

BQE Water – Momentum Continues with New SART Contract in Canada

Rating
BUY
Unchanged

Target Price
\$90.00
Unchanged

February 25, 2026

Disseminated on Behalf of BQE Water Inc.

All figures in CAD unless otherwise stated

BQE Water Inc.	BQE:TSXV
Rating	BUY
Target Price	\$90.00
Return to Target	22%

Market Data

Share Price	\$73.75
Average Daily Volume	440.0
FD ITM Shares (M)	1.3
Market Cap (\$M)	\$97.2
Cash (\$M)	\$17.0
Debt (\$M)	\$2.3
Enterprise Value (\$M)	\$82.5

FYE Dec 31	2025E	2026E	2027E
Proportional Revenue (\$M)	\$38.0	\$45.6	\$50.0
Revenue (\$M)	\$34.0	\$40.4	\$44.7
Gross Margin (%)	41%	45%	47%
Adj. EBITDA (\$M)	\$9.4	\$11.0	\$13.1
Adj. EBITDA Margin (%)	25%	24%	26%
Net Income (\$M)	\$7.5	\$7.8	\$8.9
EPS (Basic)	\$5.81	\$6.01	\$6.85
FCFF (\$M)	\$5.2	\$6.3	\$10.8

Valuation	2025E	2026E	2027E
EV/EBITDA	8.8x	7.5x	6.3x
P/E	12.7x	12.3x	10.8x
FCF Yield (%)	6%	8%	13%
EV/Sales	2.2x	1.8x	1.6x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



BQE Water is a service provider specializing in water treatment and management for mining, smelting, and refining businesses. BQE Water invests in innovation and has developed unique intellectual property through the commercialization of several new technologies at mine sites around the world for organizations including Glencore, Codelco, Jiangxi Copper, Freeport-McMoRan and South32. BQE Water is headquartered in Vancouver, Canada.

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What you need to know:

- BQE entered into a contract with Hudbay Minerals to progress the engineering design of a SART plant in Manitoba. Detailed engineering is now underway, and the teams are discussing plans for site construction, commissioning, and support.
- This builds onto the streak of contracts that BQE has been signing recently including Eagle Gold on February 18th and the BC Government on December 18th (largest contract in company history).
- We provide a refresher on the SART technology below.

This morning, BQE Water (BQE:TSXV, BTQNF:OTC) reported that it has entered into a contract with Hudbay Minerals Inc. (HBM:TSX, \$15B mkt cap) to progress the engineering design of a SART plant at its mill in Snow Lake, Manitoba. This follows a streak of contract wins from BQE, showing investors that its value proposition is gaining traction in the industry, given the rising metals prices. We believe this could be just the beginning for BQE, expanding SART's presence in Canada. We have made some slight adjustments to our model, increasing technical services revenue for 2026. We reiterate that BQE is positioned to continue compounding revenue at 20% while generating strong cashflow, adding to its already strong balance sheet with \$17M in cash. **We are maintaining our BUY rating and our \$90.00/share target price on BQE.**

The contract was awarded following ~6 months of bench scale testing, METSIM modelling, and preliminary engineering as well as due diligence visits of plants operated under BQE technical supervision. Detailed engineering design is now underway, and the respective teams are discussing plans for site construction, commissioning, and ongoing technical SART operations support as the mill is in the issued-for-construction (IFC) phase. This will be the first application of SART in Canada after a dozen plants were built globally.

SART Refresher

Given that it has been some time since our initiation report, we would like to take the opportunity to refresh investors on BQE's SART technology. SART (sulphidization-acidification-recycling-thickening) recovers soluble metals from cyanide and recycles much of that cyanide. This involves breaking the base metal bond from the WAD complex and precipitating the metal as a commercial-grade concentrate. The cyanide is regenerated as free cyanide and recycled to the gold extraction circuit. BQE's cyanide (SART) technology is open source; however, since the successful implementation of SART requires unique know-how related to BQE's patented BioSulphide and Chemsulphide technologies, BQE has established itself as a leader, having been involved in over 80% of the SART industrial applications globally.

Eagle Gold Contract

Today's news builds on last week's contract announcement at Eagle Gold, where BQE was selected to continue to operate the site's water treatment plant through H1/26 (see our note [here](#)), further reinforcing the Company's role as a trusted operator on high-profile remediation mandates. The scope of the services is the same as those performed in 2025, with the objective of managing the volume of contaminated water on site during and immediately following the 2026 spring freshet using the treatment system installed in 2024 and operated in 2025.

Why We Like BQE

- BQE has a growing stream of recurring revenue (operational services). Recurring revenue represented 13% of proportional revenue in 2020 and has grown to 42% in 2024.
- The Company has strong tailwinds in increasingly strict government regulations for water discharge and increasing mining capex globally.
- BQE Water has been steadily increasing its EBITDA margins from negative levels a decade ago to 23% in 2024. Given its asset-light business model, we expect this to continue scaling up.
- BQE has a clean balance sheet with a large cash position and no interest-bearing debt. The Company has not raised equity since 2018 and has three private investors owning 46%.
- BQE's valuation is cheaper than that of water treatment and engineering service firms.

Catalysts

- Quarterly Financial Results & Increasing Recurring Revenue – Ongoing
- New Contract Announcements (Including “Company Maker” Projects) – Ongoing
- Share Repurchases & Acquisitions – 2025

Tear Sheet

Market Data		Capital Structure	
Ticker	BQE:TSXV	Basic Shares Outstanding (M)	1.3
Stock Price	\$73.75	Warrants (M)	0.0
Rating	BUY	Options (M)	0.0
Target Price	\$90.00	FD Shares (M)	1.3
Upside	22%	FD ITM Shares (M)	1.3
Market Cap (\$M)	\$97.2	Ownership	
Cash (\$M)	\$17.0	Management & Board	27%
Debt (\$M)	\$2.3	Other Insiders	26%
EV (\$M)	\$82.5	Retail	47%

Financial Estimates												
	2024A	Q1/25A	Q2/25A	Q3/25E	Q4/25E	2025E	Q1/26E	Q2/26E	Q3/26E	Q4/26E	2026E	2027E
Revenue (\$M)	17.2	7.4	11.3	9.3	6.0	34.0	9.4	11.2	10.7	9.1	40.4	44.7
Proportional Revenue (\$M)	24.8	7.9	12.9	10.7	6.5	38.0	10.0	13.1	12.6	9.8	45.6	50.0
% YoY	9%	133%	112%	12%	12%	53%	26%	2%	18%	52%	20%	10%
Gross Profit (\$M)	8.4	3.2	3.7	4.7	2.5	14.1	4.0	5.0	4.9	4.3	18.2	20.8
Gross Margin	49%	43%	33%	51%	41%	41%	42%	45%	46%	47%	45%	47%
Adj. EBITDA (\$M)	5.6	1.9	2.5	3.3	1.7	9.4	2.0	3.3	3.3	2.5	11.0	13.1
Adj. EBITDA Margin	23%	24%	19%	31%	26%	25%	20%	25%	26%	25%	24%	26%
Net Income (\$M)	4.8	1.7	1.9	2.8	1.1	7.5	1.4	2.4	2.4	1.7	7.8	8.9
EPS (Basic)	3.78	1.34	1.48	2.15	0.86	5.81	1.05	1.83	1.81	1.32	6.01	6.85
FCFF (\$M)	2.5	(1.0)	2.6	1.2	2.1	5.2	2.1	1.6	1.0	1.5	6.3	10.8

Figure 1: Tear Sheet

	Q4/25E		Q1/26E		2025E		2026E	
	New	Previous	New	Previous	New	Previous	New	Previous
Prop. Revenue (\$M)	\$6.5	\$6.5	\$10.0	\$9.8	\$38.0	\$38.0	\$45.6	\$44.7
GAAP Revenue (\$M)	\$6.0	\$6.0	\$9.4	\$9.2	\$34.0	\$34.0	\$40.4	\$39.5
Gross Margin (%)	41%	41%	42%	42%	41%	41%	45%	45%
Adj. EBITDA (\$M)	\$1.7	\$1.7	\$2.0	\$1.9	\$9.4	\$9.4	\$11.0	\$10.9

Figure 2: Estimate Revisions

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RATING	COVERED COMPANIES
BUY	39
HOLD	0
SELL	0

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