CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011

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

Crystallex International Corporation

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Crystallex International Corporation

Management's Responsibility for Consolidated Financial Statements

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

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

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

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders. The consolidated financial statements have been audited by PricewaterhouseCoopers LLC. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

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

DATED this 12 day of July 2012.

Crystallex International Corporation

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

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

Independent Auditor's Report

To the Shareholder Crystallex International Corporation

We have audited the accompanying consolidated financial statements of Crystallex International Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the years ended December 31, 2011 and 2010 and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We were not engaged to perform an audit of the company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Crystallex International Corporation and its subsidiaries as at December 31, 2011, December 31, 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 in accordance with IFRS as issued by the International Accounting Standards Board.

Emphasis of Matter

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

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, **Licensed Public Accountants**
Toronto, Canada
July 12, 2012

Crystallex International Corporation
(Under Creditor Protection Proceedings as of December 23, 2011 – Notes 1, 2 & 3)
Consolidated Statements of Financial Position
(US$ thousands)

	December 31, 2011 $	December 31, 2010 $	January 1, 2010 $
Assets			
Current assets			
Cash and cash equivalents	**2,434**	16,128	6,897
Restricted cash (Note 10)	**-**	-	4,688
Accounts receivable	**297**	1,042	1,877
Prepaid expenses, deposits and other assets	**1,807**	1,442	547
Equipment held for sale (Note 10)	**1,990**	-	3,180
	6,528	18,612	17,189
Non-current assets			
Property, plant and equipment (Note 9)	**-**	33,200	39,203
Value-added taxes recoverable (Net of provision for recovery of $2,369 – Dec 2010 - $2,171 and Jan 2010 - $Nil)	**-**	-	1,736
Total assets	**6,528**	51,812	58,128
Liabilities			
Current liabilities			
Demand Bank loan (Note11)	**1,326**	930	-
Accounts payable and accrued liabilities	**7,897**	11,094	9,086
Promissory note	**-**	-	894
Demand loan (Note 12)	**-**	2,500	-
Notes payable (Note 13)	**-**	95,035	-
Warrants – derivative financial instruments (Note 16)	**3**	445	2,305
Asset retirement obligation (Note 14)	**1,465**	798	-
Liabilities subject to compromise (Note 3)	**110,194**	-	-
	120,885	110,802	12,285
Asset retirement obligation (Note 14)	**9,099**	2,655	2,872
Notes payable (Note 13)	**-**	-	90,639
Total liabilities	**129,984**	113,457	105,796
Shareholders' deficiency			
Share capital (Note 15)	**588,807**	588,745	561,751
Contributed surplus	**30,860**	30,372	28,707
Deficit	**(743,123)**	(680,762)	(638,126)
Total shareholders' deficiency	**(123,456)**	(61,645)	(47,668)
Total liabilities and shareholders' deficiency	**6,528**	51,812	58,128

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 26)
Subsequent events (Note 29)

(See accompanying notes to the consolidated financial statements)

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

Crystallex International Corporation

(Under Creditor Protection Proceedings as of December 23, 2011 – Notes 1, 2 & 3)
Consolidated Statements of Loss and Comprehensive Loss
For the year ended December 31, 2011 and 2010
(US$ thousands, except per share data)

	Year ended December 31, 2011 $	2010 $
(Expenses) income		
General and administrative (Note 20)	**(20,200)**	(12,187)
Reorganization items – Net (Note 3)	**(1,319)**	-
Foreign currency exchange gain (Note 8)	**135**	936
Litigation costs, net of recoveries (Note 21)	**(253)**	319
	(21,637)	(10,932)
Finance income (Note 22)	**486**	5,551
Finance expense (Note 22)	**(14,265)**	(14,111)
Net finance expense	**(13,779)**	(8,560)
Loss from continuing operations	**(35,416)**	(19,492)
Loss from discontinued operations net of income taxes (Note 7)	**(26,945)**	(23,144)
Net loss and comprehensive loss for the year	**(62,361)**	(42,636)
Loss per common share from continuing operations – Basic and diluted (Note 18)	**(0.10)**	(0.06)
Loss per common share from discontinued operations – Basic and diluted (Note 18)	**(0.07)**	(0.07)
Loss per common share - Basic and diluted	**(0.17)**	(0.13)
Weighted average number of common shares outstanding	**365,134,988**	330,297,171

(See accompanying notes to the consolidated financial statements)

Crystallex International Corporation
(Under Creditor Protection Proceedings as of December 23, 2011 – Notes 1, 2 & 3)
Consolidated Statements of Changes in Shareholders' Deficiency
(US$ thousands)

	Share capital $	Contributed surplus $	Deficit $	Total $
Balance – January 1, 2010	561,751	28,707	(638,126)	(47,668)
Public offering	26,994	-	-	26,994
Net loss and comprehensive loss	-	-	(42,636)	(42,636)
Equity portion of demand loan (Note 12)	-	200	-	200
Stock - based compensation (Note 17)	-	1,465	-	1,465
Balance – December 31, 2010	**588,745**	**30,372**	**(680,762)**	**(61,645)**
Balance – January 1, 2011	**588,745**	**30,372**	**(680,762)**	**(61,645)**
Directors fees	**62**	**-**	**-**	**62**
Net loss and comprehensive loss	**-**	**-**	**(62,361)**	**(62,361)**
Stock - based compensation (Note 17)	**-**	**488**	**-**	**488**
Balance – December 31, 2011	**588,807**	**30,860**	**(743,123)**	**(123,456)**

(See accompanying notes to the consolidated financial statements)

Crystallex International Corporation
(Under Creditor Protection Proceedings as of December 23, 2011 – Notes 1, 2 & 3)
Consolidated Statements of Cash Flows
For the years ended December 31, 2010 and 2011
(US$ thousands)

	2011	2010
	$	$
Cash flow provided by (used in)		
Operating activities		
Net loss for the period	**(62,361)**	(42,636)
Adjusted for: net loss from discontinued operations	**26,945**	23,144
Items not affecting cash:		
Interest accretion	**4,965**	4,596
Stock-based compensation	**488**	1,392
Directors fees paid in shares	**62**	-
Gain on revaluation of warrants	**(442)**	(5,472)
Unrealized foreign currency exchange loss	**48**	(512)
Change in non-cash working capital:		
(Increase) decrease in accounts receivable	**(210)**	602
(Increase) in prepaid expenses, deposits and other assets	**(1,317)**	(804)
Increase (decrease) in accounts payable and accrued liabilities and liabilities subject to compromise	**7,147**	(76)
Net cash used in operating activities from continuing operations	**(24,675)**	(19,766)
Net cash used in operating activities from discontinued operations (Note 7)	**(4,191)**	(753)
Net cash used in operating activities	**(28,866)**	(20,519)
Investing activities		
Investment in property, plant and equipment	**(2,437)**	(11,402)
Proceeds from sale of equipment	**17,238**	2,794
Net cash provided by (used in) investing activities	**14,801**	(8,608)
Net cash provided by investing activities from continuing operations	**-**	**-**
Net cash provided by (used in) investing activities from discontinued operations (Note 7)	**14,801**	(8,608)
Financing activities		
Decrease in restricted cash	**-**	4,688
Proceeds from demand loan (Note 12)	**-**	2,500
Proceeds from bank loan (Note 11)	**4,611**	2,953
Repayment of bank loan (Note 11)	**(4,215)**	(2,023)
Repayment of promissory note	**-**	(894)
Issuance of common shares and warrants (Note 15)	**-**	30,605
Net cash provided by financing activities from continuing operations	**396**	37,829
Net cash provided by financing activities from discontinued operations	**-**	-
Net cash provided by financing activities	**396**	37,829
(Decrease) increase in cash and cash equivalents from continuing operations	**(24,279)**	18,063
Increase (decrease) in cash and cash equivalents from discontinued operations	**10,610**	(9,361)
(Decrease) increase in cash and cash equivalents	**(13,669)**	8,702
Effects of exchange rate changes on cash and cash equivalents	**(25)**	529
Cash and cash equivalents - beginning of period	**16,128**	6,897
Cash and cash equivalents - end of period	**2,434**	16,128

Supplemental disclosures with respect to cash flows (Note 23). (See accompanying notes to the consolidated financial statements)

1. Nature of operations and going concern

Crystallex International Corporation ("Crystallex" or the "Company") is a Canadian-based company, with a history of acquiring, exploring, developing and operating mining properties. The Company is domiciled in Canada with a registered office at 8 King Street East, Suite 1201, Toronto, Ontario, Canada, M5C 1B5. The Company's common shares trade in the United States on the OTC Markets (Symbol: CRYFQ).

The Company's principal focus since 2002 was the exploration and development of the Las Cristinas gold properties ("Las Cristinas or the "Las Cristinas Project") located in Bolivar State in south-eastern Venezuela. Crystallex entered into a Mine Operating Contract (the "MOC") in September 2002 with the Corporación Venezolana de Guayana (the "CVG"). The MOC granted Crystallex exclusive rights to develop and operate the Las Cristinas Project. Following the issuance of the MOC, the Company worked to bring the Las Cristinas Project to a "shovel ready" state. The Company completed all of the requirements necessary for the issuance of the Authorization to Affect Natural Resources (the "Permit") from the Ministry of Environment and Natural Resources ("MinAmb"), while maintaining compliance with the terms of the MOC. Notwithstanding the Company's fulfillment of the requisite conditions, Venezuela's approval of the Environmental Impact Study and assurances that the Permit would be issued, in April 2008 MinAmb denied the Company's request for the Permit.

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

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

At the initial hearing on December 1, 2011 the arbitral tribunal appointed under the rules of the additional facility of ICSID agreed upon a schedule of written submissions and set the final oral hearing date.

Based upon the schedule set for the claim, Crystallex filed its first written submission with ICSID on February 10, 2012. Venezuela's first written submission is now due to be filed on November 2, 2012, with a translation to be filed by November 23, 2012. Both parties will file additional submissions in 2013, Crystallex on March 22, 2013 (with a translation to follow by April 12, 2013) and Venezuela on August 09, 2013 (with a translation to follow on August 30, 2013) with the final oral hearing set for November 11 – 22, 2013 in Washington, D.C.

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

On December 23, 2011 (the "Filing Date") the Company voluntarily applied for and obtained an order ("Initial Order") from the Ontario Superior Court of Justice (Commercial List) ("the Court") granting protection under the *Companies' Creditors Arrangement Act* ("CCAA").The Company sought protection under the CCAA as it was unable to pay $100,000 of senior unsecured notes which became due on December 23, 2011 (see Note 13). Protection was also granted in the United States under Chapter 15 of the US Bankruptcy Code. The Company did not apply for court protection in Venezuela. Ernst & Young Inc. was appointed by the Court as Monitor in the CCAA proceedings (the "Monitor"). The Company is provided with the authority to, among other things, continue operating its business (subject to Monitor and/or Court approval for certain activities), file with the Court and submit to creditors a plan of compromise or arrangement under the CCAA (the "Plan") in order to operate an orderly restructuring of its business and

1. Nature of operations and going concern (continued)

financial affairs, in accordance with the terms of the Initial Order. All persons having agreements with the Company for the supply of goods and services must continue to provide goods and services in the normal course of business, and no person shall discontinue, fail to honour, alter, interfere with, repudiate, resiliate, cancel, terminate or cease to perform any right, renewal right, contract, agreement, license or permit in favour of or held by the Company, except with written consent of the Company and the Monitor, or with the leave of the Court.

The Initial Order also provided for a general stay of proceedings for an initial period of 30 days, which was subsequently extended to September 11, 2012 and is subject to further extension by the Court. The Initial Order may be further amended by the Court on motions from the Company, their creditors and other interested parties. For additional information see Note 2.

The Company engaged an independent financial advisor with the approval of the Monitor in an effort to raise debtor-in-possession ("DIP") financing. The financing is required by the Company to continue to operate throughout the CCAA process and to continue to prosecute its arbitration claim against Venezuela. On April 16, 2012, the Court issued an order approving a $36 million DIP Facility and as a result the Company entered into a senior secured credit agreement dated April 23, 2012, (the "Credit Agreement") (see Note 29).

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

As at December 31, 2011, the Company had negative working capital of $114.4 million, including cash and cash equivalents of $2.4 million. Although the CCAA proceedings and DIP financing arrangements allow the Company to stabilize its operations, it is not possible to predict the outcome of these proceedings or to have any assurance the Company will be successful in the restructuring process. Management estimates that proceeds from the DIP Facility and from additional equipment sales will be sufficient to meet its forecast expenditures until the conclusion of the Company's arbitration claim with Venezuela. However, there can be no assurance that the amount of cash available under the DIP Facility will be sufficient to fund day to day operations during the proceedings under the CCAA and the restructuring costs associated with operating under the CCAA. If the DIP Facility amounts are insufficient to meet liquidity requirements, the Company will have to seek additional financing. There can be no assurance that such additional financing would be available or, if available, offered on acceptable terms. Failure to secure necessary additional financing would have a material adverse impact on the Company's continuing operations. It is also not possible to predict the outcome of the Arbitration claim against Venezuela or to have any assurance that Crystallex will be successful in obtaining restitution of its investment in the Las Cristinas Project and the granting of Permit based on the applicable provisions of the Treaty and current ICSID case law.

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

1. Nature of operations and going concern (continued)

the carrying amounts and classifications reported in the consolidated financial statements. (See Note 2).

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

The Company was delisted by the NYSE AMEX on June 1, 2011. The decision was unsuccessfully appealed by the Company and in a letter dated August 10, 2011 from the NYSE Amex it was noted that, *"The Staff had reached this determination, based on Section 1002(c) of the Company Guide, which provides that a stock may be delisted from the Exchange if the issuer ceases to be an operating company, and Section 1003(c)(1) of the Company Guide, which further provides that the Exchange should consider delisting a stock "if the issuer has sold or otherwise disposed of its principal operating assets or has ceased to be an operating company or has discontinued a substantial portion of its operations or business for any reason whatsoever, including, without limitation, such events as ... condemnation, seizure or expropriation."*

On December 7, 2011 the Company was advised by the Toronto Stock Exchange that it no longer met its original listing requirements, as it had discontinued a substantial portion of its business. The Company unsuccessfully appealed this decision and was subsequently delisted on January 6, 2012 (see Note 29).

2. Creditor Protection Proceedings

Overview

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

The commencement of the CCAA proceedings constitutes an event of default under substantially all pre-petition debt obligations, and those debt obligations became automatically and immediately due and payable by their terms, although any action to enforce such payment obligations is stayed as a result of the commencement of the CCAA proceedings. Due to the commencement of the CCAA proceedings, unsecured pre-petition liabilities of $110,194 are included in "Liabilities subject to compromise" in the Consolidated Balance Sheets as of December 31, 2011 (see Note 3).

Reorganization Process

General

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

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

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

2. Creditor Protection Proceedings (continued)

Stay of proceedings

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

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

Rejection and repudiation of contractual obligations

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

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

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

Plan or plans of reorganization

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

The Initial Order provides for a general stay of proceedings for an initial period of 30 days. The Court extended the stay proceedings several times and the stay is currently scheduled to expire September 11, 2012. The Initial Order provides that a plan or plans of reorganization under the CCAA must be filed with the Court before the termination of the stay of proceedings or such other time or times as may be allowed by the Court. Third parties could thereafter seek permission to file a plan or plans of reorganization. In addition to being voted on by the required majority of affected creditors, a plan or plans of reorganization must satisfy certain requirements of the CCAA and must be approved or confirmed by the Court in order to become effective.

The timing of filing a plan or plans of reorganization by the Company will depend on the timing and outcome of numerous other ongoing matters in the CCAA proceedings. The Company is using its best efforts to pursue confirmation of the plan or plans of reorganization and seeking confirmation thereof by the Court. There can be no assurance that a plan or plans of reorganization will be supported and approved by affected creditors and confirmed by the Court or that any such plan will be implemented successfully.

Under the priority scheme established by the CCAA, unless creditors agree otherwise, pre-petition liabilities and post-petition liabilities must be satisfied in full before shareholders are entitled to receive any distribution

2. Creditor Protection Proceedings (continued)

or retain any property under a plan or plans of reorganization. The ultimate recovery to creditors and/or shareholders, if any, will not be determined until confirmation of a plan or plans of reorganization. No assurance can be given as to what values, if any, will be ascribed to each of these constituencies or what types or amounts of distributions, if any, they will receive. A plan or plans of reorganization could result in holders of liabilities, receiving no distribution on account of their interests and cancellation of their holdings.

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

Significant Accounting Policies Relevant to Creditor Protection Proceedings

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

Reorganization items, net

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

Liabilities subject to compromise

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

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

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

3. Creditor Protection Proceedings Related Disclosures

Reorganization items, Net

Reorganization items, Net for the year ended December 31, 2011 were $1,319 and were entirely comprised of professional fees directly related to the CCAA proceedings.

3. Creditor Protection Proceedings Related Disclosures (continued)

Liabilities subject to compromise

Liabilities subject to compromise of the debtors of the Company as of December 31, 2011 were comprised of unsecured pre-petition accounts payable and accrued liabilities in the amount of $3,306, notes payable of $100,000, demand loan payable of $2,500 and accrued interest of $4,388.

	2011	2010
	$	$
Pre-petition accounts payable and accrued liabilities	**3,306**	-
Notes payable (Note 13)	**100,000**	-
Demand loan (Note 12)	**2,500**	-
Accrued interest	**4,388**	-
	110,194	-

4. Basis of preparation and adoption of IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

The consolidated financial statements have been prepared in compliance with IFRS. Subject to certain transition elections and exceptions disclosed in note 6, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 6 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010 prepared under Canadian GAAP.

5. Significant accounting policies

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

Basis of measurement

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

Critical estimates and judgement

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

5. Significant accounting policies (continued)

In addition to the appropriateness of the assumption of using the going concern basis of accounting (see Note 1), significant estimates used include those relating to the net realizable value of equipment held for sale (see note 10), value-added taxes recoverable and payable in Venezuela, and tax provisions. In addition significant estimates in cost, the timing of expenditures, discount rates and changes in environmental and regulatory requirements are used in the determination of the present values of asset retirement obligations (see note 14).

Consolidation

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

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

Foreign currency translation

(i) Functional and presentation currency

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

These consolidated financial statements are presented in US$.

(ii) Transactions and balances

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

Discontinued operations

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

Assets held for sale

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

5. Significant accounting policies (continued)

Cash and cash equivalents

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

Restricted cash

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

Financial instruments

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

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

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss and comprehensive loss. Gains and losses arising from changes in fair value are presented in the statement of loss and comprehensive loss within finance income and finance expense in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

(ii) Loans and receivables: Loans and receivables including restricted cash and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment loans and receivables which are expected to be settled in less than one year are classified as current. Cash and cash equivalents, restricted cash and accounts receivable and deposits have been classified as loans and receivables.

(iii) Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable, bank loans, promissory notes, demand loans and notes payable. Accounts payable are initially recognized at the amount required to be paid less, when material, a discount to reduce payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

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

(iv) Derivative financial instruments: The Company has issued warrants that are treated as derivative liabilities. All derivatives are included on the balance sheet within warrants or other liabilities and are classified as current or non-current based on contractual terms specific to the instrument. Gains and losses on re-measurement are included in finance income or finance expense.

5. Significant accounting policies (continued)

Impairment of financial assets: At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

a) Financial assets carried at amortized cost: The loss is the difference between the amortized costs of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in the statement of loss and comprehensive loss.

Mineral properties and deferred exploration and development expenditures

Mineral exploration and evaluation costs such as topographical, geochemical and geophysical studies are capitalized and carried at cost until the properties to which they relate are placed into production, sold or where management has determined there to be impairment in value. Once a mine has achieved commercial production, mineral properties and development costs, including the mineral acquisition and direct mineral exploration costs relating to the current mining plan, are depleted and amortized using the unit-of-production method over the estimated life of the ore body based on proven and probable reserves.

Impairment of non-financial assets

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

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

Asset retirement obligations and provisions

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

5. Significant accounting policies (continued)

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

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

Stock - based compensation

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

Income tax

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

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

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

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

Loss per share

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

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

5. Significant accounting policies (continued)

Accounting standards issued but not yet applied

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

This standard was issued in November 2009 and it addresses the classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income.

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

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

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

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

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

In May 2011, the IASB issued IFRS 12 Disclosure of Interests in Other Entities to create a comprehensive disclosure standard to address the requirement for subsidiaries, joint arrangements and associates including the reporting entity's involvement with other entities. It also includes the requirement for unconsolidated structured entities (i.e. special purpose entities). IFRS 12 must be applied starting January 1, 2013 with early adoption permitted. The Company has not yet assessed the impact of the standard nor determined whether it will adopt the standard earlier than required.

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

IFRS 13, *Fair Value Measurements*, defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specific circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is assessing the effect of the changes to IFRS 13 on its financial statements.

IAS 28 *Investments in Associates and Joint Ventures*

In June 2011, the IASB amended IAS 28, Investments in Associates and Joint Ventures, previously IAS 28, Investment in Associates. The amended IAS 28 sets out the accounting for investments in associates and the requirements for application of the equity method when accounting for investments in associates and joint ventures. This standard is effective for annual periods beginning on or after January 1, 2013 with early

5. Significant accounting policies (continued)

adoption permitted. The Company is assessing the impact of this new standard on it consolidated financial statements.

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

6. Transition to IFRS

The effect of the Company's transition to IFRS, described in Note 4, is summarized as follows:

(i) Transition elections
(ii) Reconciliation of shareholders' deficiency as previously reported under Canadian GAAP to IFRS
(iii) Reconciliation of consolidated statements of loss and comprehensive loss as previously reported under Canadian GAAP to IFRS
(iv) Explanatory notes

(i) Transition exemptions

The Company has applied the following transition exemptions from full retrospective application of IFRS:

	As described in Note 6(iv)
Cumulative translation adjustment	(a)
Asset retirement obligations	(d)
Business combinations	(f)
Stock-based compensation	(g)
Borrowing costs	(h)

6. Transition to IFRS (continued)

(ii) Reconciliation of shareholders' deficiency as previously reported under Canadian GAAP to IFRS

		December 31, 2010			January 1, 2010		
	As described in Note 6 (iv)	Cdn GAAP	Adj	IFRS	Cdn GAAP	Adj	IFRS
Assets							
Current assets							
Cash and cash equivalents		16,128	-	16,128	6,897	-	6,897
Restricted cash					4,688		4,688
Accounts receivable	c	108	934	1,042	780	1,097	1,877
Prepaid expenses, deposits and other assets	c	1,435	7	1,442	515	32	547
Equipment held for sale		-	-	-	3,180	-	3,180
Discontinued operations	c	941	(941)	-	1,129	(1,129)	-
		18,612	-	18,612	17,189	-	17,189
Non-current assets							
Property, plant and equipment		33,200	-	33,200	39,203	-	39,203
Value-added taxes recoverable		-	-	-	1,736	-	1,736
		51,812	-	51,812	58,128	-	58,128
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	c	9,528	1,566	11,094	8,043	1,043	9,086
Notes payable		95,035	-	95,035	-	-	-
Promissory note		-	-	-	894	-	894
Bank loan		930	-	930	-	-	-
Demand loan		2,500	-	2,500	-	-	-
Warrants	b	-	445	445	-	2,305	2,305
Current portion of asset retirement obligation	d	-	798	798	-	-	-
Discontinued operations	c	2,364	(2,364)	-	1,043	(1,043)	-
		110,357	445	110,802	9,980	2,305	12,285
Non-current liabilities							
Notes payable		-	-	-	90,639	-	90,639
Asset retirement obligation	d	-	2,655	2,655	-	2,872	2,872
Discontinued operations	c	2,081	(2,081)	-	2,217	(2,217)	-
		112,438	1,019	113,457	102,836	2,960	105,796
Shareholders' deficiency							
Share capital		588,745	-	588,745	561,751	-	561,751
Contributed surplus	b	40,643	(10,271)	30,372	35,366	(6,659)	28,707
Accumulated other comprehensive income	a	11,959	(11,959)	-	11,959	(11,959)	-
Deficit	a/b	(701,973)	21,211	(680,762)	(653,784)	15,658	(638,126)
		(60,626)	(1,019)	(61,645)	(44,708)	(2,960)	(47,668)
		51,812	-	51,812	58,128	-	58,128

6. Transition to IFRS (continued)

(ii) Reconciliation of shareholders' deficiency as previously reported under Canadian GAAP to IFRS

	As described in Note 6 (iv)	Dec 31, 2010 $	Jan 1, 2010 $
Deficit			
Deficit as reported under Canadian GAAP		(701,973)	(653,784)
Cumulative translation adjustment	a	11,959	11,959
Revaluation of warrants	b	9,826	4,354
Asset retirement obligation	d	(574)	(655)
Deficit as reported under IFRS		(680,762)	(638,126)

(iii) Reconciliation of consolidated statements of loss and comprehensive loss as previously reported under Canadian GAAP to IFRS

	As described in Note 6 (iv)	Year ended December 31, 2010 Cdn GAAP	Adj	IFRS
(Expenses) income				
General and administrative	c	(12,187)	-	(12,187)
Litigation costs, net of recoveries		319	-	319
Foreign currency exchange gain (loss)	c	949	(13)	936
Write-down of property, plant and equipment	c	(18,929)	18,929	-
Provision for value-added taxes recoverable	c	(2,171)	2,171	-
		(32,019)	21,087	(10,932)
Finance income	b	79	5,472	5,551
Finance expense		(14,111)	-	(14,111)
Net interest expense		(14,032)	5,472	(8,560)
Loss from continuing operations		(46,051)	26,559	(19,492)
Loss from discontinued operations	c	(2,138)	(21,006)	(23,144)
Net loss and comprehensive loss		(48,189)	5,553	(42,636)

6. Transition to IFRS (continued)

(iv) Explanatory notes:

a) In accordance with IFRS transitional provisions, the Company has elected to reset the cumulative translation adjustment account, which includes gains and losses arising from the translation of foreign operations, to zero at the date of transition to IFRS. Accumulated other comprehensive income has been decreased and deficit has been decreased by $11,959.

b) The warrants entitle the holder to acquire a fixed number of common shares for a fixed Canadian dollar price per share. In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the Company's functional currency, and that does not qualify as a rights offering, must be classified as a derivative liability and measured at fair value with changes recognized in the statement of loss and comprehensive loss as they arise. The Company has recorded these changes in finance income in the statement of loss and comprehensive loss.

   Under Canadian GAAP, the warrants were classified as equity and changes in fair value were not recognized. This change in accounting increased liabilities at January 1, 2010 by $2,305, and December 31, 2010 by $445, reduced contributed surplus at January 1, 2010 by $6,659, and December 31, 2010 by $10,271 and reduced the deficit at January 1, 2010 by $4,354, and December 31, 2010 by $9,826.

c) Discontinued operations:

   The determination and classification of discontinued operations under IFRS at transition differs from the treatment applicable under Canadian GAAP and as a result the former El Callao operations were no longer classified as discontinued operations. Accordingly, the asset, liability and expenditures accounts, previously reported as discontinued operations in the financial statements are no longer reported as such as the former operations at El Callao are not considered to be discontinued operations at transition, under IFRS.

d) Asset retirement obligations (see also Note 14):

   In accordance with IFRS 1, the Company elected to take the exemption from full retroactive application of IFRS to asset retirement obligations on the transition date. IAS 37 requires the use of management's best estimate of the Company's cash outflows, rather than fair value measurement on initial recognition under Canadian GAAP, and requires provisions to be updated at each balance sheet date using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability). Canadian GAAP requires the use of a current credit-adjusted, risk-free rate for upward adjustments.

e) Adjustment to the statement of cash flows:

   The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company.

f) Business combinations:

   The Company may elect under IFRS 1 to retrospectively apply IFRS 3 *Business Contributions* or to not restate business combinations prior to a selected date chosen by the Company. The Company has applied the business combinations exemption in IFRS 1. Hence, it has not restated any business combinations that took place prior to January 1, 2010.

6. Transition to IFRS (continued)

g) Stock-based compensation:

In accordance with IFRS 1 transitional provisions, the Company has elected to apply the exemption from full retrospective application of IFRS 2 share-based payments with respect to unvested share options granted to directors, employees and others prior to transition. On review of the Company's practices and transactions, no adjustments were required.

h) Borrowing costs:

In accordance with IFRS 1 transitional provisions, the Company has elected under IAS 23 to capitalize borrowing costs relating to qualifying assets from January 1, 2010 onward.

7. Discontinued operations

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

The results of discontinued operations for the years December 31, 2011 and 2010 are as follows:

	Years ended December 31,	
	2011	2010
	$	$
(Expenses) income		
Operations expenses	**(11,894)**	(1,632)
Foreign currency exchange gain (loss)	**21**	(354)
Write-down of equipment held for sale	**(13,227)**	(6,389)
Write-down of mineral property	**(696)**	(12,540)
Provision for value-added taxes recoverable	**(1,144)**	(2,171)
	(26,940)	(23,086)
Finance expense – accretion of asset retirement obligation	**(5)**	(58)
Income tax recovery	**-**	-
Loss from discontinued operations	**(26,945)**	(23,144)

7. Discontinued operations (continued)

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

	December 31, 2011 $	December 31, 2010 $
Cash flow provided by (used in)		
Operating activities		
Loss from discontinued operations for the period	**(26,945)**	(23,144)
Items not affecting cash:		
Write-down of property, plant and equipment	**13,923**	18,929
Increase in asset retirement obligations	**7,106**	756
Accretion of asset retirement obligations	**5**	58
Provision for value-added taxes recoverable	**1,144**	2,171
Unrealized foreign currency exchange (gain)	**(21)**	(342)
Change in non-cash working capital:		
(Increase) decrease in accounts receivable	**(1)**	187
Decrease in prepaid expenses, deposits and other assets	**647**	-
(Decrease) increase in accounts payable and accrued liabilities	**(49)**	632
Net cash used in operating activities	**(4,191)**	(753)
Investing activities		
Investment in property, plant and equipment	**(2,437)**	(11,402)
Proceeds from sale of equipment	**17,238**	2,794
Net cash provided by investing activities	**14,801**	(8,608)
Increase in cash and cash equivalents from discontinued operations	**10,610**	(9,361)

8. Venezuelan operations

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

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

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

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

On June 9, 2010, the Venezuelan government enacted additional reforms to its exchange control regulations and introduced a newly regulated foreign currency exchange system; Sistema de Transacciones con Titulos en Moneda Extranjera ("SITME"), which is controlled by the Central Bank of Venezuela ("BCV"). The SITME

8. Venezuelan operations (continued)

imposes volume restrictions on the conversion of BsF to US dollar (and vice versa), currently limiting such activity to a maximum equivalent of $350 per month.

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

Venezuelan subsidiaries had approximately $5,864 of net monetary liabilities denominated in BsF as at December 31, 2011. For every $1,000 of net monetary liabilities denominated in BsF, a 15% increase/(decrease) in the foreign currency exchange rate would increase/(decrease) the Company's loss by approximately $150.

9. Property, plant and equipment

		December 31, 2011	
	Mining Equipment	**Mineral Properties**	**Total**
	$	**$**	**$**
Cost			
Balance at beginning of period, January 1, 2011	**40,197**	**309,609**	**349,806**
Additions	**-**	**696**	**696**
Reclassification to equipment held for sale	**(40,197)**	**-**	**(40,197)**
Balance at December 31, 2011	**-**	**310,305**	**310,305**
Write-down			
Balance at beginning of period, January 1, 2011	**6,997**	**309,609**	**316,606**
Additions	**-**	**696**	**696**
Reclassification to equipment held for sale	**(6,997)**	**-**	**(6,997)**
Balance at December 31, 2011	**-**	**310,305**	**310,305**
Net book value			
Balance at beginning of period, January 1, 2011	**33,200**	**-**	**33,200**
Additions	**-**	**-**	**-**
Reclassification to equipment held for sale	**(33,200)**	**-**	**(33,200)**
Balance at December 31, 2011	**-**	**-**	**-**

9. Property, plant and equipment (continued)

	December 31, 2010		
	Mining Equipment $	Mineral Properties $	Total $
Cost			
Balance at beginning of year	39,203	297,069	336,272
Additions	-	12,540	12,540
Reclassification from equipment held for sale	994	-	994
Balance at December 31, 2010	40,197	309,609	349,806
Write-down			
Balance beginning of year	-	297,069	297,069
Additions	6,389	12,540	18,929
Reclassification from equipment held for sale	608	-	608
Balance at December 31, 2010	6,997	309,609	316,606
Net book value December 31, 2010	33,200	-	33,200

On December 31, 2009, the Company assessed the Las Cristinas Project for impairment and concluded that, despite its continued efforts to secure the Permit and pursue accretive transactions in respect of the Las Cristinas Project, a non-cash write-down of the carrying value should be recorded as at December 31, 2009 based on certain impairment triggers noted including, but not limited to, the permitting delays described in Note 1. The Company determined that, among other things, the uncertainty regarding the Permit had a significant impact on the estimated future net cash flows associated with the Las Cristinas Project and on recoverability of the carrying value of the asset. Accordingly, the Company recorded a non-cash write-down of $297,069 as at December 31, 2009 relating to all mineral property costs, except the carrying value of the remaining mining equipment.

The Company conducted similar impairment assessments as at the end of each quarter in 2010 and for similar reasons to those indicated above; the Company recorded additional non-cash write-downs totalling $12,540.

In February of 2011, the Company ceased capitalization of expenditures on Las Cristinas due to the termination of the MOC. For January 2011, a final impairment assessment resulted in a non-cash write-down of $696. These write-downs of the Las Cristinas project are based on accounting principles only, and are thus without prejudice to the legal qualifications that Venezuelan measures may be given under Venezuelan or International law, including the Treaty.

Subsequent to the termination of the MOC, all additional costs related to Las Cristinas are recorded in discontinued operations expenses.

10. Equipment held for sale

Fair value less cost of sale was determined based on a range of estimated future net cash flows expected to arise from the future sale of the mine equipment, on the basis that this represents management's likely course of action. The Company commenced a process to sell its remaining mining and milling equipment currently held in storage related to the Las Cristinas Project. There are, however, no assurances that the sale process will be successful and, if it were successful, there are no assurances as to the amount or timing of any potential proceeds.

	December 31, 2011	December 31, 2010
Balance at beginning of period	**$ -**	$ 3,180
Transfer to property, plant and equipment (Note 9)	**-**	(386)
Transfer from property, plant and equipment (Note 9)	**33,200**	-
Write-down (Note 7)	**(13,227)**	-
Disposals	**(17,983)[a]**	(2,794)[b]
Balance as at December 31, 2011	**$ 1,990**	**-**

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

[b] During 2009, the Company sold mining equipment for net proceeds of $12,361 from which $4,688 was restricted to pay the scheduled January 15, 2010 interest obligation on the Notes described in Note 12.

As at December 31, 2009, the Company was in the process of selling additional mining equipment with a net book value of $4,416 and recorded a write-down of $1,236 based on estimated net realizable value of $3,180. In December 2009, the Company received an advance of $894 from the auctioneer who subsequently sold the majority of this equipment in April 2010 for $2,794. The Company issued to the auctioneer a demand promissory note for $894 bearing interest at the Bank of America, Australia, Bank Bill Buying semi-annual rate plus 4%, which was secured by the underlying equipment. The Company repaid the promissory note and related interest charges from the auction proceeds.

In June 2010, the Company decided not to proceed further with the sale of equipment with a net book value of $386 (cost of $994 less write-down of $608) which was reallocated to mining equipment prior to the write-down recorded at December 31, 2010.

11. Demand bank loan

At December 31, 2011, the Company's Venezuelan Branch had a bank loan of $1,326 (December 2010: $930) to fund operations. This demand bank loan bears interest at 19% per annum and is secured by cash collateral. Interest expense of $180 has been recorded in 2011 (2010 - $204).

	December 31, 2011	December 31, 2010
Opening balance	**$ 930**	$ -
Increase	**4,611**	2,953
Repayments	**(4,215)**	(2,023)
Closing balance	**$ 1,326**	$ 930

12. Demand loan

In early 2010, the Company commenced negotiations with China Railway Resources Group Co. Ltd. ("CRRC") to create a strategic partnership for the development of Las Cristinas. The proposed transaction was never completed. During these negotiations, CRRC loaned Crystallex $2,500 with an interest rate of 6%, which is repayable on demand and ranks subordinate to the Notes described in Note 13. At the time of the loan advance, it was contemplated that, upon closing of the proposed transaction with CRRC, the loan would be convertible at the option of CRRC into common shares of Crystallex at a price of Cdn$0.40 per common share of Crystallex. The conversion feature of the loan was ascribed a fair value of $200 using the Black-Scholes option pricing model and recorded as contributed surplus. The residual liability component of the loan of $2,300 was accreted up to its face value using the effective interest method, and, accordingly, interest accretion of $200 was recorded during the year ended December 31, 2010 as a component of interest expense.

Following the initial order of December 23, 2011 and commencement of creditor protection proceedings the $2,500 principle of the demand loan along with accrued unpaid interest of $272 was transferred to Liabilities Subject to Compromise (Note 3).

	December 31, 2011	Dec 31, 2010
Opening balance	**$ 2,500**	$ -
Increase	**-**	2,500
Transfer to Liabilities subject to compromise (Note 3)	**(2,500)**	-
Closing balance	**$ -**	$ 2,500

13. Notes payable

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

The initial carrying value of the Notes was derived from a unit structure that contained both a Note and a share component. As a result, the share component was determined based on the fair value of the common shares issued with the unit offering, calculated at $21,450 with $78,550 being the discounted fair value of the Notes. The discounted fair value of the Notes, net of expenses, is accreted up to the face value of the Notes using the effective interest method over its seven-year term, with the resulting charge recorded to interest finance expense. Interest accretion of $4,965 (2010 - $4,396) on the Notes was recorded during the year ended December 31, 2011 as a component of interest expense.

Following the Initial Order of December 23, 2011 and commencement of CCAA proceedings, the principal of the $100 million Notes payable along with accrued unpaid interest of $3,876 was transferred to Liabilities Subject to Compromise (Note 3).

13. Notes payable (continued)

The change in the carrying value of the notes payable during the year ended December 31 is as follows:

	December 31, 2011	Dec 31, 2010
Opening balance at January 1	**$ 95,035**	$ 90,639
Accretion	**4,468**	3,796
Amortization of financing fees	**497**	600
Transfer to liabilites subject to compromise (Note 3)	**(100,000)**	**-**
Closing balance	**$ -**	$ 95,035

14. Asset retirement obligations

The Company plans to address remediation of its asset retirement obligations for Las Cristinas and Revemin during the next 12 months and estimates total remediation costs of $1,465.

The Company has updated its asset retirement obligation estimate for the former LaVictoria mining operation based on a letter from the Venezuelan Government dated December 9, 2011 confirming the final scope of the reclamation activities required for LaVictoria. Total undiscounted estimated costs of $9,405 have been discounted by a risk free rate of 0.95% give an estimated asset retirement obligation of $9,099.

A 10% change in the discount rate, assuming all other variables remain constant, would result in a liability change of $30. A 10% change in the undiscounted remediation estimate, assuming all other variables remain constant, would result in a liability change of $1,056. A 10% change in the foreign exchange rate of the BSF from the official rate of 4.3 BSF to the US$ assuming all other variables remain constant would result in a liability change of $1,000.

The Company has not been able to measure with sufficient reliability its asset retirement obligation at its former Tomi mining operation at December 31, 2011. Following the shutdown of mining operations at Tomi in 2008 the Company was instructed by the Ministry of Mines not to perform any reclamation work until the government determined what it wanted to do with the Tomi concession. Subsequent to these instructions, mining operations were restored by the Venezuelan state mining company and then shutdown again after a short period of time.

As a result the Company is not able to estimate the scope nor timing of the reclamation activities which will be required at Tomi and therefore no asset retirement obligation has been recognized at December 31, 2011. There could be a future material adjustment in respect of the Company's asset retirement obligation at Tomi.

The movement of the asset retirement obligations during years ended December 31, 2010 and 2011 is as follows:

Asset retirement obligations are as follows:

	December 30, 2011	December 31, 2010
Asset retirement obligations, beginning of year	**$ 3,453**	$ 2,872
Reclamation expenditures	**(380)**	(233)
Accretion expense	**5**	58
Revision in estimated cash flows	**7,486**	756
Asset retirement obligations, end of period	**10,564**	3,453
Less current portion	**1,465**	798
	$ 9,099	$ 2,655

15. Share capital

Authorized

Unlimited common shares, no par value
Unlimited Class A preference shares, no par value
Unlimited Class B preference shares, no par value

Issued

	Number of Shares	Amount $
Balance January 1, 2010	294,817,719	561,751
Public offering, June 30, 2010	70,000,000	26,994
Balance December 31, 2010	364,817,719	588,745
Director remuneration plan	600,000	62
Share exchange	18	-
Balance December 31, 2011	365,417,737	588,807

Financing transaction

On June 30, 2010, the Company completed a public offering of 70 million units at Cdn $0.50 per unit for gross proceeds of Cdn $35,000 (US$33,000).

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

The net proceeds received by the Company, after payment of issuance costs of $2,396, was $30,605, of which $26,994 was recorded as share capital and $3,611 was recorded as warrants – derivatives financial instruments. The warrants were valued using Black-Scholes Valuation model assuming expected dividend yield, risk-free interest rate, expected life and volatility of 0.0%, 0.70%, 12 months and 108.34% respectively.

Shareholder rights plan

On June 24, 2009, the shareholders of the Company approved the continuation of the Company's shareholder rights plan (the "Rights Plan"), which was previously approved on October 30, 2006. The rights issued under the Rights Plan are subject to reconfirmation at every third annual meeting of shareholders and will expire at the close of the Company's annual meeting in 2016. The Rights Plan is designed to ensure the fair treatment of shareholders in connection with any takeover bid for the Company and to provide the board of directors and shareholders with sufficient time to fully consider any unsolicited takeover bid. The Rights Plan also provides the board of directors with time to pursue, if appropriate, other alternatives to maximize shareholder value in the event of a takeover bid.

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

15. Share capital (continued)

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

On March 16, 2012 the Company announced that its Board of Directors voted to adopt an additional rights plan, and on June 25, 2012, the Company announced that the Rights Plan had terminated. (See Note 29)

16. Warrants

As at December 31, 2011 common share purchase warrants were outstanding enabling the holders to acquire common shares as follows:

Exercise price December 31, 2011	Number of warrants (thousands)
$0.29 (Cdn$0.30)	3,000[(a)]
$2.89 (Cdn$3.00)	16,445[(b)]
$4.25	12,250[(c)]
	31,695

a) These warrants expired on April 23, 2012.
b) These warrants expire six months following the date that is 45 days following the receipt of the Permit for the Company's Las Cristinas Project.
c) These warrants become exercisable for an 18-month period commencing on the date which is 45 days following the receipt of the permit for the Company's Las Cristinas Project

Derivative liability (see also Note 6 iv (b))

Under IFRS, warrants with an exercise price in a currency other than the functional currency are to be recorded as a derivative liability and carried at fair value. The liability is re-measured at each reporting date with the change in value recorded as finance income or finance in the consolidated statement of loss and comprehensive loss. The warrants were valued using the Black-Scholes valuation model assuming expected divided yield, risk-free interest rate, expected life and volatility of 0.0%, 0.97%, 4 months and 129% respectively.

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

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

16. Warrants (continued)

The change in the derivative liability for the year ended December 31, 2010 is as follows:

Warrants	Issued	Fair value estimate at Jan 1, 2010	Issued	Fair value estimate adjustments	Fair value estimate at Dec 31,2010
Cdn$0.70	-	-	3,611	(3,576)	35
Cdn$0.30	3,000	860	-	(450)	410
Cdn$3.00	16,445	1,445	-	(1,445)	-
	19,445	2,305	3,611	(5,471)	445

17. Stock Options

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

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

As at December 31, 2011, stock options were outstanding enabling the holders to acquire common shares as follows:

	Outstanding stock options			Exercisable stock options	
Range of exercise prices (Cdn$)	Number of stock options (thousands)	Weighted average remaining contractual life (years)	Weighted average exercise price (Cdn$)	Number exercisable (thousands)	Weighted average exercise price (Cdn$)
$0.10	3,880	8.13	0.10	3,880	0.10
$0.24	6,175	5.44	0.24	6,175	0.24
$0.45	4,903	6.68	0.45	4,903	0.45
$1.90 to $2.60	1,359	0.85	2.21	1,359	2.21
$3.00 to $3.57	2,638	2.24	3.14	2,638	3.14
$4.05 to $4.87	1,470	3.78	4.62	1,470	3.78
	20,425	5.59	1.08	20,425	1.08

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

17. Stock Options (continued)

Year ended December 31,

	2011	2010
Risk-free interest rate	**2.25%**	1.7%
Expected life (years)	**3**	3
Expected volatility over expected life	**120%**	127%
Expected dividend rate	**0%**	0%
Weighted average fair value of stock options granted	**$ 0.07**	$ 0.33

The fair value compensation recorded for stock options that have vested for the year ended December 31, 2011 was $488 (2010 - $1,292) of which $488 (2010 - $1,218) was expensed and $Nil (2010 - $74) was capitalized to mineral properties prior to the write-down described in Note 9.

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

	Year ended December 31,			
	2011		2010	
	Number of options (thousands)	**Weighted average exercise price (Cdn$)**	Number of options (thousands)	Weighted average exercise price (Cdn$)
Balance, beginning of period	**18,397**	**1.49**	15,254	1.94
Issued	**3,880**	**0.10**	4,903	0.45
Expired or forfeited	**(1,852)**	**3.07**	(974)	2.48
Balance, end of period	**20,425**	**1.08**	19,183	1.53

18. Loss per share

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

	Year ended December 31,	
	2011	2010
	$	$
Loss from continuing operations	**(35,416)**	(19,492)
Loss from discontinued operations net of income taxes	**(26,945)**	(23,144)
Loss for the period	**(62,361)**	(42,636)
Weighted average number of outstanding shares	**365,134,988**	330,297,171
Basic and diluted (loss) per common share from continuing operations	**(0.10)**	(0.06)
Basic and diluted (loss) per common shares from discontinued operations	**(0.07)**	(0.07)
Basic and diluted (loss) per common share	**(0.17)**	(0.13)

18. Loss per share (continued)

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

19. Income taxes

A reconciliation between tax expense and the product of accounting profit multiplied by the Company's domestic tax rate for the years ended December 31, 2011 and December 31, 2010 is as follows:

	Years ended December 31	
	2011	2010
Statutory tax rate	**27.03%**	28.93%
Loss from continuing operations	**$ (35,416)**	$ (19,492)
Income tax benefit	**$ (9,573)**	$ (5,639)
Change in unrecognized deductible temporary differences	**4,653**	(1,315)
Change in foreign exchange rates	**2,966**	(6,171)
Non-deductible (non-taxable) items	**1,954**	2,449
Reduction in losses carry forward	**-**	10,676
Total income tax expense (recovery)	**$ -**	$ -

The 2011 statutory tax rate of 27.03% differs from the 2010 statutory tax rate of 28.93% because of the reduction in both federal and Ontario substantively enacted tax rates.

Deferred income tax

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

	Year ended December 31,	
	2011	2010
Deferred income tax assets:		
Losses carry forward	**$ 55,992**	$ 49,769
Financing fees	**638**	1,091
Asset retirement obligations	**3,362**	979
Property, plant and equipment	**83,732**	88,211
	$ 143,724	$ 140,050

19. Income taxes (continued)

At December 31, 2011 the Company had the following non-capital losses for income tax purposes which may be used to reduce future taxable income:

	Country	
Year of Expiry	Canada	Venezuela
2012	$ -	$ 3,560
2013	$ -	$ 802
2014	$ 17,169	$ 1,344
2015	$ 36,099	$ -
2016	$ 27,531	$ -
2027	$ 24,387	$ -
2028	$ 23,611	$ -
2029	$ 23,722	$ -
2030	$ 20,230	$ -
2031	$ 43,461	$ -
	$216,210	$ 5,706

20. General and administrative expenses

	Year ended 2011	December 31, 2010
	$	$
Professional fees	**(14,658)**	(5,038)
Salaries and Benefits	**(3,028)**	(2,835)
Stock option expense	**(488)**	(1,292)
Insurance expense	**(751)**	(720)
Other	**(1,275)**	(2,302)
General and administrative expense	**(20,200)**	(12,187)

21. Litigation costs, net of recoveries

	Year ended 2011	December 31, 2010
	$	$
Litigation costs	**(294)**	(446)
Recoveries	**41**	765
Litigation costs, net of recoveries	**(253)**	319

22. Finance income and expense

During the year, the Company earned and expensed the following:

	Year ended December 31,	
	2011	2010
	$	$
Unrealized gain on revaluation of warrants	**442**	5,472
Other finance income	**44**	79
Finance income	**486**	5,551
Interest on notes payable	**(14,115)**	(13,771)
Other finance expense	**(150)**	(340)
Finance expense	**(14,265)**	(14,111)
Net finance expense	**(13,779)**	(8,560)

23. Supplemental disclosures with respect to cash flows

Cash paid during the year ended December 31:

	2011	2010
For interest	**$ 9,376**	$ 9,376
For income taxes	**$ -**	$ -

24. Segmented information

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

25. Risk management

Credit risk

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

The Company is exposed to the credit risk of Venezuelan banks, which hold cash for the Company's Venezuelan operations. The Company limits its exposure to this risk by maintaining minimal cash balances to fund the immediate needs of its Venezuelan subsidiaries.

Currency risks

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

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

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

25. Risk management (continued)

	December 31, 2011	December 31, 2010
Venezuelan BsF net monetary liabilities		
15% increase in value	**$ (3,311)**	$ 312
15% decrease in value	**$ 3,311**	$ (312)
Canadian dollar net monetary assets		
15% increase in value	**$ (130)**	$ (1,304)
15% decrease in value	**$ 130**	$ 1,304

Liquidity risk

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

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

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

	1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Liabilities subject to compromise
Current liabilities	$ 739	$ 738	$ 7,746	$ -	$ -
Liabilities subject to compromise (Note 3)	-	-	-	-	110,194
Total	$ 739	$ 738	$ 7,746	$ -	$ 110,194

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

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

The Company will utilize the proceeds from the Tenor DIP loan (Note 29) as a source of liquidity during the CCAA proceedings. Proceeds from the sale of equipment held for sale may also provide a source of liquidity.

Fair value

As at December 31, 2011, the Company's financial instruments consisted of cash and cash equivalents, accounts receivable, accounts payable and certain accrued liabilities, bank loan, demand loan payable, notes and warrants denominated in Cdn$. These warrants denominated in Cdn$ are measured at fair value, and the assurance level of the inputs going into the valuation are classified as Level 2. Accounts receivables, accounts payable and certain accrued liabilities, bank loan and demand loan payable are

25. Risk management (continued)

measured at amortized costs and their fair values approximate carrying value due to their short-term nature. The Notes are classified as other financial liabilities and are measured at amortized cost.

Risks related to creditor protection and restructuring

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

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

26. Commitments and contingencies

Actions by Noteholders dismissed and subsequent appeal

In December 2008, the Company was served with a notice of application (the "Application") by the trustee for the holders of the Notes. The trustee, on behalf of certain Noteholders sought, among other things, a declaration from the court that there had been a project change of control (a "Project Change of Control") event, as defined in the First Supplemental Indenture made as of December 23, 2004, thereby requiring Crystallex to accelerate payment and purchase all of the Notes of each Noteholder who has so requested, together with accrued and unpaid interest to the date of purchase.

A "Project Change of Control" is defined as the occurrence of any transaction as a result of which Crystallex ceases to beneficially own, directly or indirectly, at least a majority interest in the Las Cristinas project asset.

On December 16, 2009, the Ontario Superior Court of Justice dismissed all of the Noteholders' claims against Crystallex and ordered the Noteholders to pay Crystallex its costs incurred with respect to the Application. In detailed reasons, the court held that Crystallex and its board of directors acted reasonably and in accordance with its obligations to all stakeholders including the Noteholders. The Noteholders appealed this decision, which was heard in late April 2010.

On May 9, 2010, the Court of Appeal for Ontario dismissed the Noteholders' appeal and awarded costs to Crystallex.

On May 11, 2010, the Company was served with a statement of claim by the trustee for the Noteholders seeking indemnification of costs.

On June 16, 2010, the Company and the trustee agreed to a cost settlement to Crystallex of $0.8 million on account of Crystallex's costs in defending the litigation. That payment was effected by netting against the July 15, 2010 semi-annual interest payment on the Notes. The Noteholders also signed a release in favour of the Company and its directors at the same time.

26. Commitments and contingencies (continued)

On May 26, 2011, the Company was served with a Notice of Application by certain holders of the Notes. The Noteholders were seeking a declaration from the court that there has been a "Project Change of Control" event as defined in the First Supplemental Indenture made as of December 23, 2004 thereby requiring Crystallex to purchase all of the Notes of each Noteholder who has so requested at a price equal to 102% of the principal amount of the Notes, together with accrued and unpaid interest to the date of purchase. A hearing occurred on September 7, 2011, and on September 29, 2011 the court dismissed the Noteholders' claim and awarded the Company costs of the proceedings.

On October 30, 2011, the Noteholders appealed the court's decision to the Court of Appeal for Ontario. The Company is of the opinion that the court's decision should be upheld however, the outcome of the appeal cannot be determined at this time.

Proposed class action dismissed

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

On March 28, 2011, the court dismissed this lawsuit in its entirety and without prejudice. The court allowed the plaintiffs to file a second amended complaint if they had reason to do so in good faith within 21 days of the court order. After the plaintiffs did not file a second amended complaint, the district court entered a final judgement closing the case on April 26, 2011.

On April 21, 2011, the plaintiffs appealed the court's decision to dismiss the complaint. The appeal was dismissed by the United States Court of Appeals for the Second Circuit on May 24, 2011.

Claims by former employees

The Company's subsidiaries in Venezuela have been served with statements of claims from several former employees for additional severance and health related issues for an aggregate claim of approximately $0.7 million. Management has recorded a provision based on its best estimates of amounts that may need to be paid based on the experience with cases settled to date.

Creditor protection and restructuring

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

The Monitor will be applying to the Court to initiate a claims process whereby parties may assert claims against the capital applicants. As part of the claims process, the Monitor and ultimately the Court will rule on the legitimacy of any such claims. There is a potential for additional valid claims to be levied against the Company. However, the Company is not currently aware of any additional material possible claims.

27. Compensation of key management

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

	Year ended December 31,	
	2011	2010
	$	$
Salaries and short-term employee benefits	**1,978**	1,847
Post-employment benefits	**40**	66
Directors' fees paid in shares	**62**	-
Directors' fees paid in cash	**314**	296
Director's compensation for special assignments	**185**	117
	2,579	2,326

28. Related party transactions

During the year ended December 31, 2011, the Company paid head office rent of $141 (2010 - $122) and consulting fees of $26 (2010 - $Nil) to a subsidiary of a company that retains the Chairman and Chief Executive Officer of the Company as a director. In addition, in August 2009, another subsidiary of this company entered into an agreement with the Company to provide advisory services. The advisory fee included a work fee, and a success fee which is only payable on the fulfilment of certain conditions. For the year ended December 31, 2011, the Company paid advisory fees of $Nil (2010 - $125), under the terms of this advisory agreement.

On September 1, 2011, the Company entered into a consulting agreement with Marc J. Oppenheimer a director of the Company to provide detailed services to support the arbitration. Under this agreement Mr. Oppenheimer will be paid $30 per month until the earlier of November 30, 2014 or the conclusion of arbitration proceedings with Venezuela.

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

29. Subsequent events

TSX delisting

On December 7, 2011, the Company received notification from the Toronto Stock Exchange that following its review of December 5, 2011 the exchange had determined that the Company no longer met its Original Listing Requirements. As a result the Company's shares were subsequently delisted at the close of the market on January 6, 2012.

Extension of initial CCAA order

On January 20, 2012, the Court extended its initial order granting the Company CCAA protection from December 23, 2011 to January 21, 2012. Subsequent to January 23, 2011, the Initial Order has been extended several more times and is currently scheduled to expire July 30, 2012.

Interim bridge loan

On January 20, 2012, the Court approved the terms of an interim bridge loan for the Company in the amount of $3.1 million from Tenor Special Situation Fund 1, LLC. The bridge loan is a secured short term loan, that was due the earlier of April 16, 2012 or the first draw on a Debtor-in- Possession ("DIP") financing facility and was intended to provide the Company with working capital while it continued to pursue DIP

29. Subsequent events (continued)

financing and progressed its arbitration claim. Interest of 10% and a commitment fee of 5% was charged on the loan.

Initial arbitration submission

On February 10, 2012 the Company filed its first written submission with the additional facility of the ICSID with regard to its claim against the Bolivarian Republic of Venezuela. Under the current schedule adopted by the arbitral panel on December 1, 2011 Venezuela's first written submission is due on November 2, 2012 with additional written submissions by the Company on March 22, 2013 and Venezuela on August 9, 2013. The final oral hearing has been scheduled for November 11 to 22, 2013 in Washington, D.C.

Additional shareholder rights plan

On March 16, 2012, the Company announced that its Board of Directors voted to adopt an additional shareholder's rights plan (the "New Rights Plan").

The New Rights Plan did not replace the original shareholder rights plan of the Company dated as of June 22, 2006 (the Rights Plan) which expired on June 30, 2012. The Board adopted the New Rights Plan because the Rights Plan may not have adequately served the interests of the Company due to the changed circumstances of the Company, including the ongoing dispute between the Company and Venezuela which has led to the arbitration case between such entities and the filing for court protection by the Company under the CCAA.

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

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

DIP financing and noteholder litigation

On March 12, 2012, the Company announced that it had successfully concluded an auction process to raise DIP financing in accordance with the procedures approved by the Monitor pursuant to the Initial Order. As a result, the Company executed a commitment letter provided by a company managed by Tenor Management Company LLC pursuant to which the Lender agreed, subject to certain conditions including the execution of a senior secured credit agreement, to provide US $36 million to the Company.

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

29. Subsequent events (continued)

management incentive program equivalent to 5% of the equity and leave 14% of the equity for the existing shareholders.

On April 16, 2012, the Court issued an order approving the Tenor $36 million DIP loan and the Company and an entity managed by Tenor Capital Management Company LLC (he “Lender”) entered into a Senior Secured Credit Agreement dated April 23, 2012, (the “Credit Agreement”). The Court also approved the MIP and extended the stay until July 30, 2012 (subsequently extended to September 11, 2012).

The $36 million DIP Facility accrues payment-in-kind interest (that is, interest is only paid at maturity or upon the Company’s receipt of an arbitral award or settlement) of 10% compounded semi-annually and is to be advanced in four tranches: $9 million upon the execution of loan documentation and approval of the DIP Facility by court order, $12 million upon the dismissal of any appeal of the court order approving the DIP loan, $10 million when the Company has less than $2.5 million in cash and $5 million when the Company’s cash balances are again less than $2.5 million. In accordance with the terms of Credit Agreement, the Company drew down the initial $9.0 million tranche of the DIP Facility. The Company used a portion of the initial tranche to repay the Bridge Loan.

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

On June 27, 2012, the Company announced that it had drawn down an additional amount of $8 million (for an aggregate total of $21 million) under the terms of the Credit Agreement. These funds will be used to fund the Company’s operations, including the prosecution of its arbitration claim against the government of Venezuela. As a result of such draw down, the Company provided to the Lender, in accordance with the provisions of the Credit Agreement and a conversion and voting agreement, additional compensation which is dependent on the amount of the net proceeds realized from an award or settlement in respect of the Company's arbitration with the government of Venezuela and which, at the option of the Lender, could be converted into up to 35% of the equity of the Company. In addition, the Credit Agreement requires certain changes to the governance of Crystallex. The Lender has been provided with the right to appoint 2 of the 5 directors of the Company, and as a result Mr. Michael Brown and Mr. Johan C. van’t Hof voluntarily resigned from the Board in order to enable Mr. Robin Shah and Mr. David Kay, the nominees of the Lender, to join the Board. The Board has appointed Harry Near as “Designated Director” and has delegated certain powers to him, including the conduct of the proceedings under the CCAA and certain related matters. However, before making any decision regarding such delegated matters, Mr. Near will be required to consult with the newly established Advisory Panel of the Company. The members of the Advisory Panel are Messrs. Near, Brown and van’t Hof. The Board has also agreed that certain transactions will be subject to the approval of the Board, including the approval of one of the Lender’s nominees.

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

The Company has incurred significant legal and other costs related to the Noteholders’ challenges and for the arranging of the DIP financing.

29. Subsequent events (continued)

Cease trade order

On March 16, 2012, the Company announced that in light of its financial circumstances it would not be in a position to prepare and file annual audited financial statements and other annual disclosure documents, required by Canadian securities laws in respect to the Company's financial year ended December 31, 2011, by March 30, 2012. As a result, the Company is in default of its continuous filing requirements under Canadian securities laws.

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

Delay of Annual Shareholders Meeting

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

Termination of Rights Plan

Crystallex announced on June 27, 2012 that the Rights Plan, which was last reconfirmed by the shareholders of the Company at a shareholders' meeting held on June 24, 2009, will terminate on June 30, 2012. In light of the fact that the Company had obtained a Court order to delay its annual shareholders' meeting, the shareholders of the Company would not be able to reconfirm the Rights Plan as required, and therefore the Rights Plan terminated. The Company's shareholder rights plan agreement of March 16, 2012 remains in force.