

July 9, 2010



Pure Cycle Corporation Announces Third Quarter Fiscal 2010 Results

DENVER, July 9, 2010 (GLOBE NEWSWIRE) -- Pure Cycle Corporation (Nasdaq:PCYO) announced the following summary results of operations:

	Nine Months Ended May 31,		
	2010	2009	\$ Change
Total revenues	\$ 168,700	\$ 180,400	\$ (11,700)
Total cost of revenues	(115,600)	(120,400)	4,800
Gross margin	53,100	60,000	(6,900)
Gross margin %	31%	33%	
Operating expenses:			
General and administrative expenses	(1,327,500)	(1,547,900)	220,400
Other operating expenses	(223,900)	(218,800)	(5,100)
Loss from operations	(1,498,300)	(1,706,700)	208,400
Other (expense) income:			
Interest imputed on the Tap Participation Fee liability	(2,694,000)	(2,862,000)	168,000
Other	65,900	130,200	(64,300)
Net loss	\$ (4,126,400)	\$ (4,438,500)	\$ 312,100
Weighted average shares outstanding (basic and diluted)	20,206,566	20,206,566	
Loss per share	\$ (0.20)	\$ (0.22)	\$ 0.02

Revenues for the nine months ended May 31, 2010 decreased 6% over the comparable period in 2009. This was mainly attributable to decreased water usage at our largest customer due to a reduction in funding experienced by the customer as a result of the economy, which resulted in the closing of student housing facilities and reduced water usage. Due to our ability to actively manage our expenditures including some of our energy costs, the gross margin percentage decreased 2%, period over period despite a 6%

decrease in revenues.

Our general and administrative expenses ("G&A expenses") decreased approximately 14% as a result of cost reduction efforts undertaken by management in light of the weakened economy and particularly the housing market and delays in development within our service areas. Specifically, we reduced the level of outside professional services we were utilizing by more closely managing the level of involvement by legal counsel and other professional service firms. More specific details of the decreases in our G&A expenses are included in our Form 10-Q which was filed with the Securities and Exchange Commission on July 9, 2010.

Our summarized financial position as of May 31, 2010 and August 31, 2009 is as follows:

	May 31, 2010	August 31, 2009	\$ Change
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Assets			

Cash, cash equivalents and marketable securities	\$ 2,549,900	\$ 3,707,300	\$ (1,157,400)
Other current assets	340,600	283,100	57,500
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Total current assets	2,890,500	3,990,400	(1,099,900)
Investments in water and water systems, net	102,894,400	103,159,600	(265,200)
Other long-term assets	912,100	941,100	(29,000)
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Total assets	\$ 106,697,000	\$ 108,091,100	\$ (1,394,100)
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Liabilities and Shareholders' Equity			

Current liabilities	\$ 167,100	\$ 138,100	\$ 29,000
Tap participation fee payable to HP A&M	60,215,300	57,521,300	2,694,000
Other long-term liabilities	2,619,700	2,662,500	(42,800)
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Total liabilities	63,002,100	60,321,900	2,680,200
Total shareholders' equity	43,694,900	47,769,200	(4,074,300)
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Total liabilities and shareholders' equity	\$ 106,697,000	\$ 108,091,100	\$ (1,394,100)
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Cash, cash equivalents and marketable securities have declined due to use of cash in operations. Reference is made to the Management's, Discussion and Analysis section of our May 31, 2010 Form 10-Q for further information on cash used by operations.

The Tap Participation Fee is due and payable once we have sold a water tap and received the consideration due for such water tap. The Tap Participation Fee liability represents the fair value of the estimated amounts payable to HP A&M as a result of the assets we acquired from HP A&M in 2006. The increase is due to the imputing of approximately \$912,000 and \$2.7 million of interest during the three and nine months ended May 31, 2010, respectively. This liability is described in further detail in our May 31, 2010 Form 10-Q.

As we announced in 2009, management will host earnings calls reviewing mid-year and year end results. Therefore, our next earnings call will be hosted after the release of our fiscal year end results. We have posted a detailed slide presentation which overviews the Company and presents summary financial results on our website which can be accessed at www.purecyclewater.com.

Company Information

Pure Cycle owns water assets in several river basins in the State of Colorado as well as certain aquifers in the Denver, Colorado metropolitan area. Pure Cycle provides water and wastewater services to customers located in the Denver metropolitan area including the design, construction, operation and maintenance of water and wastewater systems.

Additional information including our recent press releases and Annual Reports are available at www.purecyclewater.com.

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