

17 May 2007

Company Announcements Office
Australian Stock Exchange Limited
Exchange Plaza
Sherwood Court
PERTH WA 6000

Dear Sir / Madam

Cancellation of Employee Options

Pursuant to the terms of the Company's Executive and Employee Option Plan the following employee options have been cancelled:

- 100,000 employee options expiring 28 May 2011 exercisable at \$1.75;
- 100,000 employee options expiring 28 August 2011 exercisable at \$2.00.

Yours sincerely
PRECIOUS METALS AUSTRALIA LIMITED



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