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The Manager
Companies Announcements Office
Australian Stock Exchange Limited

ASX Announcement **Patents granted in New Zealand and Singapore**

ShieldLiner Limited is pleased to announce that its patent attorneys have recently informed the company that its first generation patent applications in New Zealand and Singapore have been granted.

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 also wishes to advise that it has instructed its patent attorneys to proceed from the PCT stage to the national and regional phases with the second generation patent applications in Australia, New Zealand, Europe, Canada, the USA and Japan.

This announcement should be read in conjunction with the attached general statement on the company's intellectual property portfolio and patents generally.

John Hassen
Managing Director

**SHIELDLINER LIMITED
INTELLECTUAL PROPERTY
BACKGROUND INFORMATION**

1. Introduction

This general statement on the Company's intellectual property portfolio and patents has been prepared in order to place into context announcements to the ASX concerning the granting of patents in various jurisdictions in respect of the ShieldLiner™ Pipelining System and Associated Technologies.

2. ShieldLiner™ Pipelining System and Associated Technologies

The ShieldLiner™ pipelining system is directed to an apparatus and method for lining ducts and other passageways. The invention has been devised particularly, although not solely, for internally lining fluid flow passageways such as water and gas pipes and sewer and drainage pipelines. The invention involves the application of a liner to an interior surface within the passageway. Typically, the liner is of composite construction, comprising a resin-impregnated fibreglass tube. The liner is placed in position using an eversion process, whereby resin is applied to the liner and also the interior surface of the pipe or passageway to which the liner is to be applied adjacent the everting end of the sock. The liner is applied using an installation head which moves along the passageway in conjunction with the everting liner, so controlling the rate at which the liner is applied to the interior surface. The installation head incorporates multiple chambers disposed in a linear series for application of resin to the interior surface, and in certain cases application of other materials such as grout.

The invention has undergone development through several generations and further generations of development are anticipated as the process is developed and applied to suit specific tasks.

3. Patents – Background and Strategy

A patent is an exclusive monopoly granted by the State to the owner of an invention for, in most cases, 20 years. In return, the owner must fully disclose the invention in a patent document. As the holder of a patent gains a State sanctioned monopoly, owners are able to use patents to stop competitors from entering a particular field and to thereby gain a significant competitive advantage.

Patents generally need to be obtained in each country where a monopoly is of interest. Whilst there is no such thing as a “World Patent”, various international treaties exist so that priority from an initial patent application filed in Australia is recognised around the world.

Further, a system known as the Patent Cooperation Treaty (PCT) allows for a single application to be filed covering a multitude of PCT member countries. As part of the process, there is a delay of about 30 months from the priority date before it is necessary to proceed to the next stage in each country of interest. In Europe, the European Patent Convention provides for a single European patent which covers European member states. Patent applications often take three or four years, and sometimes even longer, before they are granted under the above system. Before grant, a patent application is considered to be “pending”.

ShieldLiner Limited (“SLD”) has a number of patent applications in various stages of the patent process. SLD adopts a somewhat standard approach to the procedural aspects of patenting and protection of Intellectual Property assets for an Australian company.

This process includes the initial lodgment of an Australian provisional patent application in order to obtain an initial priority right which is recognised around the world under the terms of an international arrangement known as the Paris Convention. This allows for 12 months of refinement of the invention before it is necessary to proceed with the next step in the patenting process.

In filing a provisional application SLD is seeking to protect research innovations and to provide for the development of valuable intellectual company assets.

If patent protection is to be pursued, the next step, depending upon the perceived value of the invention at the end of 12 months, typically involves filing an international application under the Patent Cooperation Treaty (PCT). A PCT application is filed for those inventions having a high perceived value. All PCT member countries, including the United States, are usually designated under the PCT procedure. The PCT system normally provides for an International Search Report and Examination process to be undertaken over a further period of 18 months. The PCT system has the advantage that the patent applications can be cost-effectively maintained in all designated countries (including the United States) for an extended period of time.

As part of the PCT procedure, it is ultimately necessary to initiate procedures in each of the PCT member states where patent protection is to be pursued. This procedure is known as commencement of national and regional phases. In this respect, SLD has proceeded with national/regional phases in major economically significant countries including the United States, Japan, Europe and Australia.

In each country in which a patent application is filed, the application is eventually subject to examination by the relevant patent authorities where it may undergo amendment and revision before a patent is granted.

4. ShieldLiner Limited Patent Applications

The first generation of the Shieldliner lining apparatus and method according to the invention is the subject of international application PCT/AU01/00563 filed on 16 May 2001 under the Patent Cooperation Treaty in respect of an invention entitled “Apparatus for and Method of Lining Passageways”. The international application claims priority dates of 16 May 2000, 01 August 2000 and 23 November 2000

The international applications were filed in the name of Sord Technologies Limited (“SORD”).

Pursuant to an Option Deed – Transfer and Cross-Licence of Technology Assets (“the Option Deed”) entered into between SORD and SLD on 29 January 2002 SORD granted SLD an option to acquire the ShieldLiner Technology the subject of PCT/AU01/00563 and all other intellectual property in connection with the ShieldLiner Technology. SLD on 4 February 2002 exercised its option pursuant to the Option Deed and is now the owner of the ShieldLiner Technology the subject of PCT/AU01/00563, as well as all other intellectual property in connection with the ShieldLiner Technology.

International application PCT/AU01/00563 proceeded to national and regional phase applications in various areas, particulars of which are set out in the table below. Separate patent applications were also filed in Malaysia and Taiwan, as those countries were not members of the PCT system. Particulars of the Malaysian and Taiwan applications are also set out in the table below:

Country	Application No.
Australia	2001258038
Brazil	0110842-5
China	01811634.5
Hungary	P0301843
Indonesia	W-00200202818
Israel	152760
Japan	2001-584709
Malaysia	PI 20015153
New Zealand	522599
Norway	20025437
Poland	P359360
Republic of Korea	7,015,492/2002
Russian Federation	2002133667
Singapore	200207038-1
South Africa	2002/9522
Taiwan	90128389
United Arab Emirates	347/2002
United States of America	10/276,485

Each of the applications listed above (apart from the applications in Malaysia and Taiwan) derives from international application PCT/AU01/00563 lodged on 16 May 2001 (“the International Application”).

As part of the process relating to International Application PCT/AU01/00563, an International Preliminary Examination Report was issued on 25 February 2002. The International Preliminary Examination Report identified claims which meet the prescribed levels of novelty and inventive step, as well as claims which do not meet such requirements, having regard to the disclosures in documents cited in the International Preliminary Examination Report.

The Company’s Patent Attorneys have advised there are various aspects of the ShieldLiner pipelining method and apparatus as disclosed in the International Application which appear to be unique.

A second generation of the ShieldLiner pipelining system involves developments which are the subject of a further international application, particulars of which are as follows:

Application No: PCT/AU03/01131
 Title: Apparatus for and Method of Lining Conduits
 Applicant: Shieldliner Limited
 Filing Date: 2 September 2003
 Priority Dates: 2 September 2002 and 16 May 2003

The Company instructed its Patent Attorneys to proceed to national and regional phases in respect of the second generation PCT application on 21 February 2005 in Australia, New Zealand, Canada, USA, Japan and Europe.

The Company and its Patent Attorneys have compared the developments which are the subject of International Application PCT/AU03/01131, with the prior art cited in the International Preliminary Examination Report of International Application PCT/AU01/00563. Following the review, it was concluded that there are a number of features in the second generation system which appear to be new in the light of that prior art and which may therefore be appropriate subject-matter for patent protection (assuming of course that there is no more pertinent prior art in existence).

Further, as part of the process relating to International Application PCT/AU03/01131 an International Search Report was issued on 16 December 2003, citing various documents the subject matter of which was considered to be relevant to the second generation invention. The Company and its Patent Attorneys have reviewed the cited documents and are of the opinion that there are various aspects of the second generation ShieldLiner pipelining method and apparatus as disclosed in the International Application which appear to be unique.

5. Searching

As alluded to above, international novelty searches have been conducted by the Australian Patent Office in respect of International Applications PCT/AU01/00563 and PCT/AU03/01131.

The Company and its Patent Attorneys have reviewed the results of the international searches and are of the opinion that various aspects of the ShieldLiner™ pipelining method and apparatus appear to be sufficiently new in order to provide the basis for worthwhile patent protection.

However, it must be borne in mind that searching of this nature is not necessarily conclusive and is largely dependent upon the accuracy with which the various computer patent records are established and maintained.