

Avalon Rare Metals raises \$4 million via public offering

Avalon Rare Metals {TSX: AVL} confirmed it has raised \$4 million out of its originally proposed \$5 million public offering.

The flow through proceeds are destined to be spent on developing their projects, and the unit funds for general working capital purposes.

Comment

In the current tough market, this is a good result for Avalon, and ensure continuing development work on their projects, as the flow through funds have to spent that way to comply with Canadian law.

The size of the flow through will disappoint European shareholders who do not share the benefit derived their Canadian counterparts, but that is the nature of the game, and at least shareholder value can be created because these funds have to be spent in the ground by law.

News release

Toronto, Ontario – May 27, 2015) – **Avalon Rare Metals Inc. {TSX: AVL}** is pleased to announce that it has closed its previously announced public offering of flow-through common shares and units as described in the Company's [news release of April 29, 2015](#).

The Offering has resulted in gross proceeds to the Company of \$4.007 million.

The Company issued 6,410,254 Flow-Through Shares priced at \$0.39 per Flow-Through Share and 4,431,970 Units priced at \$0.34 per Unit. Each Unit consists of one common share (a “**Unit Share**”) and one-half of one non-transferable common share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant entitles the holder to purchase one common share of the Company at a price of \$0.425 per share, until November 27, 2016. Each Flow-Through Share will qualify as a “flow-through share” within the meaning of the *Income Tax Act* (Canada).

The Company intends to use the gross proceeds from the sale of the Flow-Through Shares for work on three mineral properties: the Nechalacho Rare Earth Elements Project, the East Kemptville Tin-Indium Project and the Separation Rapids Lithium Project and the net proceeds from the sale of the Units for working capital and general corporate purposes.

Secutor Capital Management Corp. acted as the agent for the Offering, and was paid a cash fee of \$240,412 and was issued 650,533 agent compensation warrants. Each agent compensation warrant is exercisable into one common share of the Company at an exercise price of \$0.34 per share until November 27, 2016.

N.B.

The Offering was made outside of the United States by way of a prospectus supplement dated April 29, 2015 to the Canadian base shelf prospectus dated September 10, 2013. The prospectus supplement relating to the Offering was filed with the applicable provinces and territories in Canada and is available on SEDAR at www.sedar.com. The prospectus supplement forms part of the shelf registration statement filed with the United States Securities and Exchange Commission (the “**SEC**”),

File No. 333-190771, which was declared effective by the SEC on September 12, 2013, and was filed with the SEC pursuant to General Instruction II.L. of Form F-10 under the U.S. Securities Act registering for distribution under the U.S. Securities Act the Unit Shares, Warrants and Flow-Through Shares and is available at the SEC's website www.sec.gov.

This press release shall not constitute an offer to sell or solicitation of an offer to buy these securities, and these securities may not be offered or sold in any jurisdiction in which their offer or sale would be unlawful.

About Avalon Rare Metals Inc.

Avalon Rare Metals Inc. is a mineral development company focused on rare metal deposits in Canada, with three advanced stage projects. 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.

Avalon is also advancing its Separation Rapids Lithium Project, Kenora, ON and its East Kemptville Tin-Indium Project, Yarmouth, NS.

Social responsibility and environmental stewardship are corporate cornerstones.

For questions and feedback, please e-mail the Company at ir@avalonraremetals.com,

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