

ASTRO DIAMOND MINES N.L.
A.B.N. 96 007 090 904

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Astro Diamond Mines N.L. (the "Company") will be held at Level 8, 580 St Kilda Road, Melbourne, Victoria 3004, Australia, on Friday 17 November 2006, commencing at 10:30 a.m. for the following purposes:

BUSINESS

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass with or without amendment the following as ordinary resolutions:

1. To consider the Financial Statements and Reports

"THAT the Financial Statements of the Company and the Reports of the Directors and Auditor for the year ended 30 June 2006 be considered."

2. Election of Director

To elect Mr M Z Gutnick as a Director

"THAT Mr M Z Gutnick retires and, being eligible, offers himself for re-election."

SPECIAL BUSINESS

ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass with or without amendment the following as ordinary resolutions:

3. Issue of Options to Mr M Z Gutnick under 2005 Astro Diamond Mines NL Employee Share Option Plan

"THAT approval be given in accordance with ASX Listing Rule 10.14 to the issue of 2,000,000 options under the 2005 Astro Diamond Mines NL Employee Share Option Plan to Mr M Z Gutnick on the terms and conditions set out in the Explanatory Statement to the Notice of Annual General Meeting".

4. Remuneration Report

"To adopt the Remuneration Report for the financial year ended 30 June 2006".

Note that the vote on this item is advisory only and does not bind the Directors or the Company.

By Order of the Board and dated this 11th day of October 2006.



PETER LEE
Company Secretary

VOTING EXCLUSION STATEMENT

In respect to resolution 3, the Company will disregard any votes cast on the resolution by Mr MZ Gutnick and any associate of Mr MZ Gutnick.

The Company need not, however, disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. A Member entitled to attend and vote at the aforementioned meeting is entitled to appoint not more than two other persons as his/her proxy or proxies to attend and vote, in certain circumstances, instead of the member at the meeting.
2. If a Member appoints one proxy, that proxy may vote on a show of hands.
3. If a Member appoints two proxies neither may vote on a show of hands. However, if you appoint two proxies to represent you at the Meeting, you must show in the space provided either the percentage of your Shareholding or the number of votes (you are entitled to one vote for each Share you own upon a poll being declared) those proxies are to represent. If you do not complete this section then each proxy may, on a poll, vote half of your Shareholding. A separate proxy form must be submitted for each proxy you appoint.
4. A proxy need not be a member of the Company.
5. If you appoint a proxy to represent you and vote on your behalf at the Meeting and that person is also a member or has already been appointed as a proxy for another member, your vote may not be counted on a show of hands. This is because, on a show of hands, your proxy's vote is only counted once irrespective of the number of Members that that person represents. However, if a poll is taken and your proxy votes, your vote will be counted in full in reaching a decision.
6. The Proxy Form together with the Power of Attorney (if any) or a certified copy of the Power of Attorney (if any) under which it is signed must be lodged at either Level 12, 680 George Street, Sydney, NSW 2000, Locked Bag A14, Sydney South, NSW 1235, the Registered Office of the Company or by being sent by fax to +612 9287 0309, not less than forty-eight (48) hours before the time of the commencement of the meeting.
7. Signing Proxies
 - (i) Joint Holding - All holders must sign.
 - (ii) Shares in Company Names - Companies must execute this form in the way provided by Law.
 - (iii) Individual - Must be signed by the member or their attorney.
8. For the purpose of the Meeting, Shares will be taken to be held by the persons who are registered holders at 7.00 p.m., on 15 November 2006. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

COMPANY REPRESENTATIVE

If Shares are held in a company name and it is intended that a representative of the company attend the Meeting rather than lodge a proxy prior to the Meeting, the person attending the Meeting must present authority from the company director/s signed in the way provided by Law.

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

This Explanatory Statement provides shareholders of the Company with information in respect of the resolutions to be considered at the Annual General Meeting of the Company to be held at Level 8, 580 St Kilda Road, Melbourne 3004 on 17 November 2006 at 10:30 a.m. Shareholders should carefully review this Explanatory Statement and the associated Notice of General Meeting ("Notice") to which this Explanatory Statement is attached.

If you have difficulty in properly understanding this documentation, we urge you to consult your financial or legal adviser.

RESOLUTION 2 – ELECTION OF DIRECTOR

Article 16.4 of the Company's Constitution requires each Director appointed during the year by the Board of Directors to retire at the next Annual General Meeting. Accordingly, Mr M Z Gutnick retires and being eligible offers himself for re-election.

Mr M Z Gutnick has been a Director of the Company since May 2003 and is a businessman and long-term investor in the mining industry. He is a Director of two further listed public companies in Australia and a US corporation listed on the over the counter market in the USA.

RESOLUTION 3 – APPROVAL OF THE ISSUE OF OPTIONS TO MR MZ GUTNICK UNDER EMPLOYEE SHARE OPTION PLAN

ASX Listing Rule 10.14 states that the Company must not permit any Director to acquire options under an employee incentive scheme without the approval of holders of ordinary shareholders of the acquisition. Listing Rule 10.15A sets out the information to be provided to shareholders for the purpose of making a decision on the resolutions. The information is as follows;

- The exercise price of the options will be four (4) cents, a 100% premium over the last sale price of the Company's ordinary securities on 11 October 2006.
- Mr MZ Gutnick has not received options under the Plan previously
- Mr MZ Gutnick is eligible to participate in the Plan and the maximum number of securities to be issued under the resolution is as follows:

Resolution	Name
No	

3	Mr MZ Gutnick	2,000,000 options
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- No loans will be provided to Mr MZ Gutnick.
- There will be no issue price for the options.
- The options will be issued no later than three years from the date of the meeting.
- Details of any securities issued under the Plan will be published in each annual report of the Company relating to the period in which securities have been issued and that approval for the issue of securities was obtained under listing rule 10.14.
- Any additional persons who become entitled to participate in the Plan after the resolution was approved and who were not named in the notice of meeting will not participate until approval is obtained under listing rule 10.14.

RESOLUTION 4 – ADOPT THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2006

CLERP 9 changes to the Corporations Act 2001 now requires the Company to prepare a separate Remuneration Report and allow shareholders to comment on and ask questions about the Remuneration Report at the annual general meeting.

The Remuneration Report is included in the Directors' Report in the 2006 Annual Report.

During the meeting, there will be an opportunity for shareholders to comment on and ask questions about the Remuneration Report. Shareholders should be aware that in accordance with the Corporation Act 2001, the vote on this item of business is non-binding on the Directors and the Company.

Other

The Directors believe that it is imperative that the Company be able to offer incentives to employees (as defined) that play a key role in the development of the Company's activities, in order to attract and retain quality staff.

Accordingly, the Board of Directors recommended all resolutions to shareholders.

By Order of the Board and dated this 11th day of October 2006

A handwritten signature in black ink, appearing to read 'Peter Lee', with a stylized, cursive script.

PETER LEE
Company Secretary