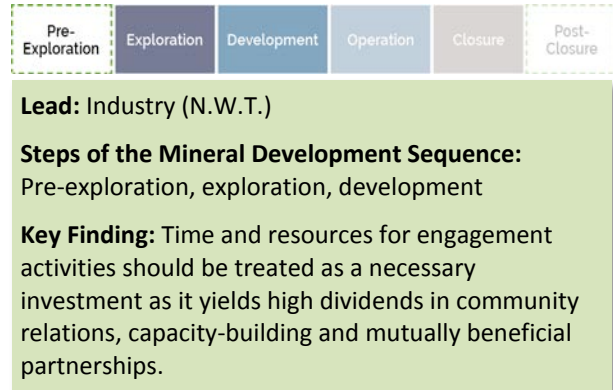


Early and Sustained Engagement at Avalon's Nechalacho Rare Earth Elements Project

Context

Avalon's Nechalacho Rare Earth Elements Project is located at Thor Lake, Northwest Territories, approximately 100 km southeast of Yellowknife. Since acquiring the project in 2005, Avalon has engaged with local communities, governments, businesses, and non-governmental organizations to establish agreements, and advance local education and outreach to the business community. The Nechalacho Project has a completed Feasibility Study and approved Environmental Assessment but will remain an advanced-stage development project until market conditions improve.



Description of Measures Implemented

To build good relations with local Indigenous communities, Avalon initiated dialogue prior to the granting of an exploration permit and on-site exploration activities. An important step in engaging with Indigenous peoples was changing the name of the project. Avalon was honoured to receive the traditional First Nation name Nechalacho, based on traditional knowledge, for the project site from the Yellowknives Dene First Nation¹.



Avalon conducted educational outreach activities, through classroom visits connecting biologists and geologists with elementary school students to encourage positive educational outcomes in the schools nearest to the project. Avalon also seeks to develop closer relations with local communities through the creation of economic opportunities. This includes direct Indigenous employment at the project site, contracts with businesses that have partial or complete Indigenous ownership, fostering creation of new Indigenous-owned business and sponsoring and encouraging job training opportunities.

Avalon supports Indigenous groups in capacity building through skills development through training offered either at the Avalon site or by third parties at other sites. Training includes geological sampling skills, advanced geotechnical core logging, the drill helper training course at the Mine Training Society, woodwork and camp building construction, camp operations, and small motor repair. All of these skills increase the future employability of the individuals, and some can support employment in more senior positions.

¹ Nechalacho is a term First Nations elders use to refer to Thor Lake which means "a point where you can almost dock." The site was previously named Lake Zone Rare Earth Elements deposit.

Results

Avalon's early and voluntary engagement helped to develop good relations and trust with local Indigenous leadership and communities. In 2012, Avalon signed an Accommodation Agreement with the Deninu K'ue First Nation. A similar Participation Agreement was signed with the Northwest Territory Métis Nation in 2014. During times of project activity, implementation committees meet to review Agreement commitments. Efforts to build understanding of when a project is moving forward and also when and why it is moving slowly or not at all have helped ensure clarity and manage expectations. While the project was advancing, discussions continued on various forms of partnership agreements with several other Indigenous governments in a spirit of mutual respect and collaboration.

Direct employment of Indigenous peoples at the site has averaged about 50 percent of total employees over the period of site exploration and development. Additionally, during periods where there is no activity, such as the seasonal freeze-up in the fall and breakup in the spring, the camp is entirely run by an Indigenous crew. Employment and training opportunities for Indigenous peoples were also created when Avalon completed site cleanup of a previous company's activities, including the demolition and removal of old buildings and the rehabilitation of a waste rock dump by utilizing the rock in the construction of the airstrip.



2009 Naming Ceremony at the Nechalacho project site.

Lessons Learned

First and foremost, it is critical to engage early and often to develop relationships and build trust with local communities. Time and resources for engagement activities should be treated as a necessary investment. Bankers, suppliers, customers and other investors prefer to support sustainable companies, in part because they are lower risk and generally better managed. Communities and employees prefer to work with and will support organizations with a strong sustainability reputation. The following are some good engagement practices:

- Keeping messages consistent and managing expectations;
- Understanding and listening closely to the concerns of the communities in which the company operates;
- Taking the time to learn the local political, regulatory and community landscape;
- Listening to concerns and issues and responding appropriately, recognizing the limitation of exploration activities and funding;
- Committing early to Accommodation Agreements clearly qualified on the basis of the successful development of a future mine; and
- Investing in the community by providing community support, especially for cultural events, employment, training for employees and youth, and contracting local companies to the extent possible. This also includes helping Indigenous groups acquire financial support for engagement activities to educate and enable effective participation.



Avalon's Vice-President, Geology, Dr. Bill Mercer, discusses the geology of rare earth elements at the Deninu School to Grade 4 and 5 students.

Trust and relations are also built by individual members of the company, through activities such as negotiations, supervising workers from communities or interacting directly with the community.

Interaction with youth, such as helping them understand career opportunities and the importance of school education, demonstrates to the community that the company has an interest in a long-term relationship.

With the input of local knowledge, it is possible at the exploration stage to create opportunities for local communities through service contracts, identifying possible business opportunities and direct employment. This direct employment can help workers obtain knowledge of systematic operational methods and, more importantly, safe work methods.

For more information:

Contact sustainability@AvalonAM.com or
visit www.AvalonAdvancedMaterials.com