

BQE Water – Another One; Operating ERDC Water Treatment Plants in 2026

Rating
BUY
Unchanged

Target Price
\$108.00
Unchanged

May 13, 2026

Disseminated on Behalf of BQE Water Inc.

All figures in CAD unless otherwise stated

BQE Water Inc.	BQE:TSXV
Rating	BUY
Target Price	\$108.00
Return to Target	25%

Market Data

Share Price	\$86.25
Average Daily Volume	890.0
FD ITM Shares (M)	1.3
Market Cap (\$M)	\$113.8
Cash (\$M)	\$19.0
Debt (\$M)	\$2.7
Enterprise Value (\$M)	\$97.5

FYE Dec 31	2025A	2026E	2027E
Proportional Revenue (\$M)	\$39.9	\$45.6	\$50.4
Revenue (\$M)	\$35.5	\$39.8	\$44.3
Gross Margin (%)	43%	46%	47%
Adj. EBITDA (\$M)	\$8.2	\$10.7	\$13.3
Adj. EBITDA Margin (%)	21%	23%	26%
Net Income (\$M)	\$8.1	\$7.7	\$9.2
EPS (Basic)	\$6.23	\$5.94	\$7.05
FCFF (\$M)	\$4.9	\$5.4	\$7.8

Valuation	2025A	2026E	2027E
EV/EBITDA	11.8x	9.1x	7.3x
P/E	13.8x	14.5x	12.2x
FCF Yield (%)	5%	6%	8%
EV/Sales	2.4x	2.1x	1.9x

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.

Nicholas Cortellucci, CFA | Equity Research Analyst | ncortellucci@atriumresearch.ca | 647-391-3314
Ben Pirie | Equity Research Analyst | bpirie@atriumresearch.ca | 647-688-9661

What you need to know:

- BQE Water has been contracted by Elsa Reclamation & Development Company (ERDC) to operate the water treatment plant systems at its Keno Hill sites in Yukon for the 2026 season.
- The contract includes the Valley Tailings Facility, which BQE designed, constructed, and commissioned in 2025, as well as legacy systems.
- This marks the fifth contract win since December, reinforcing the strong operating momentum on the heels of a record 2025 results (see [here](#)).

This morning, BQE Water (BQE:TSXV, BTQNF:OTCPK) announced that it has been contracted by Elsa Reclamation & Development Company (ERDC) to operate its Water Treatment Plant systems in the Yukon for the 2026 season. The contract covers both passive and active treatment systems, including the Valley Tailings Facility (VTF), which BQE itself designed, constructed, and commissioned in 2025, along with the legacy sites of Silver King, Galkeno, and Onek in the Keno Hill district. BQE has already mobilized to site alongside Big River Operations (BRO), a Na-Cho Nyäk Dun citizen-owned subcontractor, with services expected to continue through October. Our estimates remain unchanged as we already assumed strong revenue growth in 2026. **We are maintaining our BUY rating and target price of \$108.00/share on BQE.**

2026 will be the first year of the VTF operation as part of the broader consolidation and remediation of the legacy tailings site near the Elsa camp. Management noted that the win was enabled by BQE's Yukon operating team (with experience from Minto and the Eagle emergency response work), its ongoing collaboration with BRO, and its partnership with the Na-Cho Nyäk Dun Development Corporation.

Contract Signing Streak Continues

Today's announcement is the fifth contract BQE has signed since December, as the Company continues to sign new contracts at a record pace. As a reminder, BQE's other recent agreements include:

- December 18th: 20-year contract with BC Government for Britannia Mine.
- February 28th: Contract to operate the Eagle water treatment plant in H1/26.
- February 25th: Engineering contract with Hudbay Minerals for the first SART plant in Canada.
- March 19th: 3-year operating agreement (via the Nuvumiut JV) with Canadian Royalties at the Nunavik Nickel Project in Quebec.

Q4 & Full Year 2025 Recap

On April 24th, BQE reported its Q4 and full-year 2025 results, capping off a record year for the Company (read our full note [here](#)). Highlights include:

- 2025 proportional revenue of \$39.9M, up 61% YoY (vs. our \$38.0M), comprised of \$7.3M in operations services, \$28.3M in technical services (+322% YoY), and \$4.4M from JV revenue.
- Q4/25 proportional revenue of \$8.4M, up 46% YoY vs. our \$6.5M estimate.
- 2025 gross margin of 43% and Q4 gross margin of 49%.
- 2025 adjusted EBITDA of \$8.2M (21% margin), up 47% YoY.
- 2025 net income of \$8.1M or \$6.23/share (+68% YoY).
- BQE ended the year with \$19.0M in cash and \$2.7M in debt (leases and interest-free loans).

Management guided to good visibility in technical services through the first half of the year and stronger operation services growth driven by the influx of multi-year contracts signed over the last few months.

Why We Like BQE

- BQE has a growing stream of recurring revenue (operational services) and technical services revenue. This barbell approach has led to decades of strong revenue growth.
- 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 21% in 2025. 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 – Ongoing
- Share Repurchases & Acquisitions – 2026

Tear Sheet

Market Data						Capital Structure								
Ticker	BQE:TSXV					Basic Shares Outstanding (M)								1.3
Stock Price	\$86.25					Warrants (M)								0.0
Rating	BUY					Options (M)								0.0
Target Price	\$108.00					FD Shares (M)								1.3
Upside	25%					FD ITM Shares (M)								1.3
Market Cap (\$M) \$113.8 Cash (\$M) \$19.0 Debt (\$M) \$2.7 EV (\$M) \$97.5						Ownership								
						Management & Board								27%
						Other Insiders								26%
						Retail								47%
Financial Estimates														
	2024A	Q1/25A	Q2/25A	Q3/25E	Q4/25A	2025A	Q1/26E	Q2/26E	Q3/26E	Q4/26E	2026E	2027E		
Revenue (\$M)	17.2	7.4	11.3	9.3	7.5	35.5	9.4	11.2	10.7	8.5	39.8	44.3		
Proportional Revenue (\$M)	24.8	7.9	12.9	10.7	8.4	39.9	10.0	13.1	12.6	9.9	45.6	50.4		
% YoY	9%	133%	112%	12%	46%	61%	26%	2%	18%	17%	14%	11%		
Gross Profit (\$M)	8.4	3.2	3.7	4.7	3.7	15.3	4.1	5.1	5.1	4.0	18.4	20.6		
Gross Margin	49%	43%	33%	51%	49%	43%	44%	46%	48%	47%	46%	47%		
Adj. EBITDA (\$M)	5.6	1.9	2.5	3.3	0.5	8.2	1.8	3.3	3.4	2.2	10.7	13.3		
Adj. EBITDA Margin	23%	24%	19%	31%	7%	21%	18%	25%	27%	22%	23%	26%		
Net Income (\$M)	4.8	1.7	1.9	2.8	1.6	8.1	1.2	2.4	2.5	1.5	7.7	9.2		
EPS (Basic)	3.78	1.34	1.48	2.15	1.27	6.23	0.95	1.87	1.92	1.19	5.94	7.05		
FCFF (\$M)	2.5	(1.0)	2.6	1.3	2.0	4.9	1.9	1.9	1.0	0.6	5.4	7.8		

Disclosures

Analyst Certification

Each authoring analyst of Atrium Research on this report certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated securities discussed (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the research, (iii) to the best of the authoring analyst's knowledge, she/he is not in receipt of material non-public information about the issuer, (iv) the analyst does not own common shares, options, or warrants in the company under coverage, (v) the analysts adhere to the CFA Institute guidelines for analyst independence, and (vi) this report belongs to the CFA Institute.

Atrium Research Ratings System

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

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	47
HOLD	0
SELL	0

About Atrium Research

Atrium Research provides institutional quality company sponsored research on public equities in North America. Our investment philosophy takes a 3-5 year view on equities currently being overlooked by the market. Our research process emphasizes understanding the key performance metrics for each specific company, trustworthy management teams, and an in-depth valuation analysis. For further information on our team, please visit <https://www.atriumresearch.ca/team>.

General Information

Atrium Research Corporation (ARC) has created and distributed this report. This report is a general discussion of the merits and risks of a security or securities only, was prepared for general circulation, is not in any way meant to be tailored to the needs and circumstances of any recipient and does not provide investment recommendations specific to individual investors. As such, the securities discussed in this report may not be suitable for all investors and investors must make their own investment decisions based upon their specific investment objectives and financial situation, utilizing their own financial advisors as they deem necessary.

This report is based on information we considered reliable; we have not been provided with any material non-public information by the company (or companies) discussed in this report. We do not represent that this report is accurate or complete and it should not be relied upon as such; further any information in this report is subject to change without any formal or type of notice provided. Investors should consider this report as only one factor in their investment decisions; this report is not intended as a replacement for investor's independent judgment.

ARC is not a CIRO registered dealer and does not offer investment-banking services to its clients. ARC (and its employees) do not own, trade or have a beneficial interest in the securities of the companies we provide research services for and does not serve as an officer or Director of the companies discussed in this report. ARC does not make a market in any securities. This report is not disseminated in connection with any distribution of securities and is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal.

ARC does not make any warranties, expressed or implied, as to the results to be obtained from using this information and makes no express or implied warranties for particular use. Anyone using this report assumes full responsibility for whatever results they obtain. This report does not constitute a personal recommendation or take into account any financial or investment objectives, portfolio holdings, strategy, financial situations or needs of individuals. This report has not been prepared for any particular individual or institution. As such, any advice or recommendation in this report may not be suitable for a particular recipient. ARC assumes recipients of this report are capable of evaluating the information contained herein and of exercising independent judgment. A recipient of this report should not make any investment decision without first considering whether any advice or recommendation in this report is suitable for the recipient based on the recipient's particular circumstances and, if appropriate or otherwise needed, seeking professional advice, including tax advice. ARC does not perform any suitability or other analysis to check whether an investment decision made by the recipient based on this report is consistent with a recipient's investment objectives, portfolio holdings, strategy, financial situation, or needs. Past performance is not an indication or guarantee of future results, future returns are not guaranteed, and loss of original capital may occur. By providing this report, ARC does not accept any authority, discretion, or control over the management of the recipient's assets. Any action taken by the recipient of this report, based on the information in the report, is at the recipient's sole judgment and risk. The recipient must perform his or her own independent review of any prospective investment. Neither ARC nor any person employed by ARC accepts any liability whatsoever for any direct or indirect loss resulting from any use of its research or the information it contains.

This report contains "forward-looking" statements. Forward-looking statements regarding the Company and/or stock's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Such statements involve a number of risks and uncertainties such as competition, market demand, and the company's (and management's) ability to correctly forecast financial estimates. As a result, the actual results, events, performance or achievements of the financial product may be materially different from those expressed or implied in such statements. Please see the Company's MD&A "Risk Factors" Section for a more complete discussion of company specific risks for the company discussed in this report. Any opinion or estimate constitutes the preparer's best judgment as of the date of preparation, and is subject to change without notice. ARC assumes no obligation to maintain or update this report based on subsequent information and events.

ARC is receiving a cash compensation from BQE Water Inc. for 24-months of research coverage. This report was disseminated on behalf of BQE Water Inc. ARC retains full editorial control over its research content. ARC does not have investment banking relationships and does not expect to receive any investment banking driven income. ARC reports are primarily disseminated electronically and, in some cases, printed form. Electronic reports are simultaneously available to all recipients in any form. This report or any portion hereof may not be copied, reprinted, sold, or redistributed or disclosed by the recipient or any third party, by content scraping or extraction, automated processing, or any other form or means, without the prior written consent of ARC. Any unauthorized use is prohibited. Neither ARC nor any of its respective directors, officers or employees is responsible for guaranteeing the financial success of any investment, or accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.

To receive future reports on covered companies please visit <https://www.atriumresearch.ca/research> or subscribe on our website.

This report has been prepared independently of any issuer of securities mentioned herein and not as agent of any issuer of securities. No ARC personnel have authority whatsoever to make any representations or warranty on behalf of the Company. Any comments or statements made herein are those of ARC.

The information contained herein is not, and under no circumstances is to be construed as, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators, if applicable, and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon this research report, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence.

The information contained in this report is intended to be viewed only in jurisdictions where it may be legally viewed and is not intended for use by any person or entity in any jurisdiction where such use would be contrary to local regulations or which would require any registration requirement within such jurisdiction.