
Management's Discussion and Analysis (Quarterly Highlights)

For the three months ended March 31, 2025 and 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Highlights – for the three months ended March 31, 2025 and 2024

The following Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. Management of the Company have prepared this document in conjunction with their broader responsibilities for reasonable assurance regarding the reliability of the financial reporting and the establishment and maintenance of adequate information systems and internal controls to ensure that the financial information is complete and reliable. Management also believes that any internal controls and procedures for financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met. The Audit Committee of the Board of Directors, consisting of independent directors, has reviewed this document and all other publicly reported financial information, for integrity, usefulness, reliability and consistency.

This Q1 2025 Interim MD&A updates disclosure previously provided in our Annual MD&A, up to the date of this Interim MD&A, and should be read in conjunction with our unaudited condensed consolidated interim financial statements for the three months ended March 31, 2025 and 2024 (our "Interim Financial Statements"), our audited consolidated financial statements for the years ended December 31, 2024 and 2023 (our "Audited Financial Statements") and our Annual MD&A for the year ended December 31, 2024.

Our Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective as of March 31, 2025. Our accounting policies are described in Note 3 of our Audited Financial Statements. All financial information is presented in **Canadian dollars** unless otherwise noted. This MD&A has been prepared as at May 29, 2025.

Certain statements contained in the MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements considering the risks

OUR BUSINESS

BQE Water Inc. ("BQE Water" or the "Company") is helping to make the mining and metallurgical industry more environmentally sustainable and profitable by implementing innovative water management and treatment solutions that support and improve operations in this sector. Central to our business model, BQE Water produces clean water and stable residues or saleable by-products, and we monetize the value of our unique process know-how through recurring revenues generated from plant operations services.

BQE Water is headquartered in Vancouver, British Columbia, Canada. The Company has regional offices in Chile and China, which are two key geographical markets for our business. The Company has been in operation for over 25 years and draws upon the extensive experience to deliver exceptional operational and technical services. BQE Water is listed on the TSX Venture Exchange under the symbol "BQE". Additional information may be found on our website at www.bqewater.com and on SEDAR+ at www.sedarplus.ca.

NON-GAAP MEASURES

The Company uses non-GAAP financial measures to supplement our consolidated financial statements presented in accordance with generally accepted accounting principles (IFRS), or GAAP, to enhance overall understanding of the Company's current financial performance with investors and observers. Non-GAAP financial measures have limitations in that they do not reflect all amounts associated with our operational results as determined in accordance with GAAP. In addition, non-GAAP financial measures do not have any standardized meaning prescribed by GAAP and are unlikely to be comparable to similar non-GAAP financial measures presented by other companies. Non-GAAP financial measures should only be used to evaluate our operational results in conjunction with the corresponding GAAP measures.

Proportional Results

To provide additional insight into our financial results, certain statements in this MD&A disclose the effective portion of results we would have reported if our Chinese joint venture operations had been proportionately integrated and are referred to as BQE Water's proportional share ("Proportional"). All Proportional financial measures disclosed in this MD&A are non-GAAP measures.

Proportional Revenues

This non-GAAP financial measure of Proportional Revenue adds BQE Water's share of revenues from its China joint ventures to the Company's revenues reported under GAAP. Proportional Revenues for the three-month periods ended March 31, 2025 and 2024 are as follows:

	3 months ended Mar. 31	
	2025	2024
	\$	\$
Reported revenues under GAAP	7,446	2,508
Share of reported revenues from joint ventures in China	502	902
Proportional Revenue for the period	7,948	3,410

Adjusted EBITDA

Adjusted EBITDA ("earnings before interest, taxes, depreciation and amortization") is intended to provide additional information only and does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Consequently, the presentation of Adjusted EBITDA enables shareholders to better understand the underlying financial performance of our business through the eyes of management. Adjusted EBITDA includes adjustments of the Company's Proportional share of joint venture results. The following table reconciles this non-GAAP measure to the most directly comparable IFRS measure of net income:

	3 months ended Mar. 31	
	2025	2024
	\$	\$
GAAP: Net income (loss)	1,726	(486)
deduct: interest income	(29)	(30)
deduct: income tax recovery	(70)	(17)
add: depreciation and amortization	248	219
EBITDA	1,875	(314)
add: share-based payments	83	273
deduct: non-operating income	(91)	(20)
add/deduct: foreign exchange gain (loss)	10	(60)
Adjusted EBITDA	1,877	(121)

FINANCIAL HIGHLIGHTS

- Record revenues under GAAP and Proportional Revenues of \$7.4 million and \$7.9 million in Q1 2025 respectively, compared \$2.5 million and \$3.4 million in Q1 2024.
- Historical high in technical services revenue for a 3-month period of \$5.5 million in Q1 2025 compared to \$719,000 in Q1 2024.
- Gross margin of \$3.2 million in Q1 2025 compared to \$1.1 million in Q1 2024, a \$2.1 million increase.
- Net income of \$1.7 million in Q1 2025 compared to a loss of \$486,000 in Q1 2024.
- Earnings per share of \$1.34 in Q1 2025 compared to a loss per share of \$0.39 in Q1 2024.
- Adjusted EBITDA of \$1.9 million in Q1 2025 compared to a loss of \$121,000 in Q1 2024.
- Working capital of \$14.4 million at March 31, 2025, compared to \$12.6 million at December 31, 2024, a 14% increase.

Selected financial results are as follows:

(in '000s)	3 months ended Mar. 31	
	2025	2024
Revenue from operational services	1,962	1,789
Revenue from technical services	5,484	719
Revenue from joint ventures in China	502	902
Proportional Revenues	7,948	3,410

OPERATIONAL SERVICES HIGHLIGHTS

Our operational services consist of the operation or technical supervision of water treatment plants, which generate recurring revenues from three main sources: sales of recovered metals, water treatment fees and operations support fees. The Company's operations by source of revenue are as follows:

Operations	Location	Revenue Source
JCC-BQE Joint Venture	Jiangxi province, China	Sales of recovered metals
MWT-BQE Joint Venture	Shandong province, China	Sales of recovered metals
Raglan Mine for Glencore	Northern Québec, Canada	Water treatment fees
Zhongkuang Metallurgical Facilities for MWT	Shandong province, China	Operations support fees
Zhaojin Metallurgical Facilities for MWT	Shandong province, China	Operations support fees
Power utility ash pond for WesTech	Eastern USA	Water treatment fees
Base metal project for a metal producer	Southwestern USA	Water treatment fees

JCC-BQE Joint Venture Operations

Our 50/50 joint venture with partner Jiangxi Copper Company ("JCC") operates three water treatment plants at Dexing Mine and at Yinshan Mine in Jiangxi province of China. The volume of water treated, and metals recovered by the plants fluctuate seasonally depending on precipitation levels in the region. The operating results for Q1 2025 are as follows:

(in '000s)	3 months ended Mar. 31	
	2025	2024
Water treated (cubic metres)	1,915	4,203
Copper recovered (pounds)	148	380
Zinc recovered (pounds)	177	-

In Q1 2025, all three plants met mechanical availability and process performance set by the Company. The volume of water treated decreased by 55% and the mass of copper recovered decreased by 61% when compared to Q1 2024. Starting Q2

2024, the Yinshan Mine began to consistently recover zinc. Such changes in water volume and metal grade in feed water from period to period are largely the result of environmental conditions beyond the control of the joint venture.

MWT-BQE Joint Venture Operations

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 revenues from the sale of zinc and copper recovered from smelter wastewater. Operating results for Q1 2025 are as follows:

<i>(in '000s)</i>	3 months ended Mar. 31	
	2025	2024
Zinc recovered (pounds)	13	31
Copper recovered (pounds)	63	5

The smelter periodically operated its production lines with ores from different sources which led to varying concentrations of zinc and copper in the feed and a fluctuation in the volume of wastewater treated by the plant. The joint venture has no control over the composition and volume of feed that flows into the plant. In Q1 2025, the plant continued to operate intermittently to reduce costs, as the value of zinc and copper in the feed was lower than the recovery cost of the metals.

BQE Water Operations

The number of operating days contributing to water treatment or support fees for three months ended March 31, 2025 are as follows:

<i>(in days)</i>	3 months ended Mar. 31	
	2025	2024
Raglan Mine water treatment plants	-	-
Zhongkuang SART plant	90	91
Zhaojin SART plant	85	91
Water treatment plant in Eastern USA	64	67
Water treatment plant in Southwest USA	90	91

The volume of water treated by geographic location for the three months ended March 31, 2025 are as follows:

<i>(in '000s cubic metres)</i>	3 months ended Mar. 31	
	2025	2024
Raglan Mine water treatment plants	-	-
SART plants in China	109	136
Water treatment plants in USA	749	201

The Company, with our Inuit partner Nuvumiut Development, operates four water treatment plants at Raglan Mine for Glencore Canada Corporation (“Glencore”). In the first quarter, the plants at Raglan Mine were shut down as water stored in the outdoor reservoirs was frozen. Consequently, no water was treated and no revenue was generated in Q1 2025 from the Raglan Mine plants. We expect to begin water treatment in June 2025.

In 2021, we began operations of the Zhongkuang SART plant and the Zhaojin SART plant at metallurgical facilities in China. Both plants have been under our technical supervision since the start of full production. Both SART plants operated fully throughout Q1 2025 without disruption.

In 2022, we began operations of a treatment plant utilizing our Selen-IX™ process to remove selenium from ash pond water for WesTech Engineering (“WesTech”). In Q1 2025, our team continued at site providing water treatment services with the Selen-IX™ circuit to manage the presence of selenium in the feed.

In January 2022, we completed the commissioning of a treatment plant utilizing a combination of nanofiltration and our proprietary selenium electro-reduction process for the simultaneous removal of selenium and sulphate from mine water for a base metal project in the American Southwest. In August 2023, our team completed the performance test milestone for a 2nd newly constructed selenium removal water treatment plant which entered the operation phase. In Q1 2025, we continued to provide water treatment operation services for two water treatment plants in the American Southwest.

TECHNICAL SERVICES HIGHLIGHTS

BQE Water's technical expertise and IP are applicable globally across broad areas of water management. Highlights of some of our technical services and technical innovation projects during Q1 2025 are summarized below.

Trusted Advisory Services (Water Management and Water Studies)

- Initiated the construction of a water treatment facility to support the clean-up of legacy tailings site in the Yukon.
- Continued to provide ongoing advisory and water treatment services in response to the environmental emergency caused by a heap leach failure at the Eagle Gold Mine in the Yukon.
- Continued plant operations support and engineering services to an actively producing mine requiring improvements to their existing treatment in the Yukon.
- Continued with engineering services for the design, procurement, and construction of another selenium removal plant using BQE's Selen-IX™ to meet end-of-pipe limit of less than 2 parts per billion at a gold mine in Central US.
- Continued assisting an integrated lead smelter-recycling facility in Eastern Canada with completing upgrades to existing treatment system and implementation of new sulphate removal stage to a discharge limit less than 1,500 mg/L and initiated operations support for the newly upgraded facility.
- Continued selenium stability test program simulating conditions in semi-passive treatment systems to support holistic risk assessment of selenium treatment options for a client based in BC.

Cyanide Management (Destruction and Recycle)

- Implemented cyanide destruction to meet 25 ppb residual cyanide at the end-of-pipe at the Eagle Gold Mine in the Yukon.
- Continued to provide plant engineering design services to a US project requiring the end-of-pipe cyanide level below 8 ppb.
- Continued to provide engineering services for Shandong Gold to support the construction of the third SART plant in China.

COMMENTARY AND OUTLOOK

We are pleased to report our best ever first quarter results in Q1 2025, setting records for GAAP revenue, Proportional Revenue, net income, and Adjusted EBITDA. Highlights of the results are summarized as follows:

- Recurring revenue from water treatment operations was marginally higher than in Q1 2024 as no new operations were added to the existing portfolio of operating plants.
- Non-recurring revenue from technical services increased substantially compared to Q1 2024 due to several large projects in various phases of plant design, construction, and temporary operations, including but not limited to:
 - Design and construction of the Valley Tailings plant in the Yukon;
 - Advisory and water treatment services for temporary emergency response treatment at Eagle Gold Mine;
 - Detailed design of a sulphate removal plant that will subsequently go into construction in BC; and
 - Detailed design of cyanide removal plant in the US.
- Recurring revenue from our China joint venture fell when compared to Q1 2024 due to a lower quantity of recovered metals caused primarily by a decline in the volume of water treated.

In Q1 2025, the Company renewed two operating contracts in the US that were expiring in the next four to twelve months. Although the scope of our operating services under the renewal was reduced, the term was extended for five years with an extension option for an additional two years.

With respect to our outlook for the remainder of 2025, we continue to have good visibility and certainty over existing operations contracts and certain large technical services contracts. As such, we expect strong results over the next two quarters based on the following:

- Commissioning of a third SART plant in China followed by the start of new recurring operations services;
- Commissioning of the fourth Selen-IX™ plant in the US followed by the start of ongoing operations support services;
- Pilot demonstration of Selen-IX™ at a mine in the US;
- Construction and commissioning of the Valley Tailings treatment plant; and
- Several feasibility, pre-feasibility, and pilot demonstration projects in Chile and Brazil.

The anticipated strength in our technical services revenue is expected to mitigate the Company's exposure to geopolitical risks associated with China. In addition, the increase in our technical services revenue is expected to more than offset the reduction in operations revenue due to the two US contract renewals. Looking ahead, some of the large projects listed above have the potential to start generating new recurring revenue upon completion.

We are navigating uncertain times that present both new risks and new opportunities. Short and long-term headwinds for our business include a global recession, weak inflows of capital into the mining sector, and geopolitical risks related to China. We remain focused on fiscal prudence, while continuing to actively explore opportunities to accelerate our growth. Our strong balance sheet positions us well on both fronts.

SELECTED FINANCIAL INFORMATION

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

	3 months ended Mar. 31	
	2025	2024
	\$	\$
Revenues	7,446	2,508
Operating expenses (excluding depreciation)	(4,240)	(1,403)
Gross margin	3,206	1,105
Share of income from joint ventures	61	332
General and administration	(766)	(700)
Sales and development	(676)	(924)
Share-based payments	(83)	(273)
Depreciation and amortization	(127)	(101)
Income (loss) from operations and joint ventures	1,615	(561)
Other income, net	108	87
Income tax recovery (expense)	3	(12)
Net income (loss) for the period	1,726	(486)
Income (loss) per share (basic)	1.34	(0.39)
Income (loss) per share (diluted)	1.33	(0.38)
Proportional Revenues (Non-GAAP measures)	7,948	3,410
Adjusted EBITDA (Non-GAAP measures)	1,877	(121)
Comprehensive income (loss)	1,735	(443)

	at Mar. 31	at Dec. 31
	2025	2024
	\$	\$
Cash and cash equivalents	11,091	11,771
Working capital	14,357	12,593
Total assets	28,883	27,093
Total non-current liabilities	1,973	1,842
Shareholders' equity	22,430	20,529

COMPARISON OF QUARTERS

Financial data for the last eight quarters:

<i>(in \$'000s)</i>	Mar-25	Dec-24	Sept-24	Jun-24	Mar-24	Dec-23	Sept-23	Jun-23
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	7,446	5,088	6,165	3,417	2,508	5,014	6,246	4,186
Operating expenses	(4,240)	(3,058)	(2,497)	(1,810)	(1,403)	(2,260)	(2,959)	(2,162)
Gross margin	3,206	2,030	3,668	1,607	1,105	2,754	3,287	2,024
Share of results from								
joint ventures	61	(567)	1,577	1,129	332	(452)	382	407
General and administration	(766)	(810)	(771)	(892)	(700)	(695)	(610)	(750)
Sales and development	(676)	(704)	(576)	(928)	(924)	(930)	(555)	(557)
Share-based payments	(83)	(201)	(199)	(343)	(273)	(138)	(109)	(29)
Depreciation and amortization	(127)	(129)	(106)	(103)	(101)	(126)	(111)	(111)
Income (loss) from operations	1,615	(381)	3,593	470	(561)	413	2,284	984
Other income (expenses), net	108	232	2	100	87	68	(13)	(83)
Bad debt expense	-	(14)	-	-	-	(214)	-	(259)
Income tax recovery (expense)	3	1,377	(78)	(10)	(12)	(18)	(140)	(27)
Net income (loss)	1,726	1,214	3,517	560	(486)	249	2,131	615
Translation gain (loss)	9	187	123	14	43	39	71	(471)
Comprehensive income (loss)	1,735	1,401	3,640	574	(443)	288	2,202	144
Non-GAAP Measures:								
Proportional Revenue	7,948	5,765	9,540	6,083	3,410	5,431	7,964	5,772
Adjusted EBITDA	1,877	(2)	4,362	1,342	(121)	541	2,742	1,451

Quarterly results can fluctuate based on the number of plants operating, variations in the volume and grade of water treated, and movements in commodity prices. Seasonality at certain sites also impacts the timing of revenues. Operations located at Northern Quebec will operate in the warmer months, typically from May to October of each year. The Company is actively adding new operations that are not affected by seasonality to smooth out the operations revenue from period to period. For variations in Proportional Revenue, which includes our share of revenue from the Dexing joint venture, metal production typically increases between April and September and declines during the winter months due to lower seasonal precipitation and the annual maintenance schedule. Revenues from contracts for technical services related to water management and technical innovation projects occur based on the timing of client requirements.

SUMMARY OF Q1 2025 FINANCIAL RESULTS

The following is a summary of selected financial results for the three-month periods ended March 31, 2025 and 2024.

Revenues and Proportional Revenues

The change in Revenues and Proportional Revenues from each revenue source is shown in the table below:

<i>(in \$'000s)</i>	Q1 2025		Q1 2024		
Revenue source	\$	% of total	\$	% of total	% Change
Water treatment fees from operations	1,962	25%	1,789	53%	10%
Technical services	5,484	69%	719	21%	663%
Total Revenues	7,446		2,508		197%
Sale of recovered metals from operations	502	6%	902	26%	(44%)
Total Proportional Revenues	7,948	100%	3,410	100%	133%

The Company earns water treatment fee revenues, including monthly fees and tolling fees from the volume of water treated and operations support fees, at three different sites including Raglan Mine in Nunavik through our partnership with Inuit company Nuvumiut Development and at the three selenium removal plants in the US. As the operating season at Raglan Mine typically starts in June, it does not generate revenue during the first quarter of the year. Water treatment fee revenues increased by \$173,000 or 10% compared to Q1 2024, mainly due to the increase in fees from the operations of the selenium removal plants in the US. In Q1 2025, we continued to earn support fees in our SART plants in China totaling \$186,000 compared to \$176,000 in Q1 2024.

Revenues from technical services increased by \$4.8 million in Q1 2025 compared to Q1 2024. These revenues are non-recurring in nature and are related to water management services such as treatability assessments, permitting assistance, engineering and plant design, construction and commissioning of water treatment plants, laboratory testing and pilot demonstrations. These revenues represent the sum of multiple contracts from various clients of varying contract values. Revenues from technical services were particularly strong in Q1 2025 as we continued to make progress towards construction for a water treatment facility to support the clean-up of legacy tailings site in the Yukon and continued to provide ongoing advisory and water treatment services in response to the environmental emergency caused by a heap leach failure at the Eagle Gold Mine in the Yukon.

Revenues from the sale of base metals recovered comprises the Company's share of revenues from joint ventures in China. During Q1 2025, our share of revenues from the JCC-BQE joint venture was \$502,000 compared to \$902,000 in Q1 2024, representing a 44% decrease. This decrease was attributable to a 61% decrease in the quantity of copper recovered offset by an 11% increase in the average copper price during the period, and the additional revenue of \$114,000 on the recovery and sale of zinc at the Yinshan plant during Q1 2025. The Company's share of income from joint ventures in Q1 2025, which includes the above noted sale of recovered metals from operations, partially offset by cost of sales and expense, was \$61,000 compared to \$332,000 in Q1 2024, a decrease of \$271,000. The change in net result from joint ventures are predominantly driven by the sale of metals recovered during the operation of water treatment plants in China and is affected by the amount and market price of metal concentrate sold.

Operating Expenses

Total operating expenses in Q1 2025 were \$4.2 million compared to \$1.4 million in Q1 2024, an increase of \$2.8 million. The 202% increase in operating expenses is primarily attributable to a 197% increase in total revenues. Other variations include the mix of operations services and project activity related to technical services completed in the period, as each operation site and individual project calls for varying levels of technical expertise and resources depending on the specific mine conditions and treatment needs. During Q1 2025, the Company's gross margin ratio was 43% compared to 44% in Q1 2024.

Expenses

General and administration expenses in Q1 2025 were \$766,000 compared to \$700,000 in Q1 2024, representing a \$66,000 or 9% increase. The increase was attributable to a \$43,000 increase in rent expense for the period and increases in employee benefits.

Sales and development costs in Q1 2025 were \$676,000 compared \$924 in Q1 2024, a decrease of 27%. The \$248,000 decrease was largely attributed to a \$220,000 decrease in labor resources allocated to fulfill technological and business development initiatives in order to fulfill the increase in project activity in the period.

Share-based payment expenses were \$83,000 in Q1 2025 compared to \$273,000 in Q1 2024, a decrease of \$190,000. Share-based payment expenses mainly consist of non-cash compensation expenses relating to stock options which are expensed on a straight-line basis over the vesting period. Other share-based payment expenses were due to fair value adjustments of deferred and restricted share units resulting from the movement of the Company share price throughout the period.

Depreciation and amortization expenses were \$127,000 in Q1 2025 compared to \$101,000 in Q1 2024. The depreciation increase was due to the addition of an office building lease asset in Latin America in Q1 2025.

Other Income and Expenses

The net of other income was \$108,000 in Q1 2025 compared to \$87,000 in Q1 2024. Other income consists of net finance income, foreign exchange and other income.

Net finance income was \$27,000 in Q1 2025 and in Q1 2024. Finance income consists of interest income earned primarily from on-demand guaranteed investment certificates within cash and cash equivalents and is netted against finance costs, which consist of interest paid and interest accrued for loans and lease obligations.

Foreign exchange loss was \$10,000 in Q1 2025 compared to a gain of \$60,000 in Q1 2024. Exchange gains and losses arise mainly from changes in the value of the US dollar, Mexican peso, Chilean peso, and Chinese renminbi relative to the functional currency of the Company and each of its subsidiaries.

The remaining variance is from other income of \$91,000 in Q1 2025 (\$nil in Q1 2024). Other incomes consist of fair value adjustments on interest-free loans, and other gains and fees earned which are non-operating in nature.

Net Income

Overall, net income for Q1 2025 was \$1.7 million compared to a net loss of \$486,000 in Q1 2024.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2025, BQE Water had 1,293,268 common shares issued (1,287,068 at December 31, 2024) and 37,400 stock options outstanding (43,900 at December 31, 2024).

In 2022, the Company obtained the approval of the TSX Venture Exchange to commence a NCIB to repurchase for cancellation over a 12-month period starting on December 12, 2022. On December 6, 2023, the Company renewed the NCIB to repurchase for cancellation up to 62,351, representing 5% of common shares issued and outstanding, over a 12-month period starting on December 13, 2023. On December 9, 2024, the Company again renewed the NCIB for a 12-month period starting on December 14, 2024 to repurchase for cancellation up to 64,120, representing 5% of common shares issued and outstanding. In Q1 2025, no common shares were purchased and cancelled under the NCIB (nil in 2024).

Subsequent to March 31, 2025, as of the date of this MD&A on May 29, 2025, the Company had 1,292,768 common shares issued and outstanding, and 37,400 stock options outstanding, and have been purchased and cancelled 1,000 shares under the NCIB.

At March 31, 2025, we had cash and cash equivalents of \$11.1 million, a decrease of \$681,000 from December 31, 2024. For the three months ended March 31, 2025, net cash used in operating activities was \$953,000 compared to net cash provided of \$330,000 in Q1 2024.

Working capital is defined as current assets minus current liabilities. At March 31, 2025, the Company had a consolidated working capital position of \$14.4 million, an increase of \$1.8 million from December 31, 2024. At March 31, 2025, significant working capital items, aside from cash and cash equivalents, include trade and other receivables of \$6.4 million (\$4.5 million at December 31, 2024) and trade payables and accrued liabilities of \$2.1 million (\$1.7 million at December 31, 2024).

The Company has interest-free loans with the Minister of Western Economic Diversification Canada under the Western Innovation Initiative ("WINN") program and with Pacific Economic Development Canada under the Business Scale-Up & Productivity Program ("BSP"). At March 31, 2025, the WINN and BSP loan balance was \$435,000, both with obligations to repay the loan with 60 equal monthly installments (\$331,000 at December 31, 2024). Additionally, there are credit facilities available with the Royal Bank of Canada including a credit card facility of \$70,000 and a revolving demand credit facility of \$1.0 million which had not been utilized as at March 31, 2025.

The Company has non-lease obligation commitments of \$2.5 million until 2034 under operating leases for office and laboratory premises, and assay services.

Management of the Company believes it will have sufficient working capital resources to finance current operations beyond the next 12 months.

RELATED PARTY TRANSACTIONS AND BALANCES

Revenue Earned from Joint Venture

The Company earns operating fees from the joint venture, BQE Water Nuvumiut Development Inc., for providing water treatment services in Nunavik. Revenue earned from the joint venture for the three months ended March 31, 2025 was \$24,541 (\$5,575 in Q1 2024). Included in trade and other receivables as of March 31, 2025 is \$83,301 (\$193,308 at December 31, 2024) of trade receivables due from the joint venture.

Key Management Compensation

For the three months ended March 31, 2025 and 2024, the compensation awarded to the Company's key management, which includes the Board of Directors and executive management, are as follows:

	3 months ended Mar. 31	
	2025	2024
	\$	\$
Salaries, fees, and short-term benefits	300,791	222,959
Share-based payments	29,385	57,859
	<u>330,176</u>	<u>280,818</u>

Included in trade payables and accrued liabilities as of March 31, 2025 is \$23,225 (\$nil at December 31, 2024) of director fees.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the application of the Company's accounting policies and amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The judgments, estimates and assumptions applied in these condensed consolidated interim financial statements, including key sources of estimation uncertainty were the same as those applied in the Company's last annual audited consolidated financial statements for the year ended December 31, 2024.