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Industry Bulletin: Ontario's new Green Energy Act likely to stimulate demand for rare metals and minerals

In our ongoing efforts to provide you with broader communications and industry information, we are pleased to issue another Industry Bulletin discussing recent trends in the markets of various rare and strategic metals. In this edition, we report on the relevance of the Ontario Government's proposed new Green Energy legislation called: *An Act Granting Priority to Renewable Energy Sources to Manage Global Climate Change, Protect the Environment and Streamline Project Approval*.

Ontario is making a significant effort to encourage more aggressive adoption of wind, and solar power, and energy conservation technologies in the province. The new Act focuses on renewable energy procurement, financing new projects, independent community energy, engaging First Nations and Métis communities in renewable energy projects, electricity grid upgrades, energy conservation, and protecting the environment.

According to Ontario's Premier McGuinty, these commitments will help generate investment and create more than 50,000 jobs for technology developers, manufacturers, project developers including engineers and constructors over the next three years.

The Ontario Sustainable Energy Association, together with other leading trade associations, environmental groups, First Nations, and landowners (otherwise known as the 'Ontario Green Energy Act Alliance') have proposed targets of some 10,000 MW and 25,000 MW of installed renewable energy generation capacity by 2015 and 2025 respectively, reducing conventional energy demand and reducing the Province's carbon footprint.

A draft copy of the proposed Ontario Green Energy Act Alliance report can be found by clicking:

http://www.greenenergyact.ca/Storage/23/1477_GEA-Proposal-1-1.pdf

Significantly, many of the green energy technologies to be implemented rely on the rare metals including neodymium, dysprosium, gallium, lithium, and terbium to make them possible and capture the benefits. For example:

- High strength rare earth magnets for direct drive wind generators

- Rare earth Phosphors in electronic components and instrument display monitors
- Indium –gallium thin film solar panel and specialty glass substrates
- Rare earth magnets for energy efficient brushless motors for industrial retrofits, elevators, air conditioners and home appliances
- Specialty composites using rare minerals such as calcium feldspar for wind turbine vanes
- High strength/low weight construction materials, such as lithium-aluminum alloy
- Lithium ion energy storage devices to feed energy into the system whenever needed.

Avalon is well positioned to benefit from the growing demand for rare metals in green energy applications, through its large rare metals resources at Thor Lake, Northwest Territories and at its three Ontario projects, Separation Rapids, Warren Township and Lilypad Lakes.

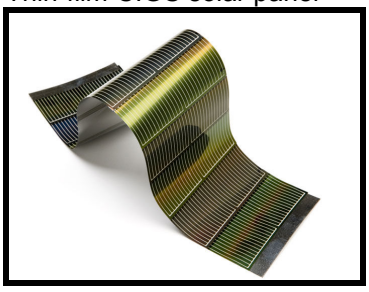
Avalon, in collaboration with Pro-edge Consultants Inc., has established a blog to provide a forum for information and discussion on the rare metals including emerging uses and supply/demand trends. Readers are invited to visit this new blog at:

www.raremetalblog.com

If you have any comments or questions on lithium or any of the other rare metals, please do not hesitate to post them on the blog or feel free to contact the company directly at office@avalonraremetals.com

Intelligent thermostat

Thin-film CIGS solar panel



Wind turbine