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# Crystallex Reports Third Quarter 2004 Results

**TORONTO, ONTARIO, November 10, 2004 – Crystallex International Corporation (TSX: KRY) (Amex: KRY)** today reported financial results of the Company for the third quarter ending September 30, 2004. All dollar figures are in US Dollars unless otherwise indicated.

Commenting on the Company's progress, Todd Bruce, President and Chief Executive Officer of Crystallex said, "Earlier this year, we made investments in our exploration and development programs in Venezuela and we're very pleased with the progress we are making and returns on those investments. The 25% increase in the Las Cristinas gold reserves from 10.2 million ounces (246 million tonnes at 1.29 g/t at a gold price of US$325) to 12.8 million ounces (333 million tonnes at 1.20 g/t at a gold price of US$350) based on an infill drilling program costing some US$ 750,000 is a solid example of our progress (Crystallex News Release dated 9th of November, 2004)." Mr. Bruce continued, "We are equally encouraged with the permitting progress for Las Cristinas and the ongoing support from our partner Corporacion Venezolana de Guayana ("CVG") and the local communities. The confirmation of the prerequisite *"Land use Permit"* (Crystallex News Release dated 4th August, 2004), reflects the building momentum for the development and successful operation of Las Cristinas project once the second, and final, permit, the permit to impact the environment is received..

"To that end, we have hired the Las Cristinas General Manager, and the critical operational department heads, the Manager, Mining, the Manager, Processing, the Superintendent of Mine Maintenance and the Superintendent, Electrical and Instrumentation. The department heads have been brought up to Toronto and incorporated in the Las Cristinas design team at SNC Lavalin's offices as we seek to pre-emptively eliminate the risk area with which many emerging producers struggle being the transition from designing and building a project to operating it. In August 2004 (Crystallex News Release dated 17th of August, 2004) we successfully negotiated the critical risk transition from feasibility study capital cost estimates to a Control Budget Capital Cost. The Control Budget process not only restricted non-discretionary cost increases to 4.9 % but provided us with the opportunity to materially enhance the project by reducing total cash operating costs and by further increasing the project's already robust rate of return. To date, a significant amount of preparatory work for the development of Cristinas has already been done, including the commitment of US$80 million in equipment orders and contracts."

## Management's Discussion and Analysis
## For the Nine Month Period Ended September 30, 2004
## (All dollar amounts in US dollars, unless otherwise stated)

The following Management's Discussion and Analysis (MD&A) of the unaudited financial condition and results of the operations of Crystallex International Corporation (Crystallex or the Company) for the third quarter and first nine months of 2004 should be read in conjunction with the MD&A for the year ended December 31, 2003, the Company's annual audited financial statements, the notes relating thereto and the quarterly unaudited financial statements and notes included in this report. The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). Effective January 1, 2004, the

Company prepares and files its unaudited consolidated financial statements and MD&A in United States dollars. This MD&A has been prepared as of November 5, 2004.

**Highlights**

- Las Cristinas detailed engineering 38% completed by quarter end.
- One-third of purchase orders and service contracts representing commitments of $80 million have been awarded for Las Cristinas development.
- Settled gold sales contracts of 40,000 ounces during the third quarter. Committed gold sales contracts reduced to 194,475 ounces at the end of the third quarter.
- Net loss for the quarter of $9.4 million, inclusive of a $5.2 million non cash commodity contract loss.

**Key Statistics**

| | Three months ended Sept. 30, | | Nine months ended Sept. 30, | |
|---|---|---|---|---|
| | **2004** | 2003 | **2004** | 2003 |
| **Operating Statistics** | | | | |
| Gold Production (ounces) | **11,745** | 9,120 | **35,573** | 20,007 |
| Gold Sold (ounces) | **14,054** | 8,005 | **37,828** | 18,657 |
| Per Ounce Data: | | | | |
| Total Cash Cost [1] | **$349** | $329 | **$334** | $356 |
| Average Realized Gold Price | **$401** | $351 | **$402** | $358 |
| Average Spot Gold Price | **$401** | $363 | **$401** | $354 |
| | | | | |
| **Financial Results ($ thousands)** | | | | |
| Revenues | **$5,632** | $2,809 | **$15,209** | $6,675 |
| Net Loss | **($9,441)** | ($24,322) | **($12,582)** | ($23,415) |
| Net Loss per Basic Share | **($.05)** | ($0.21) | **($0.07)** | ($0.23) |
| Cash Flow from Operating Activities[2] | **$(593)** | ($659) | **($20,216)** | ($8,692) |
| Weighted Average Common Shares Outstanding - Basic (millions) | **180.2** | 116.2 | **168.7** | 103.1 |

| **Financial Position ($ thousands)** | At Sept. 30, **2004** | At Dec. 31, 2003 |
|---|---|---|
| Cash and Equivalents | **$64,946** | $26,204 |
| Total Debt | **$6,458** | $7,488 |
| Shareholders' Equity | **$162,593** | $78,998 |

[1] For an explanation, refer to the section on Non-GAAP measures. The calculation is based on ounces of gold sold, not ounces produced.
[2] Cash flow after working capital changes and before capital expenditures.

**Financial Results Overview**

**Third Quarter Ended September 30, 2004**

Revenue for the third quarter ended September 30, 2004 doubled to $5.6 million, as compared with $2.8 million for the prior-year quarter. The increase in revenue was attributable to producing and selling more ounces of gold and also realizing a higher average gold price. The Company sold 14,054 ounces of gold at a realized price of $401 per ounce during the third quarter of 2004, compared with sales of 8,005 ounces at an average realized price of $351 per ounce in the prior year quarter. The higher realized price reflects higher spot gold prices during the third quarter. The spot gold price averaged $401 per ounce in the third quarter of 2004, as compared with $363 per ounce for the same period in 2003. Although gold production was higher than the comparable quarter in 2003, unit operating costs increased as a result of higher stripping ratios at the Tomi open pit mines.

For the three months ended September 30, 2004, Crystallex recorded a net loss of $9.4 million or $0.05 per share, compared to a net loss of $24.3 million, or $0.21 per share for the year-earlier period. The Company's earnings in the third quarter of 2004 included an unrealized commodity contract loss of $5.2 million. The loss in the prior-year period included an unrealized commodity contract loss of $14.1 million and a foreign exchange loss of $2.6 million.

Cash flow from operating activities (before capital expenditures) for the third quarter of 2004 was a deficit $0.6 million as compared with a deficit of $0.7 million for the comparable quarter in 2003. Cash flow for the quarter was impacted by an agreement to maintain cash of $2.5 million on deposit with a gold sales contract counterparty.

**Nine Months Ended September 30, 2004**

Revenue of $15.2 million for the first nine months of 2004 was significantly higher than $6.7 million of revenue in the prior-year. The increase was attributable to selling approximately double the ounces of gold and realizing higher gold prices. In the first nine months of 2004, the Company sold 37,828 ounces of gold at an average realized price of $402 per ounce, while during the same period in 2003, 18,657 ounces of gold were sold at an average realized price of $358 per ounce. The average spot gold price during the first nine months of 2004 was $401 per ounce, as compared with $354 per ounce for the prior-year period.

For the first three quarters of 2004, Crystallex recorded a net loss of $12.6 million, or $0.07 per share, compared with a net loss of $23.4 million or $0.23 per share for the corresponding period in 2003. The net loss for the first nine months of 2004 includes a commodity contract gain of $6.5 million and a stock option based compensation charge of $3.6 million. Net loss for the prior year period included a commodity contract loss of $9.8 million.

Operating cash flow was a deficit of $20.2 million for the first nine months of 2004, as compared with a deficit of $8.7 million for the comparable period in 2003. Cash flow in the first three quarters of 2004 was impacted by expenditures of $11.3 million to financially settle gold sales commitments and $10.7 million of general and administrative expenses, which were $2.9 million higher than the prior-year period as the Company continued to build its operating infrastructure.

**Project Development and Operations Review**

**Las Cristinas**

Engineering design and procurement work advanced during the third quarter. Principal activities during the quarter included:

- Capital expenditures of $15.0 million.
- At the quarter end engineering was 38% complete.
- Procurement of equipment and awarding of service contracts is ongoing. At quarter end, 56 of a total of 165 purchase orders and service contracts had been awarded.
- Construction activities at site included:
    - SNCL established a construction management office in Puerto Ordaz.
    - SODEXHO, the camp operator and caterer, initiated the rehabilitation of the existing camp and dining hall.
    - Work continued on extending the existing airstrip at site from 545 metres to 825 metres.
    - The site offices are nearing completion and SNCL is expected to set up in the offices in November.

- The earthworks contractor for the access road and river diversion channel has commenced limited activities including surveying and mobilization of some equipment. Full mobilization will commence upon receipt of the final permit.

- Project recruiting continues and by quarter end, most senior positions were filled, including Mining Operations Manager, Process Manager, Controller, Environmental Manager and Community and Government Relations Manager. In addition, the Electrical and Instrumentation and Mine Maintenance Superintendents have been recruited.
- An Environmental Supervision Plan was completed and submitted to the Ministry of Environment and Natural Resources, (MARN).
- Work on additional environmental studies progressed:
  - Proconsult of Venezuela recently completed a Socio Economic Impact Study report for Las Cristinas. The report serves as an update to the socio-economic section of the Environmental Impact Statement (EIS) submitted to MARN in April.
  - SNCL is completing reports on the results of geotechnical and hydrogeological field programs which were completed in the second quarter. The geotechnical drilling was undertaken to establish subsurface conditions and design parameters for detailed engineering and construction of the project. The hydrogeological drilling was undertaken to assist in determining and monitoring below surface water flows and allow for design pumping rates during mining.
- The Project Schedule was updated during the quarter. The revised schedule, based on final permitting by the end of 2004, forecasts commercial production during the second quarter of 2006.

**Production**

| | Three months ended Sept. 30, | | Nine months ended Sept. 30, | |
|---|---|---|---|---|
| **Gold Production (ounces)** | **2004** | 2003 | **2004** | 2003 |
| La Victoria | **544** | 986 | **544** | 5,564 |
| Tomi Open Pits | **8,052** | 7,028 | **28,057** | 11,195 |
| Tomi Underground | **1,738** | 454 | **3,926** | 1,028 |
| Purchased Material | **1,411** | 652 | **3,046** | 2,220 |
| **Total Gold Production (ounces)** | **11,745** | 9,120 | **35,573** | 20,007 |

| **Revemin Mill**[1] | Three months ended Sept. 30, | | Nine months ended Sept. 30, | |
|---|---|---|---|---|
| 100% Basis | **2004** | 2003 | **2004** | 2003 |
| **Total Ore Processed (tonnes)** | **110,415** | 108,000 | **335,288** | 249,000 |
| **Head Grade of Ore Processed (g/t)** | **3.55** | 3.22 | **3.58** | 3.15 |
| **Total Recovery Rate (%)** | **93%** | 82% | **92%** | 79% |
| **Total Recovered (ounces)** | **11,745** | 9,120 | **35,573** | 20,007 |
| **Total Cash Cost Per Ounce Sold** | **$349** | $329 | **$334** | $356 |

[1] Ore from Tomi, La Victoria and purchased material is processed at the Company's Revemin mill.

The Company achieved a third consecutive quarter of producing almost 12,000 ounces of gold. This compares favourably to a quarterly average of less than 7,000 ounces for the first three quarters of 2003. Third quarter 2004 gold production of 11,745 ounces was largely unchanged from the second quarter. Almost 70% of gold production in the third quarter was from two open pit mines on the Tomi concession, while the Tomi underground mine contributed approximately 15%.

Third quarter and nine months 2004 production figures of 11,745 ounces and 35,573 ounces respectively, were markedly improved over production of 9,120 ounces and 20,007 ounces for the comparable periods in 2003. The production gains are attributable to improvements in mine equipment availability and utilization, as well as higher gold grades and recoveries. Improved availability in mine equipment in 2004, as compared with the first three quarters of 2003 provided for a steady supply of ore to the Revemin mill and allowed the mill to operate near capacity. Revemin processed thirty five percent more ore in the first nine months of 2004 than in the same period in 2003. Additionally, in the first nine months of 2004, gold recovery averaged 92% and the average grade of ore processed was 3.58 g/t, while in the same period in 2003 gold recovery averaged 79% and the average grade was 3.15 g/t. The grade and recovery improvements are due to processing ore almost entirely from the Tomi concession in 2004, which is higher grade ore and does not have the refractory characteristics of the La Victoria ore. La Victoria accounted for over one third of the ore processed in the first nine months of 2003 and, on average, the ore grade was 2.84 g/t and gold recovery was 68%.

**Tomi**

| | Three months ended Sept. 30, | | Nine months ended Sept. 30, | |
|---|---|---|---|---|
| 100% Basis | **2004** | 2003 | **2004** | 2003 |
| **Tomi Open Pits (100% Crystallex)** | | | | |
| Tonnes Ore Mined | **67,624** | 110,000 | **265,226** | 156,000 |
| Tonnes Waste Mined | **540,694** | 264,000 | **2,076,309** | 367,000 |
| Tonnes Ore Processed | **84,637** | 82,000 | **278,548** | 134,000 |
| Average Grade of Ore Processed (g/t) | **3.21** | 3.11 | **3.41** | 3.10 |
| Recovery Rate (%) | **92%** | 86% | **92%** | 84% |
| Production (ounces) | **8,052** | 7,028 | **28,057** | 11,195 |
| **Tomi Underground (100% Crystallex)** | | | | |
| Tonnes Ore Mined | **8,940** | 2,000 | **19,544** | 7,000 |
| Tonnes Ore Processed | **9,249** | 2,200 | **19,925** | 6,000 |
| Average Grade of Ore Processed (g/t) | **6.21** | 6.94 | **6.52** | 6.12 |
| Recovery Rate (%) | **94%** | 93% | **94%** | 91% |
| Production (ounces) | **1,738** | 454 | **3,926** | 1,028 |

The Tomi concession accounted for 9,790 ounces, or 85%, of total gold production during the third quarter of 2004. Of this, 8,052 ounces were from the two open pit mines and the balance from the underground mine. Production from the open pit mines is expected to continue until the fourth quarter of 2005. An exploration drilling program is planned for 2005 to test for mineralization below the Mackenzie and Milagrito pit floors.

The Tomi underground mine produced 3,926 ounces of gold for the first nine months of 2004, as compared with 1,028 for the same period in 2003. The increase in production is due to ramping up the operation to full production levels, which are expected to be achieved in early 2005.

**La Victoria**

| | Three months ended Sept. 30, | | Nine months ended Sept. 30, | |
|---|---|---|---|---|
| 100% Basis | **2004** | 2003 | **2004** | 2003 |
| **La Victoria (51% Crystallex)[1]** | | | | |
| Tonnes Ore Mined | **11,852** | 20,000 | **11,852** | 86,000 |
| Tonnes Waste Mined | **100,753** | 58,000 | **243,383** | 391,000 |
| Tonnes Ore Processed | **7,380** | 19,000 | **7,380** | 89,000 |
| Average Grade of Ore Processed (g/t) | **2.52** | 3.01 | **2.52** | 2.84 |
| Recovery Rate (%) | **91%** | 54% | **91%** | 68% |
| Production (ounces) | **544** | 986 | **544** | 5,564 |

[1] Crystallex owns 100% of El Callao Mining Corp, which in turn has an indirect 51% equity interest in La Victoria through the Venezuelan holding company, Osmin Holdings Limited. Crystallex has a 75% share of the cashflow until the total debt from Osmin due indirectly to Crystallex (approximately $24.5 million at September 30, 2004) is fully repaid and a 51% share thereafter. Presently, there is no distributable cashflow, and Crystallex reports all production and reserves for its account.

A Bio-Oxidation (BIOX) pilot plant was established at Goldfields in South Africa to confirm the amenability of the refractory La Victoria ore to the BIOX process. Previous bench scale testing indicate that gold recovery from the refractory ore can be improved from approximately 60% using conventional cyanidation to 88% when pre-treated with the BIOX process. Pilot plant results to date are consistent with the bench scale results. In addition to the BIOX pilot plant testwork, the Company completed an infill drill program of approximately 8,600 meters, (61 drill holes) at La Victoria. Results will be incorporated in the Pre-Feasibility Study (see below) which is scheduled for completion in the first quarter of 2005.

Crystallex has engaged Micon International to prepare a Pre-Feasibility Study of the La Victoria deposit based on construction of a BIOX plant at the Revemin mill to treat the La Victoria refractory ore. A number of other consulting engineering firms are contributing to the Pre-Feasibility Study. Mine Development Associates of Reno, Nevada has been engaged to update the La Victoria resource model, calculate a new reserve estimate and develop mine plans. Goldfields, Hatch Associates and John Goode and Associates are undertaking the metallurgy and processing sections of the Pre-Feasibility Study. The Pre-Feasibility Study, including an economic evaluation is scheduled for completion by January 2005. The decision to upgrade to a Pre-Feasibility level of confidence resulted in the completion being moved out to early 2005.

**Income Statement**

**Revenue**

For the third quarter of 2004, revenue totalled $5.6 million, as compared with $2.8 million for the comparable period in 2003. Gold sales in the third quarter of 2004 were 14,054 ounces compared with 8,005 ounces sold during the corresponding quarter of 2003. The sales increase was due to higher gold production as described in the Operations Review section of this MD&A. Crystallex receives the spot price for its gold sales and realized an average price of $401 per ounce on gold sales in the third quarter of 2004, which was equal to the average spot price for the quarter.

Revenue in the first nine months of 2004 was $15.2 million, approximately 125% higher than revenue of $6.7 million for the prior year period. The increase was due to doubling the number of ounces of gold sold and an increase of approximately 13% in the realized gold price. The Company sold 37,828 ounces of gold during the first nine months of the year as compared with 18,657 ounces sold during the comparable period in 2003. For the first nine months of 2004, Crystallex realized $401 per ounce as compared to an average realized price of $354 per ounce in the comparable period in 2003.

**Operating Expenses**

Operating costs were $4.9 million in the third quarter of 2004 compared to $2.6 million incurred in the corresponding quarter of 2003. For the nine month period, operating costs were $12.6 million in 2004 as compared with $6.6 million in 2003. Costs for the first nine months of 2004 are higher than the comparable period in 2003 due to a substantial increase in mining and processing activity as described in the Operations Review section of this MD&A. Total material mined at the open pit mines increased by 160%, from approximately 1.0 million tonnes in the first nine months of 2003 to 2.6 million tonnes during the same period in 2004. In addition, tonnes processed were 35% higher, increasing from 250,000 tonnes for nine months of 2003 to 335,000 tonnes for the comparable period in 2004.

On a unit cost basis, total cash costs were $349 per ounce of gold sold during the third quarter and $334 per ounce for the first nine months of 2004. Cash costs for the comparable periods in 2003 were $329 per ounce and $356 per ounce respectively. The unit costs in 2004 were impacted by the significant waste stripping required at the Tomi open pit mines. For the first nine months of 2004, the strip ratio (ratio of waste to ore mined) averaged 7.8 for the two open pit mines on the Tomi concession. Unit costs for the first nine months of 2004 were lower than the comparable period in 2003 as the 2003 costs reflect the impact of insufficient ore feed to the mill and low gold recovery from the La Victoria ore.

**General and Administrative Expenses**

General and Administrative expenses were $2.5 million for the third quarter of 2004, compared with $4.2 million for the corresponding quarter in 2003. The third quarter of 2003 included $2.5 million for annual contractual and discretionary bonus payments. Excluding these items, general and administrative expenses in the third quarter of 2003 were $1.7 million.

For the first nine months of 2004, general and administrative expenses were $10.7 million, as compared with $7.8 million for the same period in 2003. Higher expenditures in 2004 are due principally to increased legal and professional fees largely related to ongoing corporate structuring and financing work for Las Cristinas. In addition, increased travel and higher compensation expenses attributable to staffing additions during the first half of 2004 contributed to the higher general and administrative expenses.

**Forward Sales and Written Call Options**

Crystallex's objective is to eliminate its existing gold sales commitments. To that end, by September 30, 2004, the Company had reduced its gold contracts by over 40% or 155,550 ounces, since the beginning of the year. During the third quarter of 2004, a total of 40,000 ounces of forward sales and call options were settled financially. At quarter end, 194,475 ounces remained committed under forward sales and call option contracts. For the first three quarters of 2004, the Company expended cash of $11.3 million to financially settle gold contracts. Additionally, the third quarter contracts of 40,000 ounces were almost entirely settled with a $3.96 million cumulative gain arising from the final disposition of the Company's common shares which, in prior years, were used to repay the Company's debt with Standard Bank, (refer to Note 7 of the September 30, 2004 interim unaudited Consolidated Financial Statements).

At September 30, 2004, the Company's gold contract position totalled 194,475 ounces, comprised of 97,543 ounces of fixed forward contracts and 96,932 ounces of call options. The average contract price is US$307 per ounce.

| | **2004** | **2005** | **2006** | **Total** |
|---|---|---|---|---|
| Fixed Forward Gold Sales (ounces) | 15,117 | 42,430 | 39,996 | 97,543 |
| Average Price (US$/ounce) | $300 | $305 | $310 | $306 |
| Written Gold Call Options (ounces) | 0 | 94,932 | 2,000 | 96,932 |
| Average Exercise Price (US$/ounce) | n/a | $308 | $348 | $309 |
| **Total (ounces)** | **15,117** | **137,362** | **41,996** | **194,475** |
| **Average Price (US$/ounce)** | **$300** | **$307** | **$312** | **$307** |

*Accounting for Derivative Instruments*

The Company's existing forward sales and call options are designated as derivatives so they do not qualify for the normal sales exemption, (or hedge accounting) for accounting treatment. The Company's metal trading contracts are recorded on the Balance Sheet at their mark-to-market value. Crystallex has no off-balance sheet gold contracts. Changes in the mark-to-market value of derivatives recorded on the Balance Sheet are recorded in earnings as an unrealized commodity contract gain (loss) in the Statement of Operations. The gains and losses occur as a result of changes in commodity prices and interest rates.

The variation in the mark-to-market value of options and forwards from period to period can cause significant volatility in earnings. The commodity contract gain (loss) for the first nine months of 2004 was $6.4 million. This included an unrealized gain of $17.7 million partially offset by a realized loss of $11.3 million. The unrealized gain represents the reduction in the mark-to-market value of the Company's gold contract obligations since December

31, 2003, while the realized loss reflects the cash cost during the nine month period of financially settling 155,550 ounces of gold contract obligations.

*Mark-to-Market*

At September 30, 2004, the unrealized mark-to-market value of the Company's gold forward sales and call options, calculated at the quarter end spot price of US$416 per ounce results in an unrealized loss of $22.9 million. This mark-to-market value is recorded on the Balance Sheet as a liability (Commodity Contract Obligation) and represents the replacement value of these contracts based upon the spot gold price at September 30, 2004 and does not represent an obligation for payment. The Company's obligations under the forward sales contracts are to deliver an agreed upon quantity of gold at a predetermined price by the maturity date of the contract, while delivery obligations under the call options sold are contingent upon the price of gold and will take effect if the gold price is above the strike price of the relevant contract at its maturity date and the option is exercised by the option holder.

In circumstances where the Company is unable to meet the obligations under the fixed forward sales or call options, the Company may negotiate with the counterparty to defer the expiry date of the forward sale or call option, or purchase gold in the market, or settle the positions financially. If the Company were to purchase gold in the market or settle financially the contracts, it would result in a reduction of the Company's cash. The table below illustrates the cash requirement if the Company had to financially settle all contract positions in excess of planned production. The analysis assumes the Albino mine is developed on schedule in 2005, but excludes future production from La Victoria and Las Cristinas. It also assumes the Company is unable to roll existing contracts to future periods. The analysis assumes all positions in excess of planned production are required to be settled financially at September 30, 2004 and uses the spot gold price on that day of US$416 per ounce.

| **US$ millions** | **2004** | **2005** | **2006** | **Total** |
|---|---|---|---|---|
| Total ounces Committed | 15,117 | 137,362 | 41,996 | **194,475** |
| Planned Production[2] | 13,000[1] | 60,000 | 50,000 | 123,000 |
| Excess Committed Ounces | 2,117 | 77,362 | nil | 79,479 |
| Average Committed Price (US$/oz) | $300 | $307 | $312 | $307[3] |
| Average Assumed Spot Price (US$/oz) | $416 | $416 | $416 | $416 |
| **Cash Required to Settle Excess Positions** | **$.30** | **$8.4** | **nil** | **$8.7** |

[1] Represents forecast production for the period Oct-December 2004.
[2] Production forecast excludes Las Cristinas.
[3]Represents the average price for the years 2004 and 2005 in which there are excess committed ounces.

The Company cautions readers not to place undue reliance on the projected production figures illustrated above. As noted under "Forward Looking Statements" in the Company's Annual Report, predictions and forecasts involve inherent risks and uncertainties. A number of factors could cause actual results to differ from plans.

**Liquidity and Capital Resources**

Crystallex's principal source of liquidity has been equity financing. The Company does not expect to generate positive operating cashflow (after corporate general and administrative expenses) until the Las Cristinas project is operating at full capacity. Cash balances of $64.9 million at September 30, 2004 are forecast to provide the Company with sufficient liquidity for the balance of 2004. Crystallex forecasts capital requirements in excess of $300 million through to the first half of 2006 to build Las Cristinas, to fund the Company's operating deficit, capital expenditures at the El Callao operations and for debt service. Crystallex intends to fund this overall requirement with existing cash balances and from a combination of limited recourse project debt financing, other forms of public market debt financing, including convertible bonds and mezzanine financing, and equity financing.

**Cash and Equivalents**

Cash and cash equivalents were $64.9 million at September 30, 2004, $38.7 million higher than at December 31, 2003. The change in the cash balance for the first nine months of 2004 is reconciled as follows:

| | | |
|---|---|---|
| Cash at December 31, 2003 | | $26.2 |
| | | |
| Common Share Financing Activities | $91.8 | |
| Proceeds from the sale of San Gregorio | $1.0 | |
| Total Sources of Cash | $92.8 | |
| | | |
| Operating Cash Flow Deficit | ($20.2) | |
| Capital Expenditures | ($32.9) | |
| Debt Service | ($1.0) | |
| Total Uses of Cash | ($54.1) | |
| | | |
| Net Addition to Cash | | $38.7 |
| **Cash at September 30, 2004** | | **$64.9** |

**Cash Flow from Operations**

Cash flow from operations (before capital expenditures) is principally affected by general and administrative expenditures, cash expenditures on reducing the Company's gold sales commitments, the level of gold sales, realized gold prices, cash operating costs, and movements in non-cash working capital. Cash flow from operations was a deficit of $0.6 million for the third quarter of 2004, as compared with a deficit of $0.7 million in the prior year quarter. Positive mine operating cash flow of $0.7 million and increases in working capital accounts were offset principally by $2.5 million of general and administrative expenses and depositing cash of $2.5 million with a gold sales contract counterparty.

Operating cash flow for the first nine months of 2004 was a deficit of $20.2 million, as compared with a deficit of $8.7 million for the same period in 2003. Cash was used principally for settling gold contract positions ($11.3 million) and general and administrative expenditures ($10.7 million). These expenditures were partially offset by $2.6 million in mine operating cash flow (before capital expenditures).

**Investing Activities**

Capital expenditures totalled $19.2 million for the third quarter and $32.9 million for the first nine months of 2004. For the comparable periods in 2003, capital expenditures were $4.5 million and $10.0 million respectively. The quarter and year to date increases are attributable to higher spending on Las Cristinas and, to a lesser extent, on the Tomi underground mine and Revemin mill. Capital expenditures for Las Cristinas totalled $15.0 million during the third quarter and $24.3 million for the first nine months of 2004. Las Cristinas expenditures were incurred for project development under the EPCM contract and also for environmental work, including geotechnical drilling, and legal and professional fees associated with tax structuring and project financing.

Capital expenditures for the third quarter and first nine months of 2004 and 2003 are summarized as follows:

| | Three Months Ended Sept. 30, | | Nine Months Ended Sept. 30, | |
|---|---|---|---|---|
| US$ millions | **2004** | 2003 | **2004** | 2003 |
| Las Cristinas | **$15.0** | $3.2 | **$24.3** | $7.2 |
| Revemin and Tomi | **$4.1** | $0.5 | **$8.1** | $0.9 |
| La Victoria | **$0.0** | $0.6 | **$0.0** | $0.8 |
| Corporate | **$0.1** | $0.2 | **$0.5** | $1.1 |
| Total | **$19.2** | $4.5 | **$32.9** | $10.0 |

The current schedule under the EPCM contract forecasts approximately $40 million of expenditures during the fourth quarter of 2004. This assumes receipt of final permits by December 1, 2004. Any delay in receiving the permit will delay project expenditures. Crystallex intends on funding the balance of planned expenditures for 2004 with existing cash balances.

**Financing Activities**

During the third quarter of 2004, the Company issued 1,179,083 common shares upon the conversion of warrants for total proceeds of $3.3 million.

On April 5, 2004, the Company closed an equity financing of 25 million common shares at C$4.00 per share raising net proceeds of $71.7 million. The common share financing had an over-allotment option of 3.75 million shares at C$4.00 per share, which closed on April 28, 2004 and raised additional net proceeds of $10.5 million. Total net proceeds amounted to $82.2 million.

**Outstanding Share Data**

At October 31, 2004, 181,572,981 common shares of Crystallex were issued and outstanding. In addition, at September 30, 2004 options to purchase 10,311,500 common shares of Crystallex were outstanding under the Company's stock option plan and warrants to purchase 14,504,331 common shares of Crystallex were issued and outstanding.

**Quarterly Data**

| | Q4 2002 | Q1 2003 | Q2 2003 | Q3 2003 | Q4 2003 | Q1 2004 | Q2 2004 | Q3 2004 |
|---|---|---|---|---|---|---|---|---|
| Revenue | $1.8 | $1.4 | $2.5 | $2.8 | $4.7 | $3.9 | $5.6 | $5.6 |
| Net Income (Loss) | ($14.9) | ($4.4) | ($3.5) | (24.3) | ($38.1) | ($6.7) | $3.5 | ($9.4) |

**Critical Accounting Policies and Estimates**

Critical accounting estimates are those estimates that have a high degree of uncertainty and for which changes in those estimates could materially impact the Company's results. Critical accounting estimates for the Company include property evaluations, capitalization of exploration and development costs and commodity derivative contracts.

**Accounting Changes**

*Change in Functional and Reporting Currency* – Effective January 1, 2004, the Company changed its functional currency from the Canadian to US dollar. Concurrent with this change, the Company adopted the US dollar as its reporting currency. Refer to Note 2 of Notes to the unaudited Consolidated Financial Statements.

*Accounting for asset retirement obligations* – On January 1, 2004, the Company adopted CICA Handbook Section 3110 and changed its accounting policy to recognizing the fair value of liabilities for asset retirement obligations in the period incurred. There was no material impact in the first nine months of 2004 as a result of this change. Refer to Note 3 of Notes to the unaudited Consolidated Financial Statements.

*Stock Based Compensation* – Effective January 1, 2004, the Company changed its accounting policy for stock-based compensation and adopted the fair value method of accounting for all its stock-based compensation. Refer to Note 3 of the Notes to the unaudited Consolidated Financial Statements. Total expenses for the third quarter and first nine months of 2004 were $0.21 million and $3.64 million respectively.

*Impairment of Long Lived Assets* – Effective January 1, 2004, the Company adopted the new recommendations with respect to impairment of long lived assets. There was no material impact on the consolidated financial statements. Refer to Note 3 of the Notes unaudited to the Consolidated Financial Statements.

**Risk Factors**

The profitability of the Company depends upon several identified factors including levels of production, commodity prices, costs of operation, financing costs, the successful integration of acquired assets and the risks associated with mining activities. Profitability will further vary with discretionary expenditures such as investments in technology, exploration and mine development. The Company operates in an international marketplace and incurs exposure to risks inherent in a multijurisdictional business environment including political risks, varying tax regimes, country specific employment legislation and currency exchange fluctuation. The Company seeks to minimize its exposure to these factors by implementing insurance and risk management programs, monitoring debt levels and interest costs, and maintaining employment and social policies consistent with sustaining a trained and stable workforce. In addition, the Company will depend on the availability of suitable financing to complete the Las Cristinas project.

**NON GAAP MEASURES**

Total cash costs per ounce are calculated in accordance with the Gold Institute Production Cost Standard, (the "Standard"). The total cash cost per ounce data are presented to provide additional information and are not prepared in accordance with Canadian or U.S. GAAP. The data should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The measures are not necessarily indicative of operating profit or costs of operations as determined under Canadian or U.S. GAAP. The total cash cost per ounce calculation is derived from amounts included in the Operating Expense line on the Statement of Operations. As this line item is unchanged under US GAAP, the total cash cost per ounce figure is similarly unchanged using US GAAP results of operations.

Data used in the calculation of total cash costs per ounce may not conform to other similarly titled measures provided by other precious metals companies. Management uses the cash cost per ounce data to access profitability and cash flow from Crystallex's operations and to compare it with other precious metals producers. Total cash costs per ounce are derived from amounts included in the Statement of Operations and include mine site operating costs such as mining, processing, administration, royalties and production taxes but exclude amortization, reclamation, capital expenditures and exploration costs.

Total cash costs per ounce may be reconciled to our Statement of Income as follows:

| | Three months ended Sept. 30, | | Nine months ended Sept. 30, | |
|---|---|---|---|---|
| $,000 | **2004** | 2003 | **2004** | 2003 |
| Operating Costs per Financial Statements | **4,903,551** | 2,633,783 | **12,623,241** | 6,639,280 |
| By-Product Credits | **$0** | $0 | **$0** | $0 |
| Reclamation and Closure Costs | **$0** | $0 | **$0** | $0 |
| Operating Costs for Per Ounce Calculation | **4,903,551** | 2,633,783 | **12,623,241** | 6,639,280 |
| | | | | |
| Gold Ounces Sold | **14,054** | 8,005 | **37,828** | 18,657 |
| Total Cash Cost Per Ounce US$ | **$349** | $329 | **$334** | $356 |

Additional information relating to Crystallex, including the 2003 Annual Report, is available on SEDAR at www.sedar.com.

***About Crystallex***

Crystallex International Corporation is a Canadian based gold producer with significant operations and exploration properties in Venezuela. The Company's principal asset is the Las Cristinas property in Bolivar State that is currently under development and which is expected to commence commercial gold production in the first half of 2006 at an initial annualized rate of some 300,000 ounces. Other key assets include the Tomi Mine, the La Victoria Mine and the Revemin Mill. Crystallex shares trade on the TSX (symbol: KRY) and AMEX (symbol: KRY) Exchanges.

For Further Information:

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*NOTE: This may include certain "forward-looking statements" within the meaning of the United States Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact, included in this presentation, including, without limitation, statements regarding potential mineralization and reserves, exploration results, and future plans and objectives of Crystallex, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed under the heading "Risk Factors" and elsewhere in documents, including but not limited to its annual information form ("AIF") and its annual report on Form 20-F, filed from time to time with the Canadian provincial securities regulators, the United States Securities and Exchange Commission ("SEC"), and other regulatory authorities.*

*The Toronto Stock Exchange has not reviewed this release and does not accept responsibility for the adequacy or accuracy of this news release.*