



**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012**

**(Under Creditor Protection Proceedings as of December 23, 2011 - see Notes 1, 2 & 3)
(See Note 1 regarding the going concern uncertainties)**

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Crystallex International Corporation

Management's Responsibility for Consolidated financial statements

The accompanying consolidated financial statements of Crystallex International Corporation (the "Company") are the responsibility of management and the Board of Directors.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgements and estimates in accounting for transactions, which were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

DATED this 15 day of August 2013.

Crystallex International Corporation

Per: (signed) "Robert Fung"
Name: Robert Fung
Title: Chief Executive Officer

Per: (signed) "Robert Crombie"
Name: Robert Crombie
Title: President, acting as Chief Financial Officer

August 15, 2013

Independent Auditor's Report

To the Shareholders of Crystallex International Corporation

We have audited the accompanying consolidated financial statements of Crystallex International Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2012 and December 31, 2011 and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Crystallex International Corporation and its subsidiaries as at December 31, 2012 and December 31, 2011 and their financial performance and their cash flows for the years then ended in accordance with IFRS as issued by the International Accounting Standards Board.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that casts substantial doubt about the Company's ability to continue as a going concern.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Crystallex International Corporation

(Under Creditor Protection Proceedings as of December 23, 2011 – Notes 1, 2 & 3)

Consolidated Statements of Financial Position

(USD\$ thousands)

	December 31, 2012 \$	December 31, 2011 \$
Assets		
Current assets		
Cash and cash equivalents	2,501	2,434
Accounts receivable	823	297
Prepaid expenses, deposits and other assets	378	1,807
Equipment held for sale (Note 8)	215	1,990
	3,917	6,528
Total assets	3,917	6,528
Liabilities		
Current liabilities		
Demand bank loan (Note 9)	581	1,326
Accounts payable and accrued liabilities	8,120	7,897
Warrants – derivative financial instruments (Note 14)	-	3
Asset retirement obligation (Note 12)	628	1,465
Term loan (Note 11)	19,097	-
Liabilities subject to compromise (Note 3)	119,194	110,194
	147,620	120,885
Non-current liabilities		
Asset retirement obligation (Note 12)	11,800	9,099
Total liabilities	159,420	129,984
Shareholders' deficiency		
Share capital (Note 13)	588,807	588,807
Contributed surplus	30,860	30,860
Deficit	(775,170)	(743,123)
Total shareholders' deficiency	(155,503)	(123,456)
Total liabilities and shareholders' deficiency	3,917	6,528
Nature of operations and going concern (Note 1)		
Commitments and contingencies (Note 23)		
Subsequent events (Note 26)		

(See accompanying notes to the consolidated financial statements)

Approved on behalf of the Board of Directors
// Robert Fung, Director

// Harry Near, Director

Crystallex International Corporation

(Under Creditor Protection Proceedings as of December 23, 2011 – Notes 1, 2 & 3)

Consolidated Statements of Loss and Comprehensive Loss

For the year ended December 31, 2012 and 2011

(USD\$ thousands, except per share data)

	Year ended December 31,	
	2012	2011
	\$	\$
(Expenses) income		
General, administrative and arbitration (Note 18)	(10,767)	(20,453)
Reorganization items – Net (Note 3)	(6,200)	(1,319)
Foreign currency exchange gain	232	135
	(16,735)	(21,637)
Finance income (Note 19)	12	486
Finance expense (Note 19)	(11,515)	(14,265)
Net finance expense	(11,503)	(13,779)
Loss from continuing operations	(28,238)	(35,416)
Loss from discontinued operations net of income taxes (Note 6)	(3,809)	(26,945)
Net loss and comprehensive loss for the period	(32,047)	(62,361)
Loss per common share from continuing operations		
– Basic and diluted (Note 16)	(0.08)	(0.10)
Loss per common share from discontinued operations		
– Basic and diluted (Note 16)	(0.01)	(0.07)
Loss per common share		
- Basic and diluted	(0.09)	(0.17)
Weighted average number of common shares outstanding	365,417,737	365,134,988

(See accompanying notes to the consolidated financial statements)

Crystallex International Corporation

(Under Creditor Protection Proceedings as of December 23, 2011 – Notes 1, 2 & 3)

Consolidated Statements of Changes in Shareholders' Deficiency

(USD\$ thousands)

	Share capital \$	Contributed surplus \$	Deficit \$	Total \$
Balance – January 1, 2012	588,807	30,860	(743,123)	(123,456)
Net loss and comprehensive loss	-	-	(32,047)	(32,047)
Balance – December 31, 2012	588,807	30,860	(775,170)	(155,503)
Balance – January 1, 2011	588,745	30,372	(680,762)	(61,645)
Director's fees	62	-	-	62
Net loss and comprehensive loss	-	-	(62,361)	(62,361)
Stock-based compensation (Note 15)	-	488	-	488
Balance – December 31, 2011	588,807	30,860	(743,123)	(123,456)

(See accompanying notes to the consolidated financial statements)

Crystallex International Corporation

(Under Creditor Protection Proceedings as of December 23, 2011 – Notes 1, 2 & 3)

Consolidated Statements of Cash Flows

For the years ended December 31, 2012 and 2011

(USD\$ thousands)

	2012 \$	2011 \$
Cash flow provided by (used in)		
Operating activities		
Net loss for the period	(32,047)	(62,361)
Adjusted for: net loss from discontinued operations	3,809	26,945
Items not affecting cash:		
Interest accretion	330	4,965
Director fees paid in shares	-	62
Stock-based compensation	-	488
(Gain) loss on revaluation of warrants	(3)	(442)
Unrealized foreign currency exchange loss (gain)	(3)	48
Change in non-cash working capital:		
Increase (decrease) in accounts receivable	728	(210)
Decrease (increase) in prepaid expenses, deposits and other assets	1,355	(1,317)
Increase (decrease) in accounts payable and accrued liabilities and liabilities subject to compromise	8,988	7,147
Net cash used in operating activities from continuing operations	(16,843)	(24,675)
Net cash used in operating activities from discontinued operations (Note 6)	(3,049)	(4,191)
Net cash used in operating activities	(19,892)	(28,866)
Investing activities		
Investment in property, plant and equipment	-	(2,437)
Proceeds from sale of equipment	1,932	17,238
Net cash provided by investing activities	1,932	14,801
Net cash provided by investing activities from continuing operations	-	-
Net cash provided by investing activities from discontinued operations (Note 6)	1,932	14,801
Financing activities		
Proceeds from short-term loan (Note 10)	3,125	-
Repayment of short-term loan (Note 10)	(3,125)	-
Proceeds from bank loan (Note 9)	581	4,611
Repayment of bank loan (Note 9)	(1,326)	(4,215)
Proceeds from term loan (Note 11)	21,000	-
Payment of transaction costs (Note 11)	(2,233)	-
Net cash provided by financing activities from continuing operations	18,022	396
Net cash provided by financing activities from discontinued operations	-	-
Net cash provided by financing activities	18,022	396
Increase (decrease) in cash and cash equivalents from continuing operations	1,179	(24,279)
(Decrease) increase in cash and cash equivalents from discontinued operations	(1,117)	10,610
Increase (decrease) in cash and cash equivalents	62	(13,669)
Effects of exchange rate changes on cash and cash equivalents	5	(25)
Cash and cash equivalents - beginning of period	2,434	16,128
Cash and cash equivalents - end of period	2,501	2,434

Supplemental disclosures with respect to cash flows (Note 20). (See accompanying notes to the consolidated financial statements)

1. Nature of operations and going concern

Crystallex International Corporation (“Crystallex” or the “Company”) is a Canadian-based company, with a history of acquiring, exploring, developing and operating mining properties. The Company is domiciled in Canada with a registered office at 8 King Street East, Suite 1201, Toronto, Ontario, Canada, M5C 1B5.

The Company’s principal focus since 2002 was the exploration and development of the Las Cristinas gold properties (“Las Cristinas” or the “Las Cristinas Project”) located in Bolivar State in south-eastern Venezuela. Crystallex entered into a Mine Operating Contract (the “MOC”) in September 2002 with the Corporación Venezolana de Guayana (the “CVG”). The MOC granted Crystallex exclusive rights to develop and operate the Las Cristinas Project. Following the issuance of the MOC, the Company worked 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 fulfillment 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.

On November 24, 2008, Crystallex wrote to the Venezuelan Minister of Mines to notify it of a dispute under the Agreement between the Government of Canada and the Government of the Republic of Venezuela for the Promotion and Protection of Investments (the “Treaty”). Subsequently, the CVG unilaterally terminated the MOC on February 3, 2011, despite having confirmed the validity of the MOC in August 2010.

On February 16, 2011, the Company filed a Request for Arbitration against Venezuela before the Additional Facility of the World Bank’s International Centre for Settlement of Investment Disputes (“ICSID”) pursuant to the Treaty. On March 9, 2011, the Request for Arbitration was registered by ICSID.

At the initial hearing on December 1, 2011, the arbitral tribunal appointed under the rules of the additional facility of ICSID agreed upon a schedule of written submissions and set the final oral hearing date. On April 2, 2012, Venezuela objected to the jurisdiction of the Tribunal and requested that the Tribunal bifurcate the proceedings so as to address its jurisdictional objections prior to considering the merits of the claim. On May 23, 2012, the Tribunal issued its decision denying Venezuela’s request to bifurcate the proceedings.

Based upon the schedule set for the claim, Crystallex filed its first written submission with ICSID on February 10, 2012. After an agreed adjustment to the filing schedule, Venezuela’s first written submission was filed on November 21, 2012. Crystallex responded to Venezuela’s first written submission on May 9, 2013 with a reply memorial. Venezuela’s written response to the Company’s reply memorial is scheduled for September 18, 2013. Final oral hearings are set for November 11 to 22, 2013 in Washington, D.C.

Crystallex claims that Venezuela breached the Treaty’s protections against expropriation, unfair and inequitable treatment and discrimination. Crystallex is currently seeking the restitution by Venezuela of its investments, including reinstatement of the MOC, the issuance of the Permit and compensation for interim losses suffered, or, alternatively full compensation for the value of its investments in Las Cristinas in an amount of USD\$3.4 billion.

On December 23, 2011 (the “Filing Date”) the Company voluntarily applied for and obtained an order (“Initial Order”) from the Ontario Superior Court of Justice (Commercial List) (“the Court”) granting protection under the *Companies’ Creditors Arrangement Act* (“CCAA”). The Company sought protection under the CCAA as it was unable to pay \$100 million of senior unsecured notes which became due on December 23, 2011 (see Note 3). Protection was also granted in the United States under Chapter 15 of the US Bankruptcy Code. The Company did not apply for court protection in Venezuela. Ernst & Young Inc. was appointed by the Court as Monitor in the CCAA proceedings (the “Monitor”). The Company is provided with the authority

1. Nature of operations and going concern (continued)

to, among other things, continue operating its business (subject to Monitor and/or Court approval for certain activities), and file with the Court and submit to creditors a plan of compromise or arrangement under the CCAA in order to operate an orderly restructuring of its business and financial affairs, in accordance with the terms of the Initial Order. All persons having agreements with the Company for the supply of goods and services must continue to provide goods and services in the normal course of business, and no person shall discontinue, fail to honour, alter, interfere with, repudiate, cancel, terminate or cease to perform any right, renewal right, contract, agreement, license or permit in favour of or held by the Company, except with written consent of the Company and the Monitor, or with the leave of the Court.

The Initial Order also provided for a general stay of proceedings for an initial period of 30 days, which was subsequently extended several times and is currently scheduled to expire on December 31, 2014 and is subject to further extension by the Court. The Initial Order may be further amended by the Court on motions from the Company, its creditors and other interested parties. For additional information see Note 2.

The Company engaged an independent financial advisor with the approval of the Monitor in an effort to raise debtor-in-possession financing. The financing is required by the Company to continue to operate throughout the CCAA process and to continue to prosecute its arbitration claim against Venezuela. On April 16, 2012, the Court issued an order approving a \$36 million debtor-in-possession facility (the "DIP Facility") and as a result the Company entered into a senior secured credit agreement dated April 23, 2012, (the "Credit Agreement") (see Note 23).

The DIP Facility of \$36 million was amended and increased an additional \$11.1 million subsequent to December 31, 2013 (see Note 26) in order to ensure the Company adequate funding to pursue its arbitration claim.

The CCAA proceedings provide the Company with a period of time to stabilize its operations and financial condition and develop a comprehensive restructuring plan. The CCAA proceedings have had a direct impact on Crystallex's business and have compounded the Company's operational risks. The actions and decisions of the Company's creditors and other third parties with interests in the CCAA proceedings may be inconsistent with the Company's plans and therefore could cause actual events to differ materially from those contemplated by the Company. Since the Company has filed for and been granted creditor protection for the purpose of reorganizing and continuing normal business operations, the consolidated financial statements continue to be prepared using the going concern basis, which assumes that Crystallex will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. It is not possible to predict the outcome of the CCAA proceedings and, as such, as more fully described in Note 2, confirmation by the Court of a plan or plans of reorganization that satisfies the requirements of the CCAA.

As at December 31, 2012, the Company had negative working capital of \$125 million, including cash and cash equivalents of \$3 million. Although the CCAA proceedings and DIP Facility arrangements allow the Company to stabilize its operations, it is not possible to predict the outcome of these proceedings or to have any assurance the Company will be successful in the restructuring process. Management estimates that proceeds from the DIP Facility will be sufficient to meet its forecasted expenditures until the conclusion of the Company's arbitration claim with the Government of Venezuela. However, there can be no assurance that the amount of cash available under the DIP Facility will be sufficient to fund day to day operations during the proceedings under the CCAA and the restructuring costs associated with operating under the CCAA. If the DIP Facility amounts are insufficient to meet liquidity requirements, the Company will have to seek additional financing. There can be no assurance that such additional financing would be available or, if available, offered on acceptable terms. Failure to secure necessary additional financing would have a material adverse impact on the Company's continuing operations. It is also not possible to predict the outcome of the Arbitration claim against the Government of Venezuela or to have any assurance that Crystallex will be successful in obtaining restitution of its investment in the Las Cristinas Project and the

1. Nature of operations and going concern (continued)

granting of the Permit or alternately full compensation for the value of its investment in Las Cristinas based on the applicable provisions of the Treaty and current ICSID case law.

These material uncertainties raise substantial doubt as to the ability of the Company to continue as a going concern. The Company may be unable to realize its assets or discharge its liabilities in the normal course of business, and may incur significant dilution to the holdings of existing shareholders in any restructuring and financing. Further, a court approved plan in connection with the CCAA proceedings could materially change the carrying amounts and classifications reported in the consolidated financial statements. (See Note 2).

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used, that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The Company was delisted by the NYSE AMEX on June 1, 2011, on the basis that it had ceased to be an operating company. The Company unsuccessfully appealed this decision.

On December 7, 2011 the Company was advised by the Toronto Stock Exchange that it no longer met its original listing requirements, as it had discontinued a substantial portion of its business. The Company unsuccessfully appealed this decision and was subsequently delisted on January 6, 2012.

Cease trade order

On March 16, 2012, the Company announced that in light of its financial circumstances it would not be in a position to prepare and file annual audited financial statements and other annual disclosure documents, required by Canadian securities laws in respect of the Company's financial year ended December 31, 2011, by March 30, 2012. As a result, the Company did not fulfill all of its continuous disclosure requirements under Canadian securities laws. Though the Company subsequently filed its 2011 annual disclosure documents, it remains in breach of other continuous disclosure obligations, including those associated with the Company's financial year ending December 31, 2012, and for interim periods in 2013.

The Company applied to the Ontario Securities Commission for a management cease trade order, which would have only prohibited trading in the Company's securities by insiders of the Company. The Company's application for a management cease trade order was denied and the Ontario Securities Commission issued a cease trade order under National Policy 12-203 on April 13, 2012. The cease trade order prohibits trading of the Company's securities, other than trades made pursuant to debtor-in-possession financing as approved by the Court in connection with the CCAA proceedings and trades for nominal consideration to realize tax losses.

SEC deregistration

On December 12, 2012, the Division of Enforcement of the U.S. Securities and Exchange Commission (the "SEC") advised the Company that it was reviewing the Company's registration in view of the Company's failure to comply with the timelines for certain of its filings under the Securities and Exchange Act of 1934 (the "Act"). The Company subsequently reached a settlement with the SEC on May 1, 2013 consenting to the revocation of its registration under the Act. (see note 26)

1. Nature of operations and going concern (continued)

Delay of Annual Shareholders Meeting

On June 15, 2012, the Company obtained an order from the Court relieving the Company from any obligation to call and hold an annual meeting of its shareholders until further order of the Court.

2. Creditor Protection Proceedings

Overview

As discussed in Note 1, "Nature of Operations and Going Concern," the Company initiated the CCAA proceedings on December 23, 2011 in order to enable it to pursue reorganization efforts under the protection of the CCAA. The Company remains in possession of its assets and is continuing to operate the business as "debtors in possession" under the jurisdiction of the Courts and in accordance with the applicable provisions of the CCAA. In general, the Company is authorized to continue to operate as an ongoing business, but may not engage in transactions outside the ordinary course of business without the approval of the Court or the Monitor, as applicable.

The commencement of the CCAA proceedings constitutes an event of default under substantially all pre-petition debt obligations, and those debt obligations became automatically and immediately due and payable by their terms, although any action to enforce such payment obligations is stayed as a result of the commencement of the CCAA proceedings. Due to the commencement of the CCAA proceedings, unsecured pre-petition liabilities of \$119 million are included in "Liabilities subject to compromise" in the Consolidated Statement of Financial Position as of December 31, 2012 (see Note 3).

Reorganization Process

General

The Court has issued a variety of orders on either a final or interim basis intended to support the Company's business continuity throughout the restructuring process.

The Company has retained legal and financial professionals to advise it on the CCAA proceedings and may, from time to time, retain additional professionals, subject to any applicable Court approval.

Under the terms of the Initial Order, Ernst & Young Inc. serves as the court-appointed Monitor under the CCAA proceedings.

Stay of proceedings

Subject to certain exceptions under the CCAA, the Company's filings and the Initial Order, automatically enjoined, or stayed, the continuation of any judicial or administrative proceedings or other actions against the Company and its property to recover, collect or secure a claim arising prior to the filing of the CCAA proceedings. Thus, for example, most creditor actions to obtain possession of property from the Company, or to create, perfect or enforce any lien against its property, or to collect on monies owed or otherwise exercise rights or remedies with respect to a pre-petition claim, are enjoined unless and until the Court lifts such stay.

The Company began notifying all known current or potential creditors regarding these filings shortly after the commencement of the CCAA proceedings.

2. Creditor Protection Proceedings (continued)

Rejection and repudiation of contractual obligations

Pursuant to the Initial Order issued on December 23, 2011, the Company has the right to, among other things, repudiate or reject agreements, contracts or arrangements of any nature whatsoever, whether oral or written, subject to the approval of the Monitor or further order of the Court.

Any description of an agreement, contract, unexpired lease or arrangement in these notes to the consolidated financial statements must be read in light of these overriding rights pursuant to the CCAA.

Since initiating the CCAA proceedings, the Company has engaged and will continue to engage in a review of its various agreements in light of the overriding rights described above.

Plan or plans of reorganization

In order to successfully exit the CCAA, the Company will be required to propose and obtain approval from affected creditors and confirmation by the Court of a plan or plans of reorganization that satisfies the requirement of the CCAA. An approved plan or plans of reorganization would resolve pre-petition obligations, set forth the revised capital structure of the newly reorganized entity and provide for corporate governance following the Company's exit from the CCAA.

The Initial Order provides for a general stay of proceedings for an initial period of 30 days. The Court extended the stay of proceedings several times and the stay is currently scheduled to expire December 31, 2014. The Initial Order provides that a plan or plans of reorganization under the CCAA must be filed with the Court before the termination of the stay of proceedings or such other time or times as may be allowed by the Court. Third parties could thereafter seek permission to file a plan or plans of reorganization. In addition to being voted on by the required majority of affected creditors, a plan or plans of reorganization must satisfy certain requirements of the CCAA and must be approved or confirmed by the Court in order to become effective.

The timing of filing a plan or plans of reorganization by the Company will depend on the timing and outcome of numerous other ongoing matters in the CCAA proceedings. The current stay on proceedings scheduled to expire December 31, 2014 (see note 26) relieves the Company of any obligation to provide a plan of arrangement prior to December 31, 2014. There can be no assurance that a plan or plans of reorganization will be supported and approved by affected creditors and confirmed by the Court or that any such plan will be implemented successfully.

Under the priority scheme established by the CCAA, unless creditors agree otherwise, pre-petition liabilities and post-petition liabilities must be satisfied in full before shareholders are entitled to receive any distribution or retain any property under a plan or plans of reorganization. The ultimate recovery to creditors and/or shareholders, if any, will not be determined until confirmation of a plan or plans of reorganization. No assurance can be given as to what values, if any, will be ascribed to each of these constituencies or what types or amounts of distributions, if any, they will receive. A plan or plans of reorganization could result in holders of liabilities, receiving no distribution on account of their interests and cancellation of their holdings.

In addition, a plan or plans of reorganization could further result in the cancellation of all common stock for nominal or no consideration.

Significant Accounting Policies Relevant to Creditor Protection Proceedings

The Company has distinguished transactions and events that are directly associated with the reorganization process from the ongoing operations of the business as follows:

2. Creditor Protection Proceedings (continued)

Reorganization items - Net

Professional fees related to part of working towards a comprehensive restructuring plan and other expenses directly related to or resulting from the reorganization process under the CCAA proceedings have been recorded in “Reorganization items, net” in the Consolidated Statements of Loss and Comprehensive Loss.

Liabilities subject to compromise

Liabilities subject to compromise primarily represent unsecured pre-petition liabilities of the Company that are subject to impairment as part of a plan or plans of reorganization and as a result, are subject to settlement at lesser amounts. Generally, actions to enforce or otherwise effect payment of such liabilities have been stayed by the Court. Such liabilities are classified separately from other liabilities in the Consolidated Balance Sheets as “Liabilities subject to compromise” and are recorded at the amounts expected to be allowed as claims by the Courts, whether known or potential claims, under a plan or plans of reorganization, even if the claims may be settled for lesser amounts.

Liabilities subject to compromise remain subject to future potentially material adjustments arising from negotiated settlements, and actions of the Court.

The classification of liabilities as “not subject to compromise” versus “subject to compromise” is based on currently available information and analysis. As the CCAA proceedings continue and additional information and analysis is completed or as the Court rules on relevant matters, the classification of amounts between these two categories may change. The amount of any such changes could be significant.

3. Creditor Protection Proceedings Related Disclosures

Reorganization items - Net

Reorganization items, Net for the year ended December 31, 2012 were \$6,200 and were entirely comprised of professional fees directly related to the CCAA proceedings.

Liabilities subject to compromise

Liabilities subject to compromise of the debtors of the Company as of December 31, 2012 were comprised of unsecured pre-petition accounts payable and accrued liabilities in the amount of \$2,575, notes payable of \$100 million, demand loan payable of \$2,500 and accrued interest of \$14,119.

	2012	2011
	\$	\$
Pre-petition accounts payable and accrued liabilities	2,575	3,306
Notes payable	100,000 ^(a)	100,000 ^(a)
Demand loan	2,500 ^(b)	2,500 ^(b)
Accrued interest	14,119	4,388
Total liabilities subject to compromise	119,194	110,194

3. Creditor Protection Proceedings Related Disclosures (continued)

a) Notes payable

In conjunction with a unit offering on December 23, 2004 comprising notes and shares, the Company issued \$100 million of senior unsecured notes (the “Notes”) with a coupon rate of 9.375% due on December 23, 2011 and 6,500,000 in aggregate shares, for net proceeds of \$75,015 after expenses and implicit equity proceeds allocation. Interest was payable semi-annually on January 15 and July 15 of each year, beginning on July 15, 2005.

Following the Initial Order of December 23, 2011 and commencement of CCAA proceedings, the principal of the Notes payable along with accrued unpaid interest of \$4,116 at such time was transferred to Liabilities Subject to Compromise.

During the year ended December 31, 2012 the Company accrued an additional \$9,580 in interest expense on the Notes payable at the original coupon rate of 9.375%, which was classified as a liability subject to compromise. Refer to Note 26 for subsequent events related to the Notes payable.

The change in the carrying value of the Notes payable included in liabilities subject to compromise during the year ended December 31 is as follows:

	2012	2011
Opening balance, beginning of year	\$ 100,000	\$ -
Transfer from notes payable	-	100,000
Closing balance	\$ 100,000	\$ 100,000

b) Demand loan

In early 2010, the Company commenced negotiations with China Railway Resources Group Co. Ltd. (“CRRC”) to create a strategic partnership for the development of Las Cristinas. The proposed transaction was never completed. During these negotiations, CRRC loaned Crystallex \$2,500 with an interest rate of 6%, which is repayable on demand and ranks subordinate to the Notes described in Note 3 (a). At the time of the loan advance, it was contemplated that, upon closing of the proposed transaction with CRRC, the loan would be convertible at the option of CRRC into common shares of Crystallex at a price of CDN\$0.40 per common share of Crystallex. The conversion feature of the loan was ascribed a fair value of \$200 using the Black-Scholes option pricing model and recorded as contributed surplus. The residual liability component of the loan of \$2,300 was accreted up to its face value using the effective interest method, and, accordingly, interest accretion of \$200 was recorded during the year ended December 31, 2010 as a component of interest expense.

Following the Initial Order and commencement of CCAA proceedings the \$2,500 principal of the demand loan along with accrued unpaid interest of \$272 at such time was transferred to Liabilities Subject to Compromise.

During the year ended December 31, 2012, the Company accrued and classified as a liability subject to compromise interest of \$150 on the demand loan at the original coupon rate of 6%. Refer to Note 26 for subsequent events related to the demand loan.

3. Creditor Protection Proceedings Related Disclosures (continued)

The change in carrying value of the demand loan included in liabilities subject to compromise during year ended December 31 is as follows:

	2012	2011
Opening balance, beginning of year	\$ 2,500	\$ -
Transfer from demand loan	-	2,500
Closing balance	\$ 2,500	\$ 2,500

4. Basis of preparation

These financial statements have been prepared in accordance with International Accounting Standards (“IAS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) in effect as of December 31, 2012.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

There are no new IFRS and/or IFRIC pronouncements issued that are effective for the first time for the year ended December 31, 2012, that would be expected to have a material impact on the Company.

These consolidated financial statements have been approved by the Board of Directors on August 15, 2013.

5. Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements, are described below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and liabilities to fair value, including derivative instruments.

Critical estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates, and those differences could be material.

In addition to the appropriateness of the assumption of using the going concern basis of accounting (see Note 1), significant estimates used include those relating to the net realizable value of equipment held for sale (see Note 8), value-added taxes recoverable and payable in Venezuela, and tax provisions. In addition significant estimates in cost, the timing of expenditures, discount rates and changes in environmental and regulatory requirements are used in the determination of the present values of asset retirement obligations (see Note 12).

5. Significant accounting policies (continued)

Consolidation

The financial statements of the Company consolidate the accounts of Crystallex and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which Crystallex controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by Crystallex and would be deconsolidated from the date that control ceases.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Crystallex group subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Company has determined that the United States dollar (“USD\$”) is the functional currency of the parent and each of its subsidiaries.

These consolidated financial statements are presented in USD\$.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognized in the statement of loss and comprehensive loss.

Discontinued operations

A discontinued operation is a component of the Company that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Losses of discontinued operations are disclosed separately from continuing operations with comparatives being represented in the statement of loss and comprehensive loss.

Assets held for sale

Assets are classified as held for sale when the carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

5. Significant accounting policies (continued)

Restricted cash

Restricted cash is cash which is not available, by agreement, for general operating purposes.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- (i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss and comprehensive loss. Gains and losses arising from changes in fair value are presented in the statement of loss and comprehensive loss within finance income and finance expense in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.
- (ii) Loans and receivables: Loans and receivables including restricted cash and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment loans and receivables which are expected to be settled in less than one year are classified as current. Cash and cash equivalents, restricted cash and accounts receivable and deposits have been classified as loans and receivables.
- (iii) Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable, bank loans, promissory notes, demand loans and notes payable. Accounts payable are initially recognized at the amount required to be paid less, when material, a discount to reduce payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

- (iv) Derivative financial instruments: The Company has issued warrants that are treated as derivative liabilities. All derivatives are included on the balance sheet within warrants or other liabilities and are classified as current or non-current based on contractual terms specific to the instrument. Gains and losses on re-measurement are included in finance income or finance expense.
- (v) Impairment of financial assets: At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:
 - a) Financial assets carried at amortized cost: The loss is the difference between the amortized costs of the loan or receivable and the present value of the estimated future

5. Significant accounting policies (continued)

cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

- b) Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Impairment of non-financial assets

Property, plant and equipment and other non-financial assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets that are not amortized are subject to a periodic impairment test. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGU's). The recoverable amount is the higher of a CGU's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Asset retirement obligations and provisions

Provisions for environmental restoration, where applicable, are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Estimated environmental provisions, comprising rehabilitation and mine closure, are based on the Company's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognized as and when the environmental liability arises and is re-evaluated annually. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognized is classified, as an expense.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value using a pre-tax rate that reflects current market measurements of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as finance expense.

Stock - based compensation

The Company recognizes compensation expense for stock options based on the estimated fair value at the grant date using the Black-Scholes option pricing model. The cost is recognized over the vesting period of the respective option. In estimating fair value, management is required to make certain assumptions and estimates regarding such items as the life of options, volatility and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different estimated results.

5. Significant accounting policies (continued)

Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect to previous years.

Deferred tax is accounted for using the liability method whereby deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the asset can be recovered. Deferred income tax assets and liabilities are presented as non-current.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Loss per share

Basic loss per share (“LPS”) is calculated by dividing the net loss for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

Diluted LPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method.

Accounting standards issued but not yet applied

International Financial Reporting Standard 9, *Financial Instruments* (“IFRS 9”).

IFRS 9 was issued in November 2009 and it addresses the classification and measurement of financial assets and replaces the multiple category and measurement models in *Financial Instruments – Recognition and Measurement* for debt instruments with a mixed measurement model having only two categories: (i) amortized cost; and (ii) fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard earlier than required.

5. Significant accounting policies (continued)

International Financial Reporting Standard 10, *Consolidated Financial Statements* (“IFRS 10”)

In May 2011, the IASB issued IFRS 10 to replace IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities*. The new consolidation standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. The revised definition focuses on the need to have both power and variable returns before control is present. IFRS 10 must be applied starting January 1, 2013 with earlier adoption permitted. IFRS 10 will have no impact on the Company’s financial statements.

International Financial Reporting Standard 12, *Disclosure of Interests in Other Entities* (“IFRS 12”)

In May 2011, the IASB issued IFRS 12 *Disclosure of Interests in Other Entities* to create a comprehensive disclosure standard to address the requirement for subsidiaries, joint arrangements and associates including the reporting entity’s involvement with other entities. It also includes the requirement for unconsolidated structured entities (i.e. special purpose entities). IFRS 12 must be applied starting January 1, 2013 with early adoption permitted. IFRS 12 will have no impact on the Company’s financial statements.

International Financial Reporting Standard 13, *Fair Value Measurements* (“IFRS 13”)

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specific circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. IFRS 13 will have no impact on the Company’s financial statements.

6. Discontinued operations

As a result of the actions of the Government of Venezuela (note 1) in terminating the MOC and the subsequent transfer to the CVG of the Las Cristinas property and receipt of the certificate of delivery on April 5, 2011, the Company has determined that its Venezuelan operations including the Las Cristinas Project and the former El Callao operation are to be accounted for as discontinued operations as required by IFRS 5.

The results of discontinued operations for the years ended December 31, 2012 and 2011 are as follows:

Crystallex International Corporation

(Under Creditor Protection Proceedings as of December 23, 2011 – Notes 1, 2 & 3)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(USD\$ thousands, except as noted)

6. Discontinued operations (continued)

	Years ended December 31,	
	2012	2011
	\$	\$
(Expenses) income		
Operations expenses	(4,498)	(11,894)
Foreign currency exchange gain	-	21
Write-down of equipment held for sale	-	(13,227)
Write-down of mineral property	-	(696)
Gain on sale of equipment	787	-
Provision for value-added taxes recoverable	(74)	(1,144)
	(3,785)	(26,940)
Finance expense – accretion of asset retirement obligation	(24)	(5)
Loss from discontinued operations	(3,809)	(26,945)

Cash flows from discontinued operations included in the consolidated statements of cash flows are as follows:

	Years ended December 31,	
	2012	2011
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Loss from discontinued operations for the year	(3,809)	(26,945)
Items not affecting cash:		
Gain on sale of equipment	(787)	-
Write-down of property, plant and equipment	-	13,923
Increase in asset retirement obligations	1,840	7,106
Accretion of asset retirement obligations	24	5
Provision for value-added taxes recoverable	82	1,144
Unrealized foreign currency exchange gain	-	(21)
Change in non-cash working capital:		
Increase in accounts receivable	(630)	(1)
Increase in prepaid expenses, deposits and other assets	-	647
Increase (decrease) in accounts payable and accrued liabilities	231	(49)
Net cash used in operating activities	(3,049)	(4,191)
Investing activities		
Investment in property, plant and equipment	-	(2,437)
Proceeds from sale of equipment	1,932	17,238
Net cash provided by investing activities	1,932	14,801
Increase (decrease) in cash and cash equivalents from discontinued operations	(1,117)	10,610

7. Venezuelan operations

In the third quarter of 2007, Crystallex changed the rate it used to translate its Venezuelan subsidiaries' transactions and balances from the official exchange rate of 2.15 Venezuelan bolivar fuerte ("BsF") to 1 US dollar, to the parallel exchange rate. This was done due to the increasing spread between the official exchange rate and the parallel exchange rate, and the Company's inability to access the official rate.

The Venezuelan subsidiaries have a US dollar functional currency. As a result of the US dollar functional currency, monetary assets and liabilities denominated in BsF generate foreign exchange gains or losses.

On January 11, 2010, the Government of Venezuela devalued the BsF and changed to a two-tier exchange structure. The official exchange rate moved from 2.15 BsF per US dollar to 2.60 for essential goods and 4.30 for non-essential goods and services.

On May 17, 2010, the Government of Venezuela enacted reforms to its foreign currency exchange control regulations to close down the parallel exchange market. Therefore, continued use of the parallel rate to translate BsF denominated transactions was no longer acceptable.

On June 9, 2010, the Government of Venezuela enacted additional reforms to its exchange control regulations and introduced a newly regulated foreign currency exchange system; Sistema de Transacciones con Titulos en Moneda Extranjera ("SITME"), which is controlled by the Central Bank of Venezuela ("BCV"). The SITME imposes volume restrictions on the conversion of BsF to US dollar (and vice versa), currently limiting such activity to a maximum equivalent of \$350 per month.

As a result of the enactment of the reforms to the exchange control regulations, the Venezuelan subsidiaries did not meet the requirements to use the SITME to convert US dollars to BsF as at September 30, 2010. Accordingly, the Company changed the rate used to re-measure BsF-denominated transactions from the parallel exchange rate to the official rate specified by the BCV, which was fixed at 4.30 BsF per US dollar effective September 30, 2010.

Venezuelan subsidiaries had approximately \$11,906 of net monetary liabilities denominated in BsF as at December 31, 2011. For every \$1,000 of net monetary liabilities denominated in BsF, a 15% increase/(decrease) in the foreign currency exchange rate would increase/(decrease) the Company's loss by approximately \$150. Refer to Note 26 for subsequent events concerning the February 8, 2013 devaluation of the BsF by the Government of Venezuela.

8. Equipment held for sale

Fair value less cost of sale was determined based on a range of estimated future net cash flows expected to arise from the future sale of the Company's remaining mining and milling equipment currently held in storage.

	December 31, 2012	December 31, 2011
Opening balance, beginning of year	\$ 1,990	\$ -
Transfer from property, plant and equipment	-	33,200
Write-down	-	(13,227)
Disposals	(1,775) ^(a)	(17,983) ^(b)
Closing balance	\$ 215	1,990

^(a) During the year ended December 31, 2012, the Company sold equipment with a carrying value of \$1,775 for proceeds of \$2,682 less commission of \$120, resulting in a gain on sale of \$787.

^(b) During 2011, the Company made equipment sales on June 28 for proceeds of \$16,958 less commission of \$1,350, on September 13 for proceeds of \$1,825 less commission of \$49 and on December 19 for proceeds of \$631 less commission of \$32. The proceeds of sale approximated the carrying values of the assets subsequent to previous write-downs.

9. Demand bank loan

At December 31, 2012, the Company's Venezuelan branch had a bank loan of \$581 (December 2011: \$1,326) to fund operations. This demand bank loan bore interest at 19% per annum and was secured by cash collateral of \$263.

	December 31, 2012	December 31, 2011
Opening balance, beginning of year	\$ 1,326	\$ 930
Drawings	581	4,611
Repayments	(1,326)	(4,215)
Closing balance	\$ 581	\$ 1,326

10. Short-term loan

On January 20, 2012, the Court approved the terms of an interim bridge loan for the Company in the amount of \$3.1 million from Tenor Special Situation Fund 1, LLC (the "Lender"). The bridge loan was a secured short term loan that was due the earlier of April 16, 2012 or the first draw on the DIP Facility (see Note 23) and was intended to provide the Company with working capital while it continued to pursue debtor-in-possession financing and progressed its arbitration claim. Interest of 10% and a commitment fee of 5% was charged on the loan. The bridge loan was repaid on April 25, 2012 from the proceeds of the first \$9.0 million draw on the DIP Facility.

10. Short-term loan (continued)

	December 31, 2012
Opening balance, beginning of year	\$ -
Drawings	3,125
Repayment ^(a)	(3,125)
Closing balance	\$ -

^(a) Proceeds on disposition of equipment sold in the year ended December 31, 2012 of \$505 were used to partially repay the loan.

11. Term loan

On April 16, 2012, the Court issued an order approving the DIP Facility provided by the Lender. (See Note 23). On April 23, 2012 the Company and the Lender entered into the Credit Agreement which provided the Company with the \$36 million facility until December 31, 2016. The DIP Facility may be extended at the Lender's sole option. The DIP Facility accrues payment-in-kind interest which is payable on maturity or upon the Company's receipt of an arbitral award or settlement, of 10% compounded semi-annually.

The DIP Facility was drawn down \$9 million on April 25, 2012, \$4 million on June 7, 2012 and \$8 million on June 27, 2012 for a total of \$21 million as of December 31, 2012. The remaining \$15 million under the DIP Facility will be drawn in 2 additional tranches of \$10 million, when the Company's cash balance goes below \$2.5 million and a final \$5 million when the cash balance again goes below \$2.5 million. Costs associated with the set up of the DIP Facility of \$2.2 million have been deferred and will be amortized over the term of the DIP Facility. During the year ended December 31, 2012, costs of \$330 (2011 - \$Nil) were amortized.

	December 31, 2012
Opening balance, beginning of year	\$ -
Drawings	21,000
Less debt issued costs	(2,233)
	18,767
Amortization of debt issued costs	330
Closing Balance December 31	19,097

Subsequent to December 31, 2012, the Lender advised the Company that as of December 31, 2012 the Company was in default of certain budget related covenants under the senior Credit Agreement. The Company acknowledged this default on March 11, 2013, entered into negotiations with the Lender and subsequently obtained a waiver (See Note 26). In addition subsequent to December 31, 2012, the Company made a draw of \$3.3 million under the DIP Facility on March 12, 2013 and a further draw of \$11.1 million on June 6, 2013 after amending the Credit Agreement (See Note 26).

12. Asset retirement obligations

The Company previously operated a processing mill (“Revemin”) and related assets located in El Callao, Venezuela. On October 1, 2008 Revemin 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 mining operations at its mines (“Tomi” and “La Victoria”), which supplied ore to this mill. In 2009, the Company transferred to the State of Venezuela all of the Tomi and La Victoria mining concessions.

The Company has updated its asset retirement obligation estimate for the former La Victoria mining operation based on a letter from the Government of Venezuela dated December 9, 2011 confirming the final scope of the reclamation activities required for La Victoria. Total undiscounted estimated costs of \$11,273 have been discounted by a risk free rate of 0.97% to give an estimated asset retirement obligation of \$10,958 at December 31, 2012.

A 10% change in the discount rate, assuming all other variables remain constant, would result in a liability change of \$30. A 10% change in the undiscounted remediation estimate, assuming all other variables remain constant, would result in a liability change of \$1,272. A 10% change in the foreign exchange rate of the BSF from the official rate of 4.3 BSF to the USD\$ assuming all other variables remain constant would result in a liability change of \$1,243.

The Company has not been able to measure with sufficient reliability its asset retirement obligation at its former Tomi mining operation at December 31, 2012. Following the shutdown of mining operations at Tomi in 2008, the Company was instructed by the Ministry of Mines not to perform any reclamation work until the government determined what it wanted to do with the Tomi concession. Subsequent to these instructions, mining operations were restored by the Venezuelan state mining company and then shutdown again after a short period of time. As a result the Company is not able to estimate the scope nor timing of the reclamation activities which will be required at Tomi and therefore no asset retirement obligation has been recognized at December 31, 2012 and December 31, 2011. There could be a future material adjustment in respect of the Company’s asset retirement obligation at Tomi.

Asset retirement obligations are as follows:

	December 31, 2012	December 31, 2011
Asset retirement obligations, beginning of year	\$ 10,564	\$ 3,453
Reclamation expenditures	(735)	(380)
Accretion expense	24	5
Revision in estimated cash flows	2,575	7,486
Asset retirement obligations, end of period	12,428	10,564
Less current portion	628	1,465
	\$ 11,800	\$ 9,099

13. Share capital

Authorized

Unlimited common shares, no par value

Unlimited Class A preference shares, no par value

Unlimited Class B preference shares, no par value

Issued - common shares

	Number of Shares	Amount \$
Balance January 1, 2011	364,817,719	588,745
Director remuneration	600,000	62
Share exchange	18	-
Balance December 31, 2011 and December 31, 2012	365,417,737	588,807

Issued – Class A preference shares

	Number of Shares	Amount \$
Balance January 1, 2012	-	-
Issued – DIP financing	100	-
Balance December 31, 2012	100	-

DIP financing

On June 25, 2012, the Company issued a new series (Series 1) of class A preference shares (“Series 1 Shares”) to Tenor as part of the DIP Facility (See note 9). The Series 1 Shares are entitled until a specified date, to receive notice of and to attend all meetings of shareholders and to vote, exclusively and separately as a class, on the basis of one vote per share, to nominate and elect two directors of the Company. The Series 1 Shares have no other voting rights except as provided under the Canada Business Corporations Act. In addition, the Company has agreed to grant to Tenor the right to acquire shares of the Company which may be converted, on or after September 1, 2012, into such number of common shares that would equal to 35% of the then issued and outstanding common shares (see Note 23).

Shareholder rights plan

On June 24, 2009, the shareholders of the Company approved the continuation of the Company’s shareholder rights plan (the “Rights Plan”), which was previously approved on October 30, 2006. The rights issued under the Rights Plan are subject to reconfirmation at every third annual meeting of shareholders. 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 of directors with time to pursue, if appropriate, other alternatives to maximize shareholder value in the event of a takeover bid.

13. Share capital (continued)

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 that 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.

Termination of Rights Plan

On June 27, 2012, the Rights Plan, which was last reconfirmed by the shareholders of the Company at a shareholders’ meeting held on June 24, 2009, terminated in accordance with its terms. In light of the fact that the Company had obtained a Court order to delay its annual shareholders’ meeting, the shareholders of the Company were not able to reconfirm the Rights Plan as required, and therefore the Rights Plan terminated.

Additional shareholder rights plan

On March 16, 2012, the Company announced that its Board of Directors voted to adopt an additional shareholders’ rights plan (the “New Rights Plan”).

The New Rights Plan did not replace the Rights Plan. The Board adopted the New Rights Plan because the Rights Plan may not have adequately served the interests of the Company due to the changed circumstances of the Company, including the ongoing dispute between the Company and the Government of Venezuela which has led to the arbitration case between such entities and the filing for court protection by the Company under the CCAA.

The New Rights Plan was not adopted in response to any proposal to acquire control of the Company. Under the New Rights Plan, take-over bids which meet certain requirements intended to protect the interests of all shareholders continue to be exempted from the dilutive aspects of the plan and are deemed to be “Permitted Bids”. Permitted Bids must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, among other conditions, must remain open for sixty days.

Although the New Rights Plan took effect immediately, the Company will submit the New Rights Plan for confirmation at the next meeting of shareholders; and the New Rights Plan will expire at the third annual meeting of shareholders thereafter. If the shareholders do not confirm the New Rights Plan at the next meeting of shareholders, the New Rights Plan will terminate and cease to be effective at that time.

14. Warrants

As at December 31, 2012 common share purchase warrants were outstanding enabling the holders to acquire common shares as follows:

Exercise price December 31, 2012	Number of warrants (thousands)
\$2.98 (CDN\$3.00)	16,445 ^(a)
\$4.25	12,250 ^(b)
	28,695

- a) These warrants expire six months following the date that is 45 days following the receipt of the Permit for the Company's Las Cristinas Project.
- b) These warrants become exercisable for an 18-month period commencing on the date which is 45 days following the receipt of the permit for the Company's Las Cristinas Project

Derivative liability

Under IFRS, warrants with an exercise price in a currency other than the functional currency are to be recorded as a derivative liability and carried at fair value. The liability is re-measured at each reporting date with the change in value recorded as finance income or finance expense in the consolidated statement of loss and comprehensive loss. The warrants were valued using the Black-Scholes valuation model assuming expected dividend yield, risk-free interest rate, expected life and volatility of 0.00%, 1.14%, 1 month and 94% respectively.

The change in the derivative liability for the year ended December 31, 2012 is as follows:

Warrants	Issued	Expired	Outstanding	Fair value estimate at Dec 31, 2011	Fair value estimate adjustments	Fair value estimate at Dec 31, 2012
CDN\$0.30	3,000	(3,000)	-	3	(3)	-
CDN\$3.00	16,445	-	16,445	-	-	-
	19,445	(3,000)	16,445	3	(3)	-

The change in the derivative liability for the year ended December 31, 2011 is as follows:

Warrants	Issued	Expired	Outstanding	Fair value estimate at Dec 31, 2010	Fair value estimate adjustments	Fair value estimate at Dec 31, 2011
CDN\$0.70	35,000	(35,000)	-	35	(35)	-
CDN\$0.30	3,000	-	3,000	410	(407)	3
CDN\$3.00	16,445	-	16,445	-	-	-
	54,445	(35,000)	19,445	445	(442)	3

15. Stock Options

Effective June 24, 2009, shareholders of the Company approved a Fixed Share Option Plan (the “New Plan”), which provides for the granting of a maximum 8,000,000 stock options to acquire common shares of the Company to executive officers, directors, employees and service providers of the Company. Under the New Plan, the exercise price of each stock option cannot be less than the closing price of the Company’s common shares on the Toronto Stock Exchange, on the trading day immediately preceding the date of the grant. Stock options have a life of up to ten years and may vest immediately, or over periods ranging from one year to three years. In addition, the directors of the Company may permit an optionee to elect to receive, without payment by the optionee of any additional consideration, common shares equal to the value of stock options surrendered.

Effective June 23, 2010, shareholders of the Company approved an increase in the number of stock options in the New Plan, authorizing an additional 5,000,000 stock options and on June 22, 2011 shareholders approved a further increase of 3,000,000 stock options to acquire common shares of the Company to executive officers, directors, employees and service providers of the Company. As at December 31, 2012, 14,957,900 stock options were granted under the New Plan.

As at December 31, 2012, stock options were outstanding enabling the holders to acquire common shares as follows:

Range of exercise prices (CDN\$)	Exercisable and outstanding stock options		
	Number of stock options (thousands)	Weighted average remaining contractual life (years)	Weighted average exercise price (CDN\$)
\$0.10	3,880	7.12	0.10
\$0.24	6,175	4.44	0.24
\$0.45	4,903	5.68	0.45
\$1.90 to \$2.60	375	0.37	1.96
\$3.00 to \$3.57	2,505	1.35	3.12
\$4.05 to \$4.87	1,165	3.64	4.61
	<u>19,003</u>	4.77	0.95

The Company determines the fair value of the employee stock options using the Black-Scholes option pricing model. The estimated fair value of the stock options is expensed over their respective vesting periods. The fair value of stock options granted was determined using the following assumptions.

	Year ended December 31,	
	2012	2011
Risk-free interest rate	-	2.25%
Expected life (years)	-	3
Expected volatility over expected life	-	120%
Expected dividend rate	-	0%
Weighted average fair value of stock options granted	-	\$ 0.07

The fair value compensation recorded for stock options that have vested for the year ended December 31, 2012 was \$Nil (2011 - \$488).

15. Stock Options (continued)

A summary of the outstanding stock options as at December 31 and changes during each of the years then ended are as follows:

	Year ended December 31,		Year ended December 31,	
	2012		2011	
	Number of options (thousands)	Weighted average exercise price (CDN\$)	Number of options (thousands)	Weighted average exercise price (CDN\$)
Balance, beginning of year	20,425	1.08	18,397	1.49
Issued	-	-	3,880	0.10
Expired	(1,422)	2.92	(1,852)	3.07
Balance	<u>19,003</u>	<u>0.95</u>	<u>20,425</u>	1.08

16. Loss per share

Basic loss per share is calculated by dividing the net loss for the period attributable to equity owners of the Company by the weighted average number of ordinary shares outstanding during the year:

	Year ended December 31,	
	2012	2011
	\$	\$
Loss from continuing operations	(28,238)	(35,416)
Loss from discontinued operations net of income taxes	(3,809)	(26,945)
Loss for the year	(32,047)	(62,361)
Weighted average number of outstanding shares	365,417,737	365,134,988
Basic and diluted (loss) per common share from continuing operations	(0.08)	(0.10)
Basic and diluted (loss) per common shares from discontinued operations	(0.01)	(0.07)
Basic and diluted (loss) per common share	(0.09)	(0.17)

Diluted loss per share equals basic loss per share as, due to losses incurred in both periods, there is no dilutive effect from outstanding stock options and warrants.

Crystallex International Corporation

(Under Creditor Protection Proceedings as of December 23, 2011 – Notes 1, 2 & 3)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(USD\$ thousands, except as noted)

17. Income taxes

A reconciliation between tax expense and the product of accounting profit multiplied by the Company's domestic tax rate for the years ended December 31, 2012 and December 31, 2011 is as follows:

	Years ended December 31	
	2012	2011
Statutory tax rate	25.53%	27.03%
Loss from continuing operations	(28,238)	\$ (35,416)
Income tax benefit	(7,208)	\$ (9,573)
Change in unrecognized deductible temporary differences	11,474	4,653
Change in substantively enacted tax rates	(2,822)	-
Change in foreign exchange rates	(3,037)	2,966
Non-deductible (non-taxable) items	133	1,954
Reduction in losses carry forward	1,460	-
Total income tax expense (recovery)	-	\$ -

The 2012 statutory tax rate of 25.53% differs from the 2011 statutory tax rate of 27.03% because of the reduction in both federal and Ontario substantively enacted tax rates.

Deferred income tax

Significant components of the Company's deductible temporary differences for which no deferred tax asset is recognized are shown below:

	Year ended December 31,	
	2012	2011
Unrecognized deferred income tax assets:		
Losses carry forward	63,317	\$ 55,992
Financing fees	748	638
Asset retirement obligations	4,226	3,362
Property, plant and equipment	86,623	83,732
Total assets not yet recognized	154,914	\$ 143,724

At December 31, 2012 the Company had the following non-capital losses for income tax purposes which may be used to reduce future taxable income:

<u>Year of Expiry</u>	<u>Country</u>	
	<u>Canada</u>	<u>Venezuela</u>
2013	\$ -	\$ 802
2014	\$ 17,550	\$ 1,344
2015	\$ 36,899	\$ 67
2016	\$ 28,142	\$ -
2027	\$ 24,928	\$ -
2028	\$ 24,134	\$ -
2029	\$ 24,247	\$ -
2030	\$ 20,679	\$ -
2031	\$ 38,613	\$ -
2032	\$ 29,918	\$ -
	<u>\$245,110</u>	<u>\$ 2,213</u>

18. General, administrative and arbitration expenses

	2012	Year ended December 31, 2011
	\$	\$
Professional fees related to arbitration	4,691	6,133
Other professional fees	847	7,291
Salaries and benefits	2,416	3,028
Stock option expense	-	488
Insurance expense	844	751
Other general and administrative expense	1,969	2,762
General, administrative and arbitration expense	10,767	20,453

19. Finance income and expense

During the year ended December 31, the Company earned and expensed the following:

	2012	Year ended December 31, 2011
	\$	\$
Unrealized gain on revaluation of warrants	3	442
Other finance income	9	44
Finance income	12	486
Interest on notes payable	(9,580)	(14,115)
Interest on long term loan	(1,586)	-
Other finance expense	(349)	(150)
Finance expense	(11,515)	(14,265)
Net finance expense	(11,503)	(13,779)

20. Supplemental disclosures with respect to cash flows

Cash paid during the year ended December 31:

	2012	2011
For income taxes and interest	\$ -	\$ 9,375

21. Segmented information

The Company has one operating segment, which is the exploration and development of mineral properties.

22. Risk management*Credit risk*

Credit risk is the risk of loss due to a counterparty's inability to meet its obligations under a financial instrument that will result in a financial loss to the Company. The Company's credit risk is primarily attributable to cash that is held with major Canadian chartered banks.

22. Risk management (continued)

The Company is exposed to the credit risk of Venezuelan banks, which hold cash for the Company's Venezuelan operations. The Company limits its exposure to this risk by maintaining minimal cash balances to fund the immediate needs of its Venezuelan subsidiaries. At December 31, 2012 the Company held 3.3 million BsF in Venezuelan banks with a value of \$0.5 million.

Currency risks

The Company continues to have activities in Venezuela, where currently there is an exchange control regime, and is exposed to currency risks from the exchange rate of BsF relative to the U.S. dollar. In addition, some of the Company's head office operations are transacted in Canadian dollars.

The Company's risk management objective is to reduce cash flow risk related to foreign denominated cash flows. Currency risk is derived from monetary assets and liabilities denominated in BsF and Canadian dollars.

The following table provides a sensitivity analysis of the positive/(negative) impact on operations as a result of a hypothetical weakening or strengthening of the Venezuelan BsF and Canadian dollar relative to the U.S. dollar:

	December 31, 2012	December 31, 2011
BsF net monetary liabilities		
15% increase in value	\$ (1,563)	\$ (1,764)
15% decrease in value	\$ 1,563	\$ 1,764
Canadian dollar net monetary assets		
15% increase in value	\$ (261)	\$ (130)
15% decrease in value	\$ 261	\$ 130

Refer to Note 26 for subsequent events concerning the February 8, 2013 devaluation of the BsF by the Government of Venezuela.

Liquidity risk

The Company faces liquidity risk to the extent that it will be unable to settle liabilities as they come due. In order to manage this risk, management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows and expenditures.

Due to the filing under CCAA, certain debt is in default and has been reclassified as Liabilities Subject to Compromise. The Company does not anticipate that it will be required to make payments during the pendency of the CCAA proceedings. See Notes 1, 2 and 3 for further discussion.

The maturities of the Company's financial liabilities excluding asset retirement obligations, are as follows:

22. Risk management (continued)

	1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Liabilities subject to compromise
Current liabilities	\$ 1,108	\$ 909	\$ 5,438	\$ 1,246	\$ -
Liabilities subject to Compromise	-	-	-	-	119,194
Long term debt	-	-	-	-	19,097
Total	\$ 1,108	\$ 909	\$ 5,438	\$ 1,246	\$ 138,291

As a result of the CCAA proceedings, all actions to enforce or otherwise effect payment or repayment of liabilities arising prior to the Filing Date are stayed as of the Filing Date. Absent further order from the Court, no party may take any action to recover on pre-petition claims against the Company. It is not possible to predict the outcome of the CCAA proceedings, which renders the discharge of liabilities subject to significant uncertainty.

The Company must develop a restructuring plan under the supervision of the Court. Pre-petition liabilities will be dealt with in the context of the Plan.

The Company will utilize the proceeds from the DIP Facility (see Note 11) as a source of liquidity during the CCAA proceedings. Proceeds from the sale of equipment held for sale may also provide a source of liquidity.

Risks related to creditor protection and restructuring

On December 23, 2011, the Company was granted an Initial Order from the Court granting the Company creditor protection under the CCAA. Pursuant to Initial Order the Company is provided with authority to, among other things, file with the Court and submit to its creditors a plan of compromise or arrangement under the CCAA and operate an orderly restructuring of its business and financial affairs, in accordance with the terms of the Initial Order or as otherwise approved by the Court. The Monitor was appointed by the Court to monitor the business and financial affairs of the Company and, in connection with such role, the Initial Order imposes a number of duties and functions on the Monitor, including, but not limited to, assisting the Company in connection with its restructuring and reporting to the Court on the state of the business and financial affairs of the Company and on development in the CCAA proceedings, as the Monitor considers appropriate.

In light of the CCAA proceedings, it is possible that the Company's shares may have no value, and following the approval of, a restructuring plan of arrangement, there is a significant risk the Company's shares could be cancelled. There is also a risk that if the Company fails to successfully implement a plan of arrangement within the time granted by the Court, substantially all of its debt obligations will become due and payable immediately, which would in all likelihood lead to the liquidation of the Company.

23. Commitments and contingencies*Actions by Noteholders dismissed and subsequent appeal*

In December 2008, the Company was served with a notice of application (the "Application") by the trustee for the holders of 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.

23. Commitments and contingencies (continued)

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 asset.

On December 16, 2009, the Court 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 of directors 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 (the “Court of Appeal”) 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 in favour of the Company and its directors at the same time.

On May 26, 2011, the Company was served with a Notice of Application by certain Noteholders. The Noteholders were seeking a declaration from the court that there has been a Project Change of Control thereby requiring Crystallex to purchase all of the Notes of each Noteholder who has so requested at a price equal to 102% of the principal amount of the Notes, together with accrued and unpaid interest to the date of purchase. A hearing occurred on September 7, 2011, and on September 29, 2011 the court dismissed the Noteholders’ claim and awarded the Company costs of the proceedings.

On October 30, 2011, the Noteholders appealed the court’s decision to the Court of Appeal. (See note 26).

Claims by former employees

The Company’s subsidiaries in Venezuela have been served with statements of claims from several former employees for additional severance and health related issues for an aggregate claim of approximately \$1.7 million. Management has recorded a provision based on its best estimates of amounts that may need to be paid based on the experience with cases settled to date.

Creditor protection and restructuring

On the Filing Date, the Company obtained an order from the Court for creditor protection under the CCAA. As a result, all actions to enforce or otherwise effect payment or repayment of liabilities arising prior to the Filing Date, and substantially all pending claims and litigation against the Company, are stayed as of the Filing Date.

On November 30, 2012 the Court approved an order authorizing the Monitor to conduct a process to call for, receive claims, and determine the validity of those claims, against the capital applicants as at December 23, 2011, and post filing claims since the commencement of the CCAA Filing (The “Claims Procedure Order”). The Claims Procedure Order set January 18, 2013 as the claims bar date. Once verified by the Monitor, claims will be presented to the Court, which will rule on the legitimacy of any such claims. There is a potential for additional valid claims to be levied against the Company, however, the Company is not currently aware of any additional material possible claims.

23. Commitments and contingencies (continued)

DIP financing and noteholder litigation

On March 12, 2012, the Company announced that it had successfully concluded an auction process to raise debtor-in-possession financing in accordance with the procedures approved by the Monitor pursuant to the Initial Order. As a result, the Company executed a commitment letter provided by a company managed by Tenor pursuant to which the Lender agreed, subject to certain conditions including the execution of a senior secured credit agreement, to provide the DIP Facility.

On April 5, 2012, the Company sought an order from the Court approving the \$36 million DIP Facility and a Management Incentive Plan, (“MIP”). The Noteholders opposed both the DIP Facility and the MIP. Prior to the April 5, 2012 Court hearing, the Noteholders, in an affidavit submitted to the Court, committed that they would provide financing to the Company on the same terms as the DIP Facility, but only in the event that the Court ordered that financing in such an amount and term were necessary. The Noteholders also proposed a restructuring plan in their Court materials, for which they did not seek Court approval on April 5, 2012. The Noteholder plan was to exchange the unsecured debt for 58.1% of the equity of the Company, provide a \$35 million debtor-in-possession loan for a further 22.9 % of the equity, provide a management incentive program equivalent to 5% of the equity and leave 14% of the equity for the existing shareholders.

On April 16, 2012, the Court issued an order approving the DIP Facility and the Company and the Lender entered into the Credit Agreement. The Court also approved the MIP and extended the stay until July 30, 2012 (subsequently extended to December 31, 2014).

The DIP Facility accrues payment-in-kind interest (that is, interest is only paid at maturity or upon the Company’s receipt of an arbitral award or settlement) of 10% compounded semi-annually and is to be advanced in four tranches: \$9 million upon the execution of loan documentation and approval of the DIP Facility by court order, \$12 million upon the dismissal of any appeal of the court order approving the DIP Facility, \$10 million when the Company has less than \$2.5 million in cash and \$5 million when the Company’s cash balances are again less than \$2.5 million. In accordance with the terms of Credit Agreement, the Company drew down the initial \$9.0 million tranche of the DIP Facility. As a result of such draw down, the Company provided to the Lender, in accordance with the provisions of the Credit Agreement and a conversion and voting agreement, additional compensation of 35% of the net proceeds (after payment of expenses, taxes, principal and unpaid interest on the DIP Facility and principal and unpaid interest on all proven and allowed unsecured claims against the Company) realized from an award or settlement in respect of the Company’s arbitrations with the Government of Venezuela and which, at the option of the Lender, could be converted into up to 35% of the equity of the Company, (the “Lender Additional Compensation”).

On May 15, 2012, the Lender and the Company amended the Credit Agreement so that the first tranche of the DIP Facility was increased by an additional \$4 million, (increasing from \$9 million to \$13 million), while the second tranche was reduced by \$4 million, to \$8 million.

On June 27, 2012, the Company announced that it had drawn down an additional amount of \$8 million (for an aggregate total of \$21 million) under the terms of the Credit Agreement. These funds were used to fund the Company’s operations, including the prosecution of its arbitration claim against the Government of Venezuela. As a result of such draw down, the Company provided to the Lender, in accordance with the provisions of the Credit Agreement and a conversion and voting agreement, additional compensation which is dependent on the amount of the net proceeds realized from an award or settlement in respect of the Company’s arbitration with the government of Venezuela and which, at the option of the Lender, could be

23. Commitments and contingencies (continued)

converted into up to 35% of the equity of the Company. In addition, the Credit Agreement required certain changes to the governance of Crystallex. The Lender has been provided (by the issuance to it of 100 Series 1 Shares) with the right to appoint 2 of the 5 directors of the Company, and as a result Mr. Michael Brown and Mr. Johan C. van't Hof voluntarily resigned from the Board in order to enable Mr. Robin Shah and Mr. David Kay, the nominees of the Lender, to join the Board. The Board has appointed Harry Near as "Designated Director" and delegated certain powers to him, including the conduct of the proceedings under the CCAA and certain related matters. However, before making any decision regarding such delegated matters, Mr. Near is required to consult with the newly established Advisory Panel of the Company. The members of the Advisory Panel are Messrs. Near, Brown and van't Hof. The Board also agreed that certain transactions will be subject to the approval of the Board, including the approval of one of the Lender's nominees.

The Court's approval of the DIP Facility and the MIP was appealed by the Noteholders. The Noteholders' appeal was heard on May 11, 2012. On June 13, 2012, the Court of Appeal unanimously dismissed the Noteholders' appeal. The Noteholders sought leave to appeal the decision to the Supreme Court of Canada (the "SCC"). The Noteholders also sought an order from the SCC to stay the approval by the Court of Appeal of the DIP Facility pending the determination of their application for leave to appeal to the SCC. The SCC remanded the Noteholders' stay request to the Court of Appeal. On June 20, 2012, the Court of Appeal dismissed the Noteholders motion for a stay of the approval of the DIP Facility.

On September 27, 2012 the SCC dismissed the Noteholders' leave to appeal.

24. Compensation of key management

Key management includes the Company's directors and senior management team. Compensation awarded to key management included:

	Year ended December 31,	
	2012	2011
	\$	\$
Salaries and short-term employee benefits	1,591	1,978
Post-employment benefits	14	40
Directors' fees paid in shares	-	62
Directors' fees paid in cash	217	314
Director's compensation for special assignments	360	185
	2,182	2,579

25. Related party transactions

During the year ended December 31, 2012, the Company paid head office rent of \$146 (2011 - \$141) and consulting fees of \$12 (2011 - \$26) to a subsidiary of a company that retains the Chairman and Chief Executive Officer of the Company as a director.

On September 1, 2011, the Company entered into a consulting agreement with Marc J. Oppenheimer, a director of the Company, to provide detailed services to support the arbitration. Under this agreement, Mr. Oppenheimer will be paid \$30 per month until the earlier of November 30, 2014 or the conclusion of arbitration proceedings with Venezuela. For the year ended December 31, 2012, Mr. Oppenheimer was paid \$360 (2011 - \$30) under the agreement. Refer to Note 26 for subsequent events relating to the consulting agreement.

These transactions were in the normal course of operations and were measured at the exchange values, which represented the amount of consideration established and agreed to by the related parties.

26. Subsequent events

Extension of initial CCAA order

The Court extended its Initial Order granting the Company CCAA protection from December 23, 2011 to January 21, 2012, and it has been extended several more times and is currently scheduled to expire December 31, 2014.

SEC deregistration

On December 12, 2012, the Division of Enforcement of the SEC advised the Company that it was reviewing the Company's registration in view of the Company's failure to comply with the timelines for certain of its filing under the Act. The Company subsequently reached a settlement with the SEC on May 1, 2013 consenting to the revocation of its registration under the Act.

Default notice Tenor Credit Agreement

In February 2013, Tenor advised that as of December 31, 2012 the Company was in default of certain budget related covenants under the Credit Agreement. The Company acknowledged the default on March 11, 2013 and on June 5, 2013 the Company and Tenor came to an agreement under which Tenor agreed to waive the default for the agreed default period of December 31, 2012 to May 24, 2013. The Company agreed to pay Tenor interest of \$1.1 million made up of 2% default interest and regular interest of 10% of the outstanding loan balance for the default period, as per the terms of the Credit Agreement.

Fourth drawdown DIP facility

On March 12, 2013 Tenor agreed to a partial advance of the Company's next \$10 million draw under the DIP Facility for \$3.3 million. The Company received \$3.0 million after the payment of \$0.3 million in expenses.

Stay extension and standstill agreement

On June 5, 2013 the Court approved the terms of a standstill agreement reached by the Company, the Noteholders, Tenor and the Monitor, by way of a court order (the "Standstill Order"). The Standstill Order extended the CCAA stay period until December 31, 2014. Key terms of the standstill agreement covered by the Standstill Order are as follows:

- The initial standstill period extends to December 31, 2014 and shall automatically extend for successive one year periods, subject to the provision of a written termination notice at least 30 days prior to the end of the initial standstill period or any subsequent one year extension.
- There is no obligation for the Company to provide a plan of arrangement during the standstill period.
- No motions may be filed by the agreeing parties without leave of the Court in the CCAA proceedings during the standstill period.
- The Company, Tenor and all unsecured creditors, including the Noteholders, will release each other from all claims existing up to the date of the Standstill Order.

26. Subsequent events (continued)

- The Noteholders will commence the standstill period with a claim of \$124.4 million (the “Proven Principal Senior Note Amount”) comprised of the following:
 - (i) the original pre-CCAA filing claim of \$104.1 million representing principal and interest accrued to the December 23, 2011 CCAA filing date, plus
 - (ii) a claim for post-filing fees and expenses of \$5.5 million (subject to review and approval by the Monitor), plus
 - (iii) a claim of \$13.8 million representing post-filing interest on the original pre-filing claim amount calculated from the filing date to May 20, 2013 at the original Note coupon rate of 9.375%.

During the standstill period, the Proven Principal Senior Note Amount of \$123.38 million will accrue simple interest in the aggregate amount of:

- (i) the Note coupon rate of 9.375%, plus
- (ii) interest of 3.0% representing the CCAA standstill rate of interest, plus
- (iii) interest of 5.0% as compensation for allowing the Proven Principal Senior Note Amount to remain outstanding during the standstill period without having to file a plan of arrangement, plus
- (iv) interest of 2.625% representing post-filing default interest on the Notes.

The Noteholders will also have a claim for pre-filing fees and expenses of \$5.1 million (which amount is subject to confirmation and approval by the Monitor) and an additional claim of \$0.3 million for further post-filing fees, (also subject to confirmation and approval by the Monitor). Interest will not accrue on the claims for pre-filing fees and the additional \$0.3 million of post-filing fees.

Other unsecured pre-filing claims (other than the Noteholders) will earn simple interest during the standstill period equal to the lesser of (i) twice the rate of interest to which each such pre-filing unsecured claim holder is entitled to receive and (ii) 12.0% per annum, providing such rate will not be below 5.0% per annum.

The calculation of the Lender Additional Compensation and the amount available under the MIP will be adjusted to account for the additional interest being paid to the Noteholders and other unsecured lenders during the standstill period.

Amendment to the existing DIP facility

On June 5, 2013, the Court issued an order (the “Additional CCAA Financing Order”) approving an \$11.1 million increase in the original DIP Facility with Tenor and amendments to the Credit Agreement. Following are the key amendments to the Credit Agreement:

- The DIP Facility was increased by \$11.1 million, from \$36.0 million to \$47.1 million (the “Amended DIP Facility”).
- The interest rate remains at 10% compounded semi-annually.
- The incremental \$11.1 million will be advanced prior to the advance of the remaining tranches of the DIP Facility (the remaining tranches are for \$6.7 million and \$5.0 million and these will be available in accordance with the terms of the amended Credit Agreement). The \$11.1 million was advanced on June 6, 2013.
- Tenor waived the existing defaults under the Credit Agreement.
- The Company will pay to Tenor, out of the proceeds of the \$11.1 million draw, default interest of \$1.1 million in accordance with the terms of the Credit Agreement.

26. Subsequent events (continued)

- In consideration for providing the incremental \$11.1 million, Tenor is entitled to an increase in the Additional Lender Compensation of 14.874%.

Drawdown under the amended DIP facility

On June 6, 2013 the Company drew an additional \$11.1 million under the Amended DIP Facility approved by the Court on June 5, 2013. Under the terms of the Additional CCAA Financing Order the Company paid Tenor \$1.1 million in default interest in accordance with the terms of the Credit Agreement. The Company netted \$9.1 million on the draw after payment of expenses of \$0.9 million and default interest of \$1.1 million.

Amendment to consulting agreement

On June 5, 2013 the Court approved a change in the consulting agreement the company has with Marc J. Oppenheimer (see Note 25), a director of the Company, increasing his monthly payment from \$30 to \$49 for the duration of the agreement.

Venezuela currency devaluation

On February 8, 2013 the Government of Venezuela devalued the BsF. The official exchange rate moved from 4.3 BsF per US dollar to 6.3.