

**Rating**  
**BUY**  
Unchanged

**Target Price**  
**\$108.00**  
Unchanged

**July 15, 2026**

**Disseminated on Behalf of BQE Water**

All figures in CAD unless otherwise stated

| BQE Water Inc.   | BQE:TSXV |
|------------------|----------|
| Rating           | BUY      |
| Target Price     | \$108.0  |
| Return to Target | 56%      |

**Market Data**

|                                    |         |
|------------------------------------|---------|
| Share Price                        | \$69.06 |
| Average Daily TSXV Volume          | 230.0   |
| FD ITM Shares (M)                  | 1.3     |
| Market Cap (\$M)                   | \$90.8  |
| Cash & Marketable Securities (\$M) | \$17.7  |
| Debt (\$M)                         | \$3.0   |
| Enterprise Value (\$M)             | \$76.2  |

| FYE Dec 31                 | 2025A  | 2026E  | 2027E  |
|----------------------------|--------|--------|--------|
| Proportional Revenue (\$M) | \$39.9 | \$43.8 | \$49.2 |
| Revenue (\$M)              | \$35.5 | \$38.0 | \$43.2 |
| Gross Margin (%)           | 43%    | 44%    | 48%    |
| Adj. EBITDA (\$M)          | \$8.2  | \$8.6  | \$13.2 |
| Adj. EBITDA Margin (%)     | 21%    | 20%    | 27%    |
| Net Income (\$M)           | \$8.1  | \$5.8  | \$8.9  |
| EPS (Basic)                | \$6.23 | \$4.49 | \$6.83 |
| FCFF (\$M)                 | \$4.9  | \$3.2  | \$7.1  |

| Valuation     | 2025A | 2026E | 2027E |
|---------------|-------|-------|-------|
| EV/EBITDA     | 9.3x  | 8.9x  | 5.8x  |
| P/E           | 11.1x | 15.4x | 10.1x |
| FCF Yield (%) | 6%    | 4%    | 9%    |
| EV/Sales      | 1.9x  | 1.7x  | 1.5x  |

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 announced that it has begun preparation to restart the Selen-IX water treatment plant at Centerra's Kemess Project in BC.
- The plant was built and operated by BQE in 2020, but was subsequently placed under care and maintenance due to shifted development plans. Yesterday's announcement means BQE can effectively start generating operations services revenue without having to build a new plant.
- Management continues to execute on its growth plans, and we believe the stock is undervalued at 8.9x/5.8x 2026E/2027E EBITDA.

Yesterday, BQE Water (BQE:TSXV, BTQNF:OTCPK) announced in collaboration with Centerra Gold (CG:TSX, \$4.4B mkt cap), that it has begun preparations to restart the Selen-IX water treatment plant at the Kemess Project in Northern BC. Our estimates remain unchanged as we already baked in organic growth for the year ahead. We view the recent pullback in BQE stock on the soft Q1 financials as a buying opportunity ahead of the strong revenue growth coming in H2. **We are maintaining our BUY rating and target price of \$108.00/share on BQE.**

BQE originally designed, constructed, fully commissioned, and briefly operated the plant in 2020 to treat 65 litres per second of mine-influenced water down to under 2 ppb of total selenium, which earned the project EGBC's Environmental Award in 2021 as the first full-scale implementation of the Selen-IX process.

The plant was subsequently placed under care and maintenance when Kemess's development plans changed, with BQE providing annual site visits under an amended operations services agreement. Responding to Centerra's requirements this year, BQE has prepared a re-commissioning plan, with seasonal operations expected to commence in late summer 2026 under a change order that meets this year's objectives without shortening the remaining term of the operations services agreement.

From our discussions with management, this announcement is an important industry development because some people believed that since the plant went into care and maintenance, Selen-IX did not work for Kemess. This was not true, and yesterday's announcement affirmed that, meaning every Selen-IX plant built to date will be operational. This would be a late 2026 item for operations revenue with a full contribution in 2027, providing recurring revenue without having to go through the lengthy process of designing and building a new plant. The stock was flat on the news, which we believe is a large under-reaction.

**Q2 Financials Preview**

BQE is expected to report Q2 financials around late August and we are expecting the following results:

- Prop. Revenue of \$13.1M (+2% YoY); GAAP Revenue of \$11.2M (-1% YoY)
- Gross margin of 46%, compared to 25% in the prior quarter and 33% in Q2/25
- Adjusted EBITDA of \$3.3M (25% margin, +33% YoY)
- Net Income of \$2.4M and EPS of \$1.87, compared to \$1.9M and \$1.48 in Q2/25

**Catalysts**

- Quarterly Financial Results & Increasing Recurring Revenue – Ongoing
- New Contract Announcements – Ongoing
- Share Repurchases & Acquisitions – 2026

## 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.

## Tear Sheet

| Market Data                |          |        |        |        |        | Capital Structure            |        |        |        |        |       |       |     |
|----------------------------|----------|--------|--------|--------|--------|------------------------------|--------|--------|--------|--------|-------|-------|-----|
| Ticker                     | BQE:TSXV |        |        |        |        | Basic Shares Outstanding (M) |        |        |        |        |       |       | 1.3 |
| Stock Price                | \$69.06  |        |        |        |        | Warrants (M)                 |        |        |        |        |       |       | 0.0 |
| Rating                     | BUY      |        |        |        |        | Options (M)                  |        |        |        |        |       |       | 0.0 |
| Target Price               | \$108.00 |        |        |        |        | FD Shares (M)                |        |        |        |        |       |       | 1.3 |
| Upside                     | 56%      |        |        |        |        | FD ITM Shares (M)            |        |        |        |        |       |       | 1.3 |
| Market Cap (\$M)           |          |        |        |        |        | Ownership                    |        |        |        |        |       |       |     |
| Cash (\$M)                 |          |        |        |        |        | Management & Board           |        |        |        |        |       |       | 27% |
| Debt (\$M)                 |          |        |        |        |        | Other Insiders               |        |        |        |        |       |       | 26% |
| EV (\$M)                   |          |        |        |        |        | Retail                       |        |        |        |        |       |       | 47% |
| Financial Estimates        |          |        |        |        |        |                              |        |        |        |        |       |       |     |
|                            | 2024A    | Q1/25A | Q2/25A | Q3/25A | Q4/25A | 2025A                        | Q1/26A | Q2/26E | Q3/26E | Q4/26E | 2026E | 2027E |     |
| Revenue (\$M)              | 17.2     | 7.4    | 11.3   | 9.3    | 7.5    | 35.5                         | 4.8    | 11.2   | 11.7   | 10.4   | 38.0  | 43.2  |     |
| Proportional Revenue (\$M) | 24.8     | 7.9    | 12.9   | 10.7   | 8.4    | 39.9                         | 5.3    | 13.1   | 13.5   | 11.9   | 43.8  | 49.2  |     |
| % YoY                      | 9%       | 133%   | 112%   | 12%    | 46%    | 61%                          | -33%   | 2%     | 27%    | 41%    | 10%   | 12%   |     |
| Gross Profit (\$M)         | 8.4      | 3.2    | 3.7    | 4.7    | 3.7    | 15.3                         | 1.2    | 5.1    | 5.6    | 4.9    | 16.8  | 20.7  |     |
| Gross Margin               | 49%      | 43%    | 33%    | 51%    | 49%    | 43%                          | 25%    | 46%    | 48%    | 47%    | 44%   | 48%   |     |
| Adj. EBITDA (\$M)          | 5.6      | 1.9    | 2.5    | 3.3    | 0.5    | 8.2                          | (1.1)  | 3.3    | 3.6    | 2.7    | 8.6   | 13.2  |     |
| Adj. EBITDA Margin         | 23%      | 24%    | 19%    | 31%    | 7%     | 21%                          | -20%   | 25%    | 27%    | 23%    | 20%   | 27%   |     |
| Net Income (\$M)           | 4.8      | 1.7    | 1.9    | 2.8    | 1.6    | 8.1                          | (1.3)  | 2.4    | 2.7    | 2.0    | 5.8   | 8.9   |     |
| EPS (Basic)                | 3.78     | 1.34   | 1.48   | 2.15   | 1.27   | 6.23                         | (0.98) | 1.87   | 2.07   | 1.52   | 4.49  | 6.83  |     |
| FCFF (\$M)                 | 2.5      | (1.0)  | 2.6    | 1.3    | 2.0    | 4.9                          | (2.0)  | 1.8    | 2.0    | 1.1    | 3.2   | 7.1   |     |

**Figure 1: Tear Sheet**

## 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.

| COVERED COMPANIES |
|-------------------|
| 52                |

### 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 of 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 situation, 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.