METAL STORM LIMITED

ACN 064 270 006

Equity & Debt Placement Update

BRISBANE, 2 December 2009 – Metal Storm Limited (ASX trading code: MST, OTC Symbol: MTSXY, PoMSOX code: MSTG).

Metal Storm has previously announced the signing of an Equity Subscription Agreement and a Loan Facility Agreement for an investment of US$35 million by Assure Fast Holdings Limited BVI (AFHL).

The first tranche of approximately $2.1 million (US$1.9 million) of equity capital was initially scheduled to close on 3 November but had been extended subsequently until close of business Tuesday 1 December.

At close of business Tuesday the funds had not been received.

The Board is sensitive to the continuing delays. The clearing banks are processing first tranche funds for remission in accordance with their own timetables. Neither AFHL nor Metal Storm has been able to directly influence that process timing.

The Company now expects funds to be received before 7pm Brisbane time today.

Should the Board determine these funds will not arrive the Company may consider the appointment of an administrator.

ENDS

Company Contact:

Australia
Mr Terry O'Dwyer – Chairman, Metal Storm Limited – Ph: +61 7 3031 1300
Dr Lee Finniear - Chief Executive Officer, Metal Storm Limited - Ph: +61 7 3123 4700

About Metal Storm

Metal Storm Limited is a multi-national defence technology company engaged in the development of electronically initiated ballistics systems using its unique "stacked projectile" technology. The company is headquartered in Brisbane, Australia and incorporated in Australia. Metal Storm Limited technology and products are represented in the USA by Metal Storm Inc., which has offices in Arlington Virginia.

Metal Storm is working with government agencies and departments, as well as industry, to develop a variety of systems utilising the Metal Storm non-mechanical, electronically fired stacked ammunition system.

Metal Storm's weapon technology uses computer-controlled electronic ignition and a system of stacked projectiles, to achieve a completely non-mechanical gun that is very lightweight and compact, providing a very high firepower to weight ratio. The Metal Storm weapons system utilizes multiple barrels mounted together on one platform which allows varying munitions types to be deployed in a single, low cost, lightweight weapon system. Firing the weapons by electronic ignition requires no moving parts, allowing reliable long term unattended weapon operation.