

ALDERON IRON ORE CORP.



AMENDMENT TO THE ENVIRONMENTAL IMPACT STATEMENT
VOLUME 3 APPENDICES – INFORMATION REQUEST RESPONSES

Appendix U

Communication with Shabogamo M.E.



VIA EMAIL

October 31, 2012

Dr. Rehan Malik, President
Shabogamo Mining & Exploration Ltd.
P.O. Box 699
Wabush, NL
A0R 1B0

Dear Dr. Malik:

Re: Kami Iron Ore Environmental Impact Statement

As you are aware, Alderon Iron Ore Corp. acknowledges that Shabogamo Mining & Exploration Ltd. (Shabogamo) has and continues to acquire mineral claims directly adjacent to the Kami properties. Alderon has met with you and your representatives on two separate occasions, most recently on September 13, 2012. During that meeting, we agreed to have Alderon look at the Shabogamo data room to better assess the amount of information they have on the claims they hold so that the assertion of "significant mineralization" can be validated. Since then, we have entered into a non-disclosure agreement with Shabogamo and are preparing to assess the data on your adjacent claims. Discussions, if any, regarding compensation for the potential impact of the Kami project on adjacent claims are of a commercial nature and will be addressed prior to applying for a mining lease.

Regarding your request to the Co-Chair of the Provincial Environmental Assessment Committee that the "approval of the Kami Iron Ore Project be delayed until a satisfactory agreement is reached between Alderon and SME", Alderon feels that it is inappropriate to attempt to delay the environmental assessment process pending the resolution of a potential commercial arrangement.

Alderon has met with Provincial regulators to better understand the process for acquiring a mining lease. As with any other permit or license, application for a mining lease will only be initiated after the environmental assessment is completed. Alderon will continue to engage regulatory bodies and stakeholders to explore all alternatives to ensure that any interference with third-party interests is either avoided or otherwise addressed in a fair and timely manner.

Vancouver Office
Phone: 604-681-8030
Suite 1240
1140 W. Pender Street
Vancouver, BC, V6E 4G1

Toronto Office
Phone: 416-309-2138
8th Floor
65 Queen St. W
Toronto, ON, M5H 2M5

Montreal Office
Phone: 514-281-9434
Suite 250
2000 McGill College Ave.
Montreal, PQ, H3A 3H3

St. John's Office
Phone: 709-576-5607
8th Floor
10 Fort William Place
St. John's, NL, A1C 5W2

ADV: TSX
AXX: NYSE Amex

www.alderonironore.com

Email: info@alderonironore.com



**Dr. Rehan Malik, President
Shabogamo Mining & Exploration Ltd.
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We look forward to reviewing your claims data in the near future.

Yours truly,

ALDERON IRON ORE CORP.

A handwritten signature in blue ink that reads "Tayfun Eldem". The signature is fluid and cursive, with a long horizontal stroke at the end.

**Tayfun Eldem
President & CEO**

**cc: Minister Tom Hedderson, Minister of Environment,
Government of Newfoundland & Labrador**

**Minister Jerome Kennedy, Minister of Natural Resources,
Government of Newfoundland & Labrador**

**Brent Keeping, Co-Chair of the Assessment Committee,
Government of Newfoundland & Labrador**

**Todd Burlingame, Executive VP Environment & Aboriginal Affairs,
Alderon Iron Ore Corp.**



November 16, 2012

VIA EMAIL

Shabogamo Mining and Exploration Ltd.
P.O. Box 699
Wabush, NL A0R 1B0

Attention: Rehan Malik, President

Dear Mr. Malik:

Re: Alderon Iron Ore Corp. ("Alderon")

This letter is further to your November 5, 2012 meeting with Alderon's Chief Geologist Edward Lyons. After reviewing the assessment reports that Shabogamo has filed and the PowerPoint presentation that was given to Mr. Lyons at this meeting, Mr. Lyons has concluded that the assessment report (the "Report") covering mineral licenses 017882M, 017927M, 017959M, and 018553M for 2012 works contained a factual error that Alderon would like to see formally corrected for the public record.

In the Report under the heading 5.0 - Conclusions and Recommendations, Ed Montague, PGeo wrote:

"Iron formation bedrock samples show possible commercial deposits within the SME claims particularly in the Riordan Lake area where airborne geophysics that were flown recently by Alderon Iron Ore Corp. indicate a large electro-magnetic anomaly that straddles both Alderon and SME licenses." [Alderon italics]

The italicised part is factually wrong. SME took the property geology map from Alderon's May 20, 2011 technical report, which was done before Alderon had the geophysical analysis. The anomalies on the property map contained in the technical report, made by Mr. Lyons, were derived from old government airborne surveys that, for technical reasons explained by him to you at the meeting, did not correct for elevation so that topographic highs can often give a "false anomaly". These were sketched on the geology map, but they are not based on Alderon data as Mr. Montague says in the Report. In fact, Mr. Lyons shared with you all that Alderon's survey showed was that there was absolutely no electro-magnetic anomaly at all on the several old anomalies. Alderon also know from mapping the anomaly in Shabogamo's reference that there is no iron formation in the local outcrops on the Alderon claims.

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St. John's Office
Phone: 709-576-5607
8th Floor
10 Fort William Place
St. John's, NL, A1C 1K4

Labrador City Office
Phone: 709-944-4821
70 - 208 Humber Ave, P.O.
Box 214,
Labrador City, NL, A2V 1L0

ADV: TSX
AXX: NYSE MKT

www.alderonironore.com

Email: info@alderonironore.com

Given the nature of our mutual dealings underway and since the Report is a matter of public record, Alderon requests that Shabogamo correct this error. In order to do this, Shabogamo must submit a revised report to the Newfoundland Department of Natural Resources with a correction made to the erroneous passage highlighted in this letter. Alderon also requests that a copy of the revised report be sent to Alderon at the time it is submitted to the Newfoundland Department of Natural Resources. This will clarify any potential confusion.

Alderon requests that Shabogamo send an acknowledgement of the receipt of this letter and confirmation that it will submit this revised report by November 30, 2012.

Yours very truly,

ALDERON IRON ORE CORP.



Tayfun Eldem
President & CEO

/oja

cc: Edward Lyons, Chief Geologist
Gary Norris, Executive VP Government & Community Affairs
Olen Aasen, Corporate Secretary and General Counsel



ALDERON

IRON ORE CORP

10 Fort William Place, 8th Floor
St. John's, NL A1C 5W2

Tel: (709) 576-5607
Fax: (709) 576-7541