



October 29, 2012

Mayor Ken Latour
Town of Hay River
73 Woodland Drive
Hay River NT

Dear Mayor Latour:

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

Thank you for your letter of October 23rd, 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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OFFICE OF THE MAYOR

October 23rd, 2012

VIA ELECTRONIC TRANSMISSION

Paul Mercredi
Environment Assessment Officer
Mackenzie Valley Environmental Impact Review Board
200 Scotia Centre
Box 938, 5102-50th Ave
Yellowknife, NT X1A 2N7

Reference: Avalon Rare Metals Inc. Environment Assessment Process

The Council of the Town of Hay River has acknowledged Mackenzie Valley Environmental Impact Review Board requirements for further assessment, and is concerned about the timeline ramifications, in that the public hearings are now being pushed to 2013.

The Town of Hay River has provided ongoing support to Avalon Rare Metals Inc. for the benefit of the residents and the economic development of our community. We believe this is a vital project for the North and the delay will have a detrimental impact on the future of Avalon and their partnerships.

The Council strongly encourages that MVEIRB conducts the Public Hearings prior to the New Year.

Thank you for your consideration of this important matter. Should you have any questions or require further information regarding this letter of support, please contact the office of the Mayor.

Sincerely,

Mayor
Ken Latour
Town of Hay River

Cc: Avalon Rare Metals Inc.