

**Form 62-103F1**

**REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS**

**State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.**

Not applicable.

**Item 1 – Security and Reporting Issuer**

**1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

This report relates to common shares (“**Melior Shares**”) of Melior Resources Inc. (“**Melior**”).

Melior’s address is:

120 Adelaide Street West  
Suite 2500  
Toronto, Ontario  
Canada M5H 1T1

**1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

Not applicable.

**Item 2 – Identity of the Acquiror**

**2.1 State the name and address of the acquiror.**

Pala Investments Limited (“**Pala**”)  
12 Castle Street, St. Helier  
Jersey JE2 3RT  
UK

Pala is a company existing under the laws of Jersey. Pala’s principal business is investing in companies in the mining sector.

**2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On June 6, 2019, Pala and Melior entered into an amendment and restatement to the loan agreement entered into between Melior and Pala dated April 10, 2018, as amended and restated on August 9, 2018, as amended on November 16, 2018 and as amended and restated on February 4, 2019 to, among other things, increase the principal amount of the loan facility by US\$2,500,000 (the “**Advance**”) to approximately US\$21,000,000 (the “**Amended**”).

**Agreement**”). Pala has the right to convert the principal amount of US\$15,747,473.45 (the **“Principal Amount”**) and any interest and fees accrued under the loan facility (the **“Interest and Fee Amount”**), each at the conversion prices set out in the Amended Agreement and described below. The Amended Agreement is accruing interest at 14% per annum on a quarterly basis in arrears. Under the Amended Agreement, principal and accrued interest are payable in full on December 31, 2021. A cash sweep provision is included with up to 70% of excess cash, at the election of Pala on a quarterly basis, going towards loan repayment.

The interest rate under the Amended Agreement remains at 14% per annum. Interest is to be accrued on a quarterly basis in arrears. At the election of Pala, interest can be payable in either Melior 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 Melior Share issuances).

Pala 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 Melior Shares is C\$0.39, the last trading price of Melior Shares prior to the issuance of the news release announcing Pala and Melior’s intention to enter into the Amended Agreement, and any remaining amount of the loan may be convertible into Melior Shares at the greater of the five day volume-weighted average trading price of Melior Shares (on days that trading of Melior Shares occurred on the TSX Venture Exchange) and the maximum allowable Discounted Market Price (as defined under the policies of the TSX Venture Exchange) on the date of such election to convert.

In connection with the signing of the Amended Agreement, Pala was issued 171,807 Melior Shares (the **“Arrangement Fee Shares”**) in settlement of a US\$50,000 arrangement fee payable by Melior to Pala. The Arrangement Fee Shares are subject to a four-month hold period in accordance with the policies of the TSX Venture Exchange and applicable securities laws.

The Advance was funded on June 7, 2019 upon satisfaction of the conditions in the Amended Agreement.

### **2.3 State the names of any joint actors.**

Mr. Vladimir Iorich is the indirect beneficial owner of Pala.

## **Item 3 – Interest in Securities of the Reporting Issuer**

### **3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s securityholding percentage in the class of securities.**

Based on the Principal Amount and an Interest and Fee Amount of US\$5,153,188.20 outstanding under the loan facility as of June 7, 2019 and assuming (i) an exchange rate of C\$1.3378 for each US\$1.00 (the Bank of Canada rate for June 6, 2019) and (ii) using a conversion price of C\$0.39 per Melior Share in respect of the conversion of the Principal

Amount and C\$0.35 per Melior Share (the five day volume-weighted average price of Melior Shares (on days that trading of Melior Shares occurred on the TSX Venture Exchange)) in respect of the Interest and Fee Amount, the loan facility would be convertible into a total of 73,714,828 Melior Shares. Following such conversion and the acquisition of the Arrangement Fee Shares, based on 29,729,963 Melior Shares being issued and outstanding prior to the occurrence of the transactions described herein, Pala would own and control 87,847,371 Melior Shares, representing a securityholding percentage of approximately 84.78%, an increase of 37.82%.

**3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.**

Pala acquired beneficial ownership and control of the Amended Agreement and the Arrangement Fee Shares.

**3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

**3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

Prior to the entering into of the Amended Agreement, Pala held a total of 13,960,736 Melior Shares, representing approximately 46.96% of the issued and outstanding Melior Shares (based on 29,729,963 Melior Shares being issued and outstanding). Subject to the assumptions set forth in Item 3.1 above, following the conversion of the Amended Agreement, Pala would hold 87,847,371 Melior Shares, representing a securityholding percentage of approximately 84.78%.

**3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

**(a) the acquiror, either alone or together with any joint actors, has ownership and control,**

Pala has beneficial ownership and control over all the securities referred to in Item 3.4 above.

**(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

**(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

**State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.**

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

#### **Item 4 – Consideration Paid**

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

See Item 2.2 above.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See Item 2.2 above.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

### **Item 5 – Purpose of the Transaction**

**State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:**

- (d) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (e) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (f) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (g) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (h) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (i) a material change in the reporting issuer’s business or corporate structure;**
- (j) a change in the reporting issuer’s charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (k) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (l) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (m) a solicitation of proxies from securityholders;**
- (n) an action similar to any of those enumerated above.**

Pala acquired the securities described herein for investment purposes and may increase or decrease its investment in the securities of Melior or determine to take any of the other actions described above depending on its evaluation of the business, prospects and financial condition of Melior, the market for Melior’s securities, general economic conditions and other factors.

### **Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

**Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any**

**person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.**

Not applicable.

#### **Item 7 – Change in Material Fact**

**If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.**

Not applicable.

#### **Item 8 – Exemption**

**If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.**

Not applicable.

**Item 9 – Certification**

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

June 10, 2019  
Date

/s/ Stephen Gill  
Signature

Authorized Signatory  
Name/Title