

Guidelines for Dealing in Securities

Astro Diamond Mines NL
ACN 007 090 904

1 Introduction

Directors, officers and employees¹ who wish to trade in Astro Diamond Mines NL (**Astro or the Company**) securities must first have regard to the statutory provisions of the Corporations Act dealing with insider trading.

Insider trading is the practice of dealing in a company's securities (ie. shares or options) by a person with some connection with a company (eg. an employee) in possession of information generally not available to the public, but may be relevant to the value of the company's securities or may influence a person's decision to transact in the company's securities. It may also include the passing on of this information to another. **Legally, insider trading is an offence which carries severe penalties, including imprisonment.**

2 Insider Trading Prohibition

In summary, directors, officers and employees of the Company must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any securities (ie. shares or options) in the Company, or procure another person to do so:

1. if that director, officer or employee possesses information that a reasonable person would expect to have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the Company if the information was generally available;
2. if the director, officer or employee knows or ought reasonably to know, that:
 - (a) the information is not generally available; and
 - (b) if it were generally available, it might have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the Company.

Further, directors, officers and employees must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the Company or procure another person to do so.

3 Blackout Period

In addition to the prohibitions on insider trading set out in the Corporations Act, the Company identifies the circumstances set out below, where directors, officers and employees must not trade in the Company's securities.

A director or officer or senior accounting employee, must not during the period commencing one month immediately preceding the earlier of:

¹ In this policy references to directors, officers and employees includes all associates of the directors, officers and employees.

1. the date of the Board meeting for the approval of the Company's interim or annual results; or
2. the deadline for the Company to publish its interim or annual results announcement,

and ending on the date of the results announcement, purchase any securities of the Company nor should he or she sell any such securities unless the circumstances are exceptional and the procedure described below has been met.

A person may trade in the Company's securities inside of the blackout period described above in the following circumstances:

1. the Chair approves the trade by a Director or officer upon the director or Officer satisfying the Chair that they do not possess unpublished price sensitive information about the Company and a failure to trade in the Company's securities would result in exceptional circumstances such as financial hardship;
2. the Managing Director or equivalent approves the trade by the Chair upon the Chair satisfying the Managing Director or equivalent that they do not possess unpublished price sensitive information about the Company and a failure to trade in the Company's securities would result in exceptional circumstances such as financial hardship;
3. the Managing Director or equivalent approves the trade by an employee upon the employee satisfying the Managing Director or equivalent that they do not possess unpublished price sensitive information about the Company and a failure to trade in the Company's securities would result in exceptional circumstances such as financial hardship;
4. where the trade is part of a managed securities portfolio where the person is not in a position to influence choices in the portfolio; and
5. where the trade results from a dividend reinvestment plan where the person has given ongoing instructions to reinvest dividends.

The Company wishes to encourage directors and officers to defer trades if an announcement of a major event or the release of price-sensitive information is likely to occur shortly after a proposed trade, even if it is outside the black out period.

4 Clearance Prior to Trading

Directors, officers and employees must not trade in the Company's securities without first obtaining clearance before commencing the transaction from:

1. in the case of employees, the Managing Director or equivalent or in his absence, the Chair;
2. in the case of a director, or their associates (including spouses and de facto spouses or the director's parents or children), the Chair or in his absence, the Managing Director or equivalent;
3. in case of the Managing Director or equivalent, the Chair; or
4. in the case of the Chair, the Managing Director or equivalent.

5 Prohibited Transactions

Directors, officers and employees must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

6 Notification

Directors must disclose details of changes in securities of the Company they hold (directly or indirectly) to the company secretary as soon as reasonably possible after the date of the contract to buy and sell the securities ("**Contract Date**") but in any event:

1. no later than 3 business days after the Contract Date; or
2. if you begin to have or cease to have a substantial shareholding or there is a change in your substantial holding, the business day after the Contract Date.

The relevant Director must report all notifications of dealings in the Company's securities to the next board meeting of the Company.

7 Breaches

Breach of the insider trading prohibition could expose you to criminal and civil liability. Breach of insider trading law or this Policy will be regarded by the Company as serious misconduct which may lead to disciplinary action and/or dismissal.

This Policy does not contain an exhaustive analysis of the restrictions imposed on, and the very serious legal ramifications of, insider trading. Directors, officers and employees who wish to obtain further advice in this matter, are encouraged to contact the company secretary.

This Policy also applies to the Company's related entities.