Crystallex International Corporation

Consolidated Financial Statements

September 30, 2006

(Unaudited)

(Expressed in United States Dollars)

Crystallex International Corporation

Consolidated Balance Sheets

(Expressed in United States dollars)

	September 30, 2006 (Unaudited)	December 31, 2005
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 43,381,746**	$ 4,070,019
Restricted cash and cash equivalents (Note 3)	**-**	9,241,851
Accounts receivable	**3,577,008**	1,395,394
Production inventories (Note 4)	**4,176,704**	2,566,821
Prepaid expenses and other	**6,027,741**	2,787,495
	57,163,199	20,061,580
RESTRICTED CASH AND CASH EQUIVALENTS (Note 3)	**-**	12,081,312
PROPERTY, PLANT AND EQUIPMENT (Note 5)	**244,612,645**	215,260,043
DEFERRED FINANCING FEES	**2,737,628**	3,237,263
TOTAL ASSETS	**$ 304,513,472**	$ 250,640,198
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 9,883,308**	$ 20,145,034
Current portion of debt (Note 6)	**2,397,617**	2,442,350
Current portion of asset retirement obligations (Note 7)	**-**	126,092
	12,280,925	22,713,476
DEBT (Note 6)	**85,055,865**	94,495,582
ASSET RETIREMENT OBLIGATIONS (Note 7)	**1,737,021**	1,394,646
	99,073,811	118,603,704
COMMITMENTS AND CONTINGENCIES (Note 1 and 11)		
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 8)	**445,376,686**	336,491,624
CONTRIBUTED SURPLUS	**23,638,546**	32,489,216
EQUITY COMPONENT OF EXCHANGEABLE BANK LOAN	**-**	2,564,366
CUMULATIVE TRANSLATION ADJUSTMENT	**11,958,981**	11,958,981
DEFICIT	**(275,534,552)**	(251,467,693)
	205,439,661	132,036,494
	$ 304,513,472	$ 250,640,198

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

Crystallex International Corporation

Consolidated Statements of Operations and Deficit

(Unaudited)

(Expressed in United States dollars)

	Three month period ended September 30, 2006	Three month period ended September 30, 2005	**Nine month period ended September 30, 2006**	Nine month period ended September 30, 2005
MINING REVENUE	**$ 9,768,886**	$ 7,019,869	**$ 22,367,494**	$ 18,366,350
OPERATING EXPENSES				
Operations	**8,593,365**	5,484,892	**19,292,048**	17,316,407
Amortization	**203,431**	517,882	**873,818**	1,475,094
Depletion	**272,266**	224,549	**833,427**	650,113
	9,069,062	6,227,323	**20,999,293**	19,441,614
OPERATING INCOME (LOSS)	**699,824**	792,546	**1,368,201**	(1,075,264)
OTHER EXPENSES				
Amortization	**169,588**	221,959	**537,557**	540,862
Interest on debt	**3,215,922**	3,019,881	**9,927,494**	8,604,421
General and administrative	**6,221,348**	5,270,949	**14,129,232**	12,485,904
Stock-based compensation	**23,343**	162,382	**1,598,868**	2,436,657
	9,630,201	8,675,171	**26,193,151**	24,067,844
COMMODITY CONTRACT LOSS	**-**	(2,766,813)	**-**	(1,669,401)
LOSS BEFORE OTHER ITEMS	**(8,930,377)**	(10,649,438)	**(24,824,950)**	(26,812,509)
OTHER ITEMS				
Interest and other income	**369,403**	394,457	**1,031,881**	1,590,916
Foreign exchange loss	**(253,906)**	(83,164)	**(273,790)**	(1,401,056)
	115,497	311,293	**758,091**	189,860
NET LOSS FOR THE PERIOD	**(8,814,880)**	(10,338,145)	**(24,066,859)**	(26,622,649)
DEFICIT, BEGINNING OF PERIOD	**(266,719,672)**	(222,545,281)	**(251,467,693)**	(206,260,777)
DEFICIT, END OF PERIOD	**(275,534,552)**	(232,883,426)	**(275,534,552)**	(232,883,426)
BASIC AND DILUTED NET LOSS PER SHARE	**$ (0.04)**	$ (0.05)	**$ (0.11)**	$ (0.14)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - Basic and diluted	**234,597,429**	194,015,601	**225,256,720**	192,446,977

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

Crystallex International Corporation

Consolidated Statements of Cash Flows

(Unaudited)

(Expressed in United States dollars)

	Three month period ended September 30, 2006	Three month period ended September 30, 2005	**Nine month period ended September 30, 2006**	Nine month period ended September 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	**(8,814,880)**	(10,338,145)	**(24,066,859)**	(26,622,649)
Adjustments to reconcile loss to net cash used in operating activities:				
Amortization and depletion on property, plant and equipment	**503,285**	786,632	**1,789,092**	2,200,031
Amortization of deferred financing fees	**142,000**	177,758	**455,710**	466,038
Accretion expense on asset retirement obligation	**72,095**	41,713	**216,283**	121,705
Unrealized foreign exchange gain	**-**	(299,541)	**-**	(20,206)
Directors' fees	**-**	-	**60,000**	130,000
Warrants issued for professional fees	**1,365,839**	-	**1,365,839**	-
Interest accretion on long-term debt	**688,170**	575,350	**2,339,970**	1,436,271
Stock based compensation	**23,343**	162,382	**1,598,868**	2,436,657
Unrealized commodity contract loss (gain)	**-**	1,767,319	**-**	(9,866,701)
Changes in other operating assets and liabilities:				
Increase in accounts receivable	**(318,723)**	(509,749)	**(2,181,614)**	(501,631)
Decrease (increase) in production inventories	**2,208,105**	278,270	**(1,609,883)**	(184,876)
Increase in prepaid expenses and other	**(3,350,893)**	(364,339)	**(3,240,246)**	(1,538,188)
(Decrease) increase in accounts payable and accrued liabilities	**(1,072,547)**	(3,356,635)	**(5,117,920)**	7,381,599
	(8,554,206)	(11,078,985)	**(28,390,760)**	(24,561,950)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in property, plant and equipment	**(8,514,053)**	(18,836,143)	**(36,284,777)**	(75,212,729)
Decrease in restricted cash and cash equivalents	**4,687,500**	23,711,654	**21,323,163**	58,808,797
Decrease in short-term investments	**-**	-	**-**	30,277,280
	(3,826,553)	4,875,511	**(14,961,614)**	13,873,348
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common shares for cash	**44,241,155**	916,552	**81,595,625**	6,601,766
Issuance of warrants for cash	**3,880,680**	272,926	**5,972,069**	272,926
Debt borrowings	**-**	7,681,438	**-**	7,681,438
Debt repayments	**(2,241,717)**	(2,200,000)	**(4,826,115)**	(4,400,000)
Deferred financing fees	**-**	(618,341)	**(77,478)**	(618,341)
	45,880,118	6,052,575	**82,664,101**	9,537,789
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**33,499,359**	**(150,899)**	**39,311,727**	**(1,150,813)**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**9,882,387**	4,766,828	**4,070,019**	5,766,742
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 43,381,746**	$ 4,615,929	**$ 43,381,746**	$ 4,615,929

Supplemental disclosure with respect to cash flows (Note 9)

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

Crystallex International Corporation

Consolidated Statements of Shareholders' Equity

(Expressed in United States dollars)

	Number of Common Shares	Amount	Number of Warrants	Contributed Surplus	Equity component of Exchangeable Bank Loan	Cumulative Translation Adjustment	Deficit	Total
Balance at December 31, 2004	189,836,735	$ 306,031,783	13,008,235	$ 31,824,328	$ -	$ 11,958,981	$ (206,260,777)	$ 143,554,315
Shares issued: Unit offering	200,000	466,549	450,000	272,926	-	-	-	$ 739,475
Exercise of options	775,000	1,196,957	-	(143,934)	-	-	-	$ 1,053,023
Issuance of shares under equity drawn down facility	12,273,236	17,394,493	-	-	-	-	-	$ 17,394,493
Acquisition of non-controlling interest	1,467,136	3,000,000	-	-	-	-	-	$ 3,000,000
Conversion of warrants	3,418,500	8,210,355	(3,418,500)	(3,129,998)	-	-	-	$ 5,080,357
Directors' fees	65,186	190,000	-	-	-	-	-	$ 190,000
Share exchange - El Callao	523	1,487	-	-	-	-	-	$ 1,487
Exchangeable debt	-	-	-	-	2,564,366	-	-	$ 2,564,366
Options issued to employees	-	-	-	3,665,894	-	-	-	$ 3,665,894
Warrants expired during the year	-	-	(1,042,008)	-	-	-	-	$ -
Net loss for the year	-	-	-	-	-	-	(45,206,916)	$ (45,206,916)
Balance at December 31, 2005	208,036,316	$ 336,491,624	8,997,727	$ 32,489,216	$ 2,564,366	$ 11,958,981	$ (251,467,693)	$ 132,036,494
Shares issued (Unaudited):								
Unit offerings	20,924,000	51,208,984	17,312,500	5,972,069	-	-	-	$ 57,181,053
Exercise of options	1,473,550	5,132,566	-	(1,836,637)	-	-	-	$ 3,295,929
Issuance of shares under equity draw down facility	1,661,130	4,317,661	-	-	-	-	-	$ 4,317,661
Settlement of promissory note	611,300	1,800,000	-	-	-	-	-	$ 1,800,000
Settlement of bank loan	3,765,841	7,641,266	-	-	(2,564,366)	-	-	$ 5,076,900
Conversion of warrants	8,264,682	38,723,860	(8,264,682)	(15,950,809)		-	-	$ 22,773,051
Directors' fees	19,170	60,000	-	-	-	-	-	$ 60,000
Share exchange - El Callao	255	725	-	-	-	-	-	$ 725
Options issued to employees (unaudited)	-	-	-	1,598,868	-	-	-	$ 1,598,868
Warrant issued for professional fees (unaudited)	-	-	500,000	1,365,839	-	-	-	$ 1,365,839
Warrants issued in exchange for early exercise of warrants (unaudited)	-	-	875,000	-	-	-	-	$ -
Warrants expired during the year (unaudited)	-	-	(233,045)	-	-	-	-	$ -
Net loss for the period (unaudited)	-	-	-	-	-	-	(24,066,859)	$ (24,066,859)
Balance at September 30, 2006 (unaudited)	244,756,244	$ 445,376,686	19,187,500	$ 23,638,546	$ -	$ 11,958,981	$ (275,534,552)	$ 205,439,661

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

1. NATURE OF OPERATIONS AND CONTINUATION OF BUSINESS

Crystallex International Corporation ("Crystallex" or the "Company") is engaged in the production of gold and related activities including exploration, development, mining and processing in Venezuela. As reflected in these financial statements, the Company has not generated sustainable operating capital from its business activities and has relied on debt, equity and other forms of financing to meet its obligations. Management is of the opinion that additional financing is available to continue its planned activities in the normal course upon completion of the permitting process (refer below); however, while the Company has been successful in the past, there can be no assurance it will be able to raise sufficient funds in the future.

The Company's principal asset is the Las Cristinas project, currently under development in Venezuela. Continued development and the ultimate commencement of commercial production are dependent upon receipt of the Permit to Impact Natural Resources ("the Permit") which will allow management to proceed to put in place financing to fund construction. These financial statements have been prepared on a going concern basis which assumes that the Company will be successful in obtaining the Permit and will be able to obtain the necessary financing to complete the Las Cristinas project through project debt, other forms of public market debt, including convertible instruments, or equity financing; thereby fulfilling its commitment under its Mine Operating Agreement. The Company continues to believe that it will be successful in obtaining the Permit and any other government approvals that are necessary to complete the mine development and commence commercial production, since it has received official notice from the Venezuelan Ministry of Basic Industries and Mining ("MIBAM") advising that MIBAM has formally approved the technical, economic and financial Feasibility Study for the Las Cristinas project. This approval represents the final external input required by the Ministry of the Environment and Natural Resources ("MARN") to complete the permitting process.

The carrying value of the Las Cristinas assets could be subject to material adjustment in the event that this permit or any other permits are not received, or that financing efforts are not successful, and, in addition, other adjustments to amounts and classification of assets and liabilities may be necessary to these consolidated financial statements should such circumstances impair the Company's ability, in future, to continue as a going concern as contemplated under accounting principles generally accepted in Canada.

2. SIGNIFICANT ACCOUNTING POLICIES – BASIS OF PRESENTATION

The unaudited interim period consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. These unaudited interim period consolidated financial statements do not contain all of the disclosures required by Canadian generally accepted accounting principles and therefore should be read together with the most recent audited annual consolidated financial statements and the accompanying notes thereto. The preparation of these 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, 2005 and for the year then ended.

3. RESTRICTED CASH AND CASH EQUIVALENTS

As at September 30, 2006 the Company no longer had any restricted cash and cash equivalents (December 31, 2005 - $21,323,163). Prior to September 30, 2006 this balance was comprised principally of treasury bills with original maturities of three months or less. These funds were held in escrow under terms of an Escrow Agreement whereby the funds were restricted for use towards approved capital budget expenditures and interest expense on Notes payable.

4. PRODUCTION INVENTORIES

	September 30, 2006	December 31, 2005
Gold in doré	**$ 481,457**	$ 406,435
Gold in process	**987,576**	732,074
Stockpiled ore	**411,382**	28,484
Consumables and spare parts	**2,296,289**	1,399,828
	$ 4,176,704	$ 2,566,821

5. PROPERTY, PLANT AND EQUIPMENT

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

	September 30, 2006		
	Cost	**Accumulated Amortization and Depletion**	**Net Book Value**
Plant and equipment	**$ 123,032,758**	**$ 8,739,323**	**$ 114,293,435**
Mineral properties	**138,225,786**	**7,906,576**	**130,319,210**
Deferred exploration and development expenditures	**3,658,007**	**3,658,007**	**-**
	$ 264,916,551	**$ 20,303,906**	**$ 244,612,645**

	December 31, 2005		
	Cost	Accumulated Amortization and Depletion	Net Book Value
Plant and equipment	$ 99,939,283	$ 7,783,659	$ 92,155,624
Mineral properties	130,177,569	7,877,218	122,300,351
Deferred exploration and development expenditures	3,658,007	2,853,939	804,068
	$ 233,774,859	$ 18,514,816	$ 215,260,043

5. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book values of property, plant and equipment by location are as follows:

	September 30, 2006			
	Plant and Equipment	**Mineral properties**	**Deferred exploration and development expenditures**	**Total**
Las Cristinas	**$ 114,024,025**	**$ 130,319,210**	**$ -**	**$ 244,343,235**
Tomi Concession	**-**	**-**	**-**	**-**
Revemin mill	**83,637**	**-**	**-**	**83,637**
Corporate	**185,773**	**-**	**-**	**185,773**
Total	**$ 114,293,435**	**$ 130,319,210**	**$ -**	**$ 244,612,645**

	December 31, 2005			
	Plant and Equipment	Mineral properties	Deferred exploration and development expenditures	Total
Las Cristinas	$ 90,930,549	$ 122,270,993	$ -	$ 213,201,542
Tomi Concession	-	29,358	804,068	833,426
Revemin mill	957,455	-	-	957,455
Corporate	267,620	-	-	267,620
Total	$ 92,155,624	$ 122,300,351	$ 804,068	$ 215,260,043

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

6. DEBT

	September 30, 2006	December 31, 2005
Bank loan	**$ 3,497,539**	$ 12,840,234
Exchangeable promissory note	**1,800,000**	3,600,000
Notes payable	**82,155,943**	80,497,698
	87,453,482	96,937,932
Less: Current portion of debt	**(2,397,617)**	(2,442,350)
	$ 85,055,865	$ 94,495,582

6. DEBT (continued)

Bank loan

Pursuant to its term loan facility and credit agreement with Standard Bank Plc ("SB"), the Company is required to make additional principal repayments upon the issuance of equity or convertible or exchangeable debt securities other than issuances pursuant to existing credit arrangements. Accordingly, upon completion of the private placement unit offerings in February 2006 and August 2006 (Note 8), the Company repaid $2,123,800 and $1,889,324, respectively of principal due to SB.

In May 2006, SB elected to convert into common shares $7,500,000 principal amount of the loan in accordance with the terms of the credit agreement. As a result of the conversion, Crystallex issued 3,765,841 common shares to SB as settlement of the $7,500,000 face value amount of the loan as well accrued interest, accretion and deferred financing fees at a total book value of $7,641,266.

Exchangeable Promissory Note

On December 31, 2005, the Company, through ECM (Venco) Ltd, ("ECM"), an indirect wholly-owned subsidiary, issued to Corporacion Vengroup, S.A. ("Vengroup") a $3,600,000 exchangeable promissory note of ECM.

Under the terms of the exchangeable promissory note, either party may elect to have the instalment payment satisfied by the delivery of Crystallex common shares. The number of shares to be delivered to Vengroup is based on the weighted average trading price of the Crystallex common shares on the TSX during the five trading days immediately preceding delivery of an exchange notice.

In March 2006 Vengroup exercised its right to exchange the June 29, 2006 principal instalment payment of $900,000 for common shares of Crystallex. The Company issued 307,213 common shares as settlement of this principal instalment payment.

In July 2006 Vengroup exercised its right to exchange the December 29, 2006 principal installment payment of $900,000 for common shares of Crystallex. The Company issued 304,087 common shares as settlement of this principal installment payment

Where the Company satisfies its obligations to make instalment payments on the due date by delivery of Crystallex common shares, the Company has agreed with Vengroup that Vengroup will dispose of these shares in an orderly fashion. The Company has agreed to indemnify Vengroup for any net cumulative loss, based on the issue price, on the sale of these shares for a nine month period, up to the next instalment payment due date. As at September 30, 2006 the Company had not delivered to Vengroup any common shares under this arrangement.

6. DEBT (continued)

Interest accretion

Interest accretion on the Notes payable and Bank loan of $688,170 and $2,339,970 was expensed during the three month period and nine month period ended September 30, 2006 (September 30, 2005 – $575,350 and $1,436,271) as a component of interest expense

7. ASSET RETIREMENT OBLIGATIONS

The key assumptions on which the fair value of the asset retirement obligations are based include the estimated future cash flows, the timing of those cash flows, and the credit-adjusted risk-free rate or rates at which the estimated cash flows have been discounted. The Company used discount rates of 15% to 25%. As of September 30, 2006, undiscounted cash outflows approximating $2.3 million are expected to occur over a five year period.

In view of the uncertainties concerning future asset retirement and progressive reclamation costs, the ultimate costs to the Company could differ materially from the amounts estimated. The estimate for the future liability is subject to change based on possible amendments to applicable laws and legislation, the nature of ongoing operations and technological innovations. Future changes, if any, due to their nature and unpredictability, could have a significant impact and would be reflected prospectively, as a change in an accounting estimate.

The following table explains the change in the asset retirement obligations:

As at	**September 30, 2006**	December 31, 2005
Asset retirement obligations, beginning of period	**$ 1,520,738**	$ 2,301,181
Liabilities settled	**-**	(30,000)
Accretion expense	**216,283**	345,460
Revisions in estimated cash flows	**-**	(1,095,903)
	$ 1,737,021	$ 1,520,738
Less : current portion	**-**	(126,092)
Asset retirement obligations, end of period	**$ 1,737,021**	$ 1,394,646

8. SHARE CAPITAL

	September 30, 2006	December 31, 2005
Authorized		
Unlimited common shares, without par value		
Unlimited Class "A" preference shares, no par value		
Unlimited Class "B" preference shares, no par value		
Issued		
244,756,244 Common Shares (2005 - 208,036,316)	**$ 448,166,121**	$ 336,491,624

Warrants

As at September 30, 2006 common share purchase warrants were outstanding enabling the holders to acquire common shares as follows:

Exercise Price	Number of warrants		Weighted Average Remaining Contractual Life (Years)
$1.75	1,000,000		0.51
$3.86 ($4.25 CAD)	5,062,500		1.36
$4.00	875,000		1.79
$4.25	12,250,000	*	-
	19,187,500		

* These warrants become exercisable commencing on a date which is 45 days following the receipt of the permit

8. SHARE CAPITAL (continued)

A summary of common share purchase warrants outstanding as at September 30 and changes during each of the nine month periods then ended is as follows:

	Nine month period ended September 30, 2006		Nine month period ended September 30, 2005	
	Number of warrants	**Weighted Average exercise price**	Number of warrants	Weighted Average exercise price
Balance -December 31	**8,997,727**	**2.71**	13,008,235	2.47
Granted	**18,687,500**	**4.07**	450,000.00	2.75
Exercised	**(8,264,682)**	**(2.75)**	(4,060,508)	2.01
Expired or cancelled	**(233,045)**	**(2.75)**	-	-
Balance -September 30	**19,187,500**	**3.32**	9,397,727	2.68

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. Stock options may vest immediately, or over periods ranging from one year to three years.

The Company determines the fair value of the employee stock options using the Black Scholes option pricing model. In determining the fair value of these employee stock options used the following assumptions: risk free interest rate of 4%; weighted average expected life of the options of 4 years; and expected volatility of 121%.

8. SHARE CAPITAL (continued)

As at September 30, 2006 stock options were outstanding enabling the holders to acquire common shares as follows

	Outstanding Options		
Range of Exercise Price - Cdn. $	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price - Cdn$
$1.00 to $1.50	1,352,500	1.32	1.29
$1.75 to $2.60	4,003,844	4.03	2.22
$2.65 to $3.60	3,843,500	5.89	3.09
$4.00 to $4.65	1,338,591	5.08	4.28
	10,538,435		

A summary of the status of the stock option plan as at September 30, and changes during each of the nine month periods then ended is as follows:

	Nine month period ended September 30, 2006		Nine month period ended September 30, 2005	
	Number of Options	**Weighted Average exercise Price- Cdn$**	Number of Options	Weighted Average Exercise Price- Cdn$
Balance -December 31	**11,327,394**	**2.63**	10,950,250	2.46
Granted	**699,500**	**3.29**	585,000	4.55
Exercised	**(1,473,550)**	**(2.56)**	(775,000)	(1.67)
Cancelled	**(14,909)**	**(2.75)**	(3,000)	(4.05)
Balance -September 30	**10,538,435**	**2.68**	10,757,250	2.63

8. SHARE CAPITAL (continued)

Financing Transactions

Fiscal 2006 Activities

During January 2006, the Company issued 1,661,130 common shares for net proceeds of $4,317,661 under the terms of its equity draw down facility.

During February 2006, the Company completed a private placement of 10,799,000 units. Each unit was comprised of one common share and 1.1344 common share purchase warrants. Each whole warrant entitles the holder to purchase one common share at a price of US$4.25. The warrants are non-transferable and are exercisable for an 18 month period commencing 45 days following receipt of the Permit for the Company's Las Cristinas project in Venezuela. Certain events, including change in control of the Company or in the Company's interest in the Las Cristinas project, make the warrants immediately exercisable. The net proceeds received by the Company, after considering issuance costs of $991,972, was $30,325,130. The issuance costs were allocated proportionately to the amounts recorded as share capital of $28,233,742 and contributed surplus of $2,091,388.

During March 2006, under the terms of the exchangeable promissory notes between Vengroup and ECM (Note 6), the Company issued 307,213 common shares to Vengroup as payment of $900,000 due to Vengroup on June 29, 2006.

During May 2006, upon SB exercise of its exchange rights, the Company issued 3,765,841 common shares to SB as settlement of the $7.5 million exchangeable portion of the bank loan (Note 6)

During July 2006, under the terms of the exchangeable promissory notes between Vengroup and ECM (Note 6), the Company issued 304,087 common shares to Vengroup as payment of $900,000 due to Vengroup on December 29, 2006

During July 2006, the Company agreed to amend the terms of 2,197,727 unlisted common share purchase warrants (the "Warrants"). Each Warrant entitled the holder to acquire one common share of the Company at an exercise price of US$2.75 per share until September 15, 2006. Pursuant to the terms of the amendment to the Warrants and their subsequent exercise, the Company issued approximately 0.398 new common share purchase warrants (the "New Warrants") in exchange for each Warrant exercised, for an aggregate of 875,000 New Warrants. Each New Warrant issued entitles the holder to acquire one common share in the capital of the Company at an exercise price of US$4.00 per share until July 14, 2008.

The Company agreed to amend the terms of warrants granted to its project finance advisor ("Advisor"). The Company previously issued 500,000 common share purchase warrants to its Advisor in April 2003 that would only become exercisable to the Advisor should the Advisor secure financing for the Las Cristinas project ("the Financing Condition"). In July 2006 the Company agreed to remove the Financing Condition from these warrants.

8. SHARE CAPITAL (continued)

During August 2006, the Company completed a public offering of 10,125,000 units. Each unit was comprised of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of CAD$4.25. The warrants are exercisable on or before February 10, 2008. The net proceeds received by the Company, after considering issuance costs of CAD$2,309,331 (US$2,061,078), was CAD$30,090,669 (US$26,855,922). The net proceeds were allocated proportionately to the amounts recorded as share capital of CAD$25,742,567 (US$22,975,241) and contributed surplus of CAD$4,348,102 (US$3,880,681)

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	September 30, 2006	December 31 2005
Cash and Cash equivalents comprises:		
Cash	**$ 5,241,761**	$ 3,870,573
Cash equivalents	**38,139,985**	199,446
	$ 43,381,746	$ 4,070,019

	2006	2005
Cash paid during the nine months ended September 30 for interest	**$ 9,912,011**	$ 5,405,981

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (continued)

Investment in property, plant and equipment for the nine months ended September 30

	2006	2005
Net book value of property, plant and equipment January 1	**$ 215,260,043**	$ 117,329,337
Net book value of property, plant and equipment September 30	**244,612,645**	194,841,135
Net additions to property , plant and equipment (after amortization and depletion) during the nine months ended September 30	**29,352,602**	77,511,798
Amortization and depletion expenses for nine months ended September 30	**1,789,092**	2,200,031
Net additions to property , plant and equipment during the nine months ended September 30	**31,141,694**	79,711,829
Reduction (increase) to accruals related to property ,plant and equipment acquisitions of prior periods	**5,143,083**	(4,499,100)
Cash investment in property,plant and equipment during the nine months ended September 30	**$ 36,284,777**	$ 75,212,729

Issuance of common shares for the nine months ended September 30

	2006	2005
Cash received from :		
Unit offerings	**$ 51,208,984**	$ 468,386
Conversion of warrants	**22,773,051**	5,080,357
Issuance of shares under equity draw down facility	**4,317,661**	-
Exercise of options	**3,295,929**	1,053,023
Issuance of common shares for cash during for the nine months ended September 30	**$ 81,595,625**	$ 6,601,766

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (continued)

Debt repayment for the nine months ended September 30

	2006	2005
Debt repayment comprises:		
Principal instalment repayments	**$ 812,991**	$ 4,400,000
Additional principal repayment required upon issuance of equity securities	**4,013,124**	-
	$ 4,826,115	$ 4,400,000

Directors' fees for the nine months ended September 30

	2006	2005
Issuance of common shares for directors' fees - 19,170 shares (2005 - 35,650 shares)	**$ 60,000**	$ 130,000

10. 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 operating 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 commodity contract gain/loss and other items are not allocated to the individual operating segments when determining profit or loss, but rather are attributed to the corporate office.

Geographic information:

Substantially all revenues generated and capital assets held by the Company are in Venezuela, except for long-lead time capital assets required for the development of Las Cristinas, which are located temporarily in Houston, Texas and Antwerp, Belgium.

10. SEGMENTED INFORMATION (continued)

	Corporate	Tomi/ Revemin	La Victoria	Las Cristinas	Intersegment Eliminations	Total
Three Months ended - September 30, 2006						
Mining revenue	$ -	$ 9,241,368	$ 527,518	$ -	$ -	$ 9,768,886
Mining revenue - intersegment	$ -	$ 996,402	$ -	$ -	$ (996,402)	$ -
Operating costs	$ -	$ (8,574,328)	$ (19,037)	$ -	$ -	$ (8,593,365)
Operating costs - intersegment	$ -	$ -	$ (996,402)	$ -	$ 996,402	$ -
Interest and other income	$ 369,403	$ -	$ -	$ -	$ -	$ 369,403
Interest expense	$ (3,085,244)	$ (130,678)	$ -	$ -	$ -	$ (3,215,922)
Depletion and amortization	$ (169,588)	$ (475,697)	$ -	$ -	$ -	$ (645,285)
Segment profit (loss)	$ (9,384,024)	$ 1,057,066	$ (487,922)	$ -	$ -	$ (8,814,880)
Segment assets	$ 45,435,163	$ 10,972,577	$ 139,324	$ 247,966,408	$ -	$ 304,513,472
Capital expenditures	$ -	$ -	$ -	$ 8,514,053	$ -	$ 8,514,053
Three Months ended - September 30, 2005						
Mining revenue	$ -	$ 6,957,932	$ 61,937	$ -	$ -	$ 7,019,869
Mining revenue - intersegment	$ -	$ 103,630	$ -	$ -	$ (103,630)	$ -
Operating costs	$ -	$ (5,276,296)	$ (208,596)	$ -	$ -	$ (5,484,892)
Operating costs - intersegment	$ -	$ -	$ (103,630)	$ -	$ 103,630	$ -
Interest and other income	$ 394,457	$ -	$ -	$ -	$ -	$ 394,457
Interest expense	$ (2,938,363)	$ (81,518)	$ -	$ -	$ -	$ (3,019,881)
Depletion and amortization	$ (221,959)	$ (742,431)	$ -	$ -	$ -	$ (964,390)
Segment loss	$ (10,922,084)	$ 834,228	$ (250,289)	$ -	$ -	$ (10,338,145)
Segment assets	$ 48,047,143	$ 9,428,498	$ 40,216	$ 192,255,603	$ -	$ 249,771,460
Capital expenditures	$ 161	$ -	$ -	$ 18,835,982	$ -	$ 18,836,143
Nine Months ended - September 30, 2006						
Mining revenue	$ -	$ 21,159,651	$ 1,207,843	$ -	$ -	$ 22,367,494
Mining Revenue - intersegment	$ -	$ 2,184,384	$ -	$ -	$ (2,184,384)	$ -
Operating costs	$ -	$ (19,131,225)	$ (160,823)	$ -	$ -	$ (19,292,048)
Operating costs - intersegment	$ -	$ -	$ (2,184,384)	$ -	$ 2,184,384	$ -
Interest and other income	$ 1,031,881	$ -	$ -	$ -	$ -	$ 1,031,881
Interest expense	$ (9,427,702)	$ (499,792)	$ -	$ -	$ -	$ (9,927,494)
Depletion and amortization	$ (537,557)	$ (1,707,245)	$ -	$ -	$ -	$ (2,244,802)
Segment (loss) profit	$ (24,935,268)	$ 2,005,774	$ (1,137,365)	$ -	$ -	$ (24,066,859)
Segment assets	$ 45,435,163	$ 10,972,577	$ 139,324	$ 247,966,408	$ -	$ 304,513,472
Capital expenditures	$ -	$ -	$ -	$ 36,284,777	$ -	$ 36,284,777
Nine Months ended - September 30, 2005						
Mining revenue	$ -	$ 17,708,448	$ 657,902	$ -	$ -	$ 18,366,350
Mining Revenue - intersegment	$ -	$ 1,422,051	$ -	$ -	$ (1,422,051)	$ -
Operating costs	$ -	$ (17,032,903)	$ (283,504)	$ -	$ -	$ (17,316,407)
Operating costs - intersegment	$ -	$ -	$ (1,422,051)	$ -	$ 1,422,051	$ -
Interest and other income	$ 1,590,916	$ -	$ -	$ -	$ -	$ 1,590,916
Interest expense	$ (8,411,281)	$ (193,140)	$ -	$ -	$ -	$ (8,604,421)
Depletion and amortization	$ (540,862)	$ (2,123,202)	$ (2,005)	$ -	$ -	$ (2,666,069)
Segment loss	$ (24,661,743)	$ (911,248)	$ (1,049,658)	$ -	$ -	$ (26,622,649)
Segment assets	$ 48,047,143	$ 9,428,498	$ 40,216	$ 192,255,603	$ -	$ 249,771,460
Capital expenditures	$ 52,922	$ 855,965	$ -	$ 74,303,842	$ -	$ 75,212,729

11. COMMITMENTS AND CONTINGENCIES

Significant changes in commitments and contingencies since those reported in the Company's annual consolidated financial statements as at December 31, 2005 are as follows:

The Company has made certain commitments to date approximating $173 million (December 31, 2005 - $179 million), of which approximately $112 million (December 31, 2005 - $89 million) has been paid, and will be required to make additional commitments approximating $129 million, in order to complete construction of the Las Cristinas project.

On May 23, 2006 the Company and certain directors and officers were served with a Statement of Claim by an individual alleging misrepresentation, conspiracy and breach of contract, and claiming damages of approximately Cdn$1,750,000. The Company is in the process of preparing its Statement of Defense and believes that there is little likelihood of any liability. However, as the outcome of this matter cannot be determined at this time, the Company has made no provision for this contingency as at September 30, 2006.

CRYSTALLEX INTERNATIONAL CORPORATION

Management's Discussion and Analysis
For the Nine Month Period Ended September 30, 2006
(All dollar amounts in US dollars, unless otherwise stated)

This Management Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Crystallex International Corporation ("Crystallex" or the "Company") is intended to supplement and complement the unaudited interim consolidated financial statements and the related notes for the nine month period ending September 30, 2006. This MD&A should be read in conjunction with both the annual audited consolidated financial statements of the Company for the year ended December 31, 2005, the related annual MD&A included in the 2005 Annual Report and the most recent Form 40-F/Annual Information Form. All dollar amounts in this MD&A are in US dollars, unless otherwise specified. This MD&A was prepared on November 7, 2006.

Overview

- Continuing discussions with Venezuelan government officials to advance the process for obtaining the Las Cristinas permit to impact natural resources (the "Permit").
- Subsequent to quarter end, commenced an 11,500 metre drilling program at Las Cristinas.
- Received net proceeds of $48.1 million from a unit offering and the issue and exercise of warrants during the third quarter.
- Increased revenues in the third quarter and first nine months due to higher realized gold prices.
- Net loss for the third quarter of $8.8 million.

Key Statistics

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2006	2005	**2006**	2005
Operating Statistics				
Gold Production (ounces)	**12,040**	13,740	**36,600**	39,782
Gold Sold (ounces)	**15,661**	15,934	**37,158**	42,253
Per Ounce Data:				
Total Cash Cost [1]	**$546**	$344	**$510**	$396
Average Realized Gold Price	**$624**	$440	**$602**	$437
Average Spot Gold Price	**$621**	$439	**$601**	$431
Financial Results ($ thousands)				
Revenues	**$9,769**	$7,020	**$22,367**	$18,366
Net Loss	**($8,815)**	($10,338)	**($24,067)**	($26,623)
Net Loss per Basic Share	**($0.04)**	($0.05)	**($0.11)**	($0.14)
Cash Flow from Operating Activities[2]	**($8,554)**	($11,079)	**($28,391)**	($24,562)

Financial Position ($ thousands)	**At Sept. 30, 2006**	At Sept. 30, 2005
Cash and Cash Equivalents	**$43,382**	$4,616
Restricted Cash and Cash Equivalents	**---**	$39,197
Total Debt	**$87,453**	$89,805
Shareholders' Equity	**$205,440**	$126,373
Shares Outstanding – Basic (millions)	**244.8**	194.3

[1] For an explanation of Total Cash Costs, 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

The Company recorded a net loss for the first nine months and third quarter of 2006 of $24.1 million, (($0.11) per share) and $8.8 million, (($0.04) per share) respectively, as compared with net losses of $26.6 million, (($0.14) per share) and $10.3 million (($0.05) per share) for the comparable periods in 2005. The losses in the first nine months and third quarter of 2006 are principally attributable to the aggregate of mine operations costs, corporate general and administrative costs and interest expense. The $24.1 million loss for the first three quarters of 2006 was less than the $26.6 million loss in the year earlier period primarily because of increased operating income from mining operations due to realizing higher prices on gold sales.

Gold sales revenue was $22.4 million and $9.8 million for the first nine months and third quarter of 2006 respectively as compared with $18.4 million and $7.0 million for the same periods in 2005. Although gold sales volumes were lower in the 2006 periods, higher average realized gold prices more than offset the fewer ounces sold. For the first nine months of 2006, the average realized gold price was $602 per ounce, an increase of 38% over the same period in 2005.

Cash flow from operating activities was a deficit of $28.4 million for the first nine months of 2006 as compared with a deficit of $24.6 million for the same period in 2005. The cash flow deficit for the three quarters of 2006 was largely attributable to cash corporate general and administrative expenses of $12.6 million, (general and administrative expenses of $14.1 million for the nine months of 2006 included a $1.5 million non-cash charge representing the fair value of warrants issued as a component of a project finance advisory fee), cash interest payments of approximately $9.9 million and $12.1 million of cash used in working capital accounts, principally due to decreased accounts payable. The cash flow deficit in the third quarter of 2006 was $8.6 million, which similarly reflects the aggregate of cash payments for general and administrative expenses, interest expense and working capital utilization.

The Company's cash position at September 30, 2006 was $43.4 million, an increase of $18 million since the beginning of the year. The increase in the Company's cash position is due to receiving net proceeds of $84.4 million during the first nine months of 2006 from common share and warrant unit offerings, the exercise of warrants and options and a draw under the Company's equity draw-down facility.

Project Development

Las Cristinas

Project development slowed during the first three quarters of 2006 while the Company continues to wait for the Permit. The Permit is required to commence earthworks and building activities at site. Engineering work and the ordering of long lead time equipment was largely complete at the end of 2005. The remaining purchasing of supplies and awarding of service contracts will be undertaken following receipt of the Permit.

Reflecting the reduction in development activity, expenditures for the third quarter and first nine months of 2006 were less than half the level for the comparable periods in 2005. Expenditures for Las Cristinas were $8.5 million during the third quarter of 2006 and $36.3 million for the first nine months of the year, as compared with $18.8 million and $75.2 million for the comparable periods in 2005. Additional equipment has been purchased, which increased the value of equipment in storage from approximately $51 million at the end of 2005 to $58 million at the end of September 2006. As the engineering work is largely complete, the level of staff and hours billed by SNC Lavalin, the EPCM contractor, have been reduced.

The Company has spent $173.0 million on Las Cristinas since the inception of the Engineering, Procurement and Construction Management, ("EPCM") contract in April 2004. Of this, approximately $112.6 million is related to equipment purchases, engineering services and certain owner's costs administered by the EPCM contract. The additional $60.4 million of costs incurred outside of the EPCM contract relates to owners costs that were not included in the August 2005 $293 million capital cost estimate which covered those items governed by the EPCM contract. These additional Crystallex managed costs include site security, legal and consulting fees, social and community development

programs, airstrip construction and environmental work. Costs in a majority of these areas are expected to continue although reductions are expected after the Permit is received and construction is well advanced.

The delay in receiving the Permit is expected to result in an increase to the remaining capital cost required to complete the project. In addition to those owners' costs that will continue through the construction phase, costs are expected to be affected by the inflationary impact on prices of supplies and equipment not yet ordered and on contracts that are stale dated since they were negotiated eighteen to twenty-four months ago. The overall cost to complete the project will be assessed after the receipt of the Permit when the balance of equipment orders are placed and contracts renegotiated.

Subsequent to the end of the third quarter, the Company participated in a meeting attended by the Canadian Ambassador to Venezuela and representatives from the Venezuelan Ministry of Environment and Natural Resources ("MARN"), the CVG and Gold Reserve Inc, ("Gold Reserve") who hold the Brisas concession to the south of Las Cristinas. The principal purpose of the meeting was for Crystallex and Gold Reserve to reach an understanding for developing agreements in principle on sharing a limited number of regional infrastructure projects with the aim of reducing the overall environmental impact of the two projects. MARN stated that such agreements in principle would allow it to accelerate the permitting process. MARN also confirmed at the meeting that it recognized Las Cristinas and Brisas as separate and distinct projects that will be issued separate permits. The companies have since completed agreements in principle for six shared projects and have officially submitted the agreements to MARN and all the other participants at the meeting. The projects include the development of an integrated subsurface and surface hydrological database, the sharing of the Las Cristinas airstrip, utilizing a single explosives magazine (and associated National Guard facility) for use by both projects, designing and establishing a solid waste landfill facility which will be handed over to the local authorities, and implementing the proposal submitted in May 2006 by Crystallex to move a portion of the surface water drainage channel approximately 340 metres north of its current planned course.

On November 1, 2006, the Company announced it had commenced a $1.6 million, 11,500 metre drill program at Las Cristinas having received the necessary environmental permission from MARN to conduct the drilling program. The aim of the program is to upgrade inferred mineral resources to measured and indicated mineral resources and undertake a revised reserve estimate. It is expected that the drilling will be completed by the end of January 2007 and the new reserve estimate will be available by the end of May 2007.

Operations Review

Production Summary

	Three months ended Sept 30,		Nine months ended Sept 30,	
Gold Production (ounces)	**2006**	2005	**2006**	2005
La Victoria	**0**	71	**2,100**	1,491
Tomi Open Pits	**5,086**	6,958	**15,269**	23,519
Tomi Underground	**6,196**	6,312	**17,207**	13,401
Purchased Material	**758**	399	**2,024**	1,371
Total Gold Production (ounces)	**12,040**	13,740	**36,600**	39,782
Total Ore Processed[1] (tonnes)	**87,056**	95,402	**279,868**	323,941
Head Grade of Ore Processed (g/t)	**4.63**	4.78	**4.41**	4.09
Total Recovery Rate (%)	**93%**	94%	**92%**	93%
Total Gold Recovered (ounces)	**12,040**	13,740	**36,600**	39,782
Total Cash Cost Per Ounce Sold	**$546**	$344	**$510**	$396
Mine Operating Cash Flow ($,000)	**$1,176**	$1,535	**$3,075**	$1,050
Capital Expenditures[2] ($,000)	**---**	---	**---**	$856
Mine Cash Flow After Capital ($000)	**$1,176**	$1,535	**$3,075**	$194

[1] Ore from Tomi, La Victoria and purchased material is processed at the Company's Revemin mill.
[2] Capital expenditures at the El Callao operating mines, excludes Las Cristinas. Since the second quarter of 2005, all costs at the El Callao operations have been expensed due to the short reserve life of these mines.

Tomi

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2006	2005	**2006**	2005
Tomi Open Pits				
Tonnes Ore Mined	**77,381**	74,522	**190,314**	256,955
Tonnes Waste Mined	**618,505**	406,570	**1,803,088**	1,671,868
Strip Ratio (Waste:Ore)	**8.0**	5.6	**9.5**	6.5
Tonnes Ore Processed	**56,195**	74,019	**170,647**	246,801
Average Grade of Ore Processed (g/t)	**3.1**	3.2	**3.0**	3.2
Recovery Rate (%)	**92%**	93%	**91%**	93%
Production (ounces)	**5,086**	6,958	**15,269**	23,519
Tomi Underground				
Tonnes Ore Mined	**26,628**	18,112	**67,292**	45,663
Tonnes Ore Processed	**21,833**	18,117	**64,295**	42,889
Average Grade of Ore Processed (g/t)	**9.4**	11.4	**8.9**	10.3
Recovery Rate (%)	**94%**	95%	**94%**	95%
Production (ounces)	**6,196**	6,312	**17,207**	13,401

The Company produced 12,040 ounces of gold during the third quarter of 2006 as compared with 13,740 ounces for the same period last year. With the exception of gold produced from purchased material, all the Company's gold production during the third quarter was from the Tomi concession located near El Callao in south-eastern Venezuela.

Production for the nine months ended September 2006 was 36,600 ounces, a decrease of 8% from the 39,782 ounces recovered in the year earlier period. Gold recovered from the open pit operations decreased by 8,256 ounces, or 35%. The total volume of material mined (waste and ore) in the pits was similar for the first nine months of 2006 and 2005; however, the proportion of waste mined in the 2006 nine month period increased significantly. The strip ratio (the ratio of waste to ore) increased by 46% from 6.5:1.0 for the first nine months of 2005 to 9.5:1.0 for the same period in 2006. The Company is stripping a significant amount of waste in 2006 to allow for continuous open pit operations in 2007.

Lower production from the pits was partially offset by higher production from the underground mine. The Company recovered 17,207 ounces from underground operations during the first three quarters of 2006 as compared with 13,401 ounces for the comparable period in 2005. A 50% increase in tonnes processed more than offset a decrease in the average processed grade of underground ore. The average underground processed ore grade decreased from 10.3 grams per tonne to 8.9 grams per tonne.

Cash flow from mining operations (revenue less operating expenses) was $3.1 million and $1.2 million for the first nine months and third quarter of 2006 respectively as compared with cash flow of $1.5 million and $0.2 million for the comparable periods in 2005. The increase in cash flow in the current year was attributable to higher gold prices (see the Revenue section below). Cash costs, however, increased to $510 per ounce sold in the first nine months of 2006 as compared with $396 per ounce for the same period in 2005. For the third quarter of 2006, cash costs were $546 per ounce. Costs were higher in most areas of the El Callao operations including costs for mining (due in part to mining higher volumes of waste material relative to ore and an increase in the mining contract rate), site general and administrative expenses, maintenance, mill consumables, (notably cyanide, grinding media and lime), explosives and higher exploitation taxes and royalties which are tied to the price of gold.

Income Statement

Revenue

Mining revenue was $9.8 million and $22.4 million for the third quarter and first nine months of 2006 respectively, compared with $7.0 million and $18.4 million for the corresponding periods in 2005. The increase in revenue in 2006 for both the third quarter and first nine months was due to realizing higher prices on gold sales, which more than offset fewer ounces of gold sold.

For the third quarter of 2006, gold sales were 15,661 ounces and the Company's average realized price was $624 per ounce. Gold sales for the same period in 2005 were 15,934 ounces at an average realized price of $440 per ounce. Higher revenues in the third quarter of 2006 were directly attributable to the 42% increase in the average realized gold price.

During the first nine months of 2006, the Company sold 37,158 ounces at an average realized price of $602 per ounce. Although sales volumes were 12% lower than the nine month period in 2005, the average price realized of $602 per ounce was 38% higher than the $437 per ounce realized in the prior year nine month period. As a result, mining revenue increased to $22.4 million for the first three quarters of 2006 from $18.4 million for the comparable period in 2005.

Operating Expenses

Mine operating expenses were $8.6 million and $19.3 million for the third quarter and first nine months of 2006 respectively, as compared with $5.5 million and $17.3 million for the comparable periods in 2005. Fewer ounces of gold were sold during the first nine months of 2006 as compared with the same period in 2005; however, operating costs increased in the 2006 period due to higher costs across most areas of the operations, including contract mining, processing consumables, maintenance and mine general and administrative expenses, (as detailed in the Operations Review section). All costs at the El Callao operations are expensed, rather than capitalized given a reported proven and probable reserve life of less than one year.

The total cash cost per ounce sold in the third quarter of 2006 increased to $546 per ounce from $344 per ounce in the third quarter of 2005. For the first nine months of 2006, the average operating cost was $510 per ounce as compared with $396 per ounce for the same period in 2005.

Corporate General and Administrative Expenses

General and Administrative expenses were $6.2 million and $14.1 million for the third quarter and first nine months of 2006 respectively, as compared with $5.3 million and $12.5 million for the comparable periods in 2005. The increase in both periods of 2006 is due largely to including a $1.5 million charge representing the fair value of warrants issued as a component of a fee for project finance advisory work.

Liquidity and Capital Resources

Cash and Equivalents

On September 30, 2006, the Company had cash and cash equivalents of $43.4 million.

The change in the cash balance during the first nine months of 2006 is reconciled as follows ($ millions):

Cash, Cash Equivalents and Restricted Cash on December 31, 2005		**$25.4**
Shares Issued for Cash	$81.6	
Warrants Issued for Cash	$6.0	
Total Sources of Cash		$87.6
Cash Used in Operating Activities	($28.4)	
Capital Expenditures – Las Cristinas	($36.3)	
Principal Debt Repayments	($4.8)	
Total Uses of Cash		($69.6)
Net Addition to Cash and Cash Equivalents		$18.0
Cash and Cash Equivalents on September 30, 2006		**$43.4**

At September 30, 2006, the Company's debt included $100 million of 9.375% senior unsecured notes due December 2011, $3.5 million outstanding under a bank term loan facility due December 2008 and a $1.8 million exchangeable promissory note.

Cash Flow from Operating Activities

Cash flow from operating activities (before capital expenditures) is principally affected by general and administrative expenditures, interest expense, the level of gold sales, realized gold prices, cash operating costs, and movements in non-cash working capital.

Cash flow from operating activities was a deficit of $8.6 million for the third quarter of 2006. The cash flow deficit in the third quarter was primarily attributable to cash interest payments of $4.8 million, cash general and administrative costs of $4.7 million (general and administrative expenses of $6.2 million for the third quarter included a $1.5 million non-cash charge representing the fair value of warrants issued as a component of a project financing advisory fee), and a $2.5 million net working capital utilization, principally a decrease in accounts payable and an increase in prepaid expenses. These were partially offset by mine cash flow of $1.2 million. For the comparable quarter in 2005, the operating cash flow deficit was $11.1 million. The decrease in the deficit in the current year third quarter is due primarily to a smaller net utilization of working capital.

For the first nine months of 2006, the Company had a cash flow deficit of $28.4 million as compared with a deficit of $24.6 million for the comparable period in 2005. General and administrative cash costs of $12.6 million, cash interest payments of $9.9 million and a net million working capital utilization of $12.1 million, principally a decrease in accounts payable, contributed to the cash flow deficit in the third quarter of 2006. These were partially offset by $3.1 million of mine operating cash flow. The cash flow from operations deficit was $3.8 million greater for the nine month period of 2006 as compared with the same period in 2005. Although the Company did not incur any expenditures on settling gold contracts in the first nine months of 2006, as compared with expenditures of $11.5 million for the same period in 2005, this saving was offset in 2006 by cash used for reducing accounts payable and higher interest payments.

Investing Activities

Capital expenditures were $8.5 million and $36.3 million for the third quarter and first nine months of 2006, compared with $18.8 million and $75.2 million for the comparable periods in 2005. As illustrated in the table below, the decrease in the third quarter and first nine months of 2006 is attributable to lower spending on the Las Cristinas project.

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
$ millions	**2006**	2005	**2006**	2005
Las Cristinas	**$8.5**	$18.8	**$36.3**	$74.3
Revemin/Tomi/Albino	**---**	---	**---**	$0.9
Total	**$8.5**	$18.8	**$36.3**	$75.2

At September 30, 2006, Crystallex projected a financing requirement of approximately $300 to $325 million to provide funding through the end of 2008 when commercial production is forecast to be achieved at Las Cristinas if the environmental permit is received in the fourth quarter of 2006. The funding estimate includes amounts for completing the development of Las Cristinas (based on the August 2005 $293 million capital cost estimate), for other Las Cristinas costs not covered by the EPCM contract, including site security, legal and consulting fees, ongoing camp costs and social and community development programs, for corporate general and administrative requirements and for financing fees and interest costs during the construction period. Crystallex intends to fund the overall requirement with a combination of limited recourse project debt financing, other forms of public market debt financing, and equity financing.

Financing Activities

The Company made $0.40 million of regularly scheduled principal payments to Standard Bank Plc during the third quarter of 2006. The terms of the Standard Bank loan agreement require the Company to make additional mandatory loan prepayments upon the issue of equity or equity linked debt securities. Following the completion of an offering of common shares and common share purchase warrants in August 2006, the Company made a mandatory prepayment to Standard Bank of $1.9 million. At the end of the third quarter of 2006, the balance remaining under the Standard Bank loan was $3.5 million.

In August 2006, the Company raised net proceeds of $26.9 million in a public offering of 10,125,000 units, with each unit consisting of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of C$4.25 on or before February 10, 2008.

The Company received proceeds of $21.3 million during the third quarter from the exercise of common share purchase warrants.

Outstanding Share Data

At November 7, 2006, 244.8 million common shares of Crystallex were issued and outstanding. In addition, at November 7, 2006 options to purchase 10.5 million common shares of Crystallex were outstanding under the Company's stock option plan and warrants to purchase 19.2 million common shares of Crystallex were issued and outstanding.

Quarterly Data

	2006			2005				2004
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Revenue	9,769	$5,520	$7,079	$6,623	$7,020	$6,301	$5,046	$5,037
Net Loss	($8,815)	($8,296)	($6,956)	($18,585)	($10,338)	($8,295)	($7,989)	($44,115)

The quarterly trends are consistent with the explanations of the annual trends set out in the Company's 2005 40-F/Annual Information Form.

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 estimates of asset retirement obligations and stock based compensation.

There were no changes in accounting policies or methods used to report the Company's financial condition in the nine months of 2006 that impacted the Company's financial statements.

Special Note Regarding Forward Looking Statements

Certain statements included or incorporated by reference in this Management Discussion and Analysis, including information as to the future financial or operating performance of the Company, its subsidiaries and its projects, constitute forward-looking statements. The words "believe," "expect," "anticipate," "contemplate," "target," "plan," "intends," "continue," "budget," "estimate," "may," "schedule" and similar expressions identify forward-looking statements. Forward-looking statements include, among other things, statements regarding targets, estimates and assumptions in respect of gold production and prices, operating costs, results and capital expenditures, mineral reserves and mineral resources and anticipated

grades and recovery rates. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Such factors include, among others, risks relating to additional funding requirements, reserve and resource estimates, gold prices, exploration, development and operating risks, illegal miners, political and foreign risk, uninsurable risks, competition, limited mining operations, production risks, environmental regulation and liability, government regulation, currency fluctuations, recent losses and write-downs and dependence on key employees. See "Risk Factors" in the Company's 2005 40-F/Annual Information Form. Due to risks and uncertainties, including the risks and uncertainties identified above, actual events may differ materially from current expectations. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Forward-looking statements are made as of the date of this Management Discussion and Analysis and the Company disclaims any intent or obligation to update publicly such forward-looking statements, whether as a result of new information, future events or results or otherwise.

Risk Factors

The business and operations of the Company and its affiliates are subject to risks. In addition to considering the other information in the Company's 2005 40F/Annual Information Form, which is available on SEDAR at www.sedar.com, an investor should carefully consider the following factors. Any of the following risks could have a material adverse effect on the Company, its business and future prospects.

Risks Associated with Operating in Developing Countries

The Company's mineral exploration, exploitation activities and mining operations are located in Venezuela and may be adversely affected by political instability and legal and economic uncertainty in such country. The risks associated with the Company's foreign operations may include political unrest, labour disputes, invalidation of governmental orders, permits, agreements or property rights, risk of corruption including violations under U.S. and Canadian foreign corrupt practices statutes, military repression, war, civil disturbances, criminal and terrorist actions, arbitrary changes in laws, regulations and policies, taxation, price controls, exchange controls, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports, high rates of inflation and increased financing costs. These risks may limit or disrupt the Company's projects or operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization, expropriation or other means without fair compensation.

Risks Specific to Operations in Venezuela

Political and Economic Instability

The Company's principal mineral properties are located in Venezuela and as such the Company may be affected by political or economic instabilities there. The risks associated with carrying on business in Venezuela, in addition to those highlighted above, include, but are not limited to violent crime, which is prevalent throughout the country and includes kidnapping, smuggling and drug trafficking especially in remote areas. Changes in resource development or investment policies or shifts in political attitudes in Venezuela may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions in production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, unauthorized mining activities, land claims of local people, water use and mine safety. The effect of these factors cannot be accurately predicted.

The Permit Still Required

MIBAM completed its overall technical, economic and financial approval process of Las Cristinas on March 26, 2006. However, the Company continues to await the issuance of the Permit, which is necessary to allow commencement of construction of the mine. The initial application for the Permit was submitted in April 2004. Continued development and the ultimate commencement of commercial production are dependent upon receipt of the Permit, which will allow the Company to proceed to put in place financing to fund construction. As the Las Cristinas project is the Company's primary development project, the failure to obtain the Permit or to obtain the Permit in a timely manner could have a material adverse affect on the future of the Company's business. There can be no assurance as to when or if the Permit will be granted.

Exchange Controls

Venezuela currently has exchange controls that affect the ability of companies doing business in Venezuela to convert Venezuelan source income into foreign currency. The Central Bank of Venezuela enacted such exchange control measures in 2003 in order to protect international reserves. The exchange rate, originally fixed at approximately 1,600 Bolivars /U.S.$, has since been adjusted twice upwards and presently stands fixed at 2,150 Bolivars/U.S.$. There can be no assurance that exchange controls will not continue and, if they do, that they will not adversely affect the Company's operations, including its ability to satisfy its foreign currency obligations.

Mine Operation Agreement

Lack of Ownership Rights. Under Venezuelan Mining Law of 1999 (the ''VML''), all mineral resources belong to the Republic of Venezuela. In accordance with the VML, the Government of Venezuela has reserved for itself the right to directly explore and exploit the mineral deposits at the Las Cristinas project location (the ''Las Cristinas Deposits'') and has elected to do so through the CVG. The mine operation agreement entered into with the CVG on September 17, 2002 (the "Mine Operation Agreement") is an operation agreement and does not transfer any property ownership rights or title rights to the gold produced to the Company. Rather, the Company has been authorized to exploit the Las Cristinas Deposits for the CVG in accordance with the Mine Operation Agreement. The interests of the Company in the Las Cristinas Deposits are contingent upon the Company continuing to satisfy its obligations under the Mine Operation Agreement. Failure to do so could result in the CVG having the right to terminate the Mine Operation Agreement.

Lack of Copper Rights. In addition to gold, the Las Cristinas Deposits also contain very low levels of copper, 0.13% on average. Under the Mine Operation Agreement, the Company is only entitled to exploit the gold contained in the Las Cristinas Deposits. Based on the feasibility studies carried out by the Company and following discussions with the CVG, the Company has determined that exploiting the copper contained in the Las Cristinas Deposits would detract from the economics of the Las Cristinas project. The Company does not need the right to exploit the copper contained in the Las Cristinas Deposits in order to exploit the gold and does not currently intend to negotiate with the CVG for the right to exploit the copper contained in the Las Cristinas Deposits.

Although the Company does not believe that the MIBAM would do so, the MIBAM retains the right to grant exploitation and other rights with respect to the copper contained in the Las Cristinas Deposits to the CVG or a third party. The Company has been advised by its Venezuelan counsel that:

(a) if the MIBAM grants the right to exploit the copper contained in the Las Cristinas Deposits to the CVG, subject to fulfilling all necessary requirements of Venezuelan law (including the additional grant by the MIBAM to the CVG of the right to negotiate the exploitation of the copper with third parties), the CVG has agreed under the terms of the Mine Operation Agreement to negotiate the exploitation of the copper with the Company; and
(b) if the MIBAM grants the right to exploit the copper contained in the Las Cristinas Deposits to a third party, the Company's right under the Mine Operation Agreement to exploit the gold

contained in the Las Cristinas Deposits would, as a matter of Venezuelan law, take precedence over the third party's right to exploit the copper.

If the MIBAM grants the right to exploit the copper contained in the Las Cristinas Deposits to the CVG, there can be no assurance that the MIBAM will grant to the CVG the additional right to negotiate the exploitation of the copper with third parties or that the Company will be able to negotiate an agreement with respect to the exploitation of the copper with the CVG. Also, if the MIBAM grants the right to exploit the copper contained in the Las Cristinas Deposits to a third party, or if the MIBAM grants the right to exploit the copper contained in the Las Cristinas Deposits to the CVG and the CVG grants the right to exploit the copper to a third party, there can be no assurance that the Company will be successful under Venezuelan law in asserting that its right to exploit the gold contained in the Las Cristinas Deposits takes precedence over the third party's right to exploit the copper.

Proposed Amendments to Mining Laws

In 2005, the Government of Venezuela announced that it would be changing the mining title regime from a system where title was granted in the form of either concessions or operating contracts to a system where all ''new'' economic interests would be granted in the form of operating contracts. In order to effect this change, the Government of Venezuela advised that it would need to create a national mining company which would be the nation's contracting party covering the entire country of Venezuela. The Government of Venezuela also indicated that, given this change in title regime, it would also be appropriate to review all existing mining companies in a single comprehensive exercise to ensure that only companies found to be in compliance with their existing title terms and conditions would continue to qualify under the new regime on the same terms and conditions. The Government of Venezuela further stated that all those companies found not to be in compliance would have their operations turned over to small mining cooperatives supported by the Government of Venezuela via the national mining company. The MIBAM issued its formal approval of the technical, economic and financial aspects of Las Cristinas on March 26, 2006.

The MIBAM presented draft amendments to the mining law to the National Assembly at the end of May 2006. This draft was superseded by a National Assembly draft, which has received a first reading in the National Assembly. The National Assembly will require further readings of the draft amendments which the Government has stated will likely take place in 2007. Although the Company's Venezuelan counsel have advised that the current draft of amendments to the mining law will not have any negative impact on the Company's rights under the Mine Operation Agreement, until such time as the National Assembly has passed the amendments into law it is not possible to assess what impact, if any, the revised law will have on the Las Cristinas project.

Arbitration Proceedings

The Company is a party that is interested in, but is not a party to, an ongoing arbitration. See ''Legal Proceedings — Withdrawal of MINCA Litigation — Vanessa Arbitration'' in the Company's 2005 40F/Annual Information Form, available electronically at www.sedar.com

Sale of Gold

For the past several years the Company sold all of its Venezuelan gold production to the Central Bank of Venezuela. In June 2006 the Central Bank of Venezuela temporarily suspended the purchase of gold from the Company. In August 2006, the Central Bank recommenced purchasing gold from the Company. During the period when the Central Bank suspended purchases, the Company sold its gold to accredited third parties within Venezuela. The Company is updating registration of its export licence which will also allow it to export and sell gold outside of Venezuela. Pending the update of its export licence, should the Company be unable to sell gold within Venezuela, it could have an adverse effect on the Company's revenues, cash flow and profitability in the short-term.

Unauthorized Miners

The Company's operations may also be affected by the presence of unauthorized miners; something that is not uncommon in the gold mining areas of the Guyana Shield area of Venezuela. The methods used by unauthorized miners to extract gold are typically harmful to the environment and may be disruptive of authorized mining operations. Although the Company, in conjunction with the local authorities, employs strategies to control the presence of unauthorized miners, there can be no assurance that these strategies will be successful or that the Company's operations will not be adversely affected by the presence of unauthorized miners.

Imataca Forest Reserve

In addition to the general risks associated with environmental regulation and liability (see ''Environmental Regulation and Liability'' under General Risk Factors below), the Las Cristinas Deposits are located within the Imataca Forest Reserve (the ''Reserve''). On September 22, 2004 Presidential Decree 3110, which establishes an ordinance plan and regulations for the use of the Reserve, permits various activities (including mining) in up to 13% of the Reserve and establishes the legal framework for such activities, was issued. Presidential Decree 3110 was issued in response to previous Presidential Decree 1850, the latter of which was issued in May 1997. Decree 1850 reserved an even larger part of the Reserve for various activities and became subject to a legal challenge before the Venezuelan Supreme Court. The Venezuelan Supreme Court issued a prohibition order on November 11, 1997 prohibiting the relevant government authorities from granting concessions, authorization and any other acts relating to various mining activities in the Reserve under Decree 1850 until the Venezuelan courts ruled on the merits of the nullity action. It is possible that Presidential Decree 3110 could be similarly challenged and that such challenge, if ultimately successful, could prevent the Company from exploiting or fully exploiting the Las Cristinas Deposits.

Venezuelan Decree No. 1257 establishes the environmental assessment requirements for mining projects. The Company was advised that the Las Cristinas project is not a new project and, accordingly Article 40 of Decree 1257 does not apply since no significant increase in environmental impact is predicted.

General Risk Factors

Title to Mineral Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds concessions or mineral leases or licenses, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law are often complex. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property. Furthermore, as noted above under ''Mine Operation Agreement — Lack of Ownership Rights,'' the Mine Operation Agreement does not transfer any property ownership rights to the Company.

Environmental Regulation and Liability

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also the possible effects of such activities upon the environment. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploitation activities, such as seepage from tailings disposal areas that

could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner which may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted.

In the context of environmental permits, in particular the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations which may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. In accordance with applicable laws, the Company has provided various forms of financial assurances to cover the cost of reclamation activities. However, there can be no assurance that the Company will not incur reclamation costs that are in excess of such financial assurances. While the Company plans to establish a reserve for reclamation activities, there can be no assurance that the combination of the reserve and financial assurances will be sufficient to meet future reclamation standards, if such standards are materially more stringent than existing standards. The Company does not maintain environmental liability insurance. The Company has adopted high standards of environmental compliance, however, failure with or unanticipated changes in Venezuela's laws and regulations pertaining to the protection of the environment in the future could adversely affect the Company.

Additional Funding Requirements

Under the terms of the Mine Operation Agreement, the Company is required, among other things, to make all necessary investments and complete all works necessary to reactivate the Las Cristinas Deposits, to design, construct and operate a processing plant to process gold for its subsequent commercialization and sale and to return the mine, its installations and equipment to the CVG upon termination of the Mine Operation Agreement. In order to carry out the Las Cristinas project and its other mining projects, the Company will need to raise substantial additional financing which may include one or more of non-recourse project debt and other forms of public markets debt and equity.

In September 2005 the Company issued C$10.0 million of 5% unsecured notes due March 13, 2006 to Azimuth Opportunity, Ltd ("Azimuth") and established a C$60.0 million equity draw down facility with the same entity. The agreements between Azimuth and the Company stipulate that, until the C$10.0 million principal value of the unsecured notes has been repaid, 50% of the proceeds of each draw under the equity draw down facility shall be applied to repay the unsecured notes. During the fourth quarter of 2005 the Company received gross proceeds of C$21.6 million under the equity draw down facility, a portion of which was used to repay the outstanding C$10.0 million principal value of the unsecured notes. In January 2006 the Company raised additional gross proceeds of C$5.0 million under the equity draw down facility. In February 2006 the Company received gross proceeds of U.S.$31.3 million under a private placement of units. In July 2006, the Company received net proceeds of 26.9 million from a unit offering of common shares and common share purchase warrants. During the third quarter of 2006, the Company received proceeds of $21.3 million from the exercise of common share purchase warrants. Despite these financings, the Company currently has limited financial resources and there can be no assurance that sufficient additional financing will be available to the Company on acceptable terms or at all. Failure to obtain such additional financing could result in a delay or the indefinite postponement of the Las Cristinas project and other mining projects of the Company and could also result in the Company defaulting in the performance of its obligations under the Mine Operation Agreement.

Reserve and Resource Estimates

The Company's reported Mineral Reserves and Resources are estimates only. As a result, there can be no assurance that they will be recovered at the rates estimated or at all. Mineral Reserve and Resource estimates are based on limited sampling and are uncertain because the samples may not be representative. Mineral Reserve and Resource estimates may require revision (either up or down) based on actual production experience. Market fluctuations in the price of metals, increased production costs or reduced recovery rates may render estimated Mineral Reserves and Resources uneconomic and may ultimately result in a restatement of Mineral Reserves and Resources. In addition, short-term operating factors, such as the need for sequential development of mineral deposits and the processing of new or different ore grades, may adversely affect the Company's profitability in any particular accounting period. If it's Mineral Reserve and Resource estimates are incorrect, the Company will not correctly allocate its financial resources, causing it either to spend too much on what could be a less than economic deposit or to fail to mine what could be a significant deposit.

Mineral Exploration and Exploitation

Mineral exploration and exploitation involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish Mineral Reserves and Resources through drilling, to develop metallurgical processes to extract the metal from the material processed and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. There can be no assurance that the Company will discover Mineral Reserves and Resources in sufficient quantities to justify exploitation or that the funds required to exploit any Mineral Reserves and Resources discovered by the Company will be obtained on a timely basis or at all. The economics of exploiting Mineral Reserves and Resources discovered by the Company are affected by various factors, many outside the control of the Company, including the cost of operations, variations in the grade of material mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, continuing access to smelter facilities on acceptable terms and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

Uninsurable Risks

Mineral exploration and exploitation activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of the Common Shares of the Company. The Company does not maintain insurance against environmental risks.

Competition

The competition to discover and acquire mineral properties considered to have commercial potential is intense. The Company competes with other mining companies, many of which have greater financial resources than the Company, with respect to the discovery and acquisition of interests in mineral properties and the recruitment and retention of qualified employees and other personnel to carry on its mineral exploration and exploitation activities. There can be no assurance that the Company will be able to successfully compete against such companies.

Dependence on Limited Mining Operations and Properties

The Company's Tomi operations and Revemin mill currently account for substantially all of the Company's mineral production and revenues. Any adverse development affecting these operations could adversely affect the Company's financial performance and results of operations. Furthermore, future results for the Company depend largely on the Las Cristinas project, which is currently still in the development stage and which may never be developed into a commercially viable mining operation. Any event, or combination thereof, which adversely affects the Las Cristinas project (whether the property itself or the Company's ability to finance and/or construct and operate a commercially viable mine on the property), would adversely impact the Company's future performance.

Production Risks

The Company prepares estimates of future production at its operations. Failure to meet these estimates could adversely affect the Company's profitability, cash flows and financial position. There can be no assurance that the Company will achieve its production estimates.

The Company's actual production may vary from its estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; labour shortages or strikes; civil disobedience and protests; and restrictions or regulations imposed by governmental or regulatory authorities or other changes in the regulatory environments. Such occurrences could result in damage to mineral properties, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable forcing the Company to cease production. These factors also apply to the Company's future operations. For example, it is not unusual for new mining and processing operations to experience unexpected problems during the start-up phase.

In addition to the general production risks outlined above, one of the most significant physical production issues the Company faces in the Las Cristinas project pertains to the heavy amount of rainfall the area receives (an average of 3.3 m/year). Mine Development Associates ("MDA"), the company that supervised the preparation of various feasibility studies for the Company, has accounted for anticipated time lost due to rainfall in scheduling production and determining equipment requirements. Regardless, actual mining experience with the combination of wet saprolite and high rainfall rates may require adjustment of these estimates.

Regulations and Permits

The Company's activities are subject to wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from

continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Gold Price Volatility

The gold price can fluctuate widely and is affected by numerous factors beyond the Company's control, including industrial and jewellery demand, inflation and expectations with respect to the rate of inflation, the strength of the U.S. dollar and other currencies, interest rates, gold sales by central banks, forward sales by producers, global or regional political or financial events, and production and cost levels in major gold-producing regions. The gold price is also subject to rapid short-term changes due to speculative activities. During the period 1998 to 2005 the gold price fluctuated between a low of U.S.$253 per ounce and a high of U.S.$536.50 per ounce. On October 30, 2006 the p.m. fixing price of gold sold in the London Bullion Market was U.S.$609 per ounce.

The Company's revenues, cash flow and profitability are significantly affected by changes in the gold price. If the gold price declines below the cost of production at any of the Company's operations for a significant period, the Company may be required to suspend or terminate production at the affected operation. In addition, the Company may be required to restate its Mineral Reserves and Resources, write down its investment and increase or accelerate reclamation and closure charges at the affected operation. Any of these developments could negatively affect the Company's profitability, cash flows and financial position. Accordingly, even if the Company discovers and produces gold, there can be no assurance that the gold price will be high enough to enable the Company to sell the gold produced by it profitably.

The market price of the Common Shares of the Company is also affected by fluctuations in the gold price.

Currency Fluctuations

Currency fluctuations may affect costs at the Company's operations. Gold is sold throughout the world based principally on a U.S. dollar price, but a portion of the Company's operating expenses is in non-U.S. dollar currencies. Any appreciation of these non-U.S. dollar currencies against the U.S. dollar could negatively affect the Company's profitability, cash flows and financial position.

Credit and Market Risks

The Company enters into financial agreements (financial instruments) with major international banks, other international financial institutions and other accredited third parties in order to manage underlying revenue and future cash flow exposures arising from commodity prices. Financial instruments, which subject the Company to market risk and concentrations of credit risk, consist primarily of cash and accounts receivable.

Market risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates or currency exchange rates. The Company manages the market risk associated with commodity prices by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

Credit risk is the risk that counterparty might fail to fulfil its performance obligations under the terms of a contract. The Company limits the amount of credit exposure in cash and securities by placing these financial instruments in high quality securities issued by government agencies, financial institutions and major corporations and by diversifying its holdings. The Company also has concentrations of credit risk with respect to accounts receivable as the accounts receivable are due from one customer, the Venezuelan Central Bank.

The Company is exposed to credit risk in the event of non-performance by counterparties in connection with 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. Further, the Company minimizes its credit risk in derivative instruments by entering into transactions with high quality counterparties whose credit ratings are high and by monitoring the financial condition of its counterparties. The Company continually monitors the market risk of its activities. The Company currently does not have metal forward and option contracts.

Recent Losses and Write-downs

The Company incurred net losses in each of 2005, 2004, and 2003. The Company's deficit at September 30, 2006 was U.S.$275.3 million. The Company's profitability depends, among other things, on the gold price, gold production and cash operating costs at its operations and other factors discussed in this section of the MD&A. Substantially all of these factors are beyond the control of the Company. There can be no assurance that the Company will become profitable in the near future.

As part of the preparation of its audited consolidated financial statements for the years ended December 31, 2004 and 2003, the Company undertook a detailed review of the carrying value of its mineral properties, deferred exploration costs and plant and equipment. These reviews resulted in asset write-downs of U.S.$32.0 million in the 2004 financial statements (of which U.S.$13.8 million related to the Revemin mill, U.S.$10.4 million related to the Albino project, U.S.$3.6 million related to the operations and U.S.$4.2 million related to three exploration properties) and write-downs of U.S.$17.5 million in the 2003 financial statements (of which U.S.$14.3 million related to the La Victoria property and U.S.$3.2 million related to three other exploration properties).

Dependence on Key Employees

The Company's business and operations are dependent on retaining the services of a small number of key management personnel. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of the directors and senior management. The loss of one or more of these people could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees. Due to the length of time in obtaining the Permit the Company has granted retention bonuses to certain members of senior management. Further delays in obtaining the Permit may make it more difficult for the Company to retain key employees.

Compliance with Sarbanes-Oxley Act of 2002

Passed by the U.S. Congress on July 30, 2002, the Sarbanes-Oxley Act of 2002 (''Sarbanes-Oxley'') requires companies to, among other things, have their external auditors issue an opinion regarding the adequacy of management's assessment of their own internal controls with respect to financial reporting. The Company will have to comply with this particular aspect of Sarbanes-Oxley for its fiscal year ending December 31, 2006. Management is currently in the process of reviewing the Company's internal controls for financial reporting. Although management is not currently aware of any material issues that would prevent compliance with Sarbanes-Oxley by December 31, 2006, at this time there can be no assurance the Company's internal controls for financial reporting will be free of material weaknesses. In the event that a material weakness is discovered, the Company will likely incur costs to fix the internal controls for financial reporting as well as costs incurred to remediate any financial inaccuracies. There is also a risk that the market will react adversely to such a finding.

Potential Dilution

As at September 30, 2006 the Company has outstanding fully vested options to purchase approximately 10,538,435 Common Shares of the Company and warrants to purchase approximately 19,187,500 million Common Shares of the Company (including 12,250,000 warrants that do not become effective until after the receipt of the Permit). There were a further 139,429 options outstanding with a weighted average exercise price of C$3.19 that were not fully vested. The issue of Common Shares of

the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional option and warrants or additional Common Shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

Enforcement by Investors of Civil Liabilities

The enforcement by investors of civil liabilities under United States federal securities laws may be adversely affected by the fact that the Company is organized under the laws of Canada, that most of its officers and directors and most of the experts named in the Company's 2005 40F/Annual Information Form are residents of Canada, and that a substantial portion of the Company's assets and the assets of a majority of the Company's directors and officers and the experts named in the Company's 2005 40F/Annual Information Form are located outside the United States. Furthermore, it may not be possible to enforce against the Company or its directors, officers or experts, judgments contained in U.S. courts. The Company believes that a monetary judgment of a Canadian court predicated solely on the Canadian civil liability regime would likely be enforceable in the U.S. if the Canadian court in which the judgment was obtained had a basis for jurisdiction in the matter that was recognized by a U.S. court for such purposes. However, the Company can provide no assurances to this effect.

Discretion in the use of Net Proceeds

As indicated in this MD&A, the Company intends to use part of the net proceeds from its recent Unit financing to fund the development of the Las Cristinas project in Venezuela. See ''Financing Activities''. In achieving this goal, the Company maintains a broad discretion to spend the proceeds in ways that it deems most efficient. The application of the proceeds to various items may not necessarily enhance the value of the Common Shares. The failure to apply the net proceeds in accordance with the use of proceeds from its recent Unit financing and other financings could adversely affect the Company's business and consequently, could adversely affect the price of the Common Shares on the open market.

Operating Losses are Expected to Continue In the Near Future

The Company has experienced losses from operation for each of the last three years. The Company expects that it shall incur losses, and possible incur increased losses, until the Las Cristinas mine is operational. The Company expects that this trend will reverse if and when gold is produced from the future Las Cristinas mine in commercial quantities at prices equal to or in excess of the prices assumed in the feasibility study completed by SNC Lavalin in September 2003 with respect to the development of the Las Cristinas project and the construction and operation of a mining and processing facility at a production rate of 20,000 tonnes per day.

Future Hedging Activities

The Company has not entered into forward contracts or other derivative instruments to sell gold that it might produce in the future. Although the Company has no near term plans to enter such transactions, it may do so in the future if required for project financing. Forward contracts obligate the holder to sell hedged production at a price set when the holder enters into the contract, regardless of what the price is when the product is actually mined. Accordingly, there is a risk that the price of the product is higher at the time it is mined than when the Company entered into the contracts, so that the product must be sold at a price lower than could have been received if the contract was not entered into. There is also the risk that the Company may have insufficient gold production to deliver into forward sales positions. The Company may enter into option contracts for gold to mitigate the effects of such hedging.

No Payment of Cash Dividends in the Near Future

Given that the Company is currently in the development stage for its principle property, the Las Cristinas project, the Company intends to retain its earnings to finance the growth and development of the business rather than pay dividends to shareholders. The Company does not intend to declare or pay cash dividends on its Common Shares in the near future, not has it done so since its inception. In the event

that the Company decides to declare and pay cash dividends in the future, such a decision will made entirely in the discretion of the board of directors and shall be dependent on factors such as the existing earnings, capital requirements, future business opportunities, financing agreements and market conditions for the Company's shares and the underlying commodities markets.

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 Sept. 30,		Nine months ended Sept. 30,	
$,000	**2006**	2005	**2006**	2005
Operating Costs per Financial Statements	**8,593,365**	5,484,892	**19,292,048**	17,316,407
Adjust for Albino Development[1]	**---**	---	**---**	$591,852
Adjust for Exploration Expenditures	**46,737**	---	**349,405**	---
Operating Costs for Per Ounce Calculation	**8,546,628**	5,484,892	**18,942,643**	17,011,792
Gold Ounces Sold	**15,661**	15,934	**37,158**	42,253
Total Cash Cost Per Ounce US$	**$546**	$344	**$510**	$396

[1]Operating costs used for calculating the nine months 2005 cost per ounce figure were reduced by development expenditures of $591,852 for the Albino mine which were expensed rather than capitalized as the book value of the Albino mine was written off following the termination of the Company's Albino rights in February 2005, (see Non GAAP Measures).

Additional information relating to Crystallex, including the 2005 40-F/Annual Report, is available on SEDAR at www.sedar.com.