ALDERON RESOURCE CORP.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

December 31, 2009
(Stated in Canadian Dollars)

AUDITORS' REPORT

To the Shareholders of
Alderon Resource Corp.

We have audited the balance sheet of Alderon Resource Corp. as at December 31, 2009 and the statements of operations and comprehensive loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and the results of its operations and comprehensive loss and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The audited financial statements at December 31, 2008 and for the year then ended were examined by other auditors who expressed an opinion without reservation on those statements in their report dated August 4, 2009.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Accountants

April 20, 2010

ALDERON RESOURCE CORP.
(An Exploration Stage Company)
BALANCE SHEETS

	DECEMBER 31 2009	DECEMBER 31 2008
ASSETS		
Current		
Cash	**$ 4,920**	$ 24,775
Cash held in trust (Note 6)	**1,500,000**	-
Marketable securities (Note 3)	**-**	56,710
Accounts receivable	**11,173**	3,130
	1,516,093	84,615
Resource Properties (Note 4)	**-**	-
	$ 1,516,093	$ 84,615
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 181,861**	$ 357,485
Loans payable (Note 5)	**-**	94,500
Due to related parties (Note 8)	**44,824**	9,175
	226,685	461,160
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share Capital (Note 6)		
Authorized: Unlimited number of common shares without par value		
Issued: 18,558,162 (December 31, 2008 – 6,558,162) common shares	**20,164,894**	19,668,067
Subscriptions received in advance (Note 6)	**1,500,000**	-
Contributed Surplus	**256,477**	256,477
Accumulated Other Comprehensive Loss	**-**	(539,640)
Deficit	**(20,631,963)**	(19,761,449)
	1,289,408	(376,545)
	$ 1,516,093	$ 84,615

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

Approved on Behalf of the Board of Directors:

"Mark J. Morabito"	"Brad Boland
Director	Director

The accompanying notes are an integral part of these financial statements.

ALDERON RESOURCE CORP.
(An Exploration Stage Company)
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	YEARS ENDED DECEMBER 31	
	2009	2008
Administrative expenses:		
Accounting and audit fees	$ **50,273**	$ 41,583
Bank charges and interest	**2,245**	920
Consulting fees (Note 8)	**254,200**	14,525
Corporate communications	**-**	7,400
Legal fees	**3,757**	2,745
Management fees	**55,000**	60,000
Office and sundry	**62,150**	100,736
Part XII.6 tax / indemnification expense	**(7,763)**	62,763
Reports and maps	**9,256**	-
Transfer agent and filing fees	**16,922**	19,696
Web design	**22,560**	30,000
Loss before other items	**(468,600)**	(340,368)
Other items:		
Gain on settlement of accounts payable	**237,265**	-
Loss on sale of marketable securities	**(583,030)**	(4,620)
Write off of Mineral property interests	**-**	(7,444,085)
Loss before income taxes	**(814,365)**	(7,789,073)
Future income tax recovery (expense)	**(56,149)**	10,600
Net loss for the year	**(870,514)**	(7,778,473)
Unrealized loss on available-for-sale investments	**-**	(154,640)
Comprehensive loss for the year	$ **(870,514)**	$ (7,933,113)
Basic and diluted loss per share	$ **(0.10)**	$ (1.43)
Basic and diluted weighted average number of common shares outstanding	**8,875,970**	5,398,246

The accompanying notes are an integral part of these financial statements.

ALDERON RESOURCE CORP.
(An Exploration Stage Company)
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2009	2008
Cash flows used in operating activities		
Net loss for the period	**$ (870,514)**	$ (7,778,473)
Items not affecting cash		
Gain on settlement of accounts payable	**(237,265)**	-
Income tax (recovery) expense	**56,149**	(10,600)
Loss on sale of marketable securities	**583,030**	4,620
Write off of mineral property interests	**-**	7,444,085
	(468,600)	(340,368)
Net change in non-cash working capital items:		
Accounts receivable	**(8,043)**	15,819
Prepaid expenses	**-**	6,000
Accounts payable and accrued liabilities	**313,641**	200,970
Cash used in operating activities	**(163,002)**	(117,579)
Cash flows from investing activities		
Proceeds on sale of marketable securities	**13,320**	2,030
Resource property costs	**-**	(110,186)
Cash inflow (outflow)from investing activities	**13,320**	(108,156)
Cash flows from financing activities		
Due to related parties	**35,649**	
Shares issued for cash, net of share issuance costs	**140,678**	90,000
Share subscriptions received	**-**	50,000
Subscription receipts	**1,500,000**	-
Loan advances	**48,000**	15,000
Loan repayments	**(94,500)**	-
Cash inflow from financing activities	**1,629,827**	155,000
Increase (decrease) in cash	**1,480,145**	(70,735)
Cash, beginning of year	**24,775**	95,510
Cash, end of year	**$ 1,504,920**	**$** 24,775
Cash consist of:		
Cash	**$ 4,920**	$ 24,775
Cash held in trust	**1,500,000**	
	$ 1,504,920	$ 24,775

Supplemental disclosures with respect to cash flows (Note 7)

The accompanying notes are an integral part of these financial statements

ALDERON RESOURCE CORP.

(An Exploration Stage Company)

STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)

FOR THE YEAR ENDED DECEMBER 31, 2009 and 2008

	SHARE CAPITAL												
	NUMBER		AMOUNT		COMMITMENT TO ISSUE SHARES		CONTRIBUTED SURPLUS		ACCUMULATED OTHER COMPREHENSIVE LOSS		DEFICIT		TOTAL
Balance, December 31, 2007	5,028,162	$	18,923,667	$	-	$	256,477	$	(385,000)	$	(11,982,976)	$	6,812,168
Shares issued for resource properties	1,350,000		615,000		-		-		-		-		615,000
Private placement	180,000		90,000		-		-		-		-		90,000
Share subscription received	-		50,000		-		-		-		-		50,000
Tax benefit on renunciation of flow through expenditures	-		(10,600)		-		-		-		-		(10,600)
Unrealized losses on available for sale investments	-		-		-		-		(157,727)		-		(157,727)
Transfer to realized losses	-		-		-		-		3,087		-		3,087
Net loss for the year	-		-		-		-		-		(7,778,473)		(7,778,473)
Balance, December 31, 2008	6,558,162	$	19,668,067	$	-	$	256,477	$	(539,640)	$	(19,761,449)	$	(376,545)
Shares issued for cash – private placement (Note 6)	6,000,000		140,678		-		-		-		-		140,678
Debt settlement (Note 6)	6,000,000		300,000		-		-		-		-		300,000
Share subscriptions received (Note 6)	-		-		1,500,000		-		-		-		1,500,000
Unrealized losses on available-for sale investments	-		-		-		-		(37,050)		-		(37,050)
Transferred loss	-		-		-		-		576,690		-		576,690
Tax expense on flow through shares	-		56,149		-		-		-		-		56,149
Net loss for the year	-		-		-		-		-		(870,514)		(870,514)
Balance, December 31, 2009	**18,558,162**	**$**	**20,164,894**	**$**	**1,500,000**	**$**	**256,477**	**$**	**-**	**$**	**(20,631,963)**	**$**	**1,289,408**

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company is an exploration stage company whose common shares trade on the TSX Venture Exchange and is in the business of acquiring, exploring and evaluating mineral resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed.

On September 1, 2004, the Company changed its name from Truax Ventures Corp. to Aries Resource Corp. and then again on September 24, 2008, the Company changed its name from Aries Resource Corp. to Alderon Resource Corp.

On March 3, 2010, pursuant to a special resolution passed by the shareholders on December 8, 2009, the Company consolidated its common shares on a 2 old for 1 new basis. All share and per share amounts are presented on a pre-consolidated basis unless stated.

These financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

As discussed in Note 12 the Company has raised sufficient funds to meet all of its obligations for this coming year.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of the balance sheets and statements of cash flows, the Company considers all highly liquid short-term investments with maturity of three months or less to be cash equivalents. At December 31, 2009 and 2008, the Company had no cash equivalents.

Marketable Securities

In accordance with the recommendations of Section 3855 – "Financial Instruments – Recognition and Measurement" of the CICA Handbook, the Company has designated its marketable securities, comprising of shares listed on a recognized stock exchange, as available-for-sale securities and reports them at fair value. The amounts by which fair values of these securities differ from written down cost represent unrealized gains and losses and are recognized in other comprehensive income (loss). All realized gains and losses are recognized in the net income (loss) in the period of disposition. The fair value of these securities is market value. The market value of publicly traded securities is based on quoted market prices.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Resource Properties

Costs related to the acquisition, exploration and development of mineral properties are capitalized as property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity (deficiency), and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the years reported. In particular, the Black-Scholes stock price valuation model used to value warrants and stock options require the input of highly subjective assumptions regarding stock price volatility. Changes in these assumptions can materially affect the fair value estimate, and therefore, the Black-Scholes model does not necessarily provide a reliable measure of fair value. Other significant estimates used relate to the impairment of resource property interests and the valuation allowance for future income tax assets. Actual results may differ significantly from estimates and assumptions.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Future reclamation costs

The Company follows the recommendations of CICA Handbook Section 3110, Asset Retirement Obligations. This section requires recognition of a legal liability for obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement cost must be recognized at fair value, when a reasonable estimate of fair value can be made, in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life. If the fair value of the liability decreases due to changes in future cash flow estimates, a corresponding decrease in the related asset is recorded. If the reduction exceeds the value of the related asset, the remaining amount is reduced through earnings.

Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year.

For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the year, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income Taxes

Income taxes are accounted for using the asset and liability method. Under this method of tax allocation, future tax assets and liabilities are determined based on differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases ("temporary differences") and losses carried forward. Future income tax assets and liabilities are measured using the enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Stock Based Compensation

The Company follows the recommendations of CICA Handbook Section 3870 – "Stock Based Compensation and Other Stock Based Payments" to account for stock based transactions with officers, directors, and consultants. The Company recognizes stock based compensation expense based on the estimated fair value of the options on the date of grant, determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both stock compensation expense and contributed surplus. The contributed surplus account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

Flow-Through Shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. To the extent that the future tax liabilities created by the renunciation exceed the future tax assets available, the Company records a reduction in capital stock for the estimated tax benefits transferred to shareholders.

When the Company renounces flow-through expenditures, a portion of the Company's future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, is recognized as a recovery of income taxes in the statement of operations.

Foreign Currency Translation

The Company's functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currency are translated into Canadian dollars at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Any gains or losses resulting from translation have been included in the statement of operations.

Long-Lived Assets

Long-lived assets include capitalized acquisition and exploration costs incurred on the Company's mineral properties. Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Carrying amounts are written off to the extent capitalized costs exceed the expected undiscounted net cash flows from their use and eventual disposition proceeds.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Changes in accounting policy

The Company has adopted the following accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA") in 2009. These accounting standards were adopted on a prospective basis with no restatement to prior period financial statements.

Goodwill and Intangible Assets (Section 3064)

Effective January 1, 2009, the Company adopted the CICA Handbook Section 3064 "Goodwill and Intangible Assets". This section replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". This standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. There was no material impact on the financial position or operational results of the Company as a result of the adoption of the new standard.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC Abstract 173)

In January 2009, the Company adopted the EIC Abstract ("EIC-173"). EIC-173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. There was no impact as a result of the adoption of EIC-173 on the Company's financial statements.

New Canadian Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

New Canadian Accounting Pronouncements (cont'd...)

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Section 1601 establishes standards for the preparation of consolidated financial statements

Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements (January 2008).

Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

Comprehensive Revaluation of Assets and Liabilities (Section 1625) and Equity (Section 3251)

As a result of issuing CICA Handbook sections 1582, 1601, and 1602, CICA Handbook Section 1625 has been amended and is effective prospectively beginning on or after January 1, 2011. Section 3251, Equity, has been amended as a result of issuing Section 1602 and applies to entities that have adopted this section. The Company does not expect any material impact on its financial position, operating results or disclosure on the adoption of this new section.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

New Canadian Accounting Pronouncements (cont'd...)

Financial Instruments – Recognition and Measurement (Section 3855)

Section 3855 has been amended to clarify (i) the application of the effective interest rate method after a debt instrument has been impaired, and (ii) when an embedded prepayment option is separated from its host debt instrument for accounting purposes. These amendments apply to interim and annual financial statements beginning on or after January 1, 2011. The Company does not expect any significant impact on its financial position, operating results or disclosure on adopting the amended Section 3855.

Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

These sections were amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significant. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 –Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

See Note 11 for relevant disclosures.

3. MARKETABLE SECURITIES

	DECEMBER 31, 2009		DECEMBER 31, 2008	
	NUMBER OF SHARES	**VALUE**	NUMBER OF SHARES	VALUE
Aroway Minerals Inc. (formerly Action Minerals Inc.)				
Balance, beginning of the year	**125,000**	**$ 50,000**	75,000	$ 150,000
Shares received	**-**	**-**	50,000	40,000
Sold	**(125,000)**	**(15,000)**		
Unrealized loss	**-**	**(35,000)**	-	(140,000)
Balance, end of the year	**-**	**$ -**	125,000	$ 50,000
Long Harbour Capital Corp.				
Balance, beginning of the year	**61,000**	**6,710**	-	-
Shares received	**-**	**-**	80,000	28,000
Sold	**(61,000)**	**(4,660)**	(19,000)	(3,562)
Unrealized loss	**-**	**(2,050)**	-	(17,728)
Balance, end of the period	**-**	**$ -**	61,000	$ 6,710
Total marketable securities		**$ -**		$ 56,710

During the year ended December 31, 2009, the Company received Nil (2008 – 50,000) common shares of Aroway Minerals (formerly Action Minerals Inc.), a company controlled by common directors, pursuant to a property option agreement. The Company disposed of all of its shares in Aroway Minerals Inc. (formerly Action Minerals Inc.) and Long Harbour Capital Corp. for total proceeds of $13,320 and realized previous losses that were included in accumulated other comprehensive loss.

4. RESOURCE PROPERTIES

	DECEMBER 31 2007	2008 ACQUISITION COSTS/ RECOVERIES	2008 EXPLORATION COSTS	2008 WRITE DOWNS	**DECEMBER 31 2008 and 2009**
Racing River	$ 84,381	$ 327,590	$ -	$ (411,971)	$ -
Mt. Roosevelt	175,615	-	-	(175,615)	-
Gataga	146,808	-	-	(146,808)	-
Tower	150,000	1,685	-	(151,685)	-
Toad River	60,809	-	-	(60,809)	-
Liard	5,248,049	(10,042)	95,239	(5,333,246)	-
Liard-Trident	(875,500)	(47,000)	-	922,500	-
Churchill	121,145	135,332	-	(256,477)	-
Key and Okey	483,500	(18,692)	-	(464,808)	-
Anvil	222,924	40,000	-	(262,924)	-
Saddle	365,000	4,742	-	(369,742)	-
Tentsi	542,500	15,000	-	(557,500)	-
Claremont Tower	-	175,000	-	(175,000)	-
	$ 6,725,231	**$ 623,615**	**$ 95,239**	**$ (7,444,085)**	**$ -**

The Company held various claims or options to acquire claims in the above properties all of which were in B.C. The Company has entered into a new property option agreement (see Note 13) subsequent to year end and has abandoned all of its existing claims in B.C. during the years ended December 31, 2009 and 2008

5. LOANS PAYABLE

At December 31, 2009, loans payable totaled $Nil (2008 - $94,500). The loans were due to arm's length parties, were unsecured, non-interest bearing and were repaid during the year ended December 31, 2009.

6. SHARE CAPITAL

Share issuances

During the year ended December 31, 2009, shares were issued as follows:

- On September 22, 2009, the Company closed a private placement for gross proceeds of $150,000 by issuing 6,000,000 units of the Company at $0.025 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into an additional common share for a period of two years, at an exercise price of $0.05 during the first year and $0.10 during the second year. In connection with this private placement, the Company incurred $9,322 of share issuance costs.

- On November 25, 2009, the Company settled accounts payable of $300,000 by issuing 6,000,000 common shares at a price of $0.05 per share.

- On December 22, 2009, the Company issued 10 million subscription receipts, at a price of $0.15 per subscription receipt, for total proceeds of $1.5 million. At December 31, 2009, the proceeds were being held in trust pending the completion of a 2 for 1 share consolidation and the acquisition of a private British Columbia Company. This private placement closed subsequent to year end (See Note 12 for more details).

During the year ended December 31, 2008, shares were issued as follows:

- On May 9, 2008, the Company issued 500,000 common shares at a price of $0.60 per share for property pursuant to the Racing River property option agreement.

- On May 15, 2008, the Company issued 350,000 common shares at a price of $0.40 per share for property pursuant to the Churchill property option agreement.

- On June 23, 2008, the Company issued 500,000 common shares at a price of $0.35 per share for property pursuant to the Claremont Tower property option agreement.

- On June 2, 2008, the Company closed a private placement for gross proceeds of $90,000 by issuing 180,000 units of the Company at $0.50 per unit. Each unit consists of one common share and one non-flow-through share purchase warrant, exercisable at $0.50 per share for a period of eighteen months. Of the total shares issued, 70,000 were flow-through shares, while 110,000 were non-flow-through shares.

6. SHARE CAPITAL (cont'd...)

Warrants

The following is a summary of warrants outstanding at December 31, 2009 and 2008 and changes during the years then ended.

	December 31, 2009		December 31, 2008	
	Number Of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of the year	180,000	$ 1.00	249,750	$ 2.70
Private placement/Issuance	6,000,000	0.05	180,000	1.00
Expired	(180,000)	1.00	(249,750)	2.70
Outstanding, end of the year	6,000,000	0.05	180,000	1.00

As at December 31, 2009, the Company had the following warrants outstanding:

Exercise price	Number outstanding	Expiry Date
$ 0.05 / 0.10[1]	6,000,000	September 22, 2011

[1] these warrants are exercisable at $0.05 per warrant in the first year and $0.10 per warrants in the second year.

Stock Options

The Company has a Rolling Stock Option Plan (the "Plan"), which follows the policies of the TSX Venture Exchange ("TSXV") regarding stock option awards granted to employees, directors and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

6. SHARE CAPITAL (cont'd...)

Stock options (cont'd...)

As at December 31, 2009, the following stock options were outstanding:

	December 31, 2009			December 31, 2008		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of the year	96,000	$	2.46	96,000	$	2.46
Granted	-		-	-		-
Cancelled/Expired	(61,000)		2.89	-		-
Outstanding, end of the year	35,000		1.70	96,000		2.46

At December 31, 2009, the following stock options were outstanding:

Outstanding	Exercisable	Exercise Price ($)	Expiry Date
35,000	35,000	1.70	March 7, 2010 *

* Subsequent to year-end, these stock options expired unexercised.

Escrow shares

At December 31, 2009, a total of 313 (December 31, 2008 – 313) shares were held in escrow.

7. SUPPLEMENTAL DISCLOUSRES WITH RESPECT TO CASH FLOWS

The following were significant non-cash transactions during the year ended December 31, 2009:

- the Company issued 6,000,000 shares to settle debt of $300,000 ($252,000 of accounts payable and $48,000 of loans)

7. SUPPLEMENTAL DISCLOUSRES WITH RESPECT TO CASH FLOWS (cont'd...)

The following were significant non-cash transactions during the year ended December 31, 2008:

- $68,000 was received in the form of shares from property agreements.
- $615,000 was issued in the form of shares for property acquisition.

There was no cash paid for interest on income taxes for the years ending December 31, 2009 and 2008.

8. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2009, the Company had the following transactions with related parties:

- The Company incurred consulting fees of $9,250 (2008 – $10,000) to a former director of the Company and to a Company controlled by a former director. $5,250 was still owing as at December 31, 2009.

- The Company incurred management fees of $55,000 (2008 – $60,000) to a director of the Company.

- The Company incurred administrative costs of $74,800 (2008 - $72,000) to a company controlled by a former director, which are included in accounting and office expenses.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- At December 31, 2009, $23,873 was due to a law firm of which a director is a partner. This amount was owed for monies advanced to the Company during the year ended December 31, 2009 and was paid back subsequent to the year-end.

- At December 31, 2009, $15,701 was due to a company that is controlled by a director. This amount was owed for monies advanced to the Company during the year ended December 31, 2009 and was paid back subsequent to the year-end.

- During the year ended December 31 2009, the Company issued 5,200,000 common shares to settle debt of $260,000 with a company controlled by a former director. In addition, the Company also issued 800,000 common shares to settle debt of $40,000 with a law firm that this former director is also a partner of.

- During the year ended December 31, 2009, a company controlled by a former director forgave $225,000 in debt owing from the Company.

9. INCOME TAX

The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates to the loss as a result of the following:

	2009	2008
Statutory rates	30%	31%
Income tax recovery expected	$ (261,154)	$ (2,395,000)
Effect of change in tax rate	-	7,000
Non-deductible expenses	56,938	2,388,000
Tax expense (benefits) on renunciation of flow-through expenditures	56,149	(10,600)
Unrecognized benefit of non-capital losses	204,216	-
Future income tax expense / (recovery)	$ 56,149	$ (10,600)

The tax effects of temporary timing differences that give rise to significant components of future tax assets and future tax liabilities are as follows:

	2009	2008
Future tax assets		
Non-capital losses carried forward	$ 587,236	$ 346,000
Marketable securities	-	84,000
Resource deductions	1,574,649	1,462,000
Share issue costs	15,034	30,000
Total gross future income tax assets	2,176,919	1,922,000
Less: Valuation allowance	(2,176,919)	(1,922,000)
Net future income tax assets	$ -	$ -

9. INCOME TAX (cont'd...)

At December 31, 2009, the Company had non-capital losses of approximately $2,245,000 (2008 - $1,330,000). These losses, if not utilized, will expire through until 2029. Future tax benefits which may arise as a result of these non-capital losses have been recognized in these financial statements and have been offset by valuation allowances due to the uncertainty of their realization.

10. CAPITAL MANAGEMENT

The Company is in the business of mineral exploration in Canada. Management determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors has not established quantitative return on capital criteria for capital management but rather relies upon the expertise of the management team to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; and the Company does not generate any revenue, and accordingly the Company is dependent upon external financing to fund both its exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential provided it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company is reasonable.

The Company is not subject to externally imposed capital requirements.

11. FINANCIAL RISK FACTORS

The Company's financial instruments consist of cash, cash held in trust, accounts receivable, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of the Company's accounts receivable, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying value, due to their short-term maturities or ability of prompt liquidation. The Company's other financial instruments, cash and cash held in trust, and marketable securities, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

11. FINANCIAL RISK FACTORS (cont'd...)

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they fall due. As at December 31, 2009, the Company had cash available of $1,504,920 to settle current liabilities of $226,685. Subsequent to year end, the Company raised sufficient funds to meet these obligations.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices. Since the Company does not currently possess investments in publicly traded securities, market risk is considered to be low.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's accounts receivable consist mainly of GST receivable due from the Government of Canada, and as such have no significant credit risk with respect to accounts receivable.

12. SUBSEQUENT EVENTS

Acquisition of 0860132 B.C. Ltd.

On March 3, 2010, the Company completed the acquisition of 0860132 B.C. Ltd., a private British Columbia company ("Privco"), through the issuance of 5,000,000 post consolidated common shares of the Company to the shareholders of Privco. The common shares issued are subject to an escrow agreement dated February 25, 2010, and will be released over the next 18 months. The shares are also subject to a hold period expiring July 4, 2010.

12. SUBSEQUENT EVENTS (cont'd...)

Mineral Property Option Agreement

The Company and Privco are parties to an Option Agreement dated November 2, 2009 with Altius Resources Inc. ("Altius") pursuant to which the Company has the right to acquire a 100% interest in the Kamistiatusset ("Kami") iron ore project in western Labrador.

In order to exercise the Option, the Company is required to fund exploration expenditures on the property of at least $1,000,000 in the first year, and cumulative expenditures in the first two years of at least $5,000,000. At the option of the Company, it can elect to incur cumulative exploration expenditures of at least $2,500,000 in the first two years and pay to Altius an amount in cash equal to $5,000,000 minus the actual amount of expenditures incurred.

Upon incurring such expenditures the Company will be entitled to exercise the Option and acquire a 100% interest in the Kami project by issuing an aggregate of 31,779,081 post-consolidated shares of the Company to Altius, subject to adjustment in the event that the Company issues additional securities, at less than agreed prices, prior to the exercise of the Option.

Share consolidation

On March 3, 2010, pursuant to a special resolution passed by the shareholders on December 8, 2009, the Company consolidated its common shares on a 2 old for 1 new basis.

Financings

- On March 3, 2010, the 10,000,000 subscription receipts issued on December 22, 2009 at $0.15 per subscription receipt for total proceeds of $1.500,000 (See Note 7 for further details) have automatically converted into 10,000,000 post consolidated common shares of the Company and the proceeds of the financing have been released from escrow. In connection with this private placement, the Company issued 1,000,000 finder's warrants, each warrant entitling the holder to acquire one post consolidated common share of the Company for $0.15, on or before December 22, 2010.

12. SUBSEQUENT EVENTS (cont'd...)

Financings (cont'd...)

- The Company also closed another private placement for $10,000,000 on February 16, 2010, through the issuance of 10,000,000 subscription receipts at a price of $1.00 per receipt. On March 3, 2010, the 10,000,000 subscription receipts issued have also converted into 10,000,000 post consolidated common shares of the Company. A cash finder's fee of $445,500 and 445,500 finder's warrants were issued in connection with this private placement. Each finder's warrant entitles the holder to purchase one post-consolidated common share of the Company for $1.00, on or before February 16, 2011.

Stock options

On March 3, 2010, the Company also announced that they have granted options to purchase an aggregate of 1,450,000 common shares to certain directors, officers and consultants of the Company. The options can be exercised at $1.50 per common share on or before March 3, 2015.

Flow-through financing

On March 23, 2010, the Company closed a non-brokered private placement of 1,818,182 flow-through shares ("Flow-Through Shares") at a price of $2.75 per Flow-Through Share for gross proceeds of $5,000,000 (the "Flow-Through Private Placement"). Each Flow-Through Share qualifies as a "flow-through share" for the purposes of the *Income Tax Act* (Canada). In connection with the Flow-Through Private Placement, the Company paid a cash finder's fee equal to 5% of the gross proceeds received. The Company also issued to the finder non-transferable warrants ("Finder's Warrants") equal to 5% of the Flow-Through Shares sold through the Flow-Through Private Placement. Each Finder's Warrant may be exercised for one common share of the Company at an exercise price of $2.75 per Finder's Warrant for a period of two years.

Commitments

The Company entered into an independent contractor agreement with MJM Consulting, owned by a director of the Company, subsequent to year end. The base fee for the consulting services is $16,667 per month plus applicable GST, effective from January 18, 2010 to December 31, 2012. The Company also agrees to grant options to purchase up to 250,000 common shares of the Company, with option vesting pursuant to the terms of the Company's Stock Option Plan and subject to terms and conditions of the option agreement.

Alderon Resource Corp.
Management Discussion & Analysis
For the Year Ended December 31, 2009
Date Prepared: April 23, 2010

GENERAL

Management discussion & analysis ("MD&A") is intended to supplement and complement the financial statements of Alderon Resource Corp. (the "Company" or "Alderon"). The information provided herein should be read in conjunction with the Company's audited financial statements and notes for the year ended December 31, 2009.

All dollar figures presented are expressed in Canadian dollars unless otherwise noted. Financial statements and summary information derived therefrom are prepared in accordance with Canadian generally accepted accounting principles.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The reader is encouraged to review the Company statutory filings on www.sedar.com and to review general information including reports and maps on the Company's website at www.alderonmining.com.

FORWARD LOOKING STATEMENTS

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

DESCRIPTION OF BUSINESS AND OVERVIEW

The Company is a public exploration stage company whose common shares trade on the TSX Venture Exchange and is in the business of acquiring, exploring, and evaluating mineral resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed.

On September 1, 2004, the Company changed its name from Truax Ventures Corp. to Aries Resource Corp. and then again on September 24, 2008, the Company changed its name from Aries Resource Corp. to Alderon Resource Corp.

In the second quarter of 2009, the Company received a cease trade order from the British Columbia Securities Commission for failure to file its audited annual financial statements for the year ended December 31, 2008 by the appropriate deadline. This was the result of the financial hardship of the Company and this order was revoked on August 13, 2009 when the Company was brought up to date. Trading in the securities of the Company was reinstated effective at the opening on Friday August 14, 2009.

Also, at the request of the Company, trading in the Company shares was halted on November 30, 2009 following the execution of a letter of intent in respect of the acquisition of 0860132 B.C. Ltd. (See "Proposed Transaction"). Immediately prior to November 30, 2009, the closing price of the shares on the last day the shares traded (November 27, 2009) was $0.055. Trading in the shares resumed on December 24, 2009.

MINERAL PROPERTIES

The Company held various claims in properties located in B.C. The Company has abandoned all of these existing claims and, subsequent to December 31, 2009, entered into a new property option agreement to earn 100% in the Kamistiatusset ('Kami') Property (See "Proposed Transaction"). See "Plan of Operations" for exploration plans for fiscal 2010.

REVIEW OF FINANCIAL RESULTS

The following table summarizes the Company's financial operations. For more detailed information, please refer to the audited financial statements.

Description	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Total assets	$1,516,093	$84,615	$6,995,690
Resource Properties	-	-	6,725,231
Working capital surplus (deficiency)	1,289,408	(376,545)	86,937
Administrative expenses	468,600	340,368	359,553
Property write offs	-	7,444,085	-
Other items	(345,765)	(7,448,705)	116,996
Future income tax recovery (expense)	(56,149)	10,600	741,500
Net Income (Loss)	(870,514)	(7,778,473)	498,943
Income (Loss) per share	(0.10)	(1.43)	(0.12)

Overview

For fiscal year ended December 31, 2009 the Company reported a net loss of $1,026,305 or $0.12 per common share, compared with a net loss of $7,778,473 or $1.43 per common share for the prior fiscal year. The number of common shares for fiscal 2009 increased to 18,558,162 from 6,558,162 for the previous year. The increase in the number of shares outstanding was due to share issuances related to the following:

- 6,000,000 common shares issued for the September 2009 private placement
- 6,000,000 common shares issued as part of settling debt

Administrative Expenses

Expenses for the current year were $468,600, $128,232 higher than in fiscal 2008.

Audit, accounting and legal fees increased in 2009 by $9,702 from 2008, largely due to the preparation of the filing statement in relation to the acquisition of 0860132 B.C. Ltd., which was completed subsequent to December 31, 2009 (See “subsequent events”).

Consulting fees for 2009 were $239,675 higher than in 2008 due to a contract for geological and management consulting services the Company had for the Trident Copper Project. During the year this amount was assigned over to another company, with a portion of this fee later forgiven by this company (see “Other Items”).

Part XII.6 tax and indemnification expenses decreased by $70,526 as a result of penalties and taxes owing on past flow-through financings where the Company did not incur the exploration expenditures renounced to subscribers during the period specified by the Income Tax Act (ITA).

Items such as office, transfer agent and filing fees and travel and entertainment expenses have decreased from 2008 due to the decrease in Company activity during 2009.

Other Items

Other items increased in fiscal 2009 by $7,102,940 to ($345,765) compared with ($7,448,705) in 2008 primarily as a result of the $7,444,085 write off of mineral property interests from 2008. In addition, the loss on marketable securities increased by $578,410 from 2008 to $583,030, as a direct result from the sale of marketable securities. Due to the financial hardship faced by the Company during the year some vendors allowed for portions of Company debt to be forgiven and as a result a total of $237,265 was recorded as a gain on settlement of accounts payable.

Alderon has accounted for its investment in marketable securities as “available-for-sale” in accordance with CICA Standard 3855 on Financial Instruments. The amounts by which fair values of these securities differ from written down costs represent unrealized gains and losses and are recognized in other comprehensive income (loss). All realized gains and losses are recognized in the net income (loss) in the period of disposition. The fair value of these securities is market value. The market value of publicly traded securities is based on quoted market prices.

SUMMARY OF QUARTERLY RESULTS

	Q4 2009	Q3 2009	Q2 2009	Q1 2009	**Q4 2008**	Q3 2008	Q2 2008	Q1 2008
Income/(loss) before other items	**$(301,329)**	$(63,424)	$(48,639)	$(55,208)	**$(137,057)**	$(65,967)	$(70,206)	$(67,138)
Net income/(loss) for the period	**$(707,618)**	$(52,909)	$(48,879)	$(61,108)	**$(7,575,162)**	$(65,967)	$(70,206)	$(67,138)
Net income/(loss) per share	**(0.08)**	(0.01)	(0.01)	(0.00)	**(1.43)**	(0.01)	(0.00)	(0.00)

FOURTH QUARTER

In the fourth quarter of 2009 the Company reported a net loss of $707,618 or $0.08 per common share, compared with a net loss of $7,575,162 or $1.43 per common share for the same period of 2008.

The largest component of the fourth quarter loss was $252,000 incurred in consulting fees, from a geological and management consulting company. As mentioned above, this amount was assigned to another company, with a portion of this fee later forgiven by this company. In addition, accruals were recorded in the fourth quarter as a result of penalties and taxes owing on past flow-through financings where the Company did not incur the exploration expenditures renounced to subscribers during the period specified by the Income Tax Act (ITA).

Also during the fourth quarter, the Company realized losses of $576,890 on the sale of marketable securities.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

As of December 31, 2009, the Company had cash and cash equivalents of $1,504,920 (December 31, 2008 - $24,775) and a working capital surplus of $1,289,408 (December 31, 2008 deficit - $376,545). The reason for the surplus is directly related to $1.5 million being held in trust pending the completion of a 2 for 1 share consolidation and the acquisition of a private British Columbia Company (See “Proposed Transaction”). Without the funds in trust the Company would have a working capital deficit of $210,592 at December 31, 2009.

On September 22, 2009, the Company closed a private placement for gross proceeds of $150,000 by issuing 6,000,000 units of the Company at $0.025 per unit. Each unit consists of one non-flow-through common share and one non-flow-through share purchase warrant. Each warrant is exercisable into an additional common share for a period of two years, at an exercise price of $0.05 during the first year and $0.10 during the second year.

On November 25, 2009, the Company settled debt of $300,000 by the issuing 6,000,000 common shares at a price of $0.05 per share.

On December 22, 2009, the Company announced that it had completed a $1,500,000 private placement through the issuance of 10,000,000 subscription receipts, at a price of $0.15 per subscription receipt. At December 31, 2009, the proceeds were being held in trust pending the completion of a 2 for 1 share consolidation and the acquisition of a private British Columbia Company (See "Proposed Transaction").

As of December 31, 2009, the Company did not have sufficient capital resources to meet its obligations. However, subsequent to December 31, 2009, the Company completed the acquisition of 0860132 B.C. Ltd., in conjunction with two separate financings (including the one for $1,500,000 held in trust at December 31, 2009), and a share consolidation (See "Proposed Transactions"). After the completion of this acquisition, the Company believes it has sufficient working capital to finance its intended operations, and maintain its mineral property licenses. To date, the Company's operations, exploration and development activities have been almost entirely financed from equity financings. The Company will continue to identify financing opportunities in order to provide additional financial flexibility and to continue the development of its property portfolio, meet land claim expenditure requirements and other commitments. While the Company has been successful raising the necessary funds in the past, there can be no assurance it can do so in the future. See "Forward Looking Statements"

SHARE CAPITAL

The Company's authorized capital consists of unlimited number of common shares without par value, and has securities outstanding as follows:

Security Description	Pre consolidation December 31, 2009	Post consolidation December 31, 2009[1]	Post consolidation April 23, 2010[1]
Common shares	18,558,162	9,279,081	36,097,183
Director, employee and contractor options – vested	35,000	17,500	-
Director, employee and contractor options – granted but not yet vested	-	-	1,450,000
Warrants to purchase shares	6,000,000	3,000,000	4,536,410
Fully diluted shares	**24,593,162**	**12,296,581**	**42,083,593**

[1] Subsequent to December 31, 2009, the Company completed a 2 for 1 share consolidation.

RELATED PARTY TRANSACTIONS

For the year ended December 31, 2009, the Company had the following transactions with related parties:

- The Company incurred consulting fees of $9,250 (2008 – $10,000) to a former director of the Company and to a Company controlled by a former director. $5,250 was still owing as of December 31, 2009.
- The Company incurred management fees of $55,000 (2008 – $60,000) to a director of the Company.
- The Company incurred administrative costs of $74,800 (2008 - $72,000) to a company controlled by a former director, which are included in accounting and office expenses.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- At December 31, 2009, $23,873 was due to a law firm of which a director is a partner. This amount was owed for monies advanced to the Company during the year ended December 31, 2009 and was paid back subsequent to the year-end.
- At December 31, 2009, $15,701 was due to a company that is controlled by a director. This amount was owed for monies advanced to the Company during the year ended December 31, 2009 and was paid back subsequent to the year-end.
- During the year ended December 31 2009, the Company issued 5,200,000 common shares to settle debt of $260,000 with a company controlled by a former director. In addition, the Company also issued 800,000 common shares to settle debt of $40,000 with a law firm that this former director is also a partner of.
- During the year ended December 31, 2009, a company controlled by a former director forgave $225,000 in debt owing from the Company.

PROPOSED TRANSACTIONS

Acquisition of 0860132 B.C. Ltd.

On March 3, 2010, the Company announced that it had completed the acquisition of 0860132 B.C. Ltd., a private British Columbia company (“Privco”), through the issuance of 5,000,000 post consolidated common shares of the Company to the shareholders of Privco. The common shares issued are subject to an escrow agreement dated February 25, 2010, and will be released over the next 18 months. The shares are also subject to a hold period expiring July 4, 2010.

Mineral Property Option Agreement

The Company and Privco are parties to an Option Agreement dated November 2, 2009 with Altius Resources Inc. ("Altius") pursuant to which the Company has the right to acquire a 100% interest in the Kamistiatusset ("Kami") iron ore project in western Labrador.

In order to exercise the Option, the Company is required to fund exploration expenditures on the property of at least $1,000,000 in the first year, and cumulative expenditures in the first two years of at least $5,000,000. At the option of the Company, it can elect to incur cumulative exploration expenditures of at least $2,500,000 in the first 2 years and pay to Altius an amount in cash equal to $5,000,000 minus the actual amount of expenditures incurred.

Upon incurring such expenditures the Company will be entitled to exercise the Option and acquire a 100% interest in the Kami project by issuing an aggregate of 31,779,081 post-consolidated shares of the Company to Altius, subject to adjustment in the event that the Company issues additional securities, at less than agreed prices, prior to the exercise of the Option.

Share consolidation

Also on the same date, pursuant to a special resolution passed by the shareholders on December 8, 2009, the Company consolidated its common shares on a 2 old for 1 new basis.

Financings

Also on the same date, the 10,000,000 subscription receipts issued in connection with the private placement that closed on December 22, 2009 (See Note 7 for further details) have automatically converted into 10,000,000 post consolidated common shares of the Company and the proceeds of the financing have been released from escrow. In connection with this private placement, the Company issued 1,000,000 finder's warrants, each warrant entitling the holder to acquire one post consolidated common share of the Company for $0.15, on or before December 22, 2010. The securities issued are subject to a hold period expiring on April 23, 2010.

The Company also announced it had closed another private placement for $10,000,000 on February 16, 2010, through the issuance of 10,000,000 subscription receipts at a price of $1.00 per receipt. On March 3, 2010, the 10,000,000 subscription receipts issued have also converted into 10,000,000 post consolidated common shares of the Company. A finder's fee of $445,500 and 445,500 finder's warrants were issued in connection with this private placement. Each finder's warrant entitles the holder to purchase one post-consolidated common share of the Company for $1.00, on or before February 16, 2011. The securities issued are subject to a hold period expiring on June 17, 2010.

Stock options

On March 3, 2010, the Company also announced that they have granted options to purchase an aggregate of 1,450,000 common shares to certain directors, officers and consultants of the Company. The options can be exercised at $1.50 per common share for a period of five years from the date of the grant.

SUBSEQUENT EVENTS

Flow-through Financing

On March 23, 2010, the Company closed a non-brokered private placement of 1,818,182 flow-through shares ("Flow-Through Shares") at a price of $2.75 per Flow-Through Share for gross proceeds of $5,000,000 (the "Flow-Through Private Placement"). Each Flow-Through Share qualifies as a "flow-through share" for the purposes of the *Income Tax Act* (Canada). In connection with the Flow-Through Private Placement, the Company paid a cash finder's fee equal to 5% of the gross proceeds received. The Company also issued to the finder non-transferable warrants ("Finder's Warrants") equal to 5% of the Flow-Through Shares sold through the Flow-Through Private Placement. Each Finder's Warrant may be exercised for one common share of the Company at an exercise price of $2.75 per Finder's Warrant for a period of two years.

All securities issued pursuant to the Flow-Through Private Placement are subject to a four month hold period that expires on July 24, 2010.

Commitments

The Company entered into an independent contractor agreement with MJM Consulting, owned by a director of the Company, subsequent to year end. The base fee for the consulting services is $16,667 per month plus applicable GST, effective from January 18, 2010 to December 31, 2012. The Company also agrees to grant options to purchase up to 250,000 common shares of the Company, with option vesting pursuant to the terms of the Company's Stock Option Plan and subject to terms and conditions of the option agreement.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements. We constantly evaluate these estimates and assumptions.

We base our estimates and assumptions on past experience and other factors that are deemed reasonable under the circumstances. This involves varying degrees of judgment and uncertainty, thus the amounts currently reported in the financial statements could prove to be inaccurate in the future.

ACCOUNTING POLICIES

Changes in accounting policy

The Company has adopted the following accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA") in 2009. These accounting standards were adopted on a prospective basis with no restatement to prior period financial statements.

Goodwill and Intangible Assets (Section 3064)

Effective January 1, 2009, the Company adopted the CICA Handbook Section 3064 "Goodwill and Intangible Assets". This section replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". This standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. There was no material impact on the financial position or operational results of the Company as a result of the adoption of the new standard.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC Abstract 173)

In January 2009, the Company adopted the EIC Abstract ("EIC-173"). EIC-173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. There was no impact as a result of the adoption of EIC-173 on the Company's financial statements.

New Canadian Accounting Pronouncement

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company has begun assessing the adoption of IFRS for 2011, and currently estimates that the financial reporting impact of the transition to IFRS will be minimal.

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Section 1601 establishes standards for the preparation of consolidated financial statements

Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements (January 2008).

Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

Comprehensive Revaluation of Assets and Liabilities (Section 1625) and Equity (Section 3251)

As a result of issuing CICA Handbook sections 1582, 1601, and 1602, CICA Handbook Section 1625 has been amended and is effective prospectively beginning on or after January 1, 2011. Section 3251, Equity, has been amended as a result of issuing Section 1602 and applies to entities that have adopted this section. The Company does not expect any material impact on its financial position, operating results or disclosure on the adoption of this new section.

Financial Instruments – Recognition and Measurement (Section 3855)

Section 3855 has been amended to clarify (i) the application of the effective interest rate method after a debt instrument has been impaired, and (ii) when an embedded prepayment option is separated from its host debt instrument for accounting purposes. These amendments apply to interim and annual financial statements beginning on or after January 1, 2011. The Company does not expect any significant impact on its financial position, operating results or disclosure on adopting the amended Section 3855.

Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

These sections were amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significant. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 –Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

See Note 11 of the financial statements for relevant disclosures.

RISK FACTORS

Exploration and Development

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that presently identified mineralization can be mined at a profit. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved.

The commercial viability of a mineral deposit is also dependent upon a number of factors, some of which are beyond the Company's control such as, commodity prices, exchange rates, government policies and regulation and environmental protection.

Financing

The Company does not currently have any operations generating cash to fund projected levels of exploration and development activity and associated overhead costs. The Company is therefore dependent upon debt and equity financing to carry out its exploration and development plans. There can be no assurance that such financing will be available to the Company or at all. In the future the Company will require additional funding to maintain its mineral properties in good standing. While the Company has been successful in raising funds in the past, there can be no assurance it can continue to do so in the future. The lack of additional financing could result in delay or indefinite postponement of further exploration and possible, partial, or total loss of the Company's interest in its mineral properties.

Commodity Price Volatility

The market prices for commodities, over which the Company has no control, are volatile. There is no assurance that if commercial quantities of these commodities are discovered, a profitable market will exist for a production decision to be made or for the ultimate sale of production at a profit. As the Company is currently not in production, no sensitivity analysis for price changes has been provided.

Resource Estimates

There is a degree of uncertainty attributable to the calculation of resource tonnages and grades. Resource estimates are dependent partially on statistical inferences drawn from drilling, sampling and other data. The measured and indicated and inferred resource figures set forth by the Company are estimates, and there is no certainty that these resources can be converted into reserves with profitable extraction. Declines in the market prices for metals may adversely affect the economics of converting a resource estimate into a reserve.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, cash held in trust, accounts receivables, accounts payables and accrued liabilities, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

PLAN OF OPERATIONS

The Company plans to carry out a $7 million program in 2010 on the Kamistiatusset ('Kami') Property located in western Labrador. The program is designed to consist of 20,000 metres of drilling, metallurgical testing, ground geophysics surveys and upgrading local infrastructure. The program is scheduled to commence June 1, 2010 and is expected to take five months. The Company intends that the program will be followed by the completion a National Instrument 43-101 resource estimate and scoping study in the first quarter of 2011. See "Forward Looking Statements"

APPROVAL

The board of directors of Alderon Resource Corp. has approved the disclosures contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.