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NEWS RELEASE

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Avalon Files Preliminary Base Shelf Prospectus and US Registration Statement

Toronto, ON -- [Avalon Rare Metals Inc.](#) ([TSX](#) and [NYSE MKT](#): AVL) ("Avalon" or the "Company") is pleased to announce that it has filed a preliminary base shelf prospectus (the "Prospectus") with the securities commissions in each of the provinces and territories of Canada, except Quebec, and a registration statement with the United States Securities and Exchange Commission which has not yet become effective. The securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective.

Under the Prospectus, the Company may issue common shares or warrants or any combination of such securities as units, in amounts, at prices, and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying prospectus supplement, for an aggregate offering amount of up to US\$500,000,000 during the 25 month period that the final short form base shelf prospectus remains effective.

Don Bubar, President and CEO, commented, "This now puts Avalon into a position to access new financing opportunities as work progresses on the Nechalacho Rare Earth Elements Project. The expiry of our existing base shelf prospectus in June 2013 gave us this opportunity to update our filings to be ready to rapidly execute on new transactions when opportunities arise."

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

About [Avalon Rare Metals Inc.](#)

Avalon Rare Metals Inc. is a mineral development company focused on rare metal deposits in Canada. Its flagship project, the 100%-owned Nechalacho Deposit, Thor Lake, NWT is exceptional in its large size and enrichment in the scarce 'heavy' rare earth elements, key to enabling advances in clean technology and other growing high-tech applications. With a positive feasibility study and environmental assessment completed, Nechalacho remains the most advanced potential large new source of heavy rare earths in the world outside of China, currently the source of most of the world's supply. Avalon is well funded, has no debt and its work programs are progressing steadily. Social responsibility and environmental stewardship are corporate cornerstones.

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 ir@avalonraremetals.com, or phone Don Bubar, President & CEO at 416-364-4938. Shares Outstanding: 103,796,986. Cash resources: approximately \$11 million.

This news release contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such

as "scheduled", "anticipates", "continues", "expects" or "does not expect", "is expected", "scheduled", "targeted", "planned" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be" or "will not be" taken, reached or result, "will occur" or "be achieved". Forward-looking statements contained herein include, without limitation, , expectations with respect to the filing of a final base shelf prospectus and obtaining a receipt therefor, future offerings of securities, and having the registration statement declared effective. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Avalon to be materially different from those expressed or implied by such forward-looking statements. Forward-looking statements are based on assumptions management believes to be reasonable at the time such statements are made. Although Avalon has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Factors that may cause actual results to differ materially from expected results described in forward-looking statements include, but are not limited to; Avalon's ability to obtain a receipt for a final base shelf prospectus from securities regulators, Avalon's ability to have the registration statement declared effective by securities regulators, and market demand for Avalon's securities, as well as those risk factors set out in the Company's current Annual Information Form, Management's Discussion and Analysis and other disclosure documents available under the Company's profile at www.SEDAR.com. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Such forward-looking statements have been provided for the purpose of assisting investors in understanding the Company's plans and objectives and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking statements. Avalon does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.