



AVALON RARE METALS INC.

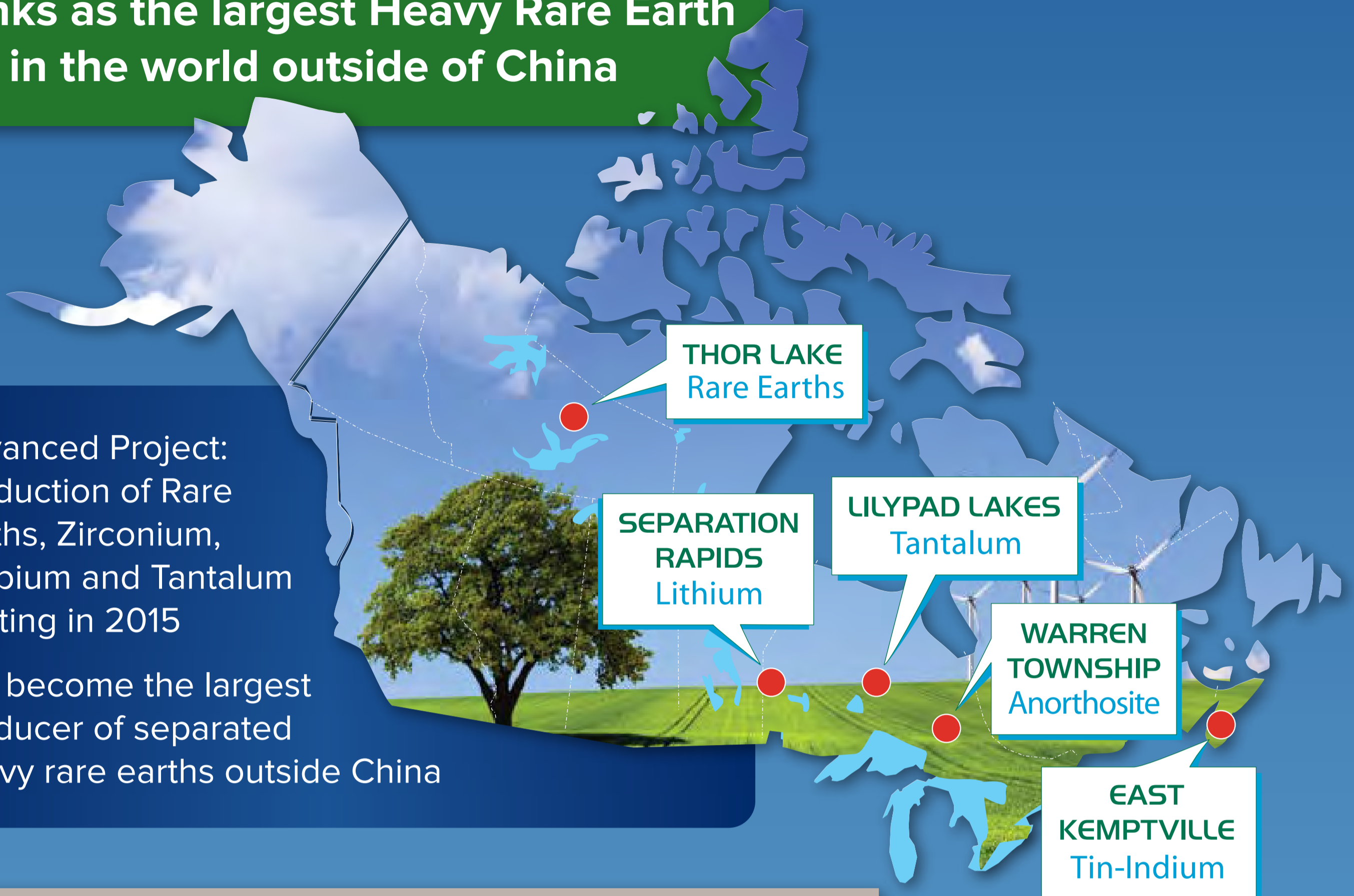
MATERIALS FOR CLEAN TECHNOLOGY

TSX & NYSE Amex: AVL Frankfurt: OU5

The Nechalacho Deposit at Thor Lake now ranks as the largest Heavy Rare Earth deposit in the world outside of China

Advanced Project: production of Rare Earths, Zirconium, Niobium and Tantalum starting in 2015

Will become the largest producer of separated heavy rare earths outside China



Social Responsibility and Environmental Stewardship are Corporate Cornerstones

OUR ABORIGINAL PARTNERS:

- Yellowknives Dene First Nation (MOU November 2010)
- Deninu K'ue First Nation (MOU January 2011)
- Lutsel K'e Dene First Nation (MOU May 2011)

ENGAGING UNIVERSITIES:

- University of Toronto
- McGill University
- Ryerson University
- Schulich Business School, York University
- University of Waterloo

ENVIRONMENTAL STEWARDSHIP:



Thor Lake airstrip - land reclamation of legacy exploration; existing rock debris left on site was used in building the airstrip

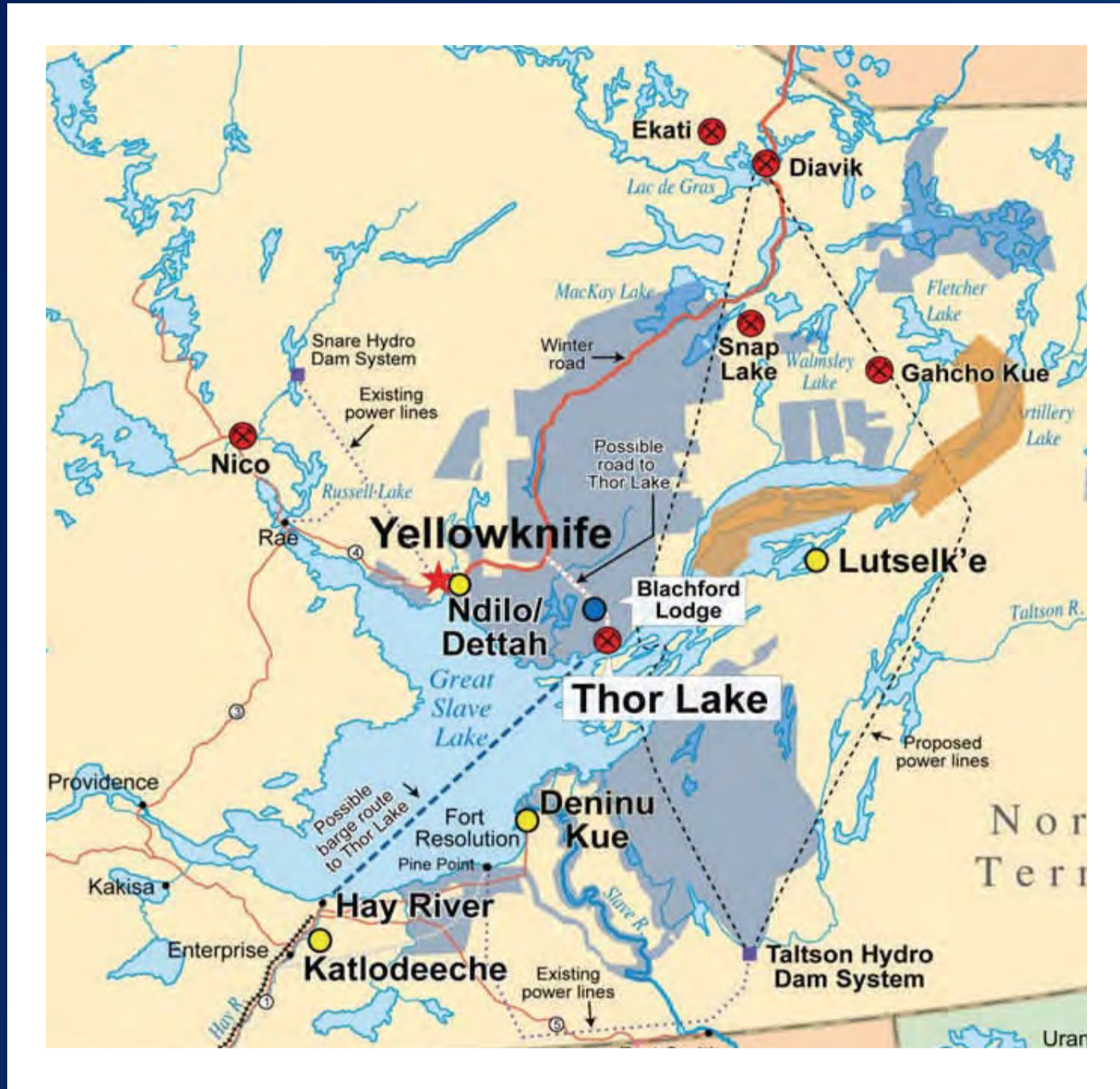


Corduroy Road - minimizes degradation of the land when moving drills



NECHALACHO

RARE EARTH ELEMENTS DEPOSIT



- Positive prefeasibility study in 2010, with updated economics in 2011
- \$38 million invested to date
- 100% ownership
- Accessible by air transport, barge and ice roads
- 2,000 tonnes/day u/g mine and mill
- 10,000 tonnes/year TREO production from hydromet plant at Pine Point
- Pilot Plant work and Environmental assessment underway
- Bankable Feasibility by late 2012 at a cost of \$46 million (funded)

- Avalon is now planning to build a large capacity HREE Separation Plant in North America, the first such plant in the world outside China
- Will be sized to accommodate additional supply from other HREE producers
- Total project CAPEX estimated at C\$1.0-1.2 billion for mine, mill, hydromet and rare earth separation facilities



Rare Earth Element Supply Chain

Mining

From the ground to crushed ore

Milling

Grinding and beneficiation of REE minerals

Hydro-metallurgy

Cracking the REE minerals to produce mixed REE oxides concentrate

Separation

Separating and purifying the individual REE oxides

Refining

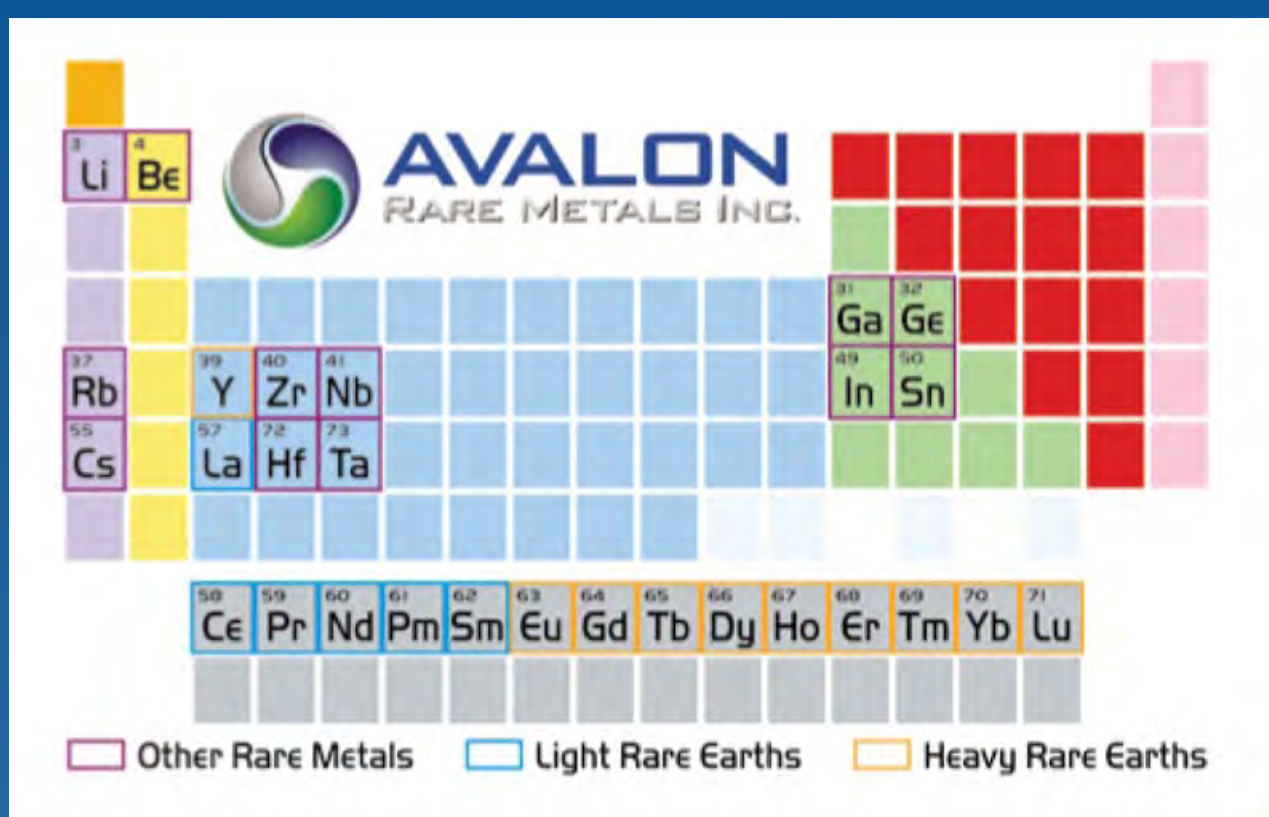
To meet specific downstream technology applications

Products

Permanent magnets, LED's, consumer electronics



What are Rare Elements?



Light REE:

La = Lanthanum
 Ce = Cerium
 Pr = Praseodymium
 Nd = Neodymium
 Sm = Samarium

Heavy REE:

Eu = Europium
 Gd = Gadolinium
 Tb = Terbium
 Dy = Dysprosium
 Ho = Holmium
 Er = Erbium
 Tm = Thulium
 Yb = Ytterbium
 Lu = Lutetium
 Y = Yttrium

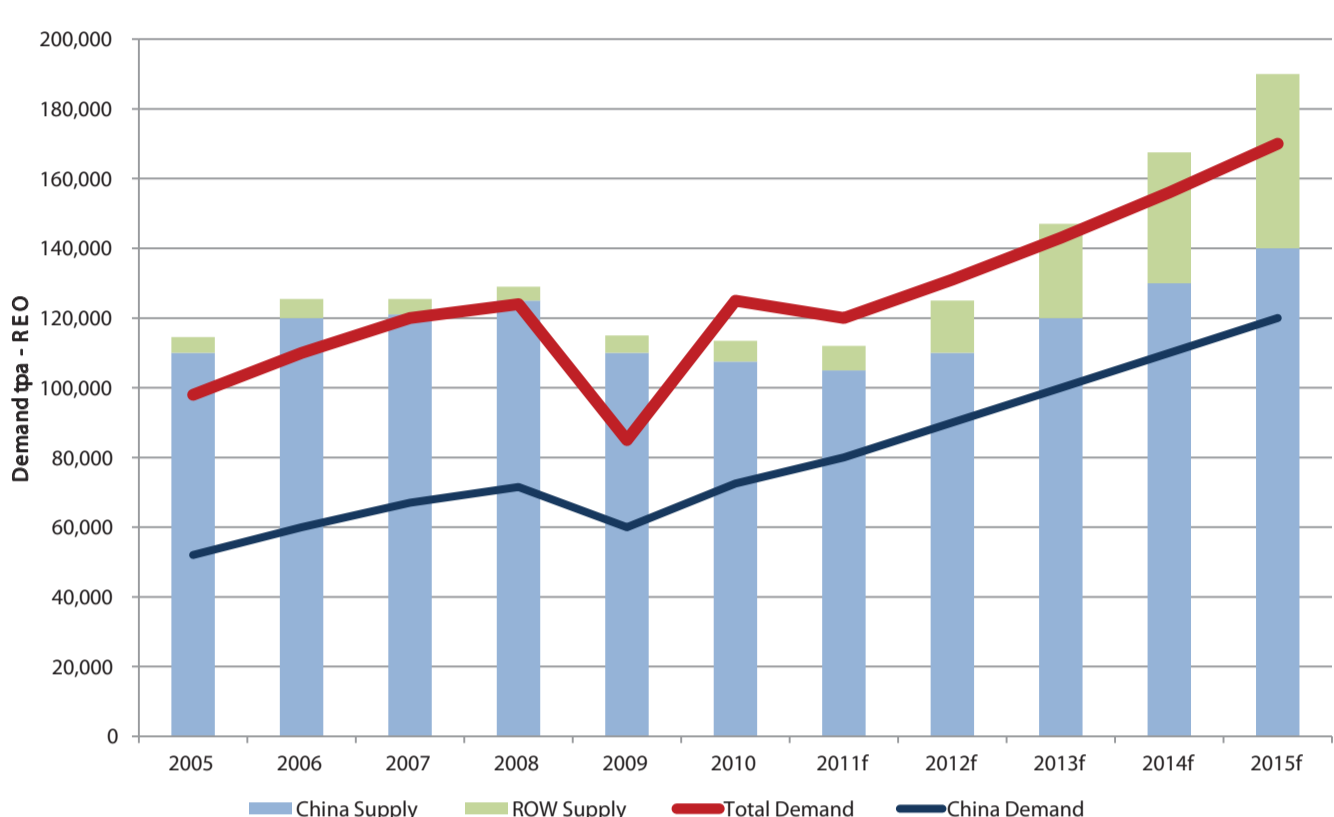
Rare Metals:

Li = Lithium
 Nb = Niobium
 Ta = Tantalum
 Zr = Zirconium
 Ga = Gallium
 In = Indium
 Sn = Tin
 Rb = Rubidium
 Cs = Cesium
 Be = Beryllium
 Hf = Hafnium
 Ge = Germanium



Global Rare Earths Supply and Demand 2005-2015

(Tonnes, REO +/-20%, Source: IMCOA Sept 2011)



Forecast for Global Demand and Supply in 2015 (+/- 20%)

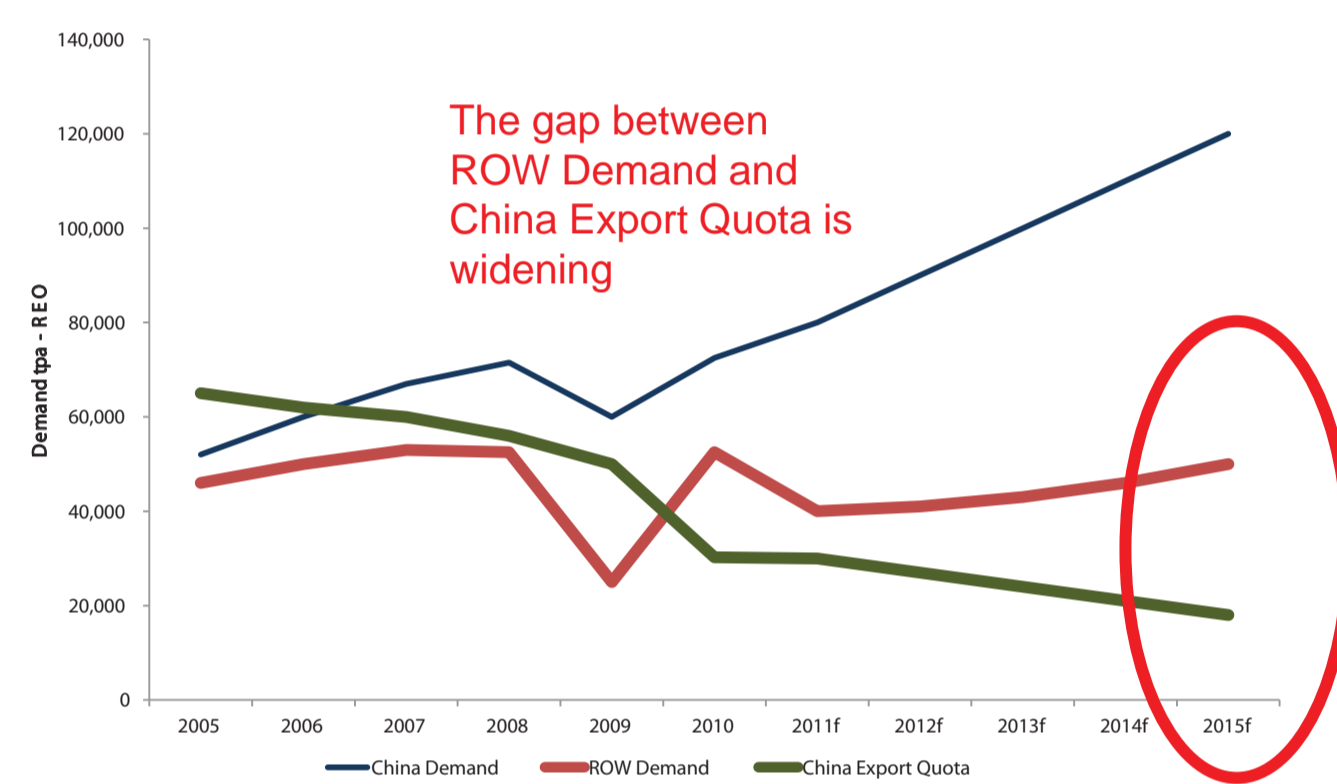
(Tonnes, REO)



- Rare earth prices as a group have risen by over 900% since 2009. Analysts predict that heavy rare earth prices will remain strong
- Forecast demand of 170,000 tonnes TREO in 2015, valued at US\$8-9 billion, assuming 7% annual growth in demand from existing technology

Global Rare Earths Demand 2005-2015

(Tonnes, REO +/-20%, Source: IMCOA Sept 2011)



Capital Structure

as at October 13, 2011

Canada - TSX: AVL
 United States - NYSE Amex: AVL
 Frankfurt - OU5

Shares Outstanding	102,796,986
Fully Diluted	109,262,236
Market Capitalization	US \$360 million (S.O @ \$3.50)
Cash Reserves	C \$70 million (no debt)
Institutional Holdings (est. 30-40%)	AGF, Chilton, Diamondback, Global X Management, Encompass Fund, Highbridge, Manulife Asset Management/John Hancock Funds, Sentry, Van Eck Global, Wellington, among others
Employees	Toronto and Vancouver, 30 total

www.avalonraremetals.com