



AVALON
RARE METALS INC.

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NEWS RELEASE

May 1, 2009

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Avalon granted conditional approval by TSX for warrant re-pricing

Toronto... Avalon Rare Metals Inc. AVL:TSX (“the “Company” formerly Avalon Ventures Ltd.) announces today that the Toronto Stock Exchange has conditionally approved an amendment of the exercise price of 3,805,000 share purchase warrants scheduled to expire this month, from \$2.00 to \$0.70. Each warrant entitles the holder to purchase one non-flow-through common share.

The warrants were originally issued on November 22, 2007 in connection with a private placement of units priced at \$1.55. The warrant amendment is scheduled to become effective on May 19, 2009, with the warrants expiring at 5:00 pm PDT on May 22, 2009. All of these warrants are held by arms length parties.

Proceeds from the exercise of the warrants will be used to fund additional exploration work on the Company’s Lake Zone Rare Earth Elements deposit, Thor Lake, NWT and for working capital.

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: 68,169,748. 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.Geol., 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.