

January 9, 2007



Pure Cycle Corporation Announces Filing of Extension for Filing Form 10-Q

THORNTON, Colo.--(BUSINESS WIRE)--

Pure Cycle Corporation (NASDAQ: PCYO) announced today it has filed for an extension for the issuance of its Form 10-Q for the three months ended November 30, 2006.

As reported in our 2006 Annual Report on Form 10-K, we entered into an Asset Purchase Agreement with High Plains A&M ("HP A&M") on the last day of our fiscal year ended August 31, 2006. Certain of the assets acquired are subject to outstanding promissory notes. We did not assume such notes and they remain the obligation of HP A&M. The notes are secured by deeds of trust on the assets we acquired from HP A&M. Pursuant to U.S. accounting rules, because we would lose a portion of the land and water rights acquired from HP A&M if the defaulted notes are not cured, the outstanding balance of the promissory notes has been reflected as a contingent liability in our balance sheet. Because this debt is the obligation of a third party, and not Pure Cycle's, we have sought concurrence from the Office of the Chief Accountant of the Securities and Exchange Commission (the "Commission") on our accounting treatment for the interest accrued by HP A&M on the notes and the payments made by HP A&M during the quarter. We are also seeking concurrence from the Commission that we should not consolidate HP A&M pursuant to U.S. accounting rules. We have spoken with the Commission and anticipate resolving the accounting issue within the next several days, at which point we expect to finalize our quarterly financial statements.

"The Commission's concurrence on these items is important to Pure Cycle and therefore we felt it appropriate to extend the filing of our Form 10-Q until we confer with the Commission," stated Mark W. Harding, President of Pure Cycle. "We are confident in our proposed treatment as being the one that accurately reports our financial position and results of operations and anticipate a favorable ruling from the Commission. We will file our Form 10-Q for the three months ended November 30, 2006 by the January 16, 2006 extension deadline," concluded Mr. Harding.

Company Information

Pure Cycle provides water and wastewater services to customers located in the Denver metropolitan area. These services include the design, construction, operation and maintenance of water and wastewater systems utilizing the valuable water supplies that we own.

Additional information about Pure Cycle, including recent press releases and our 2005 Annual Report, are available at www.purecyclewater.com, or you may contact Mark Harding at 303-292-3456.

Source: Pure Cycle Corporation

