



METAL STORM LIMITED
ACN 064 270 006

Equity & Debt Placement Update

Brisbane, Australia – Monday 9th November 2009: Metal Storm Limited (ASX trading code: MST, OTC Symbol: MTSXY, PoMSOX Code: MSTG).

In recent announcements relating to an Equity and Debt placement by Assure Fast Holdings Limited BVI (AFHL) Metal Storm had advised this was expected to proceed in 3 tranches. The second and third tranches will require shareholder and note holder approval, and the process in all aspects of these tranches is progressing.

The first tranche is a capital issue for approximately USD\$2M that was initially expected to be finalised on November 3, but was extended by agreement until close of business on 6 November.

Subsequent to close of business Friday AFHL requested a further extension until Friday of this week.

The Metal Storm Board has agreed to that request.

The Board is aware of some published scepticism regarding the capability and capacity of AFHL to meet the Subscription Agreement and that a further extension of time to complete Tranche 1 may appear to add weight to those concerns. The Board regards that scepticism as both healthy and proper.

The Company has reacted to the extension request in a detailed manner and after specific enquiries is satisfied as to the legitimacy of the delay and the financial capacity of AFHL to complete the transaction.

Metal Storm will continue to work closely with AFHL, its bankers and advisors on finalising outstanding matters and will inform the market as and when material events occur.

ENDS

Notes:

Metal Storm's Australian Stock Exchange trading code: MST
Metal Storm's OTC Symbol: MTSXY

Company Contact:

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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.

Safe Harbour

Certain statements made herein that use the words "estimate", "project", "intend", "expect", "believe" and similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks and uncertainties which could cause the actual results, performance or achievements of the company to be materially different from those which may be expressed or implied by such statements, including, among others, risks or uncertainties associated with the development of the company's technology, the ability of the company to meet its financial requirements, the ability of the company to protect its proprietary technology, potential limitations on the company's technology, the market for the company's products, government regulation in Australia and the US, changes in tax and other laws, changes in competition and the loss of key personnel. For additional information regarding these and other risks and uncertainties associated with the company's business, reference is made to the company's reports filed from time to time with the Securities and Exchange Commission, including the company's Form 20-F.