Significant accounting policies

The Company's significant accounting policies used to prepare the Company's financial statements as at and for the period ended June 30, 2021 are included in Note 2 of the annual audited consolidated financial statements and Note 1 of the Company's unaudited interim financial statements for the three and six-months ended June 30, 2021.

Subsequent events

Subsequent to the preparation of the Company's financial statements for the three and six-months ended June 30, 2021, certain events have had an impact on the Company.

On July 20, 2021, the Company approved capital investments at the Scully Mine in the amount of $22.2 million for the installation of a fine ore screening process, which we refer to as the fines bypass, and two additional magnetic separators, which we refer to as manganese reduction circuits. The fines bypass will be installed between the crushers and the mills and will screen fine crushed ore from coarse crushed ore and pump the fine crushed ore directly to the spirals avoiding the mills and reducing the load on the six mill lines. The two additional manganese reduction circuits will be installed next to the existing six manganese reduction circuits and provide additional manganese reduction capacity for the plant. In the short term, we expect the fines bypass to de-risk the ramp-up to nameplate production levels providing sufficient catch-up capacity and system redundancy in the six mill lines to offset production losses from unplanned downtime. In the long term, once we achieve expected efficiencies with the six mill lines, the fines bypass and two additional manganese reduction circuits will ensure production levels beyond 6 MTPY at the Scully mine.

On August 19, 2021 Tacora entered into monthly average index P62 fixed price contracts with Cargill that provided for the following key terms: volume of 200,000 dmt of iron ore concentrate per month from January 2022 through June 2022 for a total of 1,200,000 dmt over the six month period; average index P62 price fixed at $123 per dmt; a credit margin of $0.50/dmt; a full cash margining requirement consistent with the existing offtake; and no cost of capital.