BQE Water

PRESS RELEASE
November 24, 2021

BQE Water Reports Q3 2021 Results

VANCOUVER, BC – BQE Water Inc. (TSX-V: BQE), a leader in the management of mining and metallurgical waste streams, is pleased to release its interim consolidated financial results for the three and nine months ended September 30, 2021.

"Our financial results for the nine months ended September 30, 2021 have again set new highs in Proportional Revenue and in Adjusted EBITDA, recording $11.2 million and $3.3 million respectively, which translates to a 8% and 32% increase respectively when compared to last year," stated David Kratochvil, President & CEO of BQE Water. "Further to our financial growth, during Q3 2021, we partnered with and acquired the intellectual property of Randy Agius, a global knowledge leader in cyanide destruction, which will allow BQE Water to provide cyanide management services to complement our expertise with the SART process."

FINANCIAL HIGHLIGHTS

- Proportional revenue for Q3 2021 was $5.5 million, a $215,000 or 4% increase from $5.3 million in Q3 2020.
- Net income increased by $102,000 to $1.5 million in Q3 2021, compared to $1.4 million in Q3 2020.
- Adjusted EBITDA for Q3 2021 was $2.1 million compared to $2.0 million in Q3 2020, a $100,000 increase.
- Working capital was $4.2 million at September 30, 2021, compared to $3.5 million at December 31, 2020, and $2.4 million at June 30, 2021, representing increases of 20% and 78% respectively.
- Proportional cash, which includes our share of cash held in joint ventures, at September 30, 2021 was $7.7 million, compared to $5.2 million at December 31, 2020, and $5.0 million at June 30, 2021, representing increases of 47% and 54% respectively.

OPERATIONAL SERVICES HIGHLIGHTS

Our operational services consist of the operation of water treatment plants, which generate recurring revenues for the Company from two main sources: sales of recovered metals and water treatment fees.

Revenues from Sales of Recovered Metals

The Company operates four water treatment plants that generate revenues from the sale of recovered metals, three plants from the JCC-BQE Joint Venture ("JCC-BQE") and one plant from the MWT-BQE Joint Venture ("MWT-BQE").

JCC-BQE Joint Venture

Our 50/50 joint venture with partner Jiangxi Copper Company ("JCC") operates water treatment plants at Dexing Mine and at Yinshan Mine in Jiangxi province of China. The volume of water treated and pounds of copper recovered by the plants fluctuate seasonally depending on precipitation levels in the region. The operating results are as follows:

(in '000s)	3 months ended Sept. 30		9 months ended Sept. 30	
	2021	2020	2021	2020
Water treated (cubic metres)	7,949	8,631	18,075	16,901
Copper recovered (pounds)	1,128	1,476	2,594	2,642

During Q3 2021, all three plants met or exceeded mechanical availability and process performance. The volume of water treated and the mass of copper recovered decreased by 8% and 24% respectively over the same period in 2020. Fluctuations in rainfall changes the water flowing into the treatment plants and alters the copper leaching from waste rock, leading to a higher or lower copper concentrations in the plant feed. 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.

MWT-BQE Joint Venture

Our 20% share of MWT-BQE is with our 80% partner Beijing MWT Water Treatment Project Limited Company ("MWT") and together we operate a water treatment plant at a smelter in Shandong province of China. MWT-BQE generates the majority of its revenues from the sale of zinc recovered from smelter wastewater, along with some copper found in the stream. Operating results are as follows:

(in '000s)	3 months ended Sept. 30		9 months ended Sept. 30	
	2021	2020	2021	2020
Zinc recovered (pounds)	185	167	774	886
Copper recovered (pounds)	38	44	192	144

During Q3 2021, the mass of zinc recovered increased by 11% and the mass of copper recovered decreased by 14% compared to the same period in 2020. The smelter periodically operated their production lines with ores from different sources which led to varying concentrations of zinc and copper in the feed composition and a fluctuation in the volume of wastewater treated by the plant. The joint venture has no control in the composition and volume of the feed that flows into the plant.

Revenues from Water Treatment Fees

The Company is contracted to operate and provide technical support for water treatment plants that generate recurring revenues in the form of water treatment and operations support fees. The Company earns water treatment fees at the four plants operated by BQE Water for Glencore at Raglan Mine in Northern Québec. In addition, the Company earns operations support fees in China, which includes a plant operated by the MWT-BQE joint venture but supported and supervised by BQE Water in China, and the newly added Zhongkuang SART plant and the Zhaojin SART plant in Shandong province of China. The two new SART plants completed commissioning and began operations in 2021.

In April 2021, we mobilized our operations team to site to commence our 18th operating season at Raglan Mine. The team initiated operational activities in April 2021 and began discharging water in June 2021. During Q3 2021, the total water treated across all four plants at Raglan Mine increased by 51%.

For our operations in China, the Zhaojin SART plant has been operating since April 2021 while the Zhongkuang SART plant was put into care & maintenance during March to October 2021 due to the metallurgical circuit shutdown at the Zhongkuang leaching plant. The volume of water treated by the plants are as follows:

(in ’000s cubic metres)	3 months ended Sept. 30		9 months ended Sept. 30	
	2021	2020	2021	2020
Glencore water treatment plants	1,628	1,081	1,773	1,175
MWT-BQE water treatment plant	139	126	481	458
Zhongkuang SART plant	-	-	48	-
Zhaojin SART plant	76	-	184	-

TECHNICAL SERVICES HIGHLIGHTS

BQE Water’s technical expertise and IP are applicable globally across broad areas of water management. The highlights of technical services provided to clients and technical innovation projects during Q3 2021 are summarized below.

Commercial Deployment of Selen-IX™ and Direct Selenium Electro-Reduction (ERC) Technology

- Continued to support detailed engineering for a second large scale Selex-IX™ plant to be installed at a mine in the US.
- Continued to provide engineering services for the first commercial scale direct selenium ERC plant at a mine in the US.
- Completed first fills (anodes and resin) and initiated pre-commissioning activities at the first Selen-IX™ plant, outside of the mining industry, at an ash pond in the US.

Cyanide Management and Recovery using SART and Electro-oxidation

- Initiated preliminary technical assessment for SART at a new mine in Mexico.
- Initiated preliminary technical assessment for SART integration at a Carbon in leach (CIL) circuit in Canada.
- Initiated cyanide destruction test program to expand an existing operation in Canada.
- Completed lab scale testing of cyanide recovery from thiocyanate using leach solution from an existing gold plant in Central America.

Water Consulting Services – Management, Treatability, Permitting Assistance, Toxicity Mitigation

- On-site technical support for water treatment plant operations at the Hope Bay project in Nunavut.
- Preliminary engineering for a new non-biological ammonia removal system in Northern Ontario.
- On-site technical support and optimization of a non-biological ammonia removal plant in Ontario.
- Water treatment design for permitting in BC.
- Water treatment design for a new gold mine in Central America.
- Completed a review of water quality and chronic toxicity data for an existing mine in Québec.

COMMENTARY AND OUTLOOK

Q3 2021 was a strong quarter as we delivered year-over-year improvements in Proportional Revenue, Adjusted EBITDA, and net income for both the quarter itself and the first nine months of the fiscal year. Total revenues under GAAP for the first nine months in 2021 were 19% lower than in 2020. However, this was not due to a lack of project activity but rather due to a change in the nature of our activities. In the prior year, there were several projects in advanced stages of development that triggered significantly larger technical services contracts in the areas of plant engineering and pilot demonstration. This year, many new projects were in earlier stages of development with lower contract values, such as lab testing and consultation. As projects advance through the pipeline, we typically see increase in revenue from the same projects and expect this trend to continue. The fact that our revenue sources are diversified can at times help smooth out project revenue fluctuations. Specifically, in Q3 2021, a 24% decrease in technical services revenues was more than offset by a 41% increase in revenues from operations contracts, largely from the sale of metals recovered from our joint ventures that are benefiting from strong copper prices.

There were several major developments during Q3 2021 that are expected to generate positive results and growth opportunities for BQE Water in the short-term and the long-term. First, we acquired the intellectual property of and simultaneously partnered with Randy Agius, a global knowledge leader in cyanide destruction, one of the main environmental issues in the gold industry. This is a strategic asset acquisition that increases the scope of services we can provide in the area of cyanide management and is highly complementary to our expertise with the SART process and water treatment. We expect technical services revenues related to cyanide destruction to grow, leading to incremental recurring revenues from cyanide destruction and recovery projects. This is also an example of the Company investing in growth without materially impacting cash reserves. Second, we signed a major contract for pilot demonstrations of our sulphate and copper recovery technologies at multiple sites in Chile with Codelco, the world's largest copper producer. These pilot demonstrations have the potential to open doors to new long-term business opportunities with Codelco as well as other large mining companies in Latin America who take the lead from Codelco when it comes to water management for their projects.

Our overall outlook for the remainder of 2021 and 2022 is positive. We expect to complete commissioning and begin operating two new water treatment plants in the US in the next six months, adding additional streams of recurring revenues to our financial results. The Company has maintained a strong balance sheet while continuing to grow working capital. However, we continue to caution our shareholders with respect to geopolitical uncertainties which may affect our global business and/or interrupt the global economic recovery from the downturn caused by COVID-19.

BQE Water

SELECTED FINANCIAL INFORMATION

For a complete set of Financial Statements and MD&A, please go to www.bqewater.com.

(in $'000 except for per share amounts)	3 months ended Sept 30		9 months ended Sept 30	
	2021	2020	**2021**	2020
	$	$	**$**	$
Revenues	**2,773**	2,738	**4,941**	6,088
Operating expenses	**(1,088)**	(1,381)	**(2,540)**	(3,497)
Operating margin	**1,685**	1,357	**2,401**	2,591
Share of income from joint ventures	**700**	785	**2,304**	1,038
General and administration expenses	**(427)**	(342)	**(1,287)**	(1,209)
Sales and development expenses	**(273)**	(153)	**(1,104)**	(622)
Share-based payment expenses	**(19)**	(113)	**(292)**	(280)
Depreciation	**(37)**	(33)	**(111)**	(105)
Income from operations and joint ventures	**1,629**	1,501	**1,911**	1,413
Other income (expenses), net	**34**	(58)	**(45)**	(38)
Bad debt recovery	**-**	-	**95**	-
Income tax expense	**(118)**	-	**(130)**	(5)
Net income for the period	**1,545**	1,443	**1,831**	1,370
Net earnings per share (basic)	**1.25**	1.18	**1.49**	1.13
Net earnings per share (diluted)	**1.23**	1.17	**1.46**	1.12
Proportional Revenues[1]	**5,502**	5,287	**11,227**	10,412
Adjusted EBITDA[1]	**2,139**	2,039	**3,344**	2,540

	at Sept 30	at Dec 31
	2021	2020
Working capital	**4,241**	3,543
Total assets	**13,237**	10,464
Total non-current liabilities	**697**	821
Shareholders' equity	**10,333**	8,088
Proportional cash[1]	**7,709**	5,241

Notes:

1. Non-GAAP measures

BQE Water

About BQE Water
BQE Water is a service provider specializing in water treatment and management for metals mining, smelting and refining. We are helping to transform the way the industry thinks about water in the context of natural resource projects by offering services and expertise which enables more sustainable water management practices and improved overall project performance at reduced risks. 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, Jiangxi Copper, Freeport-McMoRan and the US EPA. 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.

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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, 2020). 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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