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# THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

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**THE WALL STREET TRANSCRIPT**

## COMPANY INTERVIEW

**TODD BRUCE**  
Crystallex International Corporation

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# Crystallex International Corporation (KRY)



**TODD BRUCE** is President, Chief Executive Officer and Director of Crystallex International Corporation. Mr. Bruce brings to Crystallex extensive experience in the gold mining industry, having most recently served from February 1996 through January 24, 2003, as President and Chief Operating Officer of IAMGOLD Corporation, a TSX and AMEX listed company whose principal assets, the major Sadiola gold mine and the Yatela gold mine, commenced commercial production in 1997 and 2001, respectively.

Mr. Bruce played a leadership role in the growth and financing of IAMGOLD, in the implementation of the IAMGOLD's innovative Gold Money policy, and in the merger of Repadre and IAMGOLD in January 2002. Prior to joining IAMGOLD, Mr. Bruce served from 1980 through January 1996 in a number of senior management positions with the South African company, Johannesburg Consolidated Investment Co. and its successor company, Anglo American Platinum Corporation. Immediately prior to joining IAMGOLD, Mr. Bruce served as Executive Director: Marketing, Business Development and Strategic Planning for Anglo American Platinum Corporation. Mr. Bruce has a BSc in Geology from the University of Rhodesia and a Graduate Diploma in Engineering (Mineral Economics) from University of the Witwatersrand in South Africa.

## SECTOR – PRECIOUS METALS

**(ZAS602) TWST: Give us a brief history of Crystallex International and a picture of where you are at this time.**

**Mr. Bruce:** Crystallex is a gold mining company that's been around for some time. While recent interest is focused upon the Las Cristinas project, we have had ongoing mining operations in Venezuela for many years. For the past several years, our operations have been concentrated in what we call our El Callao Mining and Processing Complex. We also previously had a mining operation in Uruguay, also in South America. As I noted, the main focus of interest by the investment community regarding Crystallex is the fact that the com-

pany controls what we consider one of the world's best undeveloped gold deposits, the Las Cristinas Project in Bolivar State. On the current schedule, we are looking at commercial production at our Las Cristinas project in probably five to six quarters from now, sometime in the first half of 2006.

**TWST: Where is your current production coming from and what are some of the other properties besides Las Cristinas?**

**Mr. Bruce:** Our current Venezuelan operations produce around 50,000 ounces of gold a year. As I mentioned earlier, we have several mining operations in the vicinity of the town of El Callao in Venezuela, some owned exclusively, and some held in a joint venture. We have a central

# Corporate Profile

## Crystallex International Corporation

**Ticker (exchange)** KRY (TSX) (AMEX)  
**Price close 12/15/04** 3.45  
**12 Months Price Range** 1.60 - 4.68

### Corporate Headquarters

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### Corporate Officers

**Todd Bruce**

President & CEO

**Dr. Ken Thomas**

Chief Operating Officer

**Borden D. Rosiak**

Chief Financial Officer

**Daniel R. Ross**

Executive VP, Corporate Counsel

**Dr. Sadek El-Alfy**

VP Operations

**Dr. Richard Spencer**

VP Exploration

**Robert Crombie**

VP Corporate Development and  
Planning

In 2004, Crystallex increased its gold reserves at Las Cristinas 25 percent to 12.85 million ounces.

**Las Cristinas** – In September 2002, Crystallex signed a **Mining Operation Agreement** with the Corporacion Venezolana de Guayana (CVG) which granted Crystallex exclusive rights to develop and exploit the gold deposits on the Las Cristinas property. Calculated at a US\$350 per ounce gold price, Las Cristinas has estimated reserves of 12.85 million ounces of gold, contained in a measured and indicated resource of 16.2 million ounces.

A positive **Feasibility Study** completed by SNC Lavalin Engineers and Constructors Inc. (SNCL) in September 2003 demonstrated the technical and economic viability of developing Las Cristinas as a large open pit mine, employing conventional carbon-in-leach (CIL) gold processing technology. Initial mill throughput is planned at 20,000 tonnes per day; however, the process plant has been designed to accommodate an expansion to 40,000 tonnes per day, which will be implemented as soon as practicable. The Feasibility Study was approved by the CVG on March 8, 2004.

An Environmental Impact Study for Las Cristinas was submitted in April 2004. It is anticipated that the final permit for the project will be issued in late 2004 or early 2005, allowing construction to commence. An Engineering, Procurement and Construction Management contract was awarded to SNCL in March 2004 and detailed engineering started immediately thereafter. Initial gold production is expected to commence in the first half of 2006 and is forecast to average approximately 300,000 ounces per year at a total cash cost below \$130 per ounce.

**Tomi** – During 2004, most of Crystallex's forecast gold production of 50,000 ounces will come from two open pit mines and an underground mine on the 100% owned Tomi concession.

**La Victoria** - La Victoria is one of six gold deposits on the Lo Increible property. Mining has been suspended at La Victoria as significant portion of the ore is refractory and can not be economically processed in a conventional carbon-in-leach mill. The Company is undertaking a pilot plant test to determine the amenability of the ore to pre-treatment in a Bio-Oxidation circuit. To fully evaluate the deposit, the Company recently completed a 7,000 metre infill drill program. An evaluation through a pre-feasibility study, incorporating the results of the Bio-Oxidation pilot plant and new reserve estimate is expected to be released in the first quarter of 2005.

**Albino Mine** – A feasibility study in 2001 demonstrated the viability of developing a small underground mine on the Albino property, which is contiguous to Las Cristinas. An updated reserve report in 2003 estimated proven and probable reserves of 104,000 ounces of gold. Crystallex is developing an underground mine at Albino, which is forecast to produce 15,000-20,000 ounces of gold per year for five years. Gold production is expected to start in the second half of 2005.

**Revemin Mill** – Ore from the Tomi concession is processed at the Company's Revemin mill. Revemin is a conventional carbon-in-leach mill with a processing capacity of 1,350 tonnes per day. The Company is evaluating through a pre-feasibility study the viability of installing a Bio-Oxidation plant at the Revemin mill to treat refractory ore from La Victoria.

## Corporate Business Description

Crystallex International Corporation is a Canadian-headquartered gold producer with operations and exploration properties in Venezuela. The Company's near term goal is to become a low cost, intermediate size gold producer with production exceeding 350,000 ounces of gold per year.

Crystallex aims to achieve this goal over the next few years through the development of the Las Cristinas gold deposits located in southeastern Venezuela. Crystallex has signed a mining operation agreement allowing for the development and exploitation of Las Cristinas. With estimated reserves of 12.85 million ounces, Las Cristinas ranks Crystallex as the fifth largest North American based gold company in terms of reserves.

The Company has completed a positive Feasibility Study for Las Cristinas and plans to commence construction of an open pit mine and an initial 20,000 tonne per day gold processing plant once the final permit is awarded. During the initial years of the project life, Las Cristinas is forecast to produce approximately 300,000 ounces of gold per year at a total cash cost below US\$130 per ounce.

Crystallex has strengthened its management team, most recently adding Todd Bruce as its President and Chief Executive Officer and Dr. Ken Thomas as the Chief Operating officer. Mr. Bruce previously served as President and Chief Operating Officer of IAMGOLD Corporation, and spent 16 years with the world's largest platinum producer, the Anglo American Platinum group in South Africa. Dr. Thomas served for many years as a senior officer at Barrick Gold Corporation. From 1990-1995, he was Barrick's Senior Vice President, Metallurgy & Construction, and from 1995 until his departure from Barrick in 2001, he served as Senior Vice President, Technical Services. In 2001, Dr. Thomas joined Hatch and served as Global Managing Director, Mining and Mineral Processing. Dr. Thomas became Crystallex's COO in 2003.

Crystallex's shares trade under the ticker symbol KRY on the American and Toronto Stock Exchanges. Crystallex is a member of the S&P/TSX Composite Index, the TSX Gold index and the Amex Gold Miners Index

processing facility, the Revemin Mill, at which we process ore from the mining operations. That is the main focus of our non-Las Cristinas work. Of course, a good deal of our time and attention is spent on advancing the enormous Las Cristinas deposit into production.

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***“We’re very pleased that, not only have we successfully negotiated the transition from feasibility study cost to genuine project budget cost, but we’ve actually been able to enhance and improve the project by reducing the operating costs and increasing the overall return to shareholders at the same time.”***

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**TWST: Could you bring us up to date with the economics of the Las Cristinas project?**

**Mr. Bruce:** In September 2003, we released a full feasibility study on Las Cristinas for a 20,000 tonne per day (tpd) operation that would cost some US\$243 million to establish and which would produce some 300,000 ounces per year for the first 5 years and some 270,000 ounces over the 34 year projected life of the operation. The feasibility study was produced by SNC Lavalin, one of the world’s pre-eminent engineering and project management companies. We commenced the project in March 2004 when the formal approval of the feasibility study by the Venezuelan authorities was received. One of the first steps undertaken was a 90-day review by SNC Lavalin to convert the feasibility study capital estimate into a full capital budget estimate.

In the last year, several companies have found this transition from a feasibility study capital estimate to the actual project capital control budget to be a difficult transition. Companies have experienced some very nasty surprises when they upgraded their feasibility study capital cost esti-

mates to a final project capital control budget number. We’ve successfully progressed through this potentially risky phase now and I’m very pleased to say that we’ve come through that very well.

The capital increase as we moved from the feasibility study to the controlled budget number was about US\$23 million, which was less than a 10% increase over the feasibility cost estimate of US\$243 million. However, only about US\$12 million of that increase was due to cost increases beyond our control, e.g. increases in the price of oil as a feedstock for manufacturing products like HDPE piping. This US\$12 million represented only a 4.9% increase on the original feasibility study capital cost.

The remaining US\$11 million increase in the capital budget represented discretionary investment choices that we made, and those were twofold. The primary one is that we decided that the company will actually do owner-operated mining of the entire ore body. Previously, the feasibility study had assumed we would do owner-operated mining only on the hard rock and that we would get a contractor to mine the saprolite material. In return for a net capital increase of some US\$5 million in extra mining fleet expense, we reduced mining costs by some US\$70 million over the first 10 years of the project.

As a consequence, even though we’ve seen this modest capital increase of only 9% to 10% (in total, US\$23 million), we have materially improved an already outstanding project by reducing operating costs significantly. We’ve driven the total average cash operating cost down to an average of US\$128 per ounce for the first five years and we’ve consequently increased the return on capital invested from about 14% to 15.7% using a conservative gold price of US\$325/oz. We’re very pleased that, not only have we successfully negoti-

ated the transition from feasibility study cost to genuine project budget cost, but we've actually been able to enhance and improve the project by reducing the operating costs and increasing the overall return to shareholders at the same time.

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***"What we're expecting is, in general, that the gold price will sort of make higher highs and lower lows. I think that like most things in life, timing is everything and I think that over the next five to 10 years, it's probably going to be a very good time to be in the gold mining business."***

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**TWST: What is going to be the ultimate recovery cost of gold per ounce at Las Cristinas in your estimate?**

**Mr. Bruce:** The current estimate would be about US\$128 per ounce in total cash cost for the first five years. If we look at the life-of-mine estimate, that covers about 34 years, the average total cash cost is about US\$190 per ounce.

**TWST: What is your estimated reserve there? As I understand, you did some work recently to up the reserve. Where do you stand on that?**

**Mr. Bruce:** The existing gold reserves amount to 10.2 million ounces, which certainly makes Las Cristinas one of the largest gold deposits in the world, and it's perhaps the characteristic that allows it to be described as possibly the best undeveloped gold project in the world. It has considerable potential to continue to grow even further as the ore body is still open at depth as well as in certain areas at surface.

We have just completed an 18-hole in-fill drill program at Las Cristinas that was targeted at increasing the reserves even further. We have released the results of all 18 holes and certainly

we're very pleased with the results. We expect that we will now be producing a revised reserve that should show a nice increase in reserves. We would hope to have that revised reserve estimate produced by the middle of November.

(Subsequent to this interview, on November 9, 2004, Crystallex announced increased reserves at Las Cristinas bringing the total reserve estimate to 12.8 million ounces.)

**TWST: What is the cost of recovery per ounce at your Tomi deposits?**

**Mr. Bruce:** The current total cash cost of the Tomi and the operations around El Callao are approximately US\$325 an ounce. We're still in the process of turning that operation around. It went through a very difficult period over the previous couple of years. There was an awful lot of capital rationing that had to go on in the company and there were metallurgical challenges. When I joined the company in September 2003, one of the things that we immediately focused on was getting a successful financing in place that not only continued to ensure that the Las Cristinas deposit would go forward on a fast track, but also insured that we'd be able to restructure and invigorate our El Callao operations.

We've seen production on an annualized basis go from probably a low of 15,000 to 20,000 ounces to approaching 50,000 ounces this year and we've probably seen costs come down from over US\$450 per ounce at their worst to now about US\$325. Certainly as we go forward into next year, we would expect to see further optimizations of the El Callao operations and we expect to see costs drop down below the US\$300 per ounce level.

**TWST: How does politics and operating a mine play out in a country such as Venezuela?**

**Mr. Bruce:** I can report that having operated gold mines in Venezuela for over nine years now, our experience has indeed been very positive.

The center for gold mining in Venezuela is Bolivar State, which is in the southeastern part of the country. It's an average of 600-900 kilometers away from Caracas, the capital of Venezuela. It's very much the industrial and mining heartland of Venezuela, and therefore the business of the province is very much focused on mining and natural resources.

Our experience has been extremely positive there, as has also been the case with other companies like Hecla Mining, which I believe has been so pleased with its experience on its La Camorra gold mine in Bolivar State that it's putting the bulk of its new capital investment back into Venezuela and opening up a brand new gold mine called Mina Isadora. I think that across the spectrum, for ourselves and people like Hecla and also Bolivar Gold, all of our experiences have been positive and we certainly judge Venezuela as a vastly under-rated jurisdiction for mining investment.

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***"Las Cristinas is so big that it has the capacity to provide significant organic growth. There's no doubt that we are in the privileged position of having an incredible growth asset."***

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**TWST: Give us your view on the prospects for the price of gold.**

**Mr. Bruce:** I belong to that camp that believes we're dealing with a secular long-term change in the price of gold. I think there are very many parallels to the 1960s and 1970s in terms of an environment whereby you've got a guns and butter policy in the United States, where you have this enormous financial burden of an expensive war in which there's no visible and easy exit. You've also got an internal domestic environment

in which nobody is cutting back expenditures, so as a consequence, both federal deficits and state deficits are going higher and higher.

You've got the trade deficit, which continues to spiral upward at a seemingly ever-faster rate. As I say, there are many similarities to the 1960s and 1970s in terms of the need for fiscal discipline. If you look at that environment, you can see the dramatic secular change that the gold price went through for that 10 plus year period, and I think that's what we may be looking at again.

I certainly believe that in the medium to longer term, you're going to continue to look at a strong gold price. There are clearly going to be ups and downs as we progress, but I think on balance, what we're expecting is, in general, that the gold price will sort of make higher highs and lower lows. I think that like most things in life, timing is everything and I think that over the next five to 10 years, it's probably going to be a very good time to be in the gold mining business.

**TWST: You don't seem to be a very big proponent of hedging.**

**Mr. Bruce:** No. I'm definitely not a proponent of hedging. I'm very much of the view that it's the right of shareholders to, in fact, determine their tolerance and interest in gold prices rather than having management unilaterally fix it on a company-by-company basis. I think that shareholders are far more efficient in balancing their portfolios, when allowed to reflect their views on gold price prospects, rather than have companies eliminate gold price exposure by hedging the gold price. Shareholders can buy and sell gold shares to reflect their view on the gold price.

As a consequence, even during the difficult years, based upon statistical analysis and some very interesting studies done at various business schools, those companies that have offered the

cleanest and purest profile to gold with minimal or no hedging, over time have maximized shareholder returns and been rated accordingly. We think that's important.

Certainly there is an expanding school of valuation that actually seeks to partially capture or reflect the value that shareholders in general will place on gold equities as partially an option on the gold price. So in addition to buying your existing cash flow stream at the current gold price, shareholders also view equities as long-dated open-ended call options on the gold price. Again, if you keep yourself unfettered and you're not constraining your gold price volatility by hedging, then, ultimately, it is consistent that shareholders will pay you more for that option volatility than they will when that option volatility is taken away by hedging.

Generally speaking, even during the difficult days, companies that offered an unhedged profile have generated better returns over the long run and have received better multiples from gold investors than those that haven't.

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***"By 2007 we could see this company producing, say, 300,000 to 350,000 ounces a year. That's a six to sevenfold growth in the volume output in approximately three years from now. In addition to such a remarkable growth profile, we will also benefit from a significant increase in our profit margin."***

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**TWST: How much has the gold price appreciated this year vis-à-vis Canadian currency?**

**Mr. Bruce:** Fortunately, with respect to that issue we have no operations in Canada. We're not like the South African, Australian or Canadian mines that have seen their revenues increase by a lot less than the increase in the US dollar price of

gold because of a strengthening of their local currencies against the US dollar. That also usually means that their cost structures have also gone up when expressed in US dollars which may result in flat or even declining profits since obviously their revenues have not gone up at the same rate when expressed in local currency. It's not something that impacts directly on a company like ours, whose existing producing assets and future producing assets are in Venezuela where the local currency has continued to decline or been flat against the dollar.

**TWST: Normally, when gold prices go up, supplies come into the market. Do you pay any attention to that? Are you concerned about extra supplies out there?**

**Mr. Bruce:** At the end of the day, my perspective is that gold is nothing more than money. It's not a commodity in the sense of nickel or copper that is obviously materially influenced on supply/demand balances or imbalances. There are two fundamental characteristics that make gold a better form of money than any other that's ever been invented by mankind in the last 3,000 years or so.

The first characteristic is that gold is the only form of money that can't be created out of thin air at no cost. The other great characteristic about it is that because there is a substantial pool of monetary gold in existence, the incremental addition to that pool is, generally speaking, almost insignificant. As a consequence, as a form of money, gold is not like paper currencies which governments and politicians can inflate like crazy and add vast amounts to the money supply since such fiat currencies are created out of thin air at no cost. Undoubtedly, higher gold prices will obviously encourage the markets and investors to employ their risk capital by investing in new gold mines, but I think at the end of the day, when you view gold as money, the incremental addition to

the pool of available gold that is governing the monetary nature of it is always going to be very modest and you can't say that about any form of fiat paper currency.

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***"Our current profit margin is constrained by our current total cash cost of about US\$300 per ounce. Three years from now, with Las Cristinas at 20,000 tpd, we expect to see those unit costs come down to somewhere around US\$160 an ounce."***

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**TWST: Besides Las Cristinas, are there any other projects that you're working on?**

**Mr. Bruce:** Las Cristinas is so big that it has the capacity to provide significant organic growth. There's no doubt that we are in the privileged position of having an incredible growth asset. If we take our current base case, which is a 20,000 tpd operation, that 20,000 tpd operation will generate close to 300,000 ounces a year, just from Las Cristinas. If you take our current state as a company, we produce 50,000 ounces a year. That means that by 2007 we could see this company producing, say, 300,000 to 350,000 ounces a year. That's a six to sevenfold growth in the volume output in approximately three years from now.

In addition to such a remarkable growth profile, we will also benefit from a significant increase in our profit margin. As I said earlier, our current profit margin is constrained by our current total cash cost of about US\$300 per ounce. Three years from now, with Las Cristinas at 20,000 tpd, we expect to see those unit costs come down to somewhere around US\$160 an ounce. Thus, not only are we going to get a sevenfold increase in production, but we're going to get an expansion in our profit and cash generation margins.

If we look at the upside, we have already done a full bankable feasibility study for a 40,000 tpd operation at Las Cristinas. At 20,000 tpd, as I mentioned earlier, we have a 34-year mine life, just based on the current reserves. At 40,000 tpd, that is, if we double the size of the operation, the mine life is 20 or 21 years, still an inordinately long mine life by industry standards. A 40,000 tpd operation would produce in the region of 500,000-550,000 ounces of gold per year. If we take our current production level of 50,000 ounces, that means that in three to four years from now, if we could finance a 40,000 tpd operation, you'd be looking at an 11 or 12 fold increase in gold production to some 550,000 to 600,000 ounces in this Company and, of course, a further increase in our profit margins and cash flows because our unit cost would be expected to again come down to somewhere around the US\$160 per ounce level.

When you're looking at an asset that can grow your company anywhere from 6 or 7 fold to 11 or 12-fold in a matter of a three or four-year period, then you're obviously going to make sure that you fully extract the maximum benefit from that identified low risk organic opportunity for shareholders before you get distracted and look for other possible opportunities.

We certainly have an interest in looking at other opportunities, but we obviously want to assure our shareholders that our eye is very much on the Las Cristinas ball. We've recruited an absolutely extraordinary team of people both for the project design and construction as well as the operating side of things to bring this value home for our shareholders.

**TWST: What should investors expect from you financially?**

**Mr. Bruce:** Again, that's a function of what investors would forecast as the gold price and de-

depends upon the scenario by which we get Las Cristinas into production, the base case of 20,000 tpd or the upside scenario of 40,000 tpd. I don't think I can give anybody a helpful single figure, but we might anticipate that, between those two scenarios, the shareholders and the market in general, over a three to four year period, could see this company growing by either 6 to 7 fold or 11 to 12 fold on production, with increased cash flow and profits being generated since we're reducing our unit operating costs materially.

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***"We believe that there are opportunities to further increase reserves. It is our belief that this deposit still has a long way to grow and we have aspirations even beyond the projected 550,000-600,000 ounce level that could come about if we achieve that 40,000 tonnes per day scenario in the next three or four years."***

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**TWST: Do you have the management team in place to accomplish all of your goals or are you still building it up?**

**Mr. Bruce:** We have basically gone a long way in getting the total management team together. Our Chief Operating Officer is Dr. Ken Thomas who spent 15 or 16 years with Barrick Gold Corporation as their Senior Vice President of Projects and Technical Services. He was very much responsible for building the plant and surface facilities of many of the great Barrick assets such as the Goldstrike complex and the Meikle Mine in Nevada, the Pierina Mine in Peru and the Bulyanhulu Mine in Tanzania.

Subsequently, in the early part of this year, he was able to reassemble one of his former specialist project teams from Barrick, bringing in three senior executives from Barrick, two of whom had worked with him for almost 20 years. So

we've got an absolutely outstanding project design and execution team.

We've now gone on to the next stage and as we've recruited all the senior management staff for the Las Cristinas operation once it's ready to go into production in the first half of 2006. We've identified a General Manager, a Manager of Mining, a Manager of Processing and a Superintendent of Electrical and Instrumentation.

All of those senior department heads have been brought up into the design team in Toronto where they are fully integrated in designing this operation. Our intent is to purposefully engineer out, in advance, the high risk transition phase that many companies fall down on, which is going from the design and construction of a mine to actually operating it. We're going to have our full senior operating management fully involved in the design of the project. Therefore there's no issue that on the day that the mine is handed over to them to operate of them saying, "Why did you do this? Why did you do that?" I think that it's unusual for a company of our size and situation to be planning that far ahead and eliminating those kinds of risks for shareholders.

**TWST: How does the balance sheet look?**

**Mr. Bruce:** The balance sheet looks very substantive, I'm pleased to say. We currently have probably close to US\$65 million in the bank. Obviously, with a project of this size, even if it's at a 20,000 tpd level, we will be continuing to put financing together. That will probably include a component of non-recourse bank project financing. We have appointed BNP Paribas as our project financing advisor and we're now quite a ways down the road in terms of working with them to put a project financing syndicate together.

As to the balance of the funding that we're looking at, assuming roughly 50% project finance

debt, we will look to source that funding from either the equity market and/or the mezzanine finance market at an appropriate time. I think we're very well based where we are now, and certainly we have a lot of interest from the marketplace and the banks. I'm very confident that we'll be able to put together an optimal financial package and probably get it all tied up between now and the end of the second quarter of next year.

**TWST: What's your view on how Wall Street or financial markets perceive your company?**

**Mr. Bruce:** I think they perceive it, first of all, as a turnaround company. When I joined the company, it was under followed and had a minimal number of institutional shareholders. It was overwhelmingly dominated by retail shareholders, so we basically have been working hard at turning the company around, turning the El Callao operations around, setting milestones that shareholders can measure us against and then executing against those milestones. I think that's the first thing that most people think about, that it is a turnaround opportunity and in the last year to 18 months, the company has executed and has hit its milestones.

The real focus now is transforming into a value play. I think if the market goes to the MineWeb site which provides an industry comparison of relative valuations in terms of market capitalization per ounce of recoverable reserves, it will find that Crystallex is very much an undervalued company compared to almost the entire industry. Therefore, I think people are now focusing on us as one of those relatively rare value opportunities that, with such an inordinate growth profile, you don't have to require any heroic assumptions on gold prices to see real value. We're all looking forward to better gold prices, but I think our numbers demonstrate that even at US\$325, which is the

price we have used to date for calculating reserves and doing feasibility studies, that the company is significantly undervalued versus the peer group and obviously, that undervaluation probably increases as you go to \$350-\$375 gold prices.

I think that's what the market is now. Having established our credibility and trust in the marketplace, we are now meeting with success in persuading an ever-increasing number of investors, both institutional and retail, that we are a real value opportunity with an identified growth profile. Experience to date confirms that more and more people are finding it a very compelling investment opportunity.

**TWST: How aggressive is your PR or investor relations program to get your message out?**

**Mr. Bruce:** I think we've been very conscientious about that. In the year that I've been in the company, I would estimate that I've probably done one-on-one presentations to well over 215-220 institutional investors in Canada, the States and in Europe. We regularly attend most of the important retail gold shows and institutional gold shows. We present at the Denver Gold Show, the San Francisco Gold Show, the New York Gold Show, the Las Vegas show and the Toronto show. We take this very seriously and conscientiously in terms of our need to make sure that the story is properly communicated, that people have an opportunity to understand, to meet with us and put faces to names. I would say we're pretty committed and very conscientious about that.

**TWST: Would you give us, in summary, a key investment message you would wish to convey to shareholders?**

**Mr. Bruce:** It boils down again to that growth profile. We're a gold company that we believe, on current comparative measures, is materially undervalued compared to the peer group.

We're a company that offers the marketplace a growth opportunity, and that, in three years' time, based on a 20,000 tpd scenario, has the potential to increase gold production by 6 or 7 times and has the further potential to increase cash flow and profits significantly. The project is underway; to date we have committed some US\$80 million in contracts for long lead items. On the upside, with a 40,000 tpd scenario, in three to four years' time, you could see a company producing 11 to 12 times more gold as we are today, and an even greater increase in cash flows and profits.

What we would stress is that even with those lofty aspirations, there is still further growth to Las Cristinas because, as we reported earlier, we believe that there are opportunities to further increase reserves. It is our belief that this deposit still has a long

way to grow and we have aspirations even beyond the projected 550,000-600,000 ounce level that could come about if we achieve that 40,000 tonnes per day scenario in the next three or four years.

**TWST: Thank you. (WT)**

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