

Our Ref: AY/META/600

29 October 2012

Cormac Murphy  
ASX Limited  
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Dear Cormac,

**METAL STORM LIMITED**

**A.C.N. 064 270 006**

**(ADMINISTRATORS APPOINTED)**

**("the Company")**

As you are aware, Adam Farnsworth and I were appointed Voluntary Administrators of the Company on 26 July 2012.

We confirm receipt of your letter dated 22 October 2012 advising that a class of the Company's financial products (financial products with security codes MST, MSTG and MSTGA) was revoked under ASX Settlement Operating Rule 8.5.4 as the suspension of the class of shares has continued for a period of 60 business days.

Based on discussions with Mr Luke Griffiths of the ASX, the effect of the notice of revocation reverts the Company's financial products held in CHESS to financial products being "issuer sponsored". One effect of this is that the Company's financial products will not appear on shareholders' and noteholders' portfolio pages on broker websites such as CommSec and E\*Trade.

Whilst the Company's financial products are suspended, shareholders and noteholders are not able to dispose of their shares or notes. Section 437F of the *Corporations Act 2001* ("the Act") also stipulates that a transfer of shares made during the administration of a Company is void except with an unconditional written consent being provided by the Administrators.

As you are aware, at a meeting of creditors of the Company held on 30 August 2012 which was convened under Section 439A of the Act, the creditors resolved to adjourn the meeting for up to 45 business days at a time and date at the discretion of the Administrators, giving 5 business days notice to creditors.



**Chartered  
Accountants**

NUMBER ONE IN NUMBERS

The adjourned meeting of creditors will be held on Thursday, 1 November 2012 where creditors may resolve:

- That the Company execute a deed of company arrangement specified in the resolution; or
- That the administration should end; or
- That the Company be wound up.

Shareholders are advised that they are not able to claim capital losses on their investments unless the external administrator provides notice that they have reasonable grounds to believe that there is no likelihood that the shareholders would receive any distribution from their shares.

Shareholders are further advised that further updates in relation to this matter will be provided by way of announcements on the ASX.

Should you have any queries in relation to the above, please contact Alister Yee of this office.

Yours faithfully,  
**METAL STORM LIMITED**  
(Administrators Appointed)



**Adam Shepard**  
Administrator