Astro Diamond Mines N.L.
ABN 96 007 090 904

C/- Norvest Corporate Pty Ltd
Ground Floor, 16 Ord Street
West Perth, WA 6005, Australia

PO Box 1696,
West Perth, WA 6872, Australia

Telephone: +61 8 9324 8555
Facsimile: +61 8 9324 8560
Email: astro@norvest.com.au

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Company Announcements Office
Australian Securities Exchange

By: e-lodgement (ASX code ARO)

CHANGE TO TERMS OF NON-RENOUNCEABLE RIGHTS ISSUE

On 24 September 2008, Astro Diamond Mines NL ("Astro" or "the Company") announced a prorata non-renounceable rights issue to raise up to $2.1 million based on an offer price of 0.7 cents per share ("Rights Issue"). The Company lodged a Rights Issue Prospectus with ASIC on 8 October 2008.

Due to adverse market movements and ongoing global market volatility, the Company has resolved to re-price the Rights Issue by reducing the offer price to 0.4 cents per share. This will result in a reduced raising of up to $1.2 million based on the lower offer price. In addition, the Company will increase the offer of free attaching options on a 1 for 1 basis rather than the previous 1 for 2 ratio.

Accordingly, under the revised terms, Astro will now offer all shareholders registered in Australia and New Zealand the opportunity to acquire fully paid ordinary shares on the basis of one new share for every share held at an issue price of 0.4 cents per share. In addition, one free attaching option will be issued for every new share subscribed for and issued under the Rights Issue. The options will be exercisable at 1 cent each on or before 30 November 2011. The options will be unlisted. Eligible shareholders will be given the right to participate in any shortfall up to a maximum of $5,000 per shareholder. The Directors also reserve the right to place any shortfall to parties other than related parties within three months of the close of the Rights Issue.

The revised record date for the Rights Issue will be 5.00pm (Perth time) on 31 October 2008. A revised timetable is set out below and the revised Appendix 3B in relation to the Rights Issue is attached.

The Company intends to lodge a replacement prospectus in relation to the revised terms of the Rights Issue with ASIC and ASX on 22 October 2008. Full details of the offer will be provided in the replacement Rights Issue Prospectus and personalised Entitlement and Acceptance Form to be dispatched to all eligible shareholders registered at the record date. In addition the replacement prospectus will be available after lodgement on the Company's website at www.aro.com.au and the ASX website at www.asx.com.au under the ASX code "ARO".

The Company confirms that, as previously advised, overseas shareholders with a registered address outside Australia or New Zealand are not eligible to participate in the Rights Issue due to the legal restrictions on Australian companies offering securities outside Australia. The securities to which any overseas shareholders are entitled will form part of the shortfall to be dealt with by the Company.

The Company also confirms that, as previously advised, existing optionholders are not entitled to participate in the Rights Issue unless their options are exercised and the shares issued before the revised record date of 31 October 2008. Optionholders who wish to exercise their options must send a completed notice of exercise and application monies to the Company at the above address as soon as possible. Should you have any queries, please contact the Company's share registry, Link Market Services Limited on 1300 554 474 (or +61 2 8280 7111 from outside Australia).

The proposed sale of unmarketable parcels also announced by the Company on 24 September 2008 will now be based on the revised record date of 31 October 2008. A notice detailing the sale of unmarketable parcels and a Share Retention Form will be sent to all relevant shareholders registered as holding less than a marketable parcel of shares on the revised record date in conjunction with the Rights Issue documents.

The Company announced on 8 October 2008 that it had entered into a Loan Agreement with Gmax Capital Pty Ltd under which $500,000 would be advanced to the Company on certain terms and conditions. Due to the changes in the terms and timing of the Rights Issue, the Loan Agreement will be varied accordingly. The loan funds will now be payable to the Company within 10 business days of lodgement of the replacement prospectus. Full details will be provided in the replacement prospectus to be lodged by the Company with ASIC and ASX on 22 October 2008.

REVISED TIMETABLE FOR NON-RENOUNCEABLE RIGHTS ISSUE AND SALE OF UNMARKETABLE PARCELS

	2008
Original announcement of Rights Issue and sale of unmarketable parcels	24 September
Original Rights Issue Prospectus lodged with ASIC	8 October
Announcement of revised Rights Issue and sale of unmarketable parcels	20 October
Replacement Rights Issue Prospectus lodged with ASIC	22 October
Ex Date (existing shares quoted on an 'ex' entitlement basis)	27 October
Record Date (5.00pm Perth time) - to determine entitlements of eligible shareholders to participate in the Rights Issue - to determine relevant shareholders holding less than a marketable parcel of shares	31 October
Dispatch of replacement Rights Issue Prospectus and Entitlement and Acceptance Form to eligible shareholders	5 November
Dispatch of Notice of sale of unmarketable parcel and Share Retention Form to relevant shareholders	5 November
Rights Issue acceptances open	5 November
Rights Issue acceptances close	26 November
Existing shares quoted on a 'deferred settlement' basis	27 November
Company to notify ASX of any shortfall	1 December
Issue of shares and options under the Rights Issue	2 December
Dispatch of holding statements	4 December
Commencement of trading in Rights Issue shares	5 December
Expiry Date for Share Retention Forms	19 December
Sale of unmarketable parcels and distribution of sales proceeds to relevant shareholders	As soon as practicable after the Expiry Date
The above dates are indicative only. The Company reserves the right, subject to ASIC and ASX requirements, to vary any of the above dates.	

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

ASTRO DIAMOND MINES NL

ACN

007 090 904

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	a) Ordinary shares b) Unlisted options
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	a) Approximately 297,230,561 Shares b) Approximately 297,230,561 options
3	Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	a) Fully paid ordinary shares b) Unlisted options exercisable at 1 cent on or before 30 November 2011

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	a) Yes - fully paid ordinary shares b) No – new class of unlisted options. Shares issued on exercise of the options will rank equally with existing quoted fully paid ordinary shares
5	Issue price or consideration	a) 0.4 cents b) Free attaching option
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The funds raised will be used by the Company to pursue potential investment and acquisition opportunities and provide ongoing working capital
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	2 December 2008 (anticipated)

8 Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable)

Number	+Class
594,461,122	Shares
12,165,953	Options exercisable at 75 cents on or before 23 December 2009
256,667,333	Options exercisable at 5 cents on or before 30 November 2012

+ See chapter 19 for defined terms.

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable)	13,565,356 250,000 297,230,561	Options exercisable at 25 cents on or before 30 April 2012. Options exercisable at 4 cents on or before 19 October 2011 Options exercisable at 1 cent on or before 30 November 2011.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	NA

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 new share for every existing share held together with 1 free attaching new option for every new share issued
14	+Class of +securities to which the offer relates	Ordinary shares
15	+Record date to determine entitlements	31 October 2008
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Rounded up to the nearest whole number
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	All countries other than Australia and New Zealand

19	Closing date for receipt of acceptances or renunciations	26 November 2008
20	Names of any underwriters	NA
21	Amount of any underwriting fee or commission	NA
22	Names of any brokers to the issue	The Directors reserve the right to appoint a broker to the issue
23	Fee or commission payable to the broker to the issue	To be agreed if a broker is appointed
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not yet determined
25	If the issue is contingent on +security holders' approval, the date of the meeting	NA
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	5 November 2008 (anticipated)
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Notice given to option holders in the announcement on 20 October 2008 in relation to the revised rights issue
28	Date rights trading will begin (if applicable)	NA
29	Date rights trading will end (if applicable)	NA
30	How do +security holders sell their entitlements *in full* through a broker?	NA
31	How do +security holders sell *part* of their entitlements through a broker and accept for the balance?	NA
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	NA

+ See chapter 19 for defined terms.

33	+Despatch date	4 December 2008 (anticipated)

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(*tick one*)

(a) ☒ Securities described in Part 1 - Only up to 297,230,561 shares

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	NA
39	Class of +securities for which quotation is sought	

+ See chapter 19 for defined terms.

40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	

		Number	+Class
42	Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)		

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: SPHunter. Date: 20 October 2008

(Company secretary)

Print name: Susan Hunter

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+ See chapter 19 for defined terms.