

Our File: EA1011-001
Nechalacho Rare Earth Element Project

July 7, 2010

Distribution List

EA1011-001

Nechalacho Rare Earth Element Project, Avalon Rare Metals Inc.

Re: **Outline and instructions for the scoping phase of the environmental assessment of Avalon Rare Metals Inc.'s Nechalacho Rare Earth Element Project**

Introduction

The Mackenzie Valley Environmental Impact Review Board (Review Board) is conducting an environmental assessment of Avalon Rare Metals Inc.'s proposed Nechalacho Rare Earth Element Project. The project includes the activities and physical works related to Land Use Permit application MV2010D0017 and Water Licence application MV2010L2-005. The Mackenzie Valley Land and Water Board referred this proposed development to environmental assessment "because the development proposal might have a significant adverse impact on the environment and be of public concern".

The Review Board has created a public registry for this file where parties to this environmental assessment can find information and other process-related documents. The public registry is available online at <http://www.reviewboard.ca/registry/> - this file is *EA1011-001 –Avalon Rare Metals Inc. Nechalacho Rare Earth Element Project*.

The Review Board is now starting the scoping phase of the environmental assessment process. Scoping identifies the issues that the Review Board will focus on during the rest of the environmental assessment. Scoping sessions allow interested parties - including community members and government departments – to highlight and discuss main concerns related to the proposed development.

Scoping

In the interest of an efficient scoping phase, the Review Board encourages interested parties to review the Project Description Report for the Nechalacho Rare Earth Element Project – as well as any other document relating to Avalon's application for development - on the Review Board's public registry: <http://www.reviewboard.ca/registry/>. The Review Board can provide electronic copies of the Project Description Report on request.

To prepare for scoping sessions, the Review Board also requests that interested parties and the developer consider the following questions:

1. What biophysical, socio-economic and cultural issues should the Review Board consider during the environmental assessment and why?
2. What physical works and activities should the Review Board consider as part of the development?
3. What area and what time period should the Review Board use for assessing potential impacts (including project-specific and cumulative impacts) from this proposed development?



4. What evidence (if any) from previous studies, management plans, or environmental assessments should the Review Board transfer onto the public record for this environmental assessment, and why?
5. What alternative ways of developing the proposed project – to prevent potential significant adverse impacts - should the Review Board consider during the environmental assessment?

Scoping sessions

Community scoping sessions

Review Board staff will host community scoping sessions in Dettah, Fort Resolution, Lutsel K'e and Hay River. At each of these scoping sessions, Review Board staff will describe the Review Board's mandate, describe the environmental assessment process, and identify the goals of the scoping sessions. The developer will then give a presentation that describes their proposed development. Afterwards, organizations and individuals have an opportunity to highlight key issues about the proposed development for the Review Board to examine during the environmental assessment. Depending on the number of issues raised, these sessions may take from a couple of hours to a full day. There will be evening sessions as well to accommodate those who must work during the day. Review Board staff will soon confirm both the dates and venues for these community scoping sessions and post the schedule on the public registry. Tentatively, the sessions will take place between late July and mid-August.

Technical scoping sessions

Review Board staff will also host a Technical Scoping Session in Yellowknife. This will provide government regulators and other interested parties an opportunity to identify key issues for the Review Board to analyze during the environmental assessment. Review Board staff will soon confirm both the date and venue for this technical scoping session and post the schedule on the public registry.

Scoping submissions

The Review Board encourages interested parties to submit comments both before and after any scoping sessions. The deadline for scoping questions, comments or any other scoping-related submission is **August 20, 2010**.

Sidebar meetings

“Sidebar meetings” are when an interested party and the developer meet to discuss concerns about the proposed development, and are part of a fair, effective and efficient process. These meetings can occur at any time during the environmental assessment and the Review Board encourages interested parties to engage the developer, and the developer to engage interested parties. These types of meetings can help the Review Board determine the potential for significant adverse impacts on the environment. For this to happen, an interested party must report to the Review Board how that impact may occur and what specific objectives the developer must meet in order to prevent the significant adverse impact. A meeting summary must also indicate whether or not the developer has made a specific commitment to prevent what the interested party sees as potentially causing a significant adverse impact. In this way, the Review Board may capture such commitments as measures in its final Report of Environmental Assessment.

Analytical phase

For one month after the scoping phase the Review Board issues for public comment a *draft* Terms of Reference and Work Plan. The Review Board's *final* Terms of Reference is a “table of contents” - a list of information requirements from the scoping phase - for a report that the developer will research, write and



submit to the Review Board. This document is called the Developer's Assessment Report. Afterwards and with the help of interested parties, the Review Board uses information in the Developer's Assessment Report to determine the likelihood for any potential significant adverse impacts on the environment. From this determination the Review Board produces a Report of Environmental Assessment for the proposed development. The Work Plan outlines the milestones and the predicted duration for each stage in the environmental assessment process.

Information requests, technical sessions or workshops as well as public hearings are commonly used tools in the analytical phase. For a more thorough description of the environmental assessment process, please see the Review Board tutorial at http://www.reviewboard.ca/review_board_101 and other documents in the Review Board's reference library: http://www.reviewboard.ca/reference_lib/.

Summary

Review Board staff will provide information to organizations and individuals on the distribution list as it becomes available. This includes "EA updates" and instructions on how the process will proceed. The Review Board reminds interested parties that the most effective way to receive updates is by subscribing to the Review Board's automatic e-mail subscription list at <http://www.reviewboard.ca/subscriptions/>.

Sincerely,

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