

United States Bankruptcy Court
DISTRICT OF DELAWARE

VOLUNTARY PETITION

Name of Debtor (if individual, enter Last, First, Middle):
Crystallex International Corporation
Name of Joint Debtor (Spouse) (Last, First, Middle):
All Other Names used by the Debtor in the last 8 years
(include married, maiden, and trade names):
Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN)/Complete EIN (if more than one, state all):
Street Address of Debtor (No. and Street, City, and State):
18 King Street East, Suite 1210, Toronto, Ontario, Canada, M5C-1C4
County of Residence or of the Principal Place of Business: Toronto, Ontario, Canada
Mailing Address of Debtor (if different from street address):

Location of Principal Assets of Business Debtor (if different from street address above):
See Attachment A
Type of Debtor (Form of Organization) (Check one box.)
Nature of Business (check one box.)
Chapter of Bankruptcy Code Under Which the Petition is Filed (Check one box.)
Nature of Debts (Check one box.)
Chapter 15 Debtors
Country of debtor's center of main interests:
Canada
Each country in which a foreign proceeding by, regarding, or against debtor is pending:
Canada
Tax-Exempt Entity (Check Box, if applicable.)
Debtor is a tax-exempt organization under Title 26 of the United States Code (the Internal Revenue Code).

Filing Fee (Check one box.)
Chapter 11 Debtors
Check one box:
Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D).
Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D).
Check if:
Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,343,300 (amount subject to adjustment on 4/01/13 and every three years thereafter).
Check all applicable boxes:
A plan is being filed with this petition.
Acceptances of the plan were solicited preparation from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).

Statistical/Administrative Information
Debtor estimates that funds will be available for distribution to unsecured creditors
Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.
Estimated Number of Creditors
Estimated Assets*
Estimated Liabilities*

THIS SPACE IS FOR COURT USE ONLY

*Based on the Debtor's Unaudited Financial Statements as of September 30, 2011.

Voluntary Petition <i>(This page must be completed and filed in every case.)</i>		Name of Debtor(s): Crystallex International Corporation	
All Prior Bankruptcy Cases Filed Within Last 8 Years (If more than two, attach additional sheet.)			
Location Where Filed:	Case Number:	Date Filed:	
Location Where Filed:	Case Number:	Date Filed:	
Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor (If more than one, attach additional sheet.)			
Name of Debtor:	Case Number:	Date Filed:	
District:	Relationship:	Judge:	
<p style="text-align:center;">Exhibit A</p> <p>(To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.)</p> <p><input type="checkbox"/> Exhibit A is attached and made a part of this petition.</p>		<p style="text-align:center;">Exhibit B</p> <p>(To be completed if debtor is an individual whose debts are primarily consumer debts.)</p> <p>I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I have delivered to the debtor the notice required by 11 U.S.C. § 342(b).</p> <p>X _____ Signature of Attorney for Debtor(s) (Date)</p>	
Exhibit C			
Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety?			
<input type="checkbox"/> Yes, and Exhibit C is attached and made a part of this petition.			
<input checked="" type="checkbox"/> No.			
Exhibit D			
(To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.)			
<input type="checkbox"/> Exhibit D completed and signed by the debtor is attached and made a part of this petition.			
If this is a joint petition:			
<input type="checkbox"/> Exhibit D also completed and signed by the joint debtor is attached and made a party of this petition.			
Information Regarding the Debtor – Venue (Check any applicable box.)			
<input type="checkbox"/> Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.			
<input type="checkbox"/> There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.			
<input checked="" type="checkbox"/> Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District.			
Certification by a Debtor Who Resides as a Tenant of Residential Property (Check all applicable boxes.)			
<input type="checkbox"/> Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.)			

(Name of landlord that obtained judgment)			

(Address of landlord)			
<input type="checkbox"/> Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and			
<input type="checkbox"/> Debtor has included with this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.			
<input type="checkbox"/> Debtor certifies that he/she has served the Landlord with this certification. (11 U.S.C. § 362(1)).			

Voluntary Petition
(This page must be completed and filed in every case.)

Name of Debtor(s): Crystallex International Corporation

Signatures

Signature(s) of Debtor(s) (Individual/Joint)

I declare under penalty of perjury that the information provided in this petition is true and correct.
 [If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12 or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7.
 [If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. § 342(b).

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X _____
Signature of Debtor

X _____
Signature of Joint Debtor

Telephone Number (if not represented by attorney)

Date

Signature of a Foreign Representative

I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.

(Check only one box.)

I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. § 1515 are attached.

Pursuant to 11 U.S.C. § 1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.

X _____
(Signature of Foreign Representative)

X Robert A. Fung, on behalf of Crystallex International Corporation
(Printed Name of Foreign Representative)

December 23 2011
Date

Signature of Attorney*

X _____
 Robert S. Brady, Esq. (No. 2847)
 Matthew B. Lunn, Esq. (No. 4119)
 YOUNG CONWAY STARGATT & TAYLOR, LLP
 The Brandywine Building
 1000 West Street, 17th Floor
 Wilmington, Delaware 19801
 Telephone: (302) 571-6600
 Fax: (302) 571-1253

- and -

Marc Abrams, Esq.
 Shaunna D. Jones, Esq.
 WILLKIE FARR & GALLAGHER LLP
 787 Seventh Avenue
 New York, New York 10019-6099
 Tel: (212) 728-8000
 Fax: (212) 728-8111

December 23 2011
Date

*In a case in which § 707(b)(4)(D) applies, this signature also constitutes a certification that the attorney has no knowledge after an inquiry that the information in the schedules is incorrect.

Signature of Non-Attorney Bankruptcy Petition Preparer

I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19 is attached.

Printed Name and title, if any, of Bankruptcy Petition Preparer

Social Security number (If the bankruptcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.) (Required by 11 U.S.C. § 110.)

Address

X _____
Date

Signature of bankruptcy petition preparer or officer, principal, responsible person, or partner whose Social Security number is provided above.

Names and Social Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual.

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both. 11 U.S.C. § 110; 18 U.S.C. § 156.

Signature of Debtor (Corporation/Partnership)

I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.

The debtor requests the relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X _____
Signature of Authorized Individual

Printed Name of Authorized Individual

Title of Authorized Individual

Date

Date

Signature of bankruptcy petition preparer or officer, principal, responsible person, or partner whose Social Security number is provided above.

Names and Social Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual.

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both. 11 U.S.C. § 110; 18 U.S.C. § 156.

ATTACHMENT A

Location of Principal Assets of the Debtor:

- a. 18 King Street East, Suite 1210
Toronto, Ontario, Canada, M5C-1C4
- b. 103 Foulk Road, Suite 205-4
Wilmington, Delaware 19803
- c. CIBC Wood Gundy
40 Dundas Street West, Suite 700
Toronto, Ontario, Canada M5G 2C2
- d. Bank of Montreal
1 First Canadian Place Street West
Toronto, Ontario, Canada M5X 1A3
- c. Vanguard
P.O. Box 2600
Valley Forge, Pennsylvania 19482-2600
- d. Panalpina Inc.
1755 Federal Way
Houston, Texas 77015
- e. GP Terminal
1606 Clinton Drive
Galenda Park, Texas 77547

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

-----X
In re : Chapter 15
: :
Crystallex International Corporation, : Case No. 11- _____ ()
: :
Debtor in a Foreign Proceeding. :
-----X

**CORPORATE OWNERSHIP STATEMENT
OF CRYSTALLEX INTERNATIONAL CORPORATION
PURSUANT TO BANKRUPTCY RULES 1007(a)(4) AND 7007.1**

Upon information and belief, no corporation directly or indirectly owns 10% or more of Crystallex International Corporation's equity interests.

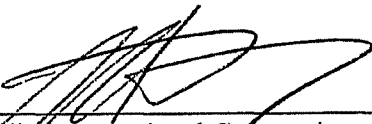
VERIFICATION

Pursuant to 28 U.S.C. § 1746, Robert A. Fung declares as follows:

I am the Chairman and Chief Executive Officer of Crystallex International Corporation, which was appointed as the foreign representative of Crystallex International Corporation (the "Debtor"). I have full authority to verify the foregoing Chapter 15 Petition for Recognition of a Foreign Main Proceeding, and I am informed and do believe that the allegations contained therein are true and accurate to the best of my knowledge, information and belief.

I declare under penalty of perjury under the law of the United States of America that the foregoing is true and correct.

Executed this 23rd day of December 2011



Crystallex International Corporation
Foreign Representative of the Debtor
By: Robert A. Fung
Title: Chairman and Chief Executive Officer

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----	X	
In re	:	Chapter 15
	:	
Crystallex International Corporation ¹	:	Case No. 11-14074 ()
	:	
Debtor in a Foreign Proceeding.	:	
-----	X	

**DECLARATION OF ROBERT A. FUNG IN
SUPPORT OF: (I) VERIFIED PETITION UNDER
CHAPTER 15; (II) MOTION FOR PROVISIONAL AND FINAL
RELIEF IN AID OF FOREIGN PROCEEDING; AND (III) MOTION
TO ESTABLISH CERTAIN PROCEDURES IN CONNECTION
WITH FILING OF VERIFIED PETITION UNDER CHAPTER 15**

I, Robert A. Fung, of full age, being duly sworn, state that the following is true and correct to the best of my knowledge, information and belief:

1. I am the Chairman and Chief Executive Officer of Crystallex International Corporation (the “Debtor” or “CIC” and, collectively with its non-debtor subsidiaries, the “Company”). I have served as the Chairman and Chief Executive Officer (the “CEO”) since January 1, 2004. In such capacity, I am familiar with the day-to-day operations, business, and financial affairs of the Debtor and the Company as a whole.

2. I am authorized to act on behalf of CIC, which, by order entered on December 23, 2012 (the “Initial Order”) by the Ontario Superior Court of Justice (Commercial List) (the “Canadian Court”) in connection with a proceeding (the “Canadian Proceeding”) under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the

¹ The last four digits of the Debtor’s United States taxpayer identification number is 2628. The Debtor’s executive headquarters are located at 18 King Street East, Suite 1210, Toronto, Ontario, Canada M5C-1C4.

“CCAA”), has been authorized by the Canadian Court to act as foreign representative of the Debtor. A copy of the Initial Order, which, among other things, appointed CIC to act as foreign representative of the Debtor is attached hereto as Exhibit A. A copy of my affidavit submitted to the Canadian Court in support of the Initial Order (the “CCAA Affidavit”) is attached hereto as Exhibit B. I am authorized, in my capacity as CEO of the Foreign Representative, to submit this declaration (the “Declaration”).

3. I submit this Declaration in support of: (a) the verified petition for recognition of the Canadian Proceeding by this Court as a “foreign proceeding” under section 1515 of title 11 of the United States Code (the “Bankruptcy Code”); (b) the *Motion for Provisional and Final Relief in Aid of a Foreign Proceeding Pursuant to Sections 105(a), 1517, 1519, 1520, and 1521 of the Bankruptcy Code*; and (c) the *Motion for Entry of an Order Specifying Form and Manner of Service of Notice of: (I) Filing of (A) Petition Pursuant to Chapter 15 of the Bankruptcy Code, and (B) Motion for Provisional and Final Relief in Aid of a Foreign Proceeding Pursuant to Sections 105(a), 1519, 1520, and 1521 of the Bankruptcy Code; (II) Entry of Provisional Relief Order; (III) Deadline to Object to Entry of Recognition Order; and (IV) Hearing for the Court to Consider Chapter 15 Petition and Entry of Recognition Order.*

4. I am an individual over the age of eighteen (18) and, if called upon, could testify to all matters set forth in this Declaration. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, information supplied to me by other members of the Debtor’s management, its professionals, or learned from my review of relevant documents or upon my opinion based upon my experience and knowledge of the

Debtor's industry, operations, and financial condition. If called upon to testify, I could and would testify competently to the facts set forth herein.²

BACKGROUND

A. The Debtor and its Business

5. CIC is a corporation organized under the laws of Ontario, Canada and headquartered in Toronto, Ontario, Canada. The Company has historically developed and operated gold mines in Venezuela and elsewhere in South America. CIC's past successful projects include mines in Venezuela as well as in Uruguay. As discussed more fully below, CIC's current, primary business purpose is the management and prosecution of an arbitration claim against the Government of Venezuela, under which the CIC has claimed damages in the approximate amount of \$3.8 billion (the "Arbitration Claim").

6. CIC has non-debtor affiliates in Canada, the United States, and throughout South America. Given that CIC's non-debtor affiliates neither hold significant assets nor are obligated with respect to prepetition indebtedness that will be restructured in the Canadian Proceeding, such non-debtor affiliates are not included in either the Canadian Proceeding, this case, or any other insolvency proceeding. However, should it become advisable, in order to properly effectuate a reorganization of the Company's prepetition liabilities, it is possible that one or more of CIC's affiliates could seek protection from its creditors before the Canadian Court, this Court, or another court of competent jurisdiction.

7. The center of main interests for the Debtor's enterprise is Toronto, Ontario, Canada. The Debtor and its non-debtor affiliates are operationally and functionally

² All references to currency in this Declaration are in United States dollars, unless otherwise indicated.

integrated in many respects, organized under centralized senior management, and subject to combined cash management and accounting functions — all based in and overseen from Toronto. The following (non-exhaustive) critical functions are performed for the Debtor and its non-debtor affiliates (collectively, the “Company”) out of the Ontario office:

- a. the Debtor’s non-debtor affiliates report to the Debtor, the ultimate parent company of the entire business enterprise, which is organized under the laws of Ontario;
- b. the operations of the Company are directed from the Debtor’s headquarters in Toronto;
- c. corporate governance for the Company (including the Debtor) is directed from Toronto;
- d. the Company’s CEO is based in Toronto;
- e. the Company’s tax, treasury, and cash management functions are managed from Ontario and finance staff report to senior management in Toronto;
- f. the Company’s human resources functions are administered from Toronto and all local human resources staff report into Toronto;
- g. the Company’s information technology and systems are directed from Toronto; and
- h. the Debtor is the issuer of the Company’s primary obligations — the Senior Notes (as defined below) comprising approximately \$100 million in outstanding principal liability.

(i) ***The Las Cristinas Project***

8. The Company’s principal focus since 2002 has been the exploration and development of the Las Cristinas gold project (the “Las Cristinas Project”) in Venezuela. The Las Cristinas Project is one of the largest undeveloped gold deposits in the world, and it covers approximately 9,600 acres and sits close to the Brazilian border in the southeastern state of Bolivar, approximately 420 miles southeast of Caracas. In September 2002, the Company entered into a Mine Operating Contract (the “MOC”) with the Corporacion Venezolana de

Guayana (the “CVG”), as state-owned Venezuelan conglomerate, which granted the Company exclusive rights to develop and operate the Las Cristinas Project. The MOC had a term of twenty years, which could be extended for a further twenty years upon agreement of the parties. Upon information and belief, the property contains measured and indicated gold resources of 20.76 million ounces.

9. Under the terms of the MOC, CIC was to carry out various duties, including the obligation to complete geological, feasibility, and environmental studies, undertake engineering design work, purchase all necessary equipment and materials required for the project, maintain and secure existing installations, and employ and manage a work force necessary for the development and operation of the Las Cristinas Project. CIC was also under the obligation to build infrastructure and develop several social programs and projects in the local community. CIC complied with all of these obligations.

10. Over the life of the MOC, neither the CVG nor the Government of Venezuela raised any material concerns about lack of compliance by CIC. Indeed, the CVG confirmed the continued existence of the MOC in good standing on several occasions. CIC only was awaiting issuance of an environmental permit by the Government of Venezuela in order to commence mining operations. CIC had complied with all requirements to obtain the permit. The Ministry of the Environment (the “Ministry”) advised CIC that the permit would be granted and that CIC should post a reclamation bond and pay certain taxes to obtain the permit. CIC negotiated the terms of the bond with the Ministry and posted a bond in the negotiated amount. The Ministry accepted the bond and sent CIC a bill for the permit, which CIC paid.

11. In 2008, however, the Venezuelan government began to issue conflicting statements about whether it would issue the environmental permit, with certain branches stating

that the permit would be issued and other branches stating that the right to mine Las Cristinas Project would be expropriated from CIC.

12. On February 3, 2011, despite confirming on several occasions that CIC's right to mine the Las Cristinas Project property continued unchallenged, the CVG sent a letter and a resolution purporting to terminate the MOC to CIC. The letter stated that the CVG had "resolved to unilaterally rescind" the MOC, on the basis that "[CIC] ceased activities for over a year at the mining sites." CIC did not cease activities; rather, it was maintaining the mining site in a shovel-ready state pending receipt of the environmental permit. There was nothing more that CIC could do to develop the mine without the environmental permit and, given that the Company had met the prerequisites, it was the CVG's responsibility to issue such permit.

(ii) *The Arbitration*

13. On February 16, 2011, CIC filed a Request for Arbitration (the "Request for Arbitration") before the Additional Facility of the International Centre for the Settlement of Investment Disputes ("ICSID") against Venezuela pursuant to a bilateral investment treaty between Canada and Venezuela (the "Treaty"). ICSID is a mechanism through which a private investor can seek legal redress against a foreign government that might otherwise be immune from suit for conduct that damages such private investor.

14. The Secretary General of ICSID registered CIC's Request for Arbitration on March 9, 2011. CIC intends to argue that Venezuela's conduct is in breach of international law and the Treaty, in particular, the protections contained in the Treaty against expropriation, unfair and inequitable treatment, and discrimination. In the Request for Arbitration, CIC seeks: (a) restitution by Venezuela of CIC's investments, including the MOC; (b) the issuance of the

permit; and (c) compensation for interim losses suffered. Alternatively, CIC seeks compensation of \$3.8 billion for the full value of its investment.

15. Resolution of the Arbitration Claim is likely to result in substantial value to CIC. As stated above, Las Cristinas Project contains over 20 million ounces of gold. As such, CIC's damage claim is for \$3.8 billion. However, at today's gold prices, the gold in the mine has increased in value by approximately \$20 billion since CIC signed the MOU, and CIC has spent over \$400 million on the Las Cristinas Project. In the unlikely event that CIC were to be awarded only restitution damages, without interest and without any compensation for the loss of the ability to develop the project, the Arbitration Claim would likely yield more than enough to pay all of its debts in full with substantial value remaining for shareholders.

16. Had Venezuela adhered to the MOC, CIC would have been earning revenue from the Las Cristinas Project (which was the Debtor's only pending project at the time of its expropriation) and would have been in a position to pay fully all of its debts. As a result of Venezuela's refusal to abide by the MOC, Crystallex faces a dire liquidity crisis.

B. The Company's Prepetition Capital Structure

17. As of the date hereof, CIC has the following primary assets: (a) the Arbitration Claim; (b) mining equipment, with an estimated book value of approximately \$10.1 million held at various warehouses;³ (c) cash and cash equivalents of approximately \$2 million.⁴

³ CIC intends to sell the equipment in an orderly fashion and has an expression of interest for the sale of a portion of that equipment for approximately \$3 million. CIC intends to actively market all of its remaining mining equipment.

⁴ Information is as of December 22, 2011.

18. As further described herein, the Company's primary, outstanding indebtedness is comprised of the following: (a) a secured loan ("Venezolano Loan") from Venezolano de Credito, S.A. ("Venezolano Bank"); (b) 9.375% senior unsecured notes, in the principal amount of \$100 million (the "Senior Notes"), issued under that certain Trust Indenture, dated December 23, 2004, by and between CIC, as Issuer, and CIBC Mellon Trust Company, as Trustee (and Computershare Trust Company of Canada as successor Trustee) (the "Indenture"); and (c) a subordinated loan in the principal amount of \$2.5 million from CRRC Investment Limited ("CRRC"), a wholly-owned subsidiary of China Railway Resources Group.

(i) **Venezolano Loan**

19. CIC is the borrower under the Venezolano Loan in the amount of 4,000,000 Bolivares Fuertes (i.e., approximately \$1,000,000). The Venezolano Loan is not a "loan" in the traditional sense, in that CIC does not draw upon, and receive funds under, a credit facility. Rather, the Venezolano Loan serves as a method for exchanging U.S. dollars for Bolivares Fuertes at an exchange rate favorable to CIC. When CIC needs Bolivares Fuertes, it contacts Venezolano Bank, requests Bolivares Fuertes, transfers U.S. dollars to the Venezolano Bank at the agreed-upon exchange rate, and Venezolano Bank provides CIC with Bolivares Fuertes. After the transaction with CIC, Venezolano Bank locates a third party wishing to exchange Bolivares Fuertes for U.S. dollars. Venezolano Bank holds the cash that it received from CIC until it is able to find a person or entity wishing to exchange Bolivares Fuertes for U.S. dollars. Because at any given time CIC has paid for the Bolivares Fuertes that it has received from Venezolano Bank, CIC does not have any outstanding obligations to such lender.

(ii) Senior Notes

20. In 2004, CIC issued approximately \$100 million of senior unsecured notes (the “Senior Notes”), pursuant to a Trust Indenture, dated December 23, 2004, by and between the CIC, as Issuer, and CIBC Mellon Trust Company, as Trustee. The Senior Notes bear interest at 9.375%. The Senior Notes mature on December 23, 2011, and as of the date hereof, approximately \$104 million is outstanding under the Senior Notes. The Senior Notes are not guaranteed by any subsidiaries of CIC. As discussed further herein, during the months preceding the Petition Date, CIC entered into good-faith negotiations to refinance obligations outstanding under the Senior Notes. Despite considerable effort, such refinancing was unsuccessful. Further, because of the inequitable conduct of the Government of Venezuela, CIC did not have the means to satisfy obligations in respect of the Senior Notes.

(iii) CRRC Agreement

21. Pursuant to the Binding Primary Agreement, dated June 20, 2010, by and between CIC, as borrower, CRRC and China Railway Resources Group, as lenders (the “CRRC Agreement”), CRRC provided a \$2.5 million loan that was subordinated to the Senior Notes (the “CRRC Loan”). In addition, the CRRC Agreement contemplated the future creation of a joint venture between CIC and CRRC to develop the Las Cristinas Project. As part of the proposed joint venture, CRRC would have provided a credit facility that CIC could have used to meet its obligations under, or to repurchase, the Senior Notes. However, such joint venture was never formed and CRRC never advanced such credit facility.

(iv) Accounts Payable

22. CIC has trade payables outstanding in the amount of approximately \$5.4 million. The majority of these accounts payable are due and owing to professional service

providers. Given that the Company's primary business, at this point, is the prosecution of the Arbitration Claim, the Company will also incur significant postpetition fees in connection with prosecution of the Arbitration Claim (the "Arbitration Proceeding").

(v) **Common Stock**

23. CIC has approximately 416,537,970 common shares outstanding, on a fully diluted basis. On October 17, 2011, CIC's common stock was delisted from the NYSE AMEX Equities. In addition, the Toronto Stock Exchange ("TSX") has decided to delist the common shares of CIC at the close of market on January 6, 2012 for failure to meet the continued listing requirements of TSX. In the United States, CIC's shares trade on the over-the-counter market with OTC Markets Group, Inc in the OTCQB tier.

C. Events Leading to the Commencement of the Canadian Proceeding and the Chapter 15 Filing.

24. CIC has been aware that it would encounter a liquidity crisis if the situation with Venezuela were not resolved before the stated maturity date under the Indenture. Although CIC acknowledged the possibility that Venezuela would unilaterally revoke CIC's right to develop the Las Cristinas Project, CIC was powerless to prevent the current liquidity crisis because the development of the Las Cristinas Project was the Company's sole operation. CIC's directors formed the view that the Company's best interests were served by trying to reach a negotiated solution with Venezuela.

25. At the same time as it pursued its options within Venezuela, CIC pursued other alternatives. As described above, in 2010, CIC entered into an agreement with CRRC to develop jointly the Las Cristinas Project. In so doing, CIC sought to harness the relations between the Chinese and Venezuelan governments for the benefit of CIC to move the Las Cristinas Project forward.

26. In addition, I have had numerous discussions with the holders of the Senior Notes (the “Senior Noteholders”) about the possibility of a consensual restructuring the obligations under the Senior Notes. These discussions failed because the Senior Noteholders insisted on taking for themselves almost all of the equity in CIC, for leaving current shareholders with only a nominal interest in CIC. Given that the capital obtained under the Senior Notes represents only a fraction of the total capital raised by CIC since its creation, and given that the Arbitration Proceeding is likely to result in substantial cash in excess of CIC’s debt obligations, neither I nor other members of CIC’s Board of Directors (the “Board”) believe it would be consistent with our fiduciary duties to sacrifice the shareholders to the Senior Noteholder’s demands.

27. On October 11, 2011, CIC announced that it was seeking financing in the amount of \$120,000,000 (which was subsequently increased to up to \$135,000,000) (the “Offering”).

28. The financing search made significant progress, and CIC had soft commitments for the full amount of the enlarged financing, provided a lead investor emerged. CIC received serious expressions of interest from a lead investor that was willing to purchase \$50 million of the new notes.

29. As the financing approached its completion, the lead investor advised CIC that it would require any financing to be approved by a court process to avoid the risk of being drawn into litigation. Given that the Senior Noteholders had already commenced two proceedings against CIC and its directors, this request did not seem unreasonable.

30. As the maturity date for the Senior Notes approached, one of the investors in the financing approached CIC with an offer to provide interim financing for a proceeding

under the CCAA or the Bankruptcy Code. Since CIC was concerned that the financing might not be completed before December 23, 2011, CIC began discussions with the investor. The investor provided a detailed term sheet, which CIC and its professional advisors attempted to negotiate. In the end, the Board, among other things, was not comfortable accepting such proposed terms without a broader canvass of the market to determine whether more favorable terms were available.

31. In order to finance the costs of the Canadian Proceeding and this chapter 15 case, as well as the Debtor's continued operating expenses during the pendency of such proceedings (as well as post-emergence), the Debtor will need access to a postpetition credit facility of at least \$30 million, which facility will be extendable into an exit facility. The Debtor's principal uses of cash during the pendency of the Canadian Proceeding and this chapter 15 case are anticipated to include the payment of ongoing costs of day-to-day operations, and professional fees and disbursements in connection with such proceedings and the Arbitration Proceeding.

32. Because the Debtor needs prompt access to liquidity in order not to jeopardize its primary asset, the Arbitration Claim, the Debtor intends to conduct a marketing and bidding process in order to identify and secure postpetition financing on acceptable and judicially-approvable terms. At the conclusion of such bidding process, the Debtor will determine which financing proposal presents the most favorable terms for the Company and submit that proposal for judicial approval.

CHAPTER 15 RELIEF REQUESTED

33. In connection with the preparation for this chapter 15 case, I have reviewed all pleadings, including the *Motion for Provisional and Final Relief in Aid of Foreign*

Proceeding Pursuant to Sections 105(a), 1517, 1519, 1520, and 1521 of the Bankruptcy Code (the “Recognition Motion”) and the *Motion for Entry of an Order Specifying Form and Manner of Service of Notice of (I) Filing of (A) Petition Pursuant to Chapter 15 of the Bankruptcy Code and (B) Motion for Provisional and Final Relief in Aid of a Foreign Proceeding Pursuant to Sections 105(a), 1519, 1520, and 1521 of the Bankruptcy Code; (II) Entry of Provisional Relief Order (III) Deadline to Object to Entry of Recognition Order; and (IV) Hearing for the Court to Consider Chapter 15 Petition and Entry of Recognition Order* (the “Notice Motion”). The Recognition Motion and the Notice Motion were prepared with my input and the assistance or the input and assistance of employees working under my supervision. I believe the information contained in the Recognition Motion and the Notice Motion is accurate and correct. As set forth more fully below, I believe that the entry of order granting the relief requested in the Recognition Motion and the Notice Motion is critical to Company’s ability to preserve its value as a going-concern and emerge as a profitable business.

A. The Recognition Motion

34. As set forth in the Recognition Motion, this Court should recognize the Canadian Proceeding as a “foreign main proceeding,” as defined in section 1502(4) of the Bankruptcy Code. The Bankruptcy Code provides that a foreign proceeding is a “foreign main proceeding” if it is pending in the country where the debtor has its “center of its main interests.” See 11 U.S.C. § 1517(b)(1).

35. As discussed above, CIC’s “center of main interest” is in Toronto, Ontario, Canada. As set forth more explicitly above, all of CIC’s principal corporate, management, banking, and strategic functions are undertaken in Toronto. In addition, CIC’s centralized cash management system is managed from Toronto, and all of CIC’s non-debtor

affiliates are dependent on such system, as well as other managerial oversight, to meet their operational needs. As such, it is my belief that Toronto is CIC's center of main interests, and, accordingly, the Canadian Proceeding should be recognized by the Court as a foreign main proceeding.

36. The Recognition Motion also requests the application of section 362 of the Bankruptcy Code on an interim basis until the hearing on recognition takes place (i.e., approximately 21 days after the date hereof). As explained more fully in the Recognition Motion, absent such preliminary relief pending the Court's determinations with respect to recognition of the Canadian Proceeding as a "foreign main proceeding," U.S. creditors — and, specifically, the holders of the Senior Notes — may seek a tactical advantage through unilateral action, including efforts to commence litigation, attachment or other legal process in whatever United States jurisdiction a creditor may choose. As the success of the Canadian Proceeding depends on CIC's ability to adopt a unified plan covering the claims of all creditors, the threat of disruption of the reorganization process as well as the legal cost of defending such actions will severely and adversely impact the success of CIC's reorganization in the Canadian Proceeding, causing irreparable harm to the Company, its creditors, and other interested parties.

37. The Recognition Motion also seeks to give effect to the Initial Order in the United States and to obtain recognition of the CCAA stay of proceedings to protect CIC's United States assets and operations. CIC requires immediate protection in the United States, consistent with the relief provided for in the Initial Order, from creditors and other stakeholders from taking steps to potentially deplete its estate to the detriment of all stakeholders, and irreparably jeopardize the Debtor's ongoing efforts to restructure.

38. In short, the failure to protect CIC's U.S. assets will irreparably harm the Debtor and deplete its resources, thereby limiting CIC's ability to maximize the assets available, on an equitable basis, for all of its creditors. The proposed relief will allow for the orderly administration of the Debtor's affairs and equitable resolution of its liabilities under the supervision of the Canadian Court and this Court. A stay of actions against the Debtor will not only preserve its assets for the benefit of all of its creditors and stakeholders, but also allow CIC to devote its full attention to effectively and efficiently administering the Canadian Proceeding and this case.

39. Furthermore, the Recognition Motion seeks specific approval of relief in connection with the Debtor's efforts to obtain DIP financing. The Initial Order authorizes the Debtor, with the consent of the Monitor (as defined in the Initial Order), to establish procedures to solicit offers for postpetition financing (the "DIP Bid Procedures"). Upon the Debtor's determination of the best offer to provide postpetition financing, the Debtor will seek an order of the Canadian Court approving such financing (the "Canadian DIP Order").

40. Due to the Debtor's liquidity needs, it is imperative that the Debtor obtain postpetition financing. Based upon the Debtor's prepetition efforts to secure postpetition financing (which were limited in scope due to circumstances of the Debtor's primary focus on refinancing their obligations), and what the Debtor understands to be market expectations of the pool of potential postpetition lenders, the Debtor believes that a DIP lender will condition availability upon (a) this Court's approval in full of the Initial Order, including its provision regarding the establishment of DIP Bid Procedures, (b) this Court's approval and recognition in full of the Canadian DIP Order, and (c) the grant of protections under section 364 of the Bankruptcy Code to the DIP lender.

41. Accordingly, based on the foregoing, I respectfully request the Court enter orders granting the relief requested in the Recognition Motion, as I believe such relief to be vital to the Debtor's successful restructuring, and in the best interests of the Debtor, its creditors, and other parties in interest. As such, the Recognition Motion requests that this Court: (a) approve the Initial Order's provision regarding the DIP Bid Procedures; and (b) authorize the Debtor to, upon limited notice of no less than three (3) business days, seek an order of this Court, approving and recognizing the Canadian DIP Order and granting the DIP lender the protections provided for in section 364 of the Bankruptcy Code, including without limitation those embodied in section 364(e) thereof. With such notice, the Debtor will file with this Court and serve in accordance with Rule 2002(q)(1) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), a copy of the Canadian DIP Order, the credit agreement between the DIP lender and the Debtor's, and the proposed order recognizing the Canadian DIP Order.

B. The Notice Motion

42. The Notice Motion seeks entry of an order, pursuant to section 105(a) of the Bankruptcy Code, and Bankruptcy Rules 2002, 9006, 9007, and 9008, specifying the form and manner of service of notice (the "Recognition Notice") of: (a) the filing of the chapter 15 petition and the Recognition Motion; (b) this Court's entry of the order (the "Provisional Relief Order") staying any collection activity by creditors against the Debtor's assets located in the United States on an interim basis; (c) the deadline (the "Recognition Objection Deadline") to object to this Court's entry of the order (the "Recognition Order") after notice and a hearing (i) granting recognition of the Canadian Proceeding as a foreign main proceeding under section 1517 of the Bankruptcy Code, and (ii) enforcing the Initial Order on a permanent basis in the

United States; and (d) the hearing (the “Recognition Hearing”) for this Court to consider the chapter 15 petition and entry of the Recognition Order.

43. The Debtor has numerous creditors, potential creditors, and other parties in interest, all of which need to be provided with notice of the Provisional Relief Order (once entered), the proposed Recognition Order, the Recognition Objection Deadline, and the Recognition Hearing. Under the facts and circumstances of this case, it is my belief that service of the Recognition Notice in the manner proposed in the Notice Motion will provide the Debtor’s various parties in interest due and sufficient notice and service of such matters and any associated objection deadline and hearing dates. Furthermore, the Recognition Notice provides multiple efficient ways for any party receiving such notice to obtain copies of pleadings filed in this case and the Canadian Proceeding, as it provides a website address and email address that can be used to obtain such documents.

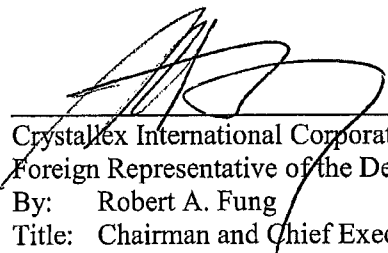
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CONCLUSION

In furtherance of the Debtor's reorganization efforts, the Foreign Representative respectfully requests that orders granting the relief requested in the Recognition Motion and the Form and Manner Motion be entered.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: December 23, 2011



Crystallex International Corporation
Foreign Representative of the Debtor
By: Robert A. Fung
Title: Chairman and Chief Executive Officer