

BQE Water – SART Plant Moves into Full Production

Rating
BUY
Unchanged

Target Price
\$80.00
Unchanged

September 18, 2025

Disseminated on Behalf of BQE Water Inc.

All figures in CAD unless otherwise stated

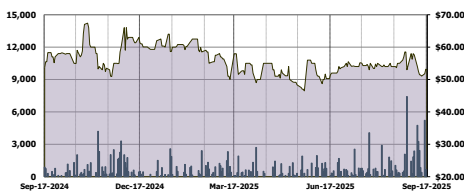
BQE Water Inc.	BQE:TSXV
Rating	BUY
Target Price	\$80.00
Return to Target	57%

Market Data	
Share Price	\$51.10
Average Daily Volume	2500.0
FD ITM Shares (M)	1.3
Market Cap (\$M)	\$67.0
Cash (\$M)	\$13.9
Debt (\$M)	\$2.4
Enterprise Value (\$M)	\$55.5

FYE Dec 31	2024A	2025E	2026E
Proportional Revenue (\$M)	\$24.8	\$41.1	\$44.6
Revenue (\$M)	\$17.2	\$39.8	\$0.0
Gross Margin (%)	49%	37%	46%
Adj. EBITDA (\$M)	\$5.6	\$9.2	\$11.7
Adj. EBITDA Margin (%)	23%	22%	26%
Net Income (\$M)	\$4.8	\$7.1	\$8.4
EPS (Basic)	\$3.78	\$5.49	\$6.47
FCFF (\$M)	\$2.5	\$5.1	\$6.4

Valuation	2024A	2025E	2026E
EV/EBITDA	9.9x	6.1x	4.7x
P/E	13.5x	9.3x	7.9x
FCF Yield (%)	5%	9%	11%
EV/Sales	2.2x	1.4x	1.2x

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, Codeco, Jiangxi Copper, Freeport-McMoRan and South32. BQE Water is headquartered in Vancouver, Canada.

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What you need to know:

- BQE Water has advanced its SART plant for Shandong Gold, the largest gold producer in China, to full production and will provide an initial five years of operational support.
- The new plant replaces a higher-cost system, recycles cyanide for reuse, and produces copper and zinc concentrates, while reducing costs.
- BQE now has three SART plants in the region, positioning the Company to further grow its cyanide management business.

Yesterday, BQE Water (BQE:TSXV, BTQNF:OTC) announced that it has advanced the SART plant it designed for Shandong Gold to full production. Following successful commissioning by the BQE China team, BQE will provide operational support for an initial five-year term. The services will ensure the plant achieves its targets for metal production, cyanide recovery, and sulphate reduction. This represented its third SART plant in China, in addition to two facilities it has supported since 2022. The new plant recovers cyanide for reuse in gold leaching while producing high-grade copper and zinc concentrates, and it replaces a higher-cost AVR system that causes sodium sulphate buildup. With three plants now operating for major gold producers, BQE has demonstrated its ability to cut costs and manage challenging feed conditions. We expect BQE to further expand its cyanide management business in Asia as demand for technical services grows alongside soaring gold prices. **We are maintaining our BUY rating and \$80.00/share target price on BQE Water.**

Shandong Gold is the largest gold producer in China, with extensive mining and development operations. The Shandong province has been China's leading gold producer for four decades, contributing over 5.6Moz in 2023 (40% of China's total output). The province is home to China's top gold companies, and with more than a dozen gold processing facilities in the region, BQE's three existing SART plants highlight the significant opportunities for future growth.

Cyanide Management

Cyanide management has become a critical focus in gold mining as regulations tighten worldwide, covering not only residual cyanide in wastewater and tailings but also by-products such as ammonia, cyanate, thiocyanate, and nitrite. The process centers on recovering and recycling cyanide from leaching so it can be reused, reducing the need for fresh inputs, minimizing harmful by-products, and ensuring discharges remain safe for the environment. Effective cyanide management is now essential for permitting new projects and maintaining social license.

BQE Water is a recognized leader in this field through its expertise in the SART process, which recovers cyanide consumed by base metals and recycles it back into gold extraction. This lowers operating costs while reducing the environmental footprint of mining projects. In addition, BQE provides solutions to treat cyanidation by-products, including the removal of ammonia, nitrite, and thiocyanate, further strengthening its role as a trusted partner for miners aiming to meet regulatory requirements and operate sustainably.

Our Take

Yesterday's announcement is a solid step towards bringing back growth in the operations segment, which declined YoY in the past quarter. We remind readers of the strong performance of the technical services segment in Q2, leading to 112% YoY proportional revenue growth and 85% YoY adjusted EBITDA growth. Please refer to our research note on the quarter [here](#). Our estimates remain unchanged, as we were already anticipating strong growth from the operations segment in H2.

Why We Like BQE

- BQE has a growing stream of recurring revenue (operation 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 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	\$53.07	Warrants (M)	0.0
Rating	BUY	Options (M)	0.0
Target Price	\$80.00	FD Shares (M)	1.3
Upside	51%	FD ITM Shares (M)	1.3
Market Cap (\$M)	\$69.6	Ownership	
Cash (\$M)	\$13.9	Management & Board	27%
Debt (\$M)	\$2.4	Other Insiders	27%
EV (\$M)	\$58.1	Retail	47%

Financial Estimates												
	2023A	Q1/24A	Q2/24A	Q3/24A	Q4/24A	2024A	Q1/25A	Q2/25A	Q3/25E	Q4/25E	2025E	2026E
Revenue (\$M)	18.1	2.5	3.4	6.2	5.1	17.2	7.4	11.3	11.1	6.6	36.4	39.8
Proportional Revenue (\$M)	22.7	3.4	6.1	9.5	5.8	24.8	7.9	12.9	13.1	7.1	41.1	44.6
% YoY	20%	-4%	5%	20%	6%	9%	133%	112%	37%	23%	66%	9%
Gross Profit (\$M)	8.3	1.1	1.6	3.7	2.0	8.4	3.2	3.7	4.0	2.7	13.6	18.3
Gross Margin	46%	44%	47%	59%	40%	49%	43%	33%	36%	41%	37%	46%
Adj. EBITDA (\$M)	4.7	(0.1)	1.3	4.4	(0.0)	5.6	1.9	2.5	3.0	1.8	9.2	11.7
Adj. EBITDA Margin	20%	-4%	22%	46%	0%	23%	24%	19%	23%	26%	22%	26%
Net Income (\$M)	1.9	(0.5)	0.6	3.5	1.2	4.8	1.7	1.9	2.2	1.3	7.1	8.4
EPS (Basic)	2.12	(0.39)	0.44	2.91	0.96	3.78	1.34	1.48	1.71	0.97	5.49	6.47
FCFF (\$M)	0.5	0.3	(1.9)	3.3	0.8	2.5	(1.0)	2.6	1.1	2.5	5.1	6.4

Figure 1: Tear Sheet

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HOLD: The stock is expected to generate returns of 0-20% over the next 24 months.

SELL: The stock is expected to generate negative returns over the next 24 months.

NOT RATED (N/R): Atrium does not provide research coverage on the respective company.

RATING	COVERED COMPANIES
BUY	29
HOLD	0
SELL	0

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