

Crystallex International Corporation

Management's Discussion and Analysis For the Three Month Period Ended March 31, 2008 (All dollar amounts in US dollars, unless otherwise stated)

This Management Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Crystallex International Corporation ("Crystallex" or the "Company") is intended to supplement and complement the Company's unaudited interim consolidated financial statements and the related notes as at and for the three month period ended March 31, 2008. This MD&A should be read in conjunction with those unaudited interim consolidated financial statements as well as the annual audited consolidated financial statements of the Company and the related annual MD&A for the year ended December 31, 2007.

The Company prepares its consolidated financial statements in U.S. dollars and in accordance with Canadian Generally Accepted Accounting Principles. All dollar amounts in this MD&A are in U.S. dollars unless otherwise specified.

This MD&A was prepared on May 14, 2008 and the Company's public filings, including its 2007 Annual Information Form, are available on **SEDAR at www.sedar.com**

Special Note Regarding Forward Looking Statements

Certain statements included or incorporated by reference in this Management Discussion and Analysis, including information as to the future financial or operating performance of the Company, its subsidiaries and its projects, constitute forward-looking statements. The words "believe," "expect," "anticipate," "contemplate," "target," "plan," "intends," "continue," "budget," "estimate," "may," "schedule" and similar expressions identify forward-looking statements. Forward-looking statements include, among other things, statements regarding targets, estimates and assumptions in respect of gold production and prices, operating costs, results and capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Such factors include, among others, risks relating to additional funding requirements, reserve and resource estimates, gold prices, exploration, development and operating risks, illegal miners, political and foreign risk, uninsurable risks, competition, limited mining operations, production risks, environmental regulation and liability, government regulation, currency fluctuations, recent losses and write-downs and dependence on key employees. See "Risk Factors" section of this Management Discussion and Analysis. Due to risks and uncertainties, including the risks and uncertainties identified above, actual events may differ materially from current expectations. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Forward-looking statements are made as of the date of this Management Discussion and Analysis and the Company disclaims any intent or obligation to update publicly such forward-looking statements, whether as a result of new information, future events or results or otherwise.

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Overview

The Company is engaged in the production of gold and related activities including exploration, development, mining and processing in Venezuela. The Corporation's principal asset is its interest in the Las Cristinas gold project located in Sifontes, Bolivar State, Venezuela. The Corporation's other assets include the Tomi operations, the Lo Increíble properties (which include the La Victoria deposit), and the Revemin mill, all of which are located in Bolivar State, Venezuela (the "El Callao operations").

Las Cristinas – Permitting Status

- On April 30, 2008, the Company reported that it became aware that the Director General of the Administrative Office of Permits at the Ministry of Environment and Natural Resources, ("MinAmb") had issued a letter to the Corporacion Venezolana de Guayana ("CVG") denying its request for the Authorization to Affect Natural Resources (the "Permit") for the Las Cristinas project.
- The Company believes that this communication contradicts the Environmental Impact Study approval process, conflicts with various Government Decrees and Resolutions; appears to be in opposition to all mineral mining in the Imataca Forest Region (which includes Las Cristinas) and stands contrary to current and historic mining projects in Venezuela. Accordingly, on May 12, 2008, the Company filed a legal rebuttal to the position taken by the Director General of Permits at MinAmb.

Liquidity and Capital Resources

- On February 11, 2008, the Company closed a public equity financing of 32.9 million units for net proceeds of \$64.3 million.
- Cash and cash equivalents at March 31, 2008 were \$67.2 million.
- The Company forecasts that it will have cash to fund its operations until approximately June 2009 assuming expenditures continue at the same pre-Permit level as before the communication from the Director General of Permits at MinAmb denying CVG's request for the Permit. In the event of a negative outcome in its appeal of the MinAmb directive relating to the Permit, or a prolonged appeal process, the Company will re-assess its planned expenditures.

Financial Performance

- First quarter net loss of \$11.2 million, or \$0.04 per share including \$6.1 million unrealized loss on translation of future income taxes.
- Loss of \$0.6 million from operations at El Callao (the loss is inclusive of exploration expenditures of approximately \$0.8 million).
- Expenditures of \$5.5 million on Las Cristinas.

Las Cristinas – Permitting

During 2007, the CVG was formally notified by MinAmb that all the requirements for the issuance of the Permit had been fulfilled. MinAmb approved the EIS for the Las Cristinas gold project, and requested the CVG post a construction compliance guarantee bond and pay certain environmental taxes. Crystallex posted the requested bond and paid the requested taxes. No impediments were raised in discussions with Government officials at that time; and who had subsequently confirmed that the Company was in good standing for the issuance of the Permit.

The Company received additional support for the issuance of the Permit in the fall of 2007, when the Venezuelan National Assembly's Commission of Economic Development reviewed the protracted timeline for the issuance of the Permit. Following its October 4th, 2007 hearings, the Commission issued a report noting that representatives from MinAmb, Ministry of Basic Industry and Mines ("MIBAM"), the CVG and Crystallex had testified at their hearings. The Commission's report concluded that the CVG and Crystallex had complied with the feasibility study and other legal and technical requirements, thus allowing for the Permit to be granted by MinAmb. The Chairman of the Commission recommended MinAmb grant the Permit.

In early 2008, Mr. Rodolfo Sanz was appointed the Minister of MIBAM and President of the CVG, having direct involvement with the Las Cristinas project in both capacities. Crystallex officials have met with Minister Sanz and further meetings are anticipated.

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On April 30, 2008, the Company reported that a Director General in the Administrative Office of Permits at MinAmb had issued a communication to the CVG, the concession holder of the Las Cristinas concessions, that the Office of Permits in the Ministry had denied the request of the CVG for the Permit. Since being advised of the letter, Crystallex has had the opportunity to meet with Officials of both the Government of Venezuela and the CVG and has begun the process of seeking the reversal of the Director General's communication in order to bring the Las Cristinas gold deposit into production.

On May 12, 2008, Crystallex filed the legal rebuttal to the position taken by the Director General of Permits in the MinAmb. The Director General at MinAmb who issued the letter has, under the administrative law of Venezuela, 15 business days to reply formally. If there is no reply, under law the answer is deemed to be negative. At that time, the Company has the legal right to appeal directly to the Minister of MinAmb who also has a set time (90 business days) to issue a finding. If at that time the answer is negative, Crystallex has a number of legal avenues to pursue both in and out of Venezuela in order to protect its shareholders' rights.

The communication from this Director General at MinAmb is in conflict with the Las Cristinas Environmental Impact Study approval, the Construction Compliance Guarantee Bond (the "Bond") request and Environmental Tax (the "Tax") request issued by MinAmb. Both the posting of the Bond and payment of the requested Tax were satisfied in 2007 and Crystallex obtained receipt of acceptance. This communication appears to be in opposition to all mineral mining in the Imataca Forest Region. In the opinion of Crystallex's management, the communication in question also leaves a number of current and historic projects standing contrary to the communication. In addition, Crystallex believes that the content of the letter contradicts Presidential Decrees, National Assembly Resolutions, MinAmb Resolutions, and MIBAM Resolutions.

Since the contents of the Director General's letter became public, local and indigenous communities, and Venezuelan Officials have voiced continued support for the development of the Las Cristinas project and other mining projects in the region. Crystallex has also become aware that the Venezuelan National Assembly intends to hold hearings regarding the Director General's letter and the status of the Las Cristinas project.

The Company is currently continuing its efforts with the support of Venezuelan governmental agencies to advance the Las Cristinas project which will create significant employment, healthcare facilities and sustainable development for the surrounding communities. In particular, as part of its corporate and social responsibility commitments under the Las Cristinas Mining Operation Contract, the Company commenced construction of a new medical centre and sewage treatment plant to serve local communities in the vicinity of the Las Cristinas project. Both projects are well advanced and are scheduled for completion in 2008. The Company has remaining expenditures of approximately \$3.5 million on these projects (including associated paving projects).

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Summary of Quarterly Results (Unaudited)

\$,000 except per share	2008		2007	
	Q1	Q4	Q3 (Amended)	Q2 (Amended)
Revenue	\$5,901	\$4,809	\$2,188	\$2,848
Net loss previously reported	-	-	(\$9,256)	(\$13,703)
Adjustment to unrealized gain	-	-	2,534	1,580
Net loss as amended	\$(11,202)	\$(8,787)	\$(6,722)	\$(12,123)
Per share – Basic and diluted	\$(0.04)	\$(0.03)	\$(0.03)	\$(0.05)

\$,000 except per share	2007		2006	
	Q1 (Amended)	Q4	Q3	Q2
Revenue	\$3,720	\$5,720	\$9,769	\$5,520
Net loss previously reported	(\$12,071)	(\$11,617)	(\$8,815)	(\$8,296)
Adjustment to unrealized gain	9,252	-	-	-
Net loss as amended	\$(2,819)	(\$11,617)	(\$8,815)	(\$8,296)
Per share – Basic and diluted	\$(0.01)	\$(0.04)	\$(0.04)	\$(0.04)

The Q1 to Q3 2007 net loss have been amended to reflect the 2007 year end adjustments to unrealized gains as discussed in the 2007 Annual MD&A and in Note 10 to the Consolidated Financial Statements for the year ended December 31, 2007.

Financial Results Overview

The Company recorded a net loss of \$11.2 million, or \$0.04 per share in Q1 2008 compared to a loss of \$2.8 million, or \$0.01 per share in Q1 2007.

The increase in the net loss in Q1 2008 compared to Q1 2007 is due primarily to recording an unrealized foreign currency translation loss of \$6.1 million relating to future income taxes compared to an unrealized gain of \$9.2 in Q1 2007.

The Company recorded an operating loss of \$0.6 million at the El Callao operations in Q1 2008 compared to an operating loss of \$1.0 million in Q1 2007. The loss was reduced despite higher spending on exploration as revenue from gold sales increased in Q1 2008 compared to Q1 2007 due to the realization of a higher average gold price on gold sales. The higher average realized price more than offset the reduction in ounces sold and higher exploration expenses.

Cash flow used in operating activities was a deficit of \$8.2 million in Q1 2008 compared with a deficit of \$12.3 million in Q1 2007. The cash flow deficits incurred in both quarters were largely attributable to corporate general and administrative expenses, and interest expense on the \$100 million notes payable and changes in working capital.

The Company's cash position at March 31, 2008 increased to \$67.2 million from \$16.1 million at December 31, 2007 due to the successful completion of an equity financing in Q1 2008. Capital expenditures on a cash basis for Las Cristinas were \$5.4 million in Q1 2008 compared to \$8.1 million in Q1 2007 reflecting the progressive reduction in expenditures as the Company awaits the Permit.

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El Callao Operations Review

Key Mine Operating Statistics (USD)

	Three months ended March 31	
	2008	2007
Operating Statistics		
Gold Production (ounces)	7,261	10,284
Gold Sold (ounces)	8,054	9,765
Per Ounce Data:		
Total Cash Cost ^{1,2}	\$701	\$457
Total Cost ^{1,2}	\$713	\$462
Average Realized Gold Price ²	\$733	\$373
Average Foreign Exchange Rate (Bolivars)	4,840	3,674
Average Spot Gold Price	\$925	\$650

Key Mine Operating Statistics (Bolivars)

	Three months ended March 31	
	2008	2007
Operating Statistics		
Gold Sold (ounces)	8,054	9,765
Per Ounce Data: (Bolivars)		
Average Realized Gold Price	3,548	1,370
Total Cash Cost ¹	3,395	1,678
Financial Results (Bolivars, thousands)		
Mining Revenues	28,561	13,667
Total Cash Operating Cost ¹	27,341	16,382
Average Foreign Exchange Rate	4,840	3,674

¹Total Cost represents the total cost of gold production, including amortization, depletion, accretion and revisions to asset retirement obligations. For an explanation, refer to the section on Non-GAAP measures at the end of this MD&A. The calculation is based on ounces of gold sold. Since the second quarter of 2005, all costs at the El Callao operations are expensed due to the short life of these mines.

²Based on the average parallel (market) exchange rate in effect during the period.

Production Summary

	Three months ended March 31	
	2008	2007
Gold Production (ounces)		
Tomi Open Pits	1,810	3,344
Tomi Underground	2,256	4,259
La Victoria	3,143	2,143
Purchased Material	52	538
Total Gold Production (ounces)	7,261	10,284
Total Ore Processed ¹ (tonnes)	77,839	86,682
Head Grade of Ore Processed (g/t)	3.28	4.24
Total Recovery Rate (%)	88%	87%
Total Gold Recovered (ounces)	7,261	10,284
Total Cash Cost Per Ounce Sold	\$701	\$457
Mine Operating Cash Flow (\$000)²	\$252	(\$739)
Capital Expenditures (\$000)³	---	---
Net Mine Cash Flow (\$000)	\$252	(\$739)

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

²Mining Revenues less Operating Expenses adjusted for non-cash items and excludes exploration costs of \$0.8 million in the first quarter of 2008 and \$0.3 million in the first quarter of 2007.

³Capital expenditures at the El Callao operating mines, excludes Las Cristinas. Since the second quarter of 2005, all costs at the El Callao operations have been expensed due to the short reserve life of these mines.

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Tomi

	Three months ended March 31	
	2008	2007
Tomi Open Pits		
Tonnes Ore Mined	23,805	36,284
Tonnes Waste Mined	111,565	411,258
Strip Ratio (Waste:Ore)	4.69:1.0	11.3:1.0
Tonnes Ore Processed	22,331	33,453
Average Grade of Ore Processed (g/t)	2.79	3.49
Recovery Rate (%)	90%	89%
Production (ounces)	1,810	3,343
Tomi Underground		
Tonnes Ore Mined	7,294	17,922
Tonnes Ore Processed	11,832	18,347
Average Grade of Ore Processed (g/t)	6.35	7.85
Recovery Rate (%)	93%	92%
Production (ounces)	2,256	4,259

La Victoria

	Three months ended March 31	
	2008	2007
Tonnes Ore Mined	45,062	39,287
Tonnes Waste Mined	102,124	160,145
Strip ratio (Waste:Ore)	2.3:1.0	4.1:1.0
Tonnes Ore Processed	43,471	28,867
Average Grade of Ore Processed (g/t)	2.68	3.00
Recovery Rate (%)	84%	77%
Production (ounces)	3,143	2,143

Gold production for the first quarter of 2008 was 7,261 ounces, a decrease of 29% from 10,284 ounces produced in the first quarter of 2007. The reduction is due to a 10% decrease in tonnes processed and a 23% reduction in the average grade of ore processed. The 2008 first quarter results principally reflects the near depletion of the open pit mines on the Tomi concession, (the Fosforito pit was depleted during the first quarter and the Mackenzie pit is expected to be depleted in the third quarter of this year). In addition, mining at the underground mine is scheduled to finish during the second quarter of 2008.

An underground drilling program to test the mineralization below the current mining level at the Tomi underground mine is complete and a resource estimate is expected to be finished by the end of the second quarter of 2008. Once the resource estimate is available, the Company will review the feasibility of deepening the underground mine. The Company is presently reviewing a resource model and mine plan for an expansion of the Fosforito pit. This is a relatively small project, which, if undertaken, would require waste stripping for the second half of 2008 followed by ore production for the first two to three quarters of 2009.

Mining is scheduled to continue at the La Victoria mine until November 2008. Continued mining at La Victoria after November 2008 requires diverting the Yuruari River. A decision has not yet been made to proceed with the river diversion project, which has a preliminary capital cost estimate of approximately \$9.0 million.

The El Callao operations generated positive mine operating cash flow in the first quarter of 2008 of approximately \$0.3 million, as compared with an operating deficit of \$0.8 million for the comparable period in 2007. Mine operating cash flow is calculated as Mining Revenue less Operations Expenses, net of Exploration costs of \$0.8 million and \$0.3 for the first quarter of 2008 and 2007 respectively. The increase in mine operating cash flow is a result of realizing higher gold prices, which offset higher costs and fewer ounces sold.

Cash operating costs increased to \$701 per ounce in the first quarter of 2008, from \$457 per ounce in the first quarter of 2007. (Unit costs are based on the average USD/Bs exchange rate for the period). The increase was attributable to a general increase in the cost of operating supplies, and lower productivity as the pits near depletion. In addition, operating costs can vary significantly from one period to the next, depending on the

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schedule of maintenance and repair at the plant. Plant replacement parts that would typically be capitalized are expensed due to the short life of the operation.

Venezuelan Exchange Controls

In accordance with the Exchange Control regulations in Venezuela, the Central Bank of Venezuela, ("CBV") centralizes the purchase and sale of foreign currency in Venezuela which has been fixed since 2003. The current rate of exchange is fixed at 2.15 (2,150 prior to January 1, 2008) per USD. The Venezuelan government enacted the Criminal Exchange Law that imposes strict sanctions for the exchange of Venezuelan currency with other foreign currencies through other than designated methods. The exchange regulations do not apply to certain securities which are traded within Venezuela and on recognized exchanges outside Venezuela. Therefore, the purchase in one market and sale in the other market of these dual listed securities provides an effective parallel market for the Venezuelan currency. The majority of the securities that are so traded are issued by the Venezuelan government.

The parallel or market rate in 2007 was volatile, but the trend has been consistently higher than the official rate. As a result of this spread, transactions recorded and settled in Bs have been converted to USD at the average parallel exchange rate commencing in fiscal 2007 instead of the official rate as used in prior periods. Monetary items reported in Bs have been converted using the parallel rate at period end. During the third quarter of 2007 the Company reviewed the accounting for foreign currency transactions in Venezuela due to the increasing spread between the official rate and the parallel or market rate in Venezuela. It was determined that, as a consequence of the rapid decline in the valuation of the Venezuelan Bolivar, as reflected in the parallel market for foreign currencies in Venezuela, the translating from Bs to USD using the official rate was no longer appropriate.

Exchange Controls Impact on Revenue and Operating Costs

The Company sold its gold production to the CBV for the first nine months of 2007. Sales to the CBV were based on the USD spot gold price at the time of delivery; however, payment was received in Bs, with the USD revenues converted to Bs by the CBV at the then official rate of Bs 2,150. In 2006, for USD reporting purposes, the Company converted the Bs back to USD at the same rate of 2,150 and, as a result, the reported realized price per ounce was comparable to the actual average spot gold price for the period. However, with the parallel rate in 2007 materially above the official rate and since the Company is not registered to purchase USD in Venezuela at the official rate, it was determined that for 2007 USD reporting purposes, the Company convert the Bs revenue back to USD using the higher parallel rate. (In practice, the Company does not convert the Bs revenue to USD, rather the Bs are used to fund ongoing operations). As a consequence of receiving Bs at the official rate on gold sales, then converting back to USD at the parallel rate for reporting purposes, the Company's quarterly 2008 and 2007 reported USD revenue reflects a realized price that is significantly below the average spot price for these periods and below the actual price realized for the respective period.

Similarly, USD reported operating costs in the 2008 and 2007 quarters have been reduced as a result of converting a portion of the costs to USD at the higher parallel rate in 2008 and 2007 compared to the official rate used in 2006.

Income Statement

Revenue

Mining revenue was \$5.9 million in Q1 2008, compared to \$3.7 million in Q1 2007. In Q1 2008, gold sales were 8,054 ounces and the Company's average realized gold price was \$733 per ounce, compared to sales of 9,765 ounces at an average realized price of \$373 per ounce in Q1 2007.

The Company sold its gold production to the CBV for the first nine months of 2007. Sales are based on the USD spot gold price at the time of delivery; however, payment is received in Bs, with the USD revenues converted to Bs at the official rate of 2,150Bs. For USD reporting purposes, the Bs are converted back to USD; however, the re-conversion uses the higher parallel (market) rate, as the Company is not registered to apply to purchase USD at the official rate of 2,150. In practice, the Company is not buying USD, rather the Bs received from gold sales are used to fund the El Callao operations. For reporting purposes, the conversion back to USD results in

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reportable revenue and realized prices per ounce that are well below the average USD spot gold rates for the reporting periods.

In order to maximize the Bs received from gold sales, the Company informed Venezuelan authorities of its decision to sell its gold production to registered local purchasers, as they buy the gold at a significant premium to the official rate. After giving notice to the appropriate government authorities, in October 2007, the Company commenced the sale of gold production at El Callao to registered businesses at prices based on the USD spot price of gold, with settlement in Bs pegged to the parallel rate instead of selling to the CBV at the official rate.

Lower gold production in Q1 2008 reflects progressively reduced mining and processing activity, as well as lower ore grades and gold recoveries. A higher realized gold price in Q1 2008 more than offset the reduction in production.

Operating Expenses

Mine operations' expenses were \$6.4 million in Q1 2008 compared to \$4.7 million in Q1 2007. The figures include exploration expenditures of \$0.8 million in Q1 2008 and \$0.3 million in Q1 2007.

The total cash cost per ounce sold was \$701 per ounce in Q1 2008 compared to \$457 per ounce in Q1 2007. The increase was attributable to a general increase in the cost of operating supplies and lower productivity as the pits near depletion.

Corporate General and Administrative Expenses

Corporate General and Administrative expenses were \$3.3 million in Q1 2008 compared to \$5.3 million in Q1 2007. The Q1 2007 figure includes a one-time charge of \$1.5 million related to the change in the Company's Chief Executive Officer. Corporate, general and administrative expenses include \$0.4 million of stock-based compensation for stock options that have vested in Q1 2008 compared to \$0.7 million in Q1 2007; the reduction was attributable to no stock option grants in Q1 2008.

Interest Expense

Interest expense was \$3.2 million for both Q1 2008 and 2007. These amounts represent \$2.4 million interest payable on the \$100 million notes which bear interest at 9.375% per annum and payable semi-annually in January and July. These amounts also include interest accretion of approximately \$0.8 for both quarters as the notes contain debt and equity components.

Foreign Exchange Loss/Gain

The foreign exchange results include an unrealized non-cash loss of \$6.1 million in Q1 2008 and a \$9.3 non-cash gain in Q1 2007 which were derived from the translation into U.S. dollars at the end of each respective period of certain Venezuelan denominated future income tax liabilities in connection with expenditures on the Las Cristinas Project. The resulting future tax liability is subject to foreign exchange translation gains and losses at each reporting period when it is re-valued into US dollars. The Venezuelan foreign exchange parallel rate used to translate Venezuelan Bs to USD changed significantly from 2.15 Bs at December 31, 2006 to 3.65 Bs at March 31, 2007, resulting in the fiscal 2007 opening balance future tax liability being reduced by \$9.3 million and a corresponding unrealized foreign exchange gain being recorded in Q1 2007. The foreign exchange rate at March 31, 2008 was 3.89 Bs compared to 5.5 Bs at December 31, 2007 resulting in a \$6.1 million unrealized loss being recorded in Q1 2008.

Liquidity and Capital Resources

Crystallex's principal sources of liquidity have been equity and debt financings. The Company does not expect to generate positive cash flow after operating and corporate general and administrative expenses until the Las Cristinas project is operating at full capacity.

After receipt of the Las Cristinas Permit, the Company will determine its overall funding requirements to cover the period through commercial production of Las Cristinas. The funding requirement will include the balance of capital required to complete the development of Las Cristinas, and funds to meet the Company's general and administrative expenses, debt service and financing fees. The Company intends to fund its overall requirement

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with existing cash and is considering various financing alternatives including public market debt, limited recourse project debt and equity.

The Company anticipates that it will have sufficient cash to fund its current operations until June 2009 assuming the same level of pre-Permit expenditures as prior to notification of the MinAmb letter denying the request for the Permit. Presently operations are continuing as planned pending the outcome of the appeal process relating to the denial of the Permit by the Director General of Permits in MinAmb. The Company will be evaluating its expenditures based on the outcome and timing of the appeal process.

Cash and Cash Equivalents

On March 31, 2008, the Company had cash and cash equivalents of \$67.2 million compared to \$16.1 million at December 31, 2007.

The change in the cash balance during Q1 2008 is reconciled as follows (\$ millions)

Cash and cash equivalents, December 31, 2007	\$ <u>16.1</u>
Cash used in operating activities	(8.2)
Capital expenditures – Las Cristinas	<u>(5.5)</u>
Total uses of cash and cash equivalents	<u>(13.7)</u>
Cash from issuance of common shares	<u>64.3</u>
Effect of exchange rate fluctuations on cash and cash equivalents	<u>0.5</u>
Cash and cash equivalents, March 31, 2008	\$ <u>67.2</u>

At March 31, 2008, the Company's debt consisted of face value \$100 million, 9.375% senior unsecured notes (the "Notes") due December 2011. 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.

Cash Flow used in Operating Activities

Cash flow from operations was a deficit of \$8.2 million for Q1 2008 compared to a deficit of \$12.3 million in Q1 2007. The cash flow deficits in both quarters are principally attributable to interest payments on the Company's \$100 million of 9.375% Notes, corporate general and administrative expenses, El Callao operations and changes in working capital. Interest expense on the Notes was \$2.3 million (net of accretion) in both quarters. General and administrative expenditures (net of non-cash stock compensation expense and directors' fees) were \$2.8 million Q1 2007 and \$4.5 million in Q1 2007. Working capital changes amounted to an outflow of \$3.8 million in Q1 2008 compared to an outflow of \$3.9 million in Q1 2007. There was a realized gain of \$1.2 million in Q1 2008 compared to a realized loss of \$0.6 million in Q1 2007 due to the increase in the parallel rate in Q1 2008 relative to the USD versus a decline in Q1 2007.

Investing Activities

Cash used for capital expenditures for the Las Cristinas project was \$5.5 million in Q1 2008 compared to \$8.1 million in Q1 2007.

Capital spending at Las Cristinas has declined since peaking in 2005. Reduced spending in Q1 2008 compared to Q1 2007 is attributable to the delay in receiving the Permit required for commencing site construction activities. The majority of the expenditures in both quarters represent ongoing costs for administering, securing and maintaining the Las Cristinas camp and for off-site equipment storage. The Q1 2007 expenditures include drilling costs which were not incurred in Q1 2008.

Equipment which cost approximately \$60 million is in storage, principally in Houston (USA), Antwerp (Belgium) and Cape Town (South Africa). In April 2008, and prior to the Company becoming aware of the communication from the Director General of Permits at MinAmb, the Company sold equipment for \$5.9 million cash to two

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unrelated purchasers and recorded a gain of \$1.6 million on the sales. Concurrent with these sales, the Company provided purchase orders with an equipment manufacturer to supply new equipment for \$5.9 million

Financing Activities

On February 11, 2008, the Company completed a public offering of 32.89 million units at CDN\$2.10 per unit for gross proceeds of CDN\$69.1 million including 4.29 million units issuable upon the exercise of the over-allotment option by the syndicate of underwriters.

Each unit consists 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\$3.00 for a period expiring on the later of: (i) August 11, 2009; and (ii) six months following the Permit date, where the Permit date is the 45th day following the receipt by the Company of the Permit.

The net proceeds received by the Company, after considering issuance costs of \$4.6 million, was \$64.1 million.

Contractual Obligations and Commitments

The Company's significant contractual obligations and commitments on an undiscounted basis, as at March 31, 2008, are tabled below:

\$ millions	Less than One Year	1 - 3 Years	4 - 5 Years	More Than 5 Years	Total
Long term debt repayment	\$ -	\$ -	\$100.0	\$ -	\$100.0
Equipment purchase orders	5.9	-	-	-	5.9
Asset retirement obligations	1.0	2.4	-	-	3.4
Social commitments	3.5	-	-	-	3.5
Total contractual obligations	\$10.4	\$2.4	\$100.0	\$ -	\$112.8

Under the terms of the Las Cristinas Mining Operation Contract with the CVG dated September 17, 2002 the Company has undertaken to make all investments necessary to develop and exploit the Las Cristinas deposits. Based on a revised capital estimate in November 2007, a further \$254 million is expected to be spent on Las Cristinas to meet this obligation after the receipt of the Permit.

The Company has royalty commitments that are only payable if gold is produced. There is no obligation to make payments if gold is not produced. Currently, the Company's gold production is from the Tomi and La Victoria concessions, which are subject to a 1.75% royalty on gold revenue. All gold production in Venezuela is subject to an exploitation tax, established under the Mining Law, which is payable to the Republic of Venezuela. The exploitation tax is presently 3% of gold revenue.

In the normal course of business, the Company has entered into contracts that contain commitments to pay amounts dependent upon future events. Such amounts, if any, are not determinable by the quarter end; consequently, no amounts have been accrued in the financial statements with respect to these commitments.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements with special purpose entities.

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Related Party and Other Transactions

The Company entered into the following transactions with related and other parties during the three month period ended March 31, 2008:

- a) Paid underwriting fees of \$2.8 million (2007: \$nil) to a company which retains the Chairman of the Company as an employee.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties. These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

Restatement of 2007 Quarters

In the process of preparing the annual 2007 consolidated financial statements, the Company reviewed its accounting practices in respect of certain expenditures made in connection with its Venezuela Branch but funded by its Canadian operations with respect to Las Cristinas. The Company determined that such expenditures, previously treated as deductible for tax purposes, that have been capitalized in the Canadian operations may not be deductible in Venezuela thereby creating a difference between their accounting and tax values in Venezuela. For Canadian GAAP purposes, the amounts determined to be potentially non-deductible as at March 31, 2007 totalled \$54.5 million of which \$52.3 million related to 2006 and prior years. The Company recorded future tax liabilities of \$15.4 million as at March 31, 2007 and \$23.5 million as at December 31, 2006. Due to the decline in the parallel rate of the Venezuelan Bolivars to the USD from December 31, 2006 to March 31, 2007, there is a resultant unrealized foreign exchange gain on the opening future income tax liabilities upon revaluation into US dollars.

The Q1 2007 results were significantly impacted due to the change in Bs rate to the USD from 2,150 at December 31, 2006 to 3,650 at March 31, 2007. The rate changed to 4,100, 5,010 and 5,500 at the end of Q2, Q3, and Q4 2007, respectively. Accordingly, unrealized foreign currency translation gains of \$9.3 million, \$1.6 million, \$2.5 million and \$1.0 million were recorded at the end of Q1, Q2, Q3 and Q4 2007, respectively.

The estimated future income taxes represent a net accounting entry derived from the current lack of deductibility in the Venezuela Branch of certain expenditures related to Las Cristinas which were funded by the parent entity in Canada. These costs will be amortized for accounting purposes but may not be for income tax purposes. Accordingly, the future income taxes represent an undiscounted estimate of the tax effect of this difference, and therefore are not payable at the present.

Critical Accounting Estimates

Critical accounting estimates are those estimates that have a high degree of uncertainty and for which changes in those estimates could materially impact the Company's results. Significant estimates used include those relating to the timing and receipt of the Las Cristinas Permit to construct, gold prices, recoverable proven and probable reserves, available resources, available operating capital, fair value of stock options and warrants, income taxes and required asset retirement obligations. These estimates each affect management's evaluation of asset impairment and the recorded balances of inventories, site closure and asset retirement obligations

Adoption of New Accounting Policies

Changes in accounting policies – Sections 1400 and 3031

The CICA issued new accounting standards which are effective for interim and annual consolidated financial statements for the Company beginning on January 1, 2008.

Handbook Section 1400, "General Standards of Financial Statement Presentation", was amended so as to include the criteria for determining and presenting the Company's ability to continue as a going concern. Handbook Section 3031, "Inventories", establishes standards for the measurement of inventories, allocations of overhead accounting for write-down and disclosures.

There is no material impact to the Company's consolidated financial statements on adoption of these new accounting standards.

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Future accounting pronouncements – Section 3064

The CICA has issued a new standard which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009.

Section 3064, “Goodwill and Intangible Assets”, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, “Revenues and Expenses during the Pre-Operating Period”. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations.

The Company has not yet assessed the impact of Section 3064 on its consolidated financial statements.

Financial Instruments

The balance sheet carrying amounts for cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate fair value due to their short-term nature. The estimated fair value of debt is \$83,000,000 (December 31, 2007: \$82,000,000) and is determined by discounting the contractual cash flows using market interest rates for debt with similar terms and risks.

Outstanding Share Data

A summary of common shares, common share options and common share purchase warrants at May 14, 2008 are tabled below:

Common Shares Issued	294,670,845
Common Share Options	12,317,421
Warrants	29,570,000
Fully Diluted Common Shares	336,558,266

Controls and Procedures

The Company maintains disclosure controls and procedures which are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified by regulations. The Company performed an evaluation, under the supervision and participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, with the exception of those weaknesses identified in the December 31, 2007 annual MD&A, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by this report. Management of the Company is in the process of addressing the areas of weakness identified as at December 31, 2007.

Risk Factors

The business and operations of the Company and its affiliates are subject to risks. In addition to considering the other information in the Company’s 2007 Annual Information Form, which is available on SEDAR at www.sedar.com, an investor should carefully consider the following factors. Any of the following risks could have a material adverse effect on the Company, its business and future prospects.

Risks Associated with Operating in Developing Countries

The Corporation’s mineral exploration and mining operations are located in Venezuela and may be adversely affected by political instability and legal and economic uncertainty that might exist in such country. The risks associated with the Corporation’s foreign operations may include political unrest, labour disputes, invalidation of governmental orders, permits, agreements or property rights, risk of corruption including violations under U.S. and Canadian foreign corrupt practices statutes, military repression, war, civil disturbances, criminal and terrorist actions, arbitrary changes in laws, regulations and policies, taxation, price controls, exchange controls, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports, high rates of inflation and increased financing costs. These risks may limit or

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disrupt the Corporation's projects or operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization, expropriation or other means without fair compensation.

Risks Specific to Operations in Venezuela

Political and Economic Instability

The Corporation's mineral properties are located in Venezuela and as such the Corporation may be affected by political or economic instabilities there. The risks associated with carrying on business in Venezuela, in addition to those highlighted above, include, but are not limited to violent crime, which is prevalent throughout the country and includes kidnapping, smuggling and drug trafficking especially in remote areas. Changes in resource development or investment policies or shifts in political attitudes in Venezuela may adversely affect the Corporation's business. Operations may be affected in varying degrees by government regulations with respect to restrictions in production, price controls, export controls, exchange controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, unauthorized mining activities, land claims of local people, water use and mine safety. The effect of these factors cannot be accurately predicted.

Environmental Permit Still Required

MIBAM completed its overall approval process of Las Cristinas on March 26, 2006. On June 14, 2007 the Company announced that it received written notice from the CVG that all the requirements for the issuance of the Las Cristinas Permit from MinAmb had been fulfilled. The CVG confirmed that MinAmb's approval of the Las Cristinas Environmental Impact Study, together with Crystallex's payment of certain taxes and posting of a Compliance Guarantee Bond, as requested by MinAmb, represented the final steps in the process for the issue of the Permit. CVG's notice to the Company was based on a formal notice the CVG received from MinAmb, which stated that the Permit would be issued following the payment of the taxes and the posting of the bond. In April 2008 CVG received a letter from the Director General of the Administrative Office of Permits in the MinAmb denying the request for the Las Cristinas Permit. The Director General cited sensitivities surrounding indigenous peoples, the small miners and the environment in the area generally known as the Imataca Forest Reserve. On May 12, 2008 the Company filed a legal rebuttal to the position taken by the Director General of Permits at MinAmb. Development of Las Cristinas and the ultimate commencement of commercial production are dependent upon receipt of the Permit, which will allow the Corporation to proceed to put in place financing to fund construction. As the Las Cristinas project is the Corporation's primary project, the continued delay in receipt of the Permit could have a material adverse effect on the future of the Corporation's business, and may result in the need for additional financing. There can be no assurance that the Company will be successful in its appeal of the decision by the Director of Permits at MinAmb or as to when or if the Permit will be granted.

Exchange Controls

Venezuela currently has exchange controls that affect the ability of companies doing business in Venezuela to convert Venezuelan source income into foreign currency. The Central Bank of Venezuela enacted such exchange control measures in 2003 in order to protect international reserves. The exchange rate, originally fixed at approximately 1.6 Bolivars /U.S.\$, has since been adjusted twice upwards and presently stands fixed at 2.15 Bolivars/U.S.\$.

There can be no assurance that exchange controls will not continue and, if they do, that they will not adversely affect the Corporation's operations, including its ability to satisfy its foreign currency obligations.

Mining Operation Contract

Lack of Ownership Rights

Under the Venezuelan Mining Law of 1999 ("VML"), all mineral resources belong to the Republic of Venezuela. In accordance with the VML, the Government of Venezuela has reserved for itself the right to directly explore and exploit the Las Cristinas deposits and has elected to do so through the CVG. See "Las Cristinas Project – Mining Operation Contract" in the AIF. The Mining Operation Contract is an operation agreement and does not transfer any property ownership rights or title rights to the gold produced to the Corporation. Rather, the Corporation has been authorized to exploit the Las Cristinas deposits for the CVG in accordance with the Mining Operation Contract. The interests of the Corporation in the Las Cristinas deposits are contingent upon the Corporation continuing to satisfy its obligations under the Mining Operation Contract. Failure to do so could result in the CVG having the right to terminate the Mining Operation Contract. In addition, the CVG is party to an agreement dated May 16, 2002 with MIBAM. As the CVG's rights thereunder are contingent upon the CVG continuing to satisfy its obligations, while the Corporation has no reason to believe the CVG is not performing its obligations thereunder, any failure to do so could result in MIBAM having the right to terminate such agreement, thereby effectively terminating the Mining Operation Contract.

Lack of Copper Rights

In addition to gold, the Las Cristinas deposits also contain very low levels of copper, 0.11% on average. Under the Mining Operation Contract, the Corporation is only entitled to exploit the gold contained in the Las Cristinas deposits. Based on the feasibility studies carried out by the Corporation and following discussions with the CVG, the Corporation has determined that exploiting the copper contained in the Las Cristinas deposits would detract

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from the economics of the Las Cristinas project. Furthermore, it may not be technically viable to produce a marketable copper concentrate from the main Las Cristinas deposit as the copper is too low grade. The Corporation does not need the right to exploit the copper contained in the Las Cristinas deposits in order to exploit the gold and does not currently intend to negotiate with the CVG for the right to exploit the copper contained in the Las Cristinas deposits.

Although the Corporation does not believe that the MIBAM would do so, the MIBAM retains the right to grant exploitation and other rights with respect to the copper contained in the Las Cristinas deposits to the CVG or a third party. The Corporation has been advised by its Venezuelan counsel that:

- (a) if the MIBAM grants the right to exploit the copper contained in the Las Cristinas deposits to the CVG, subject to fulfilling all necessary requirements of Venezuelan law (including the additional grant by the MIBAM to the CVG of the right to negotiate the exploitation of the copper with third parties), the CVG has agreed under the terms of the Mining Operation Contract to negotiate the exploitation of the copper with the Corporation; and
- (b) if the MIBAM grants the right to exploit the copper contained in the Las Cristinas deposits to a third party, the Corporation's right under the Mining Operation Contract to exploit the gold contained in the Las Cristinas deposits would, as a matter of Venezuelan law, take precedence over the third party's right to exploit the copper.

If the MIBAM grants the right to exploit the copper contained in the Las Cristinas deposits to the CVG, there can be no assurance that the MIBAM will grant to the CVG the additional right to negotiate the exploitation of the copper with third parties or that the Corporation will be able to negotiate an agreement with respect to the exploitation of the copper with the CVG. Also, if the MIBAM grants the right to exploit the copper contained in the Las Cristinas deposits to a third party, or if the MIBAM grants the right to exploit the copper contained in the Las Cristinas deposits to the CVG and the CVG grants the right to exploit the copper to a third party, there can be no assurance that the Corporation will be successful under Venezuelan law in asserting that its right to exploit the gold contained in the Las Cristinas deposits takes precedence over the third party's right to exploit the copper.

Proposed Amendments to Mining Laws

The Corporation's business may be affected by amendments or changes to mining laws, regulations and requirements in Venezuela. At any time, a number of draft mining laws may be proposed. There is no assurance when or if a draft mining bill will be enacted into law or what the final provisions of such law will be, if enacted. Any changes to current Venezuelan mining law may adversely affect the Corporation's ability to develop and operate the Corporation's Venezuelan properties.

On February 1, 2007 the National Assembly of the Republic of Venezuela issued the "Law which Authorizes the President of the Republic to Issue Decrees with Rank and Force of Law in those Matters Delegated" (the "**Decree Law**"), which empowers the President of Venezuela to approve changes to certain laws without consulting Congress for a period of 18 months. The Decree Law does not include any direct mention of, or references to, mining matters and, accordingly, such matters remain within the exclusive competence of the National Assembly. In order for amendments to the mining law to be enacted into law, it must be accepted in the Venezuelan National Assembly and undergo a review by the Permanent Commission of Energy and Mines. The detailed provisions of the Draft Mining Bill are then debated in the National Assembly, and finally the Draft Mining Bill must be approved by the President of Venezuela. There is no assurance that the Government of Venezuela will not issue further decrees or otherwise attempt to modify existing mining rights or other laws affecting the Corporation, its Venezuelan properties and its ability to operate in Venezuela.

Arbitration Proceedings

The Corporation is a party that is interested in, but is not a party to, an ongoing arbitration. See "Legal Proceedings — Withdrawal of MINCA Litigation — Vanessa Arbitration" in the AIF, available electronically at www.sedar.com and www.sec.gov.

Sale of Gold

For the past several years, the Corporation sold all of its Venezuelan gold production to the Central Bank of Venezuela. In June 2006, the Central Bank of Venezuela informed the Corporation it was suspending purchase of gold from the Corporation. During June and July, the Corporation sold gold to accredited third parties within Venezuela and in August 2006 the Central Bank resumed purchasing gold from the Corporation and continued to purchase all of the Corporation's gold production through the end of the third quarter of 2007. In October 2007, the Corporation began selling all of its gold production to accredited third parties in Venezuela. The

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Corporation is updating the registration of its export licence which will also allow it to export and sell gold outside of Venezuela. Pending the update of the Corporation's export licence, should the Corporation be unable to sell gold within Venezuela, it could have an adverse effect on the Corporation's revenues, cash flow and profitability in the short-term.

Unauthorized Miners

The Corporation's operations may also be affected by the presence of unauthorized miners which is not uncommon in the gold mining areas of the Guyana Shield area of northern South America, including Venezuela. The methods used by unauthorized miners to extract gold are typically harmful to the environment and may be disruptive of authorized mining operations. Although the Corporation, in conjunction with the local authorities, employs strategies to control the presence of unauthorized miners, there can be no assurance that these strategies will be successful or that the Corporation's operations will not be adversely affected by the presence of unauthorized miners.

Imataca Forest Reserve

In addition to the general risks associated with environmental regulation and liability, the Las Cristinas deposits are located within the Imataca Forest Reserve (the "**Forest Reserve**"). On September 22, 2004, Presidential Decree 3110, which establishes an ordinance plan and regulations for the use of the Forest Reserve, permits various activities (including mining) in up to 13% of the Forest Reserve and establishes the legal framework for such activities, was issued. Presidential Decree 3110 was issued in response to previous Presidential Decree 1850, the latter of which was issued in May 1997. Decree 1850 reserved an even larger part of the Forest Reserve for various activities and became subject to a legal challenge before the Venezuelan Supreme Court. The Venezuelan Supreme Court issued a prohibition order on November 11, 1997 prohibiting the relevant government authorities from granting concessions, authorization and any other acts relating to various mining activities in the Forest Reserve under Decree 1850 until the Venezuelan courts ruled on the merits of the nullity action. It is possible that Presidential Decree 3110 could be similarly challenged and that such challenge, if ultimately successful, could prevent the Corporation from exploiting or fully exploiting the Las Cristinas deposits.

Venezuelan Decree No. 1257 establishes the environmental assessment requirements for mining projects. The Corporation was advised that the Las Cristinas project is not a new project and, accordingly, Article 40 of Decree 1257 does not apply since no significant increase in environmental impact is predicted.

General Risk Factors

Title to Mineral Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Corporation has investigated its title to the mineral properties for which it holds concessions or mineral leases or licenses, there can be no assurance that the Corporation has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify; and transfers under foreign law often are complex. The Corporation does not carry title insurance with respect to its mineral properties. A successful claim that the Corporation does not have title to a mineral property could cause the Corporation to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property. Furthermore, the Mining Operation Contract does not transfer any property ownership rights to the Corporation.

In 2005 the Government of Venezuela announced that it would be changing the mining title regime from a system where title was granted in the form of joint ventures or either concessions or operating contracts to a system where all new economic interests would be granted in the form of operating contracts. In order to effect this change, the Government advised that it would need to create a national mining company which would be the nation's contracting party covering the entire country of Venezuela. The Government also indicated that, given this change in title regime, it would also be appropriate to review all existing mining companies in a single comprehensive exercise to ensure that only companies found to be in compliance with their existing title terms and conditions would qualify for the new title. This review was completed as of December 31, 2005. MIBAM completed its approval process for the Las Cristinas project at the end of March 2006. The Ministry of the Environment and Natural Resources ("MinAmb") approved the Las Cristinas EIS in June 2007; and, based on this approval, the Corporation posted a Compliance Guarantee Bond and paid certain surface taxes. On April 30, 2008, the Company reported that it became aware that the Director General of the Administrative Office of Permits at MinAmb had issued a letter to the CVG denying its request for the Permit for the Las Cristinas project. The Company believes that this communication contradicts the Environmental Impact Study approval process, conflicts with various Government Decrees and Resolutions; appears to be in opposition to all mineral mining in the Imataca Forest Region and is contrary to current and historic mining projects in Venezuela. Accordingly, on May 12, 2008, the Company filed a legal rebuttal to the position taken by the Director General of Permits at

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MinAmb. There is no assurance of the success of the Company's appeal, and that the Government will not issue further decrees or otherwise attempt to modify existing mining rights.

Environmental Regulation and Liability

The Corporation's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also the possible effects of such activities upon the environment. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploitation activities, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner which may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Corporation's properties, the extent of which cannot be predicted.

In the context of environmental permits, in particular the approval of closure and reclamation plans, the Corporation must comply with standards and laws and regulations which may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. In accordance with applicable laws, the Corporation has provided various forms of financial assurances to cover the cost of reclamation activities. However, there can be no assurance that the Corporation will not incur reclamation costs that are in excess of such financial assurances. While the Corporation plans to establish a reserve for reclamation activities, there can be no assurance that the combination of the reserve and financial assurances will be sufficient to meet future reclamation standards, if such standards are materially more stringent than existing standards. The Corporation does not maintain environmental liability insurance. The Corporation has adopted high standards of environmental compliance; however, failure with or unanticipated changes in Venezuela's laws and regulations pertaining to the protection of the environment in the future could adversely affect the Corporation.

Additional Funding Requirements

Under the terms of the Mining Operation Contract, the Corporation is required, among other things, to make all necessary investments and complete all works necessary to reactivate the Las Cristinas deposits, to design, construct and operate a processing plant to process gold for its subsequent commercialization and sale and to return the mine, its installations and equipment to the CVG upon termination of the Mining Operation Contract. In order to carry out the Las Cristinas project and its other mining projects, the Corporation will need to raise substantial additional financing. In establishing its funding requirements, the Corporation has assumed that costs incurred during the construction phase of Las Cristinas will receive an exoneration from the 9% Value Added Tax ("VAT"). Venezuelan Law allows for but does not guarantee the granting of exoneration of VAT on goods and services, including expenses in Venezuela, related to the construction and development of mining projects. Crystallex will apply for an exoneration of VAT during the construction phase of Las Cristinas. If the Corporation does not receive the construction period VAT exoneration, sufficient additional funds would need to be raised to cover the development phase. The construction period VAT can then be recovered by the Corporation during the production phase of the Las Cristinas project.

The Corporation may decide to meet its additional funding requirements through one or more of non-recourse project debt and other forms of public markets debt and equity. If the Corporation elects to raise commercial bank limited recourse project debt, the Corporation will need to demonstrate to potential lenders compliance with the Equator Principles, which are a set of guidelines adopted by a number of international financing institutions to address the environmental and social issues associated with project financing transactions. The Equator Principles are largely based on policies and guidelines established by the International Finance Corporation. Although the Corporation has completed an Environmental Impact Study to international standards, which was approved by the Venezuelan Ministry of the Environment and includes plans to comply with the Equator Principles, there can be no assurances that potential lenders will conclude that the project is in compliance with the Equator Principles. In this case, some institutions may decide not to lend to the project, or the financing timeline may be extended while the Corporation addresses the concerns of the banks.

Despite the financings that have been completed by the Corporation, the Corporation has limited access to financial resources and there can be no assurance that sufficient additional financing will be available to the Corporation on acceptable terms or at all. Failure to obtain such additional financing could result in a delay or the

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indefinite postponement of the Las Cristinas project and other mining projects of the Corporation and could also result in the Corporation defaulting in the performance of its obligations under the Mining Operation Contract.

Reserve and Resource Estimates

The Corporation's reported mineral reserves and resources are estimates only. As a result, there can be no assurance that they will be recovered at the rates estimated or at all. Mineral reserve and resource estimates are based on limited sampling and are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience. Market fluctuations in the price of metals, increased production costs or reduced recovery rates may render estimated mineral reserves and resources uneconomic and may ultimately result in a restatement of mineral reserves and resources. In addition, short-term operating factors, such as the need for sequential development of mineral deposits and the processing of new or different ore grades, may adversely affect the Corporation's profitability in any particular accounting period. If its mineral reserve and resource estimates are incorrect, the Corporation will not correctly allocate its financial resources, causing it either to spend too much on what could be a less than economic deposit or to fail to mine what could be a significant deposit.

Mineral Exploration and Exploitation

Mineral exploration and exploitation involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Corporation has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. There can be no assurance that the Corporation will discover mineral reserves and resources in sufficient quantities to justify exploitation or that the funds required to exploit any mineral reserves and resources discovered by the Corporation will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Corporation are affected by many factors, many outside the control of the Corporation, including the cost of operations, variations in the grade of material mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, continuing access to smelter facilities on acceptable terms and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Corporation's mineral exploration and exploitation activities will be successful.

Uninsurable Risks

Mineral exploration and exploitation activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Corporation may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Corporation's profitability and financial position and the value of the common shares of the Corporation. The Corporation does not maintain insurance against environmental risks.

Competition

The competition to discover and acquire mineral properties considered to have commercial potential is intense. The Corporation competes with other mining companies, many of which have greater financial resources than the Corporation, with respect to the discovery and acquisition of interests in mineral properties and the recruitment and retention of qualified employees and other personnel to carry on its mineral exploration and exploitation activities. There can be no assurance that the Corporation will be able to successfully compete against such companies.

Dependence on Limited Mining Operations and Properties

The Corporation's Tomi and La Victoria operations and Revemin mill currently account for all of the Corporation's mineral production and revenues. Any adverse development affecting these operations could adversely affect the Corporation's financial performance and results of operations. Furthermore, future results for the Corporation depend largely on the Las Cristinas project, which may never be developed into a commercially viable mining operation. Any event, or combination thereof, which adversely affects the Las Cristinas project (whether the property itself or the Corporation's ability to finance and/or construct and operate a commercially viable mine on the property), would adversely impact the Corporation's future performance.

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Production Risks

The Corporation prepares estimates of future production at its operations. Failure to meet these estimates could adversely affect the corporation's profitability, cash flows and financial position. There can be no assurance that the Corporation will achieve its production estimates.

The Corporation's actual production may vary from its estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; labour shortages or strikes; civil disobedience and protests; and restrictions or regulations imposed by governmental or regulatory authorities or other changes in the regulatory environments. Such occurrences could result in damage to mineral properties, interruptions in production, injury or death to persons, damage to property of the Corporation or others, monetary losses and legal liabilities. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable forcing the Corporation to cease production. These factors also apply to the Corporation's future operations. For example, it is not unusual for new mining and processing operations to experience unexpected problems during the start-up phase.

In addition to the general production risks outlined above, one of the most significant physical production issues the Corporation faces in the Las Cristinas project pertains to the heavy amount of rainfall the area receives (an average of 3.3 m/year). MDA has accounted for anticipated time lost due to rainfall in scheduling production and determining equipment requirements. Crystallex believes that the allowances made are consistent with the range of practice employed by the iron ore and bauxite mining industry in the same high rainfall regions in Venezuela as well as comparable mining operations in similar or greater rainfall regions of Guyana, Suriname and Brazil. Regardless, actual mining experience with the combination of wet saprolite and high rainfall rates may require adjustment of these estimates.

Regulations and Permits

The Corporation's activities are subject to wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. The Corporation is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Corporation's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Corporation's permits that could have a significant adverse impact on the Corporation's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Corporation will be able to obtain the necessary permits including any renewals thereof on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Corporation from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Gold Price Volatility

The gold price can fluctuate widely and is affected by numerous factors beyond the Corporation's control, including industrial and jewellery demand, inflation and expectations with respect to the rate of inflation, the strength of the U.S. dollar and other currencies, interest rates, gold sales by central banks, forward sales by producers, global or regional political or financial events, and production and cost levels in major gold-producing regions. The gold price is also subject to rapid short-term changes due to speculative activities. During the period 1998 to 2007, the gold price fluctuated between a low of U.S.\$253 per ounce and a high of U.S.\$841 per ounce. To date in 2008 the price of gold has attained U.S.\$1,011 per ounce and averaged \$925 per ounce in the first quarter.

The Corporation's revenues, cash flow, profitability and the market price of the common shares of the Corporation are significantly affected by changes in the gold price. If the gold price is below the cost of production at any of the Corporation's operations for a significant period, the Corporation may be required to suspend or terminate production at the affected operation. In addition, the Corporation may be required to restate its mineral reserves and resources, write down its investment and increase or accelerate reclamation and closure charges at the affected operation. Any of these developments could negatively affect the Corporation's

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profitability, cash flows and financial position. Accordingly, even if the Corporation discovers and produces gold, there can be no assurance that the gold price will be high enough to enable the Corporation to sell the gold produced by it profitably.

Currency Fluctuations

Currency fluctuations may affect costs at the Corporation's operations. Gold is sold throughout the world based principally on a U.S. dollar price, but a portion of the Corporation's operating expenses is in non-U.S. dollar currencies. Any appreciation of these non-U.S. dollar currencies against the U.S. dollar could negatively affect the Corporation's profitability, cash flows and financial position.

Credit and Market Risks

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

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

Credit risk is the risk that counterparty might fail to fulfil its performance obligations under the terms of a contract. The Corporation limits the amount of credit exposure in cash and cash equivalents by placing these in high quality securities issued by government agencies and financial institutions. The Corporation's cash equivalents consist of Government of Canada Treasury Bills, denominated in U.S. dollars. The Corporation also has concentrations of credit risk with respect to accounts receivable as the accounts receivable are due from the Venezuelan Tax Department and occasionally from the Venezuelan Central Bank.

The Corporation can be exposed to credit risk in the event of non-performance by counterparties in connection with metal forward and option contracts. The Corporation does not obtain any security to support financial instruments subject to credit risk but mitigates this risk by dealing only with a diverse group of financially sound counterparties and, accordingly, does not anticipate loss for non-performance. Further, the Corporation minimizes its credit risk in derivative instruments by entering into transactions with high-quality counterparties whose credit ratings are high and by monitoring the financial condition of its counterparties. The Corporation continually monitors the market risk of its activities. The Corporation currently does not have metal forward and option contracts.

Dependence on Key Employees

The Corporation's business and operations are dependent on retaining the services of a small number of key management personnel. The success of the Corporation is, and will continue to be, to a significant extent, dependent on the expertise and experience of the directors and senior management. Since late 2005, the Corporation has experienced the loss of a number of senior management employees due to delays in receiving the Las Cristinas Permit. The loss of one or more key employees could have a materially adverse effect on the Corporation. The MinAmb letter denying the Las Cristinas Permit may make it more difficult for the Corporation to retain key employees. The Corporation does not have a senior management retention program.

Compliance with Sarbanes-Oxley Act of 2002

Passed by the U.S. Congress on July 30, 2002, the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") requires companies to, among other things, have management provide a report on the Company's internal controls with respect to financial reporting. The Company has complied with this particular aspect of Sarbanes-Oxley for its fiscal year ended December 31, 2007. Management's evaluation of, and report on, the Company's internal controls over financial reporting is set out in the 2007 Annual Management Discussion and Analysis under the section Controls and Procedures – Internal Control over Financial Reporting. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as at December 31, 2007 and the Corporation has described the plans to remediate the material weaknesses described therein.

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

Crystallex International Corporation

weaknesses discovered in fiscal 2007. The aggregate final costs of addressing such weaknesses, however, cannot be assured. Any remediation costs for the discovery of additional material weaknesses in future periods are unknown.

Common Share Price Volatility

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

- the Corporation's operating performance and the performance of competitors and other similar companies;
- the public's reaction to the Corporation's press releases, other public announcements and the Corporation's filings with the various securities regulatory authorities;
- changes in earnings estimates or recommendations by research analysts who track the common shares or the shares of other companies in the resource sector;
- changes in general economic conditions;
- the number of the common shares to be publicly traded after this offering;
- the arrival or departure of key personnel;
- acquisitions, strategic alliances or joint ventures involving the Corporation or its competitors; and
- gold price volatility.

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

Potential Dilution

As at May 14, 2008, the Corporation has outstanding options to purchase 12,317,421 common shares of the Corporation (including 1,072,000 options outstanding that were not fully vested) and warrants to purchase 29,570,000 common shares of the Corporation (including 12,250,000 warrants that do not become effective until after the receipt of the Permit). The issue of common shares of the Corporation upon the exercise of the options and warrants will dilute the ownership interest of the Corporation's current shareholders. The Corporation may also issue additional option and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Corporation's then current shareholders could also be diluted.

Enforcement by Investors of Civil Liabilities

The enforcement by investors of civil liabilities under United States federal securities laws may be adversely affected by the fact that the Corporation is organized under the laws of Canada, that most of its officers and directors and most of the experts named in this Annual Information Form are residents of Canada, and that a substantial portion of the Corporation's assets and the assets of a majority of the Corporation's directors and officers and the experts named in this Annual Information Form are located outside the United States. Furthermore, it may not be possible to enforce against the Corporation or its directors, officers or experts, judgments contained in U.S. courts. The Corporation believes that a monetary judgment of a Canadian court predicated solely on the Canadian civil liability regime would likely be enforceable in the U.S. if the Canadian court in which the judgment was obtained had a basis for jurisdiction in the matter that was recognized by a U.S. court for such purposes. However, the Corporation can provide no assurances to this effect.

Operating Losses are Expected to Continue In the Near Future

The Corporation expects that it will continue to incur losses, and possibly incur increased losses, until the Las Cristinas mine is operating at full capacity. The Corporation's profitability depends, among other things, on the gold price, gold production and cash operating costs at its operations, interest expense and general and administrative expenses. Substantially all of these factors are beyond the control of the Corporation. There can be no assurance that the Corporation will become profitable in the near future. The Corporation expects that this

Crystallex International Corporation

trend will reverse if and when gold is produced from the future Las Cristinas mine in commercial quantities at prices equal to or in excess of the prices assumed in the 20,000 TPD Feasibility Study.

Future Hedging Activities

The Corporation has not entered into forward contracts or other derivative instruments to sell gold that it might produce in the future. Although the Corporation has no near term plans to enter such transactions, it may do so in the future if required for project financing. Forward contracts obligate the holder to sell hedged production at a price set when the holder enters into the contract, regardless of what the price is when the product is actually mined. Accordingly, there is a risk that the price of the product is higher at the time it is mined than when the Corporation entered into the contracts, so that the product must be sold at a price lower than could have been received if the contract was not entered. There is also the risk that the Corporation may have insufficient gold production to deliver into forward sales positions. The Corporation may enter into option contracts for gold to mitigate the effects of such hedging.

No Payment of Cash Dividends in the Near Future

Given that the Corporation is currently in the development stage for its principal property, the Las Cristinas project, the Corporation intends to retain its earnings to finance the growth and development of the business rather than pay dividends to shareholders. The Corporation does not intend to declare or pay cash dividends in the near future, nor has it done so since its inception. In the event that the Corporation decides to declare and pay cash dividends in the future, such a decision will be made entirely in the discretion of the board of directors and shall be dependent on factors such as the existing earnings, capital requirements, future business opportunities, financing agreements and market conditions for the Corporation's shares and the underlying commodities markets.

Non GAAP Measures – Total Cash Costs

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

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

Crystallex International Corporation

Total costs and total cash costs per ounce may be reconciled to the Operations Expense as follows:

\$000 (except per ounce data)	Three Months Ended March 31	
	2008	2007
Operations Expense per Financial Statements	\$6,403	\$4,712
Less Exploration Expenditures	(754)	(253)
Total Cash Operating Costs	\$5,649	\$4,459
Accretion of Asset Retirement Obligations	91	51
Total Operating Costs	\$5,740	\$4,510
Gold Ounces Sold	8,054	9,765
Total Cash Cost Per Ounce US\$	\$701	\$457
Total Cost Per Ounce US\$	\$713	\$462

Bolivars, Thousands (except per ounce data)	Three months ended March 31	
	2008	2007
Operating Costs	30,991	17,312
Less: Exploration Expenditures	(3,649)	(930)
Total Cash Operating Costs	27,341	16,382
Amortization, Accretion and Depletion	440	187
Total Operating Costs	27,781	16,569
Gold Ounces Sold	8,054	9,765
Total Cash Cost Per Ounce in Bolivars	3,395	1,678
Total Cost Per Ounce in Bolivars	3,449	1,697

Crystallex International Corporation

Consolidated Financial Statements

March 31, 2008

(Unaudited)

Crystallex International Corporation

Consolidated Balance Sheets - Unaudited (In thousands of United States dollars)

	March 31 2008	December 31 2007 (Audited)
Assets		
Current		
Cash and cash equivalents (Note 9)	\$ 67,205	\$ 16,065
Accounts receivable	378	1,170
Inventories (Note 4)	2,117	2,142
Prepaid expenses and other	3,206	1,979
	72,906	21,356
Property, plant and equipment (Note 5)	323,899	317,179
Other	1,153	705
	\$ 397,958	\$ 339,240
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 7,735	\$ 10,868
Current portion of asset retirement obligations (Note 6)	868	567
	8,603	11,435
Notes payable (Note 7)	84,130	83,291
Asset retirement obligations (Note 6)	1,654	1,864
Future income taxes	21,542	14,243
	115,929	110,833
Shareholders' equity		
Share capital (Note 8)	561,588	503,489
Contributed surplus	33,849	27,124
Accumulated other comprehensive income	11,959	11,959
Deficit	(325,367)	(314,165)
	282,029	228,407
	\$ 397,958	\$ 339,240

Nature of operations and going concern – Note 1
Subsequent events – Notes 1 and 13

(Signed) "Gordon M. Thompson", Director

(Signed) "Johan van't Hof", Director

Crystallex International Corporation

Consolidated Statements of Operations and Comprehensive Operations - Unaudited (In thousands of United States dollars except for share and per share amounts)

	Three months ended March 31	
	2008	2007
		Restated (Note 12)
Mining revenue	\$ 5,901	\$ 3,720
Operating expenses		
Operations	6,403	4,712
Accretion of asset retirement obligations	91	51
	6,494	4,763
Operating loss	(593)	(1,043)
Other expenses (income)		
General and administrative	3,285	5,310
Interest on debt	3,182	3,216
Foreign exchange loss (gain)	4,175	(6,641)
Amortization of property, plant and equipment	22	22
Interest and other income	(214)	(194)
	10,450	1,713
Net loss before income tax expense	(11,043)	(2,756)
Income tax expense	(159)	(63)
Net loss and comprehensive loss for the period	(11,202)	(2,819)
Deficit, beginning of period	(314,165)	(283,714)
Deficit, end of period	\$ (325,367)	\$ (286,533)
Net loss per share		
– Basic and diluted	\$ (0.04)	\$ (0.01)
Weighted average number of shares outstanding	279,481,885	245,974,600

The accompanying notes are an integral part of the consolidated financial statements.

Crystallex International Corporation

Consolidated Statements of Cash Flows - Unaudited (In thousands of United States dollars)

	Three months ended March 31	
	2008	2007
		Restated (Note 12)
Cash flows from (used in) operating activities		
Net loss for the period	\$ (11,202)	\$ (2,819)
Items not affecting cash:		
Amortization	22	21
Interest accretion on debt	839	810
Stock-based compensation	373	712
Accretion of asset retirement obligations	91	51
Directors' fees paid in shares	112	60
Unrealized loss (gain) on translation of future income taxes	6,139	(9,252)
Unrealized foreign exchange (gain) loss	(771)	1,992
Changes in other operating assets and liabilities:		
Decrease (increase) in accounts receivable	848	16
Decrease (increase) in inventories	26	909
Decrease (increase) in prepaid expenses and other	(1,227)	(1,482)
Increase (decrease) in accounts payable and accrued liabilities	(3,423)	(3,345)
	(8,173)	(12,327)
Cash flows used in investing activities		
Investment in property, plant and equipment	(5,471)	(8,141)
Cash flows from (used in) financing activities		
Issuance of common shares	64,306	843
Debt repayments	-	(388)
	64,306	455
Increase (decrease) in cash and cash equivalents	50,662	(20,013)
Effects of exchange rate fluctuations on cash	478	356
Cash and cash equivalents, beginning of period	16,065	28,573
Cash and cash equivalents, end of period	\$ 67,205	\$ 8,916

Supplemental disclosures with respect to cash flows (Note 9)

Crystallex International Corporation
Consolidated Statements of Shareholders' Equity - Unaudited
(In thousands of United States dollars)

	Number of common shares (thousands)	Amount	Number of warrants (thousands)	Contributed surplus	Equity component of exchangeable bank loan	Accumulated other comprehensive income	Deficit	Total
Balance at December 31, 2005	208,036	\$ 336,492	8,998	\$ 32,489	\$ 2,564	\$ 11,959	\$ (248,030)	\$ 135,474
Shares issued:								
Unit offerings	20,924	51,209	17,313	5,972	-	-	-	57,181
Exercise of options	1,642	5,490	-	(1,839)	-	-	-	3,651
Issuance of shares under equity draw down facility	1,661	4,318	-	-	-	-	-	4,318
Settlement of promissory note	611	1,800	-	-	-	-	-	1,800
Settlement of bank loan	3,766	7,641	-	-	(2,564)	-	-	5,077
Exercise of warrants	8,765	41,090	(8,765)	(17,317)	-	-	-	23,773
Directors' fees	19	60	-	-	-	-	-	60
Share exchange – El Callao	-	1	-	-	-	-	-	1
Stock-based compensation	-	-	-	2,464	-	-	-	2,464
Warrants issued for professional fees	-	-	500	1,366	-	-	-	1,366
Warrants issued in exchange for early exercise of warrants	-	-	875	-	-	-	-	-
Warrants expired	-	-	(233)	-	-	-	-	-
Loss for the year	-	-	-	-	-	-	(35,684)	(35,684)
Balance at December 31, 2006	245,424	\$ 448,101	18,688	\$ 23,135	\$ -	\$ 11,959	\$ (283,714)	\$ 199,481
Shares issued:								
Public offering	14,375	50,701	-	-	-	-	-	50,701
Exercise of options	859	1,622	-	(412)	-	-	-	1,210
Settlement of promissory note	461	1,800	-	-	-	-	-	1,800
Exercise of warrants	502	1,117	(502)	(236)	-	-	-	881
Directors' fees	38	148	-	-	-	-	-	148
Stock-based compensation	-	-	-	4,637	-	-	-	4,637
Loss for the year	-	-	-	-	-	-	(30,451)	(30,451)
Balance at December 31, 2007	261,659	\$ 503,489	18,186	\$ 27,124	\$ -	\$ 11,959	\$ (314,165)	\$ 228,407
Shares issued:								
Public offering	32,890	57,730	16,445	6,414	-	-	-	64,144
Exercise of options	76	257	-	(95)	-	-	-	162
Directors' fees	46	112	-	-	-	-	-	112
Warrants expired	-	-	(5,061)	-	-	-	-	-
Stock-based compensation	-	-	-	406	-	-	-	406
Loss for the period	-	-	-	-	-	-	(11,202)	(11,202)
Balance at March 31, 2008	294,671	\$ 561,588	29,570	\$ 33,849	\$ -	\$ 11,959	\$ (325,367) ⁽¹⁾	\$ 282,029

⁽¹⁾ Includes total comprehensive deficit for the three months ended March 31, 2008 of \$313,408 (2007 - \$274,574).

The accompanying notes are an integral part of the consolidated financial statements.

Crystallex International Corporation

Notes to the Consolidated Financial Statements - Unaudited March 31, 2008 (In thousands of United States dollars)

1. Nature of operations and continuation of business

Crystallex International Corporation (“Crystallex” or the “Company”) is engaged in the production of gold and related activities including exploration, development, mining and processing in Venezuela.

The Company’s principal asset is the Las Cristinas project, currently under development in Venezuela. On September 17, 2002, the Company entered into a mining operating contract (the “Mine Operating Contract”) with the Corporación Venezolana de Guayana (the “CVG”), a Venezuelan state-owned enterprise which owns the Las Cristinas concessions. The CVG authorized the Company and the Company agreed to make all investments and carry out all works necessary to explore, develop, exploit, commercialize and sell the gold mineral contained in the Las Cristinas deposits for the CVG.

The Company received official notice in March 2006 from the Venezuelan Ministry of Basic Industries and Mining (“MIBAM”) advising that MIBAM has formally approved the technical, economic and financial Feasibility Study for the Las Cristinas project.

The Company further received written notice in June 2007 from the CVG, that all of the requirements of the Ministry of the Environment and Natural Resources, (“MinAmb”) for the issuance of the Authorization to Affect Natural Resources (the “Permit”) to commence construction at Las Cristinas had been fulfilled. The CVG notice was based on MinAmb approval of the Las Cristinas Environmental Impact Study (the “EIS”), the posting of a Construction Compliance Guarantee Bond (the “Bond”) and payment of the Environment Tax (the “Tax”). Both the posting of the Bond and payment of the Tax were satisfied in 2007 and Crystallex obtained receipt of acceptance.

In April 2008, a Director General in the Administrative Office of Permits at MinAmb issued a communication to the CVG which indicated that the Office of Permits at MinAmb had denied the request of the CVG for the Permit. The Company believes that the communication from this Director General is in conflict with the Las Cristinas EIS approval, and the Bond and Tax requests issued by MinAmb. This communication appears to be in opposition to all mineral mining in the Las Cristinas region and leaves a number of current and historic projects standing contrary to the communication. In addition, the Company believes that the content of the letter contradicts Presidential Decrees, National Assembly Resolutions, MinAmb Resolutions, MIBAM Resolutions and current and historic mining projects in Venezuela.

The Company has had the opportunity to meet with Officials of both the Government of Venezuela and the CVG and has begun the process seeking reversal of the Director General’s communication in order to bring the Las Cristinas gold deposit into production. Accordingly, on May 12, 2008, the Company filed a legal rebuttal to the position taken by the Director General of Permits at MinAmb.

The continued development and ultimate commencement of commercial production at Las Cristinas are dependent upon receipt of the Permit which will allow management to proceed to put in place financing to fund construction. In addition, the Las Cristinas project may be subject to sovereign risk, including political and economic instability, changes in existing government regulations, government regulations relating to mining which may withhold the receipt of required permits, as well as currency fluctuations and local inflation. The April 2008 communication from the Director General of Permits at MinAmb demonstrates the significant risks that the Las Cristinas project faces. These risks may adversely affect the investment and may result in the impairment or loss of all or part of the Company’s investment.

These financial statements have been prepared on a going concern basis which assumes that the Company will be successful in obtaining the Permit and will be able to obtain the necessary financing to complete the Las Cristinas project through project debt, other forms of public market debt, or equity financing; thereby fulfilling its commitment under its Mine Operating Contract. The Company continues to believe that it will be

Crystallex International Corporation

Notes to the Consolidated Financial Statements - Unaudited March 31, 2008 (In thousands of United States dollars)

successful in obtaining the Permit and any other government approvals that are necessary to complete the mine development and commence commercial production.

2. Significant accounting policies – basis of presentation

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, 2007 and for the year then ended except for certain new accounting pronouncements which have been adopted effective January 1, 2008 as described in Note 3.

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

3. Changes in accounting policies and future accounting pronouncements

Changes in accounting policies – Sections 1400 and 3031

The CICA issued new accounting standards which are effective for interim and annual consolidated financial statements for the Company beginning on January 1, 2008.

Handbook Section 1400, "General Standards of Financial Statement Presentation", was amended so as to include the criteria for determining and presenting the Company's ability to continue as a going concern. Handbook Section 3031, "Inventories", establishes standards for the measurement of inventories, allocations of overhead accounting for write-down and disclosures.

There is no material impact to the Company's consolidated financial statements on adoption of these new accounting standards.

Future accounting pronouncements – Section 3064

The CICA has issued a new standard which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009.

Section 3064, "Goodwill and Intangible Assets", establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, "Revenues and Expenses during the Pre-Operating Period". As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations.

The Company has not yet assessed the impact of Section 3064 on its consolidated financial statements.

Crystallex International Corporation

Notes to the Consolidated Financial Statements - Unaudited March 31, 2008 (In thousands of United States dollars)

4. Inventories

	March 31 2008	December 31 2007
Gold in doré	\$ 311	\$ 398
Gold in process	300	296
Stockpiled ore	94	33
Consumables and spare parts	1,412	1,415
	\$ 2,117	\$ 2,142

5. Property, plant and equipment

	March 31, 2008		
	Cost	Accumulated amortization and depletion	Net book value
Plant and equipment	\$ 122,527	\$ 9,088	\$ 113,439
Mineral properties	218,712	8,252	210,460
	\$ 341,239	\$ 17,340	\$ 323,899

	December 31, 2007		
	Cost	Accumulated amortization and depletion	Net book value
Plant and equipment	\$ 121,890	\$ 9,066	\$ 112,824
Mineral properties	212,262	7,907	204,355
	\$ 334,152	\$ 16,973	\$ 317,179

Plant and equipment include \$113,353 (2007: \$112,724) and \$86 (2007: \$100) located at Las Cristinas and Corporate, respectively.

Las Cristinas

On September 17, 2002, the Company entered into a non-assignable mining contract (the "Contract") with the Corporación Venezolana de Guayana ("CVG"), acting under the authority of the Ministry of Energy and Mines of Venezuela ("MEM"), 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.

Crystallex International Corporation

Notes to the Consolidated Financial Statements - Unaudited March 31, 2008 (In thousands of United States dollars)

The aggregate costs incurred by the Company to March 31, 2008 are summarized as follows:

	Cash	Non-cash	Total
Plant and equipment	\$ 113,353	\$ -	\$ 113,353
Exploration, development and related expenses	126,054	5,732	137,786
Property payment and finders' fees	24,978	11,192	36,170
Future income taxes	-	33,163	33,163
Travel and administrative	7,783	-	7,783
Stock-based compensation	-	1,558	1,558
	\$ 272,168	\$ 51,645	\$ 323,813

6. Asset retirement obligations

	March 31 2008	December 31 2007
Asset retirement obligations, beginning of period	\$ 2,431	\$ 1,211
Accretion expense	91	211
Revisions in estimated cash flows	-	1,009
Asset retirement obligations, end of period	2,522	2,431
Less: current portion	868	567
	\$ 1,654	\$ 1,864

The key assumptions on which the fair value of the asset retirement obligations are based include the estimated future cash flows, the timing of those cash flows, and the credit-adjusted risk-free rate or rates at which the estimated cash flows have been discounted. The Company used a discount rate of 15%. As at March 31, 2008, undiscounted cash outflows approximating \$3,400 are expected to occur over a five year period.

7. Notes payable

In conjunction with a Unit offering on December 23, 2004, the Company issued \$100,000 principal amount 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 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 under certain circumstances, such as a change in control in the Company or where the Company ceases to beneficially own, directly or indirectly, at least a majority interest in the Las Cristinas Project; or the Company may redeem the Notes, in whole but not in part, for cash at its option under certain circumstances, such as a change in the applicable Canadian withholding tax legislation.

The initial carrying value of the Notes was derived from a financial offering that contained both a liability and equity component. As a result, the equity component was allocated based on the fair value of the shares

Crystallex International Corporation

Notes to the Consolidated Financial Statements - Unaudited March 31, 2008 (In thousands of United States dollars)

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 of \$3,535, 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

Interest accretion of \$839 on the Notes was expensed during the three month period ended March 31, 2008 (2007 – \$810) as a component of interest expense.

Fair value of debt

The estimated fair value of debt, which is not recognized in these consolidated financial statements, is \$83,000 (2007: \$82,000) and is determined by discounting the contractual cash flows using market interest rates for debt with similar terms and risks.

8. Share capital

	March 31 2008	December 31 2007
Authorized		
Unlimited common shares, without par value		
Unlimited Class "A" preference shares, no par value		
Unlimited Class "B" preference shares, no par value		
Issued		
294,670,845 (2007 – 261,659,072) common shares	\$ 561,588	\$ 503,489

Warrants

As at March 31, 2008 common share purchase warrants were outstanding enabling the holders to acquire common shares as follows:

Exercise Price	Number of warrants (thousands)	Weighted average remaining contractual life (years)
\$2.91 (CDN \$3.00)	16,445 ¹	-
\$4.25	12,250 ²	-
\$4.00	875	0.29
	29,570	

- These warrants expire on the later of: (i) August 11, 2009; and (ii) six months following the date which is 45 days following the receipt of the Permit for the Company's Las Cristinas project.
- 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.

Crystallex International Corporation

Notes to the Consolidated Financial Statements - Unaudited March 31, 2008 (In thousands of United States dollars)

A summary of common share purchase warrants outstanding as at March 31 and changes during each of the three month periods then ended is as follows:

	Three months ended March 31, 2008		Three months ended March 31, 2007	
	Number of warrants (thousands)	Weighted average exercise price (\$)	Number of warrants (thousands)	Weighted average exercise price (\$)
Balance – beginning of period	18,186	4.25	18,688	4.01
Granted	16,445	2.91	-	-
Expired	(5,061)	4.20	-	-
Balance – end of period	29,570	3.50	18,688	4.01

8. Share capital (continued)

Stock options

The Company has an Incentive Share Option Plan (the “Plan”) that provides for the granting of options to executive officers, directors, employees and service providers of the Company to a maximum of 10% of the issued and outstanding common shares of the Company on a non-dilutive basis. Under the Plan, the exercise price of each 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 granted to service providers and employees, executive officers, and directors have a life of two, five and ten years, respectively. Stock options may vest immediately, or over periods ranging from one year to three years. In June 2007 the shareholders of the Company approved amendments to the Plan whereby the Board of Directors may permit an optionee to elect to receive without payment by the optionee of any additional consideration, common shares equal to the value of options surrendered.

The Company determines the fair value of the employee stock options using the Black-Scholes option pricing model. The estimated fair value of the options is expensed over their respective vesting periods. The fair value of stock options granted was determined using the following weighted average assumptions for options granted during the three month period ended March 31, 2007. No options were granted during the three month period ended March 31, 2008.

	Three months ended March 31	
	2008	2007
Risk free interest rate	-	4.0%
Expected life (years)	-	3.0
Expected volatility over expected life	-	110%
Expected dividend rate	-	0%

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The fair value compensation recorded for options that have vested for the three month period ended March 31, 2008 was \$406 (2007 - \$712) of which \$373 (2007 - \$712) was expensed and \$33 (2007 - \$ Nil) was capitalized to mineral properties.

	Three months ended March 31	
	2008	2007
Weighted average fair value of options granted during the period-CDN\$	\$ -	\$ 2.31

8. Share capital (continued)

As at March 31, 2008 stock options were outstanding enabling the holders to acquire common shares as follows:

Range of exercise price (CDN\$)	Number of options (thousands)	Outstanding options		Exercisable options	
		Weighted average remaining contractual life (years)	Weighted average exercise price (CDN\$)	Number exercisable (thousands)	Weighted average exercise price (CDN\$)
\$1.00 to \$1.50	798	0.39	\$ 1.46	798	\$ 1.46
\$1.75 to \$2.60	4,062	3.30	2.22	3,934	2.23
\$2.65 to \$3.60	4,200	4.65	3.12	3,879	3.10
\$4.00 to \$4.65	3,278	4.89	4.33	2,633	4.26
	12,338	3.98	\$ 3.04	11,244	\$ 2.95

A summary of the status of the Plan as at March 31 and changes during each of the three month periods then ended is as follows:

	Three months ended			
	March 31, 2008		March 31, 2007	
	Number of options (thousands)	Weighted average exercise price (CDN\$)	Number of options (thousands)	Weighted average exercise price (CDN\$)
Balance – beginning of period	12,527	\$ 3.04	11,394	\$ 2.80
Granted	-	-	442	3.43
Exercised	(76)	2.14	726	1.36
Expired or forfeited	(113)	3.08	62	3.99
Balance - end of period	12,338	\$ 3.04	11,048	\$ 2.93

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Financing Transactions

Fiscal 2008 Activity

On February 11, 2008, the Company completed a public offering of 32.89 million units at CDN\$2.10 per unit for gross proceeds of CDN\$69.1 million including 4.29 million units issuable upon the exercise of the over-allotment option by the syndicate of underwriters.

Each unit consists 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\$3.00 for a period expiring on the later of: (i) 18 months from the closing date of the offering; and (ii) six months following the Permit date, where the Permit date is the 45th day following the receipt by the Company of the Permit.

The net proceeds received by the Company, after considering issuance costs of \$4.6 million, was \$64.1 million. The issuance costs were allocated proportionately to the amounts recorded as share capital of \$57.7 million and contributed surplus of \$6.4 million.

9. Supplemental disclosures with respect to cash flows

	March 31 2008	December 31 2007
Cash and cash equivalents consist of:		
Cash	\$ 5,779	\$ 2,157
Canadian Treasury Bills with interest rate of 2.05%	-	13,908
US Treasury Bills with interest rate of 1.29%	61,426	-
	\$ 67,205	\$ 16,065

Cash paid during the three month periods ended March 31

	2008	2007
For interest	\$ 4,688	\$ 4,750
For income taxes	\$ 55	\$ 29

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

	2008	2007
		Restated (Note 12)
Net book value of property, plant and equipment January 1	\$ 317,179	\$ 283,407
Net book value of property, plant and equipment March 31	323,899	291,621
Net additions to property, plant and equipment (after amortization and depletion) during the period ended March 31	6,720	8,214
Capitalization of stock compensation	(33)	-
Future income taxes	(1,160)	(1,133)
Amortization and depletion expenses	22	21
Net additions to property, plant and equipment during the period ended March 31	5,549	7,102
Changes in working capital related to property, plant and equipment acquisitions	(78)	1,039
	\$ 5,471	\$ 8,141

Issuance of common shares for cash for the three month periods ended March 31

	2008	2007
Cash received from:		
Public offering	\$ 64,144	\$ -
Exercise of options	162	843
	\$ 64,306	\$ 843

9. Supplemental disclosures with respect to cash flows (continued)

Significant non-cash transactions for the three month periods ended March 31

	2008	2007
Issuance of common shares for:		
Settlement of promissory note, 245,710 common shares	\$ -	\$ 900
Directors' fees, 45,809 (2007: 16,578) common shares	\$ 112	\$ 60

10. Segmented information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector. Due to geographic and political diversity, the Company's mining operations are

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decentralized, whereby mine general managers are responsible for business results and regional corporate offices provide support to the mines in addressing local and regional issues. The Company's operations are therefore segmented on a district basis. The Company's only product is gold, produced from mines located in Venezuela.

The segments' accounting policies are the same as those described in the summary of significant accounting policies except that other expense items are not allocated to the individual operating segments when determining profit or loss, but rather are attributed to the corporate office.

Geographic information:

Substantially all revenues generated and property, plant and equipment held by the Company are in Venezuela, except for long-lead time capital assets required for the development of Las Cristinas, of which significant amounts are located temporarily in Houston, U.S.A, Antwerp, Belgium and Cape Town, South Africa.

	Corporate	Venezuelan Operations	Las Cristinas Development	Total
Three months ended March 31, 2008				
Mining revenue	\$ -	\$ 5,901	\$ -	\$ 5,901
Mining operations	\$ -	\$ (6,403)	\$ -	\$ (6,403)
Amortization and accretion	\$ (22)	\$ (91)	\$ -	\$ (113)
Interest and other income	\$ 214	\$ -	\$ -	\$ 214
Interest expense	\$ (3,182)	\$ -	\$ -	\$ (3,182)
Segment income (loss)	\$ (6,320)	\$ 2,239	\$ (7,121)	\$ (11,202)
Segment assets	\$ 64,201	\$ 7,539	\$ 326,218	\$ 397,958
Capital expenditures	\$ -	\$ -	\$ (5,471)	\$ (5,471)
Three months ended March 31, 2007				
Mining revenue	\$ -	\$ 3,720	\$ -	\$ 3,720
Mining operations	\$ -	\$ (4,712)	\$ -	\$ (4,712)
Amortization and accretion	\$ (21)	\$ (51)	\$ -	\$ (72)
Interest and other income	\$ 194	\$ -	\$ -	\$ 194
Interest expense	\$ (3,156)	\$ (60)	\$ -	\$ (3,216)
Segment income (loss) - Restated	\$ (7,639)	\$ (3,996)	\$ 8,816	\$ (2,819)
Segment assets - Restated	\$ 8,277	\$ 10,705	\$ 288,693	\$ 307,675
Capital expenditures	\$ -	\$ -	\$ (8,141)	\$ (8,141)

11. Related party and other transactions

The Company entered into the following transactions with related and other parties during the three month period ended March 31, 2008:

- b) Paid underwriting fees of \$2,779 (2007: \$nil) to a company which retains the Chairman of the Company as an employee.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties. These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

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12. Restatement of prior period due to future income taxes

In 2007, the Company reviewed its accounting practices in respect of certain expenditures made in connection with its Venezuela Branch but funded by its Canadian parent entity with respect to Las Cristinas. The Company determined that such expenditures, previously treated as deductible for tax purposes, that have been capitalized in the Canadian parent entity are unlikely to be deductible either in Venezuela or in Canada thereby creating a difference between their accounting and tax values. The resulting future tax liability is subject to foreign exchange translation gains and losses at each reporting period when it is re-valued into US dollars.

The following table summarizes information relating to the restatement of the three month period ended March 31, 2007 as a result of this review:

Cumulative non-deductible expenditures	\$ 54,519
Related future income tax liability	\$ 28,085
Capitalized to mineral properties during the period	\$ 1,133
Unrealized foreign currency translation gains	\$ 9,252
Unrealized foreign currency translation gains	
Fiscal 2005	\$ 1,442
Fiscal 2004	1,996
<u>Cumulative effect on opening deficit</u>	<u>\$ 3,438</u>

As at March 31, 2007

	As previously reported	Adjustment	As restated
Property, plant and equipment	\$ 263,536	\$ 28,085	\$ 291,621
Future income taxes	\$ -	\$ 15,395	\$ 15,395
Opening deficit	\$ (287,152)	\$ 3,438	\$ (283,714)
<u>Net loss for the period</u>	<u>(12,071)</u>	<u>9,252</u>	<u>(2,819)</u>
<u>Deficit, end of period</u>	<u>\$ (299,223)</u>	<u>\$ 12,690</u>	<u>\$ (286,533)</u>

12. Restatement of prior period due to future income taxes (continued)

The estimated future income taxes represent a net accounting entry derived from the current lack of deductibility in the Venezuela Branch of certain expenditures related to Las Cristinas which were funded by the parent Company in Canada. These costs will be amortized for accounting purposes but may not be for income tax purposes. Accordingly, the future income taxes represent an undiscounted estimate of the tax effect of this difference, and therefore are not payable at the present.

13. Subsequent events

In addition to the events relating to the Permit as described in Note 1; in April 2008 the Company sold equipment for \$5.9 million cash and recorded a gain of \$1.6 million. The Company has provided purchase orders with an equipment manufacturer to supply new equipment for \$5.9 million.