ShieldLiner Limited
ACN 096 870 978

81-85 Prinsep Road
Jandakot WA 6164

Phone: 08 9414 1400
Facsimile: 08 9414 1019

Postal: PO Box 1129
Canning Bridge
Applecross
Western Australia 6153

www.shieldliner.com

25 September 2006

The Manager
Companies Announcements Office
Australian Stock Exchange Limited

ASX ANNOUNCEMENT
SHIELDLINER ACQUIRES PIPE DISTRIBUTION RIGHTS AND MOVES TO 100% OWNERSHIP OF TRENCHLESS TECHNLOGY CONTRACTING BUSINESS

ShieldLiner Limited ("SLD") is pleased to announce it has entered into a series of conditional letter agreements that will, upon completion, result in the company owning two cash flow positive businesses in addition to its ownership of the unique ShieldLiner System for the insitu repair and rehabilitation of pipes.

SLD will, subject to SLD shareholder approval, acquire the one third interest held in Premium Pipe Services Pty Ltd ("PPS") by Gosatti Corporation Pty Ltd ("GCL") (a company in which ShieldLiner director Trevor Gosatti holds an interest). The consideration is $400,000 payable by way of an interest free promissory note that will be due and payable on 29 June 2007. It is also proposed SLD will acquire the one third interest held by Alinta Asset Management (2) Pty Ltd ("AAM") in PPS for $400,000 payable by way of an interest free promissory note that will be due and payable on 29 June 2007. Completion of these acquisitions will result in PPS becoming a 100% owned subsidiary of SLD. The purchase consideration effectively reimburses GCL and AAM the costs of their investment in PPS. The promissory notes are secured over the shares in PPS being acquired.

PPS is a specialist trenchless technology contractor that has the ability to handle a range of pipe repair and rehabilitation services utilising equipment owned by the company and operated by a multi skilled and experienced team of employees and subcontractors. PPS is expected to be profitable in the 2007 financial year and has a current forward order book of approximately $1.4 million,

In a related transaction it PPS has been appointed effectively an exclusive distributor for Australia and New Zealand for a range of glass reinforced epoxy ("GRE") pipes and fittings manufactured by Fiber Glass Systems LP ("FGS") of San Antonio, Texas. As part of the distribution arrangements PPS will acquire certain assets and staff ("GRE assets and staff") from the previous distributor, AAM, for $490,000. The purchase consideration is to be satisfied by the payment of a deposit of $250,000 payable on execution of the asset purchase agreement and the issue by PPS of an interest free unsecured promissory note of $240,000 payable on 29 June 2007. The promissory note will be guaranteed by SLD

FGS is a leading worldwide manufacturer of fiberglass reinforced epoxy pipe products used primarily for corrosion control in low to high pressure applications of enhanced oil recovery projects. The products also have applications in the gas, water, marine offshore, industrial and chemical industries and have temperature ratings of up to 220 degrees (104.4C), depending on resin system. Unlike steel pipes the pipes require no protective coatings and their use reduces maintenance costs caused by corrosion. The pipes are light and easy to handle and less personnel and equipment is needed during installation. FGS markets its products under the trade names Star, Smith and Fibercast.

During the 18 month period to 30 June 2006 the GRE business unit being acquired by PPS had sales in excess of $11.8 million.

Each of the aforementioned transactions involving PPS is conditional on the completion of the others. SLD has been advised the decision by Alinta to divest its interest in PPS and the GRE business is part of a rationalisation of non core business interests.

In summary the combined SLD/PPS group will require the following funds;

GCL– PPS purchase	400,000
AAM– PPS purchase	400,000
AAM – GRE purchase	490,000
	1,290,000

Whilst it is possible earnings during the period from 1 October 2006 to 30 June 2007 from the GRE business and the PPS contracting operations may be at a level sufficient to fund the repayment of the promissory notes due on 29 June 2007 it is likely SLD will seek to raise $1,375,000 by way of a relatively short term convertible note issue or some other form of debt or equity.

SLD managing director John Hassen said "SLD had for some time been evaluating the possible acquisition of complementary businesses in the trenchless technology and pipe lining industries so as to increase its critical mass more rapidly, generate positive cash flows sooner, increase its market capitalisation sooner and reduce the risks associated with essentially being seen solely as an R&D focused company. The investments in PPS and the GRE business are the first such acquisitions and the proposed transactions will transform SLD from being purely a developer of a world class trenchless technology into a group that will also generate positive cash flows".

PPS managing director and ShieldLiner director Trevor Gosatti indicated that "the GRE business was an excellent fit with significant upside potential and that it would complement the existing and proposed PPS business operations. The opportunities for cross selling of products and services together with the synergistic benefits of combining the three business units augured well for the future."

Vincent Tan, Sales Manager, Pacific Rim of Fiber Glass Systems LP said "we are delighted the team responsible for building our business in Australia have agreed to join the ShieldLiner group and we are confident that the new arrangements will continue to build on the sales of our products in Australia and New Zealand. The fact that the sales team will be able to draw upon the water industry experience of PPS managing director Trevor Gosatti and the oil and gas experience and contacts of SLD chairman, Jim McDonald is an added benefit to the new distribution arrangements."

A copy of a press release incorporating the above announcement is also attached.

John Hassen
Managing Director

ShieldLiner Limited
ACN 096 870 978

81-85 Prinsep Road
Jandakot WA 6164

Phone: 08 9414 1400
Facsimile: 08 9414 1019

Postal: PO Box 1129
Canning Bridge
Applecross
Western Australia 6153

www.shieldliner.com

MEDIA RELEASE

SHIELDLINER ACQUIRES PIPE DISTRIBUTION RIGHTS AND MOVES TO 100% OWNERSHIP OF TRENCHLESS TECHNLOGY CONTRACTING BUSINESS

Infrastructure technology group ShieldLiner Limited (ASX code: SLD) is pleased to announce it has entered into a series of conditional letter agreements that will, upon completion, result in the company owning two cash flow positive businesses in addition to its ownership of the unique ShieldLiner System for the insitu repair and rehabilitation of pipes.

SLD will, subject to SLD shareholder approval, acquire the one third interest held in Premium Pipe Services Pty Ltd ("PPS") by Gosatti Corporation Pty Ltd ("GCL") (a company in which ShieldLiner director Trevor Gosatti holds an interest). The consideration is $400,000 payable by way of an interest free promissory note that will be due and payable on 29 June 2007. It is also proposed SLD will acquire the one third interest held by Alinta Asset Management (2) Pty Ltd ("AAM") in PPS for $400,000 payable by way of an interest free promissory note that will be due and payable on 29 June 2007. Completion of these acquisitions will result in PPS becoming a 100% owned subsidiary of SLD. The purchase consideration effectively reimburses GCL and AAM the costs of their investment in PPS. The promissory notes are secured over the shares in PPS being acquired.

PPS is a specialist trenchless technology contractor that has the ability to handle a range of pipe repair and rehabilitation services utilising equipment owned by the company and operated by a multi skilled and experienced team of employees and subcontractors. PPS is expected to be profitable in the 2007 financial year and has a current forward order book of approximately $1.4 million,

In a related transaction it PPS has been appointed effectively an exclusive distributor for Australia and New Zealand for a range of glass reinforced epoxy ("GRE") pipes and fittings manufactured by Fiber Glass Systems LP ("FGS") of San Antonio, Texas. As part of the distribution arrangements PPS will acquire certain assets and staff ("GRE assets and staff") from the previous distributor, AAM, for $490,000. The purchase consideration is to be satisfied by the payment of a deposit of $250,000 payable on execution of the asset purchase agreement and the issue by PPS of an interest free unsecured promissory note of $240,000 payable on 29 June 2007. The promissory note will be guaranteed by SLD

FGS is a leading worldwide manufacturer of fiberglass reinforced epoxy pipe products used primarily for corrosion control in low to high pressure applications of enhanced oil recovery projects. The products also have applications in the gas, water, marine offshore, industrial and chemical industries and have temperature ratings of up to 220 degrees (104.4C), depending on resin system. Unlike steel pipes the pipes require no protective coatings and their use reduces maintenance costs caused by corrosion. The pipes are light and easy to handle and less personnel and equipment is needed during installation. FGS markets its products under the trade names Star, Smith and Fibercast.

During the 18 month period to 30 June 2006 the GRE business unit being acquired by PPS had sales in excess of $11.8 million.

Each of the aforementioned transactions involving PPS is conditional on the completion of the others. SLD has been advised the decision by Alinta to divest its interest in PPS and the GRE business is part of a rationalisation of non core business interests.

In summary the combined SLD/PPS group will require the following funds;

GCL– PPS purchase	400,000
AAM– PPS purchase	400,000
AAM – GRE purchase	490,000
	1,290,000

Whilst it is possible earnings during the period from 1 October 2006 to 30 June 2007 from the GRE business and the PPS contracting operations may be at a level sufficient to fund the repayment of the promissory notes due on 29 June 2007 it is likely SLD will seek to raise $1,375,000 by way of a relatively short term convertible note issue or some other form of debt or equity.

SLD managing director John Hassen said "SLD had for some time been evaluating the possible acquisition of complementary businesses in the trenchless technology and pipe lining industries so as to increase its critical mass more rapidly, generate positive cash flows sooner, increase its market capitalisation sooner and reduce the risks associated with essentially being seen solely as an R&D focused company. The investments in PPS and the GRE business are the first such acquisitions and the proposed transactions will transform SLD from being purely a developer of a world class trenchless technology into a group that will also generate positive cash flows".

PPS managing director and ShieldLiner director Trevor Gosatti indicated that "the GRE business was an excellent fit with significant upside potential and that it would complement the existing and proposed PPS business operations. The opportunities for cross selling of products and services together with the synergistic benefits of combining the three business units augured well for the future."

Vincent Tan, Sales Manager, Pacific Rim of Fiber Glass Systems LP said "we are delighted the team responsible for building our business in Australia have agreed to join the ShieldLiner group and we are confident that the new arrangements will continue to build on the sales of our products in Australia and New Zealand. The fact that the sales team will be able to draw upon the water industry experience of PPS managing director Trevor Gosatti and the oil and gas experience and contacts of SLD chairman, Jim McDonald is an added benefit to the new distribution arrangements."

ENDS

Released by The NCS Group Pty Ltd
Media contact: David Christison, Director
Phone: +61 8 9486 7188
Mobile: +61 418 959 817
Email: christo@ncsgroup.com.au

ShieldLiner contact: John Hassen, Managing Director
Phone: +61 8 9414 1400
Mobile: +61 418 947 544
Email: jhassen@shieldliner.com

Premium Pipe Services contact: Trevor Gosatti, Managing Director
Phone: +61 8 9302 3944
Mobile: +61 419 918 449
Email: tag@premiumpipeservices.com

Fiber Glass Systems LP contact Vincent Tan, Sales Manager, Pacific Rim
Phone: +65-6842 2293
Mobile: +65-9682 0697
Email: vincent.tan@nov.com

For additional information on ShieldLiner visit: www.shieldliner.com
For additional information on Premium Pipe Services visit www.premiumpipeservices.com.au
For additional information on Fiber Glass Systems visit www.fiberglasssystems.com