

December 17, 2010

Our file: EA1011-001

David Swisher
Vice President, Operations
Avalon Rare Metals Inc.
Unit 330 – 6165 Hwy 17
Delta, BC V4K 5B8

Via e-mail: dswisher@avalonraremetals.com

Re: **Development Description for Avalon's Nechalacho Rare Earth Element Project**

Dear Mr. Swisher:

The Mackenzie Valley Review Board is in receipt of your December 10, 2010 submission commenting on the draft *Terms of Reference* for Avalon's Nechalacho Project. The Review Board wishes to address one of the points in your submission in the interest of a fair, efficient, and effective environmental assessment.

Regarding the second paragraph in section 2.2.4 of the *Terms of Reference*, the following excerpt appears on page 3 of your submission:

It is important that the Review Board understand that all project components have been defined throughout the Scoping Sessions. Please refer to Avalon's scoping session presentations for clarity. The only changes to the scope of the project that differ from the Project Description Report are as follows:

- *Elimination of underground ramp-up production from 1,000 tpd in years 1-3 to 2,000 tpd throughout the project life.*
- *Re-location of hydromet tailings management facilities from the existing Cominco Tailings containment area to the historic N-38 open pit.*

For clarification: while scoping sessions are important for hearing the attendees' concerns about a project, these sessions do not replace official correspondence between the developer and the Review Board. On the matter of a complete development description the Review Board requires further information, particularly with respect to the Pine Point hydrometallurgical tailings facility, for reasons outlined below.

The Review Board has a duty to set the scope of the development as an initial step in environmental assessment in accordance with subsection 117(1) of the *Mackenzie Valley Resource Management Act* and section 3.8 of the Board's *Environmental Impact Assessment Guidelines*. In order to set the scope of



development the Review Board needs an appropriate development description. Towards this end section 3.8 of the Review Board's *Environmental Impact Assessment Guidelines* states that:

When scoping the development, the Review may require a more detailed and complete description of the proposed development than was submitted during Preliminary Screening...A complete development description means the full explanation of the proposed development...It includes all parts of the development that are necessary for the development to proceed, and all aspects of the development that are planned.

The Review Board notes that since submitting the Preliminary Screening documents to the Mackenzie Valley Land and Water Board for this project, Avalon has changed the development description regarding the tailings management facility at the Pine Point processing site. Since changing this portion of their project, Avalon has not submitted correspondence to the Review Board that adequately describes – for the Review Board's purposes – Avalon's new plans for tailings management at the Pine Point processing site. The Review Board thus requires Avalon to submit – before 5pm on January 7th, 2011 – a development description that fully describes Avalon's updated plans for development at the Pine Point processing site as well as any updated plans for the Nechalacho (Thor Lake) mine site. With this new information the Review Board can continue to fulfil its duties to conduct a fair, efficient and effective environmental assessment on this project for all parties in the process.

Regards,

Paul Mercredi
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board

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