

EA1011-001
Nechalacho Rare Earth Element Project

June 25, 2010

Mr. David Swisher
VP Operations
Avalon Rare Metals Inc.
6165 Highway 17, Unit 330
Delta, BC V4K 5B8

Fax: (604) 940-3808

Re: Notice of Referral to Environmental Assessment – Avalon Rare Metals Inc. - Nechalacho Rare Earth Element Project - EA1011-001

Dear Mr. Swisher,

You are hereby notified that on June 11, 2010 the Mackenzie Valley Land and Water Board referred Avalon Rare Metals Incorporated's land use permit application (MV2010D0017) and water license application (MV2010L2-005) for a rare earth metals mining and milling operation (the "development") to environmental assessment by the Mackenzie Valley Environmental Impact Review Board (the "Review Board"). The Mackenzie Valley Land and Water Board referred the proposed development to environmental assessment pursuant to paragraph 125(1)(b) of the *Mackenzie Valley Resource Management Act* "because the development proposal might have a significant adverse impact on the environment and be of public concern".

Under the requirements of subsection 118(1) of the *Mackenzie Valley Resource Management Act*, no permit or other authorization required for the development under territorial or federal law can be issued until the Review Board concludes the environmental assessment. The Review Board will create a public registry for this file (EA1011-001) where parties to the environmental assessment can access information. The public registry will be available online at <http://www.reviewboard.ca/registry/>. The Review Board's *Environmental Impact Assessment Guidelines* and other relevant documents are also available in the Review Board's online reference library: http://www.reviewboard.ca/reference_lib/.

The Review Board will determine the scope of the development and the scope of assessment with interested parties - including Avalon Rare Metals Inc. - and will provide your company with further instructions in short order. To facilitate the initial part of the environmental assessment, the Review Board requests that you send one paper copy and three electronic copies (compact discs) to the Review Board's office at the address in the footnote below.



Please contact me should you have any questions regarding the Review Board's environmental assessment process.

Regards,

Paul Mercredi
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board

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