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METAL STORM LIMITED

A.C.N. 064 270 006

METAL STORM LIMITED – RESOLUTIONS PASSED AT EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS - EXTENSION TO MATURITY DATE OF CONVERTIBLE NOTES TAKES EFFECT

BRISBANE, AUSTRALIA - 31 July 2009 – Metal Storm Limited (ASX trading code: **MST**, OTC symbol **MTSXY**) announces all resolutions were passed at the company's Extraordinary General Meeting of Shareholders, held in Brisbane today.

As a result of these resolutions and the Note Holder Resolution announced earlier today being approved:

- the conditions precedent to the Company's Share Purchase Plan (SPP) have now been satisfied. Accordingly, the SPP shares will be allotted today and the \$2.6 million raised will be released to the Company;
- the maturity date of the Company's convertible notes has been extended to 1 September 2011;
- an election booklet and prospectus will be lodged with ASIC in early August and sent to eligible Note Holders to provide them with the opportunity to elect to hold Secured Notes and be issued Unquoted Options in lieu of continuing to hold their existing convertible notes;
- the Company intends to issue a prospectus in early September 2009 to Eligible Option Holders to provide them with the opportunity to subscribe for Quoted Options; and
- the record date of 18 August 2009 for the maturity date interest payment due to convertible note holders has been extended by two years. The next quarterly interest payment due to convertible note holders is on 30 September 2009. The record date for this payment will be 23 September 2009.

These approvals complete the initial stage of the Board's capital restructure which the company's shareholders have made possible by their embracing the recent Share Purchase Plan. Thus ensuring the company has sufficient cash to operate in the short term.

A significant investor is still being actively sought by the Board. The company is pursuing this measure aggressively and the Board believes it has reasonable prospects of succeeding in its efforts. Nevertheless, in the current market climate there is no guarantee of this.

VOTING RESULTS

1 Approval of amendments to Existing Note Terms

That subject to and conditional upon the Company obtaining Note Holder approval of the Note Holder Resolution, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the modification of the Existing Note Terms, by amending the Existing Note

Terms in the manner generally described in the Explanatory Statement and as detailed in the Amendment Deed produced at the meeting.

Proxies to vote for 158,484,881
Proxies to vote against 448,431
Proxies to abstain 204,749
Proxies to vote at the proxy's discretion 2,705,602

This resolution was decided by a show of hands.

2 Approval of issue of Unquoted Options

That subject to and conditional upon Resolution 1 being passed and becoming unconditional, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 101,677,389 Unquoted Options to Eligible Note Holders who elect to hold Secured Notes.

Proxies to vote for 157,930,421
Proxies to vote against 633,502
Proxies to abstain 569,138
Proxies to vote at the proxy's discretion 2,710,602

This resolution was decided by a show of hands.

3. Approval of issue of Quoted Options

That subject to and conditional upon Resolution 1 being passed and becoming unconditional, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 176,720,447 Quoted Options to Eligible Option Holders.

Proxies to vote for 157,950,148
Proxies to vote against 659,159
Proxies to abstain 162,638
Proxies to vote at the proxy's discretion 2,867,230

This resolution was decided by a show of hands.

4. Approval of issue of Quoted Options to O'Dwyer related parties

That subject to and conditional upon:

- Resolution 3 being passed and becoming unconditional; and
- the O'Dwyer Related Parties being Option Holders immediately prior to the expiry of the Existing Notes on 31 August 2009,

for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 33,819 Quoted Options to Terence O'Dwyer and an associated person and entity of Terence O'Dwyer, as detailed in the Explanatory Statement.

Proxies to vote for 164,538,906
Proxies to vote against 1,478,852
Proxies to abstain 1,158,903
Proxies to vote at the proxy's discretion 961,587

This resolution was decided by a show of hands.

-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.