



October 29, 2012

Mr. Hughie Graham
President
NWT Chamber of Commerce
4802 – 50th Avenue Unit 13
Yellowknife NT

Dear Mr. Graham:

**RE: Avalon Rare Metals Inc. (Avalon)
Environmental Assessment Process EA1011-001**

Thank you for your letter of October 25, 2012 addressed to the Mackenzie Valley Environmental Impact Review Board (the Review Board or MVEIRB) in relation to the above Environmental Assessment (EA). Be assured that the MVEIRB is committed to timely completion of the Avalon EA proceeding.

This proceeding includes fourteen Parties and follows a detailed work plan which has been in place since 2011 (updated as required). A number of steps remain to be completed before the Review Board can conduct its hearings and produce a final recommendation in a Report of EA for the Minister of Aboriginal Affairs and Northern Development Canada.

At this stage in the process, there are still outstanding technical questions to be addressed by Avalon. We anticipate, however, that answers to these questions will be provided in the near future. The Parties to the proceeding will then be able to analyze the evidence on the record and file technical submissions, setting out their formal positions on the project. Avalon will reply and then the public hearings may proceed. There is a lot of technical information to be considered by the Parties. This is a legal process and it must be conducted fairly. A systematic and measured pace is required.

The Review Board gave careful consideration to Avalon's request to advance the hearing dates to December and has decided to maintain the current hearing dates in mid-February. The MVEIRB's decision was made with full consideration of the evidence on the record, the number and capacity of the Parties to the proceeding and the requirements of fairness. The current hearing dates represent the Review Board's best judgment of what can be achieved in a timely fashion without increasing legal risk or compromising the quality of the EA process.



We are aware that Avalon has indicated an intention to begin construction in early 2013. Should the outcome of the environmental assessment process be a recommendation for the proposed development to proceed to licensing; it will still be necessary for the Minister of AANDC and other responsible Ministers to consider and approve the Review Board's decision. Again, assuming Ministerial approval, Avalon will require a Type "A" water licence from the Mackenzie Valley Land and Water Board before it can begin construction of its project. Given the time required to satisfy these latter two processes; it does not appear realistic to assume that such a licence could be issued before the spring of 2013, regardless of the timing of Review Board hearings.

We thank you for your interest in the Review Board's Avalon proceeding. As an independent administrative tribunal and made up of northern residents; the MVEIRB is very sensitive to the concerns which you have raised. Please be assured that the Review Board is determined to complete its hearings and to produce a Report of EA in a timely fashion as required by the *Mackenzie Valley Resource Management Act*.

If you have further questions please do not hesitate to contact me. If you wish we can also make arrangements for you to communicate any concerns you have directly to the Review Board by registering to speak at the upcoming public hearings.

Sincerely,

Vern Christensen
Executive Director

cc: Avalon Rare Metals Inc.
Parties to EA1011-001
Regional Director General AANDC
Director General NPMO
Mackenzie Valley Land and Water Board



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Representing Northern Business Since 1973

Via email to board@reviewboard.ca

October 25, 2012
Richard Edjericon, Chair
Mackenzie Valley Environmental Impact Review Board
200 Scotia Centre
Box 938, 5102-50th Ave
Yellowknife, NT X1A 2N7

Dear Mr. Edjericon,

The NWT Chamber of Commerce would like to voice its support of Avalon Rare Metals in their request to have their environmental assessment hearings rescheduled to a date before the Christmas holidays.

This change in hearing date would allow Avalon to proceed on schedule with their project and permit construction to begin in the summer. The NWT Chamber of Commerce believes this project is very important for the Northwest Territories and would again like to state its support of this project moving ahead on time, without delays.

For any inquiries regarding this letter of support, please contact our office at (867) 920-9505, or via email at admin@nwtchamber.com.

Yours truly,
NWT CHAMBER OF COMMERCE

A handwritten signature in blue ink, appearing to read "Hughie", is written over the printed name.

Hughie Graham
President