

Melior Announces Proposed Amendment to Loan Facility

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TORONTO, June 06, 2019 - [Melior Resources Inc.](#) (TSXV: “MLR”) (“Melior”; the “Company” or the “Borrower”) has agreed with Pala Investments Limited (“Pala” or the “Lender”) to amend (the “Amended Agreement”) the loan facility currently in place with Pala pursuant to a loan agreement entered into between the parties on August 9, 2018 as amended on November 16, 2018 and February 4, 2019 (the “Current Agreement”) to increase the principal amount of the loan by US\$2,500,000 for a total of approximately US\$21 million.

The Current Agreement has a total outstanding principal and accrued interest as of May 31, 2019 of US\$18,368,562 and is accruing interest at 14% per annum on a quarterly basis in arrears. Under the Current Agreement, principal and accrued interest are payable in full on August 13, 2020, with Melior having a right to elect for a one-year extension to August 13, 2021, on payment of a 2% extension fee. The Borrower is permitted to make prepayments after February 1, 2020 and a cash sweep provision is included with up to 70% of excess cash, at the election of the Lender on a quarterly basis, going towards loan repayment.

The proposed Amended Agreement has the following key points:

- **Principal amount:** The principal loan amount will be total principal and accrued interest under the Current Agreement at the time of execution of the Amended Agreement plus an additional principal amount of US\$2.5 million (the “Additional Proceeds”) (i.e. total new principal amount outstanding under the Amended Agreement is expected to be approximately US\$21 million).
- **Interest:** Interest rate remains at 14% per annum. However, interest is to be accrued on a quarterly basis in arrears until December 31, 2019, following which interest shall, at the election of the Lender, be payable in either common shares of Melior (“Common Shares”) or cash on a quarterly basis in arrears commencing on the first interest payment date of March 31, 2020 until maturity on December 31, 2021 (i.e. a total of eight instalments of cash interest payments and/or Common Share issuances).
- **Maturity:** Repayment in full, including principal and any accrued but unpaid interest and fees, on December 31, 2021 (this is a 1.25 year extension to the maturity date under the Current Agreement).
- **Drawdown:** Immediately upon execution subject to (i) confirmation that all first ranking security remains effective; and (ii) any customary conditions precedent such as TSX Venture Exchange (“TSX-V”) approvals.
- **Cash sweep:** Up to 70% of excess cash, at the election of the Lender, going towards loan repayment (including interest) on a quarterly basis, with the first cash sweep date on June 30, 2019.
- **Use of proceeds:** The Additional Proceeds will be used by Melior for general working capital purposes.
- **Arrangement fee:** US\$50,000, payable in cash or in Common Shares (being 2% of the Additional Proceeds). The Company intends to pay the arrangement fee by the issuance of 171,807 Common Shares to the Lender on closing. These arrangement fee shares will be subject to resale restrictions of four months and a day under applicable Canadian securities laws.
- **Voluntary prepayment:** No voluntary prepayment prior to the Maturity Date.
- **Convertible loan:** Lender may exercise a right to convert the outstanding amount, including principal and accrued and unpaid interest, in part or in full, at any time prior to the maturity date in US\$5 million tranches. The conversion price at which the principal amount may be convertible into Common Shares is \$0.39, the last trading price of the Common Shares prior to the issuance of this news release, and any remaining amount of the loan may be convertible into Common Shares at the greater of the five day volume-weighted average trading price of the Common Shares (on days that trading of Common Shares occurred on the TSX-V) and the maximum allowable Discounted Market Price (as defined under the policies of the TSX-V) on the date of such election to convert.
- **Other terms:** Similar to terms in Current Agreement.
- **Fees and expenses:** To be reimbursed by the Borrower.

The terms of the Amended Agreement, including the issuance of the conversion option to Pala, are subject

to the approval of the TSX-V and the finalization of the Amended Agreement.

The Amended Agreement and the terms thereof constitute a "related party transaction" within the meaning of Multilateral Instrument 61-101 ("MI 61-101"). The board of directors of Melior (the "Board"), acting in good faith, and the independent members of the Board, acting in good faith, have determined that the Company is in serious financial difficulty, that the entering into of the Amended Agreement is designed to improve the Company's financial position and that the terms of the Amended Agreement are reasonable in the Company's circumstances. As such, Melior intends to rely on the exemption from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in Sections 5.5(g) and 5.7(1)(e), respectively, of MI 61-101 on the basis of financial hardship.

About Melior

Melior is the owner and operator of the Goondicum ilmenite and apatite mine located in Queensland, Australia. Further details on Melior and the Goondicum mine can be found at www.meliorresources.com and regulatory filings are available on SEDAR.

Melior is incorporated under the provisions of the *Business Corporations Act* (British Columbia) and has a registered office in Vancouver, British Columbia. Melior is classified as a Tier 1 Mining Issuer under the policies of the TSX-V.

Forward Looking Statements Disclaimer

This press release contains forward-looking information within the meaning of applicable securities laws that reflects the current expectations of management of Melior. The words "may", "would", "could", "should", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate", "aim", "endeavour", "project", "continue", "predict", "potential", or the negative of these terms or other similar expressions have been used to identify these forward-looking statements and include, without limitation, the execution of the Amended Agreement and closing as contemplated therein. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond management's control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Additional risks and uncertainties regarding Melior are described in its publicly available disclosure documents, as filed by Melior on SEDAR (www.sedar.com) except as updated herein.

This forward-looking information represents management's views as of the date of this press release. While subsequent events and developments may cause such views to change, Melior does not intend to update this forward-looking information, except as required by applicable securities laws.

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