

TORONTO, Nov. 9, 2016 /CNW/ - [Melior Resources Inc.](#) ("Melior" or the "Company") (TSXV-MLR) is pleased to announce that it has reached agreement with Pala Investments Limited ("Pala") to amend the terms of its August 2, 2015 loan facility with Pala (the "Pala Facility") and that it has reached a settlement and revised payment schedule with Rothschild in respect of Rothschild's 2006 claim against the predecessor to the Company.

Amendment to Loan Facility

Pursuant to the terms of the agreement, Pala has agreed to make available an additional US\$300,000 to the Company, which amount will be added to the currently outstanding US\$2.7 million principal amount under the Pala Facility, for an aggregate outstanding principal amount of US\$3 million. The Pala Facility will have a maturity date of October 31, 2022, bear interest at 10% per annum and may not be prepaid prior to October 31, 2017 except upon completion of a Liquidity Event. On or following October 31, 2017 the principal amount outstanding plus all accrued interest may be prepaid at the option of the Company without penalty or called by Pala. In addition, if, at any time prior to October 31, 2017, the Company announces or completes a change of control transaction or sale of 25% or more of its interests or assets (each, a "Liquidity Event") relating to the Goondicum ilmenite and apatite mining and processing facility and resulting in proceeds of more than US\$4 million, a mandatory prepayment of the Pala Facility will be required and all principal and accrued interest shall become due and payable including payment of a customary make whole amount (the "Make Whole Amount") of up to US\$2 million. The Make Whole Amount is restricted to the pool of funds that consists of 70% of the amount by which the proceeds of such Liquidity Event exceed US\$4 million ("Liquidity Excess") with recourse limited to the Liquidity Excess, if any, to a maximum of US\$2 million. The proceeds of a Liquidity Event shall include any amounts payable directly or indirectly to Melior, its affiliates or its securityholders in connection with the Liquidity Event.

The new proceeds of the Pala Facility will be used by Melior for working capital purposes and for settlement of certain amounts owed to Rothschild pursuant to the previously announced September 6, 2016 decision of the Court of Appeal of Milan.

In addition, Pala has agreed to grant Melior a put option (the "Put Option") in respect of the 47,272,727 [Asian Mineral Resources Ltd.](#) ("AMR" and TSX-V: ASN) shares owned by Melior (the "AMR Shares"). Under the terms of the Put Option, the put price per AMR Share will be equal to the lesser of (i) CAD\$0.024 and (ii) the 30-day VWAP of the AMR Shares traded on the TSX Venture Exchange (the "TSXV") calculated as of market close on the day prior to the day the AMR Put Option is exercised by the Company less 10%. At AMR's current 30-day VWAP the Put Option is valued at approximately CAD\$1.134 million to Melior. The Put Option may be exercised by Melior at any time following the closing of the previously announced acquisition by AMR of [Kasbah Resources Ltd.](#) (ASX: KAS) pursuant to an Australian scheme of arrangement, until February 28, 2017. The exercise of the Put Option remains subject to approval of the TSXV pursuant to TSXV Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets.

The entering into of the amendment to the Pala Facility and grant of the Put Option constitute "related party transactions" within the meaning of Multilateral Instrument 61-101 – Protections of Minority Security Holders in Special Transactions ("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 Pala Facility and Put Option are designed to improve the Company's financial position and that the terms of the amended Pala Facility and the Put Option are reasonable in the Company's circumstances. As such, Melior intends to rely on the exemption from the minority shareholder approval requirements of MI 61-101 contained in Section 5.7(1)(e) of MI 61-101 on the basis of financial hardship.

In connection with the proposed amendment to the Pala Facility, Melior has obtained written consent to the proposed amendment from holders of more than 50% of the issued and outstanding common shares of Melior that are not held (beneficially or of record) by Pala.

Melior has received conditional approval from the TSXV in respect the proposed amendment to the Pala Facility, subject to receipt of satisfactory definitive loan documentation.

Rothschild Litigation

As previously announced, on September 6, 2016, the Company received a decision of the Court of Appeal of Milan awarding damages against Melior in the amount of 436,811.00 plus interest, being 571,827 in the aggregate, which amount was immediately payable. Following receipt of this decision Melior and Rothschild engaged in settlement discussions, and as a result of these discussions, Melior and Rothschild have agreed that a total of 571,827 shall be paid by Melior in installment payments to be made through June 30, 2017. The initial instalment in the amount of 75,000 shall be paid no later than November 16, 2016.

Strategy Implementation

The Company's key focus over the next six months is to bring in an appropriate equity partner to its Goondicum Mine to add to the operational, marketing and finance capability of the ownership team. The titanium feedstock industry has continued to show tangible signs of recovery with industry commentators predicting further price gains in 2017. A transaction such as this, with the

right partner, will position the mine for an efficient and timely restart. The project is currently on care and maintenance and provides the opportunity for a low capital cost, speedy, restart of a 375 tph processing facility to produce upwards of 175ktpa of ilmenite.

The Company's unique Process Technology has demonstrated a novel means, at benchtop level, of upgrading the TiO₂ content of a range of ilmenites and other ores, at temperatures significantly lower than the conventional smelting process. The research and development program over the next six months will endeavor to confirm the likelihood that this technology can be commercially scaled up.

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.

Going Concern Risk

As described in Melior's MD&A, the continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future, and repay its liabilities arising from normal business operations as they become due. There remains a significant risk that the Company is unable to find alternative sources of financing for on-going working capital requirements. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

Failure to obtain sufficient financing could result in a delay or abandonment of the Goondicum Mine and could force the Company into reorganization, bankruptcy or insolvency proceedings. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. Failure to raise capital when needed would have a material adverse effect on the Company's ability to pursue its business strategy, and accordingly could negatively impact the Company's business, financial condition and results of operations.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SOURCE [Melior Resources Inc.](#)

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