Astro Diamond Mines N.L.

ABN 96 007 090 904

REPORT FOR THE QUARTER ENDED 31 March 2005

HIGHLIGHTS

Prospective diamond target areas are to be tested by exploration programmes, incorporating geophysical and field investigation.

INTRODUCTION

Astro Diamond Mines N.L. ("Astro" or "the Company") has two key project areas which have been the focus of target generation and exploration planning during the March 2005 quarter. These project areas are the Merlin Regional Projects (including the Calvert Hills and Cox project areas) in the Northern Territory and the recently acquired East Kimberley projects in Western Australia.

In the Northern Territory, the project areas cover almost 20,000 square kilometres and contain a number of areas which have significant diamond potential. The Calvert Hills project is in close proximity to the Merlin diamond mine of Striker Resources NL ("Striker"), which has reported a global resource for their Merlin Field of 19 million tonnes at an average of 17.7cpht for 3.3 million carats. Similarly, the Company has a ground position adjacent to the recent discovery of diamond bearing kimberlite in the Abner Range district by Gravity Diamonds Limited, some 40 kilometres to the west of the Company's Merlin project. An electromagnetic airborne survey will be flown over the Company's Foelsche, Selby and Abner Range tenements in the June 2005 quarter.

In Western Australia the Company holds prospective project areas with similar geology and tectonic setting adjacent to the Argyle diamond mine and also along strike from the emerging Ellendale Lamproite Field of the Kimberley Diamond Company N.L. ("KDC"). The Company is planning exploration activities for the Argyle Dykes and Ellendale projects which it believes have the greatest potential for diamondiferous pipes.

The Company is planning to explore its landholdings adjacent to known diamond resources in the Kimberley area of Western Australia and the Merlin diamond fields in the Northern Territory and believes the geological reviews to date indicate excellent potential for diamond discovery.

REVIEW OF PROJECTS

Kimberley Projects:

The eastern boundary of the Argyles Dykes project is located approximately 1.5 kilometres from the Argyle diamond mine. Previous exploration has identified extensive diamond indicators, some diamondiferous lamproite dykes and in the alluvials, some micro and macro diamonds, which indicate the potential of this area. A thorough geological review of all previous work is in progress for this tenement.

The Ellendale project is also seen as a high priority due to its proximity the nearby KDC exploration and mining operations which are continuing to expand with the commissioning of a new plant, expected to increase overall production capacity from 2.8 to 7.2 million tones per annum.

The Company's Ellendale project straddles the Oscar Range fault and in the southern areas contains similar lithologies and structural settings to the diamondiferous areas of KDC, 10 kilometres to the northwest. Although no lamproites pipes have been discovered to date, the Company believes this area has been under explored and much of the prospective stratigraphy is covered by recent sediments. Field inspection to investigate potential targets areas is planned in the coming field season.

Merlin Regional Project

Foelsche Prospect

This prospect has been reviewed and a number of structural and geophysical anomalies indicate a close similarity to the Merlin kimberlite field of Striker, located just 15-20 kilometres to the northwest. Indicator minerals plus diamonds are shedding from this particular area.

Field inspection and an airborne electromagnetic geophysical survey have been selected as the best tools to better define prospective target areas for kimberlite pipes. A budget and exploration plan has been put forward and contractors are being sourced for work in the coming field season.

Selby Prospect

This prospect is similarly characterized by indicator minerals and diamonds shedding from a discreet area which also exhibits landsat and magnetic anomalies. An electromagnetic survey will also be flown over this prospect.

Broadmere Project

Broadmere is centred 230 kilometres northwest of the Merlin field and during the quarter evaluation of the Broadmere target areas continued, with consolidation of the extensive tenement area to a more manageable and target focused package. Numerous indicator minerals plus diamonds have been recovered over wide areas from previous exploration. Target generation will be carried out during the next quarter.

Abner Range

The Company holds EL 23118 which is immediately adjacent to the prospect of the same name belonging to Gravity Diamonds Limited, where a kimberlite pipe has recently been discovered. A cluster of discreet magnetic anomalies are located in an area of superficial cover, and where little previous stream sampling has taken place. These will tested by detailed sampling during the coming field season.

CORPORATE

During the quarter, the Company issued 25,000,000 ordinary shares at an issue price of 5 cents each raising $1,250,000.

On 13 April 2005, shareholders in general meeting, approved the following resolutions:

1 "The issue of up to 20,296,580 ordinary shares (each a "Share") at an issue price of 5 cents per ordinary share and 20,296,580 options each with an exercise price of 5 cents and a latest exercise date of 30 November 2012 (each a "New Option") (for no additional consideration) to Wilzed Pty Ltd or its nominee."

2 "The issue of up to 9,333,333 Shares at an issue price of 5 cents per ordinary share and 9,333,333 New Options to Consolidated Securities Pty Ltd or its nominee."

3. "The issue of up to 9,333,333 Shares at an issue price of 5 cents per ordinary share and 9,333,333 New Options to Gun Capital Management Pty Ltd or its nominee."

4. "The issue of up to 4,666,667 Shares at an issue price of 5 cents per ordinary share and 4,666,667 New Options to Max Gundell Pty Ltd or its nominee."

5. "The issue of up to 4,666,667 Shares at an issue price of 5 cents per ordinary share and 4,666,667 New Options to Helen Wells & Associates Pty Ltd or its nominee."

6. "Ratification of the issue of 25,000,000 Shares at a price of 5 cents to Captain Starlight Nominees Pty Ltd and MAPD Nominees Pty Ltd."

7. "Approval to the issue of 25,000,000 New Options to Captain Starlight Nominees Pty Ltd and MAPD Nominees Pty Ltd."

8. "Approval of the issue of up to 50,000,000 Shares at an issue price that is at least 80% of the average market price calculated over the last 5 days on which sales of securities were recorded before the day on which the issue is made, together with up to one New Option for each Share issued."

9. "Approval of the issue of up to 16,000,000 New Options at an issue price of 1 cent per New Option."

The overall effect of the capital raisings and resolutions is that the Company will be debt free, has cash to conduct its exploration program and has the ability to raise further funds for exploration if required.

The technical information in this report has been reviewed and approved by Mr C Taylor who is a member of the Australasian Institute of Mining and Metallurgy and has more than 18 years experience in the industry. Attached is a copy of the Company's Mining Exploration Entity Quarterly Report in accordance with Listing Rule 5.3.

J. I. Gutnick

J I GUTNICK
Chairman & Managing Director
28 April 2005

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ASTRO DIAMOND MINES N.L.

ABN	Quarter ended ("current quarter")
96 007 090 904	31 March 2005

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A'000	YTD (9 Months) $A'000
1.1	Receipts from product sales and related debtors		-	-
1.2	Payments for	(a) exploration and evaluation	(114)	(128)
		(b) development	-	-
		(c) production	-	-
		(d) administration	(157)	(404)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		3	3
1.5	Interest and other costs of finance paid		(1)	(6)
1.6	Income taxes paid			
1.7	Other (provide details if material) GST		9	49
	Net Operating Cash Flows		(260)	(486)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a) prospects	-	-
		(b) equity investments	-	-
		(c) other fixed assets	-	-
			-	
1.9	Proceeds from sale of:	(a) prospects	-	-
		(b) equity investments	-	-
		(c) other fixed assets	8	8
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Other (provide details if material) - Option deed		-	-
	Net investing cash flows		-	-
1.13	Total Operating and investing cash flows (carried forward)		(252)	(478)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(252)	(478)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,250	1,250
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	152	373
1.17	Repayment of borrowings	(6)	(206)
1.18	Dividends paid	-	-
1.19	Other (provide details if material) Costs incurred under 1.14	(14)	(14)
	Net financing cash flows	1,382	1,403
	Net increase (decrease) in cash held	1,130	925
1.20	Cash at beginning of quarter/year to date	3	208
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	1,133	1,133

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	39
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Quarter ending 30 December 2004.

Purchase of a company and its subsidiary. Consideration paid by the issue of shares and options.

An amount of $245,500 advanced to the Company by a Director related entity has been used to repay a third party.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Refer attached.	Refer attached.
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	600
4.2	Development	-
	Total	**600**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	1,133	3
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	1,133	3

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	 - -	 - -	 - -	 - -
7.3	**+Ordinary securities**	197,433,958	197,433,958	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	 25,000,000 -	 25,000,000 -	 - -	 - -
7.5	**+Convertible debt securities** *(description)*	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted.	 - -	 - -	 - -	 - -
7.7	**Options** *(description and conversion factor)*	 12,165,953 13,565,356 500,004 115,870,776	 12,165,953 - - 115,870,776	*Exercise price* $0.75 $0.25 $0.822 $0.05	*Expiry date* 23/12/2009 30/04/2012 24/03/2010 30/11/2012
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: (Company Secretary) Date: 28 April 2005

Print name: Peter J. Lee

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.

MINING EXPLORATION ENTITY QUARTERLY REPORT

ASTRO DIAMOND MINES N.L.
ABN 96 007 090 904
For Quarter Ended 31.03.2005
(referred to in this Statement as the "Current Quarter")

ADDITIONAL INFORMATION

Item 1.7 Other

During the March 2005 Quarter, GST of $9,000 was received.

Item 1.23 Payments to Other Entities

Some of the Directors of the Company are also Directors of AXIS Consultants Pty Ltd ("AXIS"). The Company does not consider AXIS to be a related party.

Item 3.1 Financing Facilities

The Company has entered into a $3 million equity line of credit facility with a US Based Investment Fund. The Company may, at its discretion, issue shares to the Fund at any time over the next 36 months, up to a total of $3 million. The Company may drawdown up to $50,000 in any five day period. A commission of five percent will be payable by the Company at the time of issue.

Item 7.7 Options

Listed

12,165,953 options maturing 23 December 2009 at an exercise price of $0.75 per option. Each option, upon exercise any time after 1 January 2001, will convert to one fully paid ordinary share.

115,870,776 options maturing 30 November 2012 at an exercise price of $0.05 per option. The options are exercisable any time after 1 July 2003. Each option convert to one fully paid ordinary share.

Unlisted

500,004 options maturing 24 March 2010, issued under the employee share option plan, have an exercise price of $0.822 per option. Upon exercise, each option will convert to one fully paid ordinary share. These options cannot be exercised until after 24 March 2003 and only at that time if the Company's share price on the ASX has increased by a factor of 20% over the price of the shares at the time the options were issued.

+ See chapter 19 for defined terms.

Item 7.7 Options (Continued)

13,565,356 options maturing 30 April 2012 at an exercise price of $0.25 per option. The options are exercisable any time after January 1, 2003. Each option will convert to one, fully paid ordinary share.

+ See chapter 19 for defined terms.