

**"In 1999, Crystallex enjoyed its best year ever, from both a financial and an operational perspective."**

Marc J. Oppenheimer  
*President and Chief Executive Officer*

Crystallex International Corporation • 1999 Annual Report



## Corporate Description

Crystallex International Corporation is a Canadian-based junior producer of gold with operations and exploration properties in Uruguay, Venezuela, Brazil and Canada. Currently operating the San Gregorio Mine in Uruguay's Rivera Crystalline Island, the Company also has rights to extract underground ore from its Albino 1 concession in the gold-rich Kilometre 88 region of Venezuela. Crystallex's objective is to maintain disciplined growth through internal development of its properties and the acquisition of producing and near-term production properties in high-potential areas. Crystallex's Board of Directors works closely with its experienced management team to determine the economic feasibility of such acquisitions and to determine the Company's strategic direction.

## Financial Highlights - *Crystallex International Corporation*

(Expressed in Canadian dollars)	1999	1998	1997	1996	1995
Operating revenue	\$ 35,907,539	\$ 8,568,748	\$ 4,502,749	\$ 2,378,261	\$ 9,366,713
Operating expenses	\$ (23,845,758)	\$ (9,531,391)	\$ (7,142,263)	\$ (4,021,818)	\$ (4,103,406)
Income (loss)	\$ 5,272,947	\$ (7,215,604)	\$ (9,525,664)	\$ (4,680,852)	\$ 2,062,109
Earnings (loss) per share (basic)	\$ 0.13	\$ (.20)	\$ (.34)	\$ (.30)	\$ .18
Weighted average number of shares	39,308,858	35,766,602	27,824,879	15,418,846	11,564,664
Total assets	\$112,874,185	\$105,724,174	\$66,324,236	\$41,846,376	\$21,295,941
Shareholders' equity	\$ 79,366,156	\$ 67,777,429	\$51,166,590	\$ 40,036,465	\$18,306,569



**Shareholders' Equity**  
(CANADIAN DOLLARS IN MILLIONS)

Shareholders' Equity continued to increase in 1999, indicating the Company's continued strong management of its assets and liabilities.



**Total Gold Production**  
(OUNCES IN THOUSANDS)

Gold production increased significantly in 1999, due to the Company's full year of operation of the San Gregorio mine compared to only one quarter of operation in 1998.



**Revenue**  
(CANADIAN DOLLARS IN MILLIONS)

The Company's record revenues in 1999, a 317% increase over 1998, resulted primarily from its successful operation of the San Gregorio mine in Uruguay.

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## VENEZUELA

Santa Elena •  
Cristinas 4 and 6 • Albino 1  
Carabobo

## SOUTH AMERICA

## URUGUAY

Santa Teresa •  
San Gregorio • Rivera  
Crystalline  
Island  
Florida Greenstone Belt

# To Our Shareholders



**Marc J. Oppenheimer**  
*President and Chief Executive Officer*

In 1999, Crystallex enjoyed its best year ever, from both a financial and an operational perspective. For the year, the Company achieved record revenues of \$35.9 million compared with \$8.6 million for 1998, a 317 percent increase. Net income reached \$5.3 million for 1999, compared with a 1998 loss of \$ 7.2 million. Earnings per share were \$0.13 versus a loss of \$0.20 per share in 1998.

But for one thing, our financial results would have been even better. In 1999, we saw one of the toughest gold markets in recent history. For most of the year, gold prices were on the decline. It wasn't until late in the third quarter, when 15 of Europe's central banks placed a limit on their gold sales, that we saw gold prices begin to stabilize and increase slightly.

The Company's financial success in 1999 is one measure of the strong effort that your management team has put forth over the past five years to increase the value of your investment in Crystallex. But perhaps a better measurement may be the value of our having established a steady and growing revenue stream from gold sales which, we believe, should be sustainable as we move forward. We achieved this by pursuing the strategy that we set in 1995 – to seek out high-potential producing and near-term production opportunities that will enable Crystallex to grow in a disciplined fashion.





### *To Our Shareholders... Continued*

#### **Operations in Uruguay**

The San Gregorio mine in Uruguay is such an opportunity and was the major contributor to revenue and profits in 1999. We are very pleased with what our team has been able to accomplish at San Gregorio since it was acquired in October 1998. As I reported to you in last year's annual report, we immediately took steps to reduce the cost of production at the mine and mill. This was accomplished in several ways. We created a new work schedule at the mine, which enabled us to reduce the workforce from 270 to about 170 employees. The actual mining operation was reduced from a seven-day week to a six-day week, thus allowing one day per week for

maintenance. The result is a shorter work schedule and regular maintenance, reducing downtime so that more material can be mined in less time.

Total tonnes mined per person per day increased 70 percent. We also improved blast quality in order to reduce the number of blast days, which are very disruptive to other mining operations. By increasing the size of our blasts, disruptions of operations occur only a few days per month as opposed to as many as five days per week under the mine's previous management.

The sag and ball mills at San Gregorio were upgraded during the year with new redesigned liners. This has increased tonnage throughput by eight to ten percent. In addition, we commenced a mill expansion which, when completed in the



third quarter of 2000, will result in an additional 20 percent increase in tonnage through the mill by the end of the year. Eventually, we expect to increase throughput from the current 3,000 tonnes per day to 4,000 tonnes per day, a total increase of 33 percent. This increased capacity could make the milling of lower grade material, which is not currently in the mine plan, economically feasible.

All of the productivity improvements initiated during our first 14 months of operation at the mine have driven down our total cost of production (cash cost plus country costs) to approximately \$200 per ounce of gold. This compares to \$245 per ounce prior to our acquisition of the mine. Cost reductions have made the San

Gregorio operation economically attractive and Crystallex a profitable junior gold producer in what was a challenging year for the industry. In addition, we were very pleased that San Gregorio was awarded the 1998 OLAMI award for the best environmental practices for operating mines in Latin America. Crystallex has also been named in both 1998 and 1999 as one of Uruguay's leading exporters.

Throughout the year, our team has worked diligently to extend the life of the San Gregorio mine. We are doing this in two ways. First, we continued our drilling program to identify new resources in the vicinity of the main pit. We have been encouraged by the results so far, having found that the down dip extension of the

mineralized zone continues at depth and is still open. We also commenced a new drilling program that has continued into 2000. Second, we are continuing mill upgrades that will enable us to economically process the lower grade material that has been stockpiled since the start-up of the mine. We anticipate these activities to offset mined-out reserves and provide at least four additional years of production at approximately 75,000 ounces per year.

In April 1999, Crystallex signed a joint venture agreement with SouthernEra Resources Limited, an international company that has been investigating the potential for diamonds in Uruguay. The joint venture covers diamond exploration in the Rivera Crystalline Island and Florida





*To Our Shareholders... Continued*

Greenstone Belt where Crystallex has exploration rights and on a number of concessions held or under application by SouthernEra. Kimberlite, the geological material associated with the formation of diamonds, has been found in these areas. In March 2000, we commenced drilling on 12 of these kimberlite targets. We're happy to be associated with SouthernEra and believe that this joint venture will help us take full advantage of our resources and exploration properties in Uruguay.

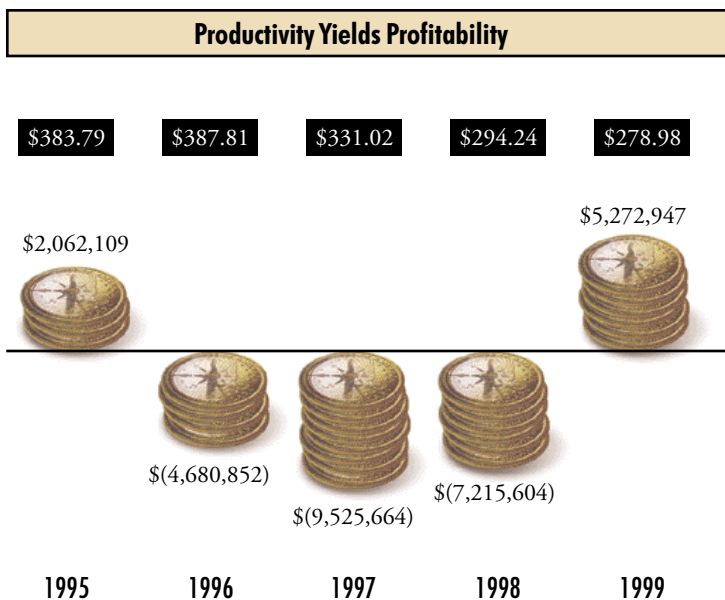
**Operations in Venezuela**

Crystallex also took steps toward further developing its Venezuelan opportunities during 1999.

In the fourth quarter we finalized a joint venture with Asociacion Cooperativa de Produccion Minera del Sur, R.L. (ACOMISUR) to begin exploration on the Santa Elena 7 and 8 concessions. Under the agreement, Crystallex owns 80 percent of the joint venture. Santa Elena, located in the El Dorado region of Venezuela, has long been the focus of local freelance prospectors. In 1992 and 1993, Crystallex, applying diamond drilling and trenching techniques, identified several targets that contain potential bulk tonnage, open-pit deposits. The joint venture with ACOMISUR will enable Crystallex to more aggressively explore and develop this potentially productive opportunity.

**Cristinas 4 and 6**

South of Santa Elena in Venezuela's Kilometre 88 region are the Cristinas 4 and 6 concessions, which contain one of the richest gold finds in South America.



Although gold prices have declined steadily in the past several years, Crystallex has grown to profitability due primarily to its acquisition strategy and productivity enhancement programs.

■ Average Gold Price \$US      🪙 Net Income \$(Cdn)





In 1997, Crystallex acquired the rights to the Cristinas 4 and 6 concessions through the purchase of Inversora Mael, the entity that has been the registered titleholder since 1986. In 1991, 1996 and 1997, the Supreme Court of Venezuela confirmed the validity of the transfer of the concessions to Inversora Mael. However, Crystallex's rights to the concessions are being contested by Placer Dome. The Cristinas 4 and 6 concessions have been under investigation and exploration for several years by Placer Dome under a joint venture agreement with Corporacion Venezolana de Guayana ("CVG"). That joint venture agreement was based on contractual rights granted by CVG. In August 1999, in a further effort to enforce its rights with regard to these concessions, Crystallex commenced proceedings that challenge the original legal basis on which CVG purported

to confer contractual rights to exploit the concessions commercially.

In September 1999, Venezuela published a new mining law providing that mining privileges may only be conferred by concession. The Placer Dome/CVG joint venture has since applied to convert its contractual rights into a concession; however, it is uncertain whether this application will be granted. Such application has not been published in the *Official Gazette*, but should it be published, the Company will be entitled to file an opposition.

We believe that these concessions represent an enormous potential value to our shareholders and we will continue to pursue a favorable resolution to this issue with the goal of moving these concessions into development.

### Key Achievements for Crystallex in 1999

During 1999, these key events characterized the most successful year in the Company's history.

1. Produced record revenues and net income
2. Produced 77,701 ounces of gold, the highest in Company history
3. Reduced cash operating cost of gold at San Gregorio by 21 percent
4. Increased mine productivity per worker by 70 percent
5. Increased total tonnes mined per day by 10 percent
6. Launched legal actions to enforce our ownership rights to Las Cristinas
7. Entered into joint venture with SouthernEra for diamond exploration
8. Entered into joint venture with ACOMISUR to explore Santa Elena





### Productivity Increases at San Gregorio

The improvements that Crystallex initiated since acquiring San Gregorio have yielded dramatic increases in productivity both at the mine and in the mill operation.

During 1999, Crystallex poured 77,701 ounces of gold at the San Gregorio operation, a six percent increase over the 73,020 poured in 1998. Daily tonnes of ore processed through the mill during 1999 increased to 2,901 from 2,827 in 1998.

The mine operation experienced the greatest improvement with a 10 percent increase in total tonnes mined per day. Significantly, the tonnes per person per day rose from 69 in 1998 to 117 in 1999, a 70 percent increase. These productivity improvements, along with others, helped reduce the cash operating costs per ounce of gold some 21 percent.

We are making further improvements to allow for the mining of lower grade materials while maintaining the current cost structure and production levels. This strategy, aimed at maximizing resource utilization, includes an oxygenation project that will increase the percentage of gold recovered and concurrently reduce cyanide consumption. (Cyanide is an expensive chemical component of the gold recovery process). In addition, higher powered motors will be installed in the sag mill to increase throughput by another 500 tonnes per day. We believe these improvements will allow us to process, at an economically viable cost per ounce, the lower grade ore that has been stockpiled at the mine.



### *To Our Shareholders... Continued*

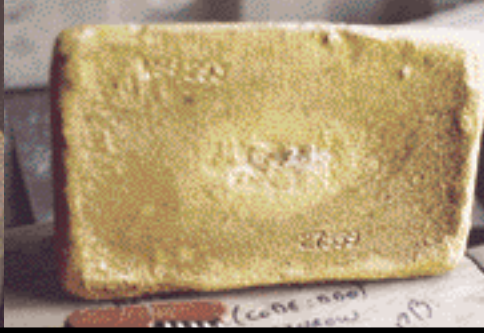
#### **Albino 1 and Carabobo**

Crystallex was the first, and is still the only, international mining company to operate an industrial gold mine and mill in Venezuela's Kilometre 88. Our Albino 1 concession, which is adjacent to the Cristinas concessions, has provided employment and benefits for many Venezuelan citizens and has been a model for environmentally sound mining practices in the region. At the end of 1998, the Ministry of Energy and Mines granted approval for underground mining at Albino 1 and we have conducted an evaluation of the economic potential for such an operation. Given Albino 1's close proximity to the Cristinas concessions,

we are awaiting a decision regarding our concession rights at Cristinas in order to determine the location and size of a mill facility to handle material from any underground mining operation at Albino 1. If our ownership rights to the Cristinas concessions are affirmed and we receive clearance to proceed with the development of Cristinas, a mill large enough to handle ore from both Cristinas and Albino 1 will be constructed.

The Carabobo concession, adjacent to Albino 1, is another potential opportunity. The concession is geologically similar to Albino 1 and to date, a number of shear hosted gold targets have been identified.





Crystallex continues to enjoy good relationships with the governments of the South American countries in which we have operations. We were honored to have had the opportunity of meeting with the leaders of both Venezuela and Uruguay and had a frank exchange of ideas regarding the mining sector.

### **Acquisitions and Growth**

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We are pleased with our successes in South America and are looking beyond these current opportunities to discover others that will further improve our Company's revenue stream and increase value for our shareholders. We have an experienced team in place, which focuses on merger and acquisition opportunities on a global basis.

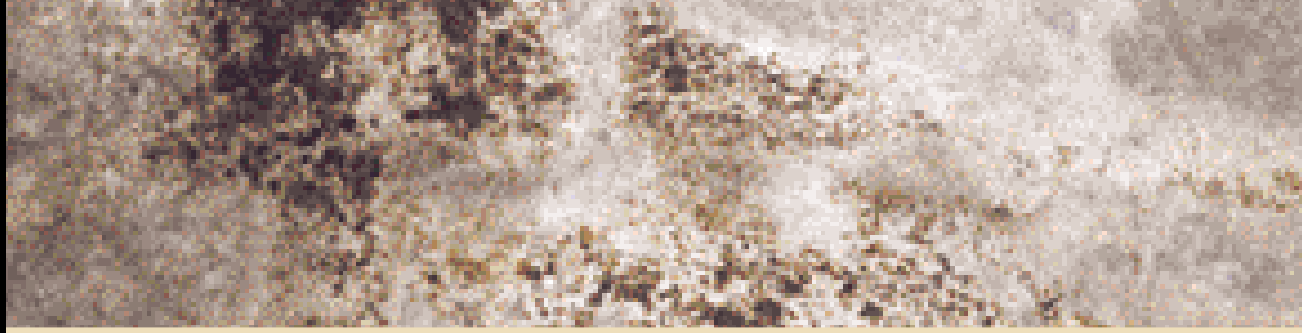
The team's objective is to identify, structure and close profitable international growth opportunities. While we have very strong ties to South America and intend to continue to operate there, we have identified opportunities in other parts of the world that also may be attractive. The gold mining industry is consolidating and we expect to see more and more small- to medium-sized opportunities become available to us as they are released by the major producers in favor of much larger projects. While perhaps not economically attractive for the large producers, these small- and medium-sized projects are tailor-made for Crystallex's low-cost, high productivity operating style.

### **Our Future**

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Crystallex has a golden future. The recurring revenue and positive cash flow from our San Gregorio mine puts us in the best position ever to take advantage of the opportunities present in our existing concessions and those that may be identified through our acquisition program. We have a proven track record at San Gregorio of being a low-cost producer of gold and a profitable company, even in a tough gold market. We believe we can apply our skill and experience as we look to acquire other producing and near production operations. This, plus the additional revenue that can come from underground mining at Albino 1, the potential of Santa Elena





### Crystallex's Board of Directors Provides Valuable Experience

The Crystallex Board of Directors works with management on major decisions such as corporate strategy and acquisitions. Their experience in finance, domestic and international law, politics and strategies makes them a valuable source of advice and contacts.

- **Robert A. Fung**, Chairman of the Crystallex Board of Directors, formerly was Vice Chairman of Gordon Capital and currently is Senior Partner of Capital West. Mr. Fung's successful involvement with other natural resources companies and his lengthy experience in corporate finance make him particularly well qualified to head this working Board.
- **Marc J. Oppenheimer**, President and Chief Executive Officer, Crystallex International Corporation since 1995. Formerly an officer with Chase Manhattan Bank in New York, Mr. Oppenheimer built the current management team and established the strategy that resulted in the turnaround of the Company.
- **Mitchell Klein**, Partner in the law firm of Goodman, Phillips & Vineberg, one of Canada's leading international law firms.
- **Harry J. Near**, Principal of Earncliffe Strategy Group. Mr. Near also has been an advisor to the Canadian Prime Minister and Chief of Staff to the Minister of Natural Resources.
- **Robert A. Nihon\***, Chairman, Alexis Nihon Canada and Chairman and Chief Executive Officer, International Bankers Limited.
- **Daniel R. Ross**, Partner of McCarthy Tetrault, Canada's largest law firm.
- **Dr. Enrique Tejera Paris**, President of Crystallex's Venezuelan subsidiary, Minera Venamo, C.A. Dr. Tejera Paris was formerly Venezuela's Ambassador to Spain and had been the Venezuelan Executive Director of the International Monetary Fund.
- **Armando F. Zullo**, Founder and President of A.F. Zullo & Company, a leading supplier of products to commercial, industrial and municipal entities including mining companies and other multi-nationals.

The Board of Directors, together with the Company's management team, form a solid foundation upon which Crystallex can meet the challenges and develop the opportunities that will shape its future.

\*Mr. Nihon resigned from the Board of Directors during the first quarter of 2000. Gordon M. Thompson, Director of the CIT Group, has been named to succeed him.

### To Our Shareholders... Continued

and Carabobo and the enormous opportunity represented by the Cristinas 4 and 6 concessions, should this issue be resolved in our favor, provide a basis for much optimism as we move ahead.

The foundation of Crystallex's future is our strong Board of Directors, led by Robert A. Fung. I wish to thank them for their advice and assistance in meeting our many challenges and weighing our opportunities. I also want to extend my gratitude and best wishes to Robert A. Nihon who has resigned from the Board after four years of

outstanding service to Crystallex, and I welcome Gordon M. Thompson who has joined our working board. Finally, I want to thank our management team and employees whose creativity, hard work and dedication made 1999 a success, and especially, I wish to thank you, our shareholders, for your continued loyalty and support.

Sincerely,

Marc J. Oppenheimer

*President and Chief Executive Officer*

February 18, 2000



# 1999 Financial Review

“The Company’s financial success in 1999 is one measure of the strong effort that your management team has put forth over the past five years to increase the value of your investment in Crystallex. But perhaps a better measurement may be the value of our having established a steady and growing revenue stream from gold sales which, we believe, should be sustainable as we move forward.”

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## Management's Discussion & Analysis of Financial Condition and Results of Operations

Crystallex International Corporation – 1999 Annual Report

### *Results of operations for the years ended December 31, 1999, 1998 and 1997*

Crystallex had a strong year in 1999, achieving earnings and cash flow during a weak gold market.

Our financial results were a net income in 1999 of \$5.3 million (\$0.13 per share) compared with a net loss of \$7.2 million (\$0.20 per share) in 1998 and a net loss of \$9.5 million (\$0.34 per share) in 1997.

The results were attributable to the improved results through an increase in production and a decrease in cash costs at the San Gregorio mine in Uruguay. The Company expects production from the San Gregorio mine in year 2000 to approximate that of year 1999.

### *Operating Revenue*

Revenue from gold sales of \$35.9 million in 1999 was up from \$8.6 million and \$4.5 million in 1998 and 1997, respectively. In 1999, gold production from the San Gregorio mine, which was acquired in October 1998, accounted for 100% of the Company's production. In 1999 and 1998, we hedged a portion of our

production, which resulted in higher realized prices than the average market prices. In 1997, the sales were sold directly to the Government of Venezuela at spot prices.

	Year Ended December 31,		
	1999	1998	1997
Ounces of gold sold	76,889	19,604	9,993
Average realized price per ounce	US\$304	US\$301	US\$333
Average market price per ounce	US\$279	US\$293	US\$331

The Company expects to realize an average minimum price of US\$303 per ounce, compared with the current spot price of gold of approximately US\$284 per ounce, for its gold production in 2000. If gold prices remain at current levels, the Company will generate an additional \$2.2 million in revenue in 2000 as a result of its hedging program. Conversely, if the spot price exceeds the hedge price, the Company will defer delivery of gold against the hedge contract and sell at the higher spot price.

The increase in the ounces of gold sold in 1999 as compared to 1998 and 1997 resulted from the San Gregorio mine, which was acquired in October 1998.

Mill feed for 1999 consisted of 100% San Gregorio mine ore compared to approximately 80% San Gregorio mine ore (October to December) and 20% Albino mine ore in 1998 and 100% Albino mine ore in 1997.

Details of ore milled at San Gregorio mine:

	1999	1998
Ore milled (tons)	1,088,000	989,000
Average grade of ore milled (grams per ton)	2.39	2.49
Gold recovery	92.6%	93.7%

Details of ore mined at San Gregorio mine:

	1999	1998
Ore mined (tons)	1,240,000	1,834,000
Ore mined per operating day (tons)	19,468	17,632

### *Operating Expenses*

The Company's operating costs were \$12.1 million in 1999 compared with \$9.5 million in 1998 and \$7.1 million in 1997. On a per ounce basis, cash operating costs were at \$258, \$415 and \$595 for 1999, 1998 and 1997. Productivity improvements and costs reductions at the San Gregorio mine were the primary reasons for the favorable cost performance.

Expenses in 1999 were slightly lower at \$8.3 million as compared to \$8.5 million in 1998, even though a full year of San Gregorio costs were included (\$6.8 million in 1997). Due to a reduced level of activities relating to the Cristinas 4 and 6 concessions, consulting fees decreased by \$1.2 million (80%) from \$1.5 million in 1998, investor relations expenses decreased by \$323,599 (32%) from \$1,003,735 in 1998 and professional fees decreased by \$544,959 (67%) from \$818,258 in 1998. In 1999, the Company incurred \$1.3 million in interest expenses (\$154,751 in 1998 and \$349,320 in 1997), relating primarily to the Company's non-recourse project finance loan for San Gregorio.

### ***Liquidity and Capital Resources***

Cash flow provided by operating activities was \$1.7 million in 1999 as compared to cash used in operating activities of \$6.0 million in 1998 and \$6.7 million in 1997. The Company's efforts to rationalize the operation at the San Gregorio mine and reduction in global costs resulted in an income of \$5.3 million in 1999.

Cash used in investing activities decreased to \$2.8 million as compared to \$18.3 million in 1998 and \$21.5 million in 1997. This capital expenditure relates to the addition to the mining fleet and equipment for the San Gregorio mine. In 1998, the \$18.3 million was for the acquisition of subsidiaries in Uruguay in the amount of \$10.8 million and the purchase of plant and equipment of \$7.5 million.

Cash provided by financing activities was \$2.8 million in 1999 as compared to \$13.0 million in 1998 and \$28.5 million in 1997. We received proceeds of \$2.7 million from the drawdown of the equity line of credit financing.

Cash and cash equivalents at December 31, 1999 were \$6.7 million. Depending upon the Company's acquisition, capital expenditure, and corporate development plans, the Company may raise additional funds through the use of non-recourse project finance loans, lines of credit, or the sale of the Company's securities.

### ***Regulatory and Environmental Risks***

Crystallex takes care to maintain compliance with the regulations prevalent in the countries within which it has activities (currently Uruguay, Venezuela and Brazil). Concern for the environment has generated several regulations with regard to mining in various countries. Crystallex believes that its environmental programs, developed internally in conjunction with local advisers, not only complies with but, in some cases, exceeds prevailing regulations. Costs relating to ongoing site restoration are expensed when incurred. The Company's estimate of its ultimate reclamation liability may vary from current estimates due to possible changes in laws and regulations and changes in costs estimated. Crystallex will accrue additional liabilities for further reclamation costs as and when evidence becomes available indicating that its reclamation liability has changed.

## Consolidated Balance Sheets

Crystallex International Corporation – 1999 Annual Report

As at December 31 (*Expressed in Canadian dollars*)

	1999	1998
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 6,652,863	\$ 5,535,716
Accounts receivable	3,224,518	2,032,739
Production inventories	10,549,618	6,721,802
Supplies inventory and prepaid expenses	1,319,033	1,069,341
Marketable securities (Note 3)	38,186	38,186
Due from related parties	35,337	39,960
	21,819,555	15,437,744
Security deposits	190,468	188,367
Property, plant and equipment (Note 5)	90,864,162	90,098,063
	\$ 112,874,185	\$ 105,724,174
<b>Liabilities and Shareholders' Equity</b>		
Current		
Accounts payable and accrued liabilities	\$ 8,657,029	\$ 10,477,514
Due to related parties	71,095	382,772
Current portion of long-term debt (Note 7)	6,564,800	2,913,270
	15,292,924	13,773,556
Reclamation provision (Note 6)	1,081,329	713,699
Long-term debt (Note 7)	16,848,835	23,348,884
Deferred charges	284,941	110,606
	33,508,029	37,946,745
Shareholders' equity		
Capital stock		
Authorized		
Unlimited common shares, without par value		
Unlimited Class "A" preference shares, par value \$50		
Unlimited Class "B" preference shares, par value \$250		
Issued		
December 31, 1998 – 36,541,481 common shares		
December 31, 1999 – 45,295,569 common shares	105,393,744	97,927,696
Cumulative translation adjustment	(1,292,830)	(142,562)
Deficit	(24,734,758)	(30,007,705)
	79,366,156	67,777,429
	\$ 112,874,185	\$ 105,724,174

*Contingencies (Note 5). Commitments (Note 14). The accompanying notes are an integral part of these consolidated financial statements.*

# Consolidated Statements of Operations

Crystallex International Corporation - 1999 Annual Report

Years Ended December 31 (Expressed in Canadian dollars)	1999	1998	1997
<b>Operating Revenue</b>	\$35,907,539	\$ 8,568,748	\$ 4,502,749
<b>Operating Expenses</b>			
Operations	19,829,577	8,131,979	5,943,953
Amortization and depletion	4,016,181	1,399,412	1,198,310
	12,061,781	(962,643)	(2,639,514)
<b>Expenses</b>			
Amortization	102,623	78,753	71,162
Consulting	312,192	1,539,327	756,112
Interest on long-term debt	1,250,898	154,751	349,320
Investor relations	680,136	1,003,735	724,279
Office and administration	5,645,058	4,652,399	3,886,790
Professional fees	273,299	818,258	1,034,801
Write-down of mineral properties	–	212,981	–
	8,264,206	8,460,204	6,822,464
Income (loss) before other items	3,797,575	(9,422,847)	(9,461,978)
<b>Other Items</b>			
Interest and other income	1,681,787	1,095,692	469,487
Foreign exchange	(320,246)	1,157,791	(25,719)
Gain on debt settlement	113,831	–	–
Gain on sale of marketable securities	–	21,043	–
Write-down of marketable securities	–	(67,283)	(507,454)
	1,475,372	2,207,243	(63,686)
Income (loss) for the year	\$ 5,272,947	\$ (7,215,604)	\$ (9,525,664)
Basic earnings (loss) per share (Note 2)	\$ 0.13	\$ (0.20)	\$ (0.34)
Fully diluted earnings per share (Note 2)	\$ 0.08	\$ –	\$ –

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

## Consolidated Statements of Cash Flows

Crystallex International Corporation – 1999 Annual Report

Years Ended December 31 (Expressed in Canadian dollars)	1999	1998	1997
<b>Cash Flows From Operating Activities</b>			
Income (loss) for the year	\$ 5,272,947	\$ (7,215,604)	\$ (9,525,664)
Adjustments to reconcile income (loss) to net cash used in operating activities:			
Amortization and depletion	4,118,804	1,478,165	1,269,472
Amortization of deferred charges	(113,976)	–	–
Amortization of financing fees	–	–	102,570
Foreign exchange	(12,727)	52,365	411,345
Gain on debt settlement	(113,831)	–	–
Gain on loan repayment	(68,638)	–	–
Gain on sale of marketable securities	–	(21,043)	–
Interest on convertible notes	84,141	113,857	–
Write-down of marketable securities	–	67,283	507,454
Write-down of mineral properties and deferred exploration costs	–	212,981	–
Management fees	34,560	–	–
Reclamation provision	409,522	139,749	–
Changes in other operating assets and liabilities: (Net of effects from purchase of subsidiaries in Uruguay)			
(Increase) decrease in accounts receivable	(1,246,031)	94,649	(400,197)
Increase in production inventories	(4,222,365)	(375,840)	(85,934)
Increase in supplies inventory and prepaid expenses	(304,258)	(11,138)	–
(Increase) decrease in due from related parties	4,623	(39,960)	4,586
Increase (decrease) in accounts payable and accrued liabilities	(838,354)	(514,018)	1,658,821
Decrease in current portion of long-term debt	(945,533)	(147,200)	–
Decrease in due to related parties	(311,677)	–	–
Proceeds on sale of marketable securities	–	180,090	–
Purchase of marketable securities	–	–	(651,803)
Net cash provided by (used in) operating activities	1,747,207	(5,985,664)	(6,709,350)
<b>Cash Flows From Investing Activities</b>			
Purchase of subsidiaries in Uruguay (Net of cash acquired)	–	(10,822,396)	–
Purchase of property, plant and equipment	(2,806,036)	(7,517,602)	(21,542,937)
Security deposits	(11,309)	43,844	467
Net cash used in investing activities	(2,817,345)	(18,296,154)	(21,542,470)
<b>Cash Flows From Financing Activities</b>			
Issuance of capital stock for cash	19,000	4,331,110	15,433,628
Long-term debt	2,709,644	8,634,285	13,079,486
Net cash provided by financing activities	2,728,644	12,965,395	28,513,114
Increase (decrease) in cash and cash equivalents	1,658,506	(11,316,423)	261,294
Effect of exchange rate changes on cash and cash equivalents	(541,359)	10,360	–
Net increase (decrease) in cash and cash equivalents	1,117,147	(11,306,063)	261,294
Cash and cash equivalents, beginning of year	5,535,716	16,841,779	16,580,485
Cash and cash equivalents, end of year	\$ 6,652,863	\$ 5,535,716	\$ 16,841,779

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



## Consolidated Statements of Changes in Shareholders' Equity

Crystallex International Corporation – 1999 Annual Report

<i>(Expressed in Canadian dollars)</i>	Number of Shares Issued	Amount	Deficit	Cumulative Translation Adjustment	Total
Balance at December 31, 1996	24,776,759	\$ 53,455,824	\$(13,266,437)	\$ (152,922)	\$40,036,465
Shares issued for cash	5,408,750	15,433,628	–	–	15,433,628
Shares issued on conversion of debentures	153,420	492,478	–	–	492,478
Shares issued for acquisition of subsidiary	100,000	355,000	–	–	355,000
Shares issued for mineral property acquisition	215,000	1,421,150	–	–	1,421,150
Shares issued for finder's fees	166,587	691,336	–	–	691,336
Shares issued for legal fees	30,000	238,500	–	–	238,500
Shares issued on conversion of notes	417,398	2,129,953	–	–	2,129,953
Share issuance costs on conversion of notes	–	(106,256)	–	–	(106,256)
Loss for the year	–	–	(9,525,664)	–	(9,525,664)
Balance at December 31, 1997	31,267,914	74,111,613	(22,792,101)	(152,922)	51,166,590
Shares issued for cash	1,343,250	4,331,110	–	–	4,331,110
Shares issued for mineral property acquisition	555,000	950,400	–	–	950,400
Shares issued on conversion of notes	3,375,317	19,146,261	–	–	19,146,261
Share issuance costs on conversion of notes	–	(611,688)	–	–	(611,688)
Translation adjustment	–	–	–	10,360	10,360
Loss for the year	–	–	(7,215,604)	–	(7,215,604)
Balance at December 31, 1998	36,541,481	97,927,696	(30,007,705)	(142,562)	67,777,429
Shares issued for cash	19,000	19,000	–	–	19,000
Shares issued for management fees	81,824	71,470	–	–	71,470
Shares issued for legal fees	929,666	1,079,246	–	–	1,079,246
Shares issued for mineral property acquisition	3,033,165	3,189,412	–	–	3,189,412
Shares issued on conversion of notes	4,306,930	3,281,149	–	–	3,281,149
Share issuance costs on conversion of notes	–	(500,091)	–	–	(500,091)
Shares issued for consulting fees	383,503	325,862	–	–	325,862
Translation adjustment	–	–	–	(1,150,268)	(1,150,268)
Income for the year	–	–	5,272,947	–	5,272,947
Balance at December 31, 1999	45,295,569	\$105,393,744	\$(24,734,758)	\$(1,292,830)	\$79,366,156

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

# Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

## 1. NATURE OF OPERATIONS

The Company is in the business of acquiring and developing mineral properties. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to complete the development of the properties and upon future profitable production.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### *Principles of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Crystallex International Capital Corporation, Crystallex de Venezuela C.A., Minera Venamo C.A., Crystallex de Uruguay S.A., Eurus Resource Corp., Stel BVI Inc., Minera San Gregorio S.A., Dalvan S.A., Montemura S.A., Bolir S.A., Brimol S.A. and its interest in Glendora S.A. and Diamond Company Ltda. All significant intercompany balances and transactions have been eliminated.

### *Mineral Properties*

The Company records its interests in mineral properties and areas of geological interest at cost. All direct costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or abandoned. The costs will be amortized over the proven reserves available of the related property following commencement of production. Proceeds received, as a result of the sale of a mineral property,

will be applied against the book value of the property. Any revenue received in excess of the property's book value will be included in income at that time.

### *Deferred Exploration Costs*

The Company defers all direct exploration costs relating to mineral properties and areas of geological interest until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized over the proven reserves of the property following commencement of production. The Company's gold producing mineral properties are the Albino 1 Concession and the San Gregorio Mining Concession. As the Company's policy is to amortize deferred exploration costs over total proven reserves, the Company is currently using total gold produced as its basis for amortization of these costs.

### *Values*

The amounts shown for mineral properties and deferred exploration costs represent costs incurred to date and are not intended to reflect present or future values.

### *Reclamation Costs*

The Company's policy for recording reclamation costs is to record a liability for the estimated costs to reclaim mined land by recording charges to production costs for each tonne of ore mined over the life of the mine. The amount charged is based on management's estimation of reclamation costs to be incurred. The accrued liability is reduced as reclamation

expenditures are made. Certain reclamation work is performed concurrently with mining and these expenditures are charged to operations at that time.

### *Revenue Recognition*

Revenue from mining operations is recognized when gold and silver are shipped to the refineries.

### *Production Inventories*

Production inventories of gold and silver in process are stated at the lower of average production cost and net realizable value. It is possible that in the near term, estimates of recoverable ore, grade and gold and silver prices could change causing the Company to write down production inventory.

### *Supplies Inventory*

Supplies inventory is valued at the lower of average and replacement costs.

### *Plant and Equipment*

Plant and equipment are recorded at cost less accumulated amortization. Amortization of plant and equipment used directly in the mining and production of gold is included in operating costs. Amortization of plant and equipment used directly on exploration projects is included in deferred exploration costs and is charged against operations when the related property commences production. Amortization is being provided for using the straight-line method over years ranging from 5 to 20 years.

Mine development cost is amortized over total proven reserves. The Company will use total gold produced as its basis for amortization of these costs.

### ***Foreign Exchange***

The accounts of subsidiaries, which are integrated operations, are translated using the temporal method. Under this method, monetary assets and liabilities are translated at the year-end exchange rates. Non-monetary assets and liabilities are translated using historical rates of exchange. Revenues and expenses are translated at the rates of exchange prevailing on the dates such items are recognized in earnings. Exchange gains and losses are included in income for the year.

The accounts of subsidiaries which are self-sustaining operations are translated using the current rate method. Under this method assets and liabilities are translated at the year-end exchange rates. Revenues and expenses are translated at the rates of exchange prevailing on the dates such items are recognized in earnings. Exchange gains and losses are included in a separate component of shareholders' equity under cumulative translation adjustment.

Transaction amounts denominated in foreign currencies are translated into local functional currency at exchange rates prevailing at transaction dates.

### ***Marketable Securities***

Marketable securities are carried at the lower of cost and market value.

### ***Cash and Cash Equivalents***

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

### ***Earnings (Loss) Per Share***

Earnings (loss) per share is based on the weighted average number of common shares outstanding during the year. For the years ended December 31, 1999, 1998 and 1997, the weighted average number of shares outstanding was 39,308,858, 35,766,602 and 27,824,879 respectively.

Fully diluted earnings per share consider the dilutive impact of the conversion of outstanding stock options and warrants as if the events had occurred at the beginning of the year. For the year ended December 31, 1999, the number of common shares outstanding during the year used to calculate fully diluted earnings per share was 82,469,649. For the years ended December 31, 1998 and 1997, this calculation proved to be anti-dilutive.

### ***Gold Loans***

Gold loans are initially recorded at the gold price received on the draw down date and are revalued at the market price of gold prevailing at each balance sheet date. The unrealized gain or loss resulting from the mark-to-market adjustment is recorded as a deferred charge and amortized over the remaining term of the loan. Gold used to repay the loan will be recorded as revenue based on the initial draw down price.

### ***Commodity Instruments***

The Company uses derivative financial instruments, including forward contracts, to manage its exposure to fluctuations in the market price of gold. The instruments are intended to reduce or eliminate the risk of falling prices on the Company's future gold production. Gains and losses on forward contracts, including spot deferred contracts, are recognized in gold sales revenues when the related designated production is delivered.

### ***Comparative Figures***

Certain comparative figures have been adjusted to conform with the current year's presentation.

## Notes to the Consolidated Financial Statements *(Continued)*

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### 3. MARKETABLE SECURITIES

The quoted market value of marketable securities at December 31, 1999 is \$38,186 (1998 – \$38,186). During the year ended December 31, 1999, the Company wrote down its investment in marketable securities by \$Nil (1998 – \$67,283; 1997 – \$507,454).

### 4. ACQUISITION

Effective October 2, 1998, the Company acquired 100% of the outstanding share capital of Minera San Gregorio S.A., Brimol S.A., Bolir S.A., Montemura S.A., Dalvan S.A., Stel BVI Inc. and 95% of the outstanding share capital of Glendora S.A. All the companies are involved in mining activities and the exploration and development of mineral properties, directly or through wholly-owned subsidiaries.

The acquisition was made by the Company incurring acquisition costs in the amount of \$1,451,428 and making cash payments in the amount of \$10,768,300, to acquire the outstanding share capital of the companies, as well as debt owing to the former parent of the acquired companies, in the amount of \$58,216,420. The excess of the Company's

resulting costs of acquisition in the amount of \$54,828,315 was applied to reduce deferred mineral property costs and property, plant and equipment costs of the companies acquired.

The acquisitions have been accounted for by using the purchase method and can be summarized as follows:

Cash and cash equivalents	\$ 1,397,332
Accounts receivable	1,086,347
Production inventories	6,345,962
Supplies inventory and prepaid expenses	919,605
Property, plant and equipment	36,126,804
Accounts payable and accrued liabilities	(8,402,372)
Reclamation provision	(573,950)
Long-term debt	(24,680,000)
<b>Consideration paid</b>	<b>\$ 12,219,728</b>

Consideration paid consists of:

Cash paid	\$10,768,300
Capitalized costs	1,451,428
	<b>\$12,219,728</b>

The results of the operations of the investees have been included with those of the Company from the effective date of the acquisition.

### 5. PROPERTY, PLANT AND EQUIPMENT

	1999	1998
Plant and equipment	\$ 43,971,102	\$44,874,916
Mineral properties	47,717,128	42,219,315
Deferred exploration costs	8,630,073	8,495,424
	100,318,303	95,589,655
Less:		
Accumulated amortization and depletion	(9,454,141)	(5,491,592)
	<b>\$ 90,864,162</b>	<b>\$90,098,063</b>

Mineral properties:

	1999	1998
Santa Elena, San Miguel and Carabobo concessions	\$ 3,416,576	\$ 3,416,576
Albino 1 concession	17,710,939	17,710,939
Cristinas 4 and 6 concessions	25,346,779	19,848,966
Mineiro concession	724,548	724,548
Knob Hill property	518,283	518,283
Other	3	3
	47,717,128	42,219,315
Less:		
Accumulated depletion	(1,675,662)	(1,675,662)
	<b>\$ 46,041,466</b>	<b>\$40,543,653</b>

Deferred exploration costs:

	Albino	Santa Elena, Carabobo	Mineiro	San Gregorio	1999	1998
Contracting	\$ 482,051	\$124,119	\$ –	\$ –	\$ 606,170	\$ 606,170
Equipment rental and expenses	540,448	74,112	–	1,469	616,029	616,029
Consulting fees	444,782	50,341	–	–	495,123	495,123
Geology and engineering	805,953	195,225	413,336	–	1,414,514	1,414,514
Field expenses	318,405	61,245	140,479	15,619	535,748	535,749
Samples and geochemistry	33,613	48,047	60,175	–	141,835	141,835
Travel	41,640	85,246	102,420	–	229,306	218,506
Wages	792,309	127,163	–	150,326	1,069,798	945,948
Drilling	3,347,697	–	173,853	–	3,521,550	3,521,550
	6,806,898	765,498	890,263	167,414	8,630,073	8,495,424
Less: Accumulated depletion	(644,232)	–	–	(34,148)	(678,380)	(645,850)
	\$6,162,666	\$765,498	\$890,263	\$133,266	\$7,951,693	\$7,849,574

### ***Santa Elena, San Miguel and Carabobo Concessions***

The Company has an option to acquire a 100% interest in four concessions known as the Santa Elena, San Miguel and Carabobo properties, all located in Bolivar State, Venezuela. The proven and probable reserves of the properties have not yet been determined.

On July 4, 1995, the Ministry of Energy and Mines (“MEM”) gave notice to Asociacion Cooperativa Mineira Mixta del Sur R.L. (“ACOMIXSUR”) in connection with its right to sell the Santa Elena 7 and 8, Carabobo and San Miguel 8 concessions to the Company. ACOMIXSUR filed a response asserting its rights with the MEM and awaits a response from the Ministry. Separately, the

Company has filed a petition with the Venezuelan Supreme Court seeking confirmation of the title. Although the Company and its independent counsel are confident that all necessary procedures were followed and rules adhered to in order to ensure that such agreement was properly entered into by ACOMIXSUR and that the Company will have good title to the Santa Elena, Carabobo and San Miguel concessions, there can be no assurance that the court will not subsequently agree with the MEM notice. The exact effect of an adverse finding by the court cannot be accurately predicted, but such circumstances could result in such agreement being rescinded or re-negotiated. The Company intends to be aggressive in pursuing its right to these properties.

In addition to the above, the Company entered into a joint venture agreement with ACOMISUR, the successor cooperative to ACOMIXSUR. Under this agreement, the Company’s Venezuelan subsidiary will own 80% of the joint venture and ACOMISUR will own 20%, with the Company’s subsidiary being the operator.

### ***Albino 1 Concession***

By agreement with Albino Bonucci, dated December 23, 1992, the Company, through its subsidiaries, acquired a 100% interest in the Albino 1 concession in Bolivar State, Venezuela. The consideration of \$13.8 million to acquire the interest in the concession was fully paid by December 31, 1997. A 1% Net Smelter Return Royalty is payable to the MEM from the proceeds of gold production.

## Notes to the Consolidated Financial Statements *(Continued)*

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### ***Cristinas 4 and 6 Concessions***

In March 1997, the Company acquired rights to the Cristinas 4 and 6 concessions located in Kilometre 88, Venezuela. The Cristinas 4 and 6 concessions have been under investigation and exploration for several years by Placer Dome Inc. under a joint venture agreement with Corporacion Venezolana de Guayana (“CVG”). The Cristinas 4 concession is adjacent to the Company’s Albino 1 concession. The Company holds its interest in Cristinas 4 and 6 through Inversora Mael, C.A. (“Mael”), a Venezuelan company (see Note 14). The Supreme Court of Venezuela issued rulings in 1991, 1996 and 1997 confirming the validity of the transfer of the concessions to Mael. Following the 1997 ruling, Mael commenced a further action in the Supreme Court of Venezuela seeking a ruling requiring the MEM to recognize fully Mael’s title ownership of the Cristinas 4 and 6 concessions. On June 11, 1998 the Venezuelan Supreme Court ruled that Mael does not have status to assert ownership rights over Cristinas 4 and 6 concessions and refused to proceed with this action. In the opinion of counsel, prior contradictory decisions of the Venezuelan Supreme Court were not overruled by the June 11 decision.

In August 1999, the Company commenced two legal proceedings in Venezuela in order to enforce its rights in relation to the Cristinas 4 and 6 concessions. The first proceeding seeks to nullify the joint venture agreement previously entered into between

CVG and MINCA, a Venezuelan joint venture in which Placer Dome has been a participant. In essence, this action challenges the original legal basis on which CVG purported to confer contractual rights to exploit the Cristinas 4 and 6 concessions commercially. The second proceeding seeks to nullify the effect of the settlement agreement entered into in 1991 in respect of a lawsuit between Mael, the Republic of Venezuela, CVG and Ramon Torres.

In September 1999, Venezuela published a new mining law providing that mining privileges may only be conferred by concession. MINCA has since applied to convert its contractual rights, in respect of Cristinas 4 and 6, into a concession. It is uncertain whether this application will be granted. Such application has not been published in the *Official Gazette*. Should it be published, the Company will be entitled to file an opposition.

Pending resolution of these legal proceedings and determinations to be made under the new mining law, the Company has determined not to write off its investment. The costs relating to acquiring the Cristinas 4 and 6 concessions have been capitalized as part of the cost of the acquisition of the mineral property. The total cost incurred to December 31, 1999 was \$25,346,779. In the event that the Company is unsuccessful in obtaining possession of the property, these costs, and any subsequent costs incurred, will be expensed to operations in the period.

### ***El Tigre Concession***

During 1998, the Company decided that it would not proceed with the exploration and development of the El Tigre Concession. As a result all costs of acquisition and related deferred exploration and development costs have been written off.

### ***Mineiro Concession***

By an agreement dated March 11, 1997, the Company, through its interest in Diamond Company Ltda, acquired a 65% interest on the Mineiro concession, consisting of 9,600 hectares in Amapa State, Brazil. Pursuant to the terms of the agreement, the Company paid \$366,987 and issued 100,000 common shares of the Company at a deemed value of \$355,000.

### ***San Gregorio Mining Concession***

By an agreement dated October 2, 1998, the Company, through one of its subsidiaries, acquired a 100% interest in the San Gregorio mining concession in Uruguay. The Uruguayan government mining agency has granted the Company exploitation rights over the concession for 15 years subject to a net profit royalty.

### ***Title to Mineral Properties***

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties.

The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing, subject to the comments contained in this Note 5. The properties in which the Company has committed to earn an interest are located in Uruguay, Venezuela and Brazil, South America and the Company is therefore relying on title opinion by legal counsel who are basing such opinions on the laws of Uruguay, Venezuela and Brazil.

## 6. RECLAMATION PROVISION

Costs relating to ongoing site restoration are expensed when incurred. The Company's estimate of its ultimate reclamation liability may vary from current estimates due to possible changes in laws and regulations and changes in costs estimated. The Company will accrue additional liabilities for further reclamation costs as and when evidence becomes available indicating that its reclamation liability has changed.

## 7. LONG-TERM DEBT

	1999	1998
Bank loan	\$ 1,335,053	\$ 1,839,960
Gold loan	22,078,582	24,422,194
	23,413,635	26,262,154
Less: Current portion of the long-term debt	(6,564,800)	(2,913,270)
	\$16,848,835	\$23,348,884

## Bank Loan

During the year, Minera San Gregorio S.A. entered into a four-year loan agreement. The loan bears interest at the London Inter-Bank Offered Rate (LIBOR) plus an applicable margin, negotiated between both parties. Certain equipment is secured against the loan.

## Gold Loan

The Company, through a subsidiary, has entered into a non-recourse five-year bank credit facility of \$24,532,800 or equivalent ounces of gold. The facility bears interest at the LIBOR for United States dollar-denominated loans or the gold base rate for gold ounce-denominated loans plus an applicable margin, negotiated between both parties. The Company has the ability to repay the loan in either United States dollars, gold, or common shares of the Company.

The loan agreement contains certain financial and other covenants that must be maintained during the term of the loan. All assets of the subsidiary companies have been pledged as collateral.

## 8. OPTIONS AND WARRANTS

At December 31, 1999, warrants were outstanding enabling the holders to acquire the following number of common shares:

Number of Shares	Price	Range of Expiry Dates
408,857	US\$8.86	02-25-2000
20,870	US\$9.34	02-25-2000
5,000,000	US\$2.00	09-05-2000 to 03-05-2002
500,000	US\$1.00	03-31-2001 to 03-31-2003
500,000	US\$1.35	03-31-2001 to 03-31-2003
1,919,643	US\$0.99	04-13-2001

At December 31, 1999, employee and director incentive stock options were outstanding enabling the optionees to acquire the following number of common shares:

Number of Shares	Price	Range of Expiry Dates
4,013,000	\$1.00	02-10-2000 to 06-24-2008
1,716,000	\$1.50	06-30-2000 to 12-17-2007
606,000	\$1.41	12-21-2001 to 12-21-2009
250,000	\$0.85	01-03-2004

Pursuant to an agreement dated May 26, 1992, the Company may be required to issue up to 200,000 common shares as a finder's fee on the Santa Elena mineral property (Note 5), of which 50,000 common shares have been issued to date.

## Notes to the Consolidated Financial Statements *(Continued)*

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### 9. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada. Except as set out below, these financial statements also comply, in all material respects, with accounting principles generally accepted in the United States and the rules and regulations of the Securities and Exchange Commission.

#### 1) *Stock Based Compensation*

The United States Financial Accounting Standards Board has issued Statement of Financial Accounting

Standards (“SFAS”) No. 123, “*Accounting for Stock Based Compensation*,” which became effective for fiscal years beginning after December 15, 1995. This statement requires the Company to establish a fair market value based method of accounting for stock based compensation plans. In 1996, for United States reporting purposes, the Company adopted SFAS No. 123 in accounting for its stock option plan. Canadian generally accepted accounting principles do not require the reporting of any stock based compensation expense in the Company’s financial statements.

The Company uses the Black Scholes Option Pricing Model to determine the fair value of employee stock options at the issuance date. In determining the fair value of these employee stock options, the following assumptions were used:

	1999	1998	1997
Risk free interest rate	5.07%	4.63%	6.62%
Expected life	2 years	2 years	2 years
Expected volatility	165%	206%	77%
Expected dividends	–	–	–

The following is a summary of the status of stock options outstanding at December 31, 1999:

Range of Exercise Prices	Outstanding Options			Exercisable Options	
	Number of Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
\$0.85 to \$1.00	4,263,000	6.14	\$0.97	4,263,000	\$0.97
\$1.41 to \$1.50	2,322,000	4.89	\$1.48	2,322,000	\$1.48



Following is a summary of the stock based compensation plan during 1999, 1998 and 1997:

	Number of Shares	Weighted Average Exercise Price
Outstanding and exercisable at January 1, 1997	2,398,500	\$2.79
Granted	4,636,000	4.40
Exercised	(798,500)	2.56
Forfeited	(59,000)	2.95
Outstanding and exercisable at December 31, 1997	6,177,000	\$4.03
Weighted average fair value of options granted during the period	\$1.82	
Outstanding and exercisable at January 1, 1998	6,177,000	\$4.03
Granted	660,000	1.27
Exercised	(328,500)	3.21
Forfeited	(150,500)	5.64
Outstanding and exercisable at December 31, 1998	6,358,000	\$1.30
Weighted average fair value of options granted during the period	\$0.65	
Outstanding and exercisable at January 1, 1999	6,358,000	\$1.30
Granted	1,018,500	1.13
Exercised	(19,000)	1.00
Forfeited	(772,500)	2.33
Outstanding and exercisable at December 31, 1999	6,585,000	\$1.15
Weighted average fair value of options granted during the period	\$0.72	

### **(2) Earnings (Loss) Per Share**

Under both Canadian and United States generally accepted accounting principles, basic earnings (loss) per share is computed by dividing the earnings (loss) to common shareholders by the weighted average number of shares outstanding during the year. For Canadian reporting purposes fully diluted earnings per share is calculated under the assumption that all convertible notes were converted at the date issued and stock options and warrants exercised at the date of grant. For United States reporting purposes, in February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, “Earnings per share” (“SFAS 128”). Under SFAS 128, diluted earnings per share takes into consideration the weighted average number of shares outstanding during the year and potentially dilutive common shares. For the years ended December 31, 1999, 1998 and 1997 this calculation proved to be anti-dilutive.

Under United States generally accepted accounting principles, the weighted average number of common shares outstanding excludes any shares that remain in escrow, but may be earned out based on the Company incurring a certain amount of exploration and development expenditures.

The weighted average number of common shares outstanding for calculating basic earnings (loss) per share under United States generally accepted

accounting principles for the year ended December 31, 1999, 1998 and 1997 were 39,308,858, 35,766,602 and 27,824,879, respectively. The calculation of diluted earnings per share for the years ended December 31, 1999, 1998 and 1997 proved to be anti-dilutive.

### **(3) Mineral Properties and Deferred Exploration Costs**

Under Canadian generally accepted accounting principles, the mineral properties, including prospecting and acquisition costs, are carried at cost and written down if the properties are abandoned, sold or if management decides not to pursue the properties. Under United States generally accepted accounting principles, exploration and prospecting costs are charged to expense as incurred, as are development costs for projects not yet determined by management to be commercially feasible. Expenditures for mine development are capitalized when the properties are determined to have economically recoverable proven reserves but are not yet producing at a commercial level. Prior to commencing commercial production, revenue relating to development ore, net of mining costs associated with its production, is offset against mine development costs. Mine development costs incurred to access reserves on producing mines are also capitalized. Capitalization of all exploration, development, and acquisition costs commences once the Company identifies proven and probable reserves that relate to specific properties.

## Notes to the Consolidated Financial Statements *(Continued)*

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Mining projects and properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. If estimated future cash flows expected to result from the use of the mining project or property and its eventual disposition are less than the carrying amount of the mining project or property, an impairment is recognized based upon the estimated fair value of the mining project or property. Fair value generally is based on the present value of estimated future net cash flows for each mining project or property, calculated using estimates of proven and probable mineable reserves, future prices, operating costs, capital requirements and reclamation costs.

### ***(4) Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of***

For United States reporting purposes, the Company has adopted Statement of Financial Accounting Standards (“SFAS”) No. 121, *“Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of.”* In the event that facts and circumstances indicate that the carrying amount of an asset may not be recoverable and an estimate of future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss will be recognized. Management’s estimates of gold prices, recoverable proven and probable reserves, operating capital, and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of the Company’s investment in property,

plant, and equipment. Although management has made its best estimate of these factors based on current conditions, it is possible that changes could occur which could adversely affect management’s estimate of the net cash flow expected to be generated from its operations.

The Santa Elena, San Miguel and Carabobo, Cristinas 4 and 6 and Knob Hill properties, which have a total capitalized cost of \$29,281,641 for Canadian reporting purposes, have been written down for U.S. reporting purposes, as they have no determinable proven or probable reserves. As a result of a study of gold reserves of its mineral properties, the Company has recorded a \$5,497,813 (1998 – \$4,751,755; 1997 – \$15,437,072) write-down of its investment in mineral properties for United States reporting purposes. Since the fair value of the Albino 1 and Mineiro properties exceed their capitalized cost, there has been no adjustment to the cost of these properties. Management of the Company has estimated the fair value of these properties, based on the following assumptions: (a) the price of gold at US\$300 per ounce; (b) a 90% recovery rate from the processing of gold; (c) an average processing cost of US\$200 per ounce; (d) future capital cost expenditures of US\$9,650,000 (Albino 1) and US\$4,000,000 (Mineiro); (e) future cash flows are undiscounted and without interest charges; and (f) there are no material environmental and other costs. The estimated fair value of the properties would vary if future conditions do not occur in accordance with the above assumptions.

### ***(5) Marketable Securities***

In May 1993, the Financial Accounting Standards Board issued Statement No. 115, *“Accounting for Certain Investments in Debt and Equity Securities,”* which became effective for years beginning after December 31, 1993. The statement requires that certain investments be classified into available-for-sale or trading securities stated at fair market values. Any unrealized holding gains or losses are to be reported as a separate component of shareholders’ equity until realized for available-for-sale securities and included in earnings for trading securities. The Company’s marketable securities are classified as trading securities.

### ***(6) Accounting for Derivative Instruments and Hedging Activities***

In June 1998, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 133, *“Accounting for Derivative Instruments and Hedging Activities”* (“SFAS 133”), which establishes accounting and reporting standards for derivative instruments and for hedging activities. SFAS 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. In June 1999, the FASB issued SFAS 137 to defer the effective date of SFAS 133 to fiscal quarters of fiscal years beginning after June 15, 2000. The Company does not anticipate that the adoption of the statement will have a significant impact on its financial statements.

**(7) Comprehensive Income**

In June 1997, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 130, “Reporting Comprehensive Income.” SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components (revenue, expenses, gains and losses). The purpose of reporting comprehensive income is to present a measure of all changes in shareholders’ equity that result from recognized transactions and other economic events of the year, other than transactions with owners in their capacity as owners. SFAS No. 130 is effective for financial statements issued for periods beginning after December 15, 1997.

The Company adopted SFAS No. 130 for the year ended December 31, 1998. Total comprehensive income (loss) for the years ended December 31, 1999, 1998 and 1997 was \$180,587, \$(15,521,141) and \$(34,205,761), respectively. The only item included in other comprehensive income (loss) is foreign currency translation adjustments in the amounts of \$(1,150,268), \$10,360 and \$Nil for the years ended December 31, 1999, 1998 and 1997.

**(8) Concentration of Credit Risk**

The Company is exposed to credit losses in the event of non-performance by the counterparties to the financial instruments but does not expect any counterparties to fail to meet their obligations. The Company generally does not obtain collateral or other security to support financial instruments subject to credit risk but monitors the credit standing of counterparties.

**(9) Income Taxes**

Income taxes are calculated in accordance with the provisions set forth in SFAS No. 109, “Accounting for Income Taxes.” Under SFAS No. 109, deferred income taxes are determined using an asset and liabilities approach. This method gives consideration to the future tax consequences associated with differences between the financial accounting and tax basis of assets and liabilities and gives immediate effect to changes in income tax laws.

Temporary differences giving rise to the deferred tax asset consist primarily of the excess of amortization for accounting purposes over the amount for tax purposes.

The Company’s deferred tax asset is comprised of the following at December 31:

	1999	1998
Deferred tax asset:		
Amortization and depletion	\$ 393,134	\$ 361,155
Net operating loss carryforward	17,762,156	19,056,177
	18,155,290	19,417,332
Valuation allowance	(18,155,290)	(19,417,332)
Net deferred tax asset	\$ –	\$ –

The Company has fully reserved the tax benefits of these amounts because the likelihood of realization of the tax benefits cannot be determined.

## Notes to the Consolidated Financial Statements *(Continued)*

Crystallex International Corporation – 1999 Annual Report  
(Expressed in Canadian dollars)

The impact of the above differences between Canadian and United States generally accepted accounting principles on the consolidated balance sheet items as reported is as follows:

	1999			1998		
	Balance as Reported	Adjustments	Balance as per United States Reporting Requirements	Balance as Reported	Adjustments	Balance as per United States Reporting Requirements
Current assets	\$ 21,819,555	\$ –	\$21,819,555	\$ 15,437,744	\$ –	\$ 15,437,744
Security deposits	190,468	–	190,468	188,367	–	188,367
Property, plant and equipment	90,864,162	(765,498)	90,098,664	90,098,063	(754,698)	89,343,365
Allowance for write-down of mineral properties	–	(29,281,641)	(29,281,641)	–	(23,783,828)	(23,783,828)
	\$112,874,185	\$(30,047,139)	\$82,827,046	\$105,724,174	\$(24,538,526)	\$ 81,185,648
Current liabilities	\$ 15,292,924	\$ –	\$15,292,924	\$ 13,773,556	\$ –	\$ 13,773,556
Reclamation provision	1,081,329	–	1,081,329	713,699	–	713,699
Long-term debts	16,848,835	–	16,848,835	23,348,884	–	23,348,884
Deferred charges	284,941	–	284,941	110,606	–	110,606
Shareholders' equity	79,366,156	(30,047,139)	49,319,017	67,777,429	(24,538,526)	43,238,903
	\$112,874,185	\$(30,047,139)	\$82,827,046	\$105,724,174	\$(24,538,526)	\$ 81,185,648

The impact of the differences between Canadian and United States generally accepted accounting principles on mineral properties and deferred exploration costs of those properties with unproven and those with proven and probable reserves is as follows:

	1999		1998	
	Balance as Reported	Balance as per United States Reporting Requirements	Balance as Reported	Balance as per United States Reporting Requirements
<b>Mineral Properties with Unproven Reserves</b>				
Santa Elena/Carabobo	\$ 3,416,576	\$ 3,416,576	\$ 3,416,576	\$ 3,416,576
Las Cristinas 4 and 6	25,346,779	25,346,779	19,848,966	19,848,966
Knob Hill	518,283	518,283	518,283	518,283
Other	3	3	3	3
	29,281,641	29,281,461	23,783,828	23,783,828
Less: allowance for write-down of mineral properties	–	(29,281,641)	–	(23,783,828)
	29,281,641	–	23,783,828	–
<b>Mineral Properties with Proven and Probable Reserves</b>				
Albino 1	17,710,939	17,710,939	17,710,939	17,710,939
Mineiro	724,548	724,548	724,548	724,548
	18,435,487	18,435,487	18,435,487	18,435,487
Accumulated depletion	(1,675,662)	(1,675,662)	(1,675,662)	(1,675,662)
	16,759,825	16,759,825	16,759,825	16,759,825
Total capitalized cost	\$46,041,466	\$ 16,759,825	\$40,543,653	\$ 16,759,825
<b>Deferred Exploration Costs with Unproven Reserves</b>				
Santa Elena/Carabobo	\$ 765,498	\$ –	\$ 754,698	\$ –
<b>Deferred Exploration Costs with Proven and Probable Reserves</b>				
Albino 1	6,806,898	6,806,898	6,806,899	6,806,899
Mineiro	890,263	890,263	890,263	890,263
San Gregorio	167,414	167,414	43,564	43,564
	7,864,575	7,864,575	7,740,726	7,740,726
Accumulated depletion	(678,380)	(678,380)	(645,850)	(645,850)
	7,186,195	7,186,195	7,094,876	7,094,876
Total capitalized cost	\$ 7,951,693	\$ 7,186,195	\$ 7,849,574	\$ 7,094,876

## Notes to the Consolidated Financial Statements (Continued)

Crystallex International Corporation – 1999 Annual Report  
(Expressed in Canadian dollars)

The impact of the above differences between Canadian and United States generally accepted accounting principles on the income (loss) for the year would be as follows:

	1999	1998	1997
Income (loss) for the year, as reported	\$ 5,272,947	\$ (7,215,604)	\$ (9,525,664)
Less:			
Compensation expense on granting of stock options	(734,015)	(3,577,980)	(9,242,635)
Amounts written-down for mineral property acquisitions	(5,497,813)	(4,751,755)	(15,437,072)
Deferred exploration costs	(10,800)	34,558	(390)
Loss for the year in accordance with United States generally accepted accounting principles	\$ (969,681)	\$(15,510,781)	\$(34,205,761)
Loss per share in accordance with United States generally accepted accounting principles	\$ (0.02)	\$ (0.43)	\$ (1.23)

### 10. RELATED PARTY TRANSACTIONS

During the year, the Company entered into the following transactions with related parties:

- Paid or accrued consulting and management fees of \$648,438 (1998 – \$2,021,843; 1997 – \$290,824) to directors of the Company and companies related to directors and an officer of the Company.
- Paid or accrued legal fees of \$507,810 (1998 – \$380,908; 1997 – \$1,059,960) to companies related to directors of the Company.

### 11. INCOME TAXES

A reconciliation of income taxes at the Canadian statutory rate to the Company's effective rate is as follows:

	1999	1998	1997
Computed at the expected statutory rate	46%	–%	–%
Foreign income taxed at different rates	(12)	–	–
Prior years' losses	(34)	–	–
	–%	–%	–%

The Company has non-capital losses, which may be carried forward and applied against taxable income in future years. These losses expire during the following years:

2000	\$1,407,185
2001	2,141,242
2002	3,416,460
2003	2,388,848
2004	18,578,875
2005	16,368,408
2006	7,561,580
	<u>\$51,862,598</u>

The Company has capital losses of \$302,000, which may be applied against taxable capital gains in the future. These capital losses may be carried forward indefinitely.

The Company has available certain exploration and development expenditures to reduce taxable income of future years.

### 12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	1999	1998	1997
Cash paid during the year for interest	\$946,656	\$40,896	\$349,320
Cash paid during the year for income taxes	\$ –	\$ –	\$ –

Significant non-cash transactions for the year ended December 31, 1999 included:

- The Company issued 81,824 common shares, with a deemed value of \$71,470, for management fees.
- The Company issued 929,666 common shares, with a deemed value of \$1,079,246, for legal fees.
- The Company issued 4,306,930 common shares upon conversion of convertible notes in the amount of \$3,281,149.
- The Company applied \$500,091 of the deferred financing fees against share capital upon conversion of notes to common stock.

- v) The Company issued 3,033,165 common shares, with a deemed value of \$3,189,412, for the Cristinas 4 & 6 property payment.
- vi) The Company issued 383,503 common shares, with a deemed value of \$325,862, for consulting fees.

Significant non-cash transactions for the year ended December 31, 1998 included:

- i) The Company issued 75,000 common shares, with a deemed value of \$487,500, for the Knob Hill property payment.
- ii) The Company issued 480,000 common shares, with a deemed value of \$462,900 for the Cristinas 4 and 6 property payment.
- iii) The Company issued 3,375,317 common shares upon conversion of convertible notes and accrued interest in the amount of \$19,146,261.
- iv) The Company applied \$611,688 of the deferred financing fees against share capital upon conversion of notes to common stock.

Significant non-cash transactions for the year ended December 31, 1997 included:

- i) The Company issued 153,420 common shares upon conversion of convertible debentures in the amount of \$492,478.
- ii) The Company issued 100,000 common shares, with a deemed value of \$355,000, for the acquisition of a 65% interest in Diamond Company Ltda.

- iii) The Company issued 215,000 common shares, with a deemed value of \$1,421,150, for an Albino 1 property payment.
- iv) The Company issued 166,587 common shares, with a deemed value of \$691,336, for finder's fees.
- v) The Company issued 30,000 common shares, with a deemed value of \$238,500, for legal fees.
- vi) The Company issued 417,398 common shares upon conversion of notes in the amount of \$2,129,953.
- vii) The Company applied \$106,256 of the deferred financing fees against share capital upon conversion of notes to common stock.

### 13. SEGMENTED INFORMATION

The Company operates principally in four geographic areas: Brazil, Canada, Uruguay and Venezuela. The following is a summary of the information by area for the years ended December 31, 1999, 1998 and 1997:

#### Industry Segments

Substantially all of the Company's operations are within the mining sector. The Company's major product is gold produced from operations located in Venezuela and Uruguay.

#### Geographic Segments

	1999	1998	1997
Operating revenue:			
Brazil	\$ –	\$ –	\$ –
Canada	–	–	–
Uruguay	35,907,539	6,784,765	–
Venezuela	–	1,783,983	4,502,749
	<b>\$35,907,539</b>	<b>\$ 8,568,748</b>	<b>\$ 4,502,749</b>
Income (loss) before other items:			
Brazil	\$ (824)	\$ (1,659)	\$ (3,740)
Canada	(3,872,683)	(6,129,420)	(5,992,697)
Uruguay	8,529,888	1,864,381	–
Venezuela	(858,806)	(5,156,149)	(3,465,541)
	<b>\$ 3,797,575</b>	<b>\$ (9,422,847)</b>	<b>\$ (9,461,978)</b>

Income (loss) before other items is comprised of operating revenue less operating expenses including amortization and depletion, write-down of assets, general and administrative expenses and exploration expenses.

	1999	1998	1997
Identifiable assets:			
Brazil	\$ 1,617,876	\$ 1,618,726	\$ 1,596,243
Canada	2,023,762	2,393,164	18,006,735
Uruguay	51,995,412	49,587,295	–
Venezuela	57,237,135	52,124,989	46,721,258
	<b>\$112,874,185</b>	<b>\$105,724,174</b>	<b>\$66,324,236</b>

## Notes to the Consolidated Financial Statements *(Continued)*

Crystallex International Corporation – 1999 Annual Report  
(Expressed in Canadian dollars)

### **Major Customers**

The Company is not economically dependent on a limited number of customers for the sale of its products because gold commodity markets are well established worldwide. During 1999 and 1998, open market gold sales accounted for \$35,907,539 and \$6,784,765 or 100% and 79%, respectively of the total sales. During 1997, the Government of Venezuela accounted for \$4,502,749 or 100% of the total sales.

### **14. COMMITMENTS**

#### **Agreement**

The Company entered into an agreement (“Call Agreement”) whereby it acquired an exclusive call right to acquire all of the common shares of Ventures (Barbados) Ltd. (“Ventures”). Ventures indirectly owns, as its sole material asset, the outstanding shares of Inversora Mael, C.A. (“Mael”). The directors of Ventures have granted the Company an exclusive right to acquire all of the shares of Ventures at their cost at any time. Therefore, the accounting for this transaction when it does take place will be at the cost to the Company which is equal to the directors’ cost, resulting in no capital distribution by the Company to the directors.

The directors’ cost of acquiring the shares of Mael is US\$30 million, of which US\$6.5 million was paid as of December 31, 1998. Effective April 30, 1999,

Ventures and Red Glove Corp. A.V.V. agreed to reduce the remaining portion of the purchase price from US\$23.5 million to US\$10 million plus 5 million warrants to purchase common shares of the Company at a price of US\$2 per share.

The call right is irrevocable and unconditional, unless prior to its exercise a person together with any parties acting jointly or in concert with it acquires 20% or more of the outstanding voting shares of the Company without the approval of the Board of Directors. In such event, the call right will be terminated and Ventures and its shareholders will be required to dispose of the investment in Mael in a commercially reasonable manner with a view to maximizing the proceeds of such disposition. The net proceeds of disposition, whether represented by cash or securities, would be distributed after payment of liabilities to those persons who were shareholders of the Company immediately prior to the 20% ownership threshold being surpassed. Under the Call Agreement, the Company has the right to vote the shares of Ventures (see Note 5, Cristinas 4 and 6 concessions).

#### **Hedging**

The Company has entered into contractual agreements with major financial institutions to deliver gold. Realization under these agreements is dependent upon the ability of those financial institutions to perform in accordance with the terms of

these agreements. As at December 31, 1999, the Company’s consolidated hedging program consists of fixed forward sales contracts totalling 153,958 ounces of gold over the next three years at prices ranging from US\$310 to US\$321 per ounce.

The fair value of all the Company’s hedge position at December 31, 1999 is \$5,384,160 (1998 – \$4,199,614) above the carrying value of \$Nil.

### **15. FINANCIAL INSTRUMENTS**

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, marketable securities, security deposits, accounts payable and accrued liabilities, amounts due to/from related parties and long-term debt. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

At December 31, 1999 and 1998, the fair values of cash and cash equivalents, accounts receivable, marketable securities, security deposits, accounts payable, and amounts due to/from related parties approximated carrying values because of the short-term nature of these instruments, except for the fair values of the hedging contracts disclosed in Note 14.



## Independent Auditors' Report

Crystallex International Corporation – 1999 Annual Report

### To the Shareholders of Crystallex International Corporation

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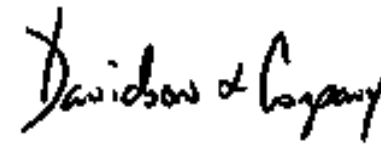
We have audited the consolidated balance sheets of Crystallex International Corporation as at December 31, 1999 and 1998 and the consolidated statements of operations, changes in shareholders' equity and cash flows for the years ended December 31, 1999, 1998 and 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform

an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and

the changes in its shareholders' equity and cash flows for the years ended December 31, 1999, 1998 and 1997, expressed in Canadian dollars, in accordance with Canadian generally accepted accounting principles.



Vancouver, Canada    Chartered Accountants  
March 6, 2000

## Working Board and Management

Crystallex International Corporation – 1999 Annual Report

### Management

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**Marc J. Oppenheimer**

*President and Chief Executive Officer*

**C. Brian Cramm**

*Vice President – Planning and Acquisitions*

**Dr. Sadek E. El-Alfy**

*Vice President – Operations*

**A. Richard Marshall**

*Vice President – Corporate Development*

**Dr. Luca Riccio**

*Vice President – Exploration*

**K.Y. Szetho**

*Chief Financial Officer and Secretary*

**Dr. Enrique Tejera Paris**

*President – Minera Venamo, C.A.*



### Directors

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**Robert A. Fung**

*Chairman  
Senior Partner – Capital West*

**Marc J. Oppenheimer**

*Director  
President and Chief Executive Officer –  
Crystallex International Corporation*

**Mitchell Klein**

*Director  
Partner – Goodman, Phillips & Vineberg*

**Harry J. Near**

*Director  
President – Earnscliffe Strategy Group*

**Robert A. Nihon**

*Director  
Chairman and Chief Executive Officer  
International Bankers Limited and  
Chairman – Alexis Nihon Canada*

**Daniel R. Ross**

*Director  
Managing Partner – McCarthy Tétrault*

**Dr. Enrique Tejera Paris**

*Director  
President – Minera Venamo, C.A.*

**Armando F. Zullo**

*Director  
Founder and President – A.F. Zullo &  
Company, Ltd.*

## Shareholder Information

Crystallex International Corporation – 1999 Annual Report

### Corporate Offices

700 West Pender  
Suite 902  
Vancouver, BC V6C 1G8  
(604) 683-0672

### Independent Auditors

Davidson & Company  
Stock Exchange Tower  
609 Granville Street, Suite 1200  
P.O. Box 10372 Pacific Centre  
Vancouver, BC V7Y 1G6

### Corporate Counsel

McCarthy Tétrault  
Toronto Dominion Bank Tower  
Toronto Dominion Centre  
Toronto, ON M5K 1E6

### Transfer Agent and Registrar

CIBC Mellon Trust Company  
Corporate Trust Services  
The Oceanic Plaza  
1066 West Hastings Street, Suite 1600  
Vancouver, BC V6E 3X1

### Investor Contact

A. Richard Marshall  
Vice President – Corporate Development  
(201) 541-6650

### Annual Meeting

June 9, 2000, 8:30 a.m. PDT  
Vancouver Airport Marriott  
7571 Westminster Highway  
Richmond, BC V6X 1A3

### Shareholders of Record

As of April 18, 2000, Crystallex International Corporation had approximately 366 shareholders of record. This number excludes individual shareholders holding stock under nominee security positions.

### Share Prices

The Company's Common Stock is traded on the Toronto Stock Exchange and the American Stock Exchange under the symbol KRY. Quarterly high and low stock prices on the Toronto Exchange for 1999 and 1998 were:

<i>(In Canadian dollars)</i>	1999		1998	
	High	Low	High	Low
First Quarter	\$1.80	\$.77	\$11.85	\$4.25
Second Quarter	1.43	.78	7.40	0.90
Third Quarter	1.60	.74	1.40	0.50
Fourth Quarter	2.50	.99	1.15	0.60

### Forward-Looking Information

This annual report may contain certain “forward-looking statements” within the meaning of the United States Securities Exchange Act of 1934 as amended. All statements, other than statements of historical fact, included in this report, including, without limitation, statements regarding potential mineralization and reserves, exploration results and future plans and objectives of Crystallex, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed under the heading “Risk Factors” and elsewhere in documents filed from time to time with the Toronto Stock Exchange, the United States Securities and Exchange Commission and other regulatory authorities.



Crystallex International Corporation • 700 West Pender • Suite 902 • Vancouver, BC V6C 1G8 • 604-683-0672

