement Issue carefully. If you decide to accept (either in whole or in part), you must do so in accordance with the instructions set out in this Prospectus. If you are in doubt as to the course you should follow you should consult your professional adviser.

You should direct any enquiries in relation to your Entitlement to the Share Registry. No brokerage or stamp duty is payable by Applicants in respect of the Entitlement Issue under this Prospectus.

As an Existing Shareholder entitled to participate in the Entitlement Issue you may accept your Entitlement in **full or in part** by completing the Entitlement and Acceptance Form accordingly and forwarding it, together with a cheque, for the total amount payable in respect of the Shares for which you are subscribing to the Share Registry.

Please ensure the completed Entitlement and Acceptance Form, along with application monies, is received by the Share Registry or the Company by 5.00pm WST on the Entitlement Closing Date at:

Kanowna Lights Limited Level I 33 Ord Street West Perth WA 6005	or	**Computershare Investor Services Pty Limited** Leve1 2 45 St. George's Terrace Perth WA 6000
or		or
Kanowna Lights Limited PO Box 637 West Perth WA 6872		**Computershare Investor Services Pty Limited** GPO Box D182 Perth WA 6840

Applications must be accompanied by payment in full in Australian currency of 0.5 cents for each Share applied for. Payment must be by way of cheque or bank draft drawn on and payable on an Australian bank and should be made payable to "KANOWNA LIGHTS LIMITED - SHARE APPLICATION ACCOUNT" and crossed "Not Negotiable".

Applications must not exceed your Entitlement as shown on the Entitlement and Acceptance Form. Applications exceeding your Entitlement will be deemed to be for your maximum Entitlement only and any surplus subscription funds will be returned, without interest.

If an Entitlement and Acceptance Form, together with application monies are not received by 5.00pm WST on the Entitlement Closing Date you will be taken to have declined your Entitlement pursuant to this Entitlement Issue.

Your Entitlement and Acceptance Form is personal and must not be circulated to other investors.

A duly completed and lodged Entitlement and Acceptance Form will constitute an offer by the Applicant to subscribe for the number of Shares applied for pursuant to the Entitlement Issue.

OR

If you do not wish to take up any part of your Entitlement under the Entitlement Issue you do not need to take any action. If you decide not to accept all or part of your entitlement the Shares not accepted by you will form part of the Shortfall and they will become available to parties nominated by the Directors, in their absolute discretion, if they allot the Shortfall.

You may apply to participate in the Shortfall by completing the Shortfall Offer Application Form, enclosing your cheque for the appropriate application monies and return those documents to the Company in the enclosed envelope so as to reach the Company or Share Registry before the Shortfall Closing Date.

You must note that the Offer is non-renounceable so that a holder of Shares may not sell or transfer all or part of their Entitlement.

1.8 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**), operated by ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**) a wholly owned subsidiary of ASX, in accordance with the Listing Rules and SCH Business Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send them a CHESS statement.

The CHESS statement will set out the number of securities allotted to each holder under the Prospectus, give details of the holder's Holder Identification Number and give the Participant Identification Number of the sponsor.

If you are registered on the Issuer Sponsored Subregister, your statement will be dispatched by the Share Registry and will contain the number of securities allotted under the Prospectus and the Shareholder's Security holder Reference Number.

A CHESS statement or Issuer Sponsored Statement will routinely be sent to holders at the end of any calendar month during which the balance of their holding changes. A holder may request a statement at any other time, however, a charge may be made for additional statements.

1.9 ASX Quotation

The Company will apply to ASX within 7 days of the date of this Prospectus for official quotation of the Shares offered by this Prospectus (subject to any restricted securities) on ASX.

If the Shares are not admitted to quotation within 3 months after the date of this Prospectus then any issue of Shares in response to an Application made under this Prospectus is void and all money received from Applicants will be returned as soon as practicable.

A decision by ASX to grant official quotation of the Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the Shares now offered for subscription.

Quotation, if granted, of the Shares offered by this Prospectus will commence as soon as practicable after statements of holdings for the Shares are dispatched.

1.10 Risk Factors

Investment in Shares pursuant to this Prospectus should be regarded as speculative.

In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with investment in the Company which are set out in Section 4 of this Prospectus.

1.11 Dividend Policy

The Company has not declared a dividend since incorporation.

If sufficient profits are available, the Company does intend to pay dividends. However, any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances in relation to the payment of dividends or the franking credits attached to such dividends can be given.

1.12 Applicants Outside Australia

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.13 Privacy Statement

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the share registry). The Company collects, holds and will use that information to assess your application, service your needs as a shareholder, facilitate distribution payments and corporate communications to you as a shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), Corporations Act 2001 and certain rules such as the SCH Business Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

1.14 Enquiries Regarding the Offer

If Applicants have any queries about the Offer or how to apply for Shares, please contact your Stockbroker, Accountant, or Financial Adviser.

2. DIRECTORS' PROFILES

2.1 Current Directors

Adrian Corp – Director

Mr S Adrian Corp holds degrees in science and commerce and is a qualified Chartered Accountant. He has acted as a Director of listed companies since 1985. From 1985 to 1999 Mr Corp was a director of a management consultancy business, which specialised in the management of ASX listed companies including advice on capital raisings, mergers and acquisitions, negotiating joint ventures, and compliance with corporate and stock exchange requirements. Through the management consultancy business, Mr Corp was also involved in a number of successful IPO's.

Michael Fry – Director

Michael Fry holds a Bachelor of Commerce degree from the University of Western Australia, is an associate of the Securities Institute of Australia and a past member of the Australian Stock Exchange. Michael has extensive experience in capital markets and corporate treasury management specialising in the identification of commodity, currency and interest rate risk and the implementation of risk management strategies.

David Steinepreis – Director

David Steinepreis is a Chartered Accountant and former partner of an international accounting firm where he specialised in strategic corporate advice and taxation for listed companies. He entered commerce as a director, adviser and major shareholder of a number of listed companies in the gold, diamonds, oil and new mining technology sectors. He has also been a major shareholder and executive chairman of Kirke Securities Limited, a stockbroker and member of Australian Stock Exchange Limited. He sold his shareholding in Kirke Securities Limited during 1999 to focus on his existing business interests and to develop new companies. Mr Steinepreis is a Director of GEO2 Limited, a company listed on ASX, Black Rock Oil & Gas PLC, an oil and gas exploration company listed on the Alternative Investment Market in London, Aegean International Gold Inc, a company listed on the TSX Venture Exchange in Canada and Ascent Capital Pty Ltd.

3. CAPITAL STRUCTURE AND EFFECT OF OFFER

3 .1 The capital structure of the Company on completion of the Offer will be as follows:

Shares	Share Capital	$
113,783,701	Shares currently on issue	9,487,119
37,927,900	Entitlement Issue of Shares on a 1:3 basis	189,640
-	Less: Expenses of the Offer	(20,000)
151,711,601	**Total Shares**	9,656,759
Options	**Options on Issue**	**Exercise Price**
1,000,000	Existing unlisted options on issue – 31/01/04	40 cents
3,000,000	Existing unlisted options on issue – 31/06/04	20 cents
99,726,600	Existing listed options on issue – 30/06/05	20 cents
103,726,600	**Total Options**	

Effect of Offer

The principal effect of the completion of the Offer will be:

(a) an increase in the number of Shares on issue from 113,783,701 Shares to 151,711,601 Shares; and

(b) an increase in the total assets with cash at bank increasing by $169,640 after deducting the expenses of the Offer.

The proforma financial position of the Company is set out in Section 3 of this Prospectus.

3.2 Expenditure Plans and Utilisation of Funds

The funds available to the Company, including those funds raised by the Offer will be used to facilitate the Company achieving its commercial objectives and commitments. It is noted that budgets are subject to actual operating results and changes in the Company's business. Revenue and expenditure can therefore change depending on the success of the Company in achieving its commercial objectives.

The funds available to the Company, including those funds raised by the Offer, if fully subscribed, will be broadly applied as follows:

Use	Assuming no funds raised $	Assuming offer fully subscribed $
Pinnacles nickel project	40,000	40,000
Existing Exploration projects	30,000	30,000
Assessment new investment opportunities	100,000	200,000
Working capital (after expenses of offer)	82,068	151,708
TOTAL	**$252,068**	**$421,708**

The initial objective of the Company is to carry out work on the Pinnacle nickel project. The Company has sufficient funds within its existing cash reserves for this work program and administration expenses. Funds raised pursuant to the Offer will be applied towards working capital and the assessment of new investment opportunities.

3.3 Statement of Financial Position

The Issue will have an effect on the Company's Statement of Financial Position which will be to increase total equity and net assets by approximately $169,640 (net of expenses of the Issue) if fully subscribed.

The Statement of Financial Position as at 30 June 2003 is based on unaudited management accounts as at 30 June 2003. The management accounts have been used to prepare an unaudited proforma Statement of Financial Position as at the close of the Issue, which is set out below.

PROFORMA STATEMENT OF FINANCIAL POSITION

	30 June 2003 $	Unaudited Proforma $
CURRENT ASSETS		
Cash assets	252,068	421,708
Receivables	1,322	1,322
TOTAL CURRENT ASSETS	253,390	423,030
NON-CURRENT ASSETS		
Property, plant and equipment	112,228	112,228
Exploration expenditure	640,795	640,795
TOTAL NON-CURRENT ASSETS	753,023	753,023
TOTAL ASSETS	**1,006,413**	**1,176,053**
CURRENT LIABILITIES		
Payables	5,488	5,488
Provisions	4,000	4,000
TOTAL CURRENT LIABILITIES	9,488	9,488
TOTAL LIABILITIES	**9,488**	**9,488**
NET ASSETS	**996,925**	**1,166,565**
EQUITY		
Contributed equity	9,487,119	9,656,759
Reserves	474,056	474,056
Accumulated losses	(8,964,250)	(8,964,250)
TOTAL EQUITY	**996,925**	**1,166,565**

NOTES

(a) The above unaudited pro forma Statement of Financial Position has been prepared on the basis that there have been no material movements in the assets and liabilities of the Company between 30 June 2003 and the completion of the Issue, except:

(i) the issue of Shares pursuant to this Prospectus to raise up to $189,640 (before expenses of the Issue);
(ii) expenses of the Issue of approximately $20,000 which are to be written off to Share Capital.

(b) No allowance has been made for other expenditure incurred in the normal course of business from 30 June 2003 to the date of this Prospectus.

(c) Accounting Policies – The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2002 annual financial statements and 30 June 2003 unaudited financial statements.

(d) Subsequent Events – There have been no material transactions or events subsequent to 30 June 2003, other than those included in this Prospectus, which would require comment on, or adjustment to, the financial information referred to in the proforma financial report or that would cause such information in this report to be misleading.

(e) Contingent Liabilities – There were no contingent liabilities of the Company as at 30 June 2003.

4. RISK FACTORS

4.1 General Risk Factors

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks associated with the Company's business and its involvement in the minerals and resources industries.

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks that may be higher than the risks associated with an investment in other companies. Intending subscribers should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to subscribe for securities.

Applicants should be aware that there are risks associated with any share investment. The prices at which the Company's securities trade may be above or below the issue price for these securities under this Prospectus. The trading price of the securities is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as additions or departures of key personnel, litigation, press newspaper and other media reports, actual or anticipated variations in the Company's operating result and results of the Company's minerals and resources activities.

The securities allotted under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on ASX.

The Company's principal activities comprise mineral exploration and evaluation which by their nature involves significant risks.

The value of the Company's listed securities can increase or decrease based on the Company's exploration activities. The future profitability of the Company will be dependent on the success of exploration on the current and any future exploration assets of the Company and if possible the successful commercial exploitation of these assets.

A summary of the main risk factors relevant to the Company are set out below. However this summary is not exhaustive and potential applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for the securities.

Factors which may affect the Company's financial position, prospects and price of its listed securities include the following:

4.2 Security Investments

Applicants should be aware there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the Shares and 2005 Options regardless of the Company's performance.

Mineral exploration and mining are speculative operations which may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforseen events.

4.3 *Share Market Conditions*

The market price of Shares and 2005 Options in the Company is also subject to various and unpredictable influences of the stock market in general. Therefore, the Shares offered by this Prospectus may trade above or below out issue price. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

4.4 *Exploration and Development Risks and Resource Estimates*

The mining tenements in which the Company has an interest are at the exploration stage only. There can be no assurance that exploration of those tenements, or any other tenement in which the Company may acquire an interest in the future, will result in the discovery of an economic mineral deposit. Even if any apparent viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

Exploration may be hampered by mining, heritage and environmental legislation, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies.

The success of the Company depends on the delineation of economically mineable reserves, access to required development capital, securing and maintaining title to its exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

4.5 *Commodity Price Volatility*

The price of commodities is influenced by physical and investment demand and supply. Fluctuations in the price of commodities may influence individual projects in which the Company has an interest and the price of the Company's listed securities.

4.6 *Economic Factors*

General economic factors such as inflation, currency exchange, industrial disruption and interest rate fluctuations, government policy and regulations, commodity prices and stock market prices may have an adverse impact on the exploration and production activities of the Company, on its ability to fund those activities and on the financial performance of the Company.

4.7 *Environmental Risks and Native Title*

Weather conditions over a prolonged period can adversely affect exploration, mining and drilling operations and the timing of earning revenues.

It is possible that there will exist on the Company's tenement areas sacred sites or sites of significance to Aboriginal people subject to the provisions of the Aboriginal Heritage Act or areas subject to claim or upon which a claim has been lodged under the Native Title Act. As a result, land within the mining tenements may be subject to exploration, mining or other restrictions as a result of claims of Aboriginal heritage or native title. Should such a claim be lodged in respect to any land in which the Company has an interest, it may have a material adverse effect on the Company's business and its financial condition and performance.

Mining is an industry which has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation.

4.8 Joint Venture Parties, Agents and Contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

4.9 Future Capital Requirements

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through this Issue will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Issue, there can be no assurances that the Company will have sufficient capital resources for that purposes, or other purposes, or that it will be able to obtain additional resources in terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

4.10 Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

4.11 General Economic Conditions

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include, the level of direct and indirect competition against the Company, industrial disruption, interest rates and the rate of inflation.

4.12 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities.

5. ADDITIONAL INFORMATION

5.1 Rights and liabilities attaching to Shares

Shares issued pursuant to this Prospectus will rank equally in all respects with the then issued Shares in the Company. A broad summary of the rights and liabilities attaching to the Shares, as set out in the Company's Constitution is shown below.

A copy of the Company's Constitution may be inspected at the registered office of the Company during normal business hours.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of Shareholders:

(a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote;

(c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share but in respect of partly paid shares shall have a fraction of a vote for each partly paid share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). In this Clause amounts paid in advance of a call are ignored when calculating the proportion.

Dividends

Subject to the rights of persons (if any) entitled to shares with special rights to dividend, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such a dividend.

It is not envisaged that dividends will be paid by the Company in the foreseeable future.

Winding Up

Subject to the rights of Shareholders (if any) entitled to shares with special rights, in a winding-up, all monies and property that are to be distributed among Shareholders on a winding-up, shall be so distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited on the Shares.

Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act and the Listing Rules, Shares are freely transferable.

Future increases in capital

The allotment and issue of Shares is under the control of the Directors. Subject to the Constitution of the Company, the Corporation Act, the Listing Rules and restrictions on the allotment of Shares to Directors and their associates, the Directors may allot, issue or otherwise dispose of new Shares on such terms and conditions as they determine.

Variation of Rights

If at any time the share capital is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up, be varied or abrogated in any way with the consent in writing of the holders of three-quarters of the issued share of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. Any variation under this Clause shall be subject to Sections 246B to 246E of the Corporations Act.

5.2 Consents

Steinepreis Paganin have given, and not before the lodgement of this Prospectus withdrawn, their written consent to being named in this Prospectus as solicitors to the Company. Steinepreis Paganin have not authorised or caused the issue of this Prospectus or the making of the Issue. Steinepreis Paganin make no representation regarding, and to the extent permitted by law exclude any responsibility for, any statements in or omissions from any part of this Prospectus.

5.3 Continuous Disclosure Obligations

Kanowna is a disclosing entity under the Corporations Act and, as such, is subject to regular reporting and disclosure requirements. As a listed company, Kanowna is subject to the Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Copies of documents lodged in relation to the Company with ASIC may be obtained from or inspected at any office of ASIC.

Information that is already in the public domain has not been reported in this Prospectus, other than that which is considered necessary to make this Prospectus complete.

The Company will provide a copy of each of the following documents free of charge, to any person on request prior to the Closing Date in relation to this Prospectus:

(a) the financial statements of the Company for the financial year ended 30 June 2002 (being the last financial statements for a financial year of the Company lodged with ASIC before the issue of this Prospectus); and

(b) any continuous disclosure notices by the Company at the lodgement of that annual financial report and before the lodgement of the copy of this Prospectus with ASIC.

The following is a list of documents lodged with ASX since the date of lodgement of the 2002 Annual Report.

Date	Description
25/10/2002	Annual Report received (full copy not yet available)
25/10/2002	Notice of Annual General Meeting
28/10/2002	Annual Report/Top 20
31/10/2002	First Quarter Activities & Cash flow Report
04/11/2002	Company Secretary Appointment
05/11/2002	Trading Halt
05/11/2002	Resignation of Company Secretary
06/11/2002	Mount Carrington Gold/Silver Project
29/11/2002	Results of Annual General Meeting
31/01/2003	Second Quarter Activities and Cash Flow Reports
07/02/2003	Response to ASX Query – Quarterly Cash Flow Report
10/02/2003	Mt Carrington Research Report
11/02/2003	Gold Intersections at Great Western Project
18/02/2003	Disclosure Document
24/02/2003	Issue of Shares and Options for Working Capital
24/02/2003	Withdrawal from Mt Carrington
24/02/2003	Supplementary Disclosure Document
04/03/2003	Allotment of Securities
04/03/2003	Half Year Accounts
11/03/2003	Prospectus Stop Order
20/03/2003	Second Supplementary Disclosure Document
04/04/2003	Allotment of Securities
16/04/2003	Notice of GM/Letter to Shareholders
23/04/2003	Pinnacles Nickel Project
30/04/2003	Third Quarter Activities & Cashflow Reports
07/05/2003	Appointment and Resignation of Directors
08/05/2003	Initial Director's interest notice
09/05/2003	Change of Registered Office
12/05/2003	Final Director's interest notice x 2
21/05/2003	Results of Meeting
24/07/2003	Resignation of Director
31/07/2003	Fourth Quarter Activities and Cashflow Report and Appendix 3B – New Issue
01/08/2003	Change of Directors Interest Notice x 2

The documents referred to in paragraphs (a) – (b) above are not included in, and do not accompany this Prospectus.

5.4 *Inspection of Documents*

The following documents are available for inspection during normal business hours at the registered office of the Company at Level 1, 33 Ord Street, West Perth, WA, 6005

(a) this Prospectus;

(b) the Constitution of the Company; and

(c) the consents referred to in section 5 and the consents provided by the Directors to the issue of this Prospectus.

5.5 Directors' Interests

No Director has or had within 2 years before lodgement of this Prospectus with ASIC, any interest in the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company, in connection with its formation or promotion or the Issue and no amounts or benefits have been paid or agreed to be paid (in cash or securities or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become or to qualify him as a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company or the Issue other than as set out below or elsewhere in this Prospectus.

The interests of the Directors in the capital of the Company are set out below:

	Adrian Corp	Michael Fry	David Steinepreis
SHARES			
Direct	-	-	-
Indirect	4,887,333	4,037,333	2,537,333
OPTIONS			
2005 Options			
Direct	-	-	-
Indirect	7,201,909	4,832,357	2,332,357
30/06/04			
Direct	-	-	-
Indirect	-	-	-
31/01/04			
Direct	-	-	-
Indirect	-	-	-

(1) Shares and 2005 options are held by Flea Pty Ltd as trustee for the Corp Family Trust of which Mr A Corp has an interest as director, shareholder and beneficiary;

(2) Shares and 2005 options are held by INXS Pty Ltd and Hilmed Pty Ltd of which Mr Fry has an interest as director and shareholder;

(3) Shares and 2005 options are held by N & J Mitchell Pty Ltd as Trustee for The Mitchell Unit Trust of which Mr Steinepreis has an interest as director, shareholder and potential beneficiary.

5.6 Remuneration of Directors

The Constitution of the Company provides that the non-executive directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting. Shareholders in general meeting have approved an amount not exceeding $120,000 per annum.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

No consulting or director's fees for the 6 months ended 30 June 2003 have been paid to the existing Directors and it is the current intention of the existing Directors to not be paid directors fees.

5.7 *Interests of named persons*

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus holds, or since incorporation has held, any interest in the formation or promotion of the Company or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Issue and no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Steinepreis Paganin have acted as solicitors to the Company and in that capacity have been involved in providing legal advice to the Company in relation to the Issue. The Company will pay approximately $5,000 to Steinepreis Paganin for these services. Steinepreis Paganin have not provided other professional services to the Company since incorporation.

The amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company in respect of those amounts.

5.8 *Expenses of the Issue*

The total expenses of the Issue payable by the Company are estimated at approximately $20,000. These expenses include expert fees, accounting fees, legal fees, ASX and ASIC fees, administration fees as well as the cost of advertising, printing and distributing this Prospectus and other miscellaneous expenses.

5.9 *Company Tax Status and Financial Year*

The Company is taxed in Australia as a public company.

The financial year of the Company ends on 30 June.

5.10 *Litigation*

The Directors are not aware of any litigation of a material nature pending or threatened that my significantly affect the Company.

5.11 *Working Capital*

On completion of the Offer, the Directors believe that the Company will have sufficient working capital to carry out its stated objectives for further exploration work on the Company's Pinnacles nickel project and its other existing exploration projects and initial assessment of new projects, businesses and other investment opportunities.

5.12 Directors Responsibility Statement and Consent

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

5.13 Documents available for inspection

Copies of the following documents are available for inspection during normal business hours free of charge for twelve months after lodgement of this Prospectus at the registered office of the Company:

(a) the Constitution;

(b) the consents referred to under the Section "Consents"; and

(c) this Prospectus.

SIGNING

Each Director of the Company has given and has not, at the date of this Prospectus, withdrawn his consent to the lodgement with the ASIC of this Prospectus pursuant to which the Company is offering its securities.

This Prospectus is issued by the Company. Its issue was authorised by resolution of the Directors and is signed by a Director on behalf of all Directors.

____

Signed for and on behalf of Kanowna Lights Limited
by Michael Fry
Director

6. DEFINED TERMS

Where the following terms are used in this Prospectus they have the following meanings.

Applicant or **Applicants** means a person who submits an Application Form under this Prospectus.

Application means an application for Shares under the Offer.

Application Forms means the application forms in section 7 of this Prospectus for applying for Shares.

Application Monies means all money paid in consideration for the acquisition of Shares pursuant to the Offer made in this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ACN 008 624 691).

Board means the Directors of the Company from time to time.

Business Day has the meaning ascribed to it in the Listing Rules.

CHESS means Clearing House Electronic Subregister System.

Company or **Kanowna** means Kanowna Lights Limited (ABN 67 062 409 303).

Constitution means the Constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the Directors of the Company at the date of this Prospectus.

Entitlement Closing Date means 29 September 2003 (subject to the right of the Directors to extend this date without notice).

Entitlement means the entitlement of Existing Shareholders to subscribe for Shares pursuant to the Entitlement Issue.

Entitlement and Acceptance Form means the form of entitlement and acceptance attached to or accompanying the Prospectus.

Entitlement Issue means the non-renounceable offer to Shareholders pursuant to the Prospectus.

Existing Shareholders means those Shareholders of the Company whose details appear on the Company's register of Shareholders as at the Record Date.

Issue means the issue of Shares pursuant to the Offer.

Listing Rules means the official listing rules of ASX and any other rules of ASX which apply while the Company is a listed company, each as amended from time to time except to the extent of any express written waiver by ASX.

Offer means the Offer of Shares under this Prospectus being the Entitlement Issue.

Official List means the Official List of ASX.

Official Quotation means Official Quotation of the Shares by ASX.

Option or **Options** means an option to subscribe for a Share.

Prospectus means this Prospectus dated 21 August 2003.

Record Date means 8 September 2003.

Share Registry means Computershare Investor Services Pty Ltd.

Shares means fully paid ordinary shares in the capital of the Company.

Shortfall means the number of Shares not taken up under the Entitlement Issue.

Shortfall Closing Date means 29 December 2003 or such earlier date as determined by the Directors in their absolute discretion.

Shortfall Offer Application Form means the shortfall offer application form attached to this Prospectus.

2005 Options means Options exercisable at 20 cents on or before 30 June 2005.

WST means Australian Western Standard Time, being the time.

7. APPLICATION FORMS

Attached are the following Forms:

1. Entitlement and Acceptance Form
2. Shortfall Offer Application Form

ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

KANOWNA LIGHTS LIMITED

ABN 67 062 409 303

REGISTERED OFFICE
Level 1
33 Ord Street
WEST PERTH WA 6005

SHARE REGISTRY
Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000

Security Reference Number:
Entitlement No:
Sub-Register:

Shareholding at 5.00 pm. Record Date	Entitlement to new Shares on 1: 3 basis	Amount Payable at 0.5 cents per Share

Non-renounceable entitlement issue of approximately 37,927,900 Shares on the basis of 1 new Share for every 3 Shares held at the Record Date (fractional entitlements rounded up), at an issue price of 0.5 cents per Share.

To the Directors
Kanowna Lights Limited

1. I/We the above mentioned, being registered at 5.00pm (WST) on the Record Date as the holder(s) of Shares in your Company hereby accept the below mentioned Shares issued in accordance with the enclosed Prospectus;
2. I/We enclose my/our cheque made payable to Kanowna Lights Limited, for the amount shown being payment at the rate of 0.5 cents per new Share;
3. I/We hereby authorise you to place my/our name(s) on the register of share holders in respect of the number of Shares allotted to me/us and;
4. I/We agree to be bound by the Constitution of the Company.

RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE SECURITIES BEING OFFERED

Shares Accepted	Amount Enclosed at 0.5 cents per new Share

PLEASE ENTER CHEQUE DETAILS THANKYOU

Drawer	Bank	Branch or BSB	Amount

My/Our contact details in the case of inquiry are:

Telephone ( ) .... Fax ( ) .... Contact Name ....

NOTE: Cheques should be made payable to Kanowna Lights Limited – Share Application Account, crossed NOT NEGOTIABLE and forwarded to Computershare Investor Services Pty Limited, Level 2, Reserve Bank Building, 45 St George's Terrace, Perth, Western Australia, 6000 to arrive no later than 5.00pm Western Standard Time on 29 September 2003. A Reply Paid envelope is enclosed.

Complete this panel and sign below only if a change of address is to be registered with the Company.

New Address: ....

....

Signature(s): .... Date: ....

Please indicate your correct title : Director / Secretary / ....

ISSUE CLOSES 5.00PM W.S.T. 29 SEPTEMBER 2003

THE DIRECTORS RESERVE THE RIGHT TO MAKE AMENDMENTS TO THIS FORM WHERE APPROPRIATE
PLEASE REFER OVERLEAF FOR INSTRUCTIONS

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of new Shares which you are entitled to accept.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. You may not apply for new Shares in excess of your maximum entitlement.
4. The price payable on acceptance of each new Share is 0.5 cents.
5. You may accept your entitlement by completing the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

1. The issue price of 0.5 cents per new Share is payable in full upon application.
2. Payments must be made in Australian currency by cheque or bank draft drawn on and payable at a bank within Australia. Cheques or bank drafts drawn on banks outside Australia in either Australian currency or in foreign currency will not be accepted.
3. The cheques must be made payable to Kanowna Lights Limited – Share Application Account and crossed Not Negotiable.
4. When completed, this form together with the appropriate payment in Australian currency should be forwarded to Kanowna Lights Limited, c/- Computershare Investor Services Pty Limited at the address below.
5. An appropriate Reply Paid envelope is enclosed with the Prospectus.
6. Acceptances must be received by Computershare Investor Services Pty Limited no later than 5.00pm W.S.T. 29 September 2003.

ENQUIRIES

Any enquiries should be directed to:

The Company's share registry:
Computershare Investor Services Pty Limited
Level 2,
Reserve Bank Building
45 St Georges Terrace
PERTH W.A. 6000

Postal Address
GPO Box D182
PERTH W.A. 6840
Telephone 1300 557 010
Facsimile (08) 9323 2033

ONLY COMPLETE THIS APPLICATION FORM IF YOU WISH TO
SUBSCRIBE FOR NEW SHARES UNDER THE SHORTFALL

SHORTFALL OFFER APPLICATION FORM

KANOWNA LIGHTS LIMITED

ABN 67 062 409 303

REGISTERED OFFICE: Level 1, 33 Ord Street, WEST PERTH WA 6005

SHARE REGISTRY: Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building, 45 St George's Terrace, Perth WA 6000
Tel: 1300 557 010 **Fax:** (08) 9323 2033

I/We declare that this application is completed according to the declarations/appropriate statements and in accordance with the instructions and agree to be bound by the Constitution of the Company. I/We agree to take any number of Shares equal to or less than the number applied for. I/We authorize the Directors to complete or amend this Application Form where necessary to correct any errors or omissions. This Application Form does not need to be signed.

APPLICANTS DETAILS:

Full name (PLEASE PRINT)

Title, Given Name(s) & Surname or Company Name

Joint Applicant #2 or <designated account>

Postal Address (PLEASE PRINT)

Street Number Street

Suburb/Town State Post Code

ABN, Tax File Number or Exemption Applicant #2

CHESS HIN or Existing SRN (where applicable)

Number of New Shares applied for under the Shortfall	Application Money enclosed at 0.5 cents per new Share
	A$................................

Cheque Details:

PLEASE ENTER CHEQUE DETAILS THANKYOU	Drawer	Bank	BSB or Branch	Amount

My/Our contact numbers in the case of inquiry are:

Telephone ( ) .... Fax ( ) ....

NOTE: Please complete all relevant sections of this Application Form using BLOCK LETTERS. Cheques should be made payable to Kanowna Lights Limited – Share Application Account, crossed NOT NEGOTIABLE. Forward the Application Form together with your remittance for application money at 0.5 cents per Share subscribed so as to reach:

The Company's share registry:
Computershare Investor Services Pty Limited
Level 2,
Reserve Bank Building
45 St Georges Terrace
PERTH W.A. 6000

Postal Address
GPO Box D182
PERTH W.A. 6840
Telephone 1300 557 010
Facsimile (08) 9323 2033

to arrive no later than the Shortfall Closing Date or such earlier date determined by the Directors. A Reply Paid envelope is enclosed.