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August 12, 2011

Paul Mercredi, Environmental Assessment Officer  
Mackenzie Valley Environmental Impact Review Board  
200 Scotia Centre  
P.O. Box #938  
Yellowknife, NWT  
X1A 2N7

**RE: Location status of proposed Hydrometallurgical Plant**

Dear Paul,

Further to our discussion of yesterday, attached please find a drawing depicting the proposed new location of the Hydrometallurgical Plant for the Thor Lake Project. This change does not materially change any of the assessment information presented in the DAR and is a result of communications between Avalon and the GNWT regarding land access and infrastructure development.

The key differences between the prior proposed location and the new proposed location are as follows:

- Potential benefits due to the plant being located on GNWT (MACA) lands;
- Reduced footprint due to a reduction of 2 kilometres of power line;
- Reduced piping requirements for the tailings management facility and fresh water supply.
- Relocation of the proposed plant to a much larger brownfield site.

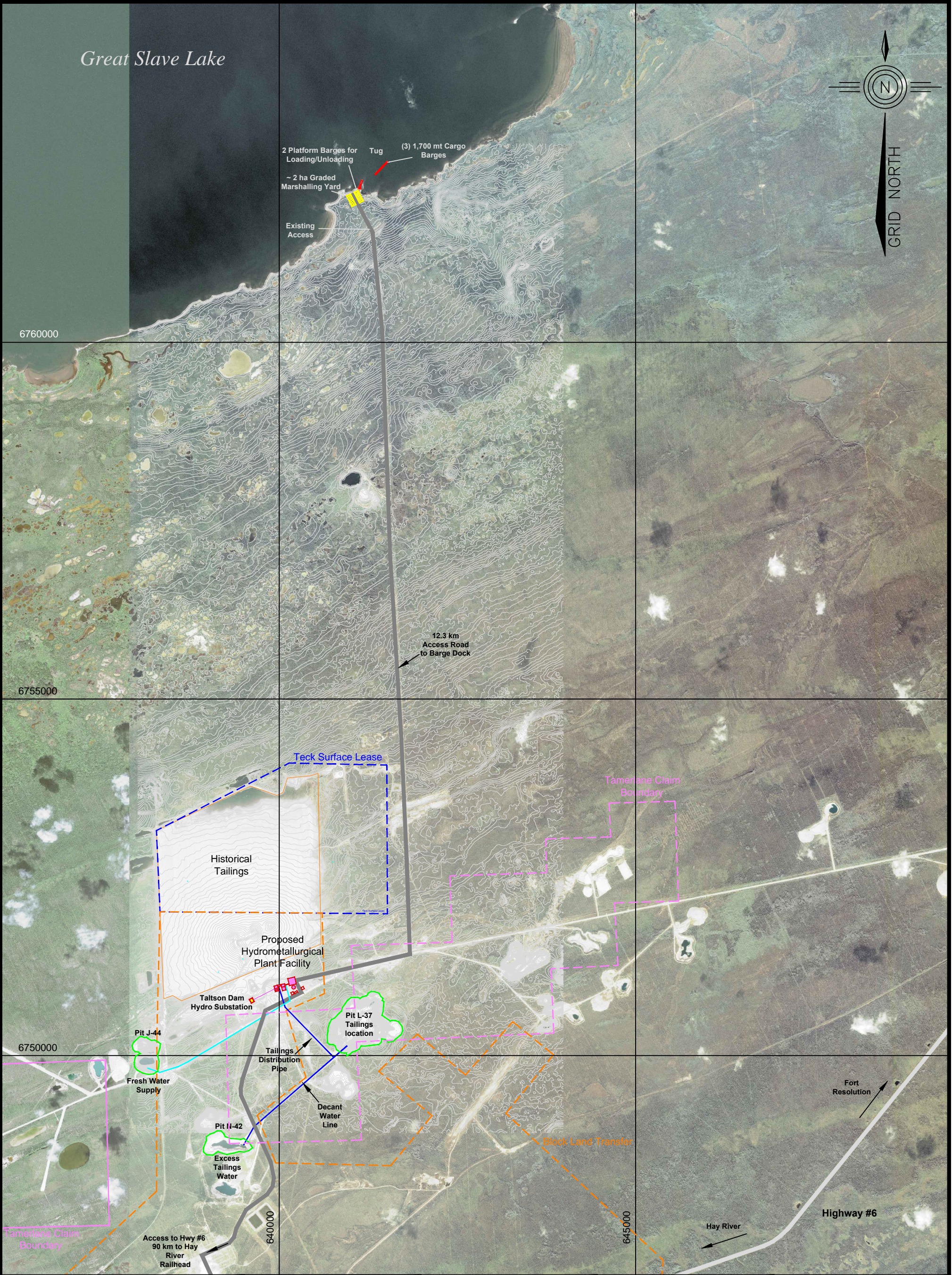
Should you have any other inquiries or questions, please don't hesitate to contact me.

Thank you

A handwritten signature in blue ink, appearing to read "David Swisher".


David Swisher  
VP Operations  
Avalon Rare Metals





NOTES	
COORD SYS	UTM 11 North NAD 1983
PAPER SIZE	11x17 P

REVISIONS			
CHANGE	BY	DATE	CHECKED

 <b>AVALON</b> RARE METALS INC.	TITLE 1		Pine Point Topo Map	
	TITLE 2		Gen. Arrangement	

PROJECT			
Nechalacho			
DWG NO.		GA - 000 - 002	
DATE:	Aug 10, 2011	DRAWN BY:	S. Chan
SCALE:	1:50,000	CHECKED BY:	D. Swisher