



130 Adelaide St. W., Suite 1901, Toronto, ON M5H 3P5
Tel: (416) 364-4938 Fax: (416) 364-5162
office@avalonraremetals.com

NEWS RELEASE

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Avalon Commences Trading on the U.S. OTCQX International Exchange

Toronto, ON – Avalon Rare Metals Inc. ([TSX:AVL](#), [OTCQX:AVARF](#) “Avalon” or the “Company”) announces today that its common shares have commenced trading on the Pink OTC Market’s prestigious tier, OTCQX International under the symbol “AVARF”, effective at the market open on Wednesday, August 5, 2009. Avalon’s common shares continue to trade on the Toronto Stock Exchange under the symbol “AVL”.

The New York based law firm, Sichenzia, Ross, Friedman, Ference LLP will serve as Avalon’s Principal American Liaison (“PAL”) on OTCQX regulatory matters and New York based investment bank Viriathus Capital LLC will serve as Avalon’s exclusive OTCQX advisor for marketing the Company to U.S. investors and monitoring trading activity.

“We are pleased to be able to better serve the growing number of U.S. investors following Avalon with the enhanced U.S.-based trading platform offered by OTCQX and the advisory services offered by Viriathus Capital LLC,” said Avalon’s President and CEO, Don Bubar. “The OTCQX has earned a strong reputation for providing U.S. investors with improved liquidity, transparency, superior information, and easy access through their U.S. regulated broker-dealers, while Viriathus’ blend of investment banking, equity research and financial marketing services has a proven track record of success in elevating the profile of their client companies.”

Commented R. Cromwell Coulson, Chairman and CEO of Pink OTC Markets: “Listing on OTCQX will provide Avalon Rare Metals with greater access to the U.S. capital markets, increased U.S. investor visibility and an opportunity to diversify its shareholder base. We welcome Avalon to our growing list of OTCQX issuers.”

OTCQX provides a gateway to U.S. securities markets for international companies that are listed on a qualified non-U.S. exchange. More importantly, OTCQX distinguishes reputable international issuers from the other 9,000 over-the-counter (OTC) securities traded in the U.S. Only leading companies that have substantial operating businesses and provide ongoing, credible disclosure to the public are

eligible for inclusion on the premium-tier OTCQX, which commenced trading on March 5, 2007. For more about OTCQX, visit www.otcqx.com.

About Avalon Rare Metals

Avalon Rare Metals Inc. (TSX:AVL, OTCQX:AVARF) 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. Avalon 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: 70,339,448. Cash resources: approximately \$6.0 million.

To find out more about Avalon Rare Metals Inc., please visit www.avalonraremetals.com. For questions and feedback, please e-mail office@avalonraremetals.com, or contact Virginia Morgan, Manager Investor Relations at 416-364-4938 or vmorgan@avalonraremetals.com.

For general discussion and commentary on the rare metals, please visit www.raremetalblog.com.

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.