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# METAL STORM LIMITED

A.C.N. 064 270 006

## METAL STORM LIMITED – RESOLUTION PASSED AT MEETING OF CONVERTIBLE NOTE HOLDERS

**BRISBANE, AUSTRALIA - 31 July 2009** – Metal Storm Limited (ASX trading code: **MST**, OTC symbol **MTSXY**) announces the resolution passed at the company's Meeting of convertible note holders, held in Brisbane today.

### **EXTRAORDINARY RESOLUTION**

#### **Approval of amendments to the Existing Terms and Trust Deed and approval of the Charge**

*That, subject to the satisfaction of the condition set out below, for the purposes of:*

- (a) clauses 15.11(c), 15.11(d), 15.11(h) and 17.1(e) of the trust deed and for all other purposes, note holders:*
  - (i) approve the modification of the Existing Terms, by amending the Existing Terms in the manner generally described in the Explanatory Statement and as detailed in the Amendment Deed produced at the meeting;*
  - (ii) approve the modification of the Trust Deed, by amending the Trust Deed as in the manner generally described in the Explanatory Statement and as detailed in the Amendment Deed produced at the meeting; and*
  - (iii) authorise the Trustee to effect the amendments to the Existing Terms and the Trust Deed by executing the Amendment Deed; and*
- (b) the definition of Permitted Encumbrance, clauses 6.5 and 15.11(a) of the Trust Deed and for all other purposes, Note Holders:*
  - (i) approve the Charge as a Permitted Encumbrance; and*
  - (ii) authorise the Trustee to execute the Charge and the Security Trust Deed."*

#### **Condition:**

*If ASX requires the Company to seek Shareholder approval of the amendment of the Existing Terms in the manner described in the resolution, the approval of Note Holders of the resolution is subject to the Company obtaining that Shareholder approval.*

*The condition will be satisfied if ASX advises prior to the date of the Note Holder meeting that it does not require Shareholder approval.*

Proxies to vote for, 105,687,545

Proxies to vote against, 29,753

Proxies to abstain, nil

Proxies to vote at the proxy's discretion 889,925

In accordance with section 15.7(d) of the Convertible Notes Trust Deed, this resolution was decided by poll with 99.97% of votes present voting in favour of the resolution.

ASX has required the Company to seek shareholder approval as set out in the Condition. The shareholder meeting to consider the proposal is scheduled to be held at 2pm today in Brisbane. The outcome of the Shareholder meeting will be advised at the conclusion of that meeting.

-Ends-

**Company Contact:**

**Australia & USA**

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**About Metal Storm**

Metal Storm Limited is a defence technology company, employing 60 staff, headquartered in Brisbane, Australia and incorporated in the US, with offices in Washington DC and a defence engineering capability located in Seattle, operating as ProCam Machine LLC. The Company has invented 100% electronic ballistics technology that has no known conventional equivalent. Metal Storm is working with government agencies and departments, and the defence industry to develop a variety of systems utilising the Metal Storm non-mechanical, electronically fired stacked ammunition system.

**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 U.S., 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.