

Avalon Rare Metals Inc.

{TXS.v: AVL}

Avalon Rare Metals Inc. {TXS.v: AVL} closed their recently announced financing in short order, with the private placement segment healthily over-subscribed.

Avalon raised CAD \$2.166 million with a combination of a private placement and flow through shares.

Avalon Closes Non-Brokered Private Placement for Gross Proceeds of \$2.166 million

(July 2, 2014) – Avalon Rare Metals Inc. (TSX: AVL) (NYSE MKT: AVL) is pleased to announce that it has closed its previously announced non-brokered private placement of flow-through common shares and non flow-through units (collectively, the “Private Placement”), as described in the Company’s news release of June 19, 2014 (<a href=”<http://www.avalonraremetals.com/news/display/index.php?id=1044>><http://www.avalonraremetals.com/news/display/index.php?id=1044>).

The Private Placement was over-subscribed, resulting in gross proceeds of \$2.166 million. Each Non Flow-Through Unit consists of one common share and one half share purchase warrant of the Company. Each whole warrant entitles the subscriber to purchase one common share of the Company at a price of \$0.60 per share for a period of three years from the date hereof.

On Closing, the Company issued 1,653,866 Flow-Through Shares priced at \$0.60 per Flow-Through Share and 2,445,000 Non Flow-

Through Units priced at \$0.48 per Non Flow-Through Unit and paid finders' fees of \$47,000. Certain directors and officers of the Company subscribed for an aggregate of 212,000 Flow-Through Shares and 60,000 Non Flow-Through Units.

Don Bubar, Avalon's President and CEO, commented, "We are pleased to have completed this Private Placement on an over-subscribed basis. The proceeds from this Private Placement, along with the proceeds from the US\$4 million Registered Direct Offering completed on June 13, 2014 (<a href="<http://www.avalonraremetals.com/news/display/index.php?id=10349>), provide the Company with sufficient funding to complete all of our currently planned work program commitments for the balance of 2014."

The proceeds from the sale of the Flow-Through Shares will be used to fund the summer drilling programs and other eligible exploration work on Avalon's 100% owned Nechalacho Rare Earth Elements Property, Thor Lake, NWT and its 100% owned East Kemptville Tin-Indium Property, Yarmouth County, Nova Scotia. The proceeds from the sale of the Non Flow-Through Units will be used for other engineering, permitting and market development work for the Nechalacho Project, as well as general corporate purposes.

The securities issued in connection with the Private Placement are subject to a hold period which expires on November 3, 2014.

About Avalon Rare Metals Inc.

Avalon Rare Metals Inc. is a mineral development company focused on rare metal deposits in Canada. Its 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, the Nechalacho Project is

a potential large new source of heavy rare earths in the world outside of China, currently the source of most of the world's supply. Social responsibility and environmental stewardship are corporate cornerstones.

For questions and feedback, please e-mail the Company at ir@avalonraremetals.com, or phone Don Bubar, President & CEO at 416-364-4938.