Consolidated Financial Statements of

CRYSTALLEX INTERNATIONAL CORPORATION

March 31, 2004

(Unaudited – Prepared by Management)

(Expressed in United States dollars)

CRYSTALLEX INTERNATIONAL CORPORATION
Consolidated Balance Sheets
(Unaudited - Prepared by Management)
(Expressed in United States dollars)

	March 31, 2004	December 31, 2003 (Restated - Note 2)
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 13,750,755**	$ 26,203,536
Accounts receivable - trade	**2,475,369**	860,901
Accounts receivable - other	**2,000,000**	2,089,260
Production inventories (Note 4)	**2,757,215**	1,751,703
Prepaid expenses and other	**1,050,343**	943,285
	22,033,682	31,848,685
PROPERTY, PLANT AND EQUIPMENT (Note 5)	**104,393,972**	102,274,263
DEFERRED FINANCING FEES	**139,218**	150,580
TOTAL ASSETS	**$ 126,566,872**	$ 134,273,528
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 6,201,998**	$ 6,968,598
Current portion of deferred credit	**26,884,462**	20,210,104
Current portion of long-term debt (Note 6)	**2,715,000**	1,030,000
	35,801,460	28,208,702
LONG-TERM DEBT (Note 6)	**4,258,000**	6,458,000
DEFERRED CREDIT	**12,931,497**	20,498,008
	52,990,957	55,164,710
MINORITY INTEREST	**111,053**	111,053
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 7)	**185,366,274**	171,994,591
SPECIAL WARRANTS	**-**	11,886,581
CONTRIBUTED SURPLUS	**28,781,001**	25,808,171
CUMULATIVE TRANSLATION ADJUSTMENT (Note 2)	**(7,867,269)**	(7,867,269)
DEFICIT	**(132,815,144)**	(122,824,309)
	73,464,862	78,997,765
	$ 126,566,872	$ 134,273,528

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

CRYSTALLEX INTERNATIONAL CORPORATION
Consolidated Statements of Operations
(Unaudited - Prepared by Management)
(Expressed in United States dollars)

	Three month period ended March 31, 2004	Three month period ended March 31, 2003 (restated - Note 2 and Note 11)
MINING REVENUE	**$ 3,943,322**	$ 1,358,056
OPERATING EXPENSES		
Operations	**2,659,210**	1,986,686
Amortization	**1,090,193**	209,470
Depletion	**850,588**	99,858
	4,599,991	2,296,014
OPERATING LOSS	**(656,669)**	(937,958)
OTHER EXPENSES		
Amortization	**24,594**	2,709
Interest on long-term debt	**86,570**	410,771
General and administrative	**2,714,701**	2,141,324
	2,825,865	2,554,804
NON-HEDGE DERIVATIVE GAIN (LOSS)	**(2,732,885)**	5,650,029
INCOME (LOSS) BEFORE OTHER ITEMS	**(6,215,419)**	2,157,267
OTHER ITEMS		
Interest and other income	**27,620**	16,749
Foreign exchange gain (loss)	**(462,910)**	1,267,136
Write-down of marketable securities	**-**	(66,896)
	(435,290)	1,216,989
INCOME (LOSS) FROM CONTINUING OPERATIONS	**(6,650,709)**	3,374,256
DISCONTINUED OPERATIONS	**-**	1,069,438
NET INCOME (LOSS) FOR THE PERIOD	**$ (6,650,709)**	$ 4,443,694
BASIC AND DILUTED NET INCOME (LOSS) PER SHARE		
Continuing operations	**$ (0.04)**	$ 0.04
Discontinued operations	**-**	0.01
	$ (0.04)	$ 0.05
WEIGHTED AVERAGE NUMBER OF SHARES		
OUTSTANDING - Basic	**148,449,675**	92,359,351
Diluted	**148,449,675**	98,208,136

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

CRYSTALLEX INTERNATIONAL CORPORATION
Consolidated Statements of Cash Flows
(Unaudited - Prepared by Management)
(Expressed in United States dollars)

	Three month period ended March 31, 2004	Three month period ended March 31, 2003 (restated - Note 2 and Note 11)
CASH FLOWS FROM CONTINUING OPERATING ACTIVITIES		
Income (loss) for the period - continuing operations	**$ (6,650,709)**	$ 3,374,256
Adjustments to reconcile income (loss) to net cash used in operating activities:		
Amortization and depletion	**1,965,375**	312,037
Unrealized foreign exchange loss (gain)	**49,999**	(308,015)
Directors' fees	**30,000**	30,000
Unrealized non-hedge derivative gain	**(892,152)**	(7,057,458)
Stock option expense	**45,618**	-
Writedown of marketable securities	**-**	66,896
Changes in other operating assets and liabilities (net of effects from purchase of subsidiaries):		
(Increase) decrease in accounts receivable	**(1,525,208)**	61,052
Increase in production inventories	**(1,005,512)**	(269,594)
Increase in prepaid expenses and other	**(107,058)**	(227,939)
Increase in due from related parties	**-**	(299,016)
Decrease in accounts payable and accrued liabilities	**(766,600)**	(826,901)
Increase in due to related parties	**-**	1,379,107
	(8,856,247)	(3,765,575)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant and equipment	**(4,073,722)**	(1,538,231)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares for cash	**992,188**	-
Special warrants and warrants	**-**	2,496,780
Debt borrowings	**-**	1,468,665
Debt repayments	**(515,000)**	(16,500)
Deferred financing fees	**-**	(216,798)
	477,188	3,732,147
CASH FLOWS FROM CONTINUING OPERATIONS	**(12,452,781)**	(1,571,659)
CASH FLOWS FROM DISCONTINUED OPERATIONS	**-**	134,401
DECREASE IN CASH AND CASH EQUIVALENTS	**(12,452,781)**	(1,437,258)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**26,203,536**	3,606,213
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 13,750,755**	$ 2,168,955

Supplemental disclosure with respect to cash flows (Note 8)

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

CRYSTALLEX INTERNATIONAL CORPORATION
Consolidated Statements of Shareholders' Equity
(Unaudited - Prepared by Management)
(Restated - Note 2)
(Expressed in United States dollars)

	Number of Common Shares	Amount	Number of Special Warrants	Amount	Number of Warrants	Contributed Surplus	Deficit	Currency Translation Adjustment	Equity Component of Convertible Notes	Total
Balance at December 31, 2002	91,722,278	$ 127,012,205	2,252,500	$ 2,915,183	11,678,170	$ 3,657,902	$ (60,745,630)	$ (20,228,431)	$ 2,482,126	$ 55,093,355
Shares issued:										
On exercise of options	270,000	332,500	-	-	-	-	-	-	-	332,500
On conversion of warrants	4,803,457	8,185,623	-	-	(4,803,457)	(1,458,924)	-	-	-	6,726,699
For directors' fees	40,080	57,000	-	-	-	-	-	-	-	57,000
In settlement of mineral property dispute	229,283	542,766	-	-	-	-	-	-	-	542,766
For settlement of bank loan and bank fees	2,348,184	2,114,811	-	-	-	-	-	-	-	2,114,811
For financial advisory fees	350,000	650,590	-	-	-	-	-	-	-	650,590
For finders fee	61,695	109,705	-	-	-	-	-	-	-	109,705
For legal fees	1,281,124	2,179,579	-	-	-	-	-	-	-	2,179,579
On conversion of notes	17,036,967	16,444,612	-	-	-	-	-	-	(2,482,126)	13,962,486
Conversion of special warrants	17,260,455	14,365,200	(17,260,455)	(14,365,200)	-	-	-	-	-	-
Special warrants and warrants issued for cash	-	-	27,807,955	23,336,598	13,903,977	21,428,845	-	-	-	44,765,443
Warrants issued for consulting fee	-	-	-	-	900,000	1,027,490	-	-	-	1,027,490
Warrants issued with convertible notes	-	-	-	-	150,000	197,420	-	-	-	197,420
Warrants issued with promissory notes	-	-	-	-	450,000	171,157	-	-	-	171,157
Warrants expired during the year	-	-	-	-	(2,235,918)	-	-	-	-	-
Options issued to non-employees	-	-	-	-	-	192,104	-	-	-	192,104
Warrants extended during the year	-	-	-	-	-	592,177	(592,177)	-	-	-
Net loss for the year	-	-	-	-	-	-	(61,486,502)	12,361,162	-	(49,125,340)
Balance at December 31, 2003	135,403,523	171,994,591	12,800,000	11,886,581	20,042,772	25,808,171	(122,824,309)	(7,867,269)	-	78,997,765
Adjustment for change in accounting policy for stock-based compensation (Note 3)	-	-	-	-	-	3,340,126	(3,340,126)	-	-	-
Shares issued:										
On exercise of options	142,000	113,193	-	-	-	-	-	-	-	113,193
On conversion of warrants	522,220	1,291,909	-	-	(522,220)	(412,914)	-	-	-	878,995
For directors' fees	10,870	30,000	-	-	-	-	-	-	-	30,000
For finders fee	19,232	50,000	-	-	-	-	-	-	-	50,000
Conversion of special warrants	12,800,000	11,886,581	(12,800,000)	(11,886,581)	-	-	-	-	-	-
Options issued to employees		-	-	-	-	45,618	-	-	-	45,618
Net loss for the period	-	-	-	-	-	-	(6,650,709)	-	-	(6,650,709)
Balance at March 31, 2004	148,897,845	$ 185,366,274	-	$ -	19,520,552	$ 28,781,001	$ (132,815,144)	$ (7,867,269)	$ -	$ 73,464,862

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

1. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim period consolidated financial statements of Crystallex International Corporation ("Crystallex" or "the Company") have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of the consolidated financial statements is based on the accounting policies and practices consistent with those used in the preparation of the Company's annual consolidated financial statements as at December 31, 2003 and for the year then ended except for the change in Functional and Reporting Currency (Note 2) and the changes in accounting policies (Note 3). These unaudited interim period consolidated financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles and therefore should be read together with the audited annual consolidated financial statements and the accompanying notes thereto.

2. CHANGE IN FUNCTIONAL AND REPORTING CURRENCY

Effective January 1, 2004, the functional currency of Crystallex was changed from the Canadian to US dollar. In general, this change results from an increase in the overall proportion of business activities conducted in US dollars. Concurrent with this change in functional currency, the Company adopted the US dollar as its reporting currency. Under Canadian GAAP, the change was effected by translating assets and liabilities at the existing US/Canadian dollar foreign exchange spot rate, while earnings were translated at the average rate for each period. Equity transactions have been translated at historic rates; with opening equity restated at the rate of exchange on January 1, 1999. The resulting net translation adjustment has been credited to the Cumulative Translation Adjustment.

3. CHANGES IN ACCOUNTING POLICIES

i) Stock Based Compensation

Effective January 1, 2004, the Company changed its accounting policy for stock-based compensation and adopted the fair value method of accounting for all its stock-based compensation. Previously the Company did not record stock options issued to employees as compensation expense and disclosed pro forma information on the fair value of stock-based compensation issued during the period in the notes to the financial statements. The Company has adopted this change retroactively with no restatement of the prior period. Under this method, compensation expense for stock options granted to employees is measured at the fair value at the grant date using the Black-Scholes valuation model and is recognized over the vesting period of the options granted. The opening deficit and contributed surplus have been adjusted by $3,340,126 to reflect the cumulative adjustment of this change.

ii) Asset Retirement Obligations

Effective January 1, 2004, the Company adopted the standard of the CICA handbook, Asset Retirement Obligations, which requires that the fair value of liabilities for asset retirement obligations be recognized in the period in which they are incurred. A corresponding increase to the carrying amount of the related assets is generally recorded and depreciated over the life of the asset.

(Expressed in United States dollars)

3. CHANGES IN ACCOUNTING POLICIES (continued)

The amount of the liability is subject to re-measurement at each reporting period. This differs from the prior practice that involved expensing reclamation and closure costs through charges to income.

The effect of the change has no material impact on these unaudited consolidated financial statements.

iii) Impairment of Long-Lived Assets

Effective January 1, 2004 the Company adopted the recommendations of the CICA handbook section 3063 with respect to impairment of long-lived assets. The adoption of this standard has no material impact on the Company's unaudited consolidated financial statements.

4. PRODUCTION INVENTORIES

	March 31, 2004	December 31, 2003
Gold in doré	**$ 1,456,230**	$ 656,028
Gold in process	**403,954**	161,241
Stockpiled ore	**286,045**	178,743
Consumables and spare parts	**610,986**	755,691
	$ 2,757,215	$ 1,751,703

(Expressed in United States dollars)

5. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment are as follows:

	March 31, 2004		
	Cost, Net of Write-down	**Accumulated Amortization and Depletion**	**Net Book Value**
Plant and equipment	**$ 17,360,975**	**$ 5,158,872**	**$ 12,202,103**
Mineral properties	**93,281,226**	**5,042,439**	**88,238,787**
Deferred exploration and development expenditures	**4,949,601**	**996,519**	**3,953,082**
	$ 115,591,802	**$ 11,197,830**	**$ 104,393,972**

	December 31, 2003		
	Cost, Net of Write-down	Accumulated Amortization and Depletion	Net Book Value
Plant and equipment	$ 16,283,213	$ 4,368,408	$ 11,914,805
Mineral properties	90,607,329	4,191,851	86,415,478
Deferred exploration and development expenditures	4,627,538	683,558	3,943,980
	$ 111,518,080	$ 9,243,817	$ 102,274,263

Costs of mineral properties represent acquisition costs, net of write-downs, related to the following:

	March 31, 2004	December 31, 2003
Cristinas Concessions	**$ 75,454,161**	$ 72,780,264
Bolivar Goldfields Properties	**12,148,626**	12,148,626
Albino 1 Concession	**5,678,439**	5,678,439
	93,281,226	90,607,329
Less: Accumulated depletion	**(5,042,439)**	(4,191,851)
	$ 88,238,787	$ 86,415,478

Deferred exploration and development expenditures are not re-characterized as costs of mineral properties once production has commenced.

(Expressed in United States dollars)

6. LONG-TERM DEBT

	March 31, 2004	December 31, 2003
Bank loan	**$ 6,973,000**	$ 7,488,000
Less: Current portion of long-term debt	**(2,715,000)**	(1,030,000)
	$ 4,258,000	$ 6,458,000

7. SHARE CAPITAL

	March 31, 2004	December 31, 2003
Authorized		
Unlimited common shares, without par value		
Unlimited Class “A” preference shares, no par value		
Unlimited Class “B” preference shares, no par value		
Issued		
148,897,845 common shares (2003 - 135,403,523)	**$ 185,366,274**	$ 171,994,591

Warrants

As at March 31, 2004, Common Share purchase warrants were outstanding enabling the holders to acquire common shares as follows:

Range of Exercise Price ($ Cdn)	Number of Shares	Weighted Average Remaining Contractual Life (Years)
$1.60 to $2.28	4,717,194	1.32
$2.85 to $3.58	10,996,620	1.69
$3.69 to $4.69	3,806,738	0.47
	19,520,552	

(Expressed in United States dollars)

7. SHARE CAPITAL (continued)

Stock options

The Company has a stock option plan that provides for the granting of options to executive officers, directors, employees and service providers of the Company. Under the stock option plan, the exercise price of each option equals the closing price of the Company's stock on the trading day immediately preceding the date of the grant. Stock options granted to service providers and employees, executive officers, and directors have a life of two, five and ten years, respectively.

The following table is a summary of the status of stock options outstanding at March 31, 2004:

	Outstanding and Exercisable Options		
Range of Exercise Price ($ Cdn)	Number of Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price
$1.00 to $1.41	2,146,500	3.40	1.10
$1.50 to $2.20	2,612,500	5.54	1.89
$2.23 to $3.22	4,215,000	6.68	2.54
	8,974,000		

Supplemental information for stock-based compensation

Effective January 1, 2004, the Company adopted, on a prospective basis, the fair value method of accounting for all stock options granted to employees (Note 3). The compensation expense recorded in the three months ended March 31, 2004 was $45,618. The counterpart is recorded as contributed surplus. Any consideration paid by employees on exercise of stock options is credited to share capital.

(Expressed in United States dollars)

7. SHARE CAPITAL (continued)

The following table presents the net income and net income per share for the period ended March 31, 2003 had the Company recorded stock options as compensation expense on the date of grant, which corresponds to the date on which the options automatically vest.

		Three months ended March 31, 2003 (Restated - Note 11)
Net income for the period	$	4,443,694
Incremental compensation expense		(432,763)
Pro forma net income for the period	$	4,010,931
Pro forma basic income per share	$	0.05

8. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

		2004		2003
Cash paid during the period for interest	**$**	**86,570**	$	-
Cash paid during the period for income taxes	**$**	**-**	$	-

Significant non-cash transactions for the three months ended March 31, 2004 included:

i) The Company issued 10,870 common shares, with a value of $30,000, for directors' fees.

ii) The Company issued 19,232 common shares, with a value of $50,000, for finder's fee.

iii) The Company issued 12,800,000 common shares with a value of $11,886,581 on conversion of special warrants.

Significant non-cash transactions for the three months ended March 31, 2003 included:

i) The Company issued 18,495 common shares, with a value of $30,000, for directors' fees.

ii) The Company issued 32,104 common shares, with a value of $52,125, for finder's fee.

iii) The Company issued 1,417,529 common shares upon conversion of convertible and promissory notes, and accrued interest in the amount of $1,452,382.

9. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operation decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector. Due to geographic and political diversity, the Company's mining operations are decentralized whereby mine general managers are responsible for business results and regional corporate offices provide support to the mines in addressing local and regional issues. The Company's operations are therefore segmented on a district basis. The Company's only product is gold, produced from mines located in Venezuela.

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

(Expressed in United States dollars)

9. SEGMENTED INFORMATION (continued)

	Corporate	Bolivar/ Albino	El Callao	Cristinas	Discontinued Operations	Intersegment Eliminations	Total
2004							
Mining revenue	**$ -**	**$ 3,943,322**	**$ -**	**$ -**	**$ -**	**$ -**	$ 3,943,322
Mining revenue - intersegment	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	$ -
Operating costs	**$ -**	**$ (2,494,722)**	**$ (164,488)**	**$ -**	**$ -**	**$ -**	$ (2,659,210)
Operating costs - intersegment	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	$ -
Interest and other income	**$ 25,058**	**$ 2,562**	**$ -**	**$ -**	**$ -**	**$ -**	$ 27,620
Interest expense	**$ (20,635)**	**$ (65,935)**	**$ -**	**$ -**	**$ -**	**$ -**	$ (86,570)
Depletion and amortization	**$ (22,474)**	**$ (1,942,901)**	**$ -**	**$ -**	**$ -**	**$ -**	$ (1,965,375)
Segment profit/(loss)	**$ (5,664,666)**	**$ (692,813)**	**$ (293,230)**	**$ -**	**$ -**	**$ -**	$ (6,650,709)
Segment assets	**$ 15,190,349**	**$ 35,789,031**	**$ 133,331**	**$ 75,454,161**	**$ -**	**$ -**	$ 126,566,872
Capital expenditures	**$ 287,705**	**$ 1,112,119**	**$ -**	**$ 2,673,898**	**$ -**	**$ -**	$ 4,073,722
2003 (restated - Note 11)							
Mining revenue	$ -	$ 324,305	$ 1,033,751	$ -	$ -	$ -	$ 1,358,056
Mining revenue - intersegment	$ -	$ 1,055,064	$ -	$ -	$ -	$ (1,055,064)	$ -
Operating costs	$ -	$ (251,903)	$ (1,734,783)	$ -	$ -	$ -	$ (1,986,686)
Operating costs - intersegment	$ -	$ -	$ (1,055,064)	$ -	$ -	$ 1,055,064	$ -
Interest and other income	$ 8,089	$ 8,660	$ -	$ -	$ -	$ -	$ 16,749
Interest expense	$ (290,816)	$ (119,955)	$ -	$ -	$ -	$ -	$ (410,771)
Depletion and amortization	$ (2,709)	$ (224,693)	$ (84,635)	$ -	$ -	$ -	$ (312,037)
Segment profit/(loss)	$ 4,976,110	$ (495,369)	$ (1,106,485)	$ -	$ 1,069,438	$ -	$ 4,443,694
Segment assets	$ 7,583,490	$ 29,678,475	$ 12,178,098	$ 54,786,875	$ 13,659,892	$ -	$ 117,886,830
Capital expenditures	$ 381,700	$ -	$ 48,566	$ 1,107,965	$ -	$ -	$ 1,538,231

9. SEGMENTED INFORMATION (continued)

Geographic information:

	Mining Revenue		Property, Plant and Equipment	
	Three Month Period Ended March 31, 2004	Three Month Period Ended March 31, 2003	**March 31, 2004**	December 31, 2003
Venezuela	**$ 3,943,322**	$ 1,358,056	**$ 104,040,304**	$ 95,820,966
Discontinued operations	**-**	-	**-**	6,413,097
Total Foreign	**3,943,322**	1,358,056	**104,040,304**	102,234,063
Canada	**-**	-	**353,668**	40,200
Total	**$ 3,943,322**	$ 1,358,056	**$ 104,393,972**	$ 102,274,263

10. EVENTS SUBSEQUENT TO MARCH 31, 2004

Public Equity Offering

On April 5, 2004, the Company completed a Cdn. $100 million public equity offering whereby 25,000,000 common shares were issued at Cdn. $4.00 per common share. The net proceeds received by the Company in US dollars, after considering the underwriters' fee, amounted to US$71,694,731. On April 28, 2004, the over-allotment option granted to the underwriters in connection with this public equity offering was fully exercised and an additional 3,750,000 common shares were issued at Cdn. $4.00 per common share. The net proceeds received by the Company in US dollars, after considering the underwriters' fee, amounted to US$10,475,873. The Company estimates that additional expenditures related to this public equity offering and over-allotment will amount to approximately US$400,000.

11. PRIOR PERIOD RESTATEMENT

In July 2003, the Company issued its consolidated financial statements for the year ended December 31, 2002 which included a prior period restatement relating to commodity derivative contracts as described herewith.

The restatement, made by management subsequent to the release of the unaudited interim consolidated financial statements as at March 31, 2003 and for the three-month period then ended, had the following effect on net (loss) income and earnings per share, as previously reported for the three-month period ended March 31, 2003:

12. PRIOR PERIOD RESTATEMENT (continued)

Net loss for the period, as originally reported	$	(20,988)
Restatement for commodity derivative contracts		4,464,682
Net income for the period, as restated	$	4,443,694
Earnings per share, basic and diluted, as previously reported	$	(0.00)
Per share effect of above noted restatement on net income (loss)		0.05
Earnings per share, basic and diluted, as restated	$	0.05

Commodity derivative contracts

Written call options

Management has reclassified premiums received, previously reported in revenue, as a liability (deferred credit) on the balance sheet and has recorded in income the mark to market adjustments to the recorded liabilities for options outstanding at the end of each year. The change in fair value of the liability has been recorded as a non-hedge derivative (loss) gain.

Fixed forward contracts

Management has redesignated its forward contracts as trading activity and accordingly has recorded the estimated fair values of these contracts on the balance sheet and related mark to market adjustments for changes in estimated fair values in the statements of operations as non-hedge derivative loss. Mining revenue has also been restated to reclassify settlement gains and losses on fixed forward contracts as non-hedge gains or losses.

CRYSTALLEX INTERNATIONAL CORPORATION

Management's Discussion and Analysis
For the Three Month Period Ended March 31, 2004
(All dollar amounts in US dollars, unless otherwise stated)

Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Crystallex International Corporation ("Crystallex" or the "Company") should be read in conjunction with the unaudited consolidated financial statements and the related notes. Effective January 1, 2004, the Company prepares and files its unaudited consolidated financial statements and MD&A in United States dollars.

Highlights

- Las Cristinas 20,000 tonne per day feasibility study approved by the Corporacion Venezolana de Guayana, (CVG) on March 8.
- SNC-Lavalin Engineers & Constructors Inc., (SNCL) commenced EPCM work for Las Cristinas.
- SNCL completed a feasibility study for a 40,000 tonne per day (tpd) operation at Las Cristinas.
- Johan van't Hof appointed as an independent member of the Board of Directors of Crystallex and as Chairman of the Audit Committee.
- Reduced gold hedges by 33,550 ounces, or approximately 10% since year-end 2003.
- Net loss for the quarter of $6.7 million.
- Subsequent to quarter end, closed a common share financing for net proceeds of $82.2 million.
- On April 15, the Las Cristinas Environmental Impact Study (EIS) was submitted to the CVG and The Ministry of the Environment and Natural Resources.

Key Statistics

	Three Months Ended March 31,	
	2004	2003
Operating Statistics		
Gold Production (ounces)	**12,006**	4,325
Gold Sold (ounces)	**9,614**	4,166
Per Ounce Data:		
Total Cash Cost [1]	**$277**	$477
Average Realized Gold Price	**$401**	$346
Average Spot Gold Price	**$408**	$352
Financial Results ($ thousands)		
Revenues	**$3,943**	$1,358
Net Income (Loss)	**($6,651)**	$4,444
Net Income (Loss) per Basic Share	**$(0.04)**	$0.05
Cash Flow from Operating Activities[2]	**($8,856)**	($3,766)
Financial Position ($ thousands)	At March 31, 2004	At Dec. 31, 2003
Cash and Equivalents	**$13,751**	$26,204
Working Capital (Deficiency)	**$(13,768)**	$3,640
Total Debt	**$6,973**	$7,488
Shareholders' Equity	**$73,465**	$78,998
Common Shares Outstanding	**148,897,845**	135,403,523

[1] Total Cash Costs are calculated in accordance with The Gold Institute Standards. For an explanation, refer to the section on Non-GAAP measures. The calculation is based on ounces of gold sold, not ounces produced.
[2] Cash flow after working capital changes and before capital expenditures.

Financial Results Overview

Gold sales revenue for the quarter ended March 31, 2004 more than doubled to $3.9 million, as compared with $1.4 million for the corresponding quarter in 2003. The increase in revenue was attributable to selling more ounces of gold and realizing a higher average gold price. The Company produced 12,006 ounces of gold and sold 9,614 ounces during the first quarter of 2004, compared with 4,325 ounces produced and 4,166 ounces sold in the year earlier quarter. The average realized price during the first quarter of 2004 was $401 per ounce, as compared with an averaged realized price of $346 per ounce in the first quarter of 2003. The higher realized price reflects higher spot gold prices, which averaged $408 per ounce during the first quarter of 2004, as compared with $352 per ounce for the same period in 2003.

For the three months ended March 31, 2004, Crystallex recorded a loss of $6.7 million or $0.04 per share, inclusive of a non-hedge derivative loss of $2.7 million. For the same period in 2003, Crystallex had net income of $4.4 million or $0.05 per share, including a non-hedge derivative gain of $5.7 million.

Cash flow from operating activities for the first quarter of 2004 was negative $8.9 million as compared with negative $3.8 million for the comparable quarter in 2003. A positive mine operating margin (revenue less mine operating costs) of approximately $1.3 million was offset by $2.7 million of general and administrative expenses. In addition, the Company spent $3.6 million to financially settle gold contract positions during the quarter, which contributed to the cash flow deficit. The impact of the cash expenditures on the gold hedge book is reflected in the non-hedge derivative loss. Cash flow was also negatively impacted by a $3.4 million net change in working capital items during the quarter.

Project Development and Operations Review

Las Cristinas

Crystallex continued to further advance the exploitation and development of Las Cristinas during the first quarter of 2004. As reported recently, Crystallex is building an experienced project development team and during the first quarter hired a VP Technical Services, a Corporate Manager, Projects and a VP Environment. In addition, a Manager, Mining and a Manager, Health and Safety have been hired for Las Cristinas.

Work commenced under the Engineering, Procurement and Construction Management (EPCM) contract that was awarded to SNCL on March 25, 2004. The Corporate Manager, Projects for Crystallex has moved to SNCL's offices to oversee the EPCM work. Progress on the EPCM contract to date includes:

- The process plant flowsheet was confirmed and the layout was determined.
- Specifications for long lead-time equipment have been issued to vendors for competitive quotes.
- The mine equipment fleet has been simplified from two fleets to one. The Feasibility Study contemplated a fleet of smaller trucks for mining the softer saprolite ore and a fleet of larger trucks and shovels for the harder bedrock ore. Based upon a review and tour of mining practices at operations with similar mining characteristics, the Company has decided to use 100 tonne trucks for mining in both saprolite and bedrock ores.

In addition, geotechnical and hydrogeological drill programs are underway under the supervision of SNCL. The geotechnical drilling is designed to determine soil conditions in the area of the process plant and the tailings management facility, while the hydrogeological drilling will assist in determining and monitoring below surface water flows. The drilling should be completed by the end of May. Further studies are also being conducted at Lakefield Research on waste rock and ore chemistry.

The second phase of the Las Cristinas socio-economic study has recently started and will take approximately three months in the field to complete. The second phase includes completing the socio-economic baseline data collection, undertaking a socio-economic impact study and developing a socio-economic mitigation plan.

During the first quarter of 2004, SNCL completed a full feasibility study for Las Cristinas based on a 40,000 tpd processing rate. The initial (base case) feasibility study completed by SNCL in September 2003 contemplated a 20,000 tpd processing rate. The 40,000 tpd study demonstrates that the already favourable economics of the 20,000 tpd base case can be materially improved by constructing a larger scale operation. The 40,000 tpd study will provide Crystallex with the flexibility to establish early in the project life a 40,000 tpd operation subject to sufficient financing capacity in the equity and/or debt markets. Crystallex is designing the 20,000 tpd operation to allow for an expansion to 40,000 tpd while minimizing expenditures for alterations to the 20,000 tpd operation during the expansion.

Under the 40,000 tpd case, proven and probable reserves, at a $325 per ounce gold price, are estimated at 11.1 million ounces. Gold production averages almost 500,000 ounces per year over a twenty year mine life, and is approximately 550,000 ounces per year for the first five years. Average annual cash costs are $153 per ounce for the first five years and $193 per ounce over the project life. Using a $325 per ounce gold price, the unleveraged, pre-tax IRR is 16.8%. At $375 per ounce, the IRR rises to 24.3%.

Key project highlights contained in the 20,000 tpd and 40,000 tpd feasibility studies are tabled below:

	20,000 TPD	**40,000 TPD**
Reserves[1] (at $325 per ounce)	246 million tonnes @ 1.29 g/t 10.2 million ounces	297 million tonnes @ 1.17 g/t 11.1 million ounces
Mine Life	34 Years	21 Years
Strip Ratio	1.34	1.04
Metallurgical Recovery	89%	89%
Average Annual Production – Life of Mine	266,000	490,000
Average Annual Production – First Five Years	311,000	549,000
Average Cash Cost with Royalties – Life of Mine	$197/oz	$193/oz
Average Cash Cost with Royalties – First Five Years	$144/oz	$153/oz
Average Operating Cost – Life of Mine	$6.70/t ore	$5.97/t ore
Development Capital Cost	$243 million	$365 million
VAT Estimate	$39 million	$59 million
Undiscounted Free Cashflow @ $325 Gold	$742 million	$745 million
Undiscounted Free Cashflow @ $375 Gold	$1.2 billion	$1.2 billion
IRR @ $325 Gold Pre-Tax	13.8%	16.8%
IRR @ $325 Gold After-Tax	10.5%	12.1%
IRR @ $375 Gold Pre-Tax	19.4%	24.3%
IRR @ $375 Gold After-Tax	14.6%	17.5%

[1] Mineral reserve estimates in the Feasibility Studies have been estimated in accordance with the standards of the Canadian Institute of Mining, Metallurgy, and Petroleum as adopted by the Canadian Securities Regulators in National Instrument 43-101 and also meet SEC Industry Guide 7 reserve definitions.

Production

Gold Production (ounces)	Three Months Ended March 31, 2004	2003
La Victoria	**0**	3,176
Tomi Open Pits	**10,214**	387
Tomi Underground	**824**	0
Purchased Material	**968**	762
Total Gold Production (ounces)	**12,006**	4,325

Gold production in the first quarter of 2004 was 12,006 ounces, an improvement on the 4,325 ounces produced in the comparable period in 2003. The production gains are attributable, in the main, to improvements in equipment availability and utilization, which provided for a steady supply of ore to the Revemin mill, and improved operating performance at the mill itself. Revemin processed eighty percent more ore in the first quarter of 2004 than in the same quarter in 2003. In addition, both higher gold recoveries and higher ore grades contributed to the increase in production. In the first quarter of 2004, gold recovery averaged 92% and the average grade was 3.92 g/t, while in the same period in 2003 gold recovery averaged 71% and the average grade was 2.84 g/t.

The improvements in mine equipment and mill operating performance are a result of providing capital to the operations in the fourth quarter of 2003 for spare parts, equipment maintenance, new equipment and mill reagents. Higher recoveries and ore grades were achieved by mining exclusively at the Tomi deposits in the first quarter of 2004. The Tomi ore is higher grade and higher gold recoveries are achieved than when processing the refractory ore from the La Victoria deposit.

Tomi

100% Basis	Three Months Ended March 31, 2004	2003
Tomi Open Pits (100% Crystallex)		
Tonnes Ore Mined	**104,000**	9,000
Tonnes Waste Mined	**826,000**	17,000
Tonnes Ore Processed	**98,000**	8,000
Average Grade of Ore Processed (g/t)	**3.52**	2.17
Recovery Rate (%)	**93%**	73%
Production (ounces)	**10,214**	387
Tomi Underground (100% Crystallex)		
Tonnes Ore Mined	**5,400**	0
Tonnes Ore Processed	**4,500**	0
Average Grade of Ore Processed (g/t)	**6.01**	0
Recovery Rate (%)	**94%**	0%
Production (ounces)	**824**	0

On the Tomi concession, the Company is conducting mining activities at the Milagrito and Mackenzie open pit mines and the Charlie Richards underground mine. At the open pit mines, all ore production in the first quarter came form the Milagrito mine, while the focus at Mackenzie was waste stripping. Gold production from the open pits was 10,214 ounces during the first quarter of 2004, as compared with 387 ounces for the comparable period in 2003. The Company did not make a decision to reactivate mining at the open pits until late in March, 2003 (and did not shift all open pit mining activities to Tomi until the end of the third quarter of 2003 after the decision to temporarily suspend mining at La Victoria). Reserves are expected to be depleted at Milagrito later in the year, at which time production will move to the Mackenzie pit and possibly the Fosforito deposit which is presently under evaluation.

Ramp development and mining operations continue to advance toward design levels at the Charlie Richards underground mine, however, progress during the first quarter was slowed due to delays in releasing new equipment from customs. At the end of April, a scooptram, an underground truck, man carriers and two drills arrived at the mine site. A second scooptram and underground truck have arrived at port. The receipt of the second truck and scooptram at site, expected by the end of May, should allow operations to achieve the planned mining rate of 200 tonnes of ore per operating day by the fourth quarter of the year.

La Victoria

100% Basis	Three Months Ended March 31, **2004**	2003
La Victoria (51% Crystallex)[1]		
Tonnes Ore Mined	**0**	48,000
Tonnes Waste Mined	**82,000**	146,000
Tonnes Ore Processed	**0**	48,000
Average Grade of Ore Processed (g/t)	**0**	2.91
Recovery Rate (%)	**0%**	71%
Production (ounces)	**0**	3,176

[1] Crystallex owns 80% of El Callao Mining Corp, which in turn has an indirect 51% equity interest in La Victoria through the Venezuelan holding company, Osmin Holdings Limited. However, Crystallex has an 87.5% share of the distributable cashflow from Osmin until the first $4.0 million of debt owing from Osmin is repaid. Thereafter, Crystallex has a 75% share of the cashflow until the total debt from Osmin due indirectly to Crystallex (approximately $23.6 million at March 31, 2004) is fully repaid and a 51% share thereafter. Presently, there is no distributable cashflow, and Crystallex reports all production and reserves for its account.

At the end of the third quarter of 2003, the Company suspended operations at the La Victoria mine. It was determined that a large proportion of the unoxidized ore is refractory and, as a result of low gold recoveries, the ore is uneconomic to process in a conventional cyanide-in-leach processing circuit. Preliminary metallurgical bench testwork demonstrated that the ore is amenable to pre-treatment with a Bio-Oxidation process and the Company has shipped an ore sample to South Africa to further assess the Bio-Oxidation process in a pilot plant test.

As reported, at year-end 2003, the Company wrote-down the carrying value of La Victoria by $14.5 million, reducing the carrying value to zero as it was determined that the asset value, based upon reserves at December 31, 2003, was less than the net book value. A drilling program is currently underway at La Victoria and when the new reserve estimate and Bio-Oxidation pilot plant results are available in the third quarter, the Company will undertake an evaluation to determine if installation of a Bio-Oxidation plant is economically viable.

Revemin Mill

100% Basis	Three Months Ended March 31, **2004**	2003
Revemin Mill		
La Victoria Ore Processed (tonnes)	**0**	48,000
Tomi Open Pit Ore Processed (tonnes)	**98,000**	8,000
Tomi Underground Ore Processed (tonnes)	**4,500**	0
Purchased Material Ore Processed (tonnes)	**18,000**	11,000
Total Ore Processed (tonnes)	**120,500**	67,000
Head Grade of Ore Processed (g/t)	**3.39**	2.84
Total Recovery Rate (%)	**92%**	71%
Total Gold Recovered (ounces)	**12,006**	4,325
Venezuela – Costs (US$/ounce)[1]		
Total Cash Cost Per Ounce Sold	**$256**	$516
Cost Per Tonne of Ore Processed	**$8.94**	$9.47

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

The Revemin mill operated at full capacity of approximately 1,350 tonnes per day during the first quarter of 2004. This compares favourably with an operating rate of just 55% of capacity during the first quarter of 2003. The low rate in the first quarter of 2003 was due to insufficient ore feed from the La Victoria mine. Improved equipment availability and utilization at the Tomi open pits ensured a steady feed of ore to Revemin during the first quarter of 2004.

Crystallex continued with a $1.0 million modernization project at Revemin in the first quarter of 2004. The project entails upgrading a number of areas in the plant including the grinding circuit, the carbon-in-leach circuit, carbon conditioning, air and water distribution and automation. The project is designed to improve efficiency and safety and increase the processing capacity to approximately 1,500 tonnes per day upon completion by the middle of 2005.

Income Statement

Gold Sales Revenue

Gold sales revenue for the first quarter of 2004 was $3.9 million, as compared with $1.4 million for the comparable period in 2003. The increase in revenue was a result of selling more ounces of gold at a higher average realized price. Crystallex produced 12,006 ounces of gold in the first quarter of 2004 and sold 9,614 ounces of gold as compared with production of 4,325 ounces and sales of 4,166 ounces in the first quarter of 2003. The ounces recognized as sold during the quarter are less than ounces produced as revenue is recognized when the gold is sold. Crystallex receives the spot price of gold for its gold sales and realized an average price of $401 per ounce on gold sales in the first quarter of 2004. The average realized price during the first quarter of 2003 was $346 per ounce. The spot price of gold averaged $408 per ounce during the first quarter of 2004, as compared with $352 per ounce for the comparable period in 2003.

Operating Expenses

The total cash cost during the first quarter of 2004 was $277 per ounce of gold sold, an improvement over the $477 per ounce for the comparable period in 2003. As noted, the improvement is largely due to improved mill throughput, higher equipment availability, the processing of higher grade ore and better gold recoveries.

General and Administrative Expenses

General and Administrative expenses were $2.7 million for the first quarter of 2004, up from $2.1 million for the corresponding quarter in 2003. The current quarter was primarily impacted by higher compensation due to hiring five executives who were not employees during the first quarter of 2003.

Forward Sales and Written Call Options

During the first quarter of 2004, the Company continued towards its goal of eliminating its gold contract positions. A total of 33,550 ounces of call options were settled financially during the quarter at a cost of $3.6 million. Crystallex intends to continue to settle financially contract positions at opportune times throughout the remainder of the year. The Company also plans to negotiate with its counterparties to roll certain 2004 contract positions to future periods.

As tabled below, at March 31, 2004, the Company's derivative position was comprised of 125,856 ounces of fixed forward contracts at an average price of US$305 per ounce, and 190,619 ounces of call options sold at an average price of US$303 per ounce.

	2004	**2005**	**2006**	**Total**
Fixed Forward Gold Sales (ounces)	43,430	42,430	39,996	125,856
Average Price (US$/ounce)	$300	$305	$310	$305
Written Gold Call Options (ounces)	93,687	94,932	2,000	190,619
Average Exercise Price (US$/ounce)	$298	$309	$348	$303
Total (ounces)	**137,117**	**137,362**	**41,996**	**316,475**
Average Price (US$/ounce)	**$299**	**$308**	**$312**	**$304**

Accounting for Derivative Instruments

The Company's existing forward sales and call options are designated as derivatives so they do not qualify for the normal sales exemption, (or hedge accounting) for accounting treatment. The Company's metal trading contracts are recorded on the Balance Sheet at fair market value. Crystallex has no off-balance sheet gold contracts. Changes in the fair value of derivatives recorded on the Balance Sheet are recorded in earnings as an unrealized non-hedge derivative (loss) gain in the Statement of Operations. The gains and losses occur because of changes in commodity prices and interest rates.

The variation in the fair market value of options and forwards from period to period can cause significant volatility in earnings. This fair market value adjustment is an unrealized loss that may impact the Company's cash flow. For the first quarter of 2004, the total unrealized mark-to-market gain on the non-hedge derivative positions was approximately $900,000. In addition, realized losses of $3.6 million arising from financial settlement of contracts were also recognized.

Mark-to-Market (Fair Value)

At March 31, 2004, the unrealized mark-to-market value of the Company's gold forward sales and call options, calculated at the quarter end spot price of US$424 per ounce was negative $39.8 million. This fair value is recorded on the Balance Sheet as a liability (Deferred Credit) and represents the replacement value of these contracts based upon the spot gold price at March 31, 2004 and does not represent an obligation for payment. The Company's obligations under the forward sales contracts are to deliver an agreed upon quantity of gold at a predetermined price by the maturity date of the contract, while delivery obligations under the call options sold are contingent upon the price of gold and will take effect if the gold price is above the strike price of the relevant contract at its maturity date and the option is exercised by the option holder.

In circumstances where the Company is unable to meet the obligations under the fixed forward sales or call options, the Company may negotiate with the counterparty to defer the expiry date of the forward sale or call option, or purchase gold in the market, or settle the positions financially. If the Company were to purchase gold in the market or settle financially the contracts, it would result in a reduction of the Company's cash. The table below illustrates the cash requirement if the Company had to financially settle contract positions in excess of planned production. The analysis assumes the Company resumes operations at La Victoria, the Albino mine is developed on schedule and excludes future Las Cristinas production. It also assumes the Company is unable to roll existing contracts to future periods. The March 31, 2004 spot gold price of US$424 per ounce is used.

US$ millions	**2004**	**2005**	**2006**	**Total**
Total ounces Committed	137,117	137,362	41,996	316,475
Planned Production[2]	36,000[1]	75,000	65,000	176,000
Excess Committed Ounces	101,117	62,362	nil	163,479
Average Committed Price (US$/oz)	$298	$309	$348	$302[3]
Average Assumed Spot Price (US$/oz)	$424	$424	$424	$424
Cash Required to Settle Excess Positions	**$12.7**	**$7.2**	**nil**	**$19.9**

1 Represents forecast production for the period April-December 2004.
2 Production forecast excludes Las Cristinas.
3 Represents the average price for the years 2004 and 2005 in which there are excess committed ounces.

The Company cautions readers not to place undue reliance on the projected production figures illustrated above. As noted under "Forward Looking Statements" in the Company's Annual Report, predictions and forecasts involve inherent risks and uncertainties. A number of factors could cause actual results to differ from plans.

Liquidity and Capital Resources

Working Capital

At March 31, 2004, the Company's working capital position was negative $13.8 million. The working capital deficiency is largely due to a $26.9 million deferred credit related to the mark-to-market value of the Company's gold contract position that is included in current liabilities.

Cash and cash equivalents decreased by $12.4 million during the first quarter of 2004, from $26.2 million at December 31, 2003 to $13.8 million at March 31, 2004. Operating activities utilized $8.9 million of cash, while capital expenditures utilized $4.1 million, with financing activities contributing $0.5 million. Subsequent to quarter end, the Company improved its cash position with an $82.2 million common share financing. Cash at April 30, 2004 was $89 million.

Cash Flow form Operations

Crystallex's operating cash flow (before capital expenditures) was negative $8.9 million for the first quarter of 2004. For the comparable period in 2003, operating cash flow was negative $3.8 million. Cash from gold sales during the first quarter of 2004 generated a $1.3 million margin over direct costs of gold production, however, this was insufficient to cover $2.7 million of general and administrative expenses and $3.6 million spent during the quarter to financially settle gold contract positions. Cash flow was also negatively impacted by a $3.4 million net change in working capital items during the quarter.

The operating cash flow deficit for the first quarter of 2004 was $5.0 million higher than the deficit for the same period in 2003. The increase in the cash flow deficit was mainly due to increases in cash utilized for changes in working capital items and for settling gold contracts. These increases were partially offset by an improvement of approximately $2.0 million in the mine operating margin (revenues less mine operating costs), from a deficit of $629,000 for the first quarter of 2003 to positive mine operating cash flow of $1.3 million in the current quarter.

Investing Activities

Capital expenditures during the first quarter totalled $4.1 million, as compared with $1.5 million for the same period in 2003. The increase in the current quarter was attributable to higher spending on the Las Cristinas project as well as on the Tomi concession and the Revemin mill. Capital expenditures for the first quarters of 2004 and 2003 were as follows:

US$ millions	**First Quarter 2004**	**First Quarter 2003**
Las Cristinas	**$2.7**	$1.1
Revemin and Tomi	**$1.1**	$0.0
El Callao (La Victoria)	**$0.0**	$0.1
Corporate	**$0.3**	$0.3
Total	**$4.1**	$1.5

The Company is forecasting capital expenditures of $80 million on the Las Cristinas project in 2004, although the timing of the expenditures is dependent upon the receipt of all required project permits. Crystallex intends on funding the planned expenditures for 2004 with existing cash balances.

Financing Activities

Debt repayments were $515,000 during the first quarter of 2004. The next scheduled principal repayment of $515,000 is due on July 2004. At March 31, 2004, total debt amounted to approximately $7 million.

Subsequent to quarter end, on April 5, 2004, the Company closed an equity financing of 25 million common shares at C$4.00 per share raising net proceeds of $71.7 million. The common share financing had an over-allotment option of 3.75 million shares at C$4.00 per share, which closed on April 28, 2004 and raised additional net proceeds of $10.5 million. Total gross proceeds amounted to $82.2 million.

Outstanding Share Data

At April 30, 2004, 179,498,492 of common shares of Crystallex were issued and outstanding. In addition, at April 30, 2004 options to purchase 10,286,500 common shares of Crystallex were outstanding under the Company's stock option plan and warrants to purchase 18,209,905 common shares of Crystallex were issued and outstanding.

Critical Accounting Policies and Estimates

Critical accounting estimates are those estimates that have a high degree of uncertainty and for which changes in those estimates could materially impact the Company's results. Critical accounting estimates for the Company include property evaluations, capitalization of exploration and development costs and commodity derivative contracts.

Accounting Changes

Change in Functional and Reporting Currency – Effective January 1, 2004, the Company changed its functional currency from the Canadian to US dollar. Concurrent with this change, the Company adopted the US dollar as its reporting currency. Refer to Note 2 of Notes to the Consolidated Financial Statements.

Accounting for asset retirement obligations – On January 1, 2004, the Company adopted CICA Handbook Section 3110 and changed its accounting policy to recognizing the fair value of liabilities for asset retirement obligations in the period incurred. There was no impact in the first quarter 2004 as a result of this change. Refer to Note 3 of Notes to the Consolidated Financial Statements.

Stock Based Compensation – Effective January 1, 2004, the Company changed its accounting policy for stock-based compensation and adopted the fair value method of accounting for all its stock-based compensation. Refer to Note 3 of the Notes to the Consolidated Financial Statements. Total stock option expense for the first quarter of 2004 was approximately $46,000.

Impairment of Long Lived Assets – Effective January 1, 2004, the Company adopted the new recommendations with respect to impairment of long lived assets. There was no material impact on the consolidated financial statements. Refer to Note 3 of the Notes to the Consolidated Financial Statements.

Quarterly Information

US$,000 (except per share data)	**First Quarter**		**Second Quarter**		**Third Quarter**		**Fourth Quarter**	
	2003	2002	2003	2002	2003	2002	2003	2002
Revenue	1,358	2,119	2,508	2,247	2,809	2,098	4,655	1,833
Net Income (Loss)	4,444	(11,070)	(3,537)	(5,777)	(24,322)	(4,917)	(38,071)	(14,935)
Net Income (Loss) Per Share	$0.05	($0.14)	($0.04)	($0.07)	($0.21)	($0.06)	($0.32)	($0.16)

Revenue for the fourth quarter of 2003 was positively impacted by higher gold production and higher gold prices. Net income in the fourth quarter of 2003 as compared with the same period in 2002 reflects the impact of a C$23 million write-down of mineral properties. This was partly offset by a reduction in the non-hedge derivative loss from $34.8 million in 2002 to $21.7 million in 2003.

Refer to discussions in the 2003 annual Management's Discussion and Analysis, (MD&A) for additional information. The quarterly trends are consistent with the explanations of the annual trends set out in the annual MD&A.

Risk Factors

The profitability of the Company depends upon several identified factors including levels of production, commodity prices, costs of operation, financing costs, the successful integration of acquired assets and the risks associated with mining activities. Profitability will further vary with discretionary expenditures such as investments in technology, exploration and mine development. The Company operates in an international marketplace and incurs exposure to risks inherent in a multijurisdictional business environment including political risks, varying tax regimes, country specific employment legislation and currency exchange fluctuation. The Company seeks to minimize its exposure to these factors by implementing insurance and risk management programs, monitoring debt levels and interest costs, and maintaining employment and social policies consistent with sustaining a trained and stable workforce.

NON GAAP MEASURES

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

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

Total cash costs per ounce may be reconciled to our Statement of Income as follows:

	Three Months Ended March 31,	
	2004	2003
Operating Costs per Financial Statements	**$2,659,210**	$1,986,686
By-Product Credits	**---**	---
Reclamation and Closure Costs	**---**	---
Operating Costs for Per Ounce Calculation	**$2,659,210**	$1,986,686
Gold Ounces Sold	**9,614**	4,166
Total Cash Cost Per Ounce Sold	**$277**	$477

Additional information relating to Crystallex, including the 2003 Annual Report, is available on SEDAR at www.sedar.com.