

PRESS RELEASE
May 15, 2018

BQE Water Reports Q1 2018 Results

VANCOUVER, BC – BQE Water Inc. (TSX-V: BQE), a leader in the treatment and management of mine impacted waters, is pleased to release its interim consolidated financial results for the three months ended March 31, 2018.

Financial Highlights

- Revenues as reported under GAAP were \$527,000 compared to \$668,000 in Q1 2017;
- Proportional revenues were \$1.3 million compared to \$1.1 million in Q1 2017;
- Net loss as reported under GAAP was \$601,000 compared to \$573,000 in Q1 2017;
- Adjusted EBITDA was a loss of \$418,000 compared to a loss of \$497,000 in Q1 2017;
- Cash reported under GAAP as of March 31, 2018 was \$349,000 compared to \$984,000 at December 31, 2017; and
- Proportional Cash, which includes our share held in joint ventures, as of March 31, 2018 was \$2 million compared to \$2.5 million at the end of 2017.

Operating Highlights

Our joint venture in China with partner Jiangxi Copper Company (“JCC”), operated three plants during Q1 2018. Although most of the treated water is discharged into the environment, some treated water is occasionally recycled. Revenue is derived from the sale of copper recovered from wastewater. The following is summary of operating results for all three plants during Q1 2018.

Dexing 1

(in '000s)

	3 months ended Mar. 31	
	2018	2017
Water treated (cubic metres)	869	290
Copper produced (pounds)	60	-

Dexing 2

(in '000s)

	3 months ended Mar. 31	
	2018	2017
Water treated (cubic metres)	1,875	1,131
Copper produced (pounds)	136	139

Yinshan

(in '000s)

	3 months ended Mar. 31	
	2018	2017
Water treated (cubic metres)	800	513
Copper produced (pounds)	244	164

Total Joint Venture

(in '000s)

3 months ended Mar. 31

	2018	2017
Water treated (cubic metres)	3,544	1,934
Copper produced (pounds)	440	303

The volume of water treated and pounds of copper recovered at all three plants will fluctuate depending on precipitation levels and the prevailing environmental conditions at both sites. The two plants Dexing 1 and Dexing 2 treat water from the same sources and water may be diverted from one plant to the other to optimize operations.

During 2018, all three plants met or exceeded mechanical availability and process performance. Changes in water volume and feed grade are largely the result of environmental conditions beyond the control of the joint venture and will fluctuate from period to period. During Q1 2018, due to higher water volume, water treated increased by 83% and copper recovery increased by 45% respectively over the same period in 2017. Management does not anticipate this increase to continue as Q1 2017 was an exceptionally dry season as compared to the usual seasonal trends encountered during the first quarter of the year.

Commentary and Outlook For 2018

Long-term followers of BQE Water have come to know that recurring revenue from our water treatment plant operations in Canada and China, which account for up to 70% of our total annual proportional revenue, fluctuate significantly on a quarterly basis due to the impact of climatic conditions. Specifically, Q1 is the quarter with the lowest recurring revenue as Canadian operations are shut down for the winter while the Chinese operations typically treat lower volumes of wastewater due to the area's dry season.

In Q1 2018, we were able to improve operations with our plants in China compared to the prior year's quarter due to our improvement in water management at the Yinshan plant. These improvements resulted in an increase in copper recovery with our share of revenue growing by \$315,000 compared to Q1 2017.

Our non-recurring revenue from technical services in Q1 2018 was slightly lower in comparison to the same period last year, but remained at a healthy level from a historical perspective. Over the last several years, selenium pilot demonstration services involving the use of our existing mobile pilot plant accounted for up to 40% of our total non-recurring revenue on an annual basis. Despite not having a selenium pilot project in Q1 2018, our non-recurring revenue of over \$500,000 is a reflection of increased revenues from technical services associated with designing new water treatment plants and developing water management plans for a number of new mining projects. Overall, we reduced our adjusted EBIDTA loss by 16% compared to the same quarter in 2017.

While we believe our existing project pipeline will allow us to continue the trend of year-over-year financial performance improvements in 2018, it is difficult to determine the exact timing of when we will recognize the non-recurring revenue from such projects. These projects tend to take place in stages and/or require extended reviews and approvals by regulatory agencies and our client's executive management.

The combination of seasonality on our recurring revenue and the uncertain timing of non-recurring revenue creates fluctuations in our working capital. Consequently, management and the Board of Directors are

actively exploring different options for securing additional short-term financing, including a potential employee based loan or a line of credit from a financial institution. While the improvements in our financial performance over the past several years may allow us to obtain a line of credit from a financial institution, this process will take time and other sources of financing may be required. Although the company has been successful in securing financing in the past, there is uncertainty whether financing will be available in the future on terms acceptable to the Company.

Financial Results

For a complete set of Financial Statements and Management Discussion and Analysis, please go to www.bqewater.com.

(in \$'000 except for per share amounts)

	Q1 2018	Q1 2017
	\$	\$
Revenues	527	668
less: Plant and other operating costs <i>(excluding depreciation)</i>	460	418
	67	250
General and administration	369	495
Sales and development	324	288
Stock-based compensation	55	(7)
Depreciation and amortization	4	33
Share of results of equity accounted joint ventures	(97)	(34)
Loss from operations and joint ventures	(588)	(525)
Other expenses – net	(13)	(48)
Net loss for the period	(601)	(573)
Translation gain on foreign operations	320	9
Comprehensive loss for the period	(281)	(564)
	Q1 2018	Q1 2017
	\$	\$
Net loss per share (basic and diluted)	(0.01)	(0.01)
Proportional Revenues ¹	1,282	1,108
Adjusted EBITDA ¹	(418)	(497)
	at Mar. 31,	at Dec. 31,
	2018	2017
Working capital	(7)	735
Total assets	6,631	6,866
Total long term liabilities	1,500	1,498
Shareholders' equity	4,147	4,395

¹See "Non-GAAP Measures" in Q1-2018 MD&A

About BQE Water

BQE Water is a service provider specializing in water treatment and management for the mining and metallurgical industry. We focus on reducing Life Cycle Costs through solutions that reduce risks and long-term environmental liabilities while introducing sustainability into the overall water management plan. We have extensive expertise in the removal, recovery, and/or recycle of a broad range of metals, sulphate, selenium, cyanide, ammonia and other nitrogen species. BQE Water has commercialized several water treatment technologies and built plants at mine sites around the world for organizations including Glencore, Jiangxi Copper, Freeport-McMoRan and the US EPA. We also provide plant operation and maintenance services and currently operate several plants under long-term contract. BQE Water is headquartered in Vancouver, Canada and trades on the TSX Venture Exchange under the symbol BQE. Visit www.bqewater.com for more information.

The Toronto Venture Exchange has not reviewed and does not accept responsibility for the adequacy or the accuracy of this release.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information contained herein may not be based on historical fact and therefore constitutes "forward-looking information" under applicable Canadian securities legislation. This includes without limitation statements containing the words "plan", "expect", "project", "estimate", "intend", "believe", "anticipate", "may", "will" and other similar words or expressions. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks, uncertainties and other factors that may cause actual events or results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the Company's dependence on key personnel and contracts, uncertainty with respect to the profitability of the Company's technologies, competition, technology risk, the Company's ability to protect its intellectual property and proprietary information, fluctuations in commodity prices, currency risk, environmental regulation and the Company's ability to manage growth and other factors described in the Company's filings with the Canadian securities regulators at www.sedar.com (including without limitation the factors described in the section entitled "Risks and Uncertainties" in the Company's MD&A for the year ended December 31, 2017). Given these risks and uncertainties, the reader is cautioned not to place undue reliance on forward-looking statements. All forward-looking information contained herein is based on management's current expectations and the Company undertakes no obligation to revise or update such forward-looking information to reflect subsequent events or circumstances, except as required by law.

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