

# Melior Announces Positive Restructuring of Loan Facilities

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TORONTO, July 24, 2018 -- [Melior Resources Inc.](#) (TSXV:MLR) ("Melior" or the "Company") today announces that it has agreed with Pala Investments Limited ("Pala") to restructure the two loan facilities currently in place with Pala (the "Existing Facilities") into one new consolidated loan facility (the "New Facility") which will increase balance sheet flexibility and reduce the cost of debt for the Company as it progresses toward production at the Goondicum Ilmenite Project scheduled for November 2018.

Melior CEO, Mark McCauley, stated: "This is a very welcome initiative for Melior and represents another significant step forward for the Company. The restructuring greatly simplifies and increases the flexibility of our debt funding. It dramatically increases our capital efficiency by combining the existing loan facilities into one and extending the repayment date and creates significant additional equity value for Melior shareholders.

The Existing Facilities comprise a loan of US\$7.5 million for funding the re-start of the Goondicum Ilmenite Project (the "Restart Loan") and a care and maintenance loan of approximately US\$5.2 million (the "C&M Loan"). The proposed New Facility, which replaces the Existing Facilities, will be for a total aggregate principal amount of US\$13.75 million with a 24 month maturity date and also provides for the cancellation of Pala's equity conversion option (thereby eliminating the equity overhang and dilution effects) and removes the prospect of paying out a make-whole payment to Pala.

Details of the proposed New Facility include:

- Tranche 1 of the Restart Loan is increased from US\$5.25 million to US\$11.75 million, incorporating the amount of US\$5.2 million currently outstanding under the C&M Loan and US\$1.25 million for cancelling the equity conversion option at a substantial discount to its actual value.

- Arrangement Fee: maintained at 2%.
- Issuer Discount: reduced from 7.5% to 5% and accrued on drawdown at Melior's election.

- Tranche 2 of the Restart Loan maintained at US\$2 million.

- Arrangement fee: increased from 2% to 3% and accrued on drawdown at Melior's election.
- Issuer Discount: maintained at 7% and accrued on drawdown at Melior's election.

- Interest Rate: Reduced from 15% to 14% PIK.

- Maturity Date: 24 months from the initial drawdown; Melior has the option to extend the Maturity Date by an additional 12 months and paying a 2% extension fee on the outstanding loan principal balance at the time of extension.

- Early Repayment: Permitted at any time following the first 12 months.

- Use of Funds:

- Full repayment of the outstanding C&M Loan and accrued interest (US\$5,218,213 as of June 30, 2018).
- US\$1.25 million paid to Pala for the cancellation of the equity conversion option associated with the C&M Loan (currently worth over C\$4.1 million).

● Removal of equity convertible feature in the C&M Loan: Based on the current drawn amount of the C&M Loan, exercise of the abovementioned conversion option by Pala would result in the issue of approximately 12.2 million Common Shares. At the Company's share price as at July 20, 2018 (C\$0.86), exercise of the conversion option would equate to the issue of such Common Shares at an aggregate discount of approximately C\$4.1 million. At the time of this announcement, Pala holds 13.1 million Common Shares, representing approximately 46% of the issued capital of the Company. In the event Pala exercises its conversion option referred to above, Pala's holdings would increase to approximately 25.4 million Common Shares, representing 62% of the Company's issued and outstanding Common Shares, an increase of 16%. Cancellation of the equity conversion option under the restructured facility results in significant value creation for Melior shareholders as well as the elimination of the possibility of a major dilutionary event.

● Removal of make-whole payment: The potential payment of a US\$2 million make-whole payment to Pala in certain circumstances is extinguished and is no longer payable under any circumstances.

These terms of the proposed New Facility are subject to the approval of the TSX Venture Exchange (the "TSX-V") and the negotiation of definitive documentation.

#### About Melior

Melior is the owner and operator of the Goondicum mine, an ilmenite and apatite mine strategically located in Queensland Australia. Further details on Melior and the Goondicum mine can be found at [www.meliorresources.com](http://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 Toronto, Ontario. Melior is classified as a Tier 1 Mining Issuer under the policies of the TSX-V.

#### Forward Looking Statements Disclaimer

*Statements made in this news release may be forward-looking and therefore subject to various risks and uncertainties. Such statements can typically be identified by terminology such as "may", "will", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "possible", "continue", "objective" or other similar expressions concerning matters that are not historical facts. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Melior does not undertake to update any forward-looking statements; such statements speak only as at the date made.*

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