



The Next Chapter

Annual General Meeting
June 2011

Disclosure Statement

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS: Certain statements included or incorporated by reference in this Presentation, including information as to the future financial or operating performance of the Company, its subsidiaries and its projects, constitute forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "schedule" and similar expressions identify forward-looking statements. Forward-looking statements include, among other things, statements regarding targets, estimates and assumptions in respect of gold production and prices, operating costs, results and capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Such factors include, among others, risks relating to additional funding requirements, political and foreign risk, uninsurable risks, competition, environmental regulation and liability, government regulation, currency fluctuations, recent losses and write-downs and dependence on key employees. See "Risk Factors" section of the Company's MD&A. Due to risks and uncertainties, including the risks and uncertainties identified above, actual events may differ materially from current expectations. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Forward-looking statements are made as of the date of this Presentation and the Company disclaims any intent or obligation to update publicly such forward-looking statements, whether as a result of new information, future events or results or otherwise.

About Crystallex

- A Canadian-based mining company, with a focus on acquiring, exploring, developing and operating mining projects.
- Crystallex has a successful record of exploring, developing and operating gold mines in Venezuela and elsewhere in South America.
- Crystallex has developed and operated mines including the Albino mine, Tomi mine, La Victoria mine in Venezuela and the San Gregorio mine in Uruguay.
- Additionally, Crystallex has been involved in exploration and development phase projects in Brazil, Canada, Uruguay and Venezuela.
- Crystallex's principal asset today is its international claim in relation to its investment in the Las Cristinas gold project.
- Crystallex continues to seek new mining opportunities.

Crystallex Capital Structure

Trading Symbol: KRY on TSX

Trading Symbol: CRYXF on OTCQB Marketplace

At March 31, 2011

Common Shares Issued	364,817,719
Common Share Options	18,371,633
Warrants	<u>66,695,000</u>
Fully Diluted Common Shares	<u>449,884,352</u>

At March 31, 2011

Total Assets	\$38,411,000
Shareholders' Deficiency	\$76,395,000
Total Debt*	\$96,238,000
Cash	\$ 7,970,000

**US\$100 million notes due Dec 2011*



What is the Company doing to address its working capital position?

- **Selling redundant equipment**
- **Initiatives underway and at an advanced stage**

What is the Company doing to deal with the US\$100 million debt and capital structure?

- **Refinancing initiatives -** working towards refinancing the US\$100 million notes in the marketplace
- **Restructuring discussions -** attempting to negotiate a reasonable restructuring with existing Noteholders

What if unsuccessful with refinancing?

A restructuring of the existing notes could result in the noteholders gaining a substantial ownership interest in the Company. It would not be surprising if the noteholders were to believe that a restructuring of the Notes could result in their ownership of most of the Company.

Should the Company be unsuccessful in refinancing the debt, management will try to negotiate the best outcome for all stakeholders.

Prosecuting the ICSID Case

What is the substance of Crystallex's ICSID claim?

Crystallex entered into a Mine Operating Contract (the *MOC*) in September 2002 with the Corporacion Venezolana de Guayana (*CVG*). The MOC granted Crystallex exclusive rights to develop and operate the Las Cristinas. Following the issuance of the MOC, Crystallex worked vigorously to bring the Las Cristinas Project to a shovel-ready state. The Company completed all of the requirements necessary for the issuance of the Authorization to Affect Natural Resources (the *Permit*) from the Ministry of Environment and Natural Resources (*MinAmb*) while maintaining compliance with the terms of the MOC. Crystallex produced and submitted a Feasibility Study, which CVG and the Ministry of Mines approved in 2004 and 2006, respectively, and an Environmental Impact Study, which MinAmb approved in 2007. Notwithstanding the Company's fulfillment of the requisite conditions, and assurances that the Permit would be issued, MinAmb denied the Company's request for the Permit in April 2008.

On November 24, 2008, Crystallex wrote to the Venezuelan Minister of Mines to notify a dispute under the Agreement between the Government of Canada and the Government of the Republic of Venezuela for the Promotion and Protection of Investments (the *Investment Treaty*). Subsequently, CVG unilaterally terminated the MOC on February 3, 2011, despite having confirmed the validity of the MOC in August 2010. On February 16, 2011, Crystallex filed a Request for Arbitration before the Additional Facility of the International Centre for Settlement of Investment Disputes (*ICSID*) against Venezuela pursuant to the Investment Treaty. The Secretary General of ICSID registered Crystallex's Request for Arbitration on March 9, 2011.

Crystallex claims that Venezuela breached the Investment Treaty's protections against expropriation, unfair and inequitable treatment and discrimination. Crystallex seeks the restitution of its investments, including the reinstatement of the MOC, the issuance of the Permit and compensation for interim losses suffered, or alternatively, full compensation for the value of its investment.

What is ICSID and what is its role in international arbitration?

ICSID is an institution under the auspices of the World Bank, established through the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the *ICSID Convention*). There are presently 147 State parties to this convention. The purpose of ICSID is to promote the resolution of international investment disputes, including through arbitration, thereby minimizing non-commercial risks related to foreign investments. According to the ICSID website, “ICSID is considered to be the leading international arbitration institution devoted to investor-State dispute settlement.”

On what basis is Crystallex bringing a claim against Venezuela before ICSID?

Crystallex is bringing its claim pursuant to the Investment Treaty, signed on 1 July 1996. Crystallex initiated arbitral proceedings pursuant to the terms of the Investment Treaty, which provides that Canadian investors may submit disputes with Venezuela to arbitration under the ICSID Convention or, where the ICSID Convention is not applicable, under ICSID's Additional Facility (as in the present case).

What is ICSID's Additional Facility?

In certain situations, when arbitration under the ICSID Convention is not available, investors may commence arbitral proceedings under ICSID's Additional Facility. Crystallex is bringing its claim under the arbitration rules of ICSID's Additional Facility (the *Arbitration Rules*) since Venezuela is a party to the ICSID Convention but Canada is not (Canada has signed but not ratified the ICSID Convention). The Additional Facility is available as an arbitral forum when either the State party to the dispute or the State whose national is a party to the dispute is not a party to the ICSID Convention.

What does it mean to have a request for arbitration registered?

Following the submission of a Request for Arbitration, the ICSID secretariat must decide whether to register the claim. In making this decision, the secretariat performs a review of the Request for Arbitration to determine whether, *prima facie*, the claim falls within ICSID's jurisdiction. This initial analysis is deferential; unless clear jurisdictional defects exist on the face of the Request for Arbitration, ICSID will proceed with the registration of the Request for Arbitration. The decision of ICSID's secretariat to register the Request for Arbitration does not preclude the arbitral Tribunal from reviewing and deciding upon any jurisdictional objections raised by the State party to the arbitration.

What law will apply to Crystallex's claims in the arbitration?

Crystallex has brought its claim under the Investment Treaty, which provides that the arbitral Tribunal shall decide the issues in dispute in accordance with the terms of the Investment Treaty and applicable rules of international law.

Where will the arbitration proceedings be held?

Once constituted, the Tribunal will decide upon the place of arbitration. The Investment Treaty and the Arbitration Rules mandate that the Tribunal select a place of arbitration which is a jurisdiction that is a party to the 1958 UN Convention on the Recognition and Enforcement of Arbitral Awards (the *New York Convention*). There are currently over 140 state parties to the New York Convention.

In its Request for Arbitration, Crystallex proposed New York City as the place of arbitration, but that, for convenience, the hearings be held at ICSID's facilities in Washington DC. Venezuela has yet to make submissions on this point.

Who are the arbitrators and how are they appointed?

The Tribunal will be composed of three arbitrators, one arbitrator nominated by Crystallex, one arbitrator nominated by Venezuela, and the third (Presiding) arbitrator to be appointed by agreement of the parties, or failing such agreement, by ICSID.

Crystallex has appointed Professor John Gotanda, a US national and the Dean of the Villanova University School of Law. Venezuela has appointed a national of the Philippines, Judge Florentino P. Feliciano. Both are specialists in international law.

What are the procedural steps in the arbitration proceeding?

The Arbitration Rules afford both parties the opportunity to present their case to the arbitral Tribunal through written pleadings and oral advocacy. In past ICSID arbitrations, Venezuela has been represented by international counsel and has fully participated in the arbitral process. Venezuela has appointed the Washington DC office of international law firm Arnold & Porter to represent it in this matter.

Following arbitrator selection, the Tribunal will set the procedural schedule for the arbitration. The Arbitration Rules provide for the parties to exchange at least one written pleading and participate in an oral hearing. Typically, however, ICSID arbitrations include two or more written pleadings from each party, followed by an oral hearing before the tribunal and tribunal deliberations before an award is rendered. However, the procedure ultimately established by the Tribunal may differ.

When will Crystallex be ready to submit its written pleadings (Memorial)?

Crystallex is in the process of preparing its pleadings on the merits (known as a Memorial) and expects to be in a position to submit the Memorial in accordance with the usual time frame established by the Tribunal, once constituted.

Who is representing Crystallex? What is their experience and track record?

Crystallex has retained Freshfields Bruckhaus Deringer (*Freshfields*) as its arbitration counsel in this matter. The Global Arbitration Review recognized Freshfields as the world's leading international arbitration firm in 2007, 2008, 2009 and 2010, and Who's Who Legal selected the firm as its "Global Arbitration Law Firm of the Year" from 2004 to 2010. Freshfields has been recognized as a Band One firm for international arbitration in Latin America by Chambers & Partners from 2009 to 2011.

How long could the arbitration proceedings take?

At this early stage in the proceedings, it is not possible to offer a specific estimate regarding the date of the award. Once the Tribunal is constituted, it will issue a timetable for the procedural steps in the arbitration. Until then, it is difficult to predict how the procedure will unfold.

In general, ICSID arbitration proceedings involve the exchange of two or more sets of pleadings from each party, at intervals of roughly three to four months. This pleading phase can therefore be expected to last at least one year. An oral hearing before the Tribunal would then take place within approximately three to six months from the last written pleading and last approximately ten to 15 working days. Following the hearing, the Tribunal will deliberate and issue an award, which usually takes at least six months (often longer). The proceedings can therefore be expected to last at least two (and probably closer to three) years from the date of the constitution of the Tribunal to the date of the award. We will have a clearer picture of the timeframe once the Tribunal is constituted and a procedural timetable is set.

What compensation is Crystallex seeking in the arbitration?

The Investment Treaty provides that compensation for expropriation must be “prompt, adequate and effective,” and “based on the genuine value of the investment...”. In its Request for Arbitration, Crystallex has estimated that the value of its investment in Las Cristinas at the time of expropriation was approximately US\$3.8 billion. Crystallex will proffer expert evidence with respect to the valuation of its investment with its Memorial.

How have investors fared against Venezuela in other ICSID cases?*

Cases won by Venezuela	Cases lost by Venezuela	Cases settled by Venezuela	Cases pending against Venezuela
	<ul style="list-style-type: none"> • Aucoven CA • Fedax NV 	<ul style="list-style-type: none"> • Holcim Ltd & other • Eni Dacion BV • Vestey Group Ltd • Cemex Caracas Investments BV (announced in settlement discussions, but settlement not yet confirmed) 	<ul style="list-style-type: none"> • Williams Companies & others • Longreef Investments AVV • Nova Scotia Power Inc • Highbury International AVV • Flughafen Zurich AG & others • Opic Karimum Corp • Universal Compression International Holdings SLU • Tidewater Inc • Crystallex International Corp • Gold Reserve Inc • Brandes Investment Partners LP • ConocoPhillips Company & others • Mobil Corporation & others • Vanessa Ventures

**The table does not list those cases that have been discontinued at the request of the parties.*

Has Venezuela paid ICSID damages awards voluntarily or have investors been required to resort to forcible execution of the awards?

To date, Venezuela has had two damages awards rendered against it. According to the U.S. Securities and Exchange Commission filings of Aucoven's parent company, Venezuela paid Aucoven in satisfaction of the Tribunal's award within 60 days of the rendering of the award.

There is no public record of Fedax seeking forcible execution of its award against Venezuela.

What actions can Crystallex take to enforce the award in the event that Venezuela does not voluntarily pay?

If the Tribunal renders a damages award in favor of Crystallex, it will immediately be enforceable under the Investment Treaty and the Arbitration Rules. Crystallex will be entitled to seek enforcement of the award in any of the 146 states that are signatories to the New York Convention, which mandates that “each Contracting State shall recognize arbitral awards as binding and enforce them in accordance with the rules of procedure of the territory where the award is relied upon.” However, the rules of state immunity from execution continue to apply and these rules vary depending on the jurisdiction where enforcement is sought. Generally, however, national courts ordering execution of the award will generally allow the award creditor to attach only the traceable commercial assets of a foreign state in its jurisdiction.

Has Crystallex had any settlement discussions with the Venezuelan Government since the MOC termination?

Crystallex has not had any settlement discussions with Venezuela. Crystallex would be willing to consider a settlement offer from the Venezuelan Government, if such an offer were fair and in the interest of Crystallex's stakeholders. Venezuela is free to propose a settlement at any point in the proceedings.

What happened to CREC/CRRC?

Why didn't Crystallex and the CREC/CRRC execute an agreement in 2010?

In 2010, Crystallex and the CREC/CRRC negotiated draft agreements to create a strategic partnership aimed at unblocking the stalled permitting process and developing the Las Cristinas Project. These draft agreements were not executed as the necessary Venezuelan Government approvals were not obtained.

Does Crystallex maintain a relationship with CREC/CRRC?

CREC/CRRC continues to express a significant interest in being involved in the Las Cristinas project and has remained in contact with Crystallex.

What are the Company's plans to restore shareholder confidence?

The Company has a history of investing, exploring and developing mining projects.

Current initiatives include resolving the \$100 million debt due December, 2011, and improving working capital and the capital structure of the Company.

To that end, the Company is in discussions to restructure and/or refinance the debt and is selling milling equipment to improve working capital.

The Company is working diligently to advance and successfully prosecute the ICSID case.



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Crystallex shares trade under the symbol KRY on the Toronto Stock Exchange and under the symbol CRYXF on the OTCQB.

The Company's filings with the Ontario Securities Commission can be viewed on SEDAR at www.sedar.com

The Company's filings with the U.S. Securities and Exchange Commission can be viewed on EDGAR at www.sec.gov

