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MEDIA RELEASE

SHIELDLINER REFOCUSED

- **ShieldLiner to raise $2.8m in underwritten placement**
- **Board confirms strategic business change: ShieldLiner now re-focused as an integrated pipe services and supply company**
- **Pipe services business unit has successfully introduced Saertex pipe relining technology and generated initial sales**
- **GRE business unit has won tenders of approx. $1m and has submitted further tenders in excess of $10m**

Integrated pipe services and supply company ShieldLiner Limited ("ShieldLiner"or "the Company") has signed an underwriting agreement with Indian Ocean Capital ("IOC") to raise $2.8m.

The offer is 25.5m new Shares at an issue price of 11 cents per share, with one free attaching Option for every two shares subscribed. The Options are exercisable at 15c per Option on or before 26 June 2008. In addition, the Company will issue 5.5m Options at an issued price of 1c each and these Options will also be exercisable at 15c per Option on or before 26 June 2008 ("the Offer") . The Company will apply to have both the Shares and Options listed on ASX.

IOC has agreed to reserve up to 1.81m shares and 0.909m attaching options for existing shareholders ("Priority Offer").

The Offer is conditional upon shareholder approval to be sought at a shareholders meeting, which is expected to be held in late June 2007.

The Closing Date for acceptances and payment is 5.00pm EST on 18 June 2007.

The Board of ShieldLiner is positioning the Company to provide a broad range of leading edge technology based services and products for the repair and rehabilitation of Australia's ageing water and sewerage infrastructure.

This change in business strategy, from the former exclusive focus on developing the proprietary ShieldLiner System, is undertaken to provide the Company with immediate sources of revenue and earnings.

ShieldLiner Managing Director Trevor Gosatti said ShieldLiner was about to embark on an exciting phase of development.

“We recently purchased 100% ownership of Premium Pipe Services Pty Ltd. ShieldLiner was appointed Australasian agents for the sale of glass reinforced epoxy pipe (“GRE Pipes”) manufactured by Fiberglass Systems Inc. of San Antonio, Texas, one of the world’s leading suppliers of composite pipes, and acquired the Australasian rights for Saertex, a world leading pipeline repair technology,” he said.

“We have already had success in winning supply contracts for GRE Pipes. We have won tenders of approximately $1 million, have submitted further tenders in excess of $10 million and identified potential future projects in excess of $35 million since we commenced marketing.

The Company commissioned their first Saertex-liner unit in April 2007 and have already completed several successful jobs, generating initial sales revenue.

“Based on this initial success, we are bidding for, and expect to win tenders for pipe repair in the near future using the Saertex tool,” said Mr Gosatti.

“Additionally, we continue to develop the proprietary ShieldLiner System, aided by a Commercial Ready Grant from the Commonwealth Government. We are on track to conduct further field trials for this revolutionary tool by December this year, and expect to deliver the first commercial application by December 2008.”

“It is also the intention of ShieldLiner to enter into discussions with international parties to source other trenchless technology tools.”

Chairman of ShieldLiner, Jim McDonald, a former Managing Director of Australian Pipeline Trust, said,”ShieldLiner is emerging as an integrated pipe services and composite pipe supply business.

“We offer leading edge technology based pipe repair services and equipment to infrastructure owners.

Through the GRE Pipes unit, we offer a real choice of new generation high performance fibre glass pipe to a broad range of infrastructure, oil and gas, petrochemical and industrial applications.

We also intend to pursue growth by additional selective acquisitions and expanding our range of service and product supply offerings,” he said.

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Background on ShieldLiner Limited

ShieldLiner Limited listed on the ASX in August 2004 as a company focused on the development of its proprietary ShieldLiner® System, a trenchless technology for the in-situ repair and rehabilitation of pipes.

The Company has continued to develop the ShieldLiner® System and in doing so recognised an opportunity to establish an integrated pipe services business providing a range of trenchless technology solutions and also pipe supply, installation and associated services.

ShieldLiner, through acquisitions, has evolved into an integrated and supply company with three distinct business units

- Pipe Services business unit, which specialises in pipe rehabilitation, utilising leading edge trenchless technologies
- GRE Pipes Distribution and Installation business unit ; and
- ShieldLiner System Technology Development and Commercialisation business unit;

Pipe Services Business Unit

The Pipe Services division provides specialist pipe rehabilitation services, utilising leading edge trenchless technologies. Specialist service offerings include CCTV pipe inspections, pipe cleaning and jetting, drain and gully cleaning.

ShieldLiner is the Australian and New Zealand distributor and installer of the Saertex cured in place liner system.

As the proprietary ShieldLiner® System is further refined, developed and certified, the Company will also become the Australian user of the system.

The ShieldLiner® System development program is aimed at producing solutions for rehabilitating larger diameter pipes where it is envisaged the uniqueness of the system will have competitive advantages. The proven Saertex products will be used on smaller diameter pipes with lateral connections that can be rehabilitated using robotic technologies. The company is endeavouring to have the capacity to offer a range of fit for purpose service solutions and is evaluating a number of other trenchless technologies and solutions.

GRE Pipes Business Unit

ShieldLiner is the 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.

FGS is a leading worldwide manufacturer of fibreglass reinforced epoxy pipe products used in low to high pressure applications of enhanced oil recovery projects. The products now 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.

ShieldLiner System

ShieldLiner's unique pipe repair and rehabilitation system involves the insertion of a tool that travels along the pipe being rehabilitated, delivering and compacting resin to fill and repair cracks and holes whilst at the same time forming a continuous fibreglass liner which is bonded to the host pipe.

The system requires two access points to the pipe. The liner package is introduced behind the ShieldLiner tool at one end and then inverted using an air pressure chamber. At the other end resin, catalyst, air and electronic monitoring wiring are delivered to the tool from a surface rig. The tool travels from the air pressure chamber access point towards the surface rig, driven by the inverting liner.

Apart from the simplest and most obvious advantage – eliminating the need to dig up and repair underground pipes, which normally involves significant cost as well as disruption, access issues, social impacts and potentially environmental concerns – the ShieldLiner system has a number of other benefits:

- it has the capacity to repair both small and large diameter pipes;
- it is suitable for both pressure (e.g. water mains) and gravity (e.g. sewer) pipes;
- the liner binds with the pipe with no gap (or annulus) between it and the outer casing of the pipe, because the resin and catalyst are introduced to the liner package by the tool inside the pipe under controlled conditions. The result is a composite of the old pipe reinforced and repaired with the new liner;
- a range of materials and combinations is possible for the relining package – epoxies, ceramics, industrial coatings and cements;
- cost savings over costs of replacement are expected to be substantial in suitable applications.

The market potential for the ShieldLiner system is significant, with a large proportion of both gravity pipes, such as sewers, and pressure pipes, such as water and gas mains, in cities around the world either exceeding or approaching their design life and in need of rehabilitation or replacement. However, the cost and disruption involved in digging up and replacing or repairing underground pipes is a significant issue for asset owners and managers such as utilities and infrastructure groups.

The problem is magnified by the growing need to preserve ground water, and massive expenditures are now being devoted to the maintenance and rehabilitation of pipe infrastructure to address the issue of ground water pollution and ground water infiltration due to leaking and failing sewer pipes.

The ShieldLiner system is a unique multi layered pipe lining technology developed and owned by SLD that has the potential for lining, repairing and sealing pipelines in situ to prevent leakage, improve structural integrity and decrease flow friction.

The major competitive advantages of the ShieldLiner system include lower costs, better sealing and reinforcement and repair of the existing pipe together with improved mechanical performance and faster project turnarounds.

The system is relatively simple in that it requires two access points to the pipe being rehabilitated. At one access point is a pressure chamber through which a liner package is introduced and then inverted using air pressure. At the other access point is a surface rig and pumping system that applies resin to the cracks in the host pipe and to the inverting liner material. The resin is pumped through lines to a specially developed ShieldLiner tool.

The ShieldLiner system has the potential to create new additional market volume due to its envisaged unique capabilities, performance and competitive pricing. The anticipated long term performance, fast turn around and minimal surface disruption combined with a lower price should favour the ShieldLiner system as an alternative to total pipe replacement.

What are Trenchless Technologies?
Trenchless technologies are techniques for the installation, replacement, renovation and repair of pipes, ducts and other underground apparatus with minimum excavation from the surface, and also include associated techniques such as leak detection, inspection and location of existing infrastructure.

The surge in the development and application of trenchless technologies over the last 30 years has had a significant impact in Australia and internationally. The costs and problems of maintaining aging pipe infrastructure are well documented with many water mains, sewers and sewerage pumping mains in Australia and internationally exceeding, or approaching, their design life. Similar asset management issues apply to underground gas distribution, electricity mains and telecommunications systems.

Utilities and infrastructure owners have a huge investment in underground pipelines, cables and conduits and there is an increasing awareness of the favourable economics of renovating, or maintaining an already expensive hole-in-the-ground. Traditional open-cut excavation methods for installing, renovating or maintaining services are often disruptive and uneconomical and the true social costs and environmental impact of such disruption are generally not taken into account. This has resulted in an ever increasing demand for methods of pipeline installation and refurbishment which have the capability of performing this work without the need for trenching.

The world needs improved capabilities to reline pipes economically as an alternative to replacement, which causes disruption to services, roads and the environment.

In addition, asset owners of large pipe networks in industrial plants in the oil, gas and mining industries are also seeking economic solutions for the repair and rehabilitation of their pipe networks that do not involve production losses associated with longer down times generally associated with pipe replacement.