

Crystallex International Corporation

Consolidated Financial Statements

September 30, 2008

(Unaudited)

Crystallex International Corporation**Consolidated Balance Sheets - Unaudited**

(In thousands of United States dollars except for share and per share amounts)

	September 30 2008	December 31 2007 (Audited)
Assets		
Current		
Cash and cash equivalents (Note 8)	\$ 44,578	\$ 16,065
Accounts receivable	313	182
Prepaid expenses and other	558	604
Current assets of discontinued operations (Note 4)	2,865	4,505
	48,314	21,356
Property, plant and equipment (Note 5)	331,672	317,179
Other	1,434	705
	\$ 381,420	\$ 339,240
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 4,617	\$ 9,853
Current liabilities of discontinued operations (Note 4)	3,921	1,582
	8,538	11,435
Notes payable (Note 6)	85,857	83,291
Asset retirement obligations of discontinued operations (Note 4)	1,836	1,864
Future income taxes	20,549	14,243
	116,780	110,833
Shareholders' equity		
Share capital (Note 7)	561,751	503,489
Contributed surplus	33,865	27,124
Accumulated other comprehensive income	11,959	11,959
Deficit	(342,935)	(314,165)
	264,640	228,407
	\$ 381,420	\$ 339,240

Nature of operations and continuation of business – Note 1

Approved on behalf of the Board of Directors

"Robert A. Fung", Director

"Johan van't Hof", Director

The accompanying notes are an integral part of the consolidated financial statements.

Crystallex International Corporation**Consolidated Statements of Operations and Comprehensive Operations - Unaudited**

(In thousands of United States dollars except for share and per share amounts)

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
		Restated (Note 11)		Restated (Note 11)
(Expenses) income				
General and administrative	\$ (3,325)	\$ (4,379)	\$ (10,485)	\$ (16,452)
Interest on debt	(3,233)	(3,141)	(9,597)	(9,466)
Foreign exchange loss (gain)	4,687	2,274	(7,435)	11,986
Amortization of property, plant and equipment	(10)	(21)	(51)	(63)
Gain on sale of equipment	115	-	1,751	-
Interest and other income	153	310	553	934
Loss from continuing operations	(1,613)	(4,957)	(25,264)	(13,061)
Loss from discontinued operations, net of tax (Note 4)	(5,960)	(1,765)	(3,506)	(8,603)
Net loss and comprehensive loss for the period	(7,573)	(6,722)	(28,770)	(21,664)
Deficit, beginning of period	(335,362)	(298,656)	(314,165)	(283,714)
Deficit, end of period	\$ (342,935)	\$ (305,378)	\$ (342,935)	\$ (305,378)
Loss per share from continuing operations				
– Basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.09)	\$ (0.06)
Loss per share				
– Basic and diluted	\$ (0.03)	\$ (0.03)	\$ (0.10)	\$ (0.08)
Weighted average number of shares outstanding	294,780,848	261,572,007	289,663,280	254,986,901

The accompanying notes are an integral part of the consolidated financial statements.

Crystallex International Corporation

Consolidated Statements of Cash Flows - Unaudited

(In thousands of United States dollars except for share and per share amounts)

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
		Restated (Note 11)		Restated (Note 11)
Cash flows from (used in) operating activities				
Net loss from continuing operations for the period	\$ (1,613)	\$ (4,957)	\$ (25,264)	\$ (13,061)
Items not affecting cash:				
Amortization	10	21	51	63
Interest accretion on debt	890	791	2,566	2,362
Stock-based compensation	(142)	396	395	2,120
Directors' fees paid in shares	142	16	254	148
Unrealized loss (gain) on translation of future income taxes	(6,504)	(2,534)	3,404	(13,366)
Unrealized foreign exchange (gain) loss	747	1,232	(476)	3,473
Gain on sale of equipment	(115)	-	(1,751)	-
Changes in other operating assets and liabilities:				
Decrease (increase) in accounts receivable	(17)	1,484	13	(919)
Decrease (increase) in prepaid expenses and other	61	1,621	45	(3,552)
Decrease in accounts payable and accrued liabilities	(3,804)	(2,534)	(4,810)	(1,367)
	(10,345)	(4,464)	(25,573)	(24,099)
Cash flows used in investing activities				
Investment in property, plant and equipment	(4,298)	(5,613)	(17,029)	(21,449)
Proceeds from sale of equipment	137	-	6,039	-
	(4,161)	(5,613)	(10,990)	(21,449)
Cash flows from (used in) financing activities				
Issuance of common shares	20	298	64,326	52,787
Debt repayments	-	-	-	(3,463)
	20	298	64,326	49,324
Increase (decrease) in cash and cash equivalents from continuing operations	(14,486)	(9,779)	27,763	3,776
Increase (decrease) in cash and cash equivalents from discontinued operations (Note 4)	(1,962)	(3,785)	454	(7,626)
Effects of exchange rate fluctuations on cash	(464)	50	296	411
Cash and cash equivalents, beginning of period	61,490	38,648	16,065	28,573
Cash and cash equivalents, end of period	\$ 44,578	\$ 25,134	\$ 44,578	\$ 25,134

Supplemental disclosures with respect to cash flows (8)

The accompanying notes are an integral part of the consolidated financial statements.

Crystallex International Corporation

Consolidated Statements of Shareholders' Equity - Unaudited (In thousands of United States dollars except for share and per share amounts)

	Number of common shares (thousands)	Amount	Number of warrants (thousands)	Contributed surplus	Equity component of exchangeable bank loan	Accumulated other comprehensive income	Deficit	Total
Balance at December 31, 2005	208,036	\$336,492	8,998	\$ 32,489	\$ 2,564	\$ 11,959	\$(248,030)	\$135,474
Shares issued:								
Unit offerings	20,924	51,209	17,313	5,972	-	-	-	57,181
Exercise of options	1,642	5,490	-	(1,839)	-	-	-	3,651
Issuance of shares under equity draw down facility	1,661	4,318	-	-	-	-	-	4,318
Settlement of promissory note	611	1,800	-	-	-	-	-	1,800
Settlement of bank loan	3,766	7,641	-	-	(2,564)	-	-	5,077
Exercise of warrants	8,765	41,090	(8,765)	(17,317)	-	-	-	23,773
Directors' fees	19	60	-	-	-	-	-	60
Share exchange – El Callao	-	1	-	-	-	-	-	1
Stock-based compensation	-	-	-	2,464	-	-	-	2,464
Warrants issued for professional fees	-	-	500	1,366	-	-	-	1,366
Warrants issued in exchange for early exercise of warrants	-	-	875	-	-	-	-	-
Warrants expired	-	-	(233)	-	-	-	-	-
Loss for the year	-	-	-	-	-	-	(35,684)	(35,684)
Balance at December 31, 2006	245,424	\$448,101	18,688	\$ 23,135	\$ -	\$ 11,959	\$(283,714)	\$199,481
Shares issued								
Public offering	14,375	50,701	-	-	-	-	-	50,701
Exercise of options	859	1,622	-	(412)	-	-	-	1,210
Settlement of promissory note	461	1,800	-	-	-	-	-	1,800
Exercise of warrants	502	1,117	(502)	(236)	-	-	-	881
Directors' fees	38	148	-	-	-	-	-	148
Stock-based compensation	-	-	-	4,637	-	-	-	4,637
Loss for the year	-	-	-	-	-	-	(30,451)	(30,451)
Balance at December 31, 2007	261,659	\$503,489	18,186	\$ 27,124	\$ -	\$ 11,959	\$(314,165)	\$228,407
Shares issued								
Public offering	32,890	57,730	16,445	6,414	-	-	-	64,144
Exercise of options	96	278	-	(96)	-	-	-	182
Directors' fees	173	254	-	-	-	-	-	254
Warrants expired	-	-	(5,936)	-	-	-	-	-
Stock-based compensation	-	-	-	423	-	-	-	423
Loss for the period	-	-	-	-	-	-	(28,770)	(28,770)
Balance at September 30, 2008	294,818	\$561,751	28,695	\$ 33,865	\$ -	\$ 11,959	\$(342,935) ⁽¹⁾	\$264,640

⁽¹⁾ Includes total comprehensive deficit for the nine months ended September 30, 2008 of \$330,976 (2007 - \$293,419)

The accompanying notes are an integral part of the consolidated financial statements.

Crystallex International Corporation

Notes to the Consolidated Financial Statements - Unaudited

September 30, 2008

(In thousands of United States dollars except for share and per share amounts)

1. Nature of operations and continuation of business

Crystallex International Corporation ("Crystallex" or the "Company") is engaged in the exploration and development of gold properties in Venezuela.

The Company's principal asset is the Las Cristinas project, currently under pre-development in Venezuela. On September 17, 2002, the Company entered into a mining operating contract (the "Mine Operating Contract") with the Corporación Venezolana de Guayana (the "CVG"), a Venezuelan state-owned enterprise which owns the Las Cristinas concessions. The CVG authorized the Company and the Company agreed to make all investments and carry out all activities necessary to explore, develop, exploit, commercialize and sell the gold mineral contained in the Las Cristinas deposits for the CVG.

The Company received official notice in March 2006 from the Venezuelan Ministry of Basic Industries and Mining ("MIBAM") advising that MIBAM had formally approved the technical, economic and financial Feasibility Study for the Las Cristinas project.

The Company further received written notice in June 2007 from the CVG, that all of the requirements of the Ministry of the Environment and Natural Resources ("MinAmb") for the issuance of the Authorization to Affect Natural Resources (the "Permit") to commence construction at Las Cristinas had been fulfilled. The CVG notice was based on MinAmb approval of the Las Cristinas Environmental Impact Study (the "EIS"), the posting of a Construction Compliance Guarantee Bond (the "Bond") and payment of the Environment Tax (the "Tax"). Both the posting of the Bond and payment of the Tax were satisfied in 2007 and Crystallex obtained receipts of acceptance.

In April 2008, a Director General in the Administrative Office of Permits at MinAmb issued a communication to the CVG which indicated that the Office of Permits at MinAmb had denied the request of the CVG for the Permit. The Company believed that the communication from this Director General contradicted the Las Cristinas EIS approval, and the Bond and Tax requests issued by MinAmb. This communication appeared to be in opposition to all mineral mining in the Las Cristinas region and left a number of current and historic projects standing contrary to the communication. In addition, the Company believed that the content of the letter contradicted Presidential Decrees, National Assembly Resolutions, MinAmb Resolutions, MIBAM Resolutions and current and historic mining projects in Venezuela. Accordingly, in May 2008, the Company filed a legal rebuttal to the position taken by the Director General of Permits at MinAmb. The Director General subsequently denied the legal rebuttal filed by the Company and advised the Company of its rights under Venezuelan law to appeal directly to the Minister of MinAmb. On June 16, 2008, the Company filed an appeal (the "Appeal") with the Minister of MinAmb. On June 18, 2008 the Company was instructed by MinAmb to prepare modifications to the Las Cristinas project to diminish the environmental impacts of the project and thus enable the Permit to be issued. On August 4, 2008, the Company filed with MinAmb a report which dealt with the MinAmb requests for (i) further improvements to the social projects in the area, (ii) mitigating the impact of open vein deposit mining in the currently affected areas of the Imataca Forest Reserve, and (iii) improving the remediation plans at the end of the mine life as well as repairing existing environmental damage caused by illegal mining. On August 20, 2008 the Vice-Minister of MinAmb issued an official letter which indicated that upon technical evaluation within the Ministry, the August 4, 2008 submission is consistent with the governmental guidelines on environment and social matters and is technically viable. According to this letter, these conclusions should be considered by the Minister in rendering her decision on the Permit. On October 24, 2008, the Company has filed a writ with MinAmb for the Minister to take the Vice-Minister's letter into consideration as a supplement to the Company's Appeal.

The Minister of MinAmb has, under statute, 90 business days in which to issue a decision on the Appeal which was filed on June 16, 2008. As the Minister has not rendered a decision by the October 31, 2008 deadline, the Company can, if it chooses, deem the appeal to be denied in order to pursue further actions in the Venezuelan administrative system. The Company has deliberately not yet pursued any actions in Venezuela due to the positive correspondence received from the Vice-Minister of MinAmb. However,

Crystallex International Corporation

Notes to the Consolidated Financial Statements - Unaudited

September 30, 2008

(In thousands of United States dollars except for share and per share amounts)

1. Nature of operations and continuation of business (continued)

the Company periodically evaluates alternative courses of action that are available, as a matter of policy, in order preserve its rights at Las Cristinas while maintaining adequate resources to pursue other actions deemed necessary.

The continued development and ultimate commencement of commercial production at Las Cristinas are dependent upon receipt of the Permit which will allow management to proceed to put in place financing to fund construction. In addition, the Las Cristinas project may be subject to sovereign risk, including political and economic instability, changes in existing government regulations, government regulations relating to mining which may withhold the receipt of required permits, as well as currency fluctuations and local inflation. The April 2008 communication from the Director General of Permits at MinAmb and subsequent denial of the Company's rebuttal, demonstrate the significant risks that the Las Cristinas project faces. These risks may adversely affect the investment and may result in the impairment or loss of all or part of the Company's investment.

These financial statements have been prepared on a going concern basis which assumes that the Company will be successful in obtaining the Permit and will be able to obtain the necessary financing to complete the Las Cristinas project through project debt, other forms of public market debt, or equity financing; thereby fulfilling its commitment under its Mine Operating Contract. The Company continues to believe that it will be successful in obtaining the Permit and any other government approvals that are necessary to complete the mine development and commence commercial production.

2. Significant accounting policies – basis of presentation

These unaudited interim consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. These unaudited interim consolidated financial statements do not contain all of the disclosures required by Canadian generally accepted accounting principles and therefore should be read together with the most recent audited annual consolidated financial statements and the accompanying notes thereto.

The preparation of these consolidated financial statements is based on the accounting policies and practices consistent with those used in the preparation of the Company's annual consolidated financial statements as at December 31, 2007 and for the year then ended except for certain new accounting pronouncements which have been adopted effective January 1, 2008 as described in Note 3.

Certain comparative amounts have been reclassified to conform to the current period's presentation.

3. Changes in accounting policies and future accounting pronouncements

Changes in accounting policies – Sections 1400 and 3031

The CICA issued new accounting standards which are effective for interim and annual consolidated financial statements for the Company beginning on January 1, 2008.

Handbook Section 1400, "General Standards of Financial Statement Presentation", was amended so as to include the criteria for determining and presenting the Company's ability to continue as a going concern. Handbook Section 3031, "Inventories", establishes standards for the measurement of inventories, allocations of overhead accounting for write-down and disclosures.

There is no material impact to the Company's consolidated financial statements on adoption of these new accounting standards.

Crystallex International Corporation

Notes to the Consolidated Financial Statements - Unaudited

September 30, 2008

(In thousands of United States dollars except for share and per share amounts)

3. Changes in accounting policies and future accounting pronouncements (continued)

Future accounting pronouncements – Section 3064

The CICA has issued a new standard which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009.

Section 3064, "Goodwill and Intangible Assets", establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, "Revenues and Expenses during the Pre-Operating Period". As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations.

The Company has not yet assessed the impact of Section 3064 on its consolidated financial statements.

4. Discontinued operations

On October 1, 2008, the Revemin mill and related assets located in El Callao reverted to the State of Venezuela as a result of the expiry of the operating agreement relating to the mill. At the same time the Company ceased all mining operations at the Tomi and La Victoria mines which supplied ore to this mill as the Company determined that there was insufficient ore that could be mined economically. The Company has accrued for employee severance costs and is currently negotiating the transfer, to the State of Venezuela, of the tailings dam associated with the mill and the Tomi and La Victoria mining concessions which altogether do not form part of the mill contract. Until final negotiations are settled and definitive resolutions reached, the liability for the asset retirement obligations for previous mining activities at El Callao will remain with the Company.

The results of operations at El Callao have been treated as discontinued operations as the Company has no intention of mining the concessions in this location. The Company has estimated asset retirement obligations based on conditions as at September 30, 2008, and any gains or losses from final settlement will be recorded in the period of determination.

Assets and liabilities on the consolidated balance sheet include the following amounts for discontinued operations at El Callao.

	September 30 2008	December 31 2007
Accounts receivable	\$ 242	\$ 987
Inventories	\$ -	\$ 2,142
Prepaid expenses and other	\$ 2,623	\$ 1,376
Accounts payable and accrued liabilities	\$ (3,053)	\$ (1,015)
Current portion of asset retirement obligations	\$ (868)	\$ (567)
Long term portion of asset retirement obligations	\$ (1,836)	\$ (1,864)

Crystallex International Corporation**Notes to the Consolidated Financial Statements - Unaudited**

September 30, 2008

(In thousands of United States dollars except for share and per share amounts)

4. Discontinued operations (continued)

The results of operations at El Callao are detailed below and shown as discontinued operations in the consolidated statements of operations and comprehensive operations.

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Mining revenue	\$ 3,287	\$ 2,188	\$ 14,421	\$ 8,756
Expenses				
Operating	7,217	3,036	21,013	13,224
Accretion of asset retirement obligations	91	51	273	152
Interest	-	-	-	415
Foreign exchange loss (gain)	1,939	776	(3,518)	3,335
	9,247	3,863	17,768	17,126
Loss before income taxes	(5,960)	(1,675)	(3,347)	(8,370)
Income tax expense	-	(90)	(159)	(233)
Net loss	\$ (5,960)	\$ (1,765)	\$ (3,506)	\$ (8,603)

The cash flows from discontinued operations are as follows:

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Operating activities:	\$ (1,962)	\$ (3,785)	\$ 454	\$ (7,511)
Financing activities:	-	-	-	(115)
	\$ (1,962)	\$ (3,785)	\$ 454	\$ (7,626)

Asset retirement obligations of discontinued operations:

	September 30 2008	December 31 2007
Asset retirement obligations, beginning of period	\$ 2,431	\$ 1,211
Accretion expense	273	211
Revisions in estimated cash flows	-	1,009
Asset retirement obligations, end of period	2,704	2,431
Less: current portion	868	567
	\$ 1,836	\$ 1,864

Crystallex International Corporation**Notes to the Consolidated Financial Statements - Unaudited****September 30, 2008****(In thousands of United States dollars except for share and per share amounts)****4. Discontinued operations (continued)**

The key assumptions on which the fair value of the asset retirement obligations (“ARO”) are based include the estimated future cash flows, the timing of those cash flows, and the credit-adjusted risk-free rate or rates at which the estimated cash flows have been discounted. The Company used a discount rate of 15%. As at September 30, 2008, undiscounted cash outflows approximating \$3,400 are estimated to occur over a five year period. This amount is currently being negotiated with the State of Venezuela as part of the transfer of the tailings dam and mining concessions at El Callao.

5. Property, plant and equipment

	September 30, 2008		
	Cost	Accumulated amortization and depletion	Net book value
Plant and equipment	\$ 111,033	\$ 404	\$ 110,629
Mineral properties	221,043	-	221,043
	\$ 332,076	\$ 404	\$ 331,672

	December 31, 2007		
	Cost	Accumulated amortization and depletion	Net book value
Plant and equipment	\$ 121,890	\$ 9,066	\$ 112,824
Mineral properties	212,262	7,907	204,355
	\$ 334,152	\$ 16,973	\$ 317,179

Property, plant and equipment include \$331,646 (2007 - \$317,079) and \$26 (2007 - \$100) associated with Las Cristinas and Canada, respectively.

Las Cristinas

On September 17, 2002, the Company entered into a non-assignable Mine Operating Contract with the Corporación Venezolana de Guayana (“CVG”), acting under the authority of the Ministry of Energy and Mines of Venezuela (“MEM”), pursuant to Venezuelan mining law, under which the Company was granted the exclusive right to explore, develop and exploit the Las Cristinas 4, 5, 6 and 7 properties including the processing of gold for its subsequent commercialization and sale.

The aggregate costs incurred by the Company to September 30, 2008 are summarized as follows:

	Cash	Non-cash	Total
Plant and equipment	\$ 110,604	\$ -	\$ 110,604
Exploration, development and related expenses	142,683	5,732	148,415
Property payment and finders’ fees	24,978	11,192	36,170
Future income taxes	-	34,905	34,905
Stock-based compensation	-	1,552	1,552
	\$ 278,265	\$ 53,381	\$ 331,646

Crystallex International Corporation

Notes to the Consolidated Financial Statements - Unaudited

September 30, 2008

(In thousands of United States dollars except for share and per share amounts)

6. Notes payable

In conjunction with a Unit offering on December 23, 2004, the Company issued \$100,000 principal amount senior unsecured notes (the "Notes") with a coupon rate of 9.375%, due on December 23, 2011 for net proceeds of \$75,015 after expenses and equity allocation. Interest is payable semi-annually on January 15 and July 15 of each year, beginning July 15, 2005. The Company may redeem the Notes, in whole or in part, at any time after December 31, 2008 at a redemption price of between 100% and 102% of the principal amounts of the Notes, depending on the redemption date, plus accrued and unpaid interest and additional interest, if any, to the date of the redemption. In addition, the Company may be required to redeem the Notes for cash under certain circumstances, such as a change in control in the Company or where the Company ceases to beneficially own, directly or indirectly, at least a majority interest in the Las Cristinas Project; or the Company may redeem the Notes, in whole but not in part, for cash at its option under certain circumstances, such as a change in the applicable Canadian withholding tax legislation.

The initial carrying value of the Notes was derived from a financial offering that contained both a liability and equity component. As a result, the equity component was allocated based on the fair value of the shares issued with the Unit offering, calculated at \$21,450 with \$78,550 being the discounted fair value of the Notes. The discounted fair value of the Notes, net of expenses of \$3,535, is accreted up to the face value of the Notes using the effective interest rate method over its seven year term, with the resulting charge recorded to interest expense.

Interest accretion

Interest accretion of \$2,566 on the Notes was expensed during the nine month period ended September 30, 2008 (2007 - \$2,362) as a component of interest expense.

Fair value of debt

The fair value of the debt is approximately \$50,000 (2007 - \$82,000), calculated using a discounted cash flow methodology. The methodology uses the risk-free interest rate and the Company's credit spread as inputs. The Company's credit spread is an unobservable input as there is limited trading of the Company's debt in the market. The Company has estimated its credit spread by taking into account several factors including general credit conditions, company specific news, the movement of the Company's stock, and the limited trading activities of the Company's debt.

7. Share capital

	September 30 2008	December 31 2007
Authorized		
Unlimited common shares, without par value		
Unlimited Class "A" preference shares, no par value		
Unlimited Class "B" preference shares, no par value		
Issued		
294,817,719 (2007 - 261,659,072) common shares	\$ 561,751	\$ 503,489

Crystallex International Corporation**Notes to the Consolidated Financial Statements - Unaudited****September 30, 2008****(In thousands of United States dollars except for share and per share amounts)****7. Share capital (continued)***Warrants*

As at September 30, 2008 common share purchase warrants were outstanding enabling the holders to acquire common shares as follows:

Exercise Price	Number of warrants (thousands)	Weighted average remaining contractual life (years)
\$2.83 (CDN \$3.00)	16,445 ¹	-
\$4.25	12,250 ²	-
	28,695	

1. These warrants expire on the later of: (i) August 11, 2009; and (ii) six months following the date which is 45 days following the receipt of the Permit for the Company's Las Cristinas project.
2. These warrants become exercisable for an eighteen month period commencing on the date which is 45 days following the receipt of the Permit for the Company's Las Cristinas project.

A summary of common share purchase warrants outstanding as at September 30 and changes during each of the nine month periods then ended is as follows:

	Nine months ended September 30, 2008		Nine months ended September 30, 2007	
	Number of warrants (thousands)	Weighted average exercise price (\$)	Number of warrants (thousands)	Weighted average exercise price (\$)
Balance – beginning of period	18,186	4.25	18,688	4.01
Granted	16,445	2.83	-	-
Exercised	-	-	(502)	1.76
Expired	(5,936)	4.17	-	-
Balance – end of period	28,695	3.44	18,186	4.17

Stock options

The Company has an Incentive Share Option Plan (the "Old Plan") that provides for the granting of options to executive officers, directors, employees and service providers of the Company. Under the Plan, the exercise price of each option cannot be less than the closing price of the Company's common shares on the Toronto Stock Exchange, on the trading day immediately preceding the date of the grant. Stock options granted to service providers and employees, executive officers, and directors have a life of two, five and ten years, respectively. Stock options may vest immediately, or over periods ranging from one year to three years. In June 2007 the shareholders of the Company approved amendments to the Plan whereby the Board of Directors may permit an optionee to elect to receive without payment by the optionee of any additional consideration, common shares equal to the value of options surrendered. Effective June 25, 2008, the Company is not permitted to grant additional stock options under the Plan without shareholders' approval.

Crystallex International Corporation**Notes to the Consolidated Financial Statements - Unaudited****September 30, 2008****(In thousands of United States dollars except for share and per share amounts)****7. Share capital (continued)**

The Company has arranged for a special meeting of shareholders to approve a New Incentive Share Option Plan (the "New Plan") which would have similar characteristics as the Old Plan except for a fixed 15,000,000 options available for future grants. The Company will also seek shareholders' approval for 4,619,000 granted on August 22, 2008 under the proposed New Plan with an exercise price of \$1.10 and expiring from five to ten years.

The Company determines the fair value of the employee stock options using the Black-Scholes option pricing model. The estimated fair value of the options is expensed over their respective vesting periods. The fair value of stock options granted was determined using the following weighted average assumptions for options granted during the nine month period ended September 30, 2007. No options were granted during the nine month period ended September 30, 2008 (September 30, 2007 – 1,489,504), except for the 4,619,000 granted on August 22, 2008 which is subject to shareholders' approval.

	Nine months ended September 30	
	2008	2007
Risk free interest rate	-	4.0%
Expected life (years)	-	3.0
Expected volatility over expected life	-	108%
Expected dividend rate	-	0%

The fair value compensation recorded for options that have vested for the nine month period ended September 30, 2008 was \$423 (2007 - \$3,538) of which \$395 (2007 - \$2,120) was expensed and \$28 (2007 - \$1,418) was capitalized to mineral properties.

	Nine months ended September 30	
	2008	2007
Weighted average fair value of options granted during the period	\$ -	\$ 2.87

As at September 30, 2008 stock options were outstanding enabling the holders to acquire common shares as follows:

Range of exercise price (CDN\$)	Number of options (thousands)	<u>Outstanding options</u>		<u>Exercisable options</u>	
		Weighted average contractual life (years)	Weighted average exercise price (CDN\$)	Number exercisable (thousands)	Weighted average exercise price (CDN\$)
\$1.00 to \$1.50	273	2.25	\$ 1.37	273	\$ 1.37
\$1.75 to \$2.60	3,849	2.94	2.23	3,785	2.23
\$2.65 to \$3.60	3,714	4.27	3.11	3,692	3.11
\$4.00 to \$4.65	3,150	4.42	4.34	2,765	4.29
	10,986	3.80	\$ 3.12	10,515	\$ 3.07

Crystallex International Corporation**Notes to the Consolidated Financial Statements - Unaudited****September 30, 2008****(In thousands of United States dollars except for share and per share amounts)****7. Share capital (continued)**

A summary of the status of the Plan as at September 30 and changes during each of the nine month periods then ended is as follows:

	Nine months ended September 30, 2008		Nine months ended September 30, 2007	
	Number of options (thousands)	Weighted average exercise price (CDN\$)	Number of options (thousands)	Weighted average exercise price (CDN\$)
Balance – beginning of period	12,527	\$ 3.04	11,394	\$ 2.80
Granted	-	-	1,490	4.23
Exercised	(96)	1.90	(862)	1.35
Expired or forfeited	(1,445)	2.41	(67)	3.79
Balance - end of period	10,986	\$ 3.14	11,955	\$ 3.07

Financing Transactions*Fiscal 2008 Activity*

On February 11, 2008, the Company completed a public offering of 32.89 million units at CDN\$2.10 per unit for gross proceeds of CDN\$69.1 million.

Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase a further common share of the Company at an exercise price of CDN\$3.00 for a period expiring on the later of: (i) August 11, 2009; and (ii) six months following the Permit date, where the Permit date is the 45th day following the receipt by the Company of the Permit.

The net proceeds received by the Company, after considering issuance costs of \$4.6 million, was \$64.1 million. The issuance costs were allocated proportionately to the amounts recorded as share capital of \$57.7 million and contributed surplus of \$6.4 million.

8. Supplemental disclosures with respect to cash flows

	September 30 2008	December 31 2007
Cash and cash equivalents consist of:		
Cash	\$ 3,002	\$ 2,157
US Treasury Bills with interest rate of 1.15%	41,576	-
Canadian Treasury Bills with interest rate of 2.05%	-	13,908
	\$ 44,578	\$ 16,065

Cash paid during the nine month periods ended September 30

	2008	2007
For interest	\$ 9,375	\$ 9,459
For income taxes	\$ 185	\$ 340

Crystallex International Corporation**Notes to the Consolidated Financial Statements - Unaudited****September 30, 2008****(In thousands of United States dollars except for share and per share amounts)****8. Supplemental disclosures with respect to cash flows (continued)***Investment in property, plant and equipment for the nine month periods ended September 30*

	2008	2007
		Restated (Note 11)
Net book value of property, plant and equipment January 1	\$ 317,179	\$ 283,407
Net book value of property, plant and equipment September 30	331,672	309,506
Net additions to property, plant and equipment during the period ended September 30	(14,493)	(26,099)
Capitalization of stock compensation	28	1,418
Future income taxes	2,902	3,400
Amortization	(51)	(63)
Net book value of equipment sold	(4,288)	-
Net additions to property, plant and equipment during the period ended September 30	(15,902)	(21,344)
Changes in working capital related to property, plant and equipment acquisitions	(1,127)	(105)
	\$ (17,029)	\$ (21,449)

Issuance of common shares for cash for the nine month periods ended September 30

	2008	2007
Cash received from:		
Public offering	\$ 64,144	\$ 50,701
Exercise of options	182	1,205
Exercise of warrants	-	881
	\$ 64,326	\$ 52,787

Significant non-cash transactions for the nine month periods ended September 30

	2008	2007
Issuance of common shares for:		
Settlement of promissory note, 460,900 common shares	\$ -	\$ 1,800
Directors' fees, 172,489 (2007: 38,508) common shares	\$ 254	\$ 148

Crystallex International Corporation

Notes to the Consolidated Financial Statements - Unaudited

September 30, 2008

(In thousands of United States dollars except for share and per share amounts)

9. Segmented information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector. Due to geographic and political diversity, the Company's mining operations are decentralized, whereby mine general managers are responsible for business results and regional corporate offices provide support to the mines in addressing local and regional issues. The Company's operations are therefore segmented on a district basis. The Company's only product is gold, produced from mines located in Venezuela.

The segments' accounting policies are the same as those described in the summary of significant accounting policies except that other expense items are not allocated to the individual operating segments when determining profit or loss, but rather are attributed to the corporate office.

Geographic information:

Substantially all revenues generated and property, plant and equipment held by the Company are in Venezuela, except for long-lead time equipment required for the development of Las Cristinas, of which significant amounts are located temporarily in Houston, U.S.A., Antwerp, Belgium and Cape Town, South Africa.

	Canada	Las Cristinas Development	Discontinued Operations	Total
Three months ended September 30, 2008				
Amortization	\$ (10)	\$ -	\$ -	\$ (10)
Interest and other income	\$ 153	\$ -	\$ -	\$ 153
Interest expense	\$ (3,233)	\$ -	\$ -	\$ (3,233)
Gain on equipment sale	\$ 115	\$ -	\$ -	\$ 115
Segment income (loss)	\$ (4,667)	\$ 3,054	\$ (5,960)	\$ (7,573)
Segment assets	\$ 43,457	\$ 335,098	\$ 2,865	\$ 381,420
Capital expenditures	\$ -	\$ (4,298)	\$ -	\$ (4,298)
Three months ended September 30, 2007				
Amortization	\$ (21)	\$ -	\$ -	\$ (21)
Interest and other income	\$ 310	\$ -	\$ -	\$ 310
Interest expense	\$ (3,141)	\$ -	\$ -	\$ (3,141)
Segment income (loss) - Restated	\$ (7,292)	\$ 2,335	\$ (1,765)	\$ (6,722)
Segment assets - Restated	\$ 25,058	\$ 310,950	\$ 5,471	\$ 341,479
Capital expenditures	\$ -	\$ (5,613)	\$ -	\$ (5,613)

Crystallex International Corporation**Notes to the Consolidated Financial Statements - Unaudited****September 30, 2008****(In thousands of United States dollars except for share and per share amounts)****9. Segmented information (continued)**

	Canada	Las Cristinas Development	Discontinued Operations	Total
Nine months ended September 30, 2008				
Amortization	\$ (51)	\$ -	\$ -	\$ (51)
Interest and other income	\$ 553	\$ -	\$ -	\$ 553
Interest expense	\$ (9,597)	\$ -	\$ -	\$ (9,597)
Gain on equipment sale	\$ 115	\$ 1,636	\$ -	\$ 1,751
Segment income (loss)	\$ (17,780)	\$ (7,484)	\$ (3,506)	\$ (28,770)
Segment assets	\$ 43,457	\$ 335,098	\$ 2,865	\$ 381,420
Capital expenditures	\$ -	\$ (17,029)	\$ -	\$ (17,029)
Nine months ended September 30, 2007				
Amortization	\$ (63)	\$ -	\$ -	\$ (63)
Interest and other income	\$ 934	\$ -	\$ -	\$ 934
Interest expense	\$ (9,466)	\$ -	\$ -	\$ (9,466)
Segment income (loss) - Restated	\$ (25,325)	\$ 12,264	\$ (8,603)	\$ (21,664)
Segment assets - Restated	\$ 25,058	\$ 310,950	\$ 5,471	\$ 341,479
Capital expenditures	\$ -	\$ (21,449)	\$ -	\$ (21,449)

10. Related party and other transactions

During the nine month period ended September 30, 2008, the Company paid underwriting fees of \$2,779 (2007: \$3,371) to a company which retains the Chairman of the Company as an employee.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties. These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

11. Restatement of prior period due to future income taxes

In 2007, the Company reviewed its accounting practices in respect of certain expenditures made in connection with its Venezuela Branch but funded by its Canadian parent entity with respect to Las Cristinas. The Company determined that such expenditures, previously treated as deductible for tax purposes, that have been capitalized in the Canadian parent entity are unlikely to be deductible either in Venezuela or in Canada thereby creating a difference between their accounting and tax values. The resulting future tax liability is subject to foreign exchange translation gains and losses at each reporting period when it is re-valued into US dollars.

Crystallex International Corporation**Notes to the Consolidated Financial Statements - Unaudited****September 30, 2008****(In thousands of United States dollars except for share and per share amounts)****11. Restatement of prior period due to future income taxes (continued)**

The following table summarizes information relating to the restatement of the nine month period ended September 30, 2007 as a result of this review:

Cumulative non-deductible expenditures	\$	58,919
Related future income tax liability	\$	30,352
Capitalized to mineral properties during the period	\$	3,400
Unrealized foreign currency translation gains – three months ended September 30, 2007	\$	2,534
– nine months ended September 30, 2007	\$	13,366
Unrealized foreign currency translation gains		
Fiscal 2005	\$	1,442
Fiscal 2004		1,996
Cumulative effect on opening deficit	\$	3,438

	As at September 30, 2007		
	As previously reported	Adjustment	As restated
Property, plant and equipment	\$ 279,154	\$ 30,352	\$ 309,506
Future income tax liabilities	\$ -	\$ 13,548	\$ 13,548
Opening deficit	\$ (287,152)	\$ 3,438	\$ (283,714)
Net loss for the period	(35,031)	13,366	(21,665)
Deficit, end of period	\$ (322,183)	\$ 16,804	\$ (305,379)

The estimated future income taxes represent a net accounting entry derived from the current lack of deductibility in the Venezuela Branch of certain expenditures related to Las Cristinas which were funded by the parent Company in Canada. These costs will be amortized for accounting purposes but may not be for income tax purposes. Accordingly, the future income taxes represent an undiscounted estimate of the tax effect of this difference, and therefore are not payable at the present.