

TORONTO, ONTARIO--(Marketwired - Jun 27, 2017) - [Melior Resources Inc.](#) (TSX VENTURE:MLR) ("Melior" or the "Company") today provided an update on the progress of its stated plan of re-starting operations at its Goondicuim ilmenite mine. The progress is supported by strong industry fundamentals and favorable outlook for ilmenite prices. The Company is also pleased to announce that it has reached an agreement in principle with Pala Investments Limited ("Pala") to amend the terms of its loan agreement dated August 2, 2015, as amended on November 17, 2016 (the "Loan Agreement") to increase the debt facility available to the Company from US\$3,300,000 to US\$4,722,664 (the "Pala Facility").

Highlights

- Melior management continues to finalize the Goondicuim restart plan including confirmation of capital expenditures and the upgrade of the geological resources where appropriate. Finalization of this work will enable the Melior board of directors (the "Board") to make the decision whether to restart operations and commence funding.
- The titanium feedstock market is maintaining the strength shown since the start of 2017 with current market indicated sulphate ilmenite prices broadly in line with the forecast used by TZMI in Melior's Preliminary Economic Assessment (the "PEA") completed in November 2016. The PEA demonstrated robust economics, including an after-tax NPV of USD\$52.8 million¹.
- The Company and Pala have agreed in principle to increase the Pala Facility from US\$3,300,000 to US\$4,722,664. This increase provides additional financial flexibility as the Company progresses to a final decision to restart the Goondicuim ilmenite mine. Pala will also have the right to convert the amount outstanding under the Pala Facility (excluding any interest accrued thereon) into common shares of Melior (the "Common Shares") at a 15% premium to the 20-day volume weighted average share price of the Common Shares at the date the amendment to the Loan Agreement is announced.

Update on Progress of Strategic Plan

Melior anticipates that once a decision is made to re-start operations at the Goondicuim ilmenite mine it will take six months of pre-commissioning to finalize site preparations and recruit and train approximately 50 personnel, the majority of which could be sourced locally. At full production, Melior's management expects that project operating costs will be approximately C\$28 million per annum, most of which will be spent in Queensland.

Melior will continue to provide periodic updates on its progress with respect to the potential re-start of operations at the Goondicuim ilmenite mine.

"We continue to make excellent progress in advancing our strategy to re-start operations at Goondicuim," said Mark McCauley, CEO of Melior. "With the continuing strong titanium feedstock market, we are very bullish on our near-term prospects and the ability to put in place all of the essential components needed to re-start operations."

Amendment to the Pala Facility

Pursuant to the terms of the proposed amendment to the Loan Agreement, Pala has agreed to increase the principal amount of the Pala Facility from US\$3,300,000 (which amount includes accrued interest to November 2016) to US\$4,722,664 (which amount includes US\$1,000,000 plus accrued interest). Further, Pala's right to demand repayment of the outstanding amount under the Pala Facility will be extended from any time on or after October 24, 2017 to any time on or after June 30, 2019. The expiry of the Make-Whole Amount (as defined in the Loan Agreement) will be extended from October 31, 2017 to June 30, 2019. 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 exceeds US\$4,000,000, which will be increased to US\$5,400,000, in order to take into account the increase of the amount of the Pala Facility. In addition, Pala will have the right for a period of five years from the date of entering into of the amendment to the Loan Agreement, to elect to convert the amount outstanding under the Pala Facility (excluding any interest accrued thereon), in whole or in part, into Common Shares at a conversion price representing a 15% premium to the 20-day volume weighted average share price of the Common Shares as at the date an amendment to the Loan Agreement is announced. As of the close of business on June 27, 2017, the closing price of the Common Shares was \$0.045. Any interest accrued on the Pala Facility from the date the amendment to the Loan Agreement is entered into will, at the option of Pala, be payable in cash or convertible into Common Shares based on the market price of the Common Shares at the time of conversion, less any discount permitted under the rules of the TSX Venture Exchange (the "TSX-V"). An election by Pala to receive Common Shares for the amount of accrued interest under the Pala Facility will be subject to the approval of the TSX-V.

The new proceeds of the Pala Facility will be used by Melior for purposes of finalizing a confirmatory technical work programme in preparation for a possible re-start of operations at its Goondicuim ilmenite mine.

The proposed entering into of an amendment to the Loan Agreement constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 - *Protections of Minority Security Holders in Special Transactions* ("MI 61-101") and for the purposes of Policy 4.1 of the TSX-V Corporate Finance Manual. 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 designed to improve the Company's financial position and that the terms of the proposed amendment to the Loan Agreement 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. Further, the

entering into of the proposed amendment to the Loan Agreement is subject to the approval of the TSX-V and receipt of the written consent to the proposed amendment from holders of more than 50% of the issued and outstanding Common Shares that are not held (beneficially or of record) by Pala.

About Melior

Melior is the owner and operator of the Goondicum mine, a past-producing ilmenite and apatite mine strategically 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 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.

Going Concern Risk

As described in Melior's most recent 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.

¹ 10% real discount rate and exchange rate of US\$0.78.

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