

July 29, 2022

VOYAGER METALS INC. (TSXV: VONE, OTCQB: VDMRF)

BUSINESS DESCRIPTION

Based in Toronto, Canada, Voyager Metals Inc. is a mineral exploration and development company that is advancing its wholly owned Mont Sorcier iron and vanadium project, located just outside of Chibougamau, Quebec. The site hosts a large, high-quality magnetite iron resource with significant and extractable vanadium as a by-product. Metallurgical test work to date suggests that the site will produce a premium, +65% grade, iron concentrate product with significant credits for its Vanadium content, and with low level of deleterious elements, making it suitable for direct blast furnace use in European or Chinese markets.

Voyager initially acquired the Mont Sorcier property in 2016 and since then has progressed the project from no formal resource to its current position. In July 2022, Voyager Metals announced the results of an updated PEA for the project, which yielded enhanced economic projections, highlighted by an after-tax NPV of US\$1.6 billion (C\$2.1 billion) and a 43% after-tax IRR, with a 21-year mine life at conservative long-term metal prices. Notably, the project's post-tax payback period on upfront costs of US\$574 million was less than two years (1.8 years), compared with three years in the prior report issued in 2020. Likewise, annual free cash flow was estimated to be US\$235 million.

The mine is forecasted to produce 5 million tons per annum of high-grade iron and vanadium concentrate at an all-in cost of US\$66/ton CFR (Cost and Freight) to China, over a mine life span of 21 years, based upon the Indicated Resources in the North Zone only. This updated PEA reflects an upgraded Mineral Resource Estimate announced in June 2022, which demonstrated a 498% increase in Indicated Resources and a 15% increase in Total Resources. Current resource stands at 678.5 million tons of Indicated (grading 27.8% magnetite) and 546.6 million tons Inferred (grading at 26.1% magnetite). A new mine plan was developed that focused solely on the North Zone leaving significant resources available to extend the mine life or support future expansion scenarios.

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KEY STATISTICS

Key Stock Statistics

Recent price (7/28/22, CAD)	0.17
52 week high/low (CAD)	0.27 - 0.10
Shares outstanding (M)	91.8
Market cap (M, CAD)	16
Dividend	Nil
Yield	Nil

Sector Overview

Sector	Materials
Sector % of S&P 500	2.6%

Financials (\$M, CAD, as of 5/31/22)

Cash & Mkt Securities	0.7
Debt	3.9
Working Capital (\$M)	-4.2
Current Ratio	0.1
Total Debt/Equity (%)	81.0%
Payout ratio	NM
Revenue (M) TTM	NM
Net Income (M) TTM	NM
Net Margin	NM

Risk

Beta	0.21
Inst. ownership	0%

Valuation

P/E forward EPS	NA
Price/Sales (TTM)	NA
Price/Book (TTM)	NA

Top Holders

NA
NA
NA

Management

CEO	Mr. Cliff Hale-Sanders
CFO	Mr. Alonso Sotomayor
COO	Mr. Ashley Martin
Company website	www.voyagermetals.com

PRICE CHART



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Voyager is currently pursuing development and permitting activities to support the completion of bankable feasibility study, expected to be delivered by the end of Q1 2023.

In our view, Voyager has delivered on many of the milestones to date. In June 2022, the company updated the resource to reflect results of a 2021 drill program that covered more than 16,000 meters. Total mineral resource tonnage increased 15%, to more than 1.2 million tons, from 1,075 million tons in its last estimate. The North Zone of the site accounted for 1,066 tons, or roughly 84% of total resource. Importantly, within this total, more than 50% of North Zone resource was upgraded to a classification of Indicated Resources, which is to be used to backstop the ongoing feasibility study.

We think that these results support the long-life potential for the project and believe that the BFS should improve on the PEA results and provide greater confidence in the overall project economics and development timelines. As of July 2022, Voyager estimated that construction could commence in late 2025 with initial production possible in 2027, which is more conservative than it had initially anticipated, due to updated permitting timelines.

The updated resource also has met management's expectations of mineral grade and thickness and has validated the expectation for production of high-grade (65+% Fe) premium-priced iron ore concentrate, as well as substantial contained vanadium production that warrants extraction and commercial sale. The company has engaged global, independent geological and mineral estimation firms to complete this work, which, in our view, further validates these findings.

The company is also making progress on other fronts, including initiating environmental baseline studies, pursuing early stages of the formal permitting processes, and undertaking the technical and engineering work related to the feasibility study, once the resource work was completed. It also has entered into discussions with various local community stakeholders. Over the coming quarters, we expect Voyager to commence discussions for commercial agreements with CN, Hydro Quebec and Quebec Port Authorities, and other groups as it continues to move towards the feasibility study.

During the second quarter of 2021, Voyager Metals successfully raised C\$5.9 million from a series of private placement financings. It also entered into a finance-raise assistance agreement with Glencore, under which Glencore would assist Voyager in raising at least \$10 million USD, and is responsible for supporting \$8 million of this funding. Separately, Glencore and Voyager Metals entered into an offtake agreement, which entitles Glencore to purchase 100% of annual vanadium rich iron concentrate produced

at Mont Sorcier over an initial eight-year term, and requires it to secure a value for the contained vanadium. The deal includes a price participation agreement in the offtake for any premium secured above the Metal Bulletin 65% iron index price for a given quotational period for the product sold. The deal's extended terms are flexible, as Glencore's rights can be extended upon meeting approved funding terms for project construction, or scaled back should Voyager need to secure project development funding.

During 2021, the federal and provincial governments agreed to commit C\$66 million to upgrade the ship-loading facilities at the Port of Saguenay, where Voyager intends to export its future production. In our view, this underscores the regional support for new projects like Mont Sorcier.

COMPETITIVE ADVANTAGE

As of July 2022, the spot index price for 65% iron fines was about US\$115, well below 52-week highs near \$190, but favorable to lower grades such as 62% (\$105) and 58% (\$85). We note that the spread between 62% and 65% grades have narrowed from the more typical 20% premium for 65% grade, amid broader demand volatility, but have remained well above the lower grades. In our view, industry demand has been impacted by wavering confidence in China's stated support of maintaining activity levels amid new COVID-19 lockdowns and other production concerns.

We expect iron ore prices to remain under pressure over the near-term. Recent Commonwealth Bank of Australia (CBA) call for iron ore prices to finish 2022 near \$100 per ton, and to fall into the \$80 range by the end of 2023. Despite this volatility and the potential for recessionary pressures in various global jurisdictions, we believe the long-term market outlook for iron ore, particularly 65%+ iron ore, should remain healthy and should normalize by the time Voyager would commence production around the middle of the decade. We think price differentials for the higher grade materials could be sustainable, given the environmental benefits derived from their processing, which we think could provide an economic tailwind to output expected at Mont Sorcier.

In our view, the Mont Sorcier project is ideally located to deliver maximum benefits for Voyager Metals. The Chibougamou region has been home to various mining and development operations for more than 100 years, and has a favorable permitting environment. Quebec has long been recognized as a top-tier mining jurisdiction in the world. Chibougamou Independent Mines holds a 2% Gross Metal Royalty (GMR) on all mineral production from

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PEER COMPARISON

Company	Ticker	Recent Price (\$)	52-Week High (\$)	52-Week Low (\$)	Mkt. Cap (\$ML)	1-yr Price Change (%)	1-yr Rev Growth (%)	1 YR EPS Growth (%)	P/E Ratio	Beta	Yield (%)
VOYAGER METALS INC	TSXV: VONE	0.17*	0.27*	0.10*	16*	-23	NM	NM	NM	0.21	NA
BLACK IRON INC	TSX: BKI	0.08*	0.43*	0.06*	24*	-80	NM	NM	NM	2.04	NA
OCEANIC IRON ORE CORP	TSXV: FEO	0.10*	0.24*	0.08*	10*	-50	NM	NM	NM	0.73	NA
MACARTHUR MINERALS LTD	TSXV: MMS	0.18*	0.60*	0.14*	29*	-67	NM	NM	NM	2.70	NA

* Statistics in Canadian Dollars (CAD)

the property, and Globex Mining Enterprises holds a 1% GMR. In December 2021, the company entered into an option agreement to acquire 24 additional claims in the Chibougamau area that are located adjacent to its claims containing the Mont Sorcier iron and vanadium project.

Further, economic prospects for the site are supported by close proximity and robust access to existing infrastructure such as all-weather roads, water, low-cost grid hydropower, and sufficient railway capacity and ports for export to global markets. Thus, we expect the project to require modest infrastructure capital needs, with potential for a shorter development schedule compared with most iron-ore projects, which we think would mitigate funding risk for Voyager.

We also view the experience of Voyager Metals' management team as a key competitive advantage. The team has an established history of developing mines from early stages. It is also working to forge partnerships with key logistical and service providers Quebec Hydro, Port Authorities, which we believe should mitigate many potential logistical challenges, as the project moves to commercial contracts and towards production stages.

In our view, there are several attributes that differentiate the Mont Sorcier Project. To begin, we think the site's mineral resource represents an underappreciated aspect of the Voyager Metals story. We also think the project benefits from its location next to existing rail and port facilities with spare capacity, which supports low capital costs and likely also reduces the amount and timing of required permitting (as compared to new development stories in other parts of the world).

We think the level of resource expansion and upgrade to Indicated status, and the favorable prospects for additional expansion, as identified in its recent drilling program, were primary considerations in the decision to focus on the North Zone of the Mont Sorcier site as the basis for the bankable feasibility study. As more than 80% of the total resources have come from the North Zone, we expect the project to be expanded over time to include the South Zone, and new drilling to the East and West, which we think could be funded through cash flow from initial production.

In addition, the quality of the concentrate, with a grade of +65% and very low levels of deleterious elements, should see strong demand in a "Green Steel" market era that increasingly is becoming focused on environmental factors. These include decarbonization and the cutting of emissions, which are among the industries' key priorities.

Finally, the viability of vanadium as a payable byproduct represents another value-add to the core iron resource. We note that all iron ore has vanadium, to some extent. However, most do not have enough value to warrant extraction. We are encouraged by the findings of recent metallurgical testing, as well as the partnership with Glencore, which suggests a high-grade ore and the potential for substantial economic benefit.

ANALYST COMMENTARY: EARNINGS

In our view, Voyager Metals' earnings are less material than other industries, given its status as a pre-production mining operation. Rather, its progress towards executing on key deliverables in the development of the Mont Sorcier site and its funding to complete these steps are more-relevant benchmarks.

For the year ended February 28, 2022, the company's net comprehensive loss was C\$2.4 million, or C\$0.03 per share. Since inception, the company recorded an accumulated deficit of C\$11.9 million. As of May 31, 2022, Voyager Metals had approximately C\$0.4 million in cash and marketable securities, and had a current ratio of 0.1. However, after receiving C\$5.9 million in proceeds from private placements in 2021 and potential additional funding from the Glencore financing agreement, we expect Voyager Metals to be sufficiently funded to execute on its two-year plan to complete a bankable feasibility study by early 2023.

At a current market capitalization near C\$16 million (\$13 million USD), VONE shares are trading at a fraction of the \$1.6 billion after-tax NPV suggested by the 2022 preliminary economic assessment, despite its enhanced economics. Further, we note that iron-ore development companies historically trade closer to a range of 0.1x implied NAV. Voyager's valuation is well below this level as well.

We see the company's valuation remaining disconnected from its underlying fundamentals, despite the recent resource upgrade (which saw more than half of the total resource classified as Indicated) and the enhanced economics as demonstrated by the PEA. We think that investor perceptions of the company in the higher-risk-capital category should wane over time, given that the company has funding in place to bring the development program at Mont Sorcier towards a bankable feasibility study.

Further, we see upside from the company's potential to expand production beyond that outlined in PEA findings to date, as well as from the extended mine life beyond 20 years that have been envisioned. We expect such expansion efforts can be funded through operating cash flow beyond the initial period.

As of June 2022, the company's stock was trading at a significant discount to its peer group. Voyager's EV/Ton of iron was approximately 0.05x, well below the peer group average of approximately 0.6x. This figure excludes Champion Iron (9.7x) and TNG (1.7x) and Macarthur Minerals (1.0x), and we note that Voyager's multiple is the lowest in its peer group.

MANAGEMENT

Mr. Cliff Hale-Sanders is an entrepreneurial mining executive and has over 20 years of capital markets experience as an equity mining research analyst. During his career, he visited and evaluated numerous global mining development and production facilities to determine their investment potential. Mr. Hale-Sanders has a Masters' degree in Business Administration from McMaster University, a Bachelor of Science degree in Geology and Chemistry from the University of Toronto, and is a CFA Charterholder.

Voyager Metals' board is comprised of six members, including four independent directors. The company's board, management, and advisors have significant experience in developing, building, and operating mining projects around the world. Further, the group is invested in the company's success, with an approximate 25% ownership stake.

RECENT DEVELOPMENTS

As mentioned earlier, Voyager Metals has delivered on many of the milestones under the two-year program undertaken in 2020 to

improve upon the results of an initial PEA on the Mont Sorcier site and progress towards the completion of a bankable feasibility study. In June 2022, the company updated the resource to reflect results of a 2021 drill program that covered more than 15,000 meters, which showed a 15% increase of total mineral resource tonnage and a nearly 500% increase in the Indicated resource in the North Zone of the site (which provided the basis for an updated PEA).

That new PEA, issued in July 2022, estimated improvements in after-tax NPV (\$2.1 billion vs \$1.3 billion), IRR (43% vs 34%), the payback period for upfront capital (1.8 years versus three years), and annual free cash flow (\$235 million versus \$150 million). The company has maintained its outlook for a completed bankable feasibility study by early 2023.

The company also has taken strategic steps to support a long-term expansion plan for the site. In December 2021, Voyager Metals entered into an agreement to acquire 24 additional claims in the Chibougamau area that are located adjacent to its claims containing the Mont Sorcier site. Voyager paid \$250,000 and issued 500,000 common shares. The company will be required to pay an additional \$200,000 annually from years five to 10, totaling \$1 million, as well as a 3% net smelter royalty. The transaction closed in February 2022. In August 2021, Voyager Metals and the federally-owned Port of Saguenay signed a memorandum of understanding (MOU) to work collaboratively to develop a strategic development plan for the Mont Sorcier project, given that the Port will serve as the primary stockpiling and export location for concentrate produced at Mont Sorcier. Federal and Provincial governments recently

announced a \$66 million commitment for the Port to design and build a multi uses conveyor and loading system over the next two years, to connect the industrial zone to the maritime terminal.

During the second quarter of 2021, Voyager Metals closed a series of private placement financings, which raised \$5.9 million. This funding enabled the undertaking of additional work programs at Mont Sorcier, as the project moves through initial phases towards completing a full feasibility study, which is expected by early 2023.

Across 2021, Voyager made several executive appointments to strengthen its leadership team. In November 2021, the company appointed David Ball as vice president, business development. Mr. Ball's career in the metals and mining sector has provided expertise in M&A, corporate advisory, global operations, and fund raising of both equity and debt. The company also announced the appointment of Carl Calandra as vice president and general counsel. Both executives are based in the Toronto head office, and are working closely with the project development team to move the Mont Sorcier project through bankable Feasibility. In June 2021, Voyager appointed Robert Girardin as project manager to support its ongoing development. Mr. Girardin has extensive experience in iron ore mining and project development in Quebec.

In October 2021, the company changed its corporate name to Voyager Metals Inc. from Vanadium One Iron Corp. We view the name change favorably, as the previous name seemingly did not reflect the primary contribution of its core, higher-value iron-ore mineral resource. We expect management to continue implementing a rebranding effort across 2022.

Steve Silver,
Argus Research Analyst

INCOME STATEMENT

Growth Analysis (C\$MIL)	FY 2018	FY 2019	FY 2020	FY 2021	Q1 FY 2022
Revenue	0.0	0.0	0.0	0.0	0.0
Gross Profit	0.0	0.0	0.0	0.0	0.0
G&A	0.7	0.7	0.7	2.1	0.4
R&D	0.0	0.0	0.0	0.0	0.0
Operating Income	-0.8	-1.1	-0.7	-2.1	-0.5
Interest Expense	0.0	0.0	0.0	0.9	0.3
Pretax Income	-0.8	-1.1	-0.7	-3.1	-0.8
Tax Rate (%)	NA	NA	NA	NA	NA
Net income	-0.6	-1.0	-0.4	-2.4	-0.8
Diluted Shares	40.2	55.3	71.0	89.1	90.9
EPS	-0.01	-0.02	-0.01	-0.03	-0.01
Dividend	NA	NA	NA	NA	NA
Growth Rates (%)					
Revenue	NA	NA	NA	NA	NA
Operating Income	NA	NA	NA	NA	NA
Net Income	NA	NA	NA	NA	NA
EPS	NA	NA	NA	NA	NA
Valuation Analysis					
Price (\$): High	NA	NA	NA	NA	NA
Price (\$):Low	NA	NA	NA	NA	NA
PE: High	NA	NA	NA	NA	NA
PE: Low	NA	NA	NA	NA	NA
PS: High	NA	NA	NA	NA	NA
PS: Low	NA	NA	NA	NA	NA
Yield: High	NA	NA	NA	NA	NA
Yield: Low	NA	NA	NA	NA	NA
Financial & Risk Analysis (C\$MIL)					
Cash	0.0	0.1	0.3	1.2	0.4
Working Capital	0.0	0.0	0.3	-3.1	-4.2
Current Ratio	1.1	0.9	1.5	0.3	0.1
LTDebt/Equity (%)	NM	NM	NM	NM	NM
Total Debt/Equity (%)	NM	NM	NM	NM	NM
Ratio Analysis					
Gross Profit Margin	NM	NM	NM	NM	NM
Operating Margin	NM	NM	NM	NM	NM
Net Margin	NM	NM	NM	NM	NM
Return on Assets (%)	NA	NA	NA	NA	NA
Return on Equity (%)	NA	NA	NA	NA	NA
Op Inc/Int Exp	NA	NA	NA	NA	NA
Div Payout	NA	NA	NA	NA	NA

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