



# METAL STORM LIMITED

ACN 064 270 006

## METAL STORM AWARDED VOLUME WEAPONS PRODUCTION CONTRACT

**Brisbane, Australia** – 3 August 2010: Metal Storm Limited (ASX trading code: MST, OTC Symbol: MTSXY).

Defence technology specialist Metal Storm announces it has been awarded a major production contract to supply 500 MAUL™ weapons and 50,000 rounds of non-lethal ammunition.

The contract, valued at US\$3,365,000, has been placed by the Correctional Service of Papua New Guinea and was signed by the Minister of Correctional Service, the Honourable Tony Aimo MP and the Acting Correctional Service Commissioner Mr Henry Wavik.

MAUL™ weapons will be deployed to Correctional Service Officers in charge of security at prison facilities throughout the country, providing non-lethal response capabilities that can be lifted to immediate lethal response if necessary..

The Minister, the Honourable Tony Aimo MP said that PNG Correctional Service sees the capacity of MAUL™ to deliver a rapid and escalating response as exactly what is necessary for security in PNG prisons.

“PNG is delighted to be able to source weapons at the leading edge of shotgun technology and we hope in due course to have about 1500 of these weapons in service”, the Minister said. He expects ratification of the urgent purchase through the usual government protocols shortly, and the first 50 weapons to be delivered by February 2011.

Metal Storm CEO, Dr Lee Finniear, said the production contract was a watershed for the Company after many years of research, development and testing.

“This order for a significant number of weapons and substantial quantities of ammunition is an important milestone in the Company’s commercial development” said Dr Finniear. “We see this application for MAUL™ as absolutely what it was designed to deliver, being a lightweight, semi-automatic non-lethal weapon that can be rapidly scaled to lethal force if necessary”.

“MAUL™ also has the advantage for PNG that if weapons fall into unauthorised hands they cannot be used with conventional ammunition purchased illegally. This supports Government initiatives to stem the flow of illegal weapons in PNG ”.

“This initial order for 500 MAUL™ weapons, is for a single organisation within Papua New Guinea. Looking at the number of similar organisations worldwide, it clearly indicates that the global market potential for MAUL™ is very large”, he said.

Metal Storm Chairman Mr Terry O’Dwyer said that the production contract came at an ideal time for the Company.

“International interest in our weapon systems is building rapidly” he said, “as our marketing continues, the Company expects to identify opportunities of a similar or larger size over the coming months.”

### **Update on rights issue**

The Company will still be proceeding with the rights issue announced on 28 July 2010. Any funds raised from the offer will predominantly be used to progress the commercialisation of the Company's products, including to fund development of the products to be delivered under this and other contracts. The Company will continue to pursue a source of more significant

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funding in order to secure ongoing financial certainty for the Company and reduce the reliance on the Company's equity line of credit facility with Dutchess Opportunity Fund II L

-Ends-

## Notes:

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

## Company Contact:

### Australia & USA

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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 utilises 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.