CRYSTALLEX INTERNATIONAL CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2002

(Expressed in Canadian dollars)

CRYSTALLEX INTERNATIONAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	September 30, 2002	December 31, 2001
ASSETS		
Current		
Cash and cash equivalents	$ 1,561,379	$ 14,409,831
Accounts receivable	3,193,217	2,883,091
Production inventories	8,184,441	8,201,031
Supplies inventory and prepaid expenses	1,286,680	2,120,752
Marketable securities	97,156	235,901
Due from related parties	58,543	8,735
	14,381,416	27,859,341
Security deposits	192,885	306,218
Long-term investment securities (Note 3)	2,643,338	2,643,338
Property, plant and equipment (Note 5)	196,293,896	166,265,454
Deferred financing fees (Note 6)	970,331	1,269,652
	$ 214,481,866	$ 198,344,003

- *continued* -

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

CRYSTALLEX INTERNATIONAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	September 30, 2002	December 31, 2001
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 11,711,768	$ 16,353,678
Due to related parties	171,867	437,506
Deferred charges	494,487	525,878
Current portion of long-term debt	4,920,321	2,309,559
Loan payable	-	300,000
	17,298,443	19,926,621
Reclamation provision	1,110,232	1,250,151
Long-term debt (Note 7)	33,093,837	24,829,792
Deferred charges	89,690	646,821
	51,592,202	46,653,385
Minority interest	5,364,381	7,752,099
Shareholders' equity		
Capital stock		
Authorized		
Unlimited common shares, without par value		
Unlimited Class "A" preference shares, par value $50		
Unlimited Class "B" preference shares, par value $250		
Issued		
December 31, 2001 – 79,347,194 common shares		
September 30, 2002 – 88,104,050 common shares	191,678,722	169,766,113
Equity component of convertible notes	621,253	210,138
Cumulative translation adjustment	(6,075,456)	(4,675,924)
Deficit	(28,699,236)	(21,361,808)
	157,525,283	143,938,519
	$ 214,481,866	$ 198,344,003

Commitments (Note 13)

On behalf of the Board:

"Marc J. Oppenheimer" Director "Harry J. Near" Director

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

CRYSTALLEX INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Nine Month Period Ended September 30, 2002	Nine Month Period Ended September 30, 2001	Three Month Period Ended September 30, 2002	Three Month Period Ended Septemeber 30, 2001
OPERATING REVENUE	$ 33,683,867	$ 42,231,265	$ 10,364,548	$ 13,632,900
OPERATING EXPENSES				
Operations	31,079,343	29,449,969	9,832,071	10,366,077
Amortization and depletion	5,630,429	6,486,082	1,927,444	2,029,715
	(3,025,905)	6,295,214	(1,394,967)	1,237,108
EXPENSES				
Amortization	160,162	60,967	50,317	21,748
Interest on long-term debt	2,276,237	1,612,205	1,247,995	233,712
General and administration	5,142,214	4,239,504	1,823,633	1,362,804
	7,578,613	5,912,676	3,121,945	1,618,264
Income (loss) before other items	(10,604,518)	382,538	(4,516,912)	(381,156)
OTHER ITEMS				
Interest and other income	319,610	326,682	164,858	148,250
Foreign exchange	761,861	103,542	625,548	155,889
Minority interest	2,388,364	88,062	995,982	88,062
Write-down of marketable securities	(202,745)	-	(202,745)	-
	3,267,090	518,286	1,583,643	392,201
Income (loss) for the period	$ (7,337,428)	$ 900,824	$ (2,933,269)	$ 11,045
Basic income (loss) per share	$ (0.09)	$ 0.02	$ (0.03)	$ 0.00
Diluted income (loss) per share	$ (0.09)	$ 0.01	$ (0.03)	$ 0.00
Weighted average number of common shares outstanding				
Basic	82,721,034	59,215,145	85,686,891	71,766,472
Diluted	82,721,034	61,112,230	85,686,891	74,223,757

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

CRYSTALLEX INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Nine Month Period Ended September 30, 2002	Nine Month Period Ended September 30, 2001	Three Month Period Ended September 30, 2002	Three Month Period Ended September 30, 2001
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) for the period	$ (7,337,428)	$ 900,824	$ (2,933,269)	$ 11,045
Adjustments to reconcile income to net cash used in operating activities:				
Amortization and depletion	5,692,058	6,547,049	1,879,228	2,051,463
Deferred charge	(588,522)	-	119,714	-
Foreign exchange	(761,861)	(103,542)	(625,548)	(155,889)
Interest on long-term debt	1,163,049	81,084	797,035	-
Management fees	110,955	54,357	54,705	54,357
Reclamation provision	(139,919)	337,191	14,939	165,341
Minority interest	(2,388,364)	(88,062)	(995,982)	(88,062)
Write-down of marketable securities	202,745	-	202,745	-
Changes in other operating assets and liabilities, (net of effects from purchase of subsidiaries):				
(Increase) decrease in accounts receivable	(329,423)	(751,984)	760,492	421,925
(Increase) decrease in production inventories	15,169	(719,326)	353,901	(106,363)
(Increase) decrease in supplies inventory and prepaid expenses	824,649	1,344,542	(639,349)	(886,626)
(Increase) decrease in due from related parties	(49,808)	(39,309)	776	6,703
Increase (decrease) in accounts payable and accrued liabilities	(4,589,851)	(2,943,368)	1,182,583	352,723
Decrease in due to related parties	(265,639)	(129,057)	(75,760)	(208,499)
Net cash provided by (used in) operating activities	(8,442,190)	4,490,399	96,210	1,618,118
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of subsidiaries (net of cash acquired)	-	(9,946,780)	-	(8,209,409)
Purchase of property, plant and equipment	(34,740,884)	(1,936,016)	(31,567,572)	1,847,178
Security deposits	113,333	29,569	35,391	(9,394)
Purchase of marketable securities	(64,000)	-	-	-
Net cash used in investing activities	(34,691,551)	(11,853,227)	(31,532,181)	(6,371,625)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of capital stock for cash	4,872,409	2,214,355	3,505,728	178,200
Debt borrowings	26,090,209	7,037,690	21,496,009	4,607,400
Debt repayments	(653,363)	(866,111)	(117,203)	(128,243)
Financing fees	(917,650)	-	(917,650)	-
Net cash provided by financing activities	29,391,605	8,385,934	23,966,884	4,657,357
Effect of exchange rate changes on cash and cash equivalents	893,684	(506,180)	1,131,033	130,339
Increase (decrease) in cash and cash equivalents	(12,848,452)	516,926	(6,338,054)	34,189
Cash and cash equivalents, beginning of period	14,409,831	4,418,442	7,899,433	4,901,179
Cash and cash equivalents, end of period	$ 1,561,379	$ 4,935,368	$ 1,561,379	$ 4,935,368

Supplemental disclosure with respect to cash flows (Note 11)

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

CRYSTALLEX INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Issued		Capital Stock Subscribed					
	Number of Shares	Amount	Number of Shares	Amount	Deficit	Equity Component of Convertible Notes	Cumulative Translation Adjustment	Total
Balance at December 31, 2000	59,154,221	$130,732,129	1,025,000	$ 1,955,644	$(21,430,202)	$ -	$ (344,513)	$ 110,913,058
Shares issued for cash	1,800,443	2,787,589	-	-	-	-	-	2,787,589
Shares issued for management fees	65,466	104,550	-	-	-	-	-	104,550
Shares issued for legal fees	1,200,000	2,385,000	-	-	-	-	-	2,385,000
Shares issued for mineral property	5,023,224	7,747,767	-	-	-	-	-	7,747,767
Shares issued on conversion of notes	3,199,055	4,734,510	-	-	-	-	-	4,734,510
Share issuance costs on conversion of notes and bank loan	-	(941,171)	-	-	-	-	-	(941,171)
Shares allotted for private placement	1,025,000	1,955,644	(1,025,00 0)	(1,955,644)	-	-	-	-
Shares issued for private placement	3,111,111	6,956,333	-	-	-	-	-	6,956,333
Shares issued for bank loan	4,701,615	13,214,573	-	-	-	-	-	13,214,573
Shares issued for broker fees	67,059	89,189	-	-	-	-	-	89,189
Equity component of convertible notes	-	-	-	-	-	210,138	-	210,138
Translation adjustment	-	-	-	-	-	-	(4,331,411)	(4,331,411)
Income for the year	-	-	-	-	68,394	-	-	68,394
Balance at December 31, 2001	79,347,194	169,766,113	-	-	(21,361,808)	210,138	(4,675,924)	143,938,519
Shares issued for cash	2,111,412	4,872,409	-	-	-	-	-	4,872,409
Shares issued for management fees	42,612	110,955	-	-	-	-	-	110,955
Shares issued for mineral property	282,554	873,182	-	-	-	-	-	873,182
Shares issued for bank loan	677,711	1,714,609	-	-	-	-	-	1,714,609
Shares issued for finders fee	35,430	78,655	-	-	-	-	-	78,655
Shares issued on conversion of notes	5,607,137	15,171,098	-	-	-	-	-	15,171,098
Share issuance costs on conversion of notes	-	(1,118,437)	-	-	-	-	-	(1,118,437)
Translation adjustment	-	-	-	-	-	-	(1,399,532)	(1,399,532)
Equity component of convertible notes	-	210,138	-	-	-	411,115	-	621,253
Loss for the period	-	-	-	-	(7,337,428)	-	-	(7,337,428)
Balance at September 30, 2002	88,104,050	$191,678,722	-	$ -	$(28,699,236)	$ 621,253	$(6,075,456)	$ 157,525,283

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

1. NATURE OF OPERATIONS

The Company is engaged in the production of gold and related activities including exploration, development mining and processing. These activities are conducted primarily in Venezuela and Uruguay.

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, changes in shareholders' equity and cash flows at September 30, 2002 and for the period then ended have been made. These financial statements should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2001. The results of operations for the period ended September 30, 2002 are not necessarily indicative of the results to be expected for the year ending December 31, 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and all its subsidiaries. All significant inter-company balances and transactions have been eliminated.

Translation of foreign currencies

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

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

Financial statements of self sustaining subsidiaries' operating in hyper-inflationary economies are translated using the temporal method, until these subsidiaries' economies are no longer hyper-inflationary.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.....)

Mineral properties

(i) Property acquisition and mine development

Property acquisition and mine development costs are capitalized on properties where proven and probable reserves exist, or when sufficient objective evidence exists to support a conclusion that it is probable non-reserve material will be produced, thereby supporting the recognition of an asset. Amortization is calculated using the units of production method based on estimated recoverable ounces of gold. Estimated recoverable ounces of gold include proven and probable reserves and non-reserve material when sufficient objective evidence exists to support a conclusion that it is probable the non-reserve material will be produced.

In the determination of whether costs should be capitalized on individual properties, and the measurement of amortization and recoverability of the carrying amount of mining properties, the Company takes into account known proven and probable reserves as well as certain material that does not meet all the criteria required for classification as a proven or probable reserve. Management's determination as to whether the existence of non-reserve material should result in the capitalization of costs or whether the material should be included in the amortization and recoverability calculations is based on the existence of various circumstances, including, but not limited to: the existence and nature of known mineralization; the location of the property (i.e. whether the presence of existing mines and ore bodies in the immediate vicinity increases the likelihood of development of a mine on the property); the existence of proven and probable reserves on the property; whether the ore body is an extension of an existing producing ore body on an adjacent property; the results of recent drilling on the property; and the existence of a feasibility study or other analysis to demonstrate that the ore is commercially recoverable. When sufficient objective evidence exists to support a conclusion that it is probable non-reserve material will be produced, thereby supporting the recognition of an asset or contributing to the recovery of previously capitalized costs, the Company commences the capitalization of costs incurred and includes the material in amortization and impairment calculations.

(ii) Properties in development

Costs incurred on properties in development and major capital projects are capitalized until the assets are put into service, at which time the capitalized costs are amortized in accordance with the policies described above.

(iii) Exploration properties

Acquired exploration properties are recorded at cost at the date of acquisition.

Property evaluations

The Company reviews and evaluates the recoverability of the carrying amounts of all its developed mineral properties and related buildings and equipment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Estimated future net cash flows, on an undiscounted basis, are calculated using estimated recoverable ounces of gold (considering current proven and probable mineral reserves and mineral resources expected to be converted into mineral reserves); estimated future commodity price realization (considering historical and current prices, price trends and related factors); and operating costs, future capital expenditures, project financing costs, reclamation costs and income taxes. Reduction in the carrying amount of property, plant and equipment, with a corresponding charge to earnings, are recorded to the extent that the estimated future net cash flows are less than the carrying amount.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.....)

Estimates of future net cash flows are subject to risks and uncertainties. It is reasonably possible that changes in circumstances may occur which could affect those future net cash flows and consequently the recoverability of the Company's property, plant and equipment.

Deferred exploration costs

The Company defers all direct and indirect exploration costs relating to mineral properties and areas of geological interest until the properties to which they relate are placed into production, sold or where management has determined there to be an impairment.

Values

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

Future income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Reclamation costs

The Company's policy for recording reclamation costs is to record a liability for the estimated costs to reclaim mined land by recording charges to production costs for each tonne of ore mined over the life of the mine. The amount charged is based on management's estimation of reclamation costs to be incurred. The accrued liability is reduced as reclamation expenditures are made. Certain reclamation work is performed concurrently with mining and these expenditures are charged to operations at that time.

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

Revenue recognition

Revenue from mining operations is recognized when gold is shipped to the refineries and collection of the sale is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.....)

Production inventories

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

Supplies inventory

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

Plant and equipment

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

Marketable securities

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

Cash and cash equivalents

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

Income (loss) per share

Basic income (loss) per share is calculated using the weighted-average number of shares outstanding during the year.

In accordance with the revised recommendations of the CICA, the Company changed from the imputed earnings approach to the treasury stock method, to compute the dilutive effect of options, warrants and similar instruments on diluted income per share. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. The new standard has been applied on a retroactive basis and has no material impact on the amounts presented.

Long-term investment securities

Long-tern investment securities are stated at cost, unless there has been an other than temporary decline in value at which time the securities are written down and the unrealised loss is recognized in determination of net income.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.....)

Commodity instruments

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

The Company enters into commodity contracts in the normal course of its business to establish future sales prices and manage the future cash flow risks associated with price volatility of the commodities produced at its operating mines. Commodity contracts may be designated as hedges of financial risk exposures of anticipated transactions if, both at the inception of the hedge and throughout the hedge period, the changes in fair value of the contract substantially offset the effect of commodity price changes on the anticipated transactions and if it is probable that the transactions will occur. The Company regularly monitors its commodity exposures and ensures that contracted amounts do not exceed the amounts of underlying exposures.

On October 24, 2000 the CICA Emerging Issues Committee issued EIC 113, "Accounting By Commodity Producers For Written Call Options", whereby written call options entered into on or after that date are recognized on the balance sheet as a liability measured at fair value with subsequent changes in the fair value of the liability recognized in earnings in the period of the change.

Stock-based compensation plan

Effective January 1, 2002, the Company adopted the New CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which recommends the fair value-based methodology for measuring compensation costs. The new section also permits the use of the intrinsic value-based method, which recognizes compensation cost for awards to employees only when the market price exceeds the exercise price at date of grant, but requires pro-forma disclosure of earnings and earnings per share as if the fair value method had been adopted. The Company has elected to adopt the intrinsic value-based method for employees awards. Any consideration paid by the option holders to purchase shares is credited to share capital. The adoption of this accounting policy has no effect on the financial statements of either the current period or prior periods presented.

Comparative figures

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

3. SECURITIES

The quoted market value of marketable securities at September 30, 2002 is $97,156 (December 31, 2001 - $269,718).

The Company's investment in long-term investment securities consists of shares in a publicly listed company. The quoted market value of long-term investment securities at September 30, 2002 is $408,000 (December 31, 2001 - $610,000).

(Expressed in Canadian dollars)

4. ACQUISITION

Effective February 27, 2001, the Company acquired approximately 80% of the outstanding share capital of El Callao Mining Corp ("ECM") and, also from Bema Gold Corporation ("Bema"), assets related to ECM. The company, through its subsidiaries, is involved in mining activities and the exploration and development of mineral properties.

The acquisition has been accounted for by using the purchase method, and can be summarized as follows:

Cash and cash equivalents	$ 15,061
Accounts receivable and other assets	491,338
Note receivable	2,240,780
Property, plant and equipment	21,924,939
Accounts payable and accrued liabilities	(648,712)
Minority Interest	(8,909,425)
Consideration paid	$ 15,113,981
Consideration paid consists of:	
Cash paid	$ 9,782,009
Common shares of the Company	5,150,520
Acquisition costs	181,452
	$ 15,113,981

5. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2002	December 31, 2001
Plant and equipment	$ 63,138,078	$ 61,044,046
Mineral properties	143,977,802	112,781,913
Deferred exploration costs	19,430,318	17,036,134
	226,546,198	190,862,093
Less: Accumulated amortization and depletion	(30,252,302)	(24,596,639)
	$ 196,293,896	$ 166,265,454

(Expressed in Canadian dollars)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd.....)

Mineral properties:	September 30, 2002	December 31, 2001
Albino 1 Concession	$ 17,710,939	$ 17,710,939
Bolivar Goldfields properties	20,885,703	20,959,392
Cristinas Concessions	73,866,761	42,641,589
El Callao properties	26,795,322	26,795,322
Knob Hill property	518,283	518,283
Mineiro Concession	724,548	724,548
Santa Elena, San Miguel and Carabobo Concessions	3,476,243	3,431,837
Other	3	3
	143,977,802	112,781,913
Less: Accumulated depletion	(7,419,820)	(6,217,282)
	$ 136,557,982	$ 106,564,631

Deferred exploration costs:	Albino	Santa Elena Carabobo	Mineiro	San Gregorio	Bolivar Goldfields	El Callao	September 30, 2002	December 31, 2001
Contracting	$ 482,051	$ 148,310	$ -	$ -	$ 4,694,746	$ 1,406,333	$ 6,731,440	$ 5,455,358
Equipment rental and expenses	712,073	74,112	-	1,088,535	250,387	75,004	2,200,111	1,497,123
Consulting fees	444,782	50,341	-	-	-	-	495,123	495,123
Geology and engineering	2,294,197	195,225	413,336	-	688,563	183,506	3,774,827	3,587,668
Field expenses	433,257	61,245	140,479	128,653	-	-	763,634	763,634
Samples and geochemistry	33,613	48,047	60,175	113,034	62,597	18,751	336,217	319,202
Travel	41,640	85,246	102,420	-	-	-	229,306	229,306
Wages	792,309	102,972	-	1,276,596	563,370	191,516	2,926,763	2,715,823
Drilling	1,572,976	-	173,853	226,068	-	-	1,972,897	1,972,897
	6,806,898	765,498	890,263	2,832,886	6,259,663	1,875,110	19,430,318	17,036,134
Less: Accumulated depletion	(644,232)	-	-	(704,377)	(338,288)	(112,544)	(1,799,441)	(1,350,050)
	$ 6,162,666	$ 765,498	$ 890,263	$ 2,128,509	$ 5,921,375	$ 1,762,566	$ 17,630,877	$ 15,686,084

Albino 1 Concession

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

5. PROPERTY, PLANT AND EQUIPMENT (cont'd.....)

Bolivar Goldfields Properties

During 2000, the Company acquired all of the outstanding share capital of Bolivar Goldfields A.V.V. This acquisition includes the Tomi concession, Revemin mill and exploration lands in Venezuela. The exploration lands include the Dividival I and II and the Belen II concessions in the El Callao greenstone belt in Venezuela.

Cristinas Concessions

In its previous annual and quarterly financial statements, the Company has noted the status of its ongoing legal proceedings to confirm its title rights to the Cristinas 4 and 6 concessions. On September 17, 2002, the Company entered into a mining agreement (the "Agreement") with the Corporacion Venezolana de Guayana ("CVG"), acting under the authority of the Venezuelan MEM and pursuant to Venezuelan mining law, under which the Company has been granted the exclusive right to explore, develop and exploit the Las Cristinas 4, 5, 6 and 7 gold deposits including the commercialization and sale of gold. The Agreement provides to the Company the full right to develop and exploit the Cristinas deposits and, as a result of entering into the Agreement, the Company considers the continuation of its legal proceedings to be unnecessary. A brief history of the events leading to the execution of the Agreement between the Company and the CVG follows.

In July, 1991, the CVG entered into a shareholders' agreement with Placer Dome which, among other things, granted Placer Dome the right to develop the Deposits. Pursuant to that agreement, Minera de Las Cristinas S.A. ("MINCA") was incorporated to explore and, if economically feasible, exploit the Deposits. In February, 1992, CVG, in accordance with the foregoing agreement, entered into the MINCA Contract. There was no gold produced by MINCA under the terms of the MINCA Contract and, as a result, the CVG noted Placer Dome in default of its agreement. In July 2000, Placer Dome, by agreement with the CVG was given one year to attempt to find an approved buyer or joint venture partner to put the Deposits into production. In July, 2001, immediately prior to the expiry of that one year period, Placer Dome purported to transfer its interest in MINCA to Vannessa Ventures Ltd ("Vannessa") by transferring to Vannessa its share interest in Placer Dome Venezuela C.A., a Venezuelan holding company which in turn held the controlling interest in MINCA. Vannessa was not an approved buyer under the MINCA Contract and the CVG and the MEM have refused to recognize the transfer as a result of a change of control provision in the agreement. Upon expiry of the one year period, the CVG declared the MINCA Contract in default and gave notice to Placer Dome of the requisite cure period. After the end of the cure period, with the default still not cured, CVG immediately instituted the necessary proceedings to formally and legally terminate and cancel the MINCA Contract. The MINCA Contract was terminated by CVG in November, 2001 and pursuant to the mining law, the mining assets related to the Deposits reverted to the Republic of Venezuela. The CVG, on November 16, 2001, together with a representative of MEM, a representative of the National Comptroller Office (who received the assets for the Republic of Venezuela) and a judge (who made a formal record of the proceedings) took possession of the assets. In March 2002, the MEM passed Resolution 35 whereby the MEM declared the MINCA Contract terminated and repossessed the assets on behalf of the Republic of Venezuela. Presidential Decree No. 1,757 declared the Deposits reserved for the Republic of Venezuela and authorized the MEM to contract the direct exploitation of the area to the CVG. The MEM and the CVG entered into an agreement for the development of the Deposits and the MEM authorized the CVG to enter into a mine operating agreement with a third party. Under the authority of Decree No. 1,757 and the contract with MEM, CVG entered into the Agreement with Crystallex.

5. PROPERTY, PLANT AND EQUIPMENT (cont'd.....)

The total cost incurred to September 30, 2002 was $73,866,761, which was comprised of $54,165,221 of payments in cash and $19,701,540 made through the issuance of common shares of the Company. This cost was comprised of property payment and finders' fees of $48,118,189 ($32,818,215 cash, $15,299,974 through shares), professional fees of $22,144,310 ($17,742,744 cash, $4,401,566 through shares valued at the prior 5 day weighted average trading price for the shares on the American Stock Exchange; including payments to related parties of $Nil during the nine months ended September 30, 2002 (Note 10), $105,129 during the year ended December 31, 2001, $Nil in 2000, $115,589 in 1999, $Nil in 1998, and $200,000 in 1997), and consulting fees (including cash payments of $433,333 paid to directors of the Company in 2001), travel and administrative costs.

El Callao Properties

By an agreement dated September 12, 2000 and concurrently with the completion of the January 25, 2001 take-over bid, the Company acquired approximately 80% of the outstanding shares of ECM and, from Bema, assets related to ECM. As a result of the acquisition, the Company now controls the Lo Increible project in Venezuela.

Mineiro Concession

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

San Gregorio Mining Concession

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

Santa Elena, San Miguel and Carabobo Concessions

The Company entered into a joint venture agreement with Associacion Cooperative Minera del Sur R.L. ("ACOMISUR"), a mining cooperative, regarding the Santa Elena, San Miguel and Carabobo properties, all located in Bolivar State, Venezuela. Under this agreement, the Company's Venezuelan subsidiary will own 80% of the joint venture and ACOMISUR will own 20%, with the Company's subsidiary being the operator. The proven and probable reserves of the properties have not yet been determined.

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing, subject to the comments contained in this note. The properties in which the Company has committed to earn an interest are located in Uruguay, Venezuela and Brazil and the Company is therefore relying on title opinion by legal counsel who are basing such opinions on the laws of Uruguay, Venezuela and Brazil.

(Expressed in Canadian dollars)

6. DEFERRED FINANCING FEES

Deferred financing fees of $970,331, net of accumulated amortization of $243,725, (December 31, 2001 - $1,269,652, net of accumulated amortization of $396,587) relate to costs incurred in the issuance of the convertible notes financing and for a non-recourse credit facility.

7. LONG-TERM DEBT

	September 30, 2002	December 31, 2001
Bank loan	$ 17,139,332	$ 17,820,718
Convertible notes	20,874,826	9,318,633
	38,014,158	27,139,351
Less: Current portion of the long-term debt	(4,920,321)	(2,309,559)
	$ 33,093,837	$ 24,829,792

Gold loan

During 1998, the Company, through a subsidiary, entered into a non-recourse five-year bank credit facility of $24,532,800 or equivalent ounces of gold. The facility bears interest at the London Inter-Bank Offered Rate ("LIBOR") for United States dollar-denominated loans or the gold base rate for gold ounce-denominated loans plus an applicable margin, negotiated between both parties. The Company has the ability to repay the loan in either United States dollars, gold, or common shares of the Company. The loan was converted into a dollar denominated bank loan.

The loan agreement contained certain financial and other covenants that must be maintained during the term of the loan. Assets of certain of the subsidiary companies had been pledged as collateral.

Bank loans

During 1998, Minera San Gregorio S.A. entered into a bank loan facility of $24,532,800. The facility bears interest at the LIBOR plus an applicable margin, negotiated between both parties. Certain equipment is secured against the loan. During 2000, Mineras Bonanza C.A. entered into a bank loan facility of $12,779,750. The facility bears interest at the LIBOR plus an applicable margin. The bank loan is secured by first mortgages over all the land, buildings and chattel of Mineras Bonanza, C.A. and Revemin II, C.A.

(Expressed in Canadian dollars)

7. LONG-TERM DEBT (cont'd.....)

During 2001, the credit facilities were combined into a new bank loan facility with the same interest rates and operating assets pledged as securities. As at September 30, 2002, principal payments due to retire the outstanding indebtedness are as follows:

Year	Amount (US$)
2003	3,000,000
2004	1,240,000
2005	4,400,000
2006	2,058,000

Convertible notes

The convertible notes are unsecured and bear interest in the range of non-interest bearing to 7% per annum. The notes are convertible by the holder at any time into common shares at a conversion price determined by recent average market price. The notes can be redeemed by the Company in cash or by delivery of common shares. Upon issuance, the liability component of the notes was valued at $20,874,826, representing the present value of the minimum future cash payments to be made by the Company. The remaining balance of $621,253 was classified in shareholders' equity as "equity component of convertible notes". Over the term of the debt obligation, an amount equal to the equity component will be accreted to the face value of the notes by the recording of additional interest expense.

8. STOCK-BASED COMPENSATION

As permitted by CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments" ("Section 3870"), the Company has elected to measure compensation costs using the intrinsic value-based method for employee stock options. Under this method, no compensation expense is recognized when stock options are issued, as the exercise price of each option equals the minimum of the market value at the date immediately preceding the grant. Had the compensation costs been determined based on the fair value of the options at the grant date using the Black-Scholes option-pricing model, additional compensation expense would have been recorded in the statement of operations of the period, with pro forma results as presented below. Under the transitional provisions of Section 3870, comparative figures are not required.

	September 30, 2002
Net loss to common shareholders	$ (7,337,428)
Compensation expense under Section 3870	(280,702)
Pro forma net loss	$ (7,618,130)
Pro forma basic and diluted loss per share	$ (0.09)

(Expressed in Canadian dollars)

8. STOCK-BASED COMPENSATION (cont'd.....)

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the period:

Risk-free interest rate	2.97 %
Expected life of options	2 years
Annualized volatility	71 %
Dividend rate	-

9. CAPITAL STOCK

At September 30, 2002, warrants were outstanding enabling the holders to acquire the following number of common shares:

Range of Exercise Price	Number of Shares	Weighted Average Remaining Contractual Life (Years)
US$1.02 to US$2.00	5,678,324	1.21
US$2.19 to US$2.84	6,380,962	1.55

The Company has a stock option plan enabling it to grant options to executive officers and directors, employees and consultants. Under the plan, the exe rcise price of each option equals the closing price of the Company's stock on the trading day immediately preceding the date of the grant.

The following is a summary of the status of stock options outstanding at September 30, 2002:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
$0.85 to $1.00	1,942,500	4.12	$ 0.98	1,942,500	$ 0.98
$1.41 to $1.75	1,926,000	5.50	$ 1.52	1,926,000	$ 1.52
$2.00 to $2.65	3,732,500	7.31	$ 2.23	3,732,500	$ 2.23

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

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

a) Paid or accrued consulting and management fees of $340,839 (September 30, 2001 - $402,335) to directors and an officer of the Company and companies related to directors and an officer of the Company.

b) Paid or accrued legal fees of $Nil (September 30, 2001- $437,165) to a law firm related to a director of the Company (Note 5).

Also see Note 13 Commitments.

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

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	Nine Month Period Ended September 30, 2002	Nine Month Period Ended September 30, 2001	Three Month Period Ended September 30, 2002	Three Month Period Ended September 30, 2001
Cash paid during the period for interest	$ 1,113,188	$ 1,531,121	$ 450,960	$ 879,692
Cash paid during the period for income taxes	$ -	$ -	$ -	$ -

Significant non-cash transactions for the nine month period ended September 30, 2002 included:

i) The Company issued 42,612 common shares, with a value of $110,955, for management fees.

ii) The Company issued 282,554 common shares, with a value of $873,182, for mineral property payment.

iii) The Company issued 677,711 common shares, with a value of $1,714,609, for loan payment.

iv) The Company issued 35,430 common shares, with a value of $78,655, for finders fee.

v) The Company issued 5,607,137 common shares upon conversion of convertible notes and accrued interest in the amount of $15,171,098.

vi) The Company applied $1,118,437 of deferred financing fees against share capital upon conversion of loan and notes to common stock.

(Expressed in Canadian dollars)

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (cont'd.....)

Significant non-cash transactions for the nine month period ended September 30, 2001 included:

i) The Company issued 65,466 common shares, with a value of $104,550, for management fees.

ii) The Company issued 450,000 common shares, with a value of $531,000, for legal fees.

iii) The Company issued 4,142,029 common shares, with a value of $5,574,487, to acquire El Callao Mining Corp.

iv) The Company issued 2,723,355 common shares upon conversion of convertible notes and accrued interest in the amount of $3,376,759.

v) The Company applied $240,696 of deferred financing fees against share capital upon conversion of loan and notes to common stock.

vi) The Company issued 1,025,000 common shares with a value of $1,955,644. for a private placement.

vii) The Company issued 3,076,615 common shares, with a value of $8,554,548, for loan payment

viii) The Company issued 67,059 common shares, with a value of $89,189, for broker fees.

12. SEGMENTED INFORMATION

The Company, after reviewing its reporting system, has determined that it operates in one reporting segment, that being gold mining and related activities. Accordingly, the Company's operating areas are considered segments for financial reporting purposes by geographical segments and are as follows:.

	Nine Month Period Ended September 30, 2002	Nine Month Period Ended September 30, 2001	Three Month Period Ended September 30, 2002	Three Month Period Ended September 30, 2001
Operating revenue:				
Uruguay	$ 24,239,090	$ 29,175,755	$ 7,055,868	$ 8,649,449
Venezuela	9,444,777	13,055,510	3,308,680	4,983,451
	$ 33,683,867	$ 42,231,265	$ 10,364,548	$ 13,632,900
Operating costs:				
Uruguay	$ 19,656,355	$ 20,756,116	$ 6,247,619	$ 7,881,416
Venezuela	11,422,988	8,693,853	3,584,452	2,484,661
	$ 31,079,343	$ 29,449,969	$ 9,832,071	$ 10,366,077

(Expressed in Canadian dollars)

12. SEGMENTED INFORMATION (cont'd.....)

	Nine Month Period Ended September 30, 2002	Nine Month Period Ended September 30, 2001	Three Month Period Ended September 30, 2002	Three Month Period Ended September 30, 2001
Amortization and depletion:				
Uruguay	$ 3,682,323	$ 3,316,144	$ 1,269,877	$ 1,151,340
Venezuela	1,948,106	3,169,938	657,567	878,375
	$ 5,630,429	$ 6,486,082	$ 1,927,444	$ 2,029,715
Operating Income (loss):				
Uruguay	$ 900,412	$ 5,103,495	$ (461,628)	$ (383,307)
Venezuela	(3,926,317)	1,191,719	(933,339)	1,620,415
	$ (3,025,905)	$ 6,295,214	$ (1,394,967)	$ 1,237,108

	September 30, 2002	December 31, 2001
Assets by geographic area:		
Brazil	$ 1,545,581	$ 1,547,163
Canada	5,291,115	14,781,293
Uruguay	31,099,780	37,549,429
Venezuela	176,545,390	144,466,118
	$ 214,481,866	$ 198,344,003

13. COMMITMENTS

Agreement

The Company entered into an agreement dated February 14, 1997 ("Call Agreement") whereby it acquired an exclusive call right to acquire all of the common shares of Ventures, which is owned by two directors of Crystallex. Ventures indirectly owns, as its sole material asset, the outstanding shares of Mael. The owners of Ventures have granted the Company an exclusive right to acquire all of the shares of Ventures at any time at the cost of those shares.

The cost of acquiring the shares of Mael was initially US$30 million, of which US$6.5 million (Cdn$9.1million) was paid by the Company as of December 31, 1998. Effective April 30, 1999, Ventures and the vendor agreed to reduce the remaining portion of the purchase price from US$23.5 million to US$10 million plus 5 million warrants to purchase common shares of the Company at a price of US$2 per share. As of September 30, 2002, 4 million of the warrants have expired and 1 million remain outstanding. During 1999 and 2000, the US$10 million (Cdn$14.0 million) was fully paid through the issuance of shares, valued at the average closing sales price on the American Stock Exchange for the 30 days immediately preceding the issuance of the shares and by cash US$250,000 (Cdn$364,000). These payments have been capitalized as part of the property cost (see Note 5, Cristinas concessions).

(Expressed in Canadian dollars)

13. COMMITMENTS (cont'd.....)

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

Precious metal contracts

The Company's hedging policy provides for the use of fixed forward contracts to hedge the Company's expected annual gold production. At September 30, 2002, the Company had fixed forward contracts outstanding as follows:

Year	2002	2003	2004	2005	2006
Ounces	18,363	76,848	82,608	41,130	39,996
Average Price (US$ per oz.)	294	300	300	305	310

Written call options are contracts in which the writer, for a fee (premium), sells the purchaser the right, but not the obligation, to buy on a specific future date a stipulated quantity of gold at a stated price. The Company had written long-term gold call options in respect of 121,601 ounces at September 30, 2002. The options, which have an average strike price of US$298 per ounce, expire on various dates over the period of 2004. In addition, short term written call options in respect of 111,639 ounces of gold were outstanding at September 30, 2002 with an average strike price of US$310 and expiring from 2002 to 2003. In the event that they are exercised at their expiry dates, the Company has the ability to deliver production to meet the commitment.

Fair value of derivative financial instruments

Fair values of financial instruments and over-the-counter ("OTC") contracts are determined based on estimates using net present value, Black-Scholes and other valuation techniques. The estimates are significantly affected by the assumptions used including current market and contractual prices of the underlying instruments, as well as time value, and by yield curve and volatility factors underlying the positions.

The carrying amounts for cash and cash equivalents, accounts receivable, marketable securities, accounts payable and accrued liabilities and long-term debt on the balance sheet approximate fair value.

(Expressed in Canadian dollars)

13. COMMITMENTS (cont'd.....)

Credit and market risk

The Company enters into financial agreements (financial instruments) with major international banks and other international financial institutions in order to hedge underlying revenue exposures arising from commodity prices and interest rates. Financial instruments, which subject the Company to market risk and concentrations of credit risk, consist primarily of cash, securities and fixed forward contracts and option contracts for metals. The Company places its cash and short-term investments in high quality securities issued by government agencies, financial institutions and major corporations and limits the amount of credit exposure by diversifying its holdings.

The Company only uses OTC instruments in its metal program. These instruments are relatively straightforward contracts and involve little complexity. The Corporation is exposed to credit risk in the event of non-performance by counterparties in connection with its metal forward and option contracts. The Company does not obtain any security to support financial instruments subject to credit risk but mitigates this risk by dealing only with a diverse group of financially sound counterparties and, accordingly, does not anticipate loss for non-performance. The Company continually monitors the market risk of its activities.

Other

One of the Company's subsidiaries has outstanding a US$1.5 million letter of credit in connection with its environmental remediation plans.

14. NET INCOME (LOSS) PER COMMON SHARE

The following table outlines the calculation of basic and diluted net income (loss) per common share:

	Nine Month Period Ended September 30, 2002	Nine Month Period Ended September 30, 2001	Three Month Period Ended September 30, 2002	Three Month Period Ended September 30, 2001
Numerator for basic net income (loss) per common share:				
Net income (loss) attributable to common shareholders	$ (7,337,428)	$ 900,824	$ (2,933,269)	$ 11,045
Numerator for diluted net income (loss) per common share	$ (7,337,428)	$ 900,824	$ (2,933,269)	$ 11,045
Denominator for basic net income (loss) per common share				
-weighted average number of outstanding shares	82,721,034	59,215,145	85,686,891	71,766,472
Effect of dilutive stock options and warrants	-	1,897,085	-	2,457,285
Denominator for dilutive net income (loss) per common share				
-adjusted weighted average number of outstanding shares	82,721,034	61,112,230	85,686,891	74,223,757

(Expressed in Canadian dollars)

15. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada (“Canadian GAAP”). Except as set out below, these financial statements also comply, in all material respects, with accounting principles generally accepted in the United States of America (“United States GAAP”).

(1) Stock Based Compensation

The United States Financial Accounting Standards Board (“FASB”) has issued Statement of Financial Accounting Standards (“SFAS”) No. 123, "Accounting for Stock Based Compensation", which became effective for fiscal years beginning after December 15, 1995. This statement requires the Company to establish a fair market value based method of accounting for stock based compensation plans. In 1996, for United States reporting purposes, the Company adopted SFAS No. 123 in accounting for its stock option plan. Canadian GAAP does not require the reporting of any stock based compensation expense in the Company's consolidated financial statements.

The Company uses the Black-Scholes option pricing model to determine the fair value of employee stock options at the issuance date. In determining the fair value of these employee stock options, the following assumptions were used:

	2002	2001
Risk free interest rate	2.97 %	4.01 %
Expected life	2 years	2 years
Expected volatility	71 %	80 %
Expected dividends	-	-

The application of SFAS No. 123 resulted in the reporting of compensation expenses in the amount of $280,702 and $534,638 for the nine month period ended September 30, 2002 and 2001, respectively.

Following is a summary of the stock based compensation plan during 2002 and 2001:

	September 30, 2002		September 30, 2001	
	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price
Outstanding and exercisable, beginning of period	7,707,000	$ 1.70	6,315,292	$ 1.52
Granted	350,000	2.23	515,000	2.11
Exercised	(456,000)	1.56	(190,000)	1.31
Cancelled	-	-	(83,292)	1.40
Outstanding and exercisable, end of the period	7,601,000	$ 1.73	6,557,000	$ 1.58
Weighted average fair value of options granted during the period	$ 0.80		$ 1.04	

15. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd.....)

(2) Mineral Properties and Deferred Exploration Costs

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

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

(3) Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of

For United States reporting purposes, the Company has adopted SFAS No. 144, "Accounting for the Impairment on Disposal of Long-Lived Assets and for Long-Lived Assets to be Disposed of". In the event that facts and circumstances indicate that the carrying amount of an asset may not be recoverable and an estimate of future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss will be recognized. Management's estimates of gold prices, recoverable proven and probable reserves, operating capital, and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of the Company's investment in property, plant, and equipment. Although management has made its best estimate of these factors based on current conditions, it is possible that changes could occur which could adversely affect management's estimate of the net cash flow expected to be generated from its operations.

The Santa Elena, San Miguel and Carabobo, Cristinas 4 and 6 and Knob Hill properties, which have a total capitalized cost of $77,861,290 for Canadian reporting purposes, have been written down for United States reporting purposes, as they have no determinable proven or probable reserves. As a result of a study of gold reserves of its mineral properties, the Company has recorded a $31,269,578 (September 30, 2001 - $991,344) write-down of its investment in mineral properties for United States reporting purposes. Since the fair value of the Company’s other properties exceed their capitalized cost, there has been no adjustment to the cost of these properties. The estimated fair value of the properties would vary if future conditions do not occur in accordance with these assumptions.

15. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd.....)

(4) Marketable Securities

For Canadian GAAP purposes short term marketable securities are carried at the lower of aggregate cost or current market value, with any unrealized loss included in the consolidated statements of operations.

In May 1993, the FASB issued SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", which became effective for years beginning after December 31, 1993. The statement requires that certain investments be classified into available-for-sale or trading securities stated at fair market values. Any unrealized holding gains or losses are to be reported as a separate component of shareholders' equity until realized for available-for-sale securities, and included in earnings for trading securities. Under SFAS No. 115, the Company's investment in marketable securities in the amount of $299,901 would be classified as trading securities and its investment in long-term investment securities in the amount of $2,643,338 would be classified as available-for-sale securities.

(5) Accounting for Derivative Instruments and Hedging Activities

Effective January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities".

At September 30, 2002, the Company's hedging contracts used to reduce exposure to precious metal prices, consisted of forward sales contracts. The Company settles these contracts through the physical delivery of production from its operations at the contract settlement dates. Therefore, the forward sales contracts meet the criteria for the normal purchases and sales exemption of SFAS No. 133, as amended by SFAS No. 138. Accordingly, recognition of the precious metals forward sales contract will continue to be deferred until settlement.

(6) Comprehensive Income

In June 1997, the FASB issued SFAS No. 130 "Reporting Comprehensive Income". SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components (revenue, expenses, gains and losses). The purpose of reporting comprehensive income is to present a measure of all changes in shareholders' equity that result from recognized transactions and other economic events of the year, other than transactions with owners in their capacity as owners.

(7) Convertible Notes

Under Canadian GAAP, the Company presents the separate equity and liability components of the convertible notes. This accounting policy is not permitted under United States GAAP. Accordingly, additional interest expense determined under Canadian GAAP has been deducted to arrive at net loss and all proceeds allocated to the equity component of convertible notes would be classified as a non-current liability rather than equity under United States GAAP.

15. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd.....)

(8) Recent Accounting Pronouncements

In June 2001, the FASB approved the issuance of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 142 requires that goodwill no longer be amortized to earnings, but instead be reviewed for impairment. The statement is effective for fiscal years beginning after December 15, 2001, and is required to be applied at the beginning of an entity's fiscal year and to be applied to all goodwill and other intangible assets recognized in its financial statements at that date. Impairment losses for goodwill and indefinite-lived intangible assets that arise due to the initial application of this statement (resulting from a transitional impairment test) are to be reported as resulting from a change in accounting principle. Under an exception to the date at which this statement becomes effective, goodwill and intangible assets acquired after June 30, 2001 will be subjective immediately to the non-amortization and amortized provisions of this statement

In July 2001, FASB issued Statements of Financial Accounting Standards No. 143 "Accounting for Asset Retirement Obligations" ("SFAS 143") that records the fair value of the liability for closure and removal costs associated with the legal obligations upon retirement or removal of any tangible long-lived assets. The initial recognition of the liability will be capitalized as part of the asset cost and depreciated over its estimated useful life. SFAS 143 is required to be adopted effective January 1, 2003

In October 2001, FASB issued Statements of Financial accounting Standards No. 144, "Accounting of the Impairment on Disposal of Long-lived Assets" ("SFAS 144"), which supersedes Statements of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of". SFAS 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. Additionally, SFAS 144 expands the scope of discontinued operations to include all components of an entity with operations that (1) can be distinguished from the rest of the entity and (2) will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001, and, generally, its provision are applied prospectively.

In April 2002, FSAB issued Statements of Financial Accounting No. 145, "Rescission of FASB Statements No 4, 44 and 64, Amendment of FASB No. 13, and Technical Corrections" ("SFAS 145"). SFAS 145 eliminates the requirement that gains and losses from the extinguishment of debt be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect and eliminates an inconsistency between the accounting for sale-leaseback transactions and certain lease modifications that have economic effects that are similar to sale-leaseback transactions. Generally SFAS 145 is effective for transactions occuring after May 15, 2002.

The adoption of these new pronouncements is not expected to have a material effect on the Company's financial position or results of operations.

(Expressed in Canadian dollars)

15. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd.....)

The impact of the above differences between Canadian GAAP and United States GAAP on the consolidated balance sheet items as reported, is as follows:

	September 30, 2002			December 31, 2001		
	Balance as Reported	Adjustments	Balance as per United States Reporting Requirements	Balance as Reported	Adjustments	Balance as per United States Reporting Requirements
Current assets	$ 14,381,416	$ -	$ 14,381,416	$ 27,859,341	$ 33,817	$ 27,893,158
Security deposits	192,885	-	192,885	306,218	-	306,218
Long-term investment securities	2,643,338	(2,235,338)	408,000	2,643,338	(2,033,338)	610,000
Property, plant and equipment	196,293,896	(765,498)	195,528,398	166,265,454	(765,498)	165,499,956
Deferred financing fee	970,331	-	970,331	1,269,652	-	1,269,652
Allowance for write-down of mineral properties	-	(77,861,290)	(77,861,290)	-	(46,591,712)	(46,591,712)
	$ 214,481,866	$ (80,862,126)	$ 133,619,740	$ 198,344,003	$ (49,356,731)	$ 148,987,272
Current liabilities	$ 17,298,443	$ -	$ 17,298,443	$ 19,926,621	$ -	$ 19,926,621
Reclamation provision	1,110,232	-	1,110,232	1,250,151	-	1,250,151
Long-term debts	33,093,837	621,253	33,715,090	24,829,792	139,099	24,968,891
Deferred charges	89,690	-	89,690	646,821	-	646,821
Minority interest	5,364,381	-	5,364,381	7,752,099	-	7,752,099
Shareholders' equity	157,525,283	(81,483,379)	76,041,904	143,938,519	(49,495,830)	94,442,689
	$ 214,481,866	$ (80,862,126)	$ 133,619,740	$ 198,344,003	$ (49,356,731)	$ 148,987,272

(Expressed in Canadian dollars)

15. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd.....)

The impact of the above differences between Canadian GAAP and United States GAAP on income (loss) for the period would be as follows:

	Nine Month Period Ended September 30, 2002	Nine Month Period Ended September 30, 2001	Three Month Period Ended September 30, 2002	Three Month Period Ended September 30, 2001
Income (loss) for the period, as reported	$ (7,337,428)	$ 900,824	$ (2,933,269)	$ 11,045
Compensation expense on granting of stock options	(280,702)	(534,638)	(280,702)	(461,277)
Adjustments to mineral properties	(31,269,578)	(991,344)	(28,497,509)	(1,879,976)
Accretion of interest on convertible notes	31,726	-	8,987	-
Unrealized loss on trading securities	-	(99,761)	-	(293,983)
Loss for the period in accordance with United States GAAP	$ (38,855,982)	$ (724,919)	$ (31,702,493)	$ (2,624,191)
Basic and diluted loss per share in accordance with United States GAAP	$ (0.47)	$ (0.01)	$ (0.37)	$ (0.04)

The impact of the above differences between Canadian GAAP and United States GAAP on the consolidated statements of cash flows would be as follows:

	Nine Month Period Ended September 30, 2002	Nine Month Period Ended September 30, 2001	Three Month Period Ended September 30, 2002	Three Month Period Ended September 30, 2001
Cash flows provided by operating activities, Canadian GAAP	$ (8,442,190)	$ 4,490,399	$ 96,210	$ 1,618,118
Adjustments to mineral properties	(30,634,320)	(399,960)	(28,518,683)	(233,982)
Cash flows provided by operating activities United Stated GAAP	(39,076,510)	4,090,439	(28,422,473)	1,384,136
Cash flows used in investing activities, Canadian GAAP	(34,691,551)	(11,853,227)	(31,532,181)	(6,371,625)
Adjustments to mineral properties	30,634,320	399,960	28,518,683	233,982
Cash flows used in investing activities, United States GAAP	(4,057,231)	(11,453,267)	(3,013,498)	(6,137,643)
Cash flows provided by financing activities, Canadian and United States GAAP	29,391,605	8,385,934	23,966,884	4,657,357
Effect of exchange rate changes on cash and cash equivalents	893,684	(506,180)	1,131,033	130,339
Net increase (decrease) in cash and cash equivalents during the period	(12,848,452)	516,926	(6,338,054)	34,189
Cash and cash equivalents, beginning of period	14,409,831	4,418,442	7,899,433	4,901,179
Cash and cash equivalents, end of period	$ 1,561,379	$ 4,935,368	$ 1,561,379	$ 4,935,368

(Expressed in Canadian dollars)

15. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd.....)

	Nine Month Period Ended September 30, 2002	Nine Month Period Ended September 30, 2001	Three Month Period Ended September 30, 2002	Three Month Period Ended September 30, 2001
Comprehensive loss:				
Loss for the period in accordance with United States GAAP	$ (38,855,982)	$ (724,919)	$ (31,702,493)	$ (2,624,191)
Net change in cumulative translation adjustments	(1,399,532)	2,509,203	(617,261)	1,675,695
Net change in market value of available-for-sale securities	(202,000)	(704,000)	(400,000)	(184,000)
Comprehensive loss in accordance with United States GAAP	$ (40,457,514)	$ 1,080,284	$ (32,719,754)	$ (1,132,496)

	Nine Month Period Ended September 30, 2002	Nine Month Period Ended September 30, 2001	Three Month Period Ended September 30, 2002	Three Month Period Ended September 30, 2001
Accumulated other comprehensive loss:				
Accumulated other comprehensive loss, beginning of period	$ (8,048,600)	$ (3,023,189)	$ (7,733,020)	$ (2,216,506)
Change in cumulative translation adjustments	(1,399,532)	2,509,203	(617,261)	1,675,695
Change in value of available-for-sale securities	(202,000)	(704,000)	(400,000)	(184,000)
Accumulated other comprehensive loss, end of period	$ (9,650,132)	$ (1,217,986)	$ (8,750,281)	$ (724,811)

CRYSTALLEX INTERNATIONAL CORPORATION
Management's Discussion and Analysis

For the Nine Month Period Ended September 30, 2002
(in Canadian dollars, except per ounce amounts in US dollars)

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 notes. The Company prepares and files its consolidated financial statements and MD&A in Canadian dollars.

Crystallex and its subsidiaries are engaged in gold mining and related activities, including exploration, extraction, processing and reclamation. Crystallex produces gold in Uruguay and Venezuela.

HIGHLIGHTS

- On September 17 2002, Crystallex and the Corporacion Venezolana de Guayana, (the "CVG") signed a definitive Mining Operation Agreement for the development of Las Cristinas 4, 5, 6, and 7. This followed an announcement on September 6 of CVG's selection of Crystallex to develop Las Cristinas.

- Crystallex paid US$15 million to the CVG for the use of Las Cristinas drill data, drill core, studies and infrastructure, including a camp and access to an electric substation.

- Production of gold from La Victoria was below plan as a result of lower tonnes mined and continued low recoveries from the refractory sulphide ore that has been mined since April this year. Mining rates were impacted by poor equipment availability, whilst recoveries remained low, at 73% for the quarter, as the Revemin mill expansion was delayed. In part, both the mining and mill expansion fell behind schedule as a consequence of making the US$15 million payment during the quarter to the CVG. Metallurgical testwork indicates that the ore from La Victoria requires flotation and regrinding to improve recovery of gold to 90%. The mill expansion incorporates flotation and regrind circuits and is currently planned to be operational by the end of the second quarter 2003.

- Gold production for the quarter was 23,007 ounces at total cash costs of US$252 per ounce.

- San Gregorio continued to produce according to plan and demonstrate cost improvements, lowering total cash costs to US$226 per ounce for the third quarter, 5% lower than the comparable period last year.

- Development of the Tomi underground mine continued and the first high grade ore is expected to be mined in January 2003.

SUMMARY PRODUCTION STATISTICS

US$	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2002	2001	2002	2001
Production – Uruguay (ozs)	15,840	15,634	49,126	48,976
Production – Venezuela (ozs)	7,167	12,476	21,279	32,340
Total Gold Production (ozs)	**23,007**	**28,110**	**70,405**	**81,316**
Total Cash Cost Per Ounce[1]	**$252**	**$222**	**$266**	**$235**
Avg. Realized Price Per Oz.	$288[2]	$314	$305	$338
Avg. Spot Price Per Oz.	$314	$274	$306	$269

[1] Includes Royalties and Production Taxes.
[2] Reflects deliveries against forward positions below the prevailing spot price, and also the impact of buying back positions during the quarter. The accounting treatment of the latter reduced the average realized price by US$7 per ounce.

THIRD QUARTER AND NINE MONTHS FINANCIAL PERFORMANCE

C$ thousands	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2002	2001	2002	2001
Revenue	$10,364	$13,632	$33,683	$42,231
Net Operating Cashflow	$96	$1,618	($8,442)	$4,490
Net Income (Loss)	($2,933)	$11	($7,337)	$900
Net Income (Loss) per Share	(0.03)	0.00	(0.09)	0.02

For the third quarter ended September 30, 2002, Crystallex reported a net loss of C$2.93 million, or C$0.03 per share, as compared with net income of C$11,045, or nil per share in the third quarter of 2001. Net Operating Cashflow (after changes in working capital) for the third quarter was C$96,210, as compared with C$1.62 million during the similar period in 2001.

Gold production for the third quarter 2002 was 23,007 ounces at a total cash cost of US$252 per ounce, as compared with 28,110 ounces at a total cash cost of US$222 per ounce for the year earlier period. Production was lower and costs higher due to fewer tonnes processed and low recovery of gold from the La Victoria sulphide ore in Venezuela. Gold sales revenue was C$10.36 million for the third quarter, a decline from C$13.63 million for the comparable period in 2001. The average price realized during the third quarter was US$288 per ounce, lower than the average realized price of US$314 during the third quarter 2001. The Company's average realized price per ounce of gold was below the average spot price for the third quarter as a result of delivering against forward sales positions with exercise prices below the prevailing spot gold price and accounting for the impact of buying back positions during the quarter.

For the first nine months of 2002, Crystallex reported a net loss of C$7.34 million, or C$0.09 per share, as compared with net income of C$900,824, or C$0.02 per share for the same period in 2001. Net Operating Cashflow (after changes in working capital) was a utilization of C$8.44 million, as compared with positive net operating cashflow of C$4.49 million during the similar period in 2001.

Gold production for the first nine months of 2002 was 70,405 ounces at a total cash cost of US$266 per ounce, as compared with 81,316 ounces at a total cash cost of US$235 per ounce for the year earlier period. Despite nine months of production from La Victoria in 2002, (La Victoria commenced mining in April 2001) gold production was lower than the nine month period in 2001 due principally to the transition from saprolite ore to harder, sulphide ore which has reduced recovery of gold from La Victoria ore to 76% for the nine month period in 2002, as compared to 91% for the same period in 2001. Gold sales revenue was C$33.68 million for the first nine months of the year, a decline from C$42.23 million for the comparable period in 2001. The average price realized during the nine month period was US$305 per ounce, as compared to an average spot price of US$306 per ounce for the same period.

OPERATIONS REVIEW

100% Basis	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2002	2001	2002	2001
Uruguay				
San Gregorio (100% Crystallex)				
Tonnes Mined	278,962	237,742	777,656	653,825
Tonnes Ore Processed	266,962	265,563	815,357	811,759
Average Grade (grams/tonne)	2.01	2.04	2.03	2.07
Recovery Rate (%)	91.2%	90.0%	92.3%	90.84%
Production (ounces)	**15,840**	**15,634**	**49,126**	**48,976**
Cost Per Tonne of Ore Processed	$13.42	$14.11	$14.08	$14.80
Production Costs (US$/ounce):				
Cash Operating Costs	$218	$233	$226	$237
Royalties, Refining & Production Taxes	$8	$6	$8	$8
Total Cash Cost Per Ounce	**$226**	**$239**	**$234**	**$245**
Venezuela				
La Victoria (51% Crystallex)[1]				
Tonnes Mined[2]	288,299	77,406	1,005,138	164,839
Tonnes Ore Processed	92,137	80,326	244,801	187,189
Average Grade (grams/tonne)	3.17	3.31	2.75	3.31
Recovery Rate (%)	72.7%	89.3%	76.5%	90.62%
Production (ounces)	**6,770**	**7,633**	**16,568**	**18,052**
Tomi Open Pit (100% Crystallex)				
Tonnes Mined	301	25,971	25,473	113,728
Tonnes Ore Processed	517	40,232	22,957	121,470
Average Grade (grams/tonne)	3.47	2.62	2.90	3.11
Recovery Rate (%)	72.8%	89.9%	88.5%	90.62%
Production (ounces)	**42**	**3,047**	**1,890**	**11,122**
Other (Purchased Material)				
Tonnes Ore Processed	1,425	4,647	11,473	12,597
Average Grade (grams/tonne)	8.64	13.45	8.14	8.61
Recovery Rate (%)	95.4%	89.4%	97.2%	90.6%
Production (ounces)	**355**	**1,796**	**2,821**	**3,166**
Total Production - Venezuela	**7,167**	**12,476**	**21,279**	**32,340**
Venezuela – Costs[3]:				
Cost Per Tonne of Ore Processed	$23.53	$19.97	$25.83	$22.15
Production Costs (US$/ounce):				
Cash Operating Costs	$294	$184	$323	$201
Royalties, Refining & Production Taxes	$14	$17	$16	$19
Total Cash Cost Per Ounce	**$309**	**$201**	**$339**	**$220**
Crystallex				
Total Gold Production (ounces)	**23,007**	**28,110**	**70,405**	**81,316**
Total Cash Cost Per Ounce	**$252**	**$222**	**$266**	**$235**

[1] Crystallex owns 80% of El Callao Mining Corp, which in turn has a 51% interest in the net distributable cashflow from La Victoria. However, Crystallex has an 87.5% share of the cashflow from La Victoria until US$4.0 million of debt owing from El Callao Mining to Crystallex is repaid. Thereafter, Crystallex has a 75% share of the cashflow. Presently, there is no distributable cashflow, and Crystallex reports all production for their account.
[2] Crystallex commenced mining at La Victoria in April 2001.
[3] Ore from La Victoria, Tomi and purchased material is processed at the Company's Revemin mill.

San Gregorio

Production at San Gregorio continued at budgeted levels during the third quarter. Gold production for the quarter was 15,840 ounces, comparable to the level for the similar period in 2001. Production for the first nine months of 2002 was 49,126 ounces, again similar to the 48,976 ounces produced during the same period last year. Total cash costs were US$226 per ounce for the third quarter 2002, an improvement of over 5% for the comparable period in 2001. Year to date total cash costs were US$234 per ounce, down from US$245 per ounce for the same period in 2001. The improvement in costs was principally attributable to productivity gains in the mill. Milling costs were US$5.60 per tonne of ore processed for the first nine months of 2002, a reduction of almost 7% from the full year 2001cost of US$6.00 per tonne.

For 2002, San Gregorio is forecast to produce 66,000 ounces at total cash costs of US$234/ounce. Present reserve estimates are sufficient to support production through the end of 2003.

La Victoria and Revemin Mill

During the third quarter, ore from La Victoria accounted for almost 98% of the ore processed by the Revemin mill. Small quantities of ore from the Tomi open pit mine and from material purchased from nearby concessions were processed through Revemin, principally during the first quarter of the year.

Production from the La Victoria open pit mine was 6,770 ounces for the third quarter, down from 7,633 for the similar period in 2001. For the nine month period, La Victoria produced 16,568 ounces as compared to 18,052 ounces in 2001, (mining operations commenced in April 2001 at La Victoria). Lower than planned tonnes mined and processed, combined with both lower grades and recoveries, materially reduced gold production from La Victoria in the second and third quarters of this year.

Lower than planned mining of waste and ore is reflected in the stripping ratio, which, at 2.9:1 for the nine months through September is below plan of 3.8:1. The strip ratio for the third quarter was 1.8:1. The total tonnes mined (waste and ore) was just over 1.0 million tonnes for the nine month period, as compared to a plan of 1.8 million tonnes. Waste stripping is behind schedule due to low equipment availability.

Ore grades have averaged 2.75 grams per tonne for the first nine months of 2002, as compared to 3.31 grams per tonne for the similar period last year. During the third quarter, however, La Victoria grades improved to 3.17 grams per tonne as mining progressed into higher grade zones.

Recovery of gold from La Victoria ore at Revemin averaged only 73% for the quarter and 77% for the first nine months of the year, down from last year's level of about 90%. Gold recovery has been negatively impacted since the transition into sulphide ore at La Victoria early in the second quarter of this year. Metallurgical testwork indicates that the refractory sulphide ore at La Victoria requires flotation and regrinding prior to leaching. Test results indicate that regrinding the flotation concentrates and then leaching should increase gold recovery to 90%. As described below, the Phase I Revemin expansion to 1,800 tonnes per day has budgeted for a flotation and regrind circuit. The expansion was initially expected to be completed by this year, but is now expected to be operational by the end of the second quarter 2003.

Lower production significantly increased total cash costs for Venezuelan production to US$309 per ounce for the third quarter of 2002, up from US$201 per ounce for the comparable period in 2001. Similarly, total cash costs for the nine month period have increased 54%, from US$220 per ounce in 2001 to US$339 per ounce in 2002.

DEVELOPMENT PROJECTS

Las Cristinas

On September 17, 2002, Crystallex and the CVG signed a definitive Mining Operation Agreement (the "Agreement") for the development of Las Cristinas 4, 5, 6, and 7. The Agreement provides Crystallex with the exclusive right to explore, design and construct facilities, exploit, process and sell gold from Las Cristinas. An official translated version of the Mining Operation Agreement is available on the Company's website.

During the third quarter, Crystallex paid the CVG US$15 million for the Las Cristinas data studies and infrastructure.

Crystallex has engaged an independent engineering consulting firm to undertake mineral resource modelling and geological verification work. The verification work will include a physical review of drill core, re-surveying drill holes and plotting a new database of drill hole locations, re-analyzing drill core to check against original assay data and performing twinned core drilling to confirm original drill hole results. The resource modelling should be completed early in the first quarter of 2003.

Crystallex has also started the process of holding discussions with a number of engineering firms regarding a Feasibility Study for Las Cristinas. The Company plans to select a firm by the end of the year.

Revemin Mill Expansion to 1,800 Tonnes Per Day

A large new crusher was installed at the La Victoria pit as part of the mill expansion to 1,800 tpd and ultimately to 3,000 tpd. The crusher was commissioned in late September and reached a steady operating rate by mid October. The crusher is designed for the second phase mill expansion to 3,000 tonnes per day. Until that time it will be operated twelve hours per day at a rate of 1,500 tonnes per day.

The new crusher will immediately improve operations by eliminating both the bottlenecks that were experienced with the existing installed crushing equipment at the mill, and the need to transport boulders to the mill, thereby significantly reducing the maintenance cost on the highway haul trucks.

The US$2.4 million expansion budget includes flotation and a regrind mill which are expected to improve gold recoveries from La Victoria ore. These components will be ordered during the fourth quarter, with installation late in the first quarter of 2003. The expansion should be operational by the end of the second quarter 2003.

Tomi Underground Mine

Development of the Tomi underground mine continued during the third quarter. A total of 153 meters were advanced, bringing the total to 352 meters thus far, (297 meters of ramp and 55 meters of level development). It is expected that stope 1-A will be reached in early January and high grade underground ore should be mined and processed during the first quarter of 2003. Ore from the Tomi underground mine will be trucked about seventeen kilometres to the Revemin mill for processing. The Tomi ore does not have the same sulphide metallurgical characteristics as the La Victoria ore and recoveries of gold from Tomi are expected to exceed 90%.

Albino Underground Mine

All permits have been received to commence the development of the Albino underground mine. A dewatering pump was received and installed on a newly constructed barge. The barge and pump will be transported from the Revemin mill to Albino. Dewatering will start early in the first quarter of 2003 and will take about two months.

FINANCIAL REVIEW

Liquidity and Capital Resources

Net Operating Cashflow (after working capital changes) was a utilization of C$8.44 million for the nine month period ended September 30, 2002, as compared with operating cashflow of C$4.49 million for the nine months in 2001. The decrease in cashflow was principally attributed to lower gold production and higher operating costs.

Cash and cash equivalents were C$1.56 million at the end of the third quarter 2002, down from C$7.90 million at the end of the preceding quarter. The reduction in cash was largely due to making the US$15 million payment to the CVG for the acquisition of the Las Cristinas data and infrastructure.

Financing Activities

In September, the Company completed private placements of 3-year convertible debentures for an aggregate amount of US$12.09 million. The debentures carried interest rates ranging from 4.5% to 5.5%. In addition, the Company closed a short term, convertible US$2.2 million loan. A total of 2,2023,590 warrants were issued as part of the private placement and loan financings. Each warrant entitles the holder to acquire one common share of the Company. The debentures were issued to partly finance the US$15 million payment made to the CVG. As a result of the convertible debenture issue, long term debt increased to C$33.09 million at September 30, 2002, up from C$18.71 million at June 30, 2002.

In addition, a total of 2,111,412 shares were issued during the quarter for C$3,505,728.

Derivative Instruments

Derivative instruments outstanding at September 30, 2002:

	2002	2003	2004	2005	2006
Fixed Forward Gold Sales (ounces)	18,363	76,848	82,608	41,130	39,996
Average Price Per Ounce	$294	$300	$300	$305	$310
Written Gold Call Options (ounces)	21,000	105,852	71,456	34,932	0
Average Exercise Price Per Ounce	$317	$305	$300	$295	n/a

OUTLOOK

The Company expects to produce 92,000 ounces of gold in 2002 at a total cash cost of US$257 per ounce.

A significant waste stripping program will be undertaken at the La Victoria mine over the first three quarters of 2003. This should allow for a continuous supply of ore to the Revemin mill. Furthermore, upon completion of the mill expansion by the end of the second quarter of 2003, recovery of gold from La Victoria ore is expected to increase to approximately 90%.

The work on Las Cristinas resource modelling and geological verification is progressing on schedule and the Company expects to be in a position by early in 2003 to announce a resource estimate. Completion of a full Feasibility Study is targeted for late in the second quarter or early in the third quarter of 2003. Under the terms of the Mining Operation Agreement, Crystallex has agreed to present a Feasibility Study to the CVG for approval by September 17, 2003 and to start production from the Las Cristinas deposits by May, 2004.

Crystallex closed two private placements during the week of November 25, 2002. The financings included a convertible note issue for gross proceeds of US$1.4 million and an issue of 2.2 million special warrants at a price of C$2.15 per special warrant, which raised gross proceeds of C$4.73 million.

Proceeds from these financings will be used to continue the resource modelling for Las Cristinas, and advance developments at Revemin, La Victoria and the Tomi underground mine.

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.

REGULATORY AND ENVIRONMENT RISKS

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