

**BQE Water – Contract Extended for Emergency Water Treatment**

**Rating**  
**BUY**  
Unchanged

**Target Price**  
**\$80.00**  
Unchanged

**July 31, 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	46%

**Market Data**

Share Price	\$54.76
Average Daily Volume	890.0
FD ITM Shares (M)	1.3
Market Cap (\$M)	\$71.8
Cash (\$M)	\$11.1
Debt (\$M)	\$2.2
Enterprise Value (\$M)	\$63.0

FYE Dec 31	2024A	2025E	2026E
Proportional Revenue (\$M)	\$24.8	\$30.6	\$34.1
Revenue (\$M)	\$17.2	\$29.9	\$0.0
Gross Margin (%)	49%	46%	51%
Adj. EBITDA (\$M)	\$5.6	\$9.1	\$10.5
Adj. EBITDA Margin (%)	23%	30%	31%
Net Income (\$M)	\$4.8	\$7.0	\$7.4
EPS (Basic)	\$3.78	\$5.39	\$5.71
FCFF (\$M)	\$2.5	\$6.7	\$6.1

Valuation	2024A	2025E	2026E
EV/EBITDA	11.3x	6.9x	6.0x
P/E	14.5x	10.2x	9.6x
FCF Yield (%)	4%	11%	10%
EV/Sales	2.5x	2.1x	1.8x

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's contract at the Eagle Gold Mine has been extended to October 2025, with operations expected to wind down in Q3.
- BQE discharged 600,000m<sup>3</sup> of treated water at the mine under emergency response after Victoria Gold's heap leach failure.
- The Company's success reinforces its technical leadership and strengthens its reputation as a trusted partner for complex water treatment.
- For Q2, we are expecting proportional revenue of \$7.2M (+19% YoY) and adjusted EBITDA of \$2.2M (30% margin, +64% YoY).

Yesterday after market close, BQE Water (BQE:TSXV, BTQNF:OTC) announced that under contract with the court-appointed Receiver of Victoria Gold Corp. for emergency treatment at the Eagle Gold Mine, it has discharged over 600,000m<sup>3</sup> of treated water into the environment. BQE developed and implemented an emergency water treatment response that successfully addressed multiple water sources, including cyanide heap leach solution, contact water, and groundwater from interception wells. Effluent water quality has been continuously monitored using KPIs developed by BQE's team using analytical tools available on site, and effluent quality is further verified by third-party accredited laboratories.

This comprehensive and adaptive approach speaks to the strength of BQE's technical leadership and reinforces our conviction in its ability to deliver in complex environments. We believe this reinforces BQE's reputation in the Yukon, having also worked with the province's Department of Energy and Hecla's Keno Hill mine, leading to potential future clients. **We are maintaining our BUY rating and \$80.00/share target price on BQE Water.**

**Eagle Gold Mine**

We remind readers that in June 2024, Victoria Gold's Eagle Gold Mine in Yukon experienced a catastrophic heap leach pad failure, releasing 4Mt of cyanide-laced ore and ~300,000m<sup>3</sup> of contaminated solution into Dublin Gulch and Haggart Creek. The incident halted operations, led to mass layoffs, and resulted in government intervention, with PwC appointed as receiver to manage cleanup and stabilization.

In September 2024, BQE was contracted as water treatment consultants after the existing plant was unable to safely treat the cyanide solution (read more about this [here](#)). The Company designed and executed a fit-for-purpose emergency system, integrating rental equipment and new infrastructure to ensure safe treatment and discharge. BQE's contract has been extended to October 31<sup>st</sup>, with operations expected to conclude by the end of Q3 as the contaminated water inventory declines and the emergency response system is no longer needed. The Company will also prepare a decommissioning plan and a winterization plan for all water treatment infrastructure that will remain on site over the winter. Subject to approval, BQE will then implement these plans prior to demobilizing from the site.

**Q2 Financials Preview**

BQE will be reporting Q2 financials by the end of August, where we are expecting another quarter of strong growth and margin expansion. This comes on the back of a great Q1, which was driven by technical services growth (read [here](#)). Our expectations for Q2 can be found below:

- Proportional Revenue of \$7.2M (+19% YoY)
- Gross Margin of 47% (flat YoY)
- Adjusted EBITDA of \$2.2M (30% margin, +64% YoY)
- Net Income of \$1.6M or \$1.21/share

### 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	\$54.76	Warrants (M)	0.0
Rating	BUY	Options (M)	0.0
Target Price	\$80.00	FD Shares (M)	1.3
Upside	46%	FD ITM Shares (M)	1.3
Market Cap (\$M)	\$71.8	Ownership	
Cash (\$M)	\$11.1	Management & Board	27%
Debt (\$M)	\$2.2	Other Insiders	27%
EV (\$M)	\$63.0	Retail	47%

Financial Estimates												
	2023A	Q1/24A	Q2/24A	Q3/24A	Q4/24A	2024A	Q1/25A	Q2/25E	Q3/25E	Q4/25E	2025E	2026E
<b>Revenue (\$M)</b>	<b>18.1</b>	<b>2.5</b>	<b>3.4</b>	<b>6.2</b>	<b>5.1</b>	<b>17.2</b>	<b>7.4</b>	<b>5.9</b>	<b>8.1</b>	<b>5.2</b>	<b>26.6</b>	<b>29.9</b>
<b>Proportional Revenue (\$M)</b>	<b>22.7</b>	<b>3.4</b>	<b>6.1</b>	<b>9.5</b>	<b>5.8</b>	<b>24.8</b>	<b>7.9</b>	<b>7.2</b>	<b>9.8</b>	<b>5.7</b>	<b>30.6</b>	<b>34.1</b>
% YoY	20%	-4%	5%	20%	6%	9%	133%	19%	2%	-1%	24%	11%
<b>Gross Profit (\$M)</b>	<b>8.3</b>	<b>1.1</b>	<b>1.6</b>	<b>3.7</b>	<b>2.0</b>	<b>8.4</b>	<b>3.2</b>	<b>2.8</b>	<b>3.8</b>	<b>2.6</b>	<b>12.3</b>	<b>15.3</b>
Gross Margin	46%	44%	47%	59%	40%	49%	43%	47%	47%	49%	46%	51%
<b>Adj. EBITDA (\$M)</b>	<b>4.7</b>	<b>(0.1)</b>	<b>1.3</b>	<b>4.4</b>	<b>(0.0)</b>	<b>5.6</b>	<b>1.9</b>	<b>2.2</b>	<b>3.1</b>	<b>1.9</b>	<b>9.1</b>	<b>10.5</b>
Adj. EBITDA Margin	20%	-4%	22%	46%	0%	23%	24%	30%	32%	33%	30%	31%
Net Income (\$M)	1.9	(0.5)	0.6	3.5	1.2	4.8	1.7	1.6	2.4	1.3	7.0	7.4
EPS (Basic)	2.12	(0.39)	0.44	2.91	0.96	3.78	1.34	1.21	1.82	1.01	5.39	5.71
FCFF (\$M)	0.5	0.3	(1.9)	3.3	0.8	2.5	(1.0)	1.9	3.6	2.3	6.7	6.1

**Figure 1: Tear Sheet**

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RATING	COVERED COMPANIES
BUY	25
HOLD	0
SELL	0

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