



METAL STORM LIMITED

ACN 064 270 006

Implementation of Convertible Notes Restructure

Brisbane, Australia – 28 September 2009: Metal Storm Limited (PoMSOX Code: MSTG).

Metal Storm confirms that the restructure of its convertible notes (**Notes**) under the Election Booklet and Prospectus announced on 12 August 2009 has now been completed.

The Company received 396 elections to hold Secured Notes in respect of 109,504,140 or approximately 77% of the Notes on issue. These notes have now become Secured Notes.

Metal Storm is pleased to announce that, due to Noteholders' strong support for the restructure, the Secured Notes have met Australian Securities Exchange (ASX) listing requirements and are expected to commence trading on ASX under the code MSTGA from today.

The Company confirms that its existing Notes, known as Interest Bearing Notes, will continue to be quoted on ASX and PoMSOX under the code MSTG.

The Company will, subject to satisfying Port Moresby Stock Exchange (PoMSOX) listing requirements, proceed with seeking listing of the secured notes on PoMSOX and will advise the market further when this process is completed.

The Board thanks the Noteholders for their strong support of the Company during this process.

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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.