

March 04, 1998

Crystallex reports false information on its Las Cristinas claims.

Investors have been buying shares of Crystallex International Corporation (AMEX Symbol: KRY) (Price: \$8.1875) believing that a court decision pending in Venezuela can effect the title of the Las Cristinas mining concessions. Specifically, Crystallex claims it has the rights to "Las Cristinas 4 & 6 gold concessions" and that "the Supreme Court of Venezuela is currently considering its application seeking to enforce its ownership rights over" these gold concessions. Both of these statements are false and untrue. These false Crystallex statements have led to widespread reports that a pending Supreme Court decision will force the government to take the concessions away from its current owners and give them to Crystallex. There is no truth to these reports, yet Crystallex has not issued a denial. In fact, we believe that these reports could not exist without management's knowledge and full cooperation. It is these false reports that have caused Crystallex's stock to rise over 250% during the last seven weeks. Crystallex's stock promotion is its only source of funding and is entirely dependent on its fabricated Las Cristinas claim. We believe that Crystallex has purposely disseminated such false and misleading information in order to defraud investors.

Crystallex does not and has never had any direct or indirect interest in Las Cristinas. There is no ongoing legal proceeding or pending decision in any court that can result in Crystallex having an interest in Las Cristinas. There has never been a ruling by any court or other authority that can be reasonably interpreted to question ownership of the Las Cristinas concessions. Likewise, there has never been a ruling that created a possibility that Crystallex ever had, or should have had, an interest in the Las Cristinas gold concessions. Information to the contrary is necessarily false and misleading.

Below is a brief description of some of the factual and legal problems of Crystallex's alleged claims. It is important to note that the Supreme Court has already denied Crystallex's legal standing to make any claim on the Las Cristinas gold concessions. The Las Cristinas gold mining concessions are without question owned, and are being developed at a cost of approximately \$600 million, by a joint venture that is 30% owned by a Venezuelan State corporation. However, in the analysis below we ignore two definitive court decisions and two settlements that prove Crystallex has no Las Cristinas interests. We also ignore all facts and laws averse to Crystallex's claims. We assume that Crystallex is allowed to sue (which is not true) and is successful. The magnitude of Crystallex's fraudulent representations becomes evident when even under this virtually impossible scenario there is still no possibility that Crystallex can obtain ownership of Las Cristinas.

All of Crystallex's claimed Las Cristinas interest comes through an indirect, not fully disclosed agreement with a Venezuelan company called Inversora Mael, C.A. ("Mael"). In 1986, Mael attempted to execute and register a fraudulent transfer of title of the Las Cristinas concession from its deceased owner. Registration was properly denied and the fraudulent transfer was never effected. The Republic of Venezuela sued Mael to remove any possible doubt of ownership of Las Cristinas title. As a result, Mael's claims on Las Cristinas 4 & 6 were fully litigated. It was found and ruled that Mael did not own and never owned any interest in Las Cristinas. Mael appealed this ruling. While the appeal was pending a settlement was reached and approved by the courts. In the settlement, Mael and its principal agreed that they had no interest or claim on Las Cristinas 4 & 6. The Republic of Venezuela did not make any payments or concessions in the settlement. The facts clearly establish that Mael never owned any interest in Las

Cristinas and was never granted any concessions to Las Cristinas. Mael's principals were subject to criminal prosecution for their attempt to fraudulently obtain an interest in Las Cristinas.

Crystallex's pending appeal originated from a previous decision against it at the Supreme Court level. This decision denies Crystallex all rights to pursue any claims to the Las Cristinas gold concessions. We have reviewed this decision and found no factual merit or reasonable legal basis for Crystallex's appeal. We anticipate that the Supreme Court's decision against Crystallex will be upheld, which will finally and definitively end all of Crystallex's possibilities to claim it has or can have any remote interest to the Las Cristinas gold concessions.

However, if the above decision were reversed, Crystallex would still not gain any right to the concession. Crystallex must obtain this reversal merely so it can commence a legal action against the Venezuelan Ministry of Energy and Mines. This legal action would have to reverse all the title transfers, construction and environmental permits, changes in tax code and joint ventures that the Venezuelan government has solicited, organized and granted to create the existing fully funded \$600 million Las Cristinas mine project. Crystallex's ownership claims assume it has already accomplished this unprecedented feat, when it can not even legally file a lawsuit. Under the best of circumstances this mindless endeavor would be no simple task. However, Crystallex is even further hampered by previous rulings and well-established facts that clearly show its claims have no merit.

The Las Cristinas concessions were granted through an international bidding process. Voiding these concessions would cause extraordinary disruption to Venezuela's emerging free market resource development efforts. However, simply causing the annulment of the existing Las Cristinas concession in no way assures or even creates the likelihood that Crystallex can gain control of the concession. Under all circumstances, Crystallex would have to petition the Ministry of Energy and Mines to grant it the Las Cristinas gold concession. Both the Ministry of Energy and Mines and the Republic of Venezuela have filed legal briefs in court in opposition to Crystallex. Furthermore, Crystallex has no basis to demonstrate that it can either finance or operate the Las Cristinas concessions. Title to Las Cristinas gold concessions is not at issue in any proceeding. However, even if the impossible occurs, it is absurd to believe that the Venezuelan government will then turnaround and grant the Las Cristinas concession to Crystallex.

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.