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

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QUARTERLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2008

Company Profile

Astro Diamond Mines NL ("Astro") is an Australian based resources company focused on the exploration for economic deposits of diamond and other minerals. The Company has current landholdings in the Kimberley region of Western Australia.

Corporate

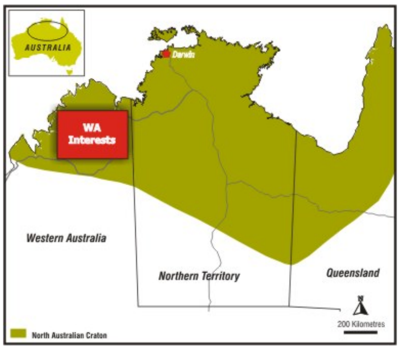
On 24 September 2008 the Company announced a pro rata non renounceable rights issue. The purpose of the Rights Issue is to provide funds to the Company to allow it to pursue potential investment and acquisition opportunities in the resources sector, as well as to provide working capital.

On 8 October 2008 the Company lodged a Rights Issue Prospectus with ASIC to raise up to approximately $2,100,000 based on an offer price of 0.7 cents ($0.007) per share. Due to adverse market movements and ongoing global market volatility, the Company resolved to amend the offer price to 0.4 cents ($0.004) per share and increase the offer of free attaching options to a 1 for 1 basis from the previous 1 for 2 ratio. The new terms of the Rights Issue are to raise approximately $1,200,000.

In addition, as per previous announcements, the Company has entered into a Loan Agreement dated 7 October 2008 under which $500,000 will be advanced to the Company within 10 business days of execution subject to lodgment of the Prospectus with ASIC. Pursuant to the Loan Agreement, the loan (together with associated fees) will be repaid upon closure of the Rights Issue through the issue of Shares and Options on the same terms as set out in the Prospectus and will form part of the Shortfall.

The Replacement Rights Issue Prospectus together with a personalised Entitlement and Acceptance Form will be mailed on or about 5 November 2008 and will also be available on the Company's website at www.aro.com.au. In the interim, shareholders should refer to the Replacement Rights Issue Prospectus which was announced to ASX on 22 October 2008 for further information.

Introduction



In Western Australia, the Company holds ground along strike from the Ellendale Diamond Mine, currently being mined by Kimberley Diamond Company N.L. ("KDC"). The Ellendale Project is immediately along strike of the regional structure that controls the lamproite emplacement of the Ellendale lamproite field, including the Ellendale 9 and Ellendale 4 lamproite pipes currently being mined by KDC. A high-resolution helicopter borne Electro-Magnetic (EM) and aeromagnetic survey over the Ellendale Project has been completed. The Ellendale project is considered to have good potential for diamondiferous lamproite pipes and alluvial diamond resources.

REVIEW OF PROJECTS

ASTRO 100%

KIMBERLEY PROJECTS – WESTERN AUSTRALIA

The Company has exploration projects in the Kimberley region of Western Australia. The projects in the Kimberley region of Western Australia were acquired during 2004 through the acquisition of East Kimberley Diamond Corporation ("EKDC").

ELLENDALE PROJECT

The Ellendale project consists of one (1) exploration licence covering an area of 59 square kilometres located approximately eight (8) kilometres south east of the diamondiferous Ellendale lamproite pipe Ellendale 4, currently being mined by Kimberley Diamond Company N.L. ("KDC"). KDC is currently producing from Pipe 9 and Pipe 4, which between them, have a reported resource of 105 million tonnes @ 5 carats per hundred tonnes.

A high-resolution Electro-Magnetic (EM) and aeromagnetic survey of the project has been completed and the results of the survey are currently being assessed.

Lamproite Pipe Prospectively

The Ellendale Project is immediately along strike of the dominant north-west emplacement trend of the Ellendale lamproite field. Previous geophysical surveys over the area in the late 1970's were very course and may have missed lamproite bodies with subtle geophysical signatures. As geophysical techniques have developed, more lamproites have been located in the Ellendale-Blina lamproite fields. The "quiet" geophysical background of the Permian shelf sediments in the south of the project area should help ensure that even subtly magnetic/conductive lamproite bodies are detected.

Alluvial Diamondiferous Gravel Prospectivity

Diamondiferous alluvial deposits are significant exploration targets across the entire Ellendale-Blina region, and are being actively explored for and tested by KDC and Blina Diamonds. The previously defined "J: channel, which is a diamondiferous palaeo-channel draining Ellendale 4 lamproite, occurs approximately 8 kilometres to the north-west of the Ellendale Project area. The geophysics will help delineate any shallow alluvial palaeo-channel deposits which may concentrate diamonds shed from the Ellendale Lamproite field.

Base Metal Prospectivity

Significant exposure of Devonian limestone occurs in the north of the tenement over the Oscar Range, bounded to the south by the regional NW trending Oscar Range Fault. The project area covers a significant strike of the tectonic zone prospective for base metals mineralisation. Previous exploration utilised coarse geophysical techniques, and it is hoped that the high resolution EM/magnetic survey will delineate sulphides associated with Pb-Zn mineralisation, providing discrete exploration targets.

JOINT VENTURES

Astro has farmed out an 80% interest in three projects in the Northern Territory.

Barrow Creek Project

The Barrow Creek Project covers 5,100 square kilometres of the faulted margin of the Georgina Basin to the southeast of Barrow Creek. The setting is similar to the Ngalia Basin to the west which contains sediment-hosted uranium deposits of good grade. Radiometric indicate that adjacent Proterozoic granites are anomalous in uranium, and adjacent sediments are also anomalous.

A Mine Management Plan for the programme has been approved by the Department of Primary Industries, Fisheries and Mines in the Northern territory. Amendments to the Mine Management Plan have been approved. This enables track access to support a comprehensive truck-based drilling and sampling program to be completed. Proposed exploration activities will include a programme of 90 RC drill holes and soil sampling traverses over the targets in a NE-SW direction to investigate the nature of the unconformity between the Devonian Dulcie sandstones and the Cambro-Ordeivician Tomahawk doloston-sandstone unit. Individual, photographic and geophysical anomalies shall also be targeted by the programme. A heritage survey is underway.

Tanami Project

This project area covers 2,400 square kilometres in the Mt Davidson area east of The Granites Gold Mine. Previous exploration was restricted to broadly spaced sampling for gold. Several tenements within this group overlap the boundary between the Proterozoic basement rocks and the younger Lander Trough of the Wiso Basin to the north and are prospective for Mississippi Valley Type (MVT) silver-lead-zinc deposits. The trough is also prospective for sediment-hosted uranium deposits similar to those in the Ngalia Basin and calcrete-hosted uranium deposits in younger overlying sediments.

The joint venture manager is continuing to actively pursue agreements with native title holders in order to proceed to the granting of the tenements.

Mt Peake Project

The Mt Peake project area covers 7,700 square kilometres of prospective ground between the Tanami Project to the northwest and Barrow Creek to the southeast. Previous exploration in this area was restricted to widely spaced reconnaissance sampling for gold. Several of these tenements overlie the

boundary between the Lander Trough and Proterozoic basement and are highly prospective for sediment-hosted
uranium and silver-lead-zinc. The tenements also overlie extensive calcrete deposits which are known to be suitable hosts to uranium elsewhere.

A Mine Management Plan for the programme has been approved by the Department of Primary Industries, Fisheries and Mines in the Northern Territory. Amendments to the Mine Management Plan have been approved. This enables track access to support a comprehensive truck-based drilling and sampling program to be completed. Proposed exploration activities will include a programme of RAB/RC drilling or soil sampling traverses. A heritage survey is underway.

A comprehensive radiometric and magnetic survey has been commissioned over the Mt Peake tenements, with Fugro Airborne Surveys. This survey is due to be undertaken in the next quarter. Upon analysis of this data, individual, photographic and geophysical anomalies shall also be targeted by the exploration drilling programme.

There was no exploration activity during the quarter.

Attached is a copy of the Company's Mining Exploration Entity Quarterly Report in accordance with Listing Rule 5.3.

P G JERMYN
Chairman
31 October 2008

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	30 September 2008

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors		-	-
1.2	Payments for	(a) exploration and evaluation	(3)	(3)
		(b) development	-	-
		(c) production	-	-
		(d) administration	(46)	(46)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		2	2
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		10	10
	Net Operating Cash Flows		(37)	(37)
	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	-	-
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Other (provide details if material)		-	-
	Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)		(37)	(37)

	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(37)	(37)
1.20	Cash at beginning of quarter/year to date	249	249
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	212	212

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	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

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

+ See chapter 19 for defined terms.

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	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	100
4.2	Development	-
	Total	**100**

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	212	249
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	212	249

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		See attached		
6.2	Interests in mining tenements acquired or increased		See attached		

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	Amount paid up per security
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**	297,230,561	297,230,561	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	23 -	23 -	$0.05 -	$0.05 -
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 13,565,356 256,667,333 5,750,000	12,165,953 - 256,667,333 -	*Exercise price* $0.75 $0.25 $0.05 $0.04	*Expiry date* 23/12/2009 30/04/2012 30/11/2012 19/10/2011
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 Act or other standards acceptable to ASX (see note 4).

2 This statement does /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: .... Date: 31 October 2008
(~~Director~~/Company secretary)

Print name: Susan Hunter

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.

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ASTRO DIAMOND MINES N.L.
ACN 007 090 904
CHANGES IN INTERESTS IN MINING TENEMENTS

6.1 Interests in mining tenements relinquished, reduced or lapsed

ID	Interest at beginning of the quarter	Interest at end of the quarter
P24/3813	Astro 20% Siberia 80%	Nil
P24/3814	Astro 20% Siberia 80%	Nil
P24/3815	Astro 20% Siberia 80%	Nil
P24/3816	Astro 20% Siberia 80%	Nil
P24/3817	Astro 20% Siberia 80%	Nil
P24/3818	Astro 20% Siberia 80%	Nil
P24/3819	Astro 20% Siberia 80%	Nil
P24/3822	Astro 20% Siberia 80%	Nil
P24/3824	Astro 20% Siberia 80%	Nil
P24/3825	Astro 20% Siberia 80%	Nil
P24/3826	Astro 20% Siberia 80%	Nil
P24/3826	Astro 20% Siberia 80%	Nil

ASTRO DIAMOND MINES N.L.
ACN 007 090 904
CHANGES IN INTERESTS IN MINING TENEMENTS

6.2 Interests in mining tenements acquired or increased

Tenement Reference	**Nature of Interest (note (4))**	**Interest at beginning of quarter**	**Interest at end of quarter**

No movement

+ See chapter 19 for defined terms.