

Capital Structure

As of January 14, 2010

Trading symbol Canada	TSX:AVL
Trading symbol US	OTCQX: AVARF
Shares issued & outstanding	78,710,698
Fully diluted	87,483,198
Year high/low	C\$4.24 - \$0.40
Cash reserves	C\$18.0 million
Management holdings	4%
Institutional holdings	25%

Institutions:

CPP, TDAM, Front St., Excalibur, NatCan, MFC Faircourt, Cantara, Seamans, Fuchs Global

Investor Relations Contact

Virginia Morgan, Manager, Investor Relations
 vmorgan@avalonraremetals.com
 T: (416) 364-4938

Periodic Table: Rare Metals



Legend: Other Rare Metals Light Rare Earths Heavy Rare Earths

AVALON RARE METALS INC.

130 Adelaide Street West, Suite 1901
 Toronto, ON Canada M5H 3P5
 T: (416) 364-4938
 F: (416) 364-5162
 office@avalonraremetals.com

www.avalonraremetals.com

www.raremetalblog.com

TSX:AVL

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CORPORATE PROFILE

Avalon Rare Metals Inc. is a mineral exploration and development company focused on rare metal deposits in Canada. Its flagship project, the 100%-owned Nechalacho Deposit, Thor Lake, NWT, is emerging as one of the largest undeveloped rare earth elements resources in the world. Its exceptional enrichment in the more valuable 'heavy' rare earths, which are key to enabling advances in green energy technology and other growing high-tech applications, is one of the few potential sources of these critical elements outside of China, currently the source of 95% of world supply. Avalon is well funded, has no debt and is committed to meeting its developmental milestones.

Avalon's strategy for growth is to develop its rare metals projects to production and cash flow, expand the markets for rare earth minerals, while also operating in an environmentally and socially responsible manner.

INVESTMENT HIGHLIGHTS

- Focused on the rare metals and minerals that are key to the Green Energy Economy
- World class rare metals resources at Thor Lake, NWT, Canada, exceptional in its enrichment in the more valuable heavy rare earth elements
- Well funded and work programs unaffected by recent market volatility
- Key developmental milestones to be reached in early 2010
- Social responsibility and environmental stewardship are corporate cornerstones

RARE EARTH ELEMENTS (REE)

- The 15 lanthanide elements (atomic numbers 57-71) plus the rare metal yttrium (39)
- Non-toxic elements essential to a cleaner environment and reduced reliance on fossil fuels
- Widely dispersed, but rarely concentrated in commercial ore deposits
- In most deposits, light rare earths (LREE) are far more abundant than heavy rare earths (HREE); consequently, HREE are far more valuable
- REE are recovered as a group and subsequently value added by separation, and subsequent refining
- Key applications for HREE in super magnets and phosphors

RARE METALS:

KEY TO THE GREEN ENERGY ECONOMY

- Creating new materials: thin films, high strength magnets
- Renewable energy applications: solar power, wind turbines
- Increases efficiency: energy efficient motors, LED lighting, rechargeable batteries, LCD monitors, consumer electronics

Board of Directors

Donald S. Bubar, M.Sc., P.Geo, Director, President & CEO. Consulting Geologist with over 30 years experience in mineral exploration in Canada. Former Vice-President Exploration for Aur Resources Inc.

Alan Ferry, C.F.A., Non-Executive Chairman. Over 25 years experience as a mining analyst with various investment dealers.

Phil Fontaine, B.A., LL.B., Director. Former National Chief of the Assembly of First Nations and currently a Special Advisor to the Royal Bank of Canada.

Brian D. MacEachen, C.A., Director, Chairman of Audit Committee. Over 15 years experience in mining finance and accounting.

Peter McCarter, B.A., LL.B., M.B.A., Director. Lawyer and mining executive with over 30 years professional experience.

Hari Panday, C.G.A., B.A., Director. Senior executive with over 27 years experience of international investment banking.

Management

Donald S. Bubar, as above in Board of Directors.

R.J. (Jim) Andersen, C.A., C.P.A., Vice-President, Finance and CFO. Principal of accounting firm Andersen & Company Professional Corporation; in charge of the Company's external audit from 1996 to 2000.

William Mercer, Ph.D., P.Geo., Vice-President, Exploration. Consulting Geologist with over 30 years experience in Canada and abroad. President of the Canadian Federation of Earth Sciences. Formerly Chief Geologist for Noranda-Falconbridge and Past President of PDAC (2002-2004).

David Swisher, B.Sc., Vice-President, Operations. Over 25 years of underground and surface mining experience in metals mining and industrial minerals operations. Former VP Operations for Tamerlane Ventures Inc.

Cindy Hu, CA, CPA, CGA, Controller. Chartered Accountant with 10 years experience in public accounting practice and financial reporting for junior public companies.

Virginia Morgan, B.Com, Manager, Investor Relations. Over 10 years combined experience in corporate development, international securities, regulatory monitoring & compliance, financial analysis & forecasting, and project management.

Charlotte May, Corporate Secretary. Over 20 years experience in the junior resource industry in the areas of corporate secretarial, marketing and public company administration.



PROJECTS

Avalon's principal assets are its 100% owned Nechalacho (Thor Lake), Separation Rapids, East Kemptville and Warren Township rare metals and minerals projects.

Avalon's top priority is the **Nechalacho Rare Earth Elements Deposit** located at Thor Lake, near Yellowknife, NWT. The Nechalacho deposit is a world class resource of rare metals and minerals now being evaluated primarily for its potential to produce 'heavy' rare earth elements (HREE). Demand for HREE is growing rapidly because of their critical application in high strength permanent magnets which are vital to hybrid car technology and many popular consumer electronic products, yet there is virtually no primary production of HREE outside of China.

The Nechalacho deposit is unusual in its enrichment in the more valuable HREE such as europium, terbium, and dysprosium along with neodymium. Avalon is currently focusing its efforts on defining high-grade, HREE-rich resources in the very large Basal Zone of the deposit, which contains inferred resources of 64.2 million tonnes grading 1.96% TREO (total rare earth oxides). Nechalacho is also enriched in tantalum, niobium, zirconium, hafnium and gallium, which all represent potential valuable by-products. In September 2009, the Lake Zone deposit at Thor Lake was renamed to Nechalacho by the Yellowknives Dene First Nation.

Since 2005, Avalon has expended over \$12 million on exploration and development work on the property involving 31,385 metres of diamond drilling on 155 holes to delineate indicated and inferred resources, metallurgical and mineralogical studies to define a process flowsheet to recover the REE, community consultations and environmental studies. A prefeasibility study will be completed by Spring 2010, along with additional drilling, market studies, metallurgical testwork and initiation of an environmental impact assessment. Work on a final feasibility study will begin later in 2010 with initial production targeted for 2014.



At **Separation Rapids**, located near Kenora, Ontario, Avalon is developing a world-class lithium minerals deposit. The lithium mineralization is being evaluated both for direct use in the glass and ceramics industry and as a chemical feedstock for lithium ion re-chargeable batteries. Demand for these batteries is growing rapidly and, because of lithium's powerful fluxing properties, it represents an inexpensive way to reduce energy consumption and greenhouse gas emissions from glass furnaces.

At **East Kemptville**, located in Yarmouth County, Nova Scotia, Avalon is evaluating the potential for re-developing a past producing tin mining operation as a new producer of tin plus copper, zinc and the rare metal indium. In 2010, a new 43-101 compliant resource estimate and preliminary economic assessment will be completed along with drilling of additional grass-roots targets in the local area.

At **Warren Township**, located near Timmins, Ontario, Avalon was evaluating a large resource of high purity calcium feldspar which like lithium, offers potential cost-reducing efficiencies to glass manufacturers and environmental benefits through reduced greenhouse gas emissions. The project is now on hold due to permitting delays and reduced demand related to the economic recession.

FORWARD LOOKING INFORMATION

Certain statements contained in or incorporated by reference into this document constitute forward-looking statements. Such statements reflect the current views of Avalon Rare Metals Inc. with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the actual results, performance or achievements of Avalon Rare Metals Inc. that may be expressed or implied by such forward-looking statements to vary from those described herein should one or more of these risks or uncertainties materialize. Avalon Rare Metals Inc. does not intend, and does not assume any obligation, to update these forward-looking statements.