



NEWS RELEASE

Alderon Engages BBA, Inc. to Prepare PEA on New Kami Mine Concept Incorporating Idled Wabush Scully Mine

October 19, 2016

(TSX: ADV)

Alderon Iron Ore Corp. (TSX: ADV) ("Alderon" or the "Company") announces an update on the re-scoping process that it has been undertaking on the Kami Iron Ore Project located in Western Labrador ("Kami Project"). The focus of the process has been to re-scope the capital and operating costs of the Kami Project in order to identify savings that have arisen from the current depressed state of the market and changes in ownership and management of assets in the Labrador Trough, the idling of the neighbouring Wabush Scully Mine ("Wabush") and evaluating strategic alternatives for the Company. Alderon's strategic partner Hesteel Group Co. Ltd. ("Hesteel") remains committed to the Kami Project and has been actively involved in the re-scoping process and provided its input on key elements. Hesteel recently changed its name from Hebei Iron & Steel Group Co. Ltd. to reflect its international focus.

With respect to the current status of the Wabush Mine, since May 20, 2015 Wabush Mines and related subsidiaries and affiliates (the "Wabush CCAA Parties") have been in proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA"). Based on filings in the CCAA proceedings, only four employees have been retained to assist in safeguarding the assets and no suitors have emerged that are willing to purchase the mine. Alderon on the other hand has a viable plan to utilize the Wabush Mine and ensure the future of the region by developing the Kami Project. Once the Kami Project moves into construction it will bring much needed construction jobs to the region, followed by years of employment once mining operations commence at the Kami Project

There are several key elements that the Company and its external technical consultants have been evaluating throughout the re-scoping process in order to develop a new capital and operating cost profile for the Kami Project. The most significant changes that have been examined are with respect to infrastructure requirements, in particular stockyard and terminal facilities, tailings storage and related infrastructure. In addition, as part of the exercise general cost reductions as a result of the depressed state of the market, reduced freight rates and the devaluation of the Canadian dollar against the U.S. dollar have been examined in detail. Alderon has retained BBA, Inc. based in Montreal, Quebec to complete the re-scoping process by preparing a new preliminary economic assessment ("PEA") report on the Kami Project. BBA, Inc. led the preparation of the Company's feasibility study dated December 17, 2012. The Company expects to release the results of the PEA and file a technical report prepared in accordance with National Instrument 43-101 in Q1 2017.

Key Elements of Project Re-scope

The key elements of the project re-scope are port and tailings infrastructure requirements. With respect to tailings and related infrastructure, Alderon has been evaluating the use of the pit at the Wabush Mine that is located in Wabush approximately six kilometers from the Kami Project. Mining operations at the Wabush Mine were suspended in March 2014 with the large majority of the workforce being laid off shortly thereafter. The Wabush Mine was permanently idled in November 2014.

The existing infrastructure at the Wabush Mine can reduce the initial and sustaining capital costs of the Kami Project. In particular, Alderon, Hesteel and others have analyzed the Wabush Mine in detail and

concluded that there are no economic reserves remaining in the pit. Given that the Wabush Mine is fully depleted of economic reserves, the remaining pit can be used as a tailings storage and management facility for the Kami Project. This negates the need to build an independent tailings deposition facility for the Kami Project and as a result would significantly reduce the capital expenditures associated with it.

With respect to the port terminal facilities, on March 8, 2016 the Government of Quebec became the owner of rail, stockyard and terminal facilities located in Pointe-Noire area of the Port of Sept-Îles. The Government of Quebec acquired these facilities from Cliffs Natural Resources and has announced its plans to use these assets to create a multi-user terminal facility at the Port of Sept-Îles that will be open to all market participants. The multi-user facility may be accessed by participants as either a partner in a newly formed limited partnership or as a non-partner regular user. The Company's ability to access the multi-user terminal facility will result in a significant capital cost savings as it will no longer need to construct its own stockyard and material handling facilities. The multi-user terminal facility will allow the Company to connect to the completed multi-user dock facility that the Company has an existing contract to ship 8 million tonnes per annum of material through.

Status of Wabush Mine CCAA Proceedings

In the CCAA proceedings, FTI Consulting Canada Inc. (the "Monitor") has been appointed as the monitor for the purpose of overseeing the proceedings and arranging for the orderly liquidation of assets. The Monitor has established a website where information regarding the proceedings is publicly available. The Monitor files periodic reports with the Court regarding the progress of the proceedings, the most recent report is the twenty-fourth report to the Court dated October 6, 2016 (the "October 2016 Report").

Based on information on the Monitor's website, on May 19, 2016 a notice was sent to interested parties confirming that a potential purchaser for the Wabush Mine would not proceed with the transaction and the Wabush CCAA Parties, in consultation with the Monitor, started the process of analyzing liquidation offers for the liquidation of equipment located at the Wabush Mine and other assets. Subsequent to this notice, the liquidation of assets at the Wabush Mine commenced. This includes the completed or intended sale of three Caterpillar generator sets; 104 single family homes; two apartment buildings; a staff house; nine Komatsu Haul Trucks; and real estate, machinery, equipment and other chattels used in connection with the Wabush Terminal Station and Wabush Substation. The Monitor has also confirmed that it has accepted a proposal, subject to negotiation of a definitive asset purchase agreement and Court approval, for the sale of the major mobile equipment at the Wabush Mine.

The Monitor further reports that on August 30, 2016, in anticipation of a further process to seek proposals for the remaining movable assets at the Wabush Mine, the Wabush CCAA Parties issued to MFC Industrial Ltd. ("MFC") a Notice of Intent to Dismantle or Destroy Infrastructure or Fixtures located at the Wabush Mine.

The following excerpts from the October 2016 Report demonstrate that the Monitor has devoted significant time and effort to find a purchaser for the Wabush Mine but a purchaser is not forthcoming and the liquidation of the remaining assets is the only option:

"The Monitor and the Wabush CCAA Parties expended significant time and effort endeavouring to obtain a proposal from the Wabush Interested Party. Notwithstanding these efforts, it became increasingly apparent that it was unlikely that any proposal for the acquisition of the Wabush Mine would be forthcoming..."

"The Wabush CCAA Parties, in consultation with the Monitor, are considering various alternatives with respect to the Wabush Mine, which alternatives could involve continuing to hold all or parts of the Wabush Mine to effect the realization of the remaining assets as described below, terminating the mining lease between predecessors of MFC and WICL dated

September 2, 1959, (the “MFC Sub-Lease”), abandoning the property or any combination of the foregoing.”

“The Wabush CCAA Parties and the Monitor would welcome a proposal for the acquisition of the Wabush mine and related assets at an appropriate price. Regrettably, approximately eighteen months after the SISP Order was granted, there is no proposal from MFC or from any interested party.”

“While parties have shown some interest in the Wabush Mine assets, no party has been prepared to proceed with a proposal to buy those assets. This includes the party with whom MFC signed a support agreement as discussed earlier in this report.”

“As noted in paragraph 7 of the MFC Stay Objection, the marketing efforts have clearly demonstrated that there is no party with any interest in purchasing the mining assets and reopening the mine in the near future. Furthermore, it does not appear that MFC intends to restart operations in the near future even if it acquired the assets...”

Alderon has long recognized that there are no economic reserves remaining at the Wabush Mine and has not made a proposal in the CCAA process to acquire the Wabush Mine and operate it as a going concern. However, as discussed in the press release, it has a viable plan to use the depleted pit to ensure growth and prosperity for the region. The PEA will incorporate the use of the pit at the Wabush Mine into the re-scope of the Kami Project and Alderon will work with stakeholders to acquire access at the conclusion of the CCAA proceedings.

About Alderon

Alderon is a leading iron ore development company in Canada. The Kami Project, owned 75% by Alderon and 25% by Hesteel Group Co. Ltd. (formerly Hebei Iron & Steel Group Co. Ltd.) (“Hesteel”) through The Kami Mine Limited Partnership, is located within Canada’s premier iron ore district and is surrounded by two producing iron ore mines. Its port handling facilities are located in Sept-Îles, the leading iron ore port in North America. Hesteel is Alderon’s strategic partner in the development of the Kami Project and China’s second largest steel producer.

For more information on Alderon, please visit our website at www.alderonironore.com.

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Cautionary Note Regarding Forward-Looking Information

This press release contains "forward-looking information" within the meaning of the U.S. Private Securities Litigation Reform Act and Canadian securities laws concerning anticipated developments and events that may occur in the future. Forward-looking information contained in this press release include, but are not limited to, statements with respect to (i) the details of the re-scoping of the Kami Project including potential capital and operating cost savings, (ii) the timing of the preparation of the PEA, (iii) the ability to access the multi-user terminal facility and Wabush Mine, and (iv) the development of the Kami Project.

In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information contained in this press release is based on certain factors and assumptions regarding, among other things, receipt of governmental and other approvals, the estimation of mineral reserves and resources, the realization of reserve and resource estimates, iron ore and other metal prices, the timing and amount of future development expenditures, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the availability of necessary financing and materials to continue to explore and develop the Kami Project in the short and long-term, the progress of exploration and development activities, the receipt of necessary regulatory approvals, the estimation of insurance coverage, assumptions with respect to currency fluctuations and exchange rates, environmental risks, title disputes or claims, and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include risks inherent in the exploration and development of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined including the possibility that mining operations may not commence at the Kami Project, risks relating to variations in mineral resources, grade or recovery rates resulting from current exploration and development activities, risks relating to the ability to access rail transportation, sources of power and port facilities, risks relating to changes in iron ore prices and the worldwide demand for and supply of iron ore and related products, risks related to increased competition in the market for iron ore and related products and in the mining industry generally, risks related to current global financial conditions, uncertainties inherent in the estimation of mineral resources, access and supply risks, reliance on key personnel, operational risks inherent in the conduct of mining activities, including the risk of accidents, labour disputes, increases in capital and operating costs and the risk of delays or increased costs that might be encountered during the development process, regulatory risks, including risks relating to the acquisition of the necessary licences and permits, financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the exploration and development activities at the Kami Project may not be available on satisfactory terms, or at all, risks related to disputes concerning property titles and interest, risks related to disputes with Aboriginal groups, environmental risks and the additional risks identified in the "Risk Factors" section of the Company's Annual Information Form for the most recently completed financial year, or other reports and filings with applicable Canadian securities regulators. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information is made as of the date of this press release. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking information.