



**June 2, 2014**

## **INDUSTRY BULLETIN: Positive Supply/Demand fundamentals create opportunities for new tin production**

In Avalon Rare Metals' recent [news release](#) issued on May 27, we announced that we are planning to move ahead with a work program on our East Kemptville tin-indium project in Nova Scotia. We suspect many of our followers may not be aware of what is happening in the tin market that makes East Kemptville an interesting opportunity to pursue in parallel with the Nechalacho Heavy Rare Earth Elements Project. Accordingly, we provide the following brief commentary on recent developments in the tin and indium markets.

Demand for tin has been growing rapidly in recent years due to its increasing use in consumer electronics to make lead-free solders for circuit boards. This relatively new application now accounts for 55% of global tin demand, following the 2006 ban on the use of lead in solders due to health and safety issues created by lead toxicity. Now often referred to as the "Green Metal", tin provides a low-toxicity, economical and reliable alternative to lead, with no loss of performance.

At the same time, tin supplies are increasingly constrained with declining production from traditional sources in Indonesia, South America and Malaysia. China is the largest tin producer but, as is the case with heavy rare earths, domestic production can no longer keep pace with rapidly growing domestic tin demand. Meanwhile, a recent ban imposed by the government of Indonesia on exports of unprocessed metals, including tin, has further exacerbated an already tight supply picture.

Predictably, the supply/demand imbalance is putting upward pressure on tin prices, which have been recently quoted on the London Metal Exchange at US\$23,500/tonne or approximately US\$10.60/lb. this compares with US\$4.50/lb as recently as January 2009 and roughly US\$3.00/lb when tin production at East Kemptville ceased in 1992.

Indium, another rare metal with growing demand in electronics, also occurs at East Kemptville. Indium is used to produce Indium Tin Oxide ("ITO") for flat-screen display panels. It is also alloyed with gallium in Copper-Indium-Gallium-Selenide ("CIGS")-type solar power panels. Indium prices have also been rising in 2014 and are now quoted in the range of US\$700-750/kg.

If you have any comments or questions on this Industry Bulletin, please do not hesitate to contact Avalon directly at [ir@avalonraremetals.com](mailto:ir@avalonraremetals.com). Follow us on Twitter at <http://twitter.com/avalonraremetal>, join our FaceBook page at <http://www.facebook.com/pages/Avalon-Rare-Metals-Inc/224623996080?ref=ts> or subscribe to our YouTube video feeds at

**AVALON RARE METALS INC.**  
#1901 - 130 Adelaide St. W., Toronto, ON M5H 3P5  
Tel: (416) 364-4938 • Fax: (416) 364-5162  
[ir@avalonraremetals.com](mailto:ir@avalonraremetals.com) • [www.avalonraremetals.com](http://www.avalonraremetals.com)

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<http://www.youtube.com/user/AvalonRareMetals>. To read more about rare metals' applications (including tin) in material sciences, visit [www.raremetalsmatter.com](http://www.raremetalsmatter.com).

## **ABOUT AVALON RARE METALS INC.**

**Avalon Rare Metals Inc. (TSX & NYSE MKT: AVL)** 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 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 adequately funded, has no debt and its work programs are progressing. Social responsibility and environmental stewardship are company cornerstones.