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NEWS RELEASE

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Avalon announces extension of Land Use Permit at Thor Lake and provides update on NWT community relations activities

TORONTO -- Avalon Rare Metals Inc. AVL:TSX ("Avalon" or the "Company", formerly Avalon Ventures Ltd.) today announced that the Mackenzie Valley Land and Water Board (MVLWB) has renewed its Land Use Permit for exploring the Thor Lake rare metals project located near Yellowknife, NWT.

The MVLWB had previously approved the Type A Land Use Permit for two years expiring on July 4, 2009. The renewal will allow the Company to work on the property until July 4, 2011. The Land Use Permit enables the company to continue all of its current exploration activities on the project uninterrupted; to gather all the data required for a planned pre-feasibility study; and to collect the additional sample material needed for the metallurgical testwork program.

The renewal was granted after land use inspection reports confirmed the Company is in compliance with local land-use regulations, and following extensive consultation with local communities, First Nations leaders, government officials and other local stakeholders. Avalon has posted the government land use inspection reports for the Thor Lake project in the Sustainability section of its website (www.avalonraremetals.com), as required by its corporate social responsibility policy which is consistent with the PDAC's E3 Plus Principles for Responsible Exploration¹,

Community Relations Activities

Community outreach work has been successful in raising the profile of the Company in the local community as a socially responsible operator and creating greater awareness with government about the economic potential of the Thor Lake project as a major new and potentially long-lasting contributor to the Northwest Territories' economy.

The Company's outreach efforts have been led by Mr. David Connelly, of Ile Royale Enterprises in Yellowknife, Avalon's Community Relations Advisor for the Thor Lake project.

Community consultation with First Nations included meetings with:

1. The Acting Chief, Council and Elders of Deninu Kue First Nation in Fort Resolution during March, 2009.
2. Members of the board of the Northwest Territory Metis Association in Fort Resolution during March, 2009.
3. The Chief, Council and Elders of the Lutselk'e Dene First Nation in Lutselk'e during April, 2009.

¹ For more information on PDAC's E3 Plus please see: <http://www.pdac.ca/e3plus/misc/about.html>

4. The Chief and Council members of the Katlodeeche First Nation in Hay River during March, 2009.
5. The Chiefs and Council of the Yellowknives Dene First Nation in Yellowknife in October, 2008 and subsequently with the Chiefs in Toronto in March, 2009.

First Nations community meetings consisted of a presentation by Avalon's Vice-President Exploration, William Mercer. A translation service was provided. Community members were given the opportunity to have their comments and concerns addressed directly by Avalon's senior management in a question and answer session. A key concern that has been raised is the need for training programs to facilitate access for local communities to higher paid jobs at the Thor Lake site. In response, the Company this year initiated two training programs to develop skills relevant to an exploration-stage project.

Ten aboriginal people from the NWT graduated from the eight-week Driller Helper Training course which was organized in partnership with the Mine Training Society, Aurora College and other local business partners. Avalon has undertaken to employ four of the graduates on its current drilling program, all being from the four communities within the area of influence of the Thor Lake project

A First Aid Responder course, developed in partnership with the Mine Training Society and St. John Council for the Northwest and Nunavut Territories, qualified the trainees to be the First Aid Responder in a camp of up to 20 people. St John adapted their training course to meet the legal requirements under workers compensation legislation in the NWT. Three of the four graduates were local First Nations people recommended by Avalon and are now working at the Thor Lake site.

Finally, the Company has retained counsel and commenced developing a Memorandum of Understanding that will set out the principles for cooperative development of the project with local First Nations communities.

About Avalon Rare Metals Inc. AVL:TSX

Avalon Rare Metals Inc. is a mineral exploration and development company focused on rare metals deposits in Canada. Its flagship project, the 100%-owned Lake Zone 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 earth elements, 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. The Company is well funded, has no debt and its work programs are unaffected by market volatility. Social responsibility and environmental stewardship are corporate cornerstones.

Shares Outstanding: 68,152,248. Cash resources: approximately \$7.0 million. To find out more about Avalon Rare Metals Inc., please visit our website at www.avalonraremetals.com. For questions and feedback, please e-mail the Company at office@avalonraremetals.com or phone Don Bubar, P.Geo., President, at 416-364-4938.

This news release contains forward-looking information and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. The forward-looking information contained herein is given as of the date hereof and the Company assumes no responsibility to update or revise such information to reflect new events or circumstances, except as required by law.