CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010
(UNAUDITED)

Table of Contents

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

	June 30 2010	December 31 2009
Assets		
Current		
Cash	$ 32,081	$ 6,897
Restricted cash (Note 7)	-	4,688
Accounts receivable	941	780
Prepaid expenses, deposits and other assets	695	515
Equipment held for sale (Note 7)	-	3,180
Discontinued operations (Note 5)	921	1,129
	34,638	17,189
Property, plant and equipment (Note 6)	39,589	39,203
Value-added taxes recoverable (net of provision for recovery of $1,936 (2009 - $nil))	-	1,736
	$ 74,227	$ 58,128
Liabilities		
Current		
Bank loan (Note 8)	$ 279	$ -
Accounts payable and accrued liabilities	10,484	8,043
Promissory note (Note 7)	-	894
Convertible loan (Note 9)	2,500	-
Discontinued operations (Note 5)	1,345	1,043
	14,608	9,980
Discontinued operations (Note 5)	2,217	2,217
Notes payable (Note 10)	92,770	90,639
	109,595	102,836
Shareholders' Deficiency		
Share capital (Note 11)	588,745	561,751
Contributed surplus	40,280	35,366
Accumulated other comprehensive income	11,959	11,959
Deficit	(676,352)	(653,784)
	(35,368)	(44,708)
	$ 74,227	$ 58,128

Nature of operations and basis of presentation (Note 1)
Commitments and contingencies (Note 14)

(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 June 30		Six months ended June 30	
	2010	2009	**2010**	2009
(Expenses) income				
General and administrative	**$ (4,204)**	$ (3,650)	**$ (6,506)**	$ (6,161)
Litigation	**594**	(1,113)	**451**	(2,337)
Interest on notes payable	**(3,400)**	(3,287)	**(6,818)**	(6,575)
Interest on promissory note and convertible loan	**(160)**	-	**(264)**	-
Foreign currency exchange (loss) gain	**(626)**	1,743	**(648)**	3,672
Writedown of property, plant and equipment (Note 6)	**(4,064)**	-	**(7,674)**	-
Provision for recovery of value-added taxes	**(1,936)**	-	**(1,936)**	-
Interest and other income	**3**	4	**12**	8
Loss from continuing operations before income taxes	**(13,793)**	(6,303)	**(23,383)**	(11,393)
Future income tax recovery	**1,001**	-	**1,487**	-
Loss from continuing operations	**(12,792)**	(6,303)	**(21,896)**	(11,393)
Loss from discontinued operations, net of income taxes tax (Note 5)	**(379)**	(447)	**(672)**	(565)
Net loss and comprehensive loss for the period	**(13,171)**	(6,750)	**(22,568)**	(11,958)
Deficit, beginning of period	**(663,181)**	(345,093)	**(653,784)**	(339,885)
Deficit, end of period	**$ (676,352)**	$ (351,843)	**$ (676,352)**	$ (351,843)
Loss per common share from continuing operations – Basic and diluted	**$ (0.04)**	$ (0.02)	**$ (0.07)**	$ (0.04)
Loss per common share from discontinued operations – Basic and diluted	**(0.00)**	(0.00)	**(0.01)**	(0.00)
Loss per common share – Basic and diluted	**$ (0.04)**	$ (0.02)	**$ (0.08)**	$ (0.04)
Weighted average number of common shares outstanding	**295,586,950**	294,817,719	**295,204,459**	294,817,719

(See accompanying notes to the consolidated financial statements)

Crystallex International Corporation

Consolidated Statements of Shareholders' Deficiency - 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)	$267,796
Stock-based compensation	-	-	-	1,150	-	-	1,150
Warrants for advisory services	-	-	3,000	245	-	-	245
Loss for the year	-	-	-	-	-	(313,899)	(313,899)
Balance at December 31, 2009	294,818	561,751	31,695	35,366	11,959	(653,784)	(44,708)
Public offering	**70,000**	**26,994**	**35,000**	**3,611**	**-**	**-**	**30,605**
Equity component of convertible loan	**-**	**-**	**-**	**200**	**-**	**-**	**200**
Stock-based compensation	**-**	**-**	**-**	**1,103**	**-**	**-**	**1,103**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(22,568)**	**(22,568)**
Balance at June 30, 2010	**364,818**	**$ 588,745**	**66,695**	**$ 40,280**	**$ 11,959**	**$ (676,352)** [(a)]	**$(35,368)**

a) Includes total comprehensive deficit as at June 30, 2010 of $(664,393) (2009 - $(339,884))

(See accompanying notes to the consolidated financial statements)

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

	Three months ended June 30		Six months ended June 30	
	2010	2009	**2010**	2009
Cash flows used in operating activities				
Loss from continuing operations	**$ (12,792)**	$ (6,303)	**$ (21,896)**	$ (11,393)
Items not affecting cash**:**				
Writedown of property, plant and equipment	**4,064**	-	**7,674**	-
Provision for recovery of of value-added taxes receivable	**1,936**	-	**1,936**	-
Future income tax recovery	**(1,001)**	-	**(1,487)**	-
Interest accretion	**1,180**	944	**2,331**	1,888
Stock-based compensation	**991**	789	**1,029**	894
Warrants issued for advisory services	**-**	245	**-**	245
Unrealized foreign currency exchange loss (gain)	**330**	(1,128)	**504**	(3,471)
Recovery of litigation costs	**(765)**	-	**(765)**	-
Changes in non-cash working capital:				
Increase in accounts receivable	**14**	(59)	**657**	(106)
Decrease (increase) in prepaid expenses, deposits and other assets	**(161)**	815	**(180)**	(300)
Increase (decrease) in accounts payable and accrued liabilities	**2,918**	1,639	**466**	(83)
	(3,286)	(3,058)	**(9,731)**	(12,326)
Cash flows from (used in) investing activities				
Investment in property, plant and equipment	**(1,649)**	(5,031)	**(4,896)**	(8,829)
Proceeds from sale of equipment	**2,794**	-	**2,794**	-
	1,145	(5,031)	**(2,102)**	(8,829)
Cash flows from financing activities				
Issuance of common shares and warrants	**30,605**	-	**30,605**	-
Proceeds from convertible loan	**-**	-	**2,500**	-
Decrease in restricted cash	**-**	-	**4,688**	-
Proceeds from bank loan	**279**	-	**279**	-
Repayment of promissory note	**(894)**	-	**(894)**	-
	29,990	-	**37,178**	-
Increase (decrease) in cash from continuing operations	**27,849**	(8,089)	**25,345**	(21,155)
Decrease in cash from discontinued operations	**(34)**	(289)	**(163)**	(219)
Effects of foreign currency exchange rate fluctuations on cash	**3**	181	**2**	235
Cash, beginning of period	**4,263**	21,578	**6,897**	34,520
Cash, end of period	**$ 32,081**	$ 13,381	**$ 32,081**	$ 13,381

Supplemental disclosures with respect to cash flows (Note 12)

(See accompanying notes to the consolidated financial statements)

1. Nature of operations and basis of presentation

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 Bolivar State, Venezuela.

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 affect the issuance 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 as it continues to maintain control over the Las Cristinas Project as confirmed by the CVG. The Company is currently pursuing a strategic partnership with a Chinese state-owned company with the intention that this partnership will lead to the Government of Venezuela issuing the requisite permits to develop Las Cristinas.

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, 12 months from the reported balance sheet date.

As at June 30, 2010, the Company had working capital of $20,030, including cash of $32,081. Management estimates that these funds will be sufficient to meet the Company's obligations and budgeted expenditures for the foreseeable future, but may not be sufficient to repay the $100,000 notes payable (the "Notes") due on December 23, 2011.

The Company is currently pursuing a strategic partnership described in Note 9 which, if concluded as currently envisaged, would result in the extinguishment of the Notes prior to maturity. In the event that the strategic partnership is not concluded and alternate sources of cash or other consideration are not available prior to maturity of the Notes, the Company may have to negotiate a payment or other settlement with the Noteholders to extinguish this obligation through a variety of payment consideration, which it believes is possible based on prior communications.

There is, however, no assurance that the Company would be successful in repaying or settling the Notes prior to or at maturity and, accordingly, substantial doubt exists as to the appropriateness of the use of accounting principles applicable to a going concern. Accordingly, these unaudited 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 could 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 unaudited interim consolidated financial statements is based on the accounting policies and practices consistent with those used in the preparation of the Company's annual audited consolidated financial statements as at December 31, 2009 and for the year then ended.

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

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 a 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 does not expect that the adoption of these standards will have a significant impact on its consolidated financial statements.

4. 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.

The Venezuelan subsidiaries use the US dollar as their functional currency. As a result of the use of the US dollar as the functional currency, monetary assets and liabilities denominated in BsF generate gains or losses for changes in value associated with foreign currency exchange rate fluctuations against the US dollar.

On January 11, 2010, the Venezuelan government 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 Venezuelan government 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 is no longer acceptable.

On June 9, 2010, the Venezuelan government 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"). Foreign currency exchange transactions not conducted through SITME may not comply with the exchange control regulations, and could therefore be considered illegal. 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 US$350 thousand per month.

(US$ thousands, except as noted)

4. Venezuelan operations (continued)

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 June 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 on June 30, 2010. The net loss resulting from the re-measurement of Venezuelan BsF denominated transactions to the official rate specified by the BCV increased loss by approximately $850 during the three months ended June 30, 2010.

Venezuelan subsidiaries had approximately $2,314 of net monetary liabilities denominated in BsF as at June 30, 2010. 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.

5. 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 that 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 estimated amounts for discontinued operations.

	June 30 2010	December 31 2009
Current assets		
Accounts receivable and other assets	**$ 921**	$ 1,129
Current liabilities		
Accounts payable and accrued liabilities	**$ 1,345**	$ 1,043
Asset retirement obligations	**2,217**	2,217
	$ 3,562	$ 3,260

6. Property, plant and equipment

June 30, 2010	**Cost**	**Accumulated Writedown**	**Net book value**
Mining equipment	**$ 40,197**	**$ 608**	**$ 39,589**
Mineral properties	**304,743**	**304,743**	**-**
	$ 344,940	**$ 305,351**	**$ 39,589**

December 31, 2009	Cost	Accumulated Writedown	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)

6. 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 non-cash writedown 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 writedown of $297,069 as at December 31, 2009 relating to all mineral property costs, except the carrying value of the remaining mining equipment.

The Company conducted a similar impairment assessment as at March 31, 2010 and June 30, 2010 and for similar reasons to those indicated above; the Company recorded non-cash writedowns of $3,610 and $4,064, respectively. During the three months ended June 30, 2010, the Company recorded a provision of $1,936 against Venezuelan value-added taxes receivable (“VAT”) from cumulative expenditures incurred on Las Cristinas. This provision was recorded as VAT is only recoverable from future operations at Las Cristinas and cannot be transferred or assigned.

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 such 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 writedown based on the facts and circumstances in reporting periods subsequent to January 1, 2011.

The aggregate expenditures incurred on mineral properties, before writedown, on the Las Cristinas Project by the Company as at June 30, 2010 are summarized as follows:

	Cash	Non-cash	Total
Exploration, development and related expenses	$ 222,769	$ 5,732	$ 228,501
Property payment and finders’ fees	24,978	11,192	36,170
Future income taxes	-	38,258	38,258
Stock-based compensation	-	1,814	1,814
	$ 247,747	$ 56,996	$ 304,743

7. 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 10.

In April 2010, the Company sold additional generic mining equipment for $2,794. The Company received an advance of $894 from the auctioneer who sold this equipment. The Company issued to the auctioneer a demand promissory note for $894 bearing interest at the Bank of America, Australia, Bank Bill Buying semi-annual rate plus 4%, which was secured by the underlying equipment. The Company repaid the promissory note and related interest charges from the auction proceeds. During the three months ended June 30, 2010, the Company decided to not proceed further with the sale of equipment with a carrying value of $386 which has been reallocated to property, plant and equipment.

8. Bank loan

In May 2010, the Company's Venezuelan Branch received a bank loan of approximately 1.2 million BsF to fund operations, which the Company considered as the best temporary measure to deal with the elimination of the parallel exchange rate system in Venezuela. This loan bears an interest rate of 19% and is secured by cash collateral.

9. Strategic partnership negotiations and convertible loan

On June 3, 2010, the Company signed a binding agreement (the "Agreement") with China Railway Resources Group Co. Ltd. ("CRRC") to create a strategic partnership for the development of Las Cristinas. Under the terms of the Agreement, CRRC would lead the efforts of the strategic partnership to unblock the stalled environmental permitting process for Las Cristinas and would provide the necessary project capital to develop the project to commercial production at an optimized mining level.

On completion of the transactions contemplated by the Agreement, Crystallex would hold a one third fully carried interest in the Las Cristinas Joint Venture and CRRC would have a two thirds interest. Crystallex would contribute the Las Cristinas Mine Operating Contract, feasibility study, all design and engineering already completed by Crystallex and other project assets. CRRC would provide the necessary construction and operating capital to fund project development, optimized expansion and operation and would be responsible for construction of the project. Crystallex would pay for its one third carried interest of the capital costs provided by CRRC from its share of future cash flows from the project. In addition, CRRC would: assist Crystallex to retire the outstanding noteholders' obligations described in Note 10; would provide a construction guarantee; and has agreed to make an equity investment in Crystallex following closing of the transactions, at a share price based on the then prevailing market price of the common shares of Crystallex.

CRRC previously advanced Crystallex $2,500 during the negotiation of this Agreement. Subject to requisite regulatory and shareholder approvals, this advance is convertible at the option of CRRC into common shares of Crystallex at a price of Cdn$0.40 per share until September 10, 2010. This convertible loan bears interest at 6%, repayable on September 10, 2010 and ranks subordinate to the Notes described in Note 10. Upon the later of (i) receipt of all necessary permits to develop Las Cristinas, and (ii) the closing of the Agreement, Crystallex would have the right to cause conversion of this loan into common shares of Crystallex pursuant to the terms thereof on 30 days' written notice to CRRC.

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 was accreted up to its face value using the effective interest method. Interest accretion of $200 was recorded during the six months ended June 30, 2010 as a component of interest expense.

CRRC would also have a onetime option to convert a portion of funds advanced to Crystallex to satisfy its obligation to the noteholders into common shares of Crystallex at a price of Cdn$0.40 per share for a period of five years from the date of funding, provided that CRRC and its affiliates would beneficially own not more than 19.9% of the outstanding common shares of Crystallex after giving effect to such conversion. CRRC would have the right to maintain its pro rata equity interest in Crystallex to a maximum of 19.9% of the outstanding shares.

The closing of the transactions contemplated by the Agreement would be subject to the applicable regulatory, government and shareholder approvals, satisfaction or waiver of all conditions contained in the Agreement and the execution and delivery of all closing documents including final definitive agreements.

(US$ thousands, except as noted)

10. 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 14, 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 method over its seven-year term, with the resulting charge recorded to interest expense. Interest accretion of $2,131 (2009 - $1,888) on the Notes was recorded during the six months ended June 30, 2010 as a component of interest expense.

11. Share capital

	June 30 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		
364,817,719 common shares (2009 - 294,817,719)	**$ 588,745**	$ 561,751

Financing transaction

On June 30, 2010, the Company completed a public offering of 70 million units at Cdn $0.50 per unit for gross proceeds of Cdn $35.0 million.

Each unit consisted of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase a further common share of the Company at an exercise price of Cdn $0.70 expiring June 30, 2011.

The net proceeds received by the Company, after payment of issuance costs of $2,396, was $30,605, of which $26,994 was recorded as share capital and $3,611 was recorded as contributed surplus.

11. Share capital (continued)

Warrants

As at June 30, 2010, common share purchase warrants were outstanding enabling the holders to acquire common shares as follows:

Exercise price	Number of warrants (thousands)
$0.67 (Cdn$0.70)	35,000[(a)]
$0.29 (Cdn$0.30)	3,000[(b)]
$2.87 (Cdn$3.00)	16,445[(c)]
$4.25	12,250[(d)]
	66,695

a) These warrants expire on June 30, 2011.
b) These warrants expire on April 23, 2012.
c) 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.
d) 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.

Stock options

Effective June 24, 2008, 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 to acquire common shares of the Company to executive officers, directors, employees and service providers of the Company. As at June 30, 2010, 11,077,900 stock options were granted under the New Plan.

Prior to June 25, 2008, the Company had a rolling stock option plan (the "Old Plan"), which provided for the granting of stock 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.

11. Share capital (continued)

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 for stock options granted during the six months ended June 30, 2010.

	Six months ended June 30	
	2010	2009
Risk-free interest rate	**1.7%**	1.8%
Expected life (years)	**3**	3
Expected volatility over expected life	**127%**	118%
Expected dividend rate	**0%**	0%
Weighted average fair value of stock options granted	**$ 0.33**	$ 0.15

The fair value compensation recorded for stock options that have vested for the six months ended June 30, 2010 was $1,103 (2009 - $1,075) of which $1,029 (2009 - $894) was expensed and $74 (2009 - $181) was capitalized to mineral properties prior to the writedown described in Note 6.

As at June 30, 2010, stock 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	6.94	0.24	6,175	0.24
$0.45	4,903	8.20	0.45	3,145	0.45
$1.75 to $2.60	3,829	1.18	2.23	3,829	2.23
$2.65 to $3.57	2,760	3.87	3.13	2,760	3.13
$3.91 to $4.87	2,357	3.83	4.42	2,282	4.44
	20,024	5.36	1.56	18,191	1.65

A summary of the outstanding stock options as at June 30 and changes during each of six months then ended are as follows:

	Six months ended June 30			
	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**	**1.94**	10,517	3.14
Expired or forfeited	**(133)**	**3.67**	(271)	3.16
Issued	**4,903**	**0.45**	6,175	0.24
Balance, end of period	**20,024**	**1.56**	16,421	2.04

(US$ thousands, except as noted)

11. Share capital (continued)

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 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.

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.

12. Supplemental disclosures with respect to cash flows

Cash paid during the six months ended June 30:

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

Investment in property, plant and equipment for the six months ended June 30:

	2010	2009
Net book value of property, plant and equipment January 1	**$ 39,203**	$ 343,652
Net book value of property, plant and equipment June 30	**39,589**	353,320
Net increase in property, plant and equipment	**(386)**	(9,668)
Re-allocation of equipment held for sale	**386**	**-**
Writedown of property, plant and equipment	**(7,674)**	-
Provision for recovery of value-added taxes	**(1,936)**	-
Capitalization of stock-based compensation	**74**	181
Future income taxes	**981**	955
Net increase before working capital items	**(8,555)**	(8,532)
Changes in working capital related to property, plant and equipment acquisitions	**3,659**	(297)
Cash investment in property, plant and equipment	**$ (4,896)**	$ (8,829)

13. Segmented information

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

14. 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 $316,000 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 10. 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.

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. In May 2010, the Court of Appeal for Ontario dismissed the Noteholders’ appeal. The Noteholders paid Crystallex $765 on account of Crystallex’s costs in defending the litigation. That payment was effected by netting against the July 15, 2010 semi-annual interest payment on the Notes. The Noteholders also signed a release against the Company and its directors.

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.

14. Commitments and contingencies (continued)

In a court order dated April 7, 2009, the lead plaintiffs were appointed and, on June 12, 2009, they filed an amended complaint. The Company, on behalf of 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, and of the subsequent affirmation of that decision by the Court of Appeal for Ontario. The defendants further informed the court of a recent U.S. Supreme Court decision, which bars U.S. securities fraud claims by anyone who acquired securities on a foreign exchange.

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.

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 June 30, 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 $1,500. 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 June 30, 2010.

15. Related party transactions

During the six months ended June 30, 2010, the Company paid head office rent of $57 (2009 - $58) to a subsidiary of a company that has appointed the chairman of the Company as a director of their board. In addition, in August 2009, another subsidiary of this company entered into an agreement with the Company to provide advisory services. The advisory fee includes a work fee, and a success fee that is only payable on the fulfilment of certain conditions. For the six months ended June 30, 2010 the Company paid advisory fees of $150 (2009 - $nil), under the terms of this advisory agreement.

During the six months ended June 30, 2010, the Company paid underwriting fees of $1,386 (2009 - $nil) to a company that retains the chairman of the Company as an employee.

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.

(US$ thousands, except as noted)

16. 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 is 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.

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 earns 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.

Currency risk

The Company has operations in Venezuela, where currently there is an exchange control regime, and is exposed to currency 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. Currency 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:

	June 30 2010	December 31 2009
Venezuelan BsF net liabilities (2009 – net assets)		
15% increase in value	**$ (302)**	$ 295
15% decrease in value	**$ 302**	$ (295)
Canadian dollar net assets (2009 – net liabilities)		
15% increase in value	**$ 3,895**	$ (64)
15% decrease in value	**$ (3,895)**	$ 64

(US$ thousands, except as noted)

16. Risk management (continued)

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	$ 7,711	$ 2,595	$ 4,302	$ -
Asset retirement obligations	-	-	-	2,217
Debt	-	-	-	100,000
Total	$ 7,711	$ 2,595	$ 4,302	$ 102,217

Fair value

As at June 30, 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 payable are classified as held-to-maturity and are measured at amortized cost. The fair value of the Notes ranges from $45,000 to $74,000 based on limited trading activity during the three months ended June 30, 2010.

17. Capital management

The Company's capital consists of cash, notes payable and shareholders' deficiency. 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 six months ended June 30, 2010. The Company is not subject to externally imposed capital requirements.