CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2010
(UNAUDITED)

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Crystallex International Corporation
Consolidated Balance Sheets - Unaudited
(US$ thousands)

	March 31 2010	December 31 2009
Assets		
Current		
Cash	$ 4,263	$ 6,897
Restricted cash (Note 6)	-	4,688
Accounts receivable	75	780
Prepaid expenses, deposits and other assets	534	515
Equipment held for sale (Note 6)	3,180	3,180
Discontinued operations (Note 4)	924	1,129
	8,976	17,189
Property, plant and equipment (Note 5)	39,203	39,203
Value-added taxes recoverable	1,598	1,736
	$ 49,777	$ 58,128
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 5,440	$ 8,043
Promissory note (Note 6)	894	894
Convertible loan (Note 7)	2,386	-
Discontinued operations (Note 4)	1,003	1,043
	9,273	9,980
Discontinued operations (Note 4)	2,217	2,217
Notes payable (Note 8)	91,704	90,639
	103,644	102,836
Shareholders' Deficit		
Share capital (Note 9)	561,751	561,751
Contributed surplus	35,604	35,366
Accumulated other comprehensive income	11,959	11,959
Deficit	(663,181)	(653,784)
	(53,867)	(44,708)
	$ 49,777	$ 58,128

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 12)

(See accompanying notes to the consolidated financial statements)

Approved on behalf of the Board of Directors

/s/ Robert Fung, Director /s/ Johan van't Hof, Director

Crystallex International Corporation

Consolidated Statements of Operations, Comprehensive Loss and Deficit - Unaudited
(US$ thousands, except for share and per share amounts)

	Three months ended March 31	
	2010	2009
(Expenses) income		
General and administrative	**$ (2,172)**	$ (2,255)
Litigation	**(143)**	(1,224)
Interest on notes payable	**(3,410)**	(3,288)
Interest on promissory note and convertible loan	**(112)**	-
Foreign currency exchange (loss) gain	**(22)**	1,929
Write down of property, plant and equipment (Note 5)	**(3,610)**	-
Interest and other income	**9**	4
Loss from continuing operations before income tax	**(9,460)**	(4,834)
Future income tax recovery	**(486)**	-
Loss from continuing operations	**(8,974)**	(4,834)
Loss from discontinued operations, net of tax (Note 4)	**(423)**	(374)
Net loss and comprehensive loss for the period	**(9,397)**	(5,208)
Deficit, beginning of period	**(653,784)**	(339,885)
Deficit, end of period	**$ (663,181)**	$ (345,093)
Loss per share from continuing operations – basic and diluted	**$ (0.03)**	$ (0.02)
Loss per share from discontinued operations – basic and diluted	**(0.00)**	(0.00)
Loss per share – basic and diluted	**$ (0.03)**	$ (0.02)
Weighted average number of shares outstanding	**294,817,719**	294,817,719

(See accompanying notes to the consolidated financial statements)

Crystallex International Corporation

Consolidated Statements of Shareholders' Deficit - Unaudited

(US$ thousands, except as noted)

	Number of common shares (thousands)	Amount	Number of warrants (thousands)	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance at December 31, 2008	294,818	$ 561,751	28,695	$ 33,971	$ 11,959	$(339,885)	$267,796
Stock-based compensation	-	-	-	1,150	-	-	1,150
Warrants for advisory services	-	-	3,000	245	-	-	245
Loss for the year	-	-	-	-	-	(313,899)	(313,899)
Balance at December 31, 2009	294,818	561,751	31,695	35,366	11,959	(653,784)	(44,708)
Equity component of convertible loan	**-**	**-**	**-**	**200**	**-**	**-**	**200**
Stock-based compensation	**-**	**-**	**-**	**38**	**-**	**-**	**38**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(9,397)**	**(9,397)**
Balance as at March 31, 2010	**294,818**	**$ 561,751**	**31,695**	**$ 35,604**	**$ 11,959**	**$ (663,181)** [(a)]	**$ (53,867)**

a) Includes total comprehensive deficit as at March 31, 2010 of $(651,222) (2009 - $(333,134))

(See accompanying notes to the consolidated financial statements)

Crystallex International Corporation

Consolidated Statements of Cash Flows - Unaudited
(US$ thousands)

	Three Months ended March 31 2010	2009
Cash flows used in operating activities		
Loss from continuing operations for the period	**$ (8,974)**	$ (4,834)
Items not affecting cash:		
Write down of property, plant and equipment	**3,610**	-
Future income tax recovery	**(486)**	-
Interest accretion on notes payable	**1,065**	944
Interest accretion on convertible loan	**86**	-
Stock-based compensation	**38**	105
Unrealized gain on translation of future income taxes	**(40)**	(2,209)
Unrealized foreign currency exchange loss (gain)	**214**	(134)
Net change in non-cash working capital:		
Decrease (increase) in accounts receivable	**643**	(47)
Decrease in prepaid expenses, deposits and other assets	**(19)**	(1,115)
Decrease in accounts payable and accrued liabilities	**(2,452)**	(1,722)
	(6,315)	(9,012)
Cash flows used in investing activities		
Investment in property, plant and equipment	**(3,247)**	(3,798)
Cash flows from financing activities		
Decrease in restricted cash	**4,688**	-
Proceeds from convertible loan	**2,500**	-
	7,188	-
Decrease in cash from continuing operations	**(2,374)**	(12,810)
Decrease in cash from discontinued operations	**(259)**	(186)
Effects of exchange rate fluctuations on cash	**(1)**	54
Cash beginning of period	**6,897**	34,520
Cash end of period	**$ 4,263**	$ 21,578

Supplemental disclosures with respect to cash flows (Note 10)

(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 which has been granted the Mine Operating Contract (the "Mine Operating Contract") to develop and operate the Las Cristinas gold properties ("Las Cristinas Project" or "Las Cristinas") located in Venezuela.

a) Background

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

The Company is currently awaiting the decision of the Venezuelan Ministry of the Environment and Natural Resources ("MinAmb") in respect of the issuance of the Authorization to Affect Natural Resources (the "Permit") to commence construction at Las Cristinas.

The construction and ultimate commencement of commercial production at Las Cristinas are dependent on the receipt of the Permit, which will allow management to proceed to put in place financing to fund construction. In addition, the Las Cristinas Project is subject to sovereign risk, including political and economic instability, changes in existing government regulations, government regulations relating to mining that may withhold the receipt of required permits, as well as currency fluctuations and local inflation. In April 2008 the Director General of Permits at MinAmb denied the issuance of the Permit and subsequently denied the Company's appeal. The Company filed an appeal to the Minister of MinAmb in June 2008 and no decision has been received to date which demonstrates the significant risks that the Las Cristinas Project faces. The Company, nonetheless, has made specific decisions to continue to meet its obligations under the Mine Operating Contract and has received confirmation from the CVG in March 2009 that the Mine Operating Contract remains in full force and effect, which provides the Company with continued control over the Las Cristinas Project.

b) Basis of presentation and going concern

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the going concern basis of accounting which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Management has considered all available information in assessing the Company's ability to continue as a going concern, which is at least, but is not limited to, twelve months from the balance sheet date.

As at March 31, 2010, the Company had negative working capital of $297, including cash of $4,263. Management estimates that these funds, in addition to the proceeds from the equipment held for sale (Note 6), will be sufficient to meet the Company's obligations and budgeted expenditures through the second quarter of 2010, but will not, without further measures, be sufficient to cover the Company's obligations falling due in July 2010. This uncertainty raises substantial doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, as to the appropriateness of the use of accounting principles applicable to a going concern.

1. Nature of operations and going concern (continued)

The Company believes it has a number of financing and funding options which could generate sufficient cash to fund ongoing operations and service its debt requirements as they come due including, but not limited to, the following:

a) introduction of joint venture partners;
b) sale of equity and/or debt securities;
c) additional sales of equipment; and
d) negotiating a settlement with its Noteholders to reduce, eliminate or otherwise decrease its obligations, particularly, interest costs.

There is, however, no assurance that these sources of funding or any other initiatives will be available to the Company, or that they will be available on terms that are acceptable to the Company. Accordingly, these interim 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.

2. Significant accounting policies

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

The preparation of these consolidated financial statements is based on the accounting policies and practices consistent with those used in the preparation of the Company's annual consolidated financial statements as at December 31, 2009 and for the year then ended.

3. Future accounting pronouncements

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", which replaces the former guidance on business combinations. Section 1582 establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. In addition, the CICA issued Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests", which replaces the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602 provides guidance on accounting for non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier application permitted. The Company has not yet determined the impact of the adoption of these standards on its consolidated financial statements.

(US$ thousands, except as noted)

4. Discontinued operations

On October 1, 2008, the Revemin mill and related assets located in El Callao, Venezuela reverted by contract to the State of Venezuela as a result of the expiry of the operating agreement relating to the mill. At the same time the Company ceased all mining operations at the Tomi and La Victoria mines which supplied ore to this mill. In 2009, the Company transferred to the State of Venezuela all of the Tomi and La Victoria mining concessions which did not form part of the mill contract.

The results of operations at El Callao have been treated as discontinued operations as the Company has no intention of mining the concessions in this location. Assets and liabilities on the consolidated balance sheets include the following amounts for discontinued operations.

	March 31 2010	December 31 2009
Current assets		
Accounts receivable and other assets	**$ 924**	$ 1,129
Current liabilities		
Accounts payable and accrued liabilities	**$ 1,003**	$ 1,043
Asset retirement obligations	**2,217**	2,217
	$ 3,220	$ 3,260

5. Property, plant and equipment

	March 31, 2010		
	Cost	**Accumulated Write down**	**Net book value**
Mining equipment	**$ 39,203**	**$ -**	**$ 39,203**
Mineral properties	**300,679**	**300,679**	**-**
	$ 339,882	**$ 300,679**	**$ 39,203**

	December 31, 2009		
	Cost	Write down	Net book value
Mining equipment	$ 39,203	$ -	$ 39,203
Mineral properties	297,069	297,069	-
	$ 336,272	$ 297,069	$ 39,203

(US$ thousands, except as noted)

5. Property, plant and equipment (continued)

As at December 31, 2009, the Company assessed the Las Cristinas Project for impairment based on the guidance in EIC 174 "Mining Exploration Costs", AcG11 "Enterprises in the Development Stage" and CICA Handbook Section 3063, "Impairment of Long-Lived Assets" and concluded that, despite its continued efforts to secure the Permit and pursue accretive transactions in respect of the Las Cristinas Project, a write down of the carrying value should be recorded as at December 31, 2009 based on certain impairment triggers noted including, but not limited to, the permitting delays described in Note 1. The Company determined that, among other things, the current uncertainty regarding the Permit had a significant impact on management's ability to estimate the future net cash flows associated with the Las Cristinas Project. Accordingly, the Company recorded a non-cash write down of $297,069 as at December 31, 2009 relating to all mineral property costs, including the deferred exploration and development expenditures, except the carrying value of the remaining mining equipment of $39,203.

The Company conducted a similar impairment assessment as at March 31, 2010 and for similar reasons to those indicated above, the Company recorded a non-cash write down of $3,610 relating to all mineral property costs, including the deferred exploration and development expenditures, except the carrying value of the remaining mining equipment of $39,203.

The Company will be reporting under International Financial Reporting Standards ("IFRS") effective January 1, 2011. Under IFRS an entity is required to assess at each reporting date any indication that a previously recognized impairment loss no longer exists or has decreased. If there is an indication, the entity is required to estimate the recoverable amount and determine whether an impairment reversal is appropriate. The Company will carefully assess the alternative accounting policies available under IFRS and will consider a reversal of the write down based on the facts and circumstances at the time of adoption of IFRS.

The aggregate expenditures incurred on mineral properties, before write down, on the Las Cristinas Project by the Company as at March 31, 2010 are summarized as follows:

	Cash	Non-cash	Total
Exploration, development and related expenses	$ 219,234	$ 5,732	$ 224,966
Property payment and finders' fees	24,978	11,192	36,170
Future income taxes	-	37,803	37,803
Stock-based compensation	-	1,740	1,740
	$ 244,212	$ 56,467	$ 300,679

6. Sale of equipment

During 2009, the Company sold generic mining equipment for net proceeds of $12,361 from which $4,688 was set aside and restricted to pay the scheduled January 15, 2010 interest obligation on the notes payable described in Note 8. A loss on disposal of $7,059 was recorded as at December 31, 2009.

The Company is in the process of selling the remaining generic mining equipment for estimated net realizable value of $3,180 (a write down of $1,236 was recorded as at December 31, 2009). The Company received an advance of $894 from the auctioneer who has been commissioned to sell most of this equipment. The Company issued to the auctioneer a demand promissory note for $894 bearing interest at Bank of America, Australia, Bank Bill Buying semi-annual rate per annum plus 4% which is secured by the underlying equipment. In April 2010, the Company sold equipment for net proceeds of $2,783 and repaid the promissory note and related interest charges. The Company is actively marketing the remaining generic mining equipment for estimated net realizable value of $397.

(US$ thousands, except as noted)

7. Convertible loan

In March, 2010 the Company received a $2,500 convertible loan from a potential strategic investor. This convertible loan bears interest at 6% and is repayable on June 30, 2010 with an extension up to November 30, 2010 as determined by the lender. Subject to regulatory approval, the lender has the right exercisable for a period from May 31, 2010 to November 30, 2010 to cause the conversion of any amount of the unpaid balance of this loan into common shares of Crystallex at a price per common share equal to the greater of Cdn$0.20 and 95% of the 5 day volume-weighted-average trading price on the Toronto Stock Exchange of the common shares ending on the date of conversion.

The conversion feature of the loan was ascribed a fair value of $200 and recorded as contributed surplus, using the Black-Scholes pricing model. The residual liability component of the loan of $2,300 is accreted up to its face value using the effective interest method until May 31, 2010. Interest accretion of $86 was expensed during the three month period ended March 31, 2010 as a component of interest expense.

8. Notes payable

In conjunction with a unit offering on December 23, 2004, the Company issued $100,000 of senior unsecured notes (the "Notes") with a coupon rate of 9.375%, due on December 23, 2011, for net proceeds of $75,015 after expenses and equity allocation. Interest is payable semi-annually on January 15 and July 15 of each year, beginning on July 15, 2005. The Company may redeem the Notes, in whole or in part, at any time after December 31, 2008 at a redemption price of between 100% and 102% of the principal amounts of the Notes, depending on the redemption date, plus accrued and unpaid interest and additional interest, if any, to the date of the redemption. In addition, the Company may be required to redeem the Notes for cash if there is a change in control in the Company where the acquirer's debt rating is below the debt rating of the Company before or after the change in control, or where the Company ceases to beneficially own, directly or indirectly, at least a majority interest in the Las Cristinas Project. The Company may also redeem the Notes, in whole but not in part, for cash at its option if there is a change in the applicable Canadian withholding tax legislation. As described in Note 12, the Company successfully defended against an action brought by Noteholders relating to a project change in control.

The initial carrying value of the Notes was derived from a unit structure that contained both a Note and a share component. As a result, the share component was determined based on the fair value of the common shares issued with the unit offering, calculated at $21,450 with $78,550 being the discounted fair value of the Notes. The discounted fair value of the Notes, net of expenses, is accreted up to the face value of the Notes using the effective interest rate method over its seven-year term, with the resulting charge recorded to interest expense. Interest accretion of $1,065 (2009 - $944) on the Notes was expensed during the three month period ended March 31, 2010 as a component of interest expense.

9. Share capital

	March 31 2010	December 31 2009
Authorized		
Unlimited common shares, without par value		
Unlimited Class A preference shares, no par value		
Unlimited Class B preference shares, no par value		
Issued		
294,817,719 common shares	**$ 561,751**	$ 561,751

9. Share capital (continued)

Warrants

As at March 31, 2010, common share purchase warrants were outstanding enabling the holders to acquire common shares as follows:

Exercise Price	Number of warrants (thousands)
$0.29 (Cdn$0.30)	3,000[a]
$2.87 (Cdn$3.00)	16,445[b]
$4.25	12,250[c]
	31,695

a) These warrants expire on April 23, 2012.
b) These warrants expire six months following the date which is 45 days following the receipt of the Permit for the Company's Las Cristinas Project.
c) These warrants become exercisable for an eighteen month period commencing on the date which is 45 days following the receipt of the Permit for the Company's Las Cristinas Project.

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 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. As at March 31, 2010, 6,175,000 stock options were granted under the New Plan.

Prior to June 25, 2008, the Company had a rolling share option plan (the "Old Plan"), which provided for the granting of options to acquire common shares of the Company equal to 10% of the issued and outstanding common shares from time to time, and had characteristics similar to the New Plan. Effective June 24, 2008, the Company ceased to grant stock options under the Old Plan and no additional stock options are available for grant under the Old Plan.

As at March 31, 2010, options were outstanding enabling the holders to acquire common shares as follows:

	Outstanding stock options			Exercisable stock options	
Range of exercise prices (Cdn$)	Number of stock options (thousands)	Weighted average remaining contractual life (years)	Weighted average exercise price (Cdn$)	Number exercisable (thousands)	Weighted average exercise price (Cdn$)
$0.24	6,175	7.19	0.24	6,175	0.24
$1.75 to $2.60	3,829	1.43	2.23	3,829	2.23
$2.65 to $3.57	2,760	4.12	3.13	2,760	3.13
$3.91 to $4.87	2,357	4.08	4.42	2,127	4.41
	15,121	4.69	1.92	14,891	1.88

9. Share capital (continued)

A summary of the outstanding stock options as at March 31 and changes during each of three month periods then ended are as follows:

	Three months ended March 31			
	2010		2009	
	Number of options (thousands)	**Weighted average exercise price (Cdn$)**	Number of options (thousands)	Weighted average exercise price (Cdn$)
Balance, beginning of period	**15,254**	**3.14**	10,517	3.14
Expired or forfeited	**(133)**	**3.67**	(151)	3.82
Balance, end of period	**15,121**	**1.92**	10,366	3.13

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 and will expire at the close of the Company's annual meeting in 2016 (the "Expiration Time"). The Rights Plan is designed to ensure the fair treatment of shareholders in connection with any takeover bid for the Company and to provide the board of directors and shareholders with sufficient time to fully consider any unsolicited takeover bid. The Rights Plan also provides the board with time to pursue, if appropriate, other alternatives to maximize shareholder value in the event of a takeover bid.

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

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

(US$ thousands, except as noted)

10. Supplemental disclosures with respect to cash flows

Cash paid during the three month periods ended March 31:

		2010		2009
For interest	$	**4,688**	$	4,688
For income taxes	$	**-**	$	-

Investment in property, plant and equipment for the three month periods ended March 31:

		2010		2009
Net book value of property, plant and equipment January 1	$	**39,203**	$	343,652
Net book value of property, plant and equipment March 31		**39,203**		347,997
Net increase in property, plant and equipment		**-**		(4,345)
Write down of property, plant and equipment		**(3,610)**		-
Capitalization of stock compensation		**-**		5
Future income taxes		**526**		494
Net decrease before working capital items		**(3,084)**		(3,846)
Changes in working capital related to property, plant and equipment acquisitions		**(163)**		48
Cash investment in property, plant and equipment	$	**(3,247)**	$	(3,798)

11. Segmented information

The Company has one operating segment, which is the development of mining properties with the Las Cristinas Project as its principal operation.

Property, plant and equipment all relate to the Las Cristinas Project and include long-lead time equipment required for its development, of which significant amounts are located temporarily in the United States and various other countries.

12. Commitments and contingencies

Las Cristinas commitments

Under the terms of the Mine Operating Contract with the CVG, the Company has undertaken to make all investments necessary to develop and exploit the deposits at Las Cristinas. Based on a study completed in November 2007, the Company estimates that approximately $300,000 of additional capital costs would have to be spent on Las Cristinas to meet this obligation after the receipt of the Permit. These projected cost estimates will be updated if and when the Company receives the Permit to commence development of the project.

Action by Noteholders

In December 2008, the Company was served with a notice of application (the “Application”) by the trustee for the Noteholders as described in Note 8. The trustee, on behalf of certain Noteholders sought, among other things, a declaration from the court that there has 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 at a price equal to 102% of the principal amount of the Notes, together with accrued and unpaid interest to the date of purchase.

12. 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.

On December 16, 2009, the Ontario Superior 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 acted reasonably and in accordance with its obligations to the Noteholders. The Noteholders appealed this decision which was heard in late April 2010.

The Company is awaiting the decision of the Court of Appeal for Ontario and intends to defend itself against the statement of claim. Although Crystallex is of the opinion that the court's decision should be upheld on appeal and that the statement of claim is without merit, there can be no assurance that the appeal and the defence against the statement of claim will be resolved in favour of the Company.

On May 11, 2010, the Company was served with a statement of claim by the trustee for the Noteholders seeking an order for the Company to pay the trustee its costs of the Application which was heard by the Ontario Superior Court even if the award of this court is upheld on appeal by the Court of Appeal for Ontario. In addition, it demands that the Company reimburse the trustee for whatever costs the trustee is ordered to pay Crystallex arising out of the proceeding by the Ontario Superior Court and, again, even if the award of this court is upheld on appeal by the Court of Appeal for Ontario.

An unfavourable outcome in the Court of Appeal or in the action commenced May 11, 2010 may have a material adverse impact on the Company's financial condition.

Proposed class action

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

In a court order dated April 7, 2009, the lead plaintiffs were appointed and, on June 12, 2009, they filed an amended complaint. The defendants filed a motion to dismiss on August 14, 2009. The lead plaintiffs filed an opposition to the motion to dismiss on September 11, 2009 and the defendants filed a reply thereto on September 29, 2009. The defendants also informed the court of the December 16, 2009 decision of the Ontario Superior Court, which dismissed all of the Noteholders' claims against Crystallex.

Crystallex believes that the complaint is without merit and intends to vigorously defend itself against the action. However, because the action is in its preliminary stages, the Company cannot provide assurances as to the outcome of the action, nor can the range of losses, if any, be estimated. Accordingly, no losses have been accrued.

12. Commitments and contingencies (continued)

Claim by an individual

On May 23, 2006, the Company and certain directors and officers were served with a statement of claim by an individual alleging misrepresentation, conspiracy and breach of contract, and claiming damages of approximately Cdn$1.75 million. The Company has filed its statement of defence and believes that there is little likelihood of any ultimate liability. However, as the outcome of this matter cannot be determined at this time, the Company has made no provision for this contingency as at March 31, 2010.

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 $980. The Company believes these claims are without merit and plans to vigorously defend against them. However, as the outcome of these claims cannot be determined at this time, the Company has made no provision for these contingencies as at March 31, 2010.

13. Related party transactions

During the three month period ended March 31, 2010, the Company paid head office rent of $25 (2009 - $30) to a subsidiary of a company that retains the Chairman of the Company as a director. In addition, in August 2009, another subsidiary of this company entered into an agreement with the Company to provide advisory services until December 31, 2009 with a renewable clause for an extension of three months. The advisory fee includes a work fee, and a success fee which is only payable upon the fulfilment of certain conditions. For the three month period ended March 31, 2010 the Company paid advisory work fees of $75 (2009: $nil), under the terms of this advisory 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.

14. Risk management

Financial Instruments

The Company's activities expose it to a variety of risks arising from financial instruments. These risks and management's objectives, policies and procedures for managing these risks are as follows:

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 are held with major Canadian chartered banks.

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.

The Company has additional credit risk relating to value added taxes receivable from the government of Venezuela.

(US$ thousands, except as noted)

14. Risk management (continued)

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash earn interest at market rates. Fluctuations in market rates of interest do not have a significant impact on the Company's results from operations due to the short term to maturity of the investments held. The interest on the Australian dollar denominated promissory note payable is variable with the Australian prime rate, based on the amount owing, fluctuations in the Australian prime rate would not have a significant impact on the Company's results from operations.

Currency Risk

The Company has operations in Venezuela, where currently there is an exchange control regime, and is exposed to foreign exchange risk from the exchange rate of the Venezuelan 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. Foreign exchange risk is derived from monetary assets and liabilities denominated in Venezuelan 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:

	March 31 2010	December 31 2009
Venezuelan BsF net assets		
15% increase in value	**$ 231**	$ 295
15% decrease in value	**$ (231)**	$ (295)
Canadian dollar net liabilities		
15% increase in value	**$ 8**	$ (64)
15% decrease in value	**$ (8)**	$ 64

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 flow. The maturities of the Company's financial liabilities are as follows:

	1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years
Current liabilities	$ 1,928	$ 778	$ 7,131	$ -
Asset retirement obligations	-	-	-	2,217
Debt	-	-	-	100,000
Total	$ 1,928	$ 778	$ 7,131	$ 102,217

14. Risk management (continued)

Fair value

At March 31, 2010, the Company's financial instruments consisted of cash, accounts receivable, accounts payable and accrued liabilities, promissory note payable, convertible loan payable and long term notes payable. The financial instruments that are measured at fair value and classified as Level 2 are cash; fair values of these instruments approximate their carrying values. Accounts receivable, accounts payable and accrued liabilities, promissory note payable and convertible loan payable are measured at amortized cost and their fair values approximate carrying values due to their short-term nature. The long term notes are classified as "held-to-maturity" and are measured at amortized cost. The fair value of the Notes ranges from $25,000 to $46,000 based on limited trading activity since October 2008.

15. Capital management

The Company's capital consists of cash, Notes payable and shareholders' deficit. The Company's objective when managing capital is to maintain adequate funds to safeguard its ability to continue as a going concern and pursue the development of or obtain a successful outcome from the Las Cristinas Project. In order to achieve this objective, the Company invests its capital in highly liquid, highly rated financial instruments. The Company manages its capital structure and makes adjustments to it, based on the level of funds available to the Company to manage its operations. In order to meet the Company's objectives for managing capital the Company may issue new common shares, issue new debt or dispose of assets. There are no assurances that such sources of funding will be available on terms acceptable to the Company. There were no changes in the Company's approach to capital management during the three month period ended March 31, 2010. The Company is not subject to externally imposed capital requirements.