Kanowna Lights
Limited
ACN 062 409 303

31 October 2003

Via E-Lodgement

COPPER/GOLD ACQUISITION – GAWLER CRATON

Kanowna Lights Limited (**Kanowna**) has entered into an agreement to acquire a number of Copper/Gold projects situated in the Gawler Craton, South Australia (**the Agreement**) held by Resource & Capital Management Pty Ltd (**RCMSA**) or nominee.

RCMSA holds:

- Joint venture interests in the following Copper/Gold Projects via farm-in agreements
    - Abelle Ltd Joint Venture
    - Centrex Metals Joint Venture

- Tenements Applications for Copper/Gold targets – 100%

A tenement schedule for the above projects is annexed as Schedule 1, with details of the transaction contained in Schedule 2 hereof.

The Agreement with RCMSA represents a unique opportunity to acquire a significant tenement holding in one of Australia's most prospective mineral provinces, the Gawler Craton in South Australia. Recent discoveries by Minotaur Resources Limited at Prominent Hill have again highlighted the prospective nature of the largely under-explored Gawler Craton to host large copper/gold ore bodies. Also in the area, Dominion Mining Limited have recently commenced mining the Challenger gold deposit and Helix Resources Limited has announced an updated resource of 600,000 ounces of gold at Tunkillia.

The RCMSA ground holding comprises three packages of tenements. RCMSA has entered into farm-in agreements with Abelle Limited and Centrex Metals Ltd (a South Australian exploration company) as well as applying for three new Exploration Licences (refer to Figure 1 below).

Both farm-in agreements give RCMSA the right to earn majority positions by expenditure on the projects with no cash payments or royalties to the joint venture partners.

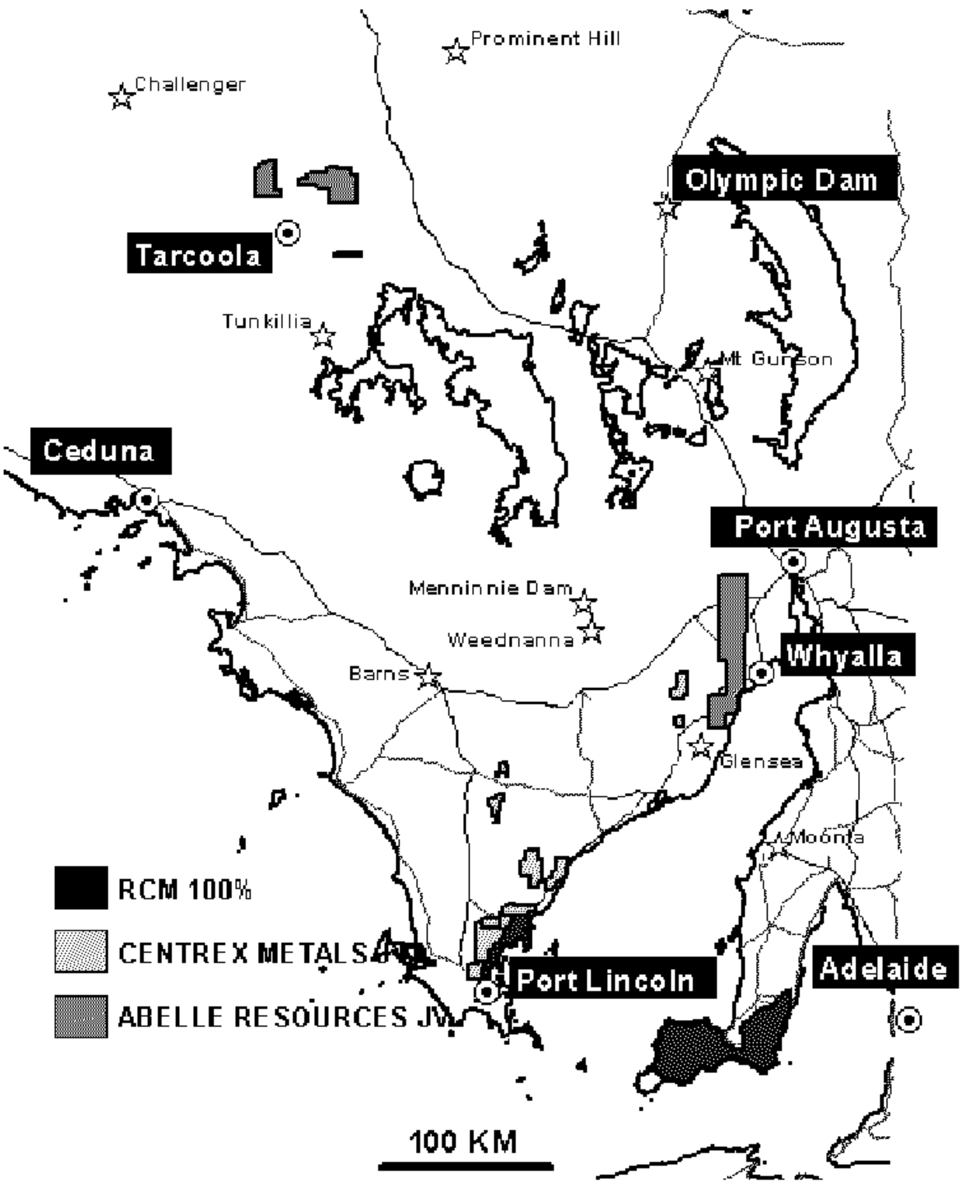

FIGURE 1
GAWLER CRATON PROJECT LOCATION

THE PROJECTS

Abelle Joint Venture

The Abelle tenement package comprises three Exploration Licences; Roopena, Partridge Range and Gibraltar Rocks. The primary exploration target on each tenement is structurally controlled iron oxide copper gold deposits (IOCG) genetically related to the Mesoproterozoic Hiltaba Granite Suite. Typical examples of this style of deposit are WMC Resources Limited's giant Olympic Dam deposit and Minotaur Resources Limited's recently discovered Prominent Hill deposit.

The **Roopena** project has immediate drill targets and further geochemistry and compilation of previous data and reprocessing of existing geophysics is expected to highlight additional priority drill targets. A recent assessment of aero-magnetics and gravity at Roopena has highlighted six high order targets with geophysical signatures comparable to large IOCG systems. Further follow up is also considered necessary at many of the prospects identified by previous exploration, including the Spencer prospect (1 metre at 11g/t gold) and the Mallee Rise prospect (1 metre at 7.8% copper). In addition Avoca Resources Limited's exciting new Glensea discovery is situated immediately to the south of the Roopena project. Analogs for the Glensea discovery exist in the southern area of the project where very little exploration has been undertaken (refer to Figure 2).

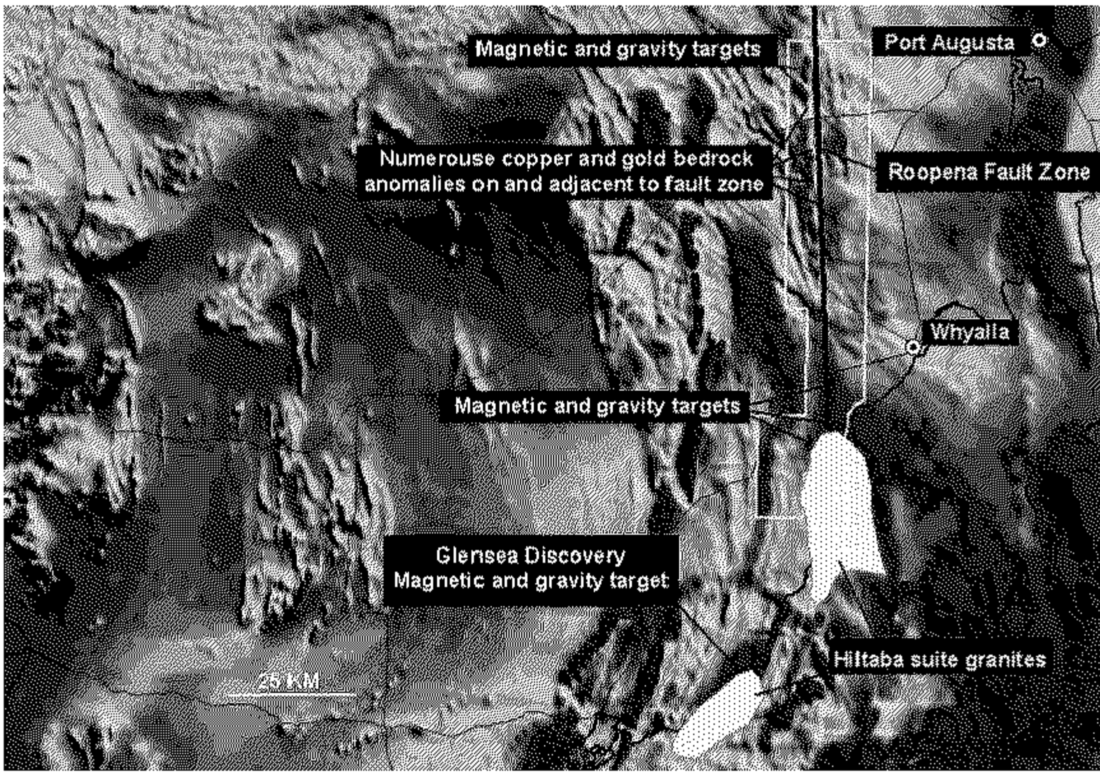

FIGURE 2
ROOPENA PROJECT AREA SHOWING MAGNETIC AND GRAVITY TARGETS

The **Partridge Range** project also possesses immediate drill targets, while further geochemistry, compilation of previous data and reprocessing of existing geophysics should highlight additional priority drill targets. An induced polarisation (IP) geophysical survey completed in late 2002 identified a strongly chargeable zone, typical of a large sulphide mineralised system, at the Mariner prospect (Figure 3). The anomaly is up to 1,000 metres in strike length and up to 300 metres in width. The IP anomaly is coincident with a zone of de-magnetisation, a key feature of previous IOCG discoveries. Nearby shallow RAB drilling is highly anomalous in gold and base metals. The Mariner prospect is peripheral to the Bulgunnia Fault Zone. This mineralised Fault Zone is thought to be a critical conduit for mineralised fluids at Prominent Hill. Mariner represents a high priority drill target.

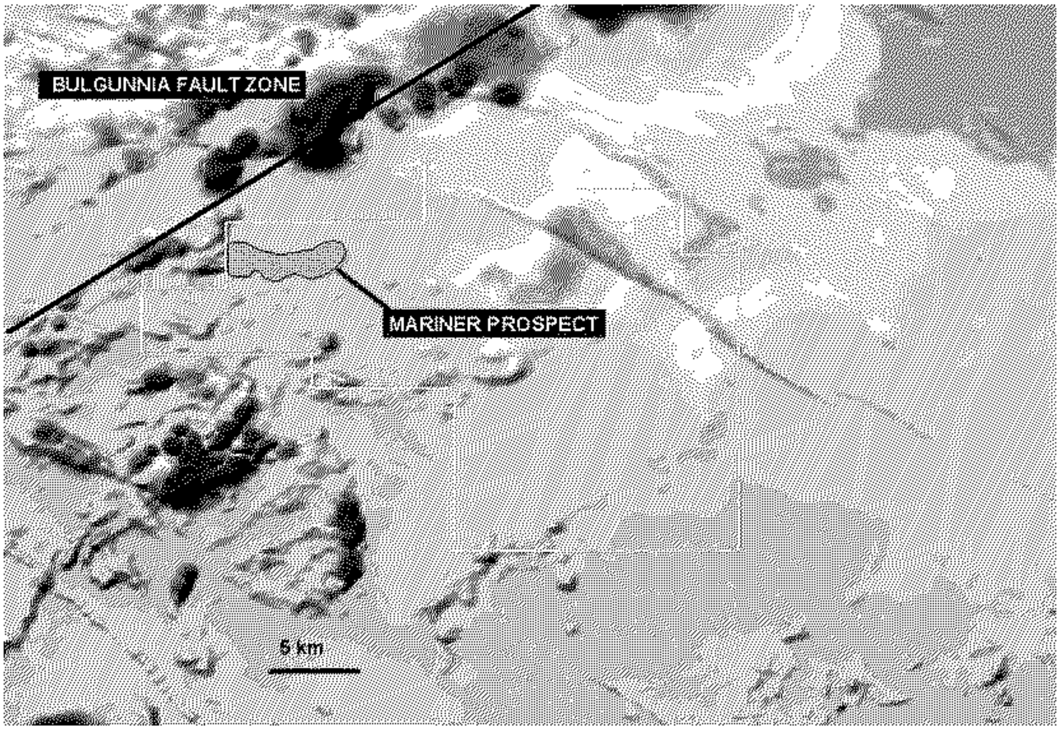

FIGURE 3
PARTRIDGE RANGE PROJECT SHOWING THE MARINER PROSPECT DEFINED BY COINCIDENT IP AND MAGNETIC ANOMALIES

The **Gibraltar Rocks** tenement is also situated on the key Bulgunnia Fault Zone. Additional geochemistry and remodeling of existing geophysics is likely to highlight high priority drill targets. All exploration to date has been focused on a single large magnetic anomaly. Numerous other anomalies remain to be tested.

Joint Venture Terms for Abelle Joint Venture

Under an agreement between RCMSA and Abelle Limited dated 30 September 2003, RCMSA has the right to earn a 70% interest in the Abelle tenements over 3 years by spending $1.5m on Roopena, $750,000 on Gibraltar Rocks and $750,000 on Partridge Range (Phase 1). There is a minimum total expenditure of $400,000 in the first year over all the projects before withdrawal.

At the end of Phase 1, Abelle can elect whether to contribute to expenditure on each of the tenements or allow RCMSA to earn a further 20% by further expenditure on the tenements.

Centrex Metals Joint Venture

The Centrex Metals Joint Venture tenement package consists of 6 granted Exploration Licences covering 1,101km^2 pursuant to an agreement dated 17 October 2003 between RCMSA and Centrex Metals Ltd. In this agreement, Centrex Metals Ltd grants to RCMSA the exclusive right to earn 80% of the non-ferrous metals mineral rights on the tenements by RCMSA spending $1.5 million over three years on exploration.

RCMSA must spend a minimum of $200,000 per annum and can withdraw at any time after spending $200,000. RCMSA will free-carry Centrex Metals Ltd to a bankable feasibility study.

The agreement is subject to a 14 day due diligence period which commences on RCMSA receiving all technical information held by Centrex Metals Ltd on the tenements. RCMSA has not yet received the technical information and the due diligence period is yet to commence.

The tenements cover highly prospective host rocks for copper/gold mineralisation with numerous geochemical and geophysical targets, as well as historic copper workings. Although a significant amount of work has previously been undertaken on the tenements, this work focused on iron ore mineralisation and not copper/gold targets.

RCMSA Exploration Licences

RCMSA has lodged applications for three Exploration Licences covering prospective areas of the Gawler Craton on the Yorke and southern Eyre Peninsulas. The tenements cover 2,300km^2 in an under-explored area covering highly prospective rocks in a favourable structural setting.

WORK PROGRAMME FOR SCOTIA NICKEL PROJECT AND COPPER/GOLD PROJECTS

Scotia Nickel Project – Western Australia

Kanowna will commence exploration on the Scotia Nickel Project immediately on grant of the tenements. It is anticipated that the first phase will include an airborne EM survey designed to test for nickel sulphide targets on the tenements.

Copper/Gold Projects – Gawler Craton, South Australia

The work programme described below has been designed to maximize value from Kanowna's cash resources and meet Joint Venture exploration commitments.

Prior to the commencement of the South Australian field season in March 2004, compilation of all previous data and reprocessing of geophysical data to fully define and prioritise drill targets will be undertaken. Work will also require organising all logistics for the field season when additional geochemical sampling and a major drill programme will be undertaken.

Details of the work programme for the Gawler Craton Copper/Gold Projects over the next 12 months are given in the table below.

	Preparation Phase	**Drilling Phase**
Roopena	Data compilation Geophysical reprocessing Soil sampling in south Drilling programme preparation	Drilling of geophysical and geochemical targets In-fill and extension soil sampling Compilation of results
Partridge Range & Gibraltar Rocks	Data compilation In-fill geochemistry Geophysical reprocessing Drilling programme preparation	Drilling of geophysical and geochemical targets Compilation of results
Centrex Metals JV Tenements	Data compilation Geophysical reprocessing	Geochemical surveys Drilling of targets
RCMSA Exploration Licences	Arrange grant of tenements	Data compilation Geochemical surveys

PLACEMENT AND CASH POSITION

Kanowna intends to complete the previously announced placement of 22,000,000 Kanowna ordinary shares and a placement to RCMSA (or nominees) of 750,000 shares at an issue price of 2 cents each to raise approximately $455,000 and will be issuing a disclosure document shortly.

The cash position of the Company at the completion of this placement, the offer to RCMSA (or nominees) combined with existing cash reserves (based on the Appendix 5B quarterly report) will be approximately $800,000. Kanowna has an obligation to pay for work undertaken on the Pinnacles project and on-going expenses in the ordinary course of operations.

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In accordance with ASX Listing Rule 5.10, the geological information contained in this announcement that relates to mineral resources or ore reserves is based on information compiled by Richard Monti who is a member of the Australasian Institute of Mining and Metallurgy. Richard Monti has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 1999 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves." Richard Monti consents to their inclusion in this announcement based on the information in the form and context in which it appears.

SCHEDULE 1

Tenement Schedule

Gawler Craton Copper/Gold Projects

Abelle Joint Venture

EL Number	EL Name	Date Granted	Area (km^2)
EL 2741	Roopena	30/7/00	1,373
EL 2972	Partridge Range	12/6/02	447
EL 2814	Gilbraltar Rocks	29/5/01	278
Total			**2,098**

Centrex Metals Joint Venture

EL Number	EL Name	Date Granted	Area (km^2)
EL 2887	Port Neill	18/1/02	294
EL 2905	Tod River	12/3/02	476
EL 2816	Green Patch	31/5/01	79
EL 2676	Tooligie	31/12/99	117
EL 3018	Kimba Gap	10/10/02	106
EL 2961	Lake Moolkra	24/5/02	29
Total			**1,101**

RCMSA Applications

Application Number	Application Name	Area (km^2)
218/03	Stansbury	847
227/03	Southern Yorke Peninsula	1,172
229/03	Poonindie	285
Total		**2,304**

Note: RCMSA applications will be reviewed and may be reduced prior to granting subject to approval by the board of Kanowna.

SCHEDULE 2

Details of Transaction

The transaction with RCMSA, which is subject to completion of due diligence by 7 November 2003, is in two stages:

1. Kanowna has the right to earn 40% of all rights and entitlements, commitments and obligations held by RCMSA in the Copper/Gold Projects situated in the Gawler Craton, South Australia, in return for Kanowna committing to funding 100% of minimum expenditure commitments of RCMSA on the Copper/Gold Projects; and

2. Under identical put and call options in favour of RCMSA and Kanowna respectively, Kanowna will, subject to shareholder approval (if such approval is required), acquire 100% of the issued capital of RCMSA under a scrip for scrip bid in which Kanowna will issue 26,150,000 fully paid ordinary shares. The shares are to be voluntary escrowed for six months from the date of issue.

The Agreement is subject to the following material terms and conditions:

i) Board of Kanowna – At the date of completion of the due diligence period, referred to above, Richard Monti will be appointed to the Board and Matthew Wood will be appointed Chief Executive Officer of Kanowna. At the date of completion of the acquisition on the basis that the put or call option is exercised, Malcolm James will be appointed to the Board of Kanowna and David Steinepreis, Hugh Warner, Gary Steinepreis and Michael Fry shall, upon request resign from the Board of Kanowna. Details of the management team on completion of the transaction are contained in Schedule 4 hereof.

ii) Management – RCMSA will undertake the corporate and project management of Kanowna from the date of completion of the acquisition.

iii) The anticipated capital structure of Kanowna on completion of the transaction contemplated herein is attached as Schedule 3.

iv) In addition, RCMSA or nominees will subscribe for 750,000 shares at an issue price of 2 cents per share contemporaneously with the placement of 22,000,000 shares previously announced.

SCHEDULE 3

Anticipated Capital Structure

Details	**No of Shares**
Current	151,711,601
Previously Announced Placement	22,000,000
Placement RCMSA	750,000
Sub Total	174,461,601
RCMSA Acquisition	26,150,000
Total	**200,611,061**

Options

Exercise Date	**Price**	**No.**
31/01/2004	$ 0.40	1,000,000
30/06/2004	$ 0.20	3,000,000
30/06/2005	$ 0.20	99,726,600

SCHEDULE 4

Management Team

Malcolm James
Director (Non Executive)

Mr James is a graduate of RMIT University having completed a Bachelor of Business. Initially Mr James gained experience in the accounting profession and has over a twenty five year period been involved in merchant banking, engineering, manufacturing, financing and over the last 15 years executive involvement in the development of significant mining projects.

Mr James was actively involved in the development of the A$1.2 billion Murrin Murrin Nickel/Cobalt Project in the northeastern goldfields of Western Australia, being an integral part of the finance team that raised US$420 million undertook through the US High Yield Bond Market.

Mr James has been a director of several public companies and is currently Director of County Diamonds Limited and Siberia Mining Corporation Limited (both ASX listed).

Richard Monti
Director (Non Executive)

Mr Monti has qualifications in Geology (Bachelor of Science with Honours from the University of Western Australia) and Finance (Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia).

He has gained broad experience over an eighteen year career working in the technical, marketing and financial fields of the international exploration and mining industry. This experience includes exposure to a number of commodities including nickel, base metals, gold, coal, iron-ore, tin-tantalum, platinum group metals and industrial and heavy minerals.

He has worked for a number of international and Australian companies including Anaconda Nickel, RTZ Exploration, the North Group, the Normandy Group and Ashton Gold. During a seven year term at Anaconda Nickel he held General Manager positions in both the technical and marketing fields.

He has also held positions on the boards of a number of Australian Stock Exchange listed, unlisted public and private mining companies.

Matthew Wood
Chief Executive Officer

Mr Wood has a BSc honours in geology from the University of New South Wales and a Graduate Certificate in mineral economics from the Western Australian School of Mines.

Mr Wood has over 12 years experience in the mining industry and has held exploration and development positions with major and junior resource companies. This has included the technical and economic evaluation of gold and base metal projects throughout the world. In addition Mr Wood has been involved with or led successful discovery teams responsible for the discovery and definition of a number of gold and base metal deposits including the Challenger gold deposit in South Australia and the Fortitude and Rosemont gold deposits in Western Australia.