Alderon Iron Ore Corp. Announces Investment Transaction with Tunghsu Group

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MONTRÉAL, Feb. 18, 2020 - Alderon Iron Ore Corp. (TSX: IRON) ("Alderon" or the “Company”) is pleased to announce that it has entered into a letter of intent (the “LOI”) with the Tunghsu Group Co., Ltd. (“Investor”) with respect to an investment transaction pursuant to which the Investor will acquire a 26%-38% interest in The Kami Mine Limited Partnership (“Kami LP”) for consideration of between US$15 million to US$23 million (the “Transaction”). A portion of the funds received from this investment will be used to repay the US$14 million loan facility (the “Loan Facility”) due to Sprott Resource Lending (“Sprott”). As a result of the LOI, Sprott has agreed to a further extension of the maturity date of the Loan Facility to March 31, 2020. Based on transaction progress, Sprott will consider in its discretion a further extension beyond March 31, 2020.

The terms of the Transaction provide for Investor to acquire a 26% to 38% interest in the Kami LP from Alderon for consideration of between US$15 million to US$23 million. The exact percentage interest acquired will be determined prior to entering into a definitive agreement (the “Definitive Agreement”) for the Transaction. The consideration paid by Investor will be based on the percentage interest that is acquired. The parties intend to conclude the Definitive Agreement by March 15, 2020 and close the Transaction by April 30, 2020. The other material terms of the Transaction are as follows:

- Alderon, Investor and HBIS International Holding (Canada) Co., Ltd. (“HBIS”) will negotiate amended versions of the existing Limited Partnership Agreement and Shareholders Agreement (the “Amended Partnership Agreements”) to reflect the participation of a third partner in the Kami LP.
- Each of the parties shall contribute its pro rata share of any actual incurred pre-production expenditures before commercial production of the Kami Project, including capital expenditures, operating expenditures, interest and financing charges, working capital and general and administrative expenditures. Any party that does not provide its pro rata share shall be diluted in accordance with a dilution formula.
- Investor agrees to use best efforts to obtain debt financing for the Kami Project from banks, including Chinese banks with support by other parties.
- The Board of Kami General Partner Limited, the managing general partner of Kami LP, shall be increased to five and the Investor shall be entitled to nominate two Board members or three Board members if it acquires a 38% interest in the Kami LP.

Adding a second Chinese partner, and thereby increasing Chinese content of the Kami LP, will much better position the Kami Project to obtain financing from Chinese banks and institutions. The removal of the Loan Facility will also remove the associated debt overhang.

The completion of the Transaction is subject to a number of conditions including the negotiation and execution of the Definitive Agreement and Amended Partnership Agreements, receipt of regulatory and stock exchange approvals, consent of Sprott and continued agreement from Sprott to extend the Loan Facility to the date of closing of the Transaction. There is no certainty that the Transaction will be completed on the terms set out in this press release or at all.

In connection with the extension of the Loan Facility, Sprott will receive an extension fee equal to 3% of the principal amount.

About Tunghsu Group Co., Ltd.

Tunghsu Group is a diversified business giant headquartered in Beijing. From its foundation in 1997, it has engaged in a variety of industries including optoelectronic display materials, high-end intelligent equipment, renewable energy and eco-friendly industries.

Tunghsu started its business from engaging in the optoelectronic display industry. From there it has broken through the foreign technical blockade and established China’s first production line of domestic TFT-LCD glass substrate through innovation. As the industry chain extends, Tunghsu has become a global leader as an optoelectronic display materials provider. As a large industry-oriented group, Tunghsu insists on working to make the enterprise bigger and stronger by the strategy of combining industry and finance. Since 2014, the group’s financial sector has expanded into finance companies, private equity, finance leasing, commercial factoring and many other sectors. This expansion has played a promoting role in establishing a “Finance oriented” focus and improved Tunghsu’s prosperity.

About Alderon Iron Ore Corp.

Alderon is a leading iron ore development company in Canada. The Kami Project, owned 75% by Alderon and 25% by HBIS Group through The Kami Mine Limited Partnership, is located within Canada’s premier iron ore district, the Labrador Trough, and is surrounded by three producing iron ore mines. The Kami product will be shipped through a newly commissioned multi-user, deep-water berth near the Port of Sept-Îles in Québec.

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

Alderon Iron Ore Corp.
On behalf of the Board
"*Tayfun Eldem*"
President & CEO, Director

Alderon is part of the King & Bay group of companies. King & Bay is a merchant bank that specializes in identifying, funding, developing and supporting growth opportunities in the resource, aviation, and technology sectors.

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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 extension of the Loan Facility; (ii) the terms of the Transaction; (iii) the proposed timeline for the Transaction; and (iv) the satisfaction of the conditions for the Transaction.

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 Resources and Mineral Reserves, the realization of 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 ability of the Company to use the multi-user terminal facility at the Port of Sept-Îles, 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 and Mineral Reserves, 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 and Mineral Reserves, 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 Indigenous governments and organizations, risks related to insufficient capacity being available for the Company to access the multi-user terminal facility at the Port of Sept-Îles, risks related to a default under the Loan Facility, 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.

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