

CRYSTALLEX INTERNATIONAL CORPORATION

Policy on Provision of Services by External Auditors

1. General

The Audit Committee (*Committee*) of Crystallex International Corporation (*Corporation*) has developed this Policy after consideration of the rules with respect to the engagement of the external auditors of the Corporation to provide audit and permitted non-audit services to the Corporation and its subsidiary entities (*Crystallex Group*).

2. Purpose

The purpose of this Policy is:

- (a) to describe the services that the external auditors may not provide to the Crystallex Group;
- (b) to describe the audit and permitted non-audit services that have been pre-approved by the Committee as services that the external auditors may provide to the Crystallex Group; and
- (c) to describe the authorization process for all engagements of the external auditors to provide services to the Crystallex Group.

3. Prohibited Services

- (1) The external auditors may not provide services to the Crystallex Group that impair or have the potential to impair the independence and objectivity of the external auditors in relation to the external audit function (*prohibited services*).

Generally, prohibited services include services where the external auditors participate in activities that are normally undertaken by management of the Crystallex Group, are remunerated through a “success fee” structure, act in an advocacy role for the Crystallex Group or may be required to audit their own work.

- (2) The following are examples of prohibited services:
 - (a) record or book-keeping or preparing or providing other services in relation to accounting records and financial statements;
 - (b) designing and implementing financial information systems or financial controls;
 - (c) providing valuation services, appraisals or fairness opinions;

- (d) providing internal audit services;
- (e) seconding employees to the Crystallex Group where the secondee acts as a Crystallex Group officer or employee or performs any decision-making, supervisory or ongoing monitoring function;
- (f) providing human resources and recruitment services;
- (g) providing actuarial services;
- (h) providing management functions;
- (i) providing legal services;
- (j) providing broker-dealer, investment advisor or investment banking services; and
- (k) providing expert services unrelated to the external audit (eg, advocacy in litigation proceedings, other than tax matters).

4. Pre-Approved Services

The following audit and permitted non-audit services have been pre-approved by the Committee as services that the auditors may provide to the Crystallex Group (*pre-approved services*) subject to the authorization process described below.

All services not specifically listed below are not pre-approved services and must be approved by the Committee before the external auditors are engaged to provide those services to the Crystallex Group.

The following are pre-approved services:

- (1) *Audit services* – services that constitute the agreed scope of the external audit or interim reviews of the Crystallex Group, including:
 - (a) statutory audits, financial audits or interim reviews; and
 - (b) attestation of management reports on disclosure controls and procedures and internal control over financial reporting.
- (2) *Audit-related services* – services that are outside the agreed scope of, but are consistent with, the external audit or interim reviews of the Crystallex Group, including work that is a logical extension of or reasonably related to the performance of the external audit or interim reviews, is of an assurance or compliance nature and is work that the auditors must or are best placed to undertake. Items of such work are:
 - (a) services associated with prospectuses, registration statements and other documents filed with regulatory authorities or issued in connection with securities

- offerings (eg, comfort letters, consents) and assistance in responding to comment letters;
- (b) services associated with interim financial reports and other public disclosure of financial information;
 - (c) consultations with management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by regulatory or standard setting bodies;
 - (d) financial statement audits of employee benefit plans;
 - (e) due diligence services pertaining to potential business acquisitions/dispositions and other major transactions and events (excluding valuation services, appraisals or fairness opinions);
 - (f) agreed-upon or expanded audit procedures related to accounting or billing records required to respond to or comply with financial, accounting or regulatory reporting matters;
 - (g) advice and assistance in connection with disclosure controls and procedures and internal control over financial reporting;
 - (h) attest services not required by statute or regulation (eg, debt covenant certificates);
 - (i) statutory, subsidiary or equity investee audits incremental to the external audit;
 - (j) closing balance sheets audits pertaining to dispositions; and
 - (k) assistance in complying with legal, regulatory or stock exchange listing requirements.
- (3) *Tax services* – tax services that do not compromise the independence and objectivity of the external auditors in relation to the external audit. Items of such work are:
- (a) domestic and foreign tax compliance and advice (excluding strategic tax planning and structuring);
 - (b) review of domestic and foreign income and other tax returns;
 - (c) assistance with tax audits and appearances before domestic and foreign regulatory agencies and stock exchanges;
 - (d) specialist tax services for acquisition and disposition due diligence activities – provided under the instruction and direction of management;

- (e) tax advice and assistance regarding statutory, regulatory or administrative developments; and
 - (f) employee tax assistance and compliance (eg, expatriates).
- (4) *Other services* – other services of an advisory nature that do not compromise the independence and objectivity of the external auditors in relation to the external audit. Items of such work are:
- (a) risk management advisory services (eg, assessment and testing of security infrastructure controls);
 - (b) specific risk management and internal audit specialist services provided under the instruction and direction of management;
 - (c) treasury advisory services (eg, review of cheque-clearing and float-management practices and recommendations regarding potential areas of improvement);
 - (d) pension advisory services (eg, consulting on pension matters such as company contributions (but excluding actuarial services); and
 - (e) review and assessment of environment, health and safety policies and procedures.

5. Authorization Process

- (1) Except as provided in paragraph 5(2), the Committee must authorize in advance all engagements of the external auditors to provide pre-approved services to the Crystallex Group.
- (2) The Committee has authorized the Chair of the Committee and the Chief Financial Officer of the Corporation (**CFO**) together to authorize in advance all engagements of the external auditors to provide pre-approved services to the Crystallex Group up to a maximum of \$50,000 for each engagement and up to a maximum of \$150,000 for all engagements in each calendar quarter. The Chair of the Committee and the CFO must report all engagements authorized by them to the Committee at its next meeting.
- (3) Services that are not pre-approved services must be authorized by the Committee before the external auditors are engaged regardless of the dollar value of the services.
- (4) Exceptions can be made to this Policy where the exceptions are in the interests of the Crystallex Group and appropriate arrangements are established with respect to the independence and objectivity of the external auditors in relation to the external audit. Any exception must be authorized by the Committee and must be reported to the board of directors of the Corporation.