



CRYSTALLEX INTERNATIONAL CORPORATION

**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2010**

March 31, 2011

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents of Crystallex International Corporation (the “Company”) filed with the securities regulatory authorities in certain of the provinces of Canada are incorporated by reference in this Annual Information Form:

- (a) the audited consolidated financial statements of the Company as at December 31, 2010 and 2009, and for each of the years in the two year period ended December 31, 2010 including the notes thereto and the auditor’s report thereon (the “Consolidated Financial Statements”);
- (b) the management’s discussion and analysis of financial condition and results of operations of the Company for the year ended December 31, 2010 (“Management’s Discussion and Analysis”); and
- (c) a report prepared by Mine Development Associates, (“MDA”) and other independent consultants in November 2007 titled “Technical Report Update on the Las Cristinas Project, Bolivar State, Venezuela” (the “2007 Technical Report Update”).

Copies of these documents are available on the SEDAR website at www.sedar.com. Copies of the Consolidated Financial Statements and Management’s Discussion and Analysis are attached to this Annual Information Form as Schedule “A” and Schedule “B,” respectively.

Any statement contained in a document incorporated by reference in this Annual Information Form (a “prior statement”) shall be deemed to be modified or superseded for purposes of this Annual Information Form to the extent that any statement contained in this Annual Information Form (a “subsequent statement”) modifies or supersedes such statement. A subsequent statement need not state that it has modified or superseded a prior statement. The making of a subsequent statement will not be deemed an admission for any purposes that the prior statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any prior statement so modified or superseded will not constitute part of this Annual Information Form except as so modified or superseded.

FOREIGN CURRENCY AND ACCOUNTING PRINCIPLES

In this Annual Information Form, unless otherwise specified, all references to “C\$” are to Canadian dollars and all references to “US\$” or “U.S. dollars” are to United States dollars. The Consolidated Financial Statements are reported in U.S. dollars.

The following table sets out the rates of exchange for Canadian dollars (“C\$”) per U.S. dollar in effect at the end of the periods indicated and the average rates of exchange during such periods based on the noon spot rate quoted by the Bank of Canada:

| | Year ended December 31, | | |
|--------------------------------|-------------------------|-----------|-----------|
| | 2010 | 2009 | 2008 |
| Rate at end of year | C\$0.9946 | C\$1.0466 | C\$1.2246 |
| Average rate for year. | C\$1.0355 | C\$1.1420 | C\$1.0660 |

The Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles. Note 18 to the Consolidated Financial Statements provides the reconciliation of these financial statements to U.S. GAAP.

GLOSSARY AND METRIC/IMPERIAL CONVERSION TABLE

A glossary of certain defined terms and technical mining terms and abbreviations and a metric/imperial conversion table are included in Schedule “C” to this Annual Information Form.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Annual Information Form, 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, reserve and resource estimates, gold prices, 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**” in this Annual Information Form and “Risk Factors” in Management’s Discussion and Analysis. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this Annual Information Form, 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 Annual Information Form, or in the case of documents incorporated by reference herein, as of the date of such document, 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.

NATIONAL INSTRUMENT 43-101 – STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) issued by the Canadian Securities Administrators (the “CSA”) requires, among other things, that issuers ensure that all written disclosure of a scientific or technical nature, including disclosure of a mineral resource or mineral reserve, concerning a mineral project on a property material to the issuer must be based on material provided by a qualified person or under their supervision (a “Qualified Person”). A Qualified Person for purposes of NI 43-101 means an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation and/or mineral project assessment, has experience relevant to the subject matter of the disclosure and is a member in good standing of a specified professional association. The issuer must disclose the name and the relationship to the issuer of the Qualified Person who prepared or supervised the preparation of the information that forms the basis for the written disclosure.

CRYSTALLEX

Overview

Crystallex International Corporation (the “Company”) is a company continued under the *Canada Business Corporations Act*. The registered and head office of the Company is located at 8 King Street East, Suite 1201, Toronto, Ontario, M5C 1B5.

Crystallex is a Canadian-based company with a record of acquiring, exploring, developing and operating mining properties. The Company’s principal focus since 2002 was the exploration and development of the Las Cristinas gold project, (“Las Cristinas Project” or “Las Cristinas”) located in Bolivar State in southeastern Venezuela. Crystallex entered into a Mine Operating Contract (the “MOC”) in September 2002 with the Corporacion Venezolana de Guayana (the “CVG”). The MOC granted Crystallex exclusive rights to develop and operate the Las Cristinas. Since the issuance of the MOC, the Company has 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. Notwithstanding the Company’s fulfilment of the requisite conditions, Venezuela’s approval of the Environmental Impact Study and assurances that the Permit would be issued, in April 2008, MinAmb denied the Company’s request for the Permit. The Company appealed the Permit denial and did not receive a response from MinAmb.

On February 3, 2011, the MOC was unilaterally terminated by the CVG, despite the CVG confirming the validity of the MOC in August 2010. Following the termination of the MOC, on February 16, 2011, the Company filed a Request for Arbitration (“Arbitration Request”) before the Additional Facility of the World Bank’s International Centre for Settlement of Investment Disputes (“ICSID”) against the Bolivarian Republic of Venezuela (“Venezuela”) pursuant to the Agreement between the Government of Canada and the Government of the Republic of Venezuela for the Promotion and Protection of Investments (the “Treaty”). The claim is for breach of the Treaty’s protections against expropriation, unfair and inequitable treatment and discrimination. The Arbitration Request was registered by ICSID on March 9, 2011.

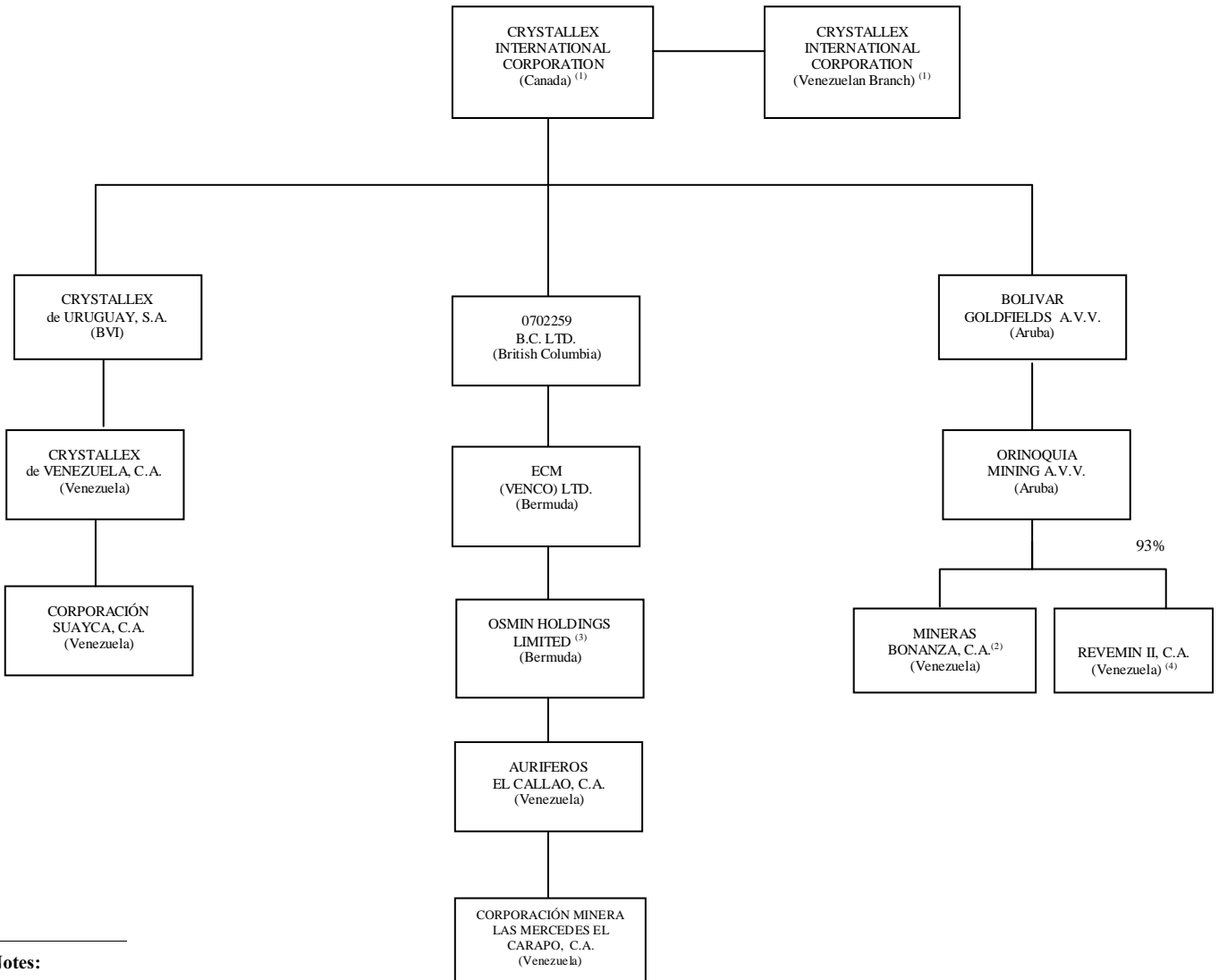
Crystallex is seeking the restitution by Venezuela of its investments, including the MOC, and the issuance of the Permit and compensation for interim losses suffered, or, alternatively full compensation for the value of its investment in an amount in excess of US\$3.8 billion.

The Company’s immediate plans are as follows:

- Seek settlement alternatives with Venezuela while continuing with the arbitration claim;
- Sell its remaining mining equipment;
- Proceed with an orderly withdrawal from Las Cristinas;
- Negotiate with the Noteholders to restructure the terms of the \$100 million Notes that are due in December 2011; and
- Pursue alternate financing.

Corporate Chart

The following chart lists the principal subsidiaries of the Company and their jurisdictions of incorporation. Except where noted, all subsidiaries are wholly-owned, directly or indirectly, by the Company.



Notes:

- (1) The Company holds its interest in the Las Cristinas project directly through its Venezuelan Branch. See “Las Cristinas Project – Mine Operating Contract.”
- (2) The Company held its interest in the Tomi operations until December 15, 2009 indirectly through Mineras Bonanza, C.A. See “Discontinued Operations.”
- (3) The Company held its interest in the Lo Incredible operations until December 15, 2009 indirectly through Osmin Holdings Limited. See “Discontinued Operations.”
- (4) The Company held its interest in the Revemin mill until October 1, 2008, indirectly through Revemin II, C.A. See “Discontinued Operations.”

MINERAL RESERVES AND RESOURCES

With the unilateral cancellation of the MOC on February 3, 2011, the Company no longer has rights to the gold reserves and resources at Las Cristinas and, accordingly, in future, will no longer be reporting resources and reserves for Las Cristinas. The gold reserves and resources for Las Cristinas were last estimated in the 2007 Technical Report Update. This reserve and resource data is presented for information purposes only and should not be interpreted as an indication of the Company's expectations of future development or operating activities at Las Cristinas.

The mineral reserve and resource estimates have been prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and NI 43-101 and, as set out in the notes below, are based on technical reports prepared by independent experts, or have been prepared by the Company under the direction of, and verified by, Dr. Richard Spencer, P. Geo., a Qualified Person and former VP Exploration of Crystallex International Corporation.

Mineral resources are not mineral reserves and do not have demonstrated economic viability, but do have reasonable prospects for economic extraction. Measured and indicated mineral resources are sufficiently well defined to allow geological and grade continuity to be reasonably assumed and permit the application of technical and economic parameters in assessing the economic viability of the resource. Inferred resources are estimated on limited information not sufficient to verify geological and grade continuity and to allow technical and economic parameters to be applied. Inferred resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. There is no certainty that mineral resources will be upgraded to mineral reserves through continued exploration. See Schedule "C" for detailed definitions of mineral reserve, proven mineral reserve, probable mineral reserve, mineral resource, measured mineral resource, indicated mineral resource, inferred mineral resource, and cut-off grade.

| | PROVEN | | | RESERVES PROBABLE | | | TOTAL | | |
|---|----------------------------------|-------|--------------|----------------------|-------|--------------|---------|-------|--------------|
| | Tonnes | Grade | Contained | Tonnes | Grade | Contained | Tonnes | Grade | Contained |
| | | (g/t) | Gold (oz) | | (g/t) | Gold (oz) | | (g/t) | Gold (oz) |
| | (tonnes and ounces in thousands) | | | | | | | | |
| Las Cristinas Project ⁽¹⁾ | 112,761 | 1.24 | 4,483 | 351,601 | 1.10 | 12,379 | 464,362 | 1.13 | 16,862 |

| | MEASURED | | | INDICATED | | | TOTAL | | |
|---|----------------------------------|-------|--------------|-----------|-------|--------------|---------|-------|--------------|
| | Tonnes | Grade | Contained | Tonnes | Grade | Contained | Tonnes | Grade | Contained |
| | | (g/t) | Gold (oz) | | (g/t) | Gold (oz) | | (g/t) | Gold (oz) |
| | (tonnes and ounces in thousands) | | | | | | | | |
| Las Cristinas Project ⁽²⁾ | 33,380 | 0.84 | 897 | 131,641 | 0.71 | 3,002 | 165,021 | 0.73 | 3,899 |

| | RESOURCES ⁽²⁾ | | |
|--|----------------------------------|-------|--------------|
| | INFERRED | | |
| | Tonnes | Grade | Contained |
| | | (g/t) | Gold (oz) |
| | (tonnes and ounces in thousands) | | |
| Las Cristinas Project ⁽³⁾ | 229,626 | 0.85 | 6,276 |

Notes:

- (1) The mineral reserves and resources for the Las Cristinas Project are based on estimates prepared by MDA (Steve Ristorcelli, P. Geo. and Thomas Dyer, P. Eng. of MDA were the Qualified Persons) in the 2007 Technical Report Update. The mineral reserves estimated

by MDA are based on a US\$550 per ounce gold price and cut-off grades ranging from 0.33 grams of gold per tonne to 0.57grams of gold per tonne depending on the mineral type. The mineral resources estimated by MDA are based on a cut-off grade of 0.5 grams of gold per tonne. See "Las Cristinas Project – Mineral Reserves" and " – Additional Mineral Resources."

- (2) Mineral resources are in addition to and do not include mineral reserves.
- (3) The inferred resources are based on a cut-off grade of 0.5 grams of gold per tonne.

LAS CRISTINAS PROJECT

The Las Cristinas MOC was unilaterally terminated by the Venezuelan government in February 2011, consequently, Crystallex no longer has rights to the reserves and resources at Las Cristinas and has discontinued development activities. Following the termination of the MOC, on February 16, 2011, the Company filed the Arbitration Request against Venezuela. The claim is for breach of the Treaty's protections against expropriation, unfair and inequitable treatment and discrimination. The Arbitration Request was registered by ICSID on March 9, 2011. **The information set out below and elsewhere in this Annual Information Form relating to the Company's MOC, its exploration and development activities at Las Cristinas, project approval and permitting process and reported gold resources and reserves is for information and background purposes only and should not be interpreted as being indicative of the Company's expectations regarding the future development of Las Cristinas.**

The information below is based on, among other things, the 2007 Technical Report Update. Copies of the 2007 Technical Report Update are available for review on the SEDAR website at www.sedar.com. The 2007 Technical Report Update was the Company's Technical Report for purposes of NI 43-101 until the cancellation of the MOC by the Venezuelan government in February 2011.

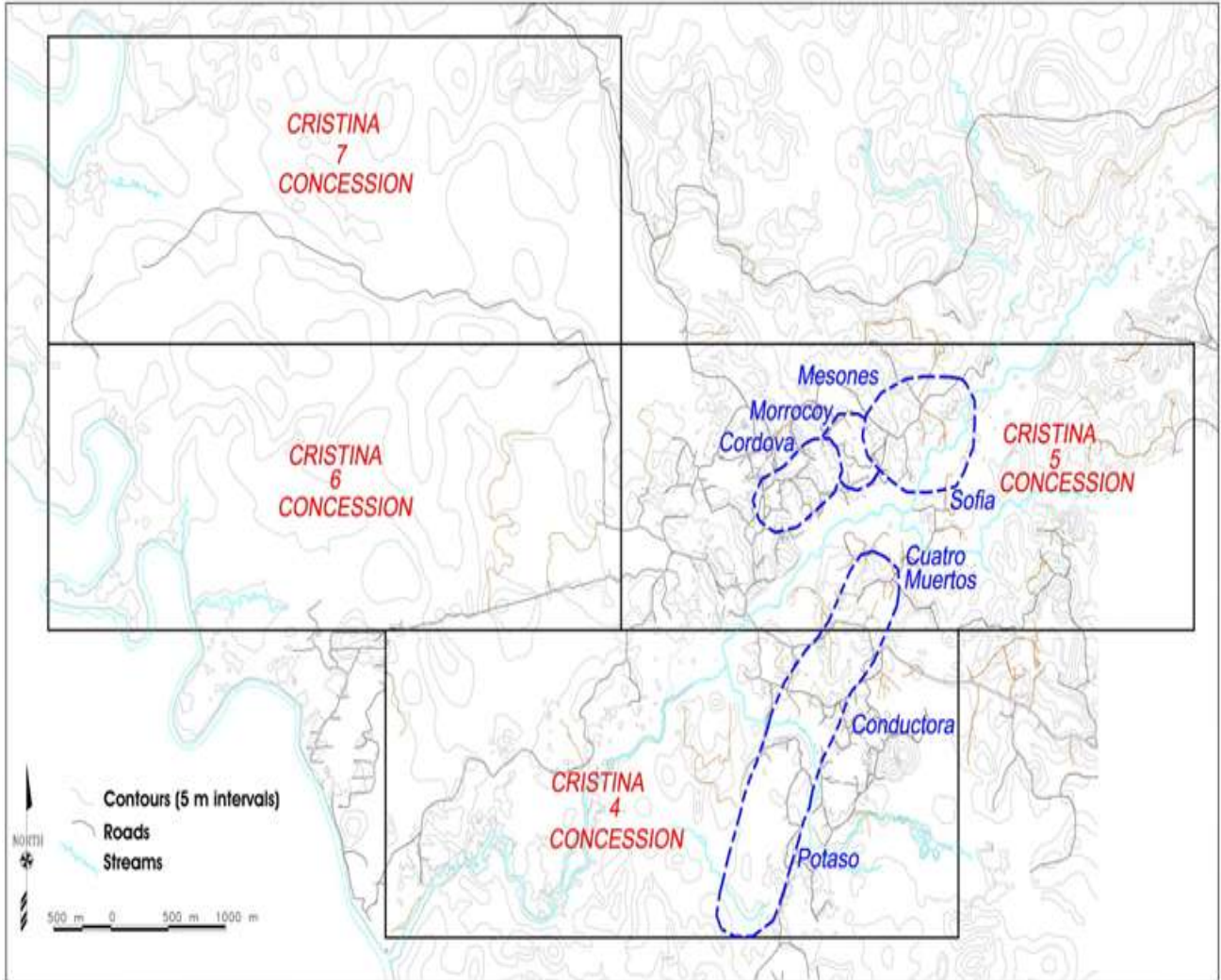
The 2007 Technical Report Update is incorporated by reference into this Annual Information Form for purposes of satisfying certain of the disclosure requirements of National Instrument 51-102 and Form 51-102F2 with respect to the Las Cristinas project including mineralization, drilling, sampling, analysis and security of samples and metallurgical test work.

Location and Property Description

The Las Cristinas project is located in Sifontes Municipality in Bolivar State, Venezuela, approximately 6 km west of the village of Las Claritas and approximately 360 km south of Puerto Ordaz and 670 km southeast of Caracas.

The Las Cristinas project encompasses four principal zones of mineralization including the Conductor – Cuatro Muertos and Potaso (termed "Conductor" for simplicity), Mesones – Sofia ("Mesones"), Cordova and Morrocoy areas, which together constitute the Las Cristinas Deposits. The Las Cristinas Deposits are located on four contiguous areas, Las Cristinas 4, 5, 6 and 7, that total 3,885.6 Ha in extent.

The relative locations of the Las Cristinas Deposits are shown in the following map:



Mine Operating Contract

The Company's interests in the Las Cristinas Deposits derived from:

- a Presidential decree pursuant to which the Government of Venezuela reserved for itself, through the Ministry of Energy and Mines, the direct exploration and exploitation of the gold ore located in the Las Cristinas Deposits and granted to the Ministry of Energy and Mines the right to contract with the CVG the activities required to carry out such exploration and exploitation;
- an agreement between the Ministry of Energy and Mines and the CVG pursuant to which the Ministry of Energy and Mines granted to the CVG the right to explore and exploit the gold ore located in the Las Cristinas Deposits and to enter into operation agreements with third parties for such purposes; and
- the MOC between the CVG and the Company dated September 17, 2002.

English language translations of the Presidential decree, the agreement between the Ministry of Energy and Mines and the CVG and the Mine Operating Contract referred to above are attached to the Annual Information Form as Schedule D. On February 3, 2011, the MOC was unilaterally terminated by the CVG.

Accessibility, Physiography and Climate and Local Resources and Infrastructure

Accessibility

The Las Cristinas project is accessed by road, and is approximately five hours' drive southeast from Puerto Ordaz. The Troncal 10 route consists of a four-lane highway for approximately 55 km and continues for approximately 280 km thereafter as a well-maintained two-lane paved road to the camp-site turn-off at Kilometre 84. From there, the Project is accessed via a 19-kilometre all-weather, unsealed road, the upgrading of which was completed by the Company in November 2005. The route of the unsealed road was designed to bypass local villages.

Puerto Ordaz is a port city located on the Orinoco River with access to the Atlantic Ocean and is served by a number of airlines with numerous daily flights to Caracas and other major cities in Venezuela. The nearest commercial airstrip to the Project is at El Dorado, which is located approximately 100 km north of the camp-site towards Puerto Ordaz. A charter flight from Puerto Ordaz to El Dorado takes approximately one hour. An airstrip at Las Cristinas allows for the landing of small aircraft.

Physiography and Climate

The Las Cristinas project is located in a flat area with scattered, rounded hills that reach a maximum height of 30 m. The average elevation is 130 m above sea level. Four streams (the Amarilla, Las Claritas, Sofia and Morrocoy) flow through the property. These streams are sinuous due to the low topographic gradient across the Project area and flood their banks at times during the wet season. About 900 Ha of the Project area has been deforested during mining by itinerant miners. Hydraulic mining has led to flooding of pits and the accumulation of poorly consolidated tailings material which complicates access to the eastern part of the Project area where mineralization is located closest to the surface.

The climate is tropical and humid. Temperatures typically range from 22°C to 36°C and operations can be conducted year round. Average annual rainfall is approximately 3.3 m, most of which falls in hour-long cloudbursts during the day. Average annual evaporation is approximately 1.8 m. The rainy season extends from May to October with a short rainy season in December. Rainfall in the relatively dry season is usually less intense than in the rainy season.

Undisturbed primary vegetation is typical of the Sub-Amazon type rain forest. Large trees dominate the forest, with their canopy up to 30 m above the ground. The forest floor is relatively open. Secondary vegetation, which has now invaded the mined or otherwise disturbed areas, consists of smaller trees, shrubs, creeping vines and various grasses. This secondary growth tends to be denser than the primary vegetation.

Local Resources and Infrastructure

There is sufficient infrastructure in the region to support mining operations. Additional personnel would however, have to be brought in for construction and mining operations. It was estimated that approximately 400 individuals would be employed at the height of production. All salaried supervisory and technical labour, other than a few expatriate positions, were expected to be Venezuelan nationals. It was expected that over time, Venezuelan personnel would occupy all of the positions initially staffed with expatriates. There is ample water and land surface for mining, plant sites and tailings disposal.

An existing construction camp was refurbished by the Company. The administration offices and dining facilities were fully functioning.

Power requirements were forecast to increase from an average of about 10 MW at the commencement of construction to about 30 MW at full production. A 400 KVA power line (with a capacity of 300 MW and a current demand of approximately 100 MW) runs within 6 km of the Las Cristinas project to supply power to Brazil. The Government of Venezuela has installed a substation near the town of Las Claritas that is capable of supplying the Las Cristinas project. Power to the site was planned to be carried via a new overhead power line, a distance of approximately 6 km, and was to terminate at a new substation located on the Las Cristinas project.

Geology and Mineralization

Regional Geology

The Las Cristinas project is located in the granite-greenstone terrain of the Guyana Shield. The Guyana Shield underlies the eastern part of Venezuela, Guyana, Surinam, French Guiana and parts of northern Brazil and was contiguous with parts of west Africa prior to the opening of the Atlantic Ocean in the Jurassic period. Three major geologic subdivisions have been established for the Guyana Shield: Archean rocks older than 2.5 billion years consisting of high-grade metamorphic gneiss, local charnockite and widespread granitoid bodies; sedimentary and volcanic rocks of Early Proterozoic age which have undergone compressional tectonism and metamorphism and were intruded by syn-orogenic granites of Trans-Amazonian Orogeny; and mid-Proterozoic continental clastic units of Roraima Formation which unconformably overlie the Early Proterozoic rocks.

Local Geology

Weathered Profile

The weathered profile at Las Cristinas includes an upper layer of ferralitic soil (up to 2 m thick) overlying a thin mottled clay zone (averaging 2 m thick), which in turn overlies a saprolite zone, which is generally 20 m to 60 m thick and locally over 90 m thick. The saprolite is subdivided into an upper oxide saprolite horizon, which is practically devoid of copper, and a lower sulphide bearing saprolite horizon that is enriched in copper. The oxide saprolite is red ochre in colour while the sulphide saprolite has a greenish hue. The oxide and sulphide saprolite contact is sharp in some areas of the deposit, while in others is separated by a transitional zone, called mixed saprolite, which contains both metal oxide and sulphide minerals. The saprolite typically overlies saprock; material in which the texture of the original rock is evident, but which is soft due to the abundance of clay minerals generated by weathering. The saprock layer ranges in thickness from a few metres to a few tens of metres in extreme cases. The upper 50 m of bedrock is characterized by centimetre-sized vugs and voids derived from the weathering of carbonate veins and carbonate matrix. This zone is termed carbonate-leached bedrock.

Structure

Two major fabric orientations are evident throughout the Las Cristinas Deposits. The older foliation (S_1) consists of a moderately to intensely developed cleavage that is sub-parallel to bedding. The S_1 foliation strikes north-south and dips at about 40° to the west in the Conductor area. This foliation rotates in the Cordova and Mesones areas to a northwest strike and a steeper dip of 30° to 70° to the southwest. The S_1 foliation contains a strong stretching lineation that plunges to the southwest and probably relates to fabric development in a major, regional shear zone.

The S_2 fabric is a spaced foliation that is axial planar to kink-folds. It strikes southeast and dips gently (about 36°) to the northeast.

A northeast-striking post mineral fault separates the Conductor – Cuarto Muertos – Sofia area from the Mesones – Morrocoy – Cordova zone. The fault zone is intruded by steep, southeast – dipping post-mineral diorite-gabbro dykes.

The Las Cristinas Deposits are cut by a system of post-mineral dioritic dykes that dip shallowly to the southeast and are arranged in an upward-stepping *en echelon* pattern.

Alteration

Various alteration assemblages are evident in the Las Cristinas Deposits. These include:

- Widespread albite development in veins and as replacements of other minerals;
- Potassic alteration occurs as K-feldspar replacements and veins. However a pervasive secondary biotite – magnetite assemblage is the dominant expression of K-silicate alteration throughout the Las Cristinas Deposits. Calcite is associated with the biotite-magnetite assemblage;
- Quartz-tourmaline assemblages with minor topaz;

- Quartz-muscovite-pyrite constitutes phyllic alteration and;
- Ubiquitous iron-rich chlorite, epidote and calcite which are superimposed on the alteration assemblages described above. This superimposition is evident in the common partial replacement of secondary biotite and tourmaline by chlorite.

Alteration minerals in the Las Cristinas Deposits have a roughly concentric distribution. The exception is albite, which is widespread and appears to predate the majority of the other alteration assemblages. Quartz-tourmaline alteration is most strongly developed in near-vertical breccia pipes in the Mesones - Sofia area where it occurs with traces of topaz. Tourmaline decreases in abundance in all directions away from the Mesones - Sofia centres. K-silicate alteration extends from Mesones - Sofia to the footwall of the mineralized zone in the east, to the southern margin of the Conductor area in the south and to the western part of the Cordova area in the west. K-silicate alteration is represented by the ubiquitous secondary biotite – magnetite assemblage, whereas K-feldspar is concentrated in the Mesones - Sofia area. The chlorite-calcite-epidote assemblage is located outboard of, and superimposed on, the K-silicate zone. Phyllic alteration is most strongly developed in the upper parts of the Mesones – Sofia breccia pipes.

Mineralization

Primary mineralization in hard rock

Sulphide content in the Las Cristinas Deposits is highest in the Mesones deposit where the quartz-tourmaline breccias contain up to 30% total sulphides locally with an average total sulphide content of approximately 5%. Sulphide content decreases southward into the Conductor deposit where the maximum sulphide content is up to 5% locally with an average of approximately 2%. This change in sulphide content is accompanied by a change in sulphide species: pyrite-chalcopyrite in the Mesones area is associated with minor molybdenite, whereas the content of chalcopyrite and molybdenite decrease southwards in the Conductor deposit and westwards into the Cordova area. The sulphide assemblage in the southern part of the Conductor deposit and to the west in the Cordova zone is strongly dominated by pyrite with minor chalcopyrite and no molybdenite.

On a microscopic scale, gold can be found as free grains in quartz and as blebs and fracture fillings in pyrite and/or chalcopyrite. In the Conductor deposit, gold grade is crudely proportional to sulphide content to the extent that gold grade can be roughly estimated from the sulphide content of the interval. However, this relationship breaks down in the Mesones deposit where significantly higher sulphide content does not coincide with significantly higher gold grades: in fact, the average grade of Mesones is very similar to that of the Conductor deposit (1.1 g/t gold in Mesones versus 1.2 g/t gold in Conductor). The bulk of the economic mineralization is hosted by the biotite-magnetite alteration, although some of the highest-grade gold mineralization is hosted by the cross-cutting epidote-calcite-chlorite veins.

Chalcopyrite is essentially the only copper mineral in the hard rock beneath the saprolite; hence copper grades correlate directly with chalcopyrite content in the Las Cristinas Deposits. In contrast to the average gold grade of the Mesones and Conductor deposits being similar, the average copper grade of the Mesones deposit is approximately triple that of Conductor (0.10% in Conductor versus 0.29% in Mesones). The average grade of copper in the Las Cristinas Deposits is 0.11%.

Sulphides occur as replacements, disseminations, clots, blebs, sulphide veinlets and also in veinlets with quartz and other alteration minerals throughout the Las Cristinas Deposits. The higher sulphide content in the Mesones deposit is evident in more extensive replacements and denser disseminations than are evident in the Conductor or Cordova areas. Many sulphide grains and stringers lie within the plane of the foliation while many disseminations and blebs cut across the S_1 foliation. Areas of intense cleavage development are characterised by sulphide blebs that are flattened into the plane of the S_1 foliation. The majority of quartz-carbonate-sulphide veinlets lie in the plane of the foliation. Veinlets that cross-cut the foliation show successive rotation into the plane of the foliation in areas of stronger fabric development. These features are interpreted to indicate that sulphide mineralization, and therefore copper and gold mineralization, occurred during and partially post-dated, S_1 cleavage development. Sulphide accumulations are clearly folded by, and hence predate, the S_2 foliation.

Mineralization occurs in sub-parallel units that dip to the west at about 40° parallel to bedding and to the S_1 foliation. Well mineralized zones coincide with moderate to intense cleavage development and fragmental

metavolcanic units and the poorest mineralization is in competent metavolcanic units such as basaltic lava flows in which cleavage is typically poorly developed. The important role that stratigraphy plays in hosting mineralization dictates that the deposit is stratiform, consisting of well mineralized zones separated by poorly mineralized units typically composed of impermeable basalt lava flows. Intrusive stocks, which cross-cut stratigraphy, are similarly poor hosts for mineralization due to their mechanical competence and related poor permeability.

Down-dip continuity of mineralized zones has proved to be excellent in deep drilling. The overall true thickness of the gold mineralization envelope throughout the Conductor deposit reaches a maximum width of 500 m. Some individual higher-grade gold zones (>1g/t) exceed 100 m in thickness. Please see Figure 9.1 of the 2007 Technical Report Update for a graphic depiction of the distribution of gold mineral zones on cross section.

Saprolite

The copper content of the upper part of the saprolite is minimal due to natural oxidation and subsequent leaching of copper minerals in the oxide saprolite. The dissolved copper precipitates as secondary minerals in the sulphide saprolite, forming a “copper blanket”; a layer that is enriched in copper and which consists mainly of secondary copper minerals. The Las Cristinas Deposits contain a poorly developed copper blanket that is typically 5-20 m thick and which contains chalcopyrite, chalcocite and covellite in addition to pyrite.

Gold mineralization is largely unaffected by oxidation and its grade and distribution throughout the saprolite is similar to that of the original hard rock prior to weathering. Hence, alternating zones of good and poor gold grade as described above, can be traced through the saprolite from the hard rock below.

Drilling, Sampling and Data Verification

Detailed exploration work on the property was carried out by Placer Dome Inc. (“Placer”), the previous holder of an interest in the Las Cristinas Deposits. The work included:

- mapping and rock sampling (geologic mapping was done at scales of 1:5,000 and 1:500 and over 1,200 samples were collected);
- soil sampling (approximately 3,700 samples were taken from upper saprolite on a 50 m by 100 m grid in the main mineralized zones and on a 50 m by 200 m grid in the peripheral areas); soil samples were analyzed for gold;
- drilling of 1,174 drill holes totalling over 150,000 m;
- geophysics (ground and airborne-magnetic programs, as well as induced polarization, radiometric and transient electromagnetic surveys); and
- tailings evaluation.

The work performed by Placer culminated in a comprehensive feasibility study in 1996, which was subsequently updated in 1998.

Under the MOC, the Company obtained an electronic database that included results of drilling, as well as topographic, geologic and engineering data derived from previous work completed by Placer. The database included geological information on 160,600 m of drilling and trenching, 162,806 gold assays, 145,547 copper assays, 60,655 cyanide-soluble copper assays and 145,221 silver assays. As part of the preparation of the MDA Report, MDA visited the Las Cristinas site in October 2002 and found drill pads, drill collars, drill cores and samples and photographs of core that supported the method of work that Placer reported to have been used in the exploration and evaluation of the Las Cristinas Deposits. In addition, MDA took independent samples of core, pulps and coarse rejects as part of the verification process. MDA concluded that Placer’s exploration and sampling procedures conformed to, or exceeded, industry standards.

In 2003, the Company completed a six-week, 2,199 m drill program designed to validate the historic project work. MDA was on site for the first three weeks of the program. The program included 12 diamond drill holes from which 1,016 half-core samples were taken for analysis. In addition, the Company analyzed 341 quarter cores, 198

coarse rejects and 259 pulps left at the site by Placer. As part of the verification program, blanks and standards were systematically inserted into the sample stream. MDA supervised drill sampling, sample collection and sample packaging for the first half of the program. Independent laboratories conducted sample preparation and assaying. MDA also took independent core samples to verify the work completed by the Company and requested that existing drill hole collars be surveyed by an independent contractor. As part of the MDA Report and following the completion of the verification program, MDA concluded that the Las Cristinas database could be used for feasibility level study and mineral reserve and resource estimation.

The Company completed an 18-hole, 7,131 m drill program in 2004 and a further 5,419 m in 14 bore holes in 2005. Drilling in these two programs was focussed in the western and southern parts of the modeled Conductor pit shell. The objective of these programs was to infill drill sparsely drilled areas to upgrade resource classification and ultimately increase the reserve.

The Company completed a 46-hole drill program (13,574 metres) producing 12,178 samples from November 2006 through to February 2007. The drilling program focused on three areas of the Las Cristinas property: (1) the western margin of the planned Conductor pit where mineralization is open at depth down-dip; (2) the extreme southwest of the planned Conductor pit where a sheet of relatively shallow ore was discovered in the hanging wall of the main Conductor ore zone in previous drilling; and (3) the Morrocoy zone which lies in the northern part of the property. Known mineralization in the Morrocoy zone has similar characteristics to that of the Conductor area which contains the bulk of the known mineral ore reserves at Las Cristinas. Previous drilling of the Morrocoy zone was relatively wide-spaced to the extent that known mineralization there is classified as an inferred mineral resource. The Company believes that there is sufficient continuity of mineralization at Morrocoy to warrant denser drilling with the objective of upgrading the inferred mineral resources to the measured and indicated category. If this objective is achieved, the Morrocoy zone could contribute to an increase in the overall mineral reserves at Las Cristinas.

MDA was contracted to undertake the updated reserve and resource estimate incorporating the results of the 2006-2007 drilling program. The revised reserve and resource estimate was prepared by MDA under the direction of Steven Ristorcelli, P. Geo. and Thomas Dyer, P.Eng., both independent qualified persons for the purposes of National Instrument 43-101, with geological and sampling input from Dr. Richard Spencer, P. Geo., formerly the Company's Vice President Exploration, who is a qualified person for the purposes of National Instrument 43-101. Measured and Indicated Mineral Resources are that part of a mineral resource for which quantity and grade can be estimated with a level of confidence sufficient to allow the application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. An Inferred Mineral Resource is that part of a mineral resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling are reasonably assumed, but not verified.

Drilling was undertaken by Majortec of Moncton, New Brunswick. The program was managed by Mr. Gustavo Rodriguez, M.Sc., Chief Geologist - Las Cristinas, under the direction of Dr. Richard Spencer, P. Geo., formerly the Company's VP Exploration, who is a Qualified Person for the purposes of National Instrument 43-101 - Standards of Disclosure for Mineral Projects. Quality Assurance and Quality Control (QAQC) procedures were managed by an external consultant, Mr. Trevor Nicholson, B.Sc. Chem., of Nicholson Analytical Consulting (NAC) of Comox, British Columbia, who is an Assay Chemist by training. NAC reviewed the proposed QAQC procedures prior to drill start-up and subsequently audited field procedures. Mr. Nicholson was on site for about 40% of the duration of the program. All assay results from this drill program were sent to Mr Nicholson directly by the assay laboratory, Societe Generale de Surveillance ("SGS") in Lima, Peru, for QAQC review. Mr Nicholson had the Company's authorization to request re-assay of sample sequences which failed QAQC. Only once samples had passed QAQC were the results deemed acceptable by the Company. Although only involved in the design of the QAQC program, NAC noted no irregularities in any areas of the drill program. Mr. Steven Ristorcelli, of MDA, undertook an on-site review of logging, sampling and QAQC procedures during the drill program.

Assays were conducted on ½ NQ core sampled at continuous one-metre intervals. Certified standards were inserted at an average of one per 20 samples, field blanks at one per 30 samples, while both ten mesh and quarter-core duplicates were inserted at intervals of approximately 50 samples. Duplicates of pulps and 10-mesh material were taken at intervals of approximately 1 in 50 samples for assay by a second, independent laboratory. The core samples were prepared by SGS at their facility in El Dorado, Venezuela and analysis of the samples was done by SGS in Lima, Peru. Assay results were reported to NAC who communicated directly with personnel at SGS in Lima regarding assays that initially failed QAQC. Once the re-assay results had met the QAQC requirements, NAC forwarded the

QAQC-compliant data to MDA and the Company for incorporation into their respective databases. The independent laboratory used for check assays on pulp and 10-mesh duplicates was ALS-Chemex in Lima, Peru.

Mineral Reserves

The estimated mineral reserves at the Las Cristinas project were last estimated in the 2007 Technical Report Update:

| | Mineral Reserves ⁽¹⁾ (tonnes – 000's) | Average Grade (g/t) | Contained Gold (ounces – 000's) |
|--------------------|---|------------------------|------------------------------------|
| Proven | 112,761 | 1.24 | 4,483 |
| Probable | 351,601 | 1.10 | 12,379 |
| Total | 464,362 | 1.13 | 16,862 |

Notes:

- (1) The mineral reserves estimated by MDA are based on a US\$550 per ounce gold price and cut-off grades ranging from 0.33 grams of gold per tonne to 0.57 grams of gold per tonne depending on the mineral type.

Additional Mineral Resources

The estimated additional mineral resources at the Las Cristinas project were last estimated in the 2007 Technical Report Update:

| | Mineral Resources ^{(1) (2)} (tonnes – 000's) | Average Grade (g/t) | Contained Gold (ounces – 000's) |
|---|--|------------------------|------------------------------------|
| Measured | 33,380 | 0.84 | 897 |
| Indicated | 131,641 | 0.71 | 3,002 |
| Total Measured and Indicated | 165,021 | 0.73 | 3,899 |
| Total Inferred | 229,626 | 0.85 | 6,276 |

Notes:

- (1) The resources are estimated to the standard and requirements stipulated in NI 43-101 and meet Canadian Institute of Mining classifications. The mineral resources estimates are based on a cut-off grade of 0.5 grams of gold per tonne.
- (2) Mineral resources are in addition to and do not include mineral reserves.

2007 Technical Report Update

In September 2003, SNC-Lavalin and other independent consultants (including MDA) completed the 20,000 TPD Feasibility Study. The 20,000 TPD Feasibility Study was approved by the CVG in accordance with the terms of the MOC in March 2004.

In August 2005, SNC-Lavalin and other independent consultants (including MDA) completed the 2005 Development Plan, a comprehensive update of the 20,000 TPD Feasibility Study. The 2005 Development Plan was commissioned to incorporate a number of design enhancements and to include a review of capital and operating cost estimates.

In November 2007, MDA and other independent consultants (including SNC-Lavalin) completed the 2007 Technical Report Update on the Las Cristinas Project which updates components of the 2005 Development Plan. The 2007 Technical Report Update incorporates several factors, including:

- A 46-hole, 13,574 m drill program that was completed by the Company in 2007, results of which were press released on May 1, 2007 and June 22nd, 2007.
- A new pit design based upon a \$550 per ounce gold price.

- Revised estimates of capital and operating costs.

The 2007 Technical Report Update served as the Company's NI 43-101 compliant technical report until the cancellation of the MOC by the Venezuelan government in February 2011. The conclusions, estimates and findings of the 2007 Technical Report Update are set out below.

- *Mining.* Mining at Las Cristinas will be by conventional open-pit methods using excavators and haul trucks. The production schedule contemplated under the 2007 Technical Report Update provides for processing 20,000 tonnes of ore per day (7.3 million tonnes annually), an overall stripping ratio of 1.38:1 and an expected mine life of 64 years.
- *Processing and Recovery.* Processing will consist of crushing, semi-autogenous primary grinding and secondary ball mill grinding. A gravity circuit is contemplated to recover free gold. Gold extraction will be achieved using a conventional carbon-in-leach circuit. Under this method of recovery, a slurry of gold ore, carbon granules and cyanide are mixed together, the cyanide dissolves the gold content and the gold is adsorbed onto the carbon and the loaded carbon is separated from the slurry for further processing. Gold is removed from the loaded carbon by pressure stripping the carbon to produce a pregnant eluate solution, electrowinning the solution to produce gold cathodes and smelting the cathodes to produce gold doré. Pilot-plant metallurgical testing conducted under the supervision of an independent consultant during the feasibility study resulted in an overall recovery rate of 88.7% for the planned ore blend.

The average annual gold production contemplated is 233,000 ounces for the life of mine and 252,000 ounces for the first five years.

- *Reserves.* Reserves at Las Cristinas were calculated using a US\$550 per ounce gold price. The pit design and other physical parameters and costs were updated from previous estimates. At US\$550 per ounce, proven and probable reserves at Las Cristinas are 464 million tonnes grading 1.13 g/t containing 16.86 million ounces of gold. The strip ratio was decreased from 1.57:1 to 1.38:1.
- *Capital Costs.* Based on the 2007 estimate, capital costs for Las Cristinas are forecast to be approximately US\$356 million, an increase of approximately 22% from the 2005 estimate. In addition, sustaining capital totalling US\$573 million over the 64 years of the mine will be required.
- *Cash Operating Costs.* The 2007 estimated average total cash operating costs are approximately US\$306 per ounce (excluding royalties) and \$346 per ounce (including royalties at \$550 per ounce) for the life of mine. Estimates for operating costs increased from US\$7.66/tonne of ore to US\$9.80/tonne of ore, largely due to revisions in costs and quantities of operating supplies, maintenance supplies and power, revision of staffing levels and labour rates and changes to the mining plans including updates to the mineral resource and mineral reserve estimates. Operating cost estimates were not significantly affected by the near-global climb in energy costs, a reflection of Venezuela's extremely low, stable prices for fuel.

Engineering, Procurement and Construction Management

On March 25, 2004, following completion of a competitive bidding process, the Company entered into an Engineering, Procurement and Construction Management Contract (the "EPCM Contract") with SNC-Lavalin relating to the development of the Las Cristinas project.

Detailed engineering and design for the Las Cristinas project was 98% complete by the end of 2005. All long lead time equipment for Las Cristinas was also purchased during 2004 and 2005 at a cost of \$61 million. The Company sold some equipment in 2009 and is in the process of selling the remaining equipment.

The 2007 revised capital cost estimate to construct Las Cristinas was \$356 million. Included in this estimate, was an amount already spent on engineering and other technical services.

Prior to the write down of \$297 million in 2009, the Company had capitalized \$336 million relating to Las Cristinas. In addition to expenditures on engineering services and equipment, the balance of the capitalized costs were

for items such as camp security, catering and housekeeping, reserve drilling programs, environmental work, community relations projects, among others.

LAS CRISTINAS PROJECT AND ARBITRATION REQUEST

On September 17, 2002, the Company entered into a non-assignable MOC with the CVG, acting under the authority of the Ministry of Energy and Mines of Venezuela, under which the Company was granted the exclusive right to explore, develop and exploit the Las Cristinas 4, 5, 6 and 7 concessions including the processing of gold for its subsequent commercialization and sale. The Las Cristinas Project is one of the world's largest undeveloped gold deposits with Measured and Indicated resources of 21 million ounces of gold containing 17 million ounces of proven and probable reserves calculated at a gold price of \$550 per ounce. The Company's exploration efforts indicate that gold mineralization at Las Cristinas remains open at depth and in certain areas at surface. Las Cristinas thus has considerable potential to grow even further.

With the approval of the Feasibility Study in 2004 and the Environmental Impact Study ("EIS") in 2007, the CVG was formally notified in May 2007 by the Vice-Minister of MinAmb that all requirements had been fulfilled for the issuance of the Permit which is required to commence construction of the mine. The Company then proceeded to post the required construction guarantee bond and paid the environmental disturbance taxes. In June, 2007, the CVG confirmed that the approval of the EIS, the posting of the construction guarantee bond and the payment of the environmental disturbance taxes represented the final and conclusive step in the procedure for the issuance of the Permit. The Company adhered to the legal framework applicable to the Las Cristinas Project with respect to obtaining the Permit and fully complied with its obligations under the MOC, as acknowledged on various occasions by the CVG and the Ministry of Basic Industries and Mining ("MIBAM").

In April, 2008, the Director General of the Administrative Office of Permits at MinAmb issued a letter to the CVG denying its request for the Permit. In May 2008, the Company filed a challenge to this denial. This challenge was denied by the Director General on May 30, 2008 and the Company was advised by the Director General to appeal directly to the Minister of MinAmb.

On June 16, 2008, the Company filed an appeal (the "Appeal") with the Minister of MinAmb. The Company has not received a response to this Appeal. In accordance with Venezuelan law, a decision should have been rendered within 90 business days of the appeal, that is by October 31, 2008. No decision was ever rendered. On April 21, 2009, the Workers Union of Crystallex de Venezuela C.A., as an interested party, filed before the Political Administrative Chamber of the Supreme Tribunal of Justice an action for annulment (recurso de nulidad) against MinAmb in view of the lack of response within the prescribed period provided in the Organic Law of Administrative Proceedings (LOPA).

In August 2008, the Company, at the request of the Vice-Minister of MinAmb, filed a report that dealt with modifications to the project, which were accepted by the Vice-Minister. The Vice-Minister of MinAmb issued an official letter which indicated that the modifications complied with government guidelines on environmental and social matters. The letter further noted that the foregoing was relevant in the context of the decision to be made by the Ministry of MinAmb with respect to the Permit.

On November 24, 2008, the Company delivered a letter to the Government of Venezuela notifying it of the existence of a dispute between the Company and Venezuela under the Treaty. Following delivery of the notification letter, the Treaty allows for a six month amicable period to settle disputes prior to submitting a dispute to arbitration. This six month amicable period lapsed at the end of May 2009, at which time the Company had the option of submitting its dispute to international arbitration under the terms of the Treaty. The Company chose not to submit its dispute to international arbitration at that time as it continued to seek a resolution of the notified dispute, including the possibility of securing a strategic joint-venture partner acceptable to the Venezuelan Government. During this period, the Company continued to remain in full compliance with the terms of the MOC. The Venezuelan Government ultimately failed to propose any resolution to the notified dispute.

The Company has fully and continuously complied with all its obligations under the MOC and has advanced Las Cristinas to a "shovel ready" state while awaiting the issuance of the Permit from MinAmb. The latest confirmation of compliance with the MOC was received from the CVG in August 2010. Notwithstanding its compliance with the MOC, the fulfillment of all the requisite conditions for the grant of the Permit and assurances that the Permit would be granted, on February 3, 2011, the Company received a letter from the CVG which stated that the MOC has been

“unilaterally terminated” by the CVG citing as the basis for the termination of the MOC, the Company’s lack of activity to progress the Las Cristinas Project for more than one year and “... *for reasons of opportunity and convenience*”. The Company believes that the rationale provided for the termination of the MOC is baseless and furthermore that the unilateral termination was conducted in a manner which, in itself, violates Venezuelan law.

On February 16, 2011, the Company filed the Arbitration Request before ICSID against Venezuela pursuant to the Treaty. The arbitration has been commenced as a result of the failure of the Government of Venezuela to grant the Permit, despite’s fulfilment of all conditions established by Venezuela, and the arbitrary unilateral termination of the MOC. The claim is for breach of the Treaty’s protections against expropriation, unfair and inequitable treatment and discrimination. The Company is seeking the restitution by Venezuela of Crystallex’s investments, including the MOC, and the issuance of the Permit and compensation for interim losses suffered, or, alternatively full compensation for the value of its investment in an amount in excess of US\$3.8 billion.

As a precondition for initiating an arbitration under the Treaty, the Company notified Venezuela that it has waived its right to commence or continue any other proceedings in relation to the measures that are alleged to be in breach of the Treaty before the courts or tribunals of Venezuela or in a dispute settlement procedure of any kind, including the Appeal. The Company believes the CVG’s termination was unlawful and without merit. The Company notified the CVG that it will not appeal the CVG’s unilateral termination of the MOC, but rather will seek redress under the Treaty, as required pursuant to the terms of the Treaty.

On March 9, 2011 the Arbitration Request was registered by the Secretary-General of ICSID. The next step in the arbitration process is the constitution of a Tribunal which will establish among other things the procedural calendar for the Arbitration. The Arbitration procedure allows for the Company’s filing of its written submission and accompanying evidence; a response from Venezuela and accompanying evidence; oral hearings and a written reasoned decision by the Tribunal which could be contested by either party. This process can last a number of years in the absence of a negotiated settlement with Venezuela.

The Company’s current focus is the pursuit of the arbitration claim. At the same time, the Company is implementing its withdrawal from Las Cristinas and the handover of the property to the Government of Venezuela.

WRITE DOWN OF THE CARRYING VALUE OF LAS CRISTINAS

On December 31, 2009, the Company assessed the Las Cristinas Project for impairment based on the guidance in EIC 174 "Mining Exploration Costs", AcG11 "Enterprises in the Development Stage", and CICA Handbook Section 3063, "Impairment of Long-Lived Assets" and concluded that, despite its continued efforts to secure the Permit and pursue accretive transactions in respect of the Las Cristinas Project, a non-cash write-down of the carrying value should be recorded as at December 31, 2009 based on certain impairment triggers noted including, but not limited to, the permitting delays described in Note 1. The Company determined that, among other things, the uncertainty regarding the Permit had a significant impact on the estimated future net cash flows associated with the Las Cristinas Project and on recoverability of the carrying value of the asset. Accordingly, the Company recorded a non-cash write-down of \$297.1 million as at December 31, 2009 relating to all mineral property costs, except the carrying value of the remaining mining equipment.

The Company conducted similar impairment assessments as at the end of each quarter in 2010 and for similar reasons to those indicated above; the Company recorded additional non-cash write-downs totalling \$12.5 million. In addition, the Company recorded a provision of \$2.2 million against Venezuelan value-added taxes recoverable (“VAT”) from cumulative expenditures incurred on Las Cristinas. This provision was recorded as the VAT is only recoverable from future operations at Las Cristinas and cannot be transferred or assigned.

As a result of the termination of the MOC, the Company also tested the mine equipment for recoverability at December 31, 2010. As a result, the Company recorded an impairment charge of \$6.4 million related to its mining equipment. Fair value was determined based on a range of estimated future net cash flows expected to arise from the future sale of the mine equipment, on the basis that this represents management likely course of action.

The Company’s main focus since receiving the MOC from CVG in September, 2002, was the development of Las Cristinas. The Company incurred costs such as interest on the Notes and general and administrative costs which have not been capitalized for accounting purposes. Accordingly, the write-downs relate only to the costs capitalized

for accounting purposes and do not include the indirect costs which have been expensed by the Company in its pursuit of the development of Las Cristinas.

These write-downs of the Las Cristinas Project are based on accounting principles only, and are thus without prejudice to the legal qualification that the Venezuelan measures may be given under Venezuelan or international law (including the Treaty).

STRATEGIC PARTNERSHIP DISCUSSIONS

On June 7, 2010 Crystallex announced a proposed transaction with China Railway Resources Group Co. Limited (“CRRC”) to create a strategic partnership to develop Las Cristinas. CRRC is the resource subsidiary of China Railway Engineering Corporation (“CREC”) which is the world’s largest contracting and engineering company and one of China’s largest state-owned companies with its majority shareholder being the People’s Republic of China. The proposed transaction was never completed.

CRRC previously provided Crystallex with a \$2.5 million loan, repayable on demand. This loan was advanced to the Company as a component of developing the strategic relationship.

DISCONTINUED OPERATIONS

Overview

On October 1, 2008, the Revemin mill and related assets located in El Callao, Venezuela reverted by contract 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 the Revemin mill. Subsequent to October 1, 2008, all mill operating employees at Revemin and some of the mining employees accepted offers of employment with Minerven, a Venezuelan state owned. The Company paid Minerven compensation for all severance costs relating to those employees whose employment was assumed by Minerven and has terminated most of the remaining mining employees. In December 2009, the Company transferred to Minerven the Tomi, La Victoria and Lo Increible 4C and 4D mining concessions which did not form part of the mill contract. The Company is currently revising its reclamation plans for certain previous mining and processing activities at El Callao and estimates that \$3.5 million (undiscounted) may be incurred to remediate the affected areas. The Company maintains a small workforce to oversee reclamation activities.

Mine Production

The annual production and results of operations from the Tomi and La Victoria operations for each of the three years ended December 31, 2010 is set out below:

| | 2010 | 2009 | 2008 |
|--------------------------------|-----------|-----------|-----------|
| Mining revenues | \$- | \$- | \$14,421 |
| Expenses | (2,138) | (1,975) | (18,334) |
| Loss from operations | \$(2,138) | \$(1,975) | \$(3,913) |
| Gold Production (ounces) | | | |
| Tomi Open Pits | - | - | 6,530 |
| Tomi Underground | - | - | 3,856 |
| La Victoria | - | - | 6,488 |
| Purchased Material | - | - | 1,011 |
| Total gold production (ounces) | - | - | 17,885 |
| Gold sold (ounces) | - | - | 19,677 |
| Average realized gold price | - | - | \$733 |
| Average spot gold price | = | = | \$897 |

DESCRIPTION OF SHARE CAPITAL AND RELATED INFORMATION

Authorized Capital

The share capital of the Company consists of an unlimited number of common shares, an unlimited number of Class “A” preference shares and an unlimited number of Class “B” preference shares. As at December 31, 2010, there were 364,817,719 common shares, no Class “A” preference shares and no Class “B” preference shares issued and outstanding.

The following is a summary of the material provisions attached to the common shares, the Class “A” preference shares and the Class “B” preference shares.

Common Shares

Each common share entitles the holder to receive dividends if, as and when declared by the directors, to have one vote at all meetings of holders of common shares and to participate rateably in any distribution of the assets of the Company upon liquidation, dissolution or winding-up, subject to the prior rights of holders of shares ranking in priority to the common shares.

Class “A” Preference Shares and Class “B” Preference Shares

The Class “A” preference shares and the Class “B” preference shares are issuable in series. Each series may consist of such number of shares and have such designation, rights, privileges, restrictions and conditions attached thereto as may be determined by the board of directors of the Company, subject to the provisions attached to the Class “A” preference shares as a class or the Class “B” preference shares as a class. The Class “A” preference shares and the Class “B” preference shares each rank ahead of the common shares with respect to the distribution of assets of the Company upon liquidation, dissolution or winding-up.

Shareholder Rights Plan

A new shareholder rights plan (the “Rights Plan”) was adopted by the board of directors on June 22, 2006 replacing the original shareholder rights plan of the Company dated March 10, 1997 (the “Original Rights Plan”), which expired at the termination of the Company’s 2006 general and special meeting of shareholders held on the same date. The Rights Plan was confirmed at a special meeting of the Company’s shareholders held on October 30, 2006. The Rights Plan is subject to reconfirmation at every third annual meeting of shareholders until its expiry on June 22, 2016. If the shareholders do not reconfirm the Rights Plan, the Rights Plan will terminate and cease to be effective at that time. The Rights Plan was reconfirmed at the annual meeting of shareholders held on June 24, 2009.

The Rights Plan is designed to ensure the fair treatment of shareholders in connection with any takeover bid for the Company and to provide the board of directors and shareholders with sufficient time to fully consider any unsolicited takeover bid. The Rights Plan also provides the board with time to pursue, if appropriate, other alternatives to maximize shareholder value in the event of a takeover bid.

Pursuant to the Rights Plan, one right (a “Right”) is attached to each outstanding common share of the Company held by shareholders of record at the close of business on the record date. The Rights will separate from the common shares at the time (the “Separation Time”) which is the close of business on the eighth trading day (or such later day as determined by the board of directors of the Company) after the public announcement of the acquisition of, or intention to acquire, beneficial ownership of 20% of the common shares of the Company by any person other than in accordance with the terms of the Rights Plan.

In order to constitute a Permitted Bid, an offer must be made in compliance with the Rights Plan and must be made to all shareholders (other than the offeror), must be open for at least 60 days and be accepted by shareholders holding more than 50% of the outstanding voting shares and, if so accepted, must be extended for a further period of ten business days.

A copy of the Plan is available on the SEDAR website at www.sedar.com.

Price Range and Trading Volume of the Common Shares

The common shares of the Company are listed on the Toronto Stock Exchange (the “TSX”) and the American Stock Exchange (the “AMEX”). The closing price range and the trading volume of the common shares for each of the months in 2010 are set forth in the following table.

| | TSX | | | AMEX | | |
|-----------------|---------------|--------------|------------|----------------|---------------|------------|
| | High (C\$) | Low (C\$) | Volume | High (US\$) | Low (US\$) | Volume |
| January | 0.40 | 0.27 | 6,765,200 | 0.40 | 0.25 | 10,838,400 |
| February | 0.36 | 0.30 | 3,442,800 | 0.35 | 0.25 | 8,061,900 |
| March | 0.35 | 0.30 | 7,400,000 | 0.35 | 0.29 | 12,552,600 |
| April | 0.49 | 0.32 | 8,033,800 | 0.49 | 0.31 | 14,936,100 |
| May | 0.81 | 0.39 | 9,044,900 | 0.63 | 0.40 | 28,629,600 |
| June | 0.82 | 0.40 | 67,156,700 | 0.77 | 0.33 | 54,558,600 |
| July | 0.47 | 0.39 | 17,890,000 | 0.46 | 0.37 | 11,530,100 |
| August | 0.46 | 0.36 | 11,989,600 | 0.45 | 0.34 | 11,529,500 |
| September | 0.45 | 0.37 | 14,360,700 | 0.43 | 0.36 | 13,177,500 |
| October | 0.39 | 0.31 | 9,769,300 | 0.39 | 0.28 | 17,328,400 |
| November | 0.37 | 0.30 | 6,010,700 | 0.37 | 0.29 | 10,839,700 |
| December | 0.34 | 0.29 | 3,918,900 | 0.34 | 0.29 | 10,662,200 |

Dividend Policy

No dividends have been paid on the common shares of the Company. The Company does not currently have any intention to pay dividends on the common shares. Any decision to pay dividends on the common shares in the future will be made by the board of directors of the Company on the basis of the earnings, financial position and financing requirements of the Crystallex Group and other relevant factors.

Capitalization

The following table sets forth the consolidated cash and cash equivalents, and capitalization of the Company as at December 31, 2010.

| | US\$ (millions) |
|---|--------------------|
| Cash and cash equivalents | |
| Unrestricted | 16.1 |
| Total cash and cash equivalents | 16.1 |
| Debt | |
| Demand Loan | 2.5 |
| Notes due December 23, 2011 ⁽¹⁾ | 95.0 |
| Total debt | 97.5 |
| Shareholders' deficit | |
| Common shares (authorized – unlimited; issued 294,817,719) ⁽²⁾ | 588.7 |
| Contributed surplus | 40.6 |
| Accumulated comprehensive income | 12.0 |
| Deficit | (701.9) |
| Total shareholders' deficit | (60.6) |
| Total capitalization | 53.0 |

Notes:

⁽¹⁾ See Note 10 to the Consolidated Financial Statements.

⁽²⁾ See Note 11 to the Consolidated Financial Statements.

LEGAL MATTERS

Noteholders' Action Dismissed with Costs

In December 2008, the Company was served with a notice of application (the "Application") by the trustee for the holders (the "Noteholders") of the \$100 million unsecured notes (the "Notes"). The trustee, on behalf of certain Noteholders sought, among other things, a declaration from the court that there had been a project change of control (a "Project Change of Control") event, as defined in the First Supplemental Indenture made as of December 23, 2004, thereby requiring Crystallex to accelerate payment and purchase all of the Notes of each Noteholder who has so requested, together with accrued and unpaid interest to the date of purchase.

A Project Change of Control is defined as the occurrence of any transaction as a result of which Crystallex ceases to beneficially own, directly or indirectly, at least a majority interest in the Las Cristinas Project.

On December 16, 2009, the Ontario Superior Court of Justice dismissed all of the Noteholders' claims against Crystallex and ordered the Noteholders to pay Crystallex its costs incurred with respect to the Application. In detailed reasons, the court held that Crystallex and its Board acted reasonably and in accordance with its obligations to all stakeholders including the Noteholders. The Noteholders appealed this decision which was heard in late April 2010.

On May 9, 2010, the Court of Appeal for Ontario dismissed the Noteholders' appeal and awarded costs to Crystallex.

On May 11, 2010, the Company was served with a statement of claim by the trustee for the Noteholders seeking indemnification of costs.

On June 16, 2010, the Company and the trustee agreed to a cost settlement to Crystallex of \$0.8 million on account of Crystallex's costs in defending the litigation. That payment was effected by netting against the July 15, 2010 semi-annual interest payment on the Notes. The Noteholders also signed a release against the Company and its directors at the same time.

The Company has held preliminary discussions with various significant Noteholders regarding a possible restructuring of the Notes which mature in December 2011.

Proposed Class Action Dismissed

The Company and certain officers and directors have been named as defendants in a putative securities fraud class action that commenced on December 8, 2008, in the United States District Court for the Southern District of New York. The plaintiffs in the lawsuit were described as investors who acquired the Company's common stock during the period from March 27, 2006 to April 30, 2008, inclusive (the "Proposed Class Period"). The complaint alleged that the defendants made several statements during the Proposed Class Period about the Company's Las Cristinas Project, and that the issuance of the required Venezuelan government Permit in connection with that project was imminent and guaranteed to be issued to the Company. The complaint asserted that the defendants did not have, during the Proposed Class Period, a reasonable expectation that the Company would receive the required Permit, and that on April 30, 2008, the Permit was, in fact, denied. The proposed class action sought compensatory damages plus costs and fees, alleging violations of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder by each of the defendants, and a violation of Section 20A of the Exchange Act by one of the individual defendants.

On March 28, 2011, the court dismissed this lawsuit in its entirety and without prejudice. The court allowed the plaintiffs to file a second amended complaint if they have reason to do so in good faith within 21 days of the court order.

Claims by Former Employees

The Company's subsidiaries in Venezuela have been served with statements of claim from several former employees for additional severance and health related issues for an aggregate claim of approximately \$1.1 million. The Company believes these claims are without merit and plans to vigorously defend against them. However, as the

outcome of these claims cannot be determined at this time, the Company has made no provision for these contingencies in its consolidated financial statements as at December 31, 2010.

RISK FACTORS

The business and operations of the Company and its affiliates are subject to risks. In addition to considering the other information in the Company's 2010 Annual Information Form, which is available on SEDAR at www.sedar.com, an investor should carefully consider the following factors. Any of the following risks could have a material adverse effect on the Company, its business and future prospects.

International Arbitration Against Venezuela

On February 16, 2011, the Company filed the Arbitration Request under the Additional Facility Rules of ICSID against Venezuela. The Arbitration Request was registered by the Secretary General of ICSID on March 9, 2011. The arbitration, pursuant to the Treaty, was commenced by the Company following the Venezuelan Government's failure to propose any resolution to the dispute notified by the Company on November 24, 2008 and the subsequent unlawful termination on February 3, 2011 of the Las Cristinas MOC.

The Company's claim is for breach of the Treaty's protections against expropriation, unfair and inequitable treatment and discrimination. The Company is seeking restitution by Venezuela of the Company's investments, including the MOC, the issuance of the Permit to develop Las Cristinas and compensation for interim losses suffered, or alternatively full compensation for the value of its investment in excess of US\$3.8 billion. The arbitration claim is the Company's principal focus at this time as it has no other projects.

The Company cannot provide assurances as to the outcome of the arbitration process, which can last a number of years and can be costly.

Political and Economic Uncertainty in Venezuela

The Company's international arbitration claim is against the Government of Venezuela. Should the Company be successful in winning an award of compensation to be paid by the Government of Venezuela the Company cannot provide any assurance that it would be able to collect an award of compensation which would materially adversely affect the Company.

Should Crystallex obtain the restitution of the MOC and the grant of the Permit to allow development activities at Las Cristinas pursuant to an arbitral award, then the Company may face a number of political, economic and regulatory risks in Venezuela.

Additional Funding Requirements

The Company will need to raise additional funds to service its debt (including paying interest on the Notes and repaying the demand loan), to pursue international arbitration and for general working capital. The Company is currently in the process of selling equipment held in storage and, if all the equipment is sold, the Company expects to receive sufficient proceeds to fund interest payments, litigation and general working capital. There are however, no assurances that the proceeds of equipment sales will be sufficient to cover these expenses and the timing of the receipt of sales proceeds is uncertain.

The Company is in discussions with the Noteholders to restructure the Notes, including extending the maturity date beyond December 2011. If the Company is not successful in this initiative, then the Company will need to raise substantial additional funds to repay the Notes. Despite the financings that have been completed by the Company, the Company has limited access to financial resources as a direct result of the cancellation of the MOC and there is a risk that sufficient additional financing may not be available to the Company on acceptable terms, or at all, as a consequence of the Government of Venezuela's conduct. Failure to obtain such additional financing could result in the Company defaulting on its debt repayments.

Current Global Financial Condition

In 2008 and 2009, global financial conditions were subject to increased volatility and numerous financial institutions filed for bankruptcy or insolvency protection, or have been rescued by governmental authorities. Access to

financing was negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. There remains considerable uncertainty as to the strength and sustainability of the global economic recovery. Global economic and financial conditions may impact the ability of the Company to obtain loans, financing and other credit facilities in the future and, if obtained, on terms favourable to the Company. As a consequence, global financial conditions could adversely impact the Company's financial status and share price.

Environmental Regulation and Liability

The Company is no longer engaged in operating activities at its former properties near El Callao in Venezuela and has transferred ownership of the processing facility and El Callao mining concessions to the Government of Venezuela. The Company has environmental reclamation obligations related to its previous mining and processing operations on the El Callao concessions. The scope of the reclamation work required to be undertaken by the Company on the El Callao concessions has yet to be determined as the Government of Venezuela may continue with mining or other activities on the concessions.

The reclamation activities are subject to laws and regulations controlling the environment. Environmental legislation may change and result in greater reclamation costs than the Company currently estimates.

The Company does not maintain environmental liability insurance. The Company has adopted high standards of environmental compliance; however, failure with or unanticipated changes in Venezuela's laws and regulations pertaining to the protection of the environment could adversely affect the Company.

Currency Fluctuations

The Company's functional and reporting currency is the U.S. dollar. A significant portion of the Company's operating and capital expenditures are in Venezuelan BsF and Canadian dollar. Fluctuations in exchange rate between the U.S. dollar and both the BsF and Canadian dollar, either favourable or unfavourable, could have a material impact on the results of operations and financial position.

Operating Losses are Expected to Continue in the Near Future

The Company expects that it will continue to incur losses, and there can be no assurance that the Company will become profitable in the near future.

Litigation

The Company is defending against several statements of claim in Venezuela from former employees for additional severance and health issues brought against the Company. The Company believes that these actions are without merit and intends to defend vigorously against these actions. The Company cannot provide assurances as to the outcome of the actions, nor can the range of losses, if any, be estimated. Accordingly, no losses have been accrued. A negative outcome from any of these actions could result in a material loss to the Company.

Potential Dilution

As at March 31, 2011, the Company had outstanding options to purchase 18,396,633 common shares of the Company and warrants to purchase 66,695,000 common shares of the Company (including 12,250,000 warrants that do not become effective until after the receipt of the Permit). The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional stock options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders would be further diluted.

Common Share Price Volatility

The market price of the common shares of the Company could fluctuate significantly based on a number of factors in addition to those listed in this document, including:

- the Company's operating performance and the performance of competitors and other similar companies;
- the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities;
- changes in earnings estimates or recommendations by research analysts who track the common shares or the shares of other companies in the resource sector;
- changes in general economic conditions;
- the arrival or departure of key personnel;
- significant global economic events;
- acquisitions, strategic alliances or joint ventures involving the Company or its competitors; and
- outcomes of litigation.

In addition, the market price of the common shares of the Company are affected by many variables not directly related to the Company's success and are, therefore, not within the Company's control, including other developments that affect the market for all resource sector shares, the breadth of the public market for the common shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of common shares on the exchanges on which the Company trades has historically made the Company's share price volatile and suggests that the Company's share price will continue to be volatile in the future.

Dependence on Key Employees

The Company's business is dependent on retaining the services of a small number of key management personnel and directors, in particular those who possess important historical knowledge of Las Cristinas relevant to the arbitration claim. The loss of key personnel and/or directors could have a material adverse effect on future operations of the Company.

Credit and Market Risks

The Company may enter into financial agreements (financial instruments) with major international banks, other international financial institutions and other accredited third parties in order to manage underlying revenue and future cash flow exposures arising from commodity prices. Financial instruments, which subject the Company to market risk and concentrations of credit risk, consist primarily of cash and accounts receivable.

Market risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates or currency exchange rates. The Company manages the market risk associated with commodity prices by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

Credit risk is the risk that counterparty might fail to fulfil its performance obligations under the terms of a contract. The Company has concentrations of credit risk with respect to accounts receivable, as the accounts receivable are due from the Venezuelan Tax Department.

Enforcement by Investors of Civil Liabilities

The enforcement by investors of civil liabilities under United States federal securities laws may be adversely affected by the fact that the Company is organized under the laws of Canada, that most of its officers and directors are residents of Canada, and that a substantial portion of the Company's assets and the assets of a majority of the Company's directors and officers named in this 2010 Annual Information Form are located outside the United States. Furthermore, it may not be possible to enforce against the Company or its directors or officers, judgments contained in U.S. courts. The Company believes that a monetary judgment of a Canadian court predicated solely on the Canadian civil liability regime would likely be enforceable in the U.S. if the Canadian court in which the judgment was obtained had a basis for jurisdiction in the matter that was recognized by a U.S. court for such purposes, but this area of the law is not free from doubt and there is a risk that such a judgment will not be enforceable.

No Payment of Cash Dividends in the Near Future

The Company intends to retain cash to finance its arbitration claim, to service debt and for working capital, including pursuing other business opportunities. The Company does not intend to declare or pay cash dividends in the near future, nor has it done so since its inception. In the event that the Company decides to declare and pay cash

dividends in the future, such a decision will be made entirely in the discretion of the board of directors and shall be dependent on factors such as earnings, capital requirements, future business opportunities, financing agreements and market conditions for the Company's shares and the underlying commodities markets.

Compliance with Sarbanes-Oxley Act of 2002

Passed by the U.S. Congress on July 30, 2002, the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") requires companies to, among other things, have management provide a report on the Company's internal control over financial reporting. The Company has complied with this particular aspect of Sarbanes-Oxley for its fiscal year ended December 31, 2010. Management's evaluation of, and report on, the Company's internal control over financial reporting is set out in the Company's Management Discussion and Analysis under the section Disclosure Controls and Internal Control over Financial Reporting. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective and the Company has described the plans to remediate the material weaknesses described therein.

To remediate the material weaknesses in the Company's internal control over financial reporting, Management is designing additional controls to specifically augment those controls relating to information and communication. Management is redesigning the existing authority structure or framework, which specifies the thresholds for those acting on behalf of the Company in approving transactions relating to engineering, procurement and construction management transactions to include all transactions.

There can be no assurance that the Company will be able to adequately remediate its currently known weaknesses or that the Corporation's internal controls over financial reporting will be free of material weaknesses in future periods, which could cause the market price of the Company's common shares to decline and could lead to shareholder litigation. In addition, the discovery of additional material weaknesses may result in the Company having to incur costs to fix the internal controls for financial reporting as well as costs to remediate any financial inaccuracies.

DIRECTORS AND SENIOR OFFICERS

The following table sets forth, for each of the directors and senior officers of the Company, the name, municipality of residence, office, principal occupation and, if a director, the date on which the person became a director. Each director is elected to serve until the Company's next annual meeting of shareholders.

| <u>Name and Municipality of Residence</u> | <u>Office</u> | <u>Principal Occupation</u> | <u>Director Since</u> | <u>Expiry of Current Term⁽⁶⁾</u> |
|---|--|--|-----------------------|---|
| Robert A. Fung ⁽¹⁾⁽³⁾⁽⁴⁾⁽¹⁰⁾ Toronto, Ontario | Director, Chairman of the Board, Chief Executive Officer | Chief Executive Officer of Crystallex International Company and an Employee of Macquarie Capital Markets Canada Ltd. (formerly Orion Securities, Inc.) (investment bank) | December 3, 1996 | June 22, 2011 |
| Gordon M. Thompson ⁽³⁾⁽⁵⁾ ⁽¹¹⁾ Toronto, Ontario | Director | Director of Various Companies | February 1, 2007 | June 22, 2011 |
| Michael J.H. Brown ⁽¹⁾⁽⁴⁾⁽⁵⁾ Toronto, Ontario | Director | Principal, Capital Markets Advisory (a financial and capital markets advisory firm) | October 10, 2002 | June 22, 2011 |
| C. William Longden ⁽²⁾⁽⁴⁾ Toronto, Ontario | Director | Vice Chairman, MMM Group Limited (an engineering project management Company) | July 25, 2000 | June 22, 2011 |
| Harry J. Near ⁽²⁾⁽³⁾⁽⁵⁾ Ottawa, Ontario | Director | President, Near Consultants & Associates; Principal, The Earncliffe Strategy Group (political advisory firm) | May 5, 1997 | June 22, 2011 |
| Marc J. Oppenheimer ⁽¹⁾⁽²⁾⁽⁴⁾ Leonia, New Jersey | Director | President, Octagon Associates Inc. | February 20, 1995 | June 22, 2011 |
| Johan C. van't Hof ⁽¹⁾⁽²⁾ Toronto, Ontario | Director | President, Tonbridge Power Inc. (an electricity transmission developer and owner) | March 12, 2004 | June 22, 2011 |
| Armando F. Zullo ⁽³⁾⁽⁵⁾ Vancouver, British Columbia | Director | President, A.F. Zullo & Company Ltd. (equipment supplier) | December 3, 1996 | June 22, 2011 |

| <u>Name and Municipality of Residence</u> | <u>Office</u> | <u>Principal Occupation</u> | <u>Director Since</u> | <u>Expiry of Current Term</u> ⁽⁶⁾ |
|--|---|---|-----------------------|--|
| Hemdat Sawh ⁽⁷⁾ Oakville, Ontario | Chief Financial Officer | Chief Financial Officer, Crystallex International Company | – | – |
| Robert Crombie ⁽⁸⁾ Toronto, Ontario | President | President, Crystallex International Company | – | – |
| Richard Marshall Alpharetta, Georgia | Vice President, Investor Relations | Vice President, Investor Relations, Crystallex International Company | – | – |
| William A. Faust ⁽⁹⁾ Albuquerque, New Mexico | Senior Vice President and Chief Operating Officer | Senior Vice-President and Chief Operating Officer, Crystallex International Company | – | – |

Notes:

- (1) Member of the Finance and Risk Management Committee. The role of the Finance and Risk Management Committee is to assist the board of directors in fulfilling its responsibilities with respect to financial matters (including short- and long-term financings, issuances of shares, foreign currency, hedging and derivatives transactions, capital expenditures and long-term commitments and policies and guidelines for the investment of cash) and its oversight responsibilities with respect to non-financial risk management systems. A copy of the charter of the Finance and Risk Management Committee may be viewed on the Company's website at www.crystallex.com.
- (2) Member of the Audit Committee. See "Audit Committee" below.
- (3) Member of the Nominating and Governance Committee. The role of the Nominating and Governance Committee is to assist the board of directors in fulfilling its responsibilities with respect to the composition and operation of the board of directors and committees of the board and corporate governance standards and practices. A copy of the charter of the Corporate Governance Committee may be viewed on the Company's website at www.crystallex.com.
- (4) Member of the Environment, Health and Safety and Operations Committee. The role of the Environment, Health and Safety and Operations Committee is to assist the board of directors with respect to environment, health and safety matters arising out of the activities of the Company and to oversee the Company's operations. A copy of the charter of the Environment, Health and Safety and Operations Committee may be viewed on the Company's website at www.crystallex.com.
- (5) Member of the Compensation Committee. The role of the Compensation Committee is to assist the board of directors in fulfilling its responsibilities with respect to the compensation of directors, the recruitment and compensation of the Chief Executive Officer and other officers of the Company, executive compensation disclosure and oversight of the compensation structure and benefit programs of the Company. A copy of the charter of the Nominating and Compensation Committee may be viewed on the Company's website at www.crystallex.com.
- (6) Proposed date for the Company's next annual meeting of shareholders.
- (7) Appointed as Chief Financial Officer of the Company effective May 15, 2007.
- (8) Appointed President, effective June 3, 2008
- (9) Appointed Chief Operating Officer and Senior Vice-President effective April 16, 2007.
- (10) Appointed Chief Executive Officer June 3, 2008.
- (11) Resigned as President and Chief Executive Officer June 3, 2008.

All of the directors and senior officers of the Company have held the principal occupations identified above with the same or associated companies or organizations for not less than five years, except for Mr. Thompson who was Senior Vice President, Corporate Development of NCE Resources Group from 2001 to 2003 and Senior Vice President, Corporate Development of Sentry Select Capital Corp. from 2004 to 2006; Mr. Oppenheimer who was Chief Operating Officer, Chief Financial Officer and Treasurer of IDT Company from August 2007 to April 2008; President of Octagon Associates from July 2006 to present; Executive Vice President of Kenmar Global Investment Management, Inc. and a Managing Director of Kenmar Nihon Venture Capital LLC from May 2004 to July 2006; and Vice-Chairman of the Company from September 2003 to May 2004 and the President and Chief Executive Officer of the Company prior to September 2003; Mr. van't Hof who was the Chief Operating Officer of Carter Group Inc. (an automobile parts manufacturer) from July 2001 until May 2003 and was a partner and managing director with PricewaterhouseCoopers LLP prior to January 2001; Mr. Sawh who was Chief Financial Officer of Goldbelt Resources Ltd. from October 2005 to May 2007; and Mr. Faust who served as Vice President Operations for Nevada Pacific Gold Ltd. from 2004 to 2007, President of Pan American Silver from 2003 to 2004; Vice President, Operations of Corner Bay Silver Inc. from 2001 to 2003 and Vice President Operations of Eldorado Gold Company from 1997 to 2001.

Other than as described below, no director or senior officer of the Company has, within ten years prior to the date of this Annual Information Form:

- been a director or officer of any reporting issuer that, while that individual was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the reporting issuer access to any statutory exemption for a period of more than 30 consecutive days or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that individual;
- been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer or theft or fraud; or
- become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

In connection with a proposal with certain creditors which was filed on February 29, 2008, Mr. Fung reached a settlement with these creditors on March 12, 2009.

The directors and executive officers of the Company, and their associates and affiliates, as a group, beneficially own, directly or indirectly, 1,436,716 common shares of the Company or approximately 0.4% of the outstanding common shares of the Company.

AUDIT COMMITTEE MATTERS

The board of directors of the Company has established the Audit Committee to assist the board in fulfilling its corporate governance and oversight responsibilities with respect to accounting and financial reporting processes, internal financial control structure, financial risk management systems and external audit function.

Composition

The Audit Committee is composed of Johan C. van't Hof (Chair), C. William Longden, and Harry J. Near, each of whom is independent (as determined by the Board in accordance with the Policy on Independence of Directors of the Company, attached hereto as Schedule "F") and financially literate (i.e., has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of accounting issues that can reasonably be expected to be raised by the financial statements of the Company) within the meaning of applicable Canadian and U.S. securities laws.

Mr. van't Hof was a partner and managing director with PricewaterhouseCoopers LLP, between 1991 and 2001 and is financially sophisticated (i.e., has past employment experience in finance and accounting both as a chartered accountant and as a regular lecturer to members of the accounting profession on matters of audit and finance) within the meaning of applicable U.S. securities laws.

On December 31, 2010, Marc J. Oppenheimer was not "independent" within the meaning of applicable securities regulations and the listing standards of the TSX and NYSE Amex and on January 25, 2011, Mr. Oppenheimer ceased to be a member of the Audit Committee. Mr. Oppenheimer remains a member of the Board of Directors of the Company.

Charter

The composition, responsibilities and authority of the Audit Committee are set out in its charter. The terms of the charter are attached and set out in Schedule "E."

A copy of the charter of the Finance and Risk Management Committee may be viewed on the Company's website at www.crystallex.com.

Policy on the Provision of Services by External Auditors

The Audit Committee reviews all requests for proposed and audit or permitted non-audit services to be provided by the Company's external auditor under the Policy on Provision of Services by External Auditors developed by the Audit Committee. Under this Policy, the Audit Committee annually reviews and pre-approves recurring audit and non-audit services that are identifiable for the coming year. This Policy requires that the Audit Committee approve any audit or non-audit services that are proposed during the year.

Copies of the Company's Policy on the Provision of Services by External Auditors and the Company's Code of Business Conduct and Ethics may be viewed on the Company's website at www.crystallex.com.

External Auditor's Service Fees

The Company's shareholders appointed PricewaterhouseCoopers LLP, Chartered Accountants as successor auditors of the Company in place of Deloitte & Touche LLP, Chartered Accountants, at the Annual General Meeting of the Company held on June 28, 2007. PricewaterhouseCoopers LLP, Chartered Accountants were reappointed as auditors of the Company for fiscal 2010 at the Annual General Meeting of the Company held on June 23, 2010.

The table below sets out the fees billed by PricewaterhouseCoopers LLP for each of last two years in respect of the services noted below.

| | Year -ended December 31 (US\$) | |
|---|--------------------------------|-------------------|
| | 2010 | 2009 |
| Audit fees ⁽¹⁾ | \$ 868,797 | \$ 817,710 |
| Audit-related fees ⁽²⁾ | 9,657 | 24,642 |
| Tax fees ⁽³⁾ | - | - |
| All other fees | - | - |
| | <u>\$ 878,484</u> | <u>\$ 842,352</u> |

Notes:

- (1) Fees for audit services include fees associated with annual audit, the reviews of the Company's quarterly reports, statutory audits for regulatory filing requirements and review of prospectus.
- (2) Fees for consultation concerning accounting and reporting standards.
- (3) Fees for tax services include tax compliance, tax planning and tax advice services.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement (together with the documents referred to in the Corporate Governance Statement) may be viewed on the Company's website at www.crystallex.com.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares of the Company is CIBC Mellon Trust Company at its principal office in Toronto, Ontario. The trustee for the Noteholders is Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any material contract within the two years before the date of this Annual Information Form.

INTEREST OF EXPERTS

MDA and SNC-Lavalin have been involved in the preparation of certain technical reports, which are incorporated by reference in this Annual Information Form. The foregoing experts have advised the Company that they do not own any common shares or other property of the Crystallex Group.

PricewaterhouseCoopers LLP is the independent auditor of the Company and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information with respect to the Crystallex Group may be found at the SEDAR website at www.sedar.com.

Additional information including directors and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is or will be contained in the management information circular for use at the next annual meeting of shareholders of the Company (currently scheduled for June 22, 2011).

Additional financial information is provided in the Consolidated Financial Statements and Management's Discussion and Analysis, copies of which are attached to this Annual Information Form as Schedule "A" and Schedule "B," respectively.

SCHEDULE "A"
CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE "B"
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SCHEDULE “C”
GLOSSARY OF DEFINED TERMS AND TECHNICAL MINING TERMS AND ABBREVIATIONS

Defined Terms

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| 20,000 TPD Feasibility Study | The feasibility study completed by SNC-Lavalin and other independent consultants (including MDA) in September 2003 with respect to the development of the Las Cristinas project and the construction and operation of a mining and processing facility at a production rate of 20,000 tonnes of ore per day. See “Las Cristinas Project.” |
| 2005 Development Plan | The study completed by SNC-Lavalin and other independent consultants (including MDA) in August 2005 updating the 20,000 TPD Feasibility Study. See “Las Cristinas Project.” |
| Consolidated Financial Statements | The audited consolidated balance sheets of the Company as at December 31, 2007 and 2006, and consolidated statements of operations, cash flows and shareholders equity of the Company for each of the years in the three year period ended December 31, 2007, including the notes thereto and the auditors report thereon. A copy of the Consolidated Financial Statements is attached to this Annual Information Form as Schedule “A”. |
| Company | Crystallex International Company. |
| Crystallex Group | The Company and its subsidiaries. |
| CVG | Corporación Venezolana de Guayana. ” |
| EIS | Environmental Impact Study. ” |
| Las Cristinas Deposits | The four areas referred to as Las Cristinas 4, 5, 6, and 7. See “Las Cristinas Project – Location and Property Description.” |
| Management’s Discussion and Analysis | Management’s Discussion and Analysis of Financial Condition and Results of Operations of the Company for the year ended December 31, 2006. A copy of Management’s Discussion and Analysis is attached to this Annual Information Form as Schedule “B.” |
| MinAmb | The Ministry of the Environment and Natural Resources. ” |
| MDA | Mine Development Associates. See “Las Cristinas Project.” |
| 2007 Technical Report Update | The 2007 Technical Report Update dated November 7, 2007, prepared by MDA and SNC-Lavalin with respect to the Las Cristinas project. See “Las Cristinas Project.” |
| MIBAM | The Ministry of Basic Industries and Mining (formerly, the Ministry of Energy and Mines). |
| Mine Operating Contract | The Mine Operating Contract between the CVG and the Company dated September 17, 2002, with respect to the Las Cristinas Project. See “Las Cristinas Project – Mine Operating Contract.” A copy of the Mine Operating Contract is attached to this Annual Information Form as Schedule “D”. |
| NI 43-101 | National Instrument 43-101 (Standards of Disclosure for Mineral Projects) of the Canadian Securities Administrators. |

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| Qualified Person | A person who: is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment or any combination of these; has experience relevant to the subject matter of the mineral project and the technical report; and is a member in good standing of a professional association. |
| SNC-Lavalin | SNC-Lavalin Inc. See “Las Cristinas Project.” |
| VAT | Value Added Tax. |
| Technical Mining Terms | |
| Alluvial | Relating to deposits made by flowing water, washed away from one place and deposited in another. |
| Assay | An analysis to determine the presence, absence or concentration of one or more chemical components. |
| ball mill | A large steel cylinder containing steel balls into which crushed ore is fed. The ball mill is rotated, causing the balls to cascade and grind the ore. |
| Breccia | Rock consisting of fragments, more or less angular, in a matrix of finer-grained material or cementing material. |
| carbon-in-leach (CIL) | A recovery process in which a slurry of gold ore, carbon granules and cyanide are mixed together. The cyanide dissolves the gold, which is then adsorbed by the carbon. The loaded carbon is subsequently separated from the slurry and the gold removed from the carbon. |
| Cathode | A rectangular plate of metal produced by electrolytic refining. A cathode is typically the finished product of the copper refining process. |
| Chalcopyrite | A copper mineral, the composition of which is copper iron sulphide. |
| Concentrate | A metal rich product from a mineral separation process such as flotation, from which most of the waste material in the ore has been separated. The metals are “concentrated” from the ore and the remainder discarded as tailings. |
| cut-off grade | The minimum metal grade of which a tonne of rock can be processed on an economic basis. |
| Deposit | A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. A deposit does not qualify as a commercially mineable ore body or as containing mineral reserves, until final legal, technical and economic factors have been resolved. |
| Development | The preparation of a known commercially mineable deposit for mining. |
| diamond drill | A type of rotary drill in which the cutting is done by abrasion rather than percussion. The cutting bit is set with diamonds and is attached to the end of long hollow rods through which water is pumped to the cutting face. The drill cuts a core of rock, which is recovered in long cylindrical sections, an inch or more in diameter. |
| Dissemination | A scattered distribution of generally fine-grained, metal-bearing minerals throughout a rock body. |

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| Dyke | A tabular intrusion, meaning it is sheet or slab-like, that cuts across or through the host rocks. Dykes vary from a few centimetres to many tens of metres in thickness and may extend for several kilometres. |
| Extraction | Removal of ore or waste from the ground. |
| Fault | A geological term that refers to a fracture or zone of fractures in the earth's crust along which the rock units on each side of the fracture have moved relative to one another. |
| feasibility study | A comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail such that the study could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production. |
| Flotation | A milling process by which some mineral particles are induced to become attached to bubbles of froth and float, and others to sink, so that the valuable minerals are concentrated and separated from the remaining rock or mineral material. |
| Geophysics | The study of the earth by quantitative physical methods. |
| gold doré | A bar of gold which contains impurities in excess of 2% and which will be further refined to almost pure metal. |
| Grade | The concentration or quality of an ore or metal content. |
| Hectare | A square of 100 m on each side, or 2.471 acres. |
| Host | The body of rock in which mineralization of economic interest occurs. |
| Intrusive | A body of igneous rock formed by magma penetrating or intruding into or between other rocks but solidifying before reaching the surface; in contrast to lavas or tuffs which are extruded upon the surface. |
| Mill | A plant where ore is ground fine and undergoes physical or chemical treatment to extract the valuable metals. |
| Mine | An excavation in the earth for the purpose of extracting minerals. The excavation may be an open-pit on the surface or underground workings. |
| mineral reserve | <p><i>Mineral Reserve</i> (As defined in NI 43-101): The economically mineable part of a Measured Mineral Resource or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study (which must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified). A Mineral Reserve includes diluting materials and allowances for losses that may occur when material is mined.</p> <p><i>Proven Mineral Reserve:</i> The economically mineable part of a Measured Mineral Resource demonstrated by at least preliminary feasibility study.</p> <p><i>Probable Mineral Reserve:</i> The economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource, demonstrated by at least a preliminary feasibility study.</p> |

mineral resource

Mineral Resource (As defined in NI 43-101): A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

Measured Mineral Resource: That part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Indicated Mineral Resource: That part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Inferred Mineral Resource: That part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Mineralization

The natural process by which sometimes valuable minerals are aggregated, resulting in a potential ore deposit.

Ore

A natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.

Oxidation

A chemical reaction caused by exposure to oxygen that results in a change in the chemical composition of a mineral.

Oxide

An adjective applied to a rock, mineral resource or mineral reserve indicating that it has been subjected to oxidation through weathering and exposure to the surface elements or ground water.

Plunge

The vertical angle between a horizontal plane and the line of maximum elongation of an orebody.

Pulp

A mixture of ground ore and water capable of flowing through suitably graded channels as a fluid.

pyrite

A mineral, the composition of which is iron sulphide.

Quartz

A mineral composed of silicon dioxide.

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| reclamation | The process by which lands disturbed as a result of mining activity are brought back to beneficial land use. Reclamation activity includes the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings impoundments, leach pads and other mine features and contouring, covering and revegetation of waste rock piles and other disturbed areas. |
| recovery | A term used in process metallurgy to indicate the proportion of valuable material obtained in the processing of an ore. It is generally stated as a percentage of valuable metal in the ore that is recovered compared to the total valuable metal present in the ore. |
| recovery rate | The percentage of a particular metal contained in ore that is recovered during processing. |
| refining | The final stage of metal production in which impurities are removed from the molten metal. |
| sample | Small amount of material that is supposed to be typical or representative of the object being sampled. |
| sedimentary | A rock formed from cemented or compacted sediments deposited in horizontal strata. |
| sediments | The debris resulting from the weathering and break-up of pre-existing rocks. |
| smelter | A plant where concentrates are processed into an upgraded product. |
| smelting | A pyro-metallurgical operation in which metal is separated from impurities by a process that includes fusion. |
| strike | A geological term that refers to the compass direction on a map that layered rock units or faults run. |
| stripping ratio | The ratio of waste removed to ore processed. |
| sulphides | Minerals that are compounds of sulphur together with one or more other elements (such as iron, copper, lead, zinc and arsenic). |
| tailings | The material that remains after all metals considered economic have been removed from ore during milling. |
| tuff | A finer grained pyroclastic rock made up mostly of volcanic ash. |
| vein | An epigenetic mineral filling of a fault or other fracture, in tabular or sheet-like form, often with associated replacement of the host rock. |
| waste | Barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit. |

Abbreviations

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| g/t | Grams per tonne. |
| m | Metre. |
| oz | Ounce(s). |
| t | Tonnes. |

- ton** A dry short ton (2,000 pounds).
- tonne** A metric ton (1,000 kilograms or 2,204.62 pounds).
- tpa** Tonnes per annum.

Metric/Imperial Conversion Table

The following table sets out the imperial equivalents of the metric units of measurement used in this Annual Information Form:

| <u>Metric Unit</u> | <u>Imperial Equivalent</u> |
|---------------------|----------------------------|
| Gram | 0.03215 troy ounces |
| Hectare | 2.4711 acres |
| Kilogram | 2.20462 pounds |
| Kilometre | 0.62139 miles |
| Metre | 3.2808 feet |
| Tonne | 1.1023 short tons |

SCHEDULE "D"
MINE OPERATING CONTRACT AND RELATED DOCUMENTS

**SCHEDULE “E”
AUDIT COMMITTEE CHARTER**

1. General

- (1) The board of directors (*Board*) of Crystallex International Company (*Company*) has established the Audit Committee (*Committee*) to assist the Board in fulfilling its corporate governance and oversight responsibilities with respect to the accounting and financial reporting processes, internal financial control structure, financial risk management systems and external audit function.
- (2) The composition, responsibilities and authority of the Committee are set out in this Charter.
- (3) This Charter and the by-laws of the Company and such other procedures, not inconsistent therewith, as the Committee may adopt from time to time, shall govern the meetings and procedures of the Committee.

2. Composition

- (1) The Committee shall be composed of at least three directors of the Company (*Members*):
 - (a) all of whom are *independent* (as determined by the Board in accordance with the Policy on Independence of Directors of the Company);
 - (b) all of whom are *financially literate* (i.e., have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can reasonably be expected to be raised by the financial statements of the Company); and
 - (c) at least one of whom is *financially sophisticated* (i.e., has past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that results in his/her financial sophistication).
- (2) Members shall be appointed by the Board and shall serve until they resign, cease to be a Director or are removed or replaced by the Board.
- (3) The Board shall designate one of the Members as chair of the Committee (*Chair*).
- (4) The Secretary of the Company shall be secretary of the Committee (*Secretary*).

3. Responsibilities

The Committee shall assist the Board in fulfilling its corporate governance and oversight responsibilities with respect to accounting and financial reporting processes, internal financial control structure, financial risk management systems and external audit function.

The Committee shall have the responsibilities set out below.

3.1 *Managing, on behalf of the Shareholders of the Company, the Relationship between the Company and its External Auditors*

The Committee shall be responsible for managing, on behalf of the shareholders of the Company, the relationship between the Company and its external auditors, including:

- (a) appointing the external auditors, subject to shareholder approval;
- (b) setting the compensation of the external auditors;

- (c) overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors with respect to financial reporting;
- (d) pre-approving all audit services and permitted non-audit services to be provided to the Company and its subsidiary entities by the external auditors;
- (e) having the external auditors report to the Committee in a timely manner with respect to all required matters, including those set out in paragraph 3.2;
- (f) reviewing and approving the hiring policies of the Company with respect to present and former partners and employees of the current and former external auditors;
- (g) overseeing the rotation of the audit partner having primary responsibility for the external audit of the Company, the audit partner responsible for reviewing the external audit and the external auditors at such intervals as may be required;
- (h) overseeing any change in the external auditors, including the notice of change of auditors required under applicable laws; and
- (i) reviewing and assessing the performance, independence and objectivity of the external auditors.

3.2 *Overseeing the External Audit*

The Committee shall be responsible for overseeing the external audit of the Company, including:

- (a) reviewing and approving the engagement letter and the audit plan, including financial risk areas identified by the external auditors and management, and facilitating coordination where more than one audit firm is involved;
- (b) reviewing and assessing the accounting and reporting practices and principles used by the Company in preparing its financial statements, including:
 - (1) all significant accounting policies and practices used, including any changes from preceding years and any proposed changes for future years;
 - (2) all significant financial reporting issues, estimates and judgments made;
 - (3) all alternative treatments of financial information discussed by the external auditors and management, the results of such discussions and the treatments preferred by the external auditors;
 - (4) any material issues identified by the external auditors with respect to the adequacy of the internal financial control structure and any special audit steps adopted in light of material deficiencies or weaknesses;
 - (5) the effect of regulatory and accounting initiatives and off-balance sheet transactions or structures on the financial statements;
 - (6) any errors or omissions in, and any required restatement of, the financial statements for preceding years;
 - (7) all significant tax issues;
 - (8) the reporting of all material contingent liabilities and related party transactions; and
 - (9) any material written communications between the external auditors and management;

- (c) reviewing and assessing the results of the external audit and the external auditors' opinion on the financial statements, including:
 - (1) the scope and quality of the external and internal audit work performed;
 - (2) the resources required to carry out the audit work performed;
 - (3) the cooperation and any lack of cooperation received by the external auditors from employees of the Company; and
 - (4) the contents of the audit report;
- (d) reviewing and discussing with the external auditors and management any management or internal control letters issued or proposed to be issued by the external auditors;
- (e) reviewing and discussing with the external auditors any problems or difficulties encountered by them in the course of their audit work and management's response (including any restrictions on the scope of activities or access to requested information and any significant disagreements with management); and
- (f) reviewing and discussing with legal counsel and other advisors matters that may have a material impact on the financial statements, operations, assets or compliance policies of the Company and any material reports or enquiries received by the Company and its subsidiary entities from regulators or government agencies.

3.3 *Reviewing and Approving and Recommending to the Board for Approval the Financial Statements, MD&A and Interim Reports of the Company*

The Committee shall review and approve, and where required recommend to the Board for approval, the financial statements, management's discussion and analysis of financial condition and results of operations (*MD&A*) and interim financial reports of the Company and other public disclosure of financial information extracted from the financial statements of the Company with particular focus on:

- (a) the quality and appropriateness of accounting and reporting practices and principles and any changes thereto;
- (b) major estimates or judgments, including alternative treatments of financial information discussed by management and the external auditors, the results of such discussions and the treatments preferred by the external auditors;
- (c) material financial risks;
- (d) material transactions;
- (e) material adjustments;
- (f) compliance with loan agreements;
- (g) material off-balance sheet transactions and structures;
- (h) related party transactions;
- (i) compliance with accounting standards;
- (j) compliance with legal and regulatory requirements; and
- (k) disagreements with management.

3.4 *Overseeing Internal Financial Control Structure and Financial Risk Management Systems*

The Committee shall be responsible for overseeing the internal financial control structure and financial risk management systems of the Company, including:

- (a) reviewing and discussing with management and the external auditors the quality and adequacy of the internal control over financial reporting structure of the Company including any material deficiencies or weakness and the steps taken by management to rectify these deficiencies or weaknesses;
- (b) reviewing and discussing with management and the external auditors the quality and adequacy of the financial risk management systems of the Company including the major financial risk exposures of the Company and the steps taken by management to monitor and control these exposures;
- (c) reviewing and discussing with management and the external auditors the establishment of and compliance with the Code of Business Conduct and Ethics of the Company; and
- (d) reviewing and discussing with the Chief Executive Officer and the Chief Financial Officer of the Company the procedures undertaken by them in connection with the certifications required to be given by them in connection with annual and other filings required to be made by the Company under applicable securities laws.

3.5 *Establish and Review Certain Procedures*

The Committee shall establish adequate procedures, or require that adequate procedures are established, with respect to the following and shall annually assess the adequacy of these procedures:

- (a) the review of the public disclosure of financial information extracted from the financial statements of the Company;
- (b) the receipt, retention and treatment of complaints received by the Company with respect to accounting, internal accounting controls or auditing matters; and
- (c) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

3.6 *Other*

The Committee shall:

- (a) in cooperation with the Board and management, develop a calendar of activities and a meeting schedule for each year;
- (b) review the operating and capital budgets of the Company;
- (c) annually and more frequently if appropriate, review the funding and administration of the employee benefit plans of the Company; and
- (d) review and discuss with management and the external auditors any material difficulties or problems with regulatory or government agencies with respect to financial matters and management's response thereto.

3.7 *Matters for which the Audit Committee is not Responsible*

The Committee is not responsible for those matters which are the responsibility of management or the external auditors including:

- (a) planning and conducting the external audit;

- (b) ensuring that the financial statements of the Company have been prepared in accordance with generally accepted accounting principles;
- (c) ensuring that the financial statements of the Company and the other financial information of the Company contained in regulatory filings and other public disclosure of the Company fairly present in all material respects the financial condition, results of operations and cash flows of the Company;
- (d) ensuring the adequacy of the internal control over financial reporting structure and the financial risk management systems of the Company; and
- (e) ensuring compliance with applicable laws and regulations or the Code of Business Conduct and Ethics of the Company.

4. Authority

- (1) The Committee is authorized to carry out its responsibilities as set out in this Charter and to make recommendations to the Board arising therefrom.
- (2) The Committee may delegate to the Chair and to the Chief Financial Officer of the Company (*CFO*) the authority, within specified limits, to authorize in advance all engagements of the external auditors to provide pre-approved services to the Company and its subsidiary entities. The Chair and the CFO shall report all engagements authorized by them to the Committee at its next meeting.
- (3) The Committee shall have direct and unrestricted access to the external auditors, officers and employees and information and records of the Company.
- (4) The Committee is authorized to retain, and to set and pay the compensation of, independent legal counsel and other advisors if it considers this appropriate.
- (5) The Committee is authorized to invite officers and employees of the Company and outsiders with relevant experience and expertise to attend or participate in its meetings and proceedings if it considers this appropriate.
- (6) The external auditors shall have direct and unrestricted access to the Committee and shall report directly to the Committee.
- (7) The Company shall pay directly or reimburse the Committee for the expenses incurred by the Committee in carrying out its responsibilities.

5. Meetings and Proceedings

- (1) The Committee shall meet at least five times each year and not less frequently than once each calendar quarter.
- (2) Any Member or the Secretary may call a meeting of the Committee. The external auditors or the CFO may ask a Member to call a meeting of the Committee.
- (3) The Chair is responsible for the agenda of each meeting of the Committee, including input from the officers and employees of the Company, the external auditors, other Members and other directors of the Company as appropriate. Meetings will include presentations by management or professional advisors and consultants when appropriate and allow sufficient time to permit a full and open discussion of agenda items.
- (4) Unless waived by all Members, a notice of each meeting of the Committee confirming the date, time, place and agenda of the meeting, together with any supporting materials, shall be forwarded to each Member at least three days before the date of the meeting.

- (5) The quorum for each meeting of the Committee is two Members. In the absence of the Chair, the other Members may appoint one of their number as chair of a meeting. The chair of a meeting shall not have a second or casting vote.
- (6) The Chair or his delegate shall report to the Board following each meeting of the Committee.
- (7) The Secretary or his delegate shall keep minutes of all meetings of the Committee, including all resolutions passed by the Committee. Minutes of all meetings shall be distributed to the Members and the other directors of the Company after preliminary approval thereof by the Chair.
- (8) An individual who is not a Member may be invited to attend a meeting of the Committee for all or part of the meeting. The Chair of the Board, the President and Chief Executive Officer of the Company, the CFO and the engagement partners at the external auditors have a standing invitation to attend all meetings of the Committee except those meetings or parts of meetings where the Committee meets alone or in private session with management, the external auditors or professional advisors and consultants.
- (9) The Committee shall meet regularly alone and in private sessions with management and the external auditors to facilitate full communication.

6. Self Assessment

- (1) The Committee and the Board shall annually assess the effectiveness of the Committee with a view to ensuring that the performance of the Committee accords with best practices.
- (2) The Committee and the Board shall annually review and update this Charter as required.

**SCHEDULE “F”
POLICY ON INDEPENDENCE OF DIRECTORS**

1. Background

The board of directors (**Board**) of Crystallex International Corporation (**Company**) has developed this Policy after consideration of recent changes in the corporate governance requirements in Canada and the United States relating to the independence of directors applicable to the Company.

Certain of these requirements require that a majority of the directors of the Company (**Directors**), and all the Directors on the audit, compensation and nominating committees of the Board, are independent.

2. Purpose

The purposes of this Policy are:

- (a) to set out the test that the Board will use to determine whether a Director is independent;
- (b) to identify the criteria that the Board will use to assess whether a Director is independent; and
- (c) to describe the disclosure that the Board will provide to the shareholders of the Company with respect to its determination of the independence of Directors.

3. Test of Independence

The test that will be used by the Board to determine whether a Director is independent is:

*Independent of management or any other direct or indirect material business or other relationship with the Company and its subsidiaries and any other entity that is consolidated with the Company’s financial statements (**Crystallex Group**) that could interfere with the exercise of independent judgment by the Director or the ability of the Director to act in the best interests of the Company.*

4. Assessment Process

Each Director will provide the Board with information sufficient to enable the Board to assess whether the Director is independent, including information with respect to the criteria set out below.

The Board will assess whether a Director is independent annually and whenever new information is provided to the Board. The Board will consider all relevant information in assessing whether a Director is independent.

Generally, a Director will be considered to be independent if he/she satisfies all the criteria set out below. A Director may, however, be considered to be independent even though he/she does not satisfy one or more of the criteria set out below. For example, the director independence criteria set out below are in some cases more restrictive than those prescribed under requirements applicable to the Company (**Prescribed Requirements**). Also, the Prescribed Requirements for qualification for membership on an audit committee are more restrictive than those for qualification for membership on a compensation or nominating committee or a board of directors generally. If a Director satisfies the Prescribed Requirements, the Board may, in certain circumstances, determine that a Director is independent.

5. Criteria used to Assess Independence

The criteria that the Board will use in assessing whether a Director is independent are set out below. Defined terms used in connection with one of the criteria apply to all of the criteria.

- (1) *Is not an officer or employee* – neither the Director nor an immediate family member of the Director is, or within the last three years has been, an officer or employee of a member of the Crystallex Group.

An **immediate family member** of an individual is the individual's spouse, parent, child, sibling, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law and anyone, other than an employee, who resides in the individual's home.

An **officer** of an entity includes an individual who performs a policy making function in respect of the entity or who makes, or participates in making, decisions that affect all or a substantial part of the business of the entity, whether or not the individual is employed by the entity and whether or not the individual does so directly or through another entity.

A Director may be considered to be independent if an immediate family member of the Director is only an employee of a member of the Crystallex Group.

- (2) *Is not a substantial shareholder* – the Director is not a substantial shareholder of a member of the Crystallex Group or affiliated with a substantial shareholder of a member of the Crystallex Group.

A **substantial shareholder** of an entity is a person who beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the voting interests of the entity.

An individual is **affiliated** with an entity if the individual is a director, officer, employee, principal, partner or managing director of, or occupies a similar position with, the entity or is a substantial shareholder of the entity.

A Director who is a director of a substantial shareholder of a member of the Crystallex Group may be considered to be independent if the Director is independent of the substantial shareholder.

- (3) *Has no material contractual relationship* – the Director does not have any material contractual relationship with a member of the Crystallex Group other than as a Director.

The test of whether a contractual relationship is **material** will be based on all the circumstances relevant to the Director.

- (4) *Does not receive consulting or other advisory fees or payments* – neither the Director nor an immediate family member or related entity of the Director receives, or within the last three years has received, consulting or other advisory fees or payments from the Crystallex Group that in any year exceed the lesser of C\$75,000 and the Canadian dollar equivalent of US\$60,000, other than compensation for Board services, payments arising from investments in securities of the Company or, in the case of an immediate family member who is not an officer of a member of the Crystallex Group, compensation for services as an employee of a member of the Crystallex Group.

An entity is a **related entity** of a Director if the Director or an immediate family member of the Director is a director, officer, employee, principal, partner or managing director of, or occupies a similar position with, the entity or is a substantial shareholder of the entity.

- (5) *Does not receive incentive compensation* – the Director does not participate in any share based incentive scheme or performance related pay scheme of the Crystallex Group.

This criterion does not preclude the payment of all or part of a Director's compensation for Board services in the form of shares or options to receive shares of the Company.

- (6) *Is not a professional consultant or advisor* – neither the Director nor an immediate family member of the Director is, or within the last three years has been, an auditor or other professional consultant or advisor to a member of the Crystallex Group or affiliated with an auditor or other professional consultant or advisor to a member of the Crystallex Group.

A **professional consultant** or **advisor** includes an entity that provides accounting, actuarial, consulting, legal, investment banking or financial advisory services.

A Director may be considered to be independent if an immediate family member of the Director is only an employee of an auditor or other professional consultant or advisor to a member of the Crystallex Group and does not participate in a material way in the provision of services to the member of the Crystallex Group by the auditor or other professional consultant or advisor.

- (7) *Is not a material supplier or customer* – neither the Director nor an immediate family member of the Director is, or within the last three years has been, a material supplier or customer of the Crystallex Group or affiliated with a material supplier or customer of the Crystallex Group.

A **material supplier** or **customer** of the Crystallex Group is a person to which the Crystallex Group made or from which Crystallex Group received payments (other than payments arising from investments in securities of the Company) in any year that exceed the greater of 5% of the consolidated gross revenues of the person for the year and the Canadian dollar equivalent of US\$200,000.

- (8) *Has no board remuneration committee connection* – neither the Director nor an immediate family member of the Director is, or within the last three years has been, an officer of any entity, the compensation committee of which includes, or within the last three years included, an officer of the Company.
- (9) *Has no other material business relationship* – neither the Director nor an immediate family member or related entity of the Director has, or within the last three years has had, directly or indirectly, any other material business relationship with the Crystallex Group.

The test of whether a business relationship is **material** will be based on the circumstances relevant to the Director.

- (10) *Has no significant links with other Directors* – the Director does not hold cross-directorships or have any significant links with any other Director (e.g., through involvement in other entities) that would materially interfere with the exercise of independent judgment by the Director or the ability of the Director to act in the best interests of the Crystallex Group.
- (11) *Has not served too long* – the Director has not served on the Board for a period that could, or could reasonably be perceived to, materially interfere with the Director’s ability to act in the best interests of the Crystallex Group.
- (12) *Is independent in character and judgment* – the Director is independent in character and judgment.

6. **Disclosure**

The Board will provide to the shareholders of the Company annually disclosure with respect to its determination of the independence of the Directors, including:

- (a) identifying which Directors are and are not independent and the basis of the determination of independence;
- (b) explaining any determination of independence of a Director who does not satisfy all the criteria set out above; and
- (c) describing all the material relationships of each Director with the Crystallex Group (whether or not falling within the criteria set out above), including relationships which the Board believes do not affect independence but which the Board believes could be perceived as interfering with the exercise of independent judgement by the Director or the ability of the Director to act in the best interests of the Crystallex Group.

The Board will provide to the shareholders of the Company as soon as practicable disclosure with respect to any change in its determination of the independence of a Director.