



METAL STORM LIMITED
ACN 064 270 006

Equity & Debt Placement Update

BRISBANE, 23 November 2009 – Metal Storm Limited (ASX trading code: MST, OTC Symbol: MTSXY and 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 \$1.925 million) of Capital was initially scheduled to close on 3 November but had been extended subsequently until today.

AFHL has today advised the Company that it will receive the funds relating to the first tranche settlement no later than close of business Friday 27 November.

After significant consideration, and after discussion with AFHL directors and attorneys, the Company has agreed to accept the modified first tranche settlement date.

The Company continues to be aware of the concern in the marketplace caused by a number of delays to the settlement of the first tranche, and is continuing its efforts to complete the settlement as soon as possible.

In the announcement on Friday 20 November, the Company stated that its current level of cash funding was very low. This continues to be the case. If the AFHL first tranche investment is not received by Friday 27 November, and if no alternate source of immediate funding is concluded (which is not expected), the Company may at that stage be required to appoint an Administrator.

The Company will keep the market informed of any material developments that occur over the coming days.

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.