



## Rare Earths Markets and Avalon's CSR practice featured at PDAC 2009

In our ongoing efforts to provide you with broader communications and industry information, we are pleased to issue another Industry Bulletin in which we provide an overview of Avalon's active participation at the Prospectors and Developers of Association of Canada (PDAC) annual convention, held last week in Toronto, and the growing profile of rare metals and responsible exploration practice at this annual event. The convention was well attended and quite a success considering the economic climate, with an estimated 17,600 attendees from around the world.

Dudley Kingsnorth, the respected Rare Earth Elements ('REE') market analyst (and a consultant to Avalon), presented a comprehensive assessment of the current REE markets out to 2014 to the opening-day Commodities Outlook plenary session attended by some 300 delegates. Within the context of his remarks entitled "*Can Supply Meet Demand in 2014?*" Kingsnorth responded with a definite 'YES', provided that new supply sources emerge to meet the growing demand. Factoring in the current global economic downturn, the demands for new technology solutions in a green energy economy, general economic recovery scenarios, and known mid-to-longer term supply options, Kingsnorth effectively concluded that for 2014:

- Supply/demand balance of specific elements will remain an issue, especially as new technology applications continue to be introduced and evolve
- Supply will be tight or in deficit for certain heavy REE, notably terbium, dysprosium and yttrium, and prices for these should remain strong )
- China will not 'starve' the rest of the world of rare earths
- The first of the new REE producers should be on stream (of which Avalon's Thor Lake Project was noted), and
- The forecasted demand of 170,000 – 190,000 tonnes per annum (tpa) of TREO (Total Rare Earth Oxides) will be met (2008 demand was 124,000 tonnes)

To view Mr. Kingsnorth's PowerPoint slide presentation, please go to:

[http://www.avalonventures.com/media\\_room](http://www.avalonventures.com/media_room)

Bill Mercer, Avalon's Vice President, Exploration and a Past-President of PDAC, spoke at a full-day pre-convention workshop on the PDAC's new *E3 Plus: Framework for Responsible Exploration*. The workshop was convened by PDAC to introduce the new program to its membership and encourage its use by member companies who operate in over 100 countries around the world. The workshop was attended by 80 active exploration practitioners and other professionals interested in seeing the broader application of Corporate Social Responsibility ("CSR") principles in the mineral exploration sector. The PDAC Principles, Guidance and Toolkits can be viewed at:



<http://www.pdac.ca/e3plus/index.html>

Dr. Mercer was invited to present Avalon's story on its CSR practice at Thor Lake as a practical case history in how these principles can be effectively implemented by a junior company. Many companies are struggling to adapt to the new reality of CSR but Avalon is demonstrating that good CSR practice can also be good business. The workshop addressed the principles, performance guidelines and provided some practical guidance tools covering a broad scope of issues affecting the exploration business including: governance, human rights, community engagement, environmental stewardship and health and safety.

A copy of Dr. Mercer's presentation entitled "*Putting the PDAC Principles into Practice - Avalon Rare Metals Inc.*" can be found at <http://www.avalonventures.com/sustainability/>

Ian London, Avalon's Vice President Market Development, continued on the environmental theme, when he spoke at a post-convention workshop on *Climate Change: Implications for the Exploration and Mining Industry*. The workshop, attended by 60 people, addressed several dimensions of this issue related to: new U.S. policy initiatives, the development of a North American carbon trading system, the drive for green energy jobs, and how the mining industry needs to improve on its energy intensity and greenhouse gas (GHG) emissions.

London's presentation, entitled "*Can The Mining Industry Help Other Industries Reduce Their Carbon Footprint? Yes!*" described how the mining industry can deliver the raw materials necessary to meet the demand for accelerated new materials engineering solutions and industrial innovation to drive the green energy economy, be it - wind turbines, hybrid vehicles, solar panels, instrumentation and control technologies, and lighter, stronger less energy-intensive manufactured building materials. The presentation included a case study illustrating the benefits that a modest change to a glass batch composition by introducing lithium or calcium feldspar can bring to the glass industry in terms of reduced GHG emissions.

For Mr. London's presentation go to: <http://www.avalonventures.com/sustainability/>

Don Bubar, Avalon's President & CEO and a Director of the PDAC, was ever present during the four-day conference. Bubar chaired two half-day sessions focused on Aboriginal participation in the industry, presented the Avalon story at the Investors Exchange Forum as well as hosted the public for a Signing Ceremony of Avalon's MOU with the Chapleau Cree First Nation with regard to Avalon's Warren Township Project.

As a reminder, 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](http://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](mailto:office@avalonraremetals.com)