ShieldLiner Limited
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20 October 2004

The Manager
Companies Announcements Office
Australian Stock Exchange Limited

ASX Announcement
Quarterly Project Update & Quarterly Appendix 4C Cash Report

Introduction

The Company has an obligation under Listing Rule 4.7 to provide a quarterly cash report containing the information set out in Appendix 4C of the Listing Rules. A copy of the Appendix 4C report for the quarter ended 30 September 2004 is attached and forms part of this announcement.

In addition to the disclosures in the attached Appendix 4C the Company wishes to provide shareholders and the market generally with an update on its activities.

General Commentary

During the period to 10 August 2004 the Company's major focus was the completion of its initial public offering. Since completion of the IPO and listing on the Australian Stock Exchange the Company has been busy with the construction of its first commercial rig utilising its unique trenchless technology for the insitu repair and rehabilitation of underground pipes.

The commercial rig is a substantial ramp up from the prototype equipment used over the previous 18 months to demonstrate the technology and upon completion it will be capable of relining up to 120 metres of pipe in a single run. Detailed testing of all components and systems commenced last week. The costs of construction of the commercial rig and other capital equipment purchases have been in line with budget.

In addition to the commercial rig construction the company has, since listing, relocated to new premises and recruited its planned first year staff complement. Additional manpower requirements for the testing phase and initial commercialisation activities will be met by sub contractors and also with staff from the Company's alliance partners, National Power Services Pty Ltd and Premium Corporation Pty Ltd.

It has been an extremely busy period since listing with building the commercial rig, recruiting staff, establishing the new office and factory facility as well as pursuing longer term arrangements with suppliers of both lining materials and resin systems. Further planning on additional technology refinements and system marketing has also taken place and we continue to look forward to a very active period ahead.

System Trials

As part of the commercial rig testing the Company will be undertaking a number of lining trials at its premises in Jandakot during October and November. The primary objective of these trials is to successfully line 100 metres of 300mm concrete pipe in one lining run. In the lead up to the 100 metre run a number of smaller runs will be undertaken to test equipment, systems and raw materials.

Upon completion of these trials the Company, in conjunction with its alliance partners, envisages that it will reline several hundred metres of sewer pipe and storm water pipes for customers in Western Australia. These trials will be the first commercial use of the ShieldLiner system.

The planned trial to reline several hundred metres of mains pressure water pipe for the Water Corporation of Western Australia is likely to be deferred until next autumn because of delays in both sourcing and certifying a suitable resin system for use with potable water and the ShieldLiner system. These delays will impact on the site access arrangement during the summer months when peak flow rates and total fire bans in the rural location of the planned trial makes its deferral until autumn likely. As noted above other trials are planned over the next few months and the delay will not impact on the overall level of reference sites envisaged between now and 30 June 2005.

Materials Selection & Validation

Upon the completion of the system trials the Company should then be in a position to embark on a program of validation and certification of a range of specific materials for use with the ShieldLiner system. End customers will require the Company to certify that its lining products meet certain standards and performance requirements in terms of wear rates, pressure ratings and product strength. Given the diverse range of materials and combinations of materials that could be utilised with the ShieldLiner system it is important that in undertaking durability, accelerated ageing and certification testing of lining materials that the materials so certified meet a market demand from end customers.

The Company will be undertaking further studies as to the range of materials that will be subject to detailed testing and certification.

In the interim and to enable the company to continue with its commercialisation activities it intends to use existing lining materials and resin systems wherever possible.

Intellectual Property

As announced to the ASX on 8 October 2004 during the quarter the Company's patent attorneys informed the Company that its first generation patent applications in South Africa and Taiwan have been granted.

As noted previously whilst the granting of these patents is positive recognition of the Company's technologies in the countries concerned it should be noted that the process of examination in these countries is not as rigorous or exhaustive as examinations in jurisdictions such as the United States, Europe and Australia.

The Company has established an IP Committee to advise the board on its patent portfolio and IP strategy. The IP Committee comprises representatives from the company, namely, Mr John Hassen – Managing Director ShieldLiner, Mr Julian Land – Non Exective Director ShieldLiner and formerly CSIRO corporate executive, Mr Neil Graham – Inventor of the ShieldLiner System, a representative from the Company's patent attorneys, Wray & Associates and also an independent member who is currently the in-house intellectual property manager for a multinational corporation.

Cash Position

The following table summarises the Company's cash inflows and outflows for the quarter ended 30 September 2004.

Opening cash at bank 1 July 2004		45,770
Inflows		
Interest received	30,432	
Share issues	2,400,000	
Share issue expenses paid	(23,730)	2,406,701
		2,452,471
Outflows		
Debt reduction - Sord Technologies	255,200	
Salaries and wages - staff	33,953	
Salaries and fees - directors	30,436	
Patent costs	9,860	
Other costs and overheads	34,606	
Capital expenditure	91,548	
Research and development materials	11,173	466,776
Closing cash at bank - 30 September 2004		1,985,696

John Hassen
Managing Director

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

ShieldLiner Limited

ABN

88 096 870 978

Quarter ended ("current quarter")

30 September 2004

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to date (..3..months) $A'000
1.1	Receipts from customers			
1.2	Payments for	(a) staff costs	(64)	(64)
		(b) advertising and marketing		
		(c) research and development	(11)	(11)
		(d) leased assets		
		(e) other working capital	(35)	(35)
1.3	Dividends received			
1.4	Interest and other items of a similar nature received		30	30
1.5	Interest and other costs of finance paid			
1.6	Income taxes paid			
1.7	Other (provide details if material)			
	Net operating cash flows		(80)	(80)

		Current quarter $A'000	Year to date (.3..months) $A'000
1.8	Net operating cash flows (carried forward)	(80)	(80)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property	(10)	(10)
	(d) physical non-current assets	(92)	(92)
	(e) other non-current assets		
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets		
	(e) other non-current assets		
1.11	Loans to other entities		
1.12	Loans repaid by other entities		
1.13	Other (provide details if material)		
	Net investing cash flows	(101)	(101)
1.14	**Total operating and investing cash flows**	(181)	(181)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	2,400	2,400
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings		
1.18	Repayment of borrowings	(255)	(255)
1.19	Dividends paid		
1.20	Other (provide details if material) - share issue costs	(24)	(24)
	Net financing cash flows	2,121	2,121
	Net increase (decrease) in cash held	1,940	1,940
1.21	Cash at beginning of quarter/year to date	46	46
1.22	Exchange rate adjustments to item 1.20		
1.23	**Cash at end of quarter**	1,986	1,986

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	30
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

Salaries and fees paid to Mr JW Hassen or a company in which he held an interest amounted to $24,289 during the quarter and fees of $2,049 were paid to each of Messrs Land, Gosatti & Zuiderwyk.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2)

	Amount available $A'000	Amount used $A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter $A'000	Previous quarter $A'000
4.1 Cash on hand and at bank	1,986	46
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,986	46

Acquisitions and disposals of business entities

	Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1 Name of entity	Nil	Nil
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 20 October 2004
(Director/Company secretary)

Print name: John Hassen