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NEWS RELEASE

MELIOR ANNOUNCES LOAN FACILITY EXTENSION AND PROVIDES CORPORATE UPDATE

TORONTO, July 18, 2016 – Melior Resources Inc. (“Melior” or the “Company”) (TSXV-MLR) is pleased to provide a corporate update and to announce that it has reached agreement with Pala Investments Limited to extend the expiry and repayment date of the US\$5 million loan facility (the “Pala Facility”) from August 28, 2016 to October 31, 2017.

Pala Facility

As at June 30, 2016, a total of US\$2,255,000 had been drawn down under the Pala Facility. Based on the terms of the extension, an additional US\$475,000 remains available to be drawn down by Melior prior to the expiry of the loan on October 31, 2017. Pursuant to the terms of the extension, during the period the loan is outstanding, Melior has agreed to maintain a minimum cash balance of C\$200,000, pay accrued interest monthly in arrears, and ensure material plant and equipment with respect to its Goondicum Ilmenite Mine (the “Goondicum Mine”) are on-site, adequately insured and maintained in good condition. In addition, during the period the loan is outstanding, in the event Melior proposes to offer for sale any of its Capital Stock, Pala shall be entitled to participate in such issuance on a pro rata basis to the extent necessary to maintain its proportional fully diluted equity interest in Melior. Pala will be entitled to participate in any such issuance of Capital Stock at the price and on the terms such securities are to be offered to a third party.

Project Update

Since Melior suspended operations at its Goondicum Mine in July 2015 as a result of a material deterioration in the global ilmenite market, the Company has been focused on stabilizing, and then minimizing, on-going expenditure at the Goondicum Mine, while maintaining the assets in a fit state ready for restart should market conditions should allow.

During this period the Company has been exploring options to both reduce the cost structure and/or increase the revenue streams of the Goondicum Mine in an effort to create an operating model which would see the possible restart of the mine in today’s market environment. The efforts focused on reducing the mine’s cost structure have included integrating the latest cost of inputs into the operating model including falling diesel prices and reducing cost of labour as well as confirming the viability of constructing the Eastern Access Road which would reduce haulage distances of the final product to the Gladstone port by approximately 40%. While these efforts have had a positive impact on the cost structure of the business, in isolation these impacts are not sufficient collectively to warrant a restart at today’s product pricing.

Additionally, the Company has been evaluating opportunities of increasing the revenue streams of the business. In this regard, the Company has initiated a processing technology program (“PTP”) to evaluate the potential of upgrading a number of the products that the Goondicum Mine produces, or has the potential to produce, in an effort to provide a path to increased revenue and operating margins of the mine. While these studies are at a relatively early stage, based on initial results, the Company

believes the PTP demonstrates potential for the development of new technology, not only allowing the upgrade of a number of Goondicum's products to higher-value products, but also providing a potential means of upgrading ore types across a range of industries.

Market

Over the last two years, the global titanium feedstock market saw a marketable decline in feedstock pricing, with over a 30% decline in ilmenite pricing over this period, to what is historically very low pricing levels.

However, during CY Q1 and Q2 2016 the Company has observed that TiO₂ pigment producers have been successful in increasing pigment prices on the back of increasing demand for pigment. As a result of this increasing demand, a number of feedstock producers have reported increasing sales of ilmenite and quarter-on-quarter price increases, the first time in a number of years.

While the prices still remain at historically low levels, the Company is pleased to see evidence of upward movement in demand and resultant pricing.

Financing

The sole source of funding of Melior since operations at the Goondicum Mine were suspended has been the Pala Facility. As of 30 June 2016, the total outstanding under the facility, including accrued interest, was US\$2,445,842.

It is estimated that the remaining drawdown amount to be provided through the Pala Facility will fund the Company through to the end of October 2016. Melior continues to review its options in an effort to secure alternative sources of financing so as to ensure it has sufficient capital to meet its obligations as they come due and to cover continuing corporate costs and costs associated with maintaining the Goondicum Mine in a ready status, which are estimated at approximately A\$1.5 million per annum. Such source of financing may come in the form of additional third party debt, an equity raise and/or the sale of assets of the Company. Investors should refer to Melior's Management's Discussion and Analysis for the three and nine months ended March 31, 2016 (the "MD&A") and related interim financial statements and the notes thereto for a more comprehensive description of the financial position and prospects of the Company.

Board

Joseph Connolly has informed the Board that as a result of a change in his employment circumstances he is no longer able to maintain a position as an independent non-executive director on the Board of Melior. In this regard, Mr. Connolly has submitted his resignation from the board of directors of Melior, which shall be effective July 18th, 2016.

With this change, the board of directors of Melior will consist of three members, including Charles Entrekin, Martyn Buttenshaw and Mark McCauley. Since shut-down of the Goondicum Mine, all Board remuneration and fees have been suspended. At present, Melior does not expect to fill the vacancy left by Mr. Connolly in the near future.

Mark McCauley, CEO of Melior commented,

"The last 12-months for Melior have been challenging. The Company has, with Pala's financial assistance, made efforts to maintain the Goondicum Mine in a ready state to be able to quickly and cost-effectively restart operations should there be a sustainable increase in the product pricing. We

are encouraged by the recent increase in titanium feedstock pricing and, should it be sustained, see this adding significant value to the Goondicum Mine allowing the company a range of options to see this increase reflected in shareholder value.

We are pleased with the results of the efforts on both the cost reduction and revenue enhancements opportunities. Specifically, the results of the processing technology program, though still at a very early stage, show significant potential.

The welcome extension of the Pala loan will provide the company with the opportunity to both continue to pursue the development of the PTP and will provide sufficient time for the recent positive movements in the pigment market to fully translate into sustainable feedstock demand.

Finally, I would like to thank Joe Connolly for his significant efforts on behalf of the company over the last two years and wish him well with his future endeavors.”

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. Notwithstanding the extension of the Pala Facility there remains a significant risk that the Corporation 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 Corporation 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.

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FOR FURTHER INFORMATION

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