



ShieldLiner Limited

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23 February 2005

The Manager
Companies Announcements Office
Australian Stock Exchange Limited

ASX Announcement Conditional Grant of Options to Employees

The company is pleased to advise that subject to the satisfactory achievement of the commissioning milestone tests referred to below it has agreed to grant a total of 200,000 options to two employees of the company pursuant to the provisions of the company's employee share option scheme ("the Scheme").

The grant of the options is to two key employees who have lead the construction, refinement and testing of the first generation production equipment for relining pipes using the ShieldLiner System. The grant of the options is in recognition of the tremendous efforts of these employees in taking the equipment from basic prototype equipment to equipment capable of being used commercially.

The terms of the Scheme have previously been approved by shareholders and these are the first options issued pursuant to the Scheme. Options representing up to 5% of the company's capital (currently 5 % represents up to 1,798,750 options) can be issued under the scheme. The exercise price of the options is 30 cents and the term of the options is five years from 18 February 2005. The grant of the options is conditional upon the company completing its major commissioning milestone test objective of successfully lining 100 metres of 300 millimeter concrete pipe in one lining run by the end of March 2005 utilising the production equipment developed over the last five months.

An announcement to the ASX will be made on the achievement of this milestone. A further announcement will be made to the ASX once the grant of the options has become unconditional and an appendix 3B will lodged with the Australian Stock Exchange Limited at that time.

A handwritten signature in dark ink, appearing to read "John Hassen", is positioned above the printed name and title.

John Hassen
Managing Director