



PURE CYCLE

a water and wastewater services company

**2017 Annual Earnings Presentation
November 15, 2017**

“Safe Harbor” Statement Under The United States Private Securities Litigation Reform Act Of 1995

Statements that are not historical facts contained or incorporated by reference in this presentation are “forward-looking statements” (“FLS”) within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 as amended. FLS involve risks and uncertainties that could cause actual results to differ from projected results. The words “anticipate,” “believe,” “estimate,” “expect,” “plan,” “intend” and similar expressions, as they relate to us, are intended to identify FLS. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. We are not able to predict all factors that may affect future results. We cannot assure you that any of our expectations will be realized. Our actual results could differ materially from those discussed in or implied by these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such FLS include, without limitation: the risk factors discussed in our most recent Annual Report on Form 10-K; the timing of new home construction and other development in the areas where we may sell our water, which in turn may be impacted by credit availability; population growth; employment rates; general economic conditions; the market price of water; changes in customer consumption patterns; changes in applicable statutory and regulatory requirements; changes in governmental policies and procedures; uncertainties in the estimation of water available under decrees; uncertainties in the estimation of costs of delivery of water and treatment of wastewater; uncertainties in the estimation of the service life of our systems; uncertainties in the estimation of costs of construction projects; the strength and financial resources of our competitors; our ability to find and retain skilled personnel; climatic and weather conditions, including flood, droughts and freezing conditions; labor relations; availability and cost of labor, material and equipment; delays in anticipated permit and construction dates; environmental risks and regulations; our ability to raise capital; our ability to negotiate contracts with new customers; and uncertainties in water court rulings; and other factors discussed from time to time in our press releases, public statements and documents filed or furnished with the SEC. All FLS are expressly qualified by these cautionary statements.

Key Assets



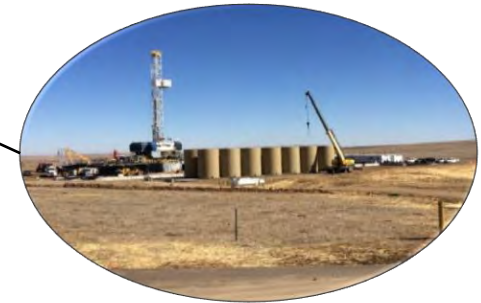
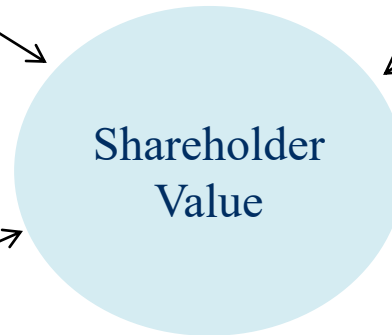
27,000 acre feet of Water



O&G Royalties

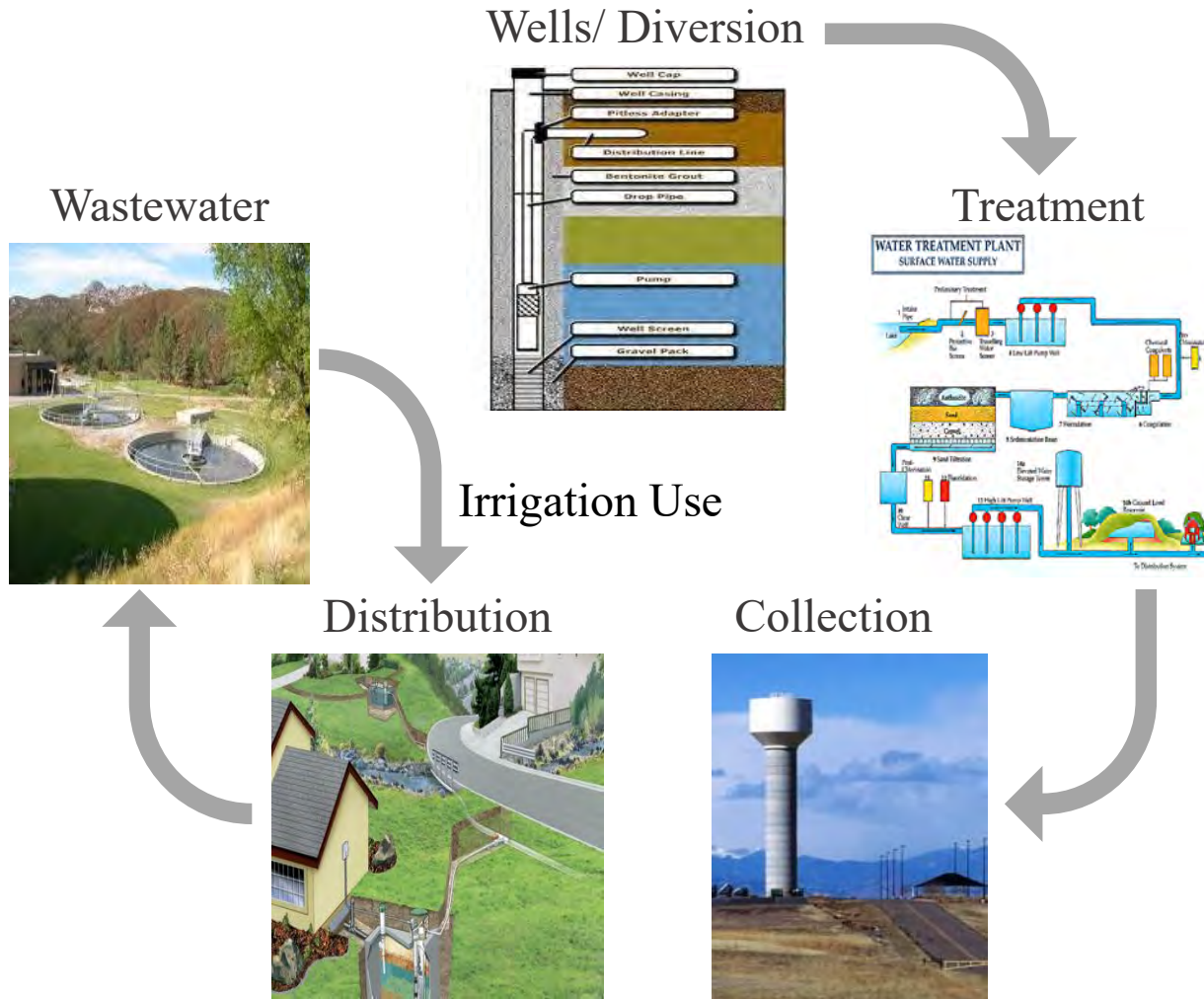


930 acre Zoned Master Plan Community



Industrial Water Sales

Wholesale Water and Wastewater



At a Glance

- Large water portfolio in water-short Denver
- Company owns or controls 27,000 acre feet of groundwater & surface water which can serve 60,000 taps
- Owens rights to surface reservoir storage assets
- Principle business interests are to deliver wholesale water and wastewater service

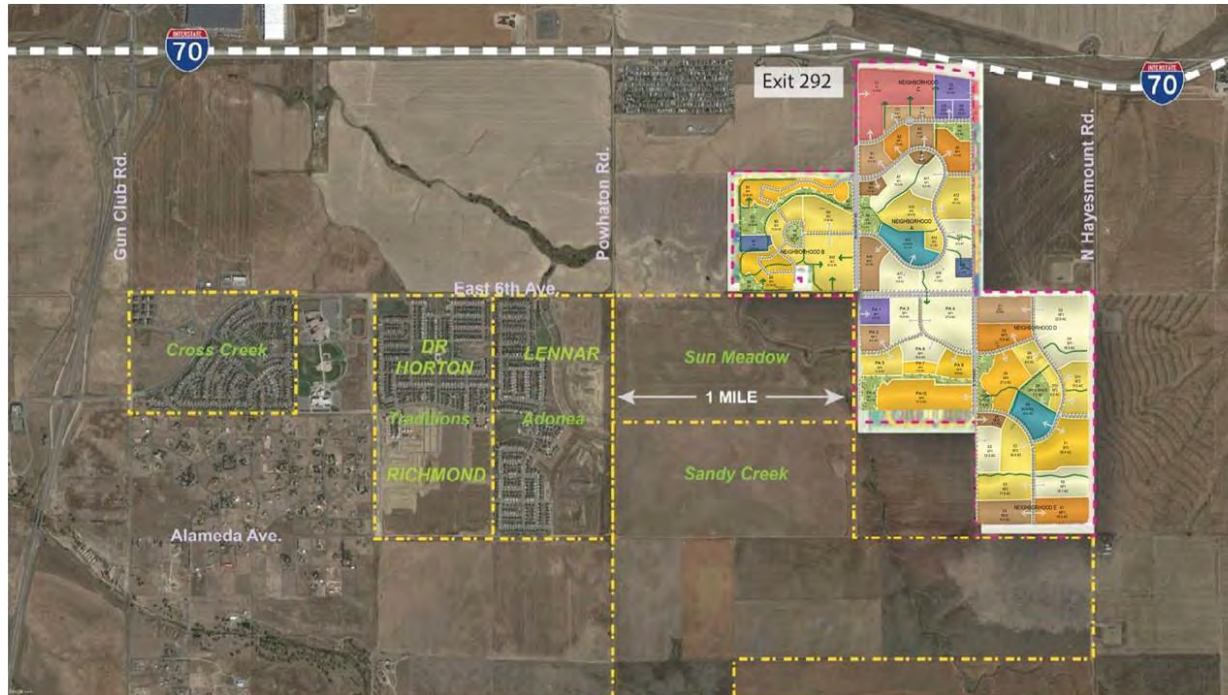
One-Time Connection Fees:

Water tap fees	\$26,640
Sewer tap fees	\$4,600
Capital capacity	\$1.8BN

Annual Usage Charges:

Avg. Metered Water & Sewer	\$1,500/SFE/yr.
Buildout Annual Revenues	\$90mm/yr.

Master Planned Community – Sky Ranch Overview



Key Factors

931 acres located along the I-70 corridor

16 miles east of Downtown Denver

4 miles south of DIA

Zoned for 4,400 homes and 1.35 million sq. feet of commercial and retail property (total of 4,850 SFE's combined)

Represents \$130 million in water tap fees and \$24 million in wastewater tap fees (combined \$154.0mm)

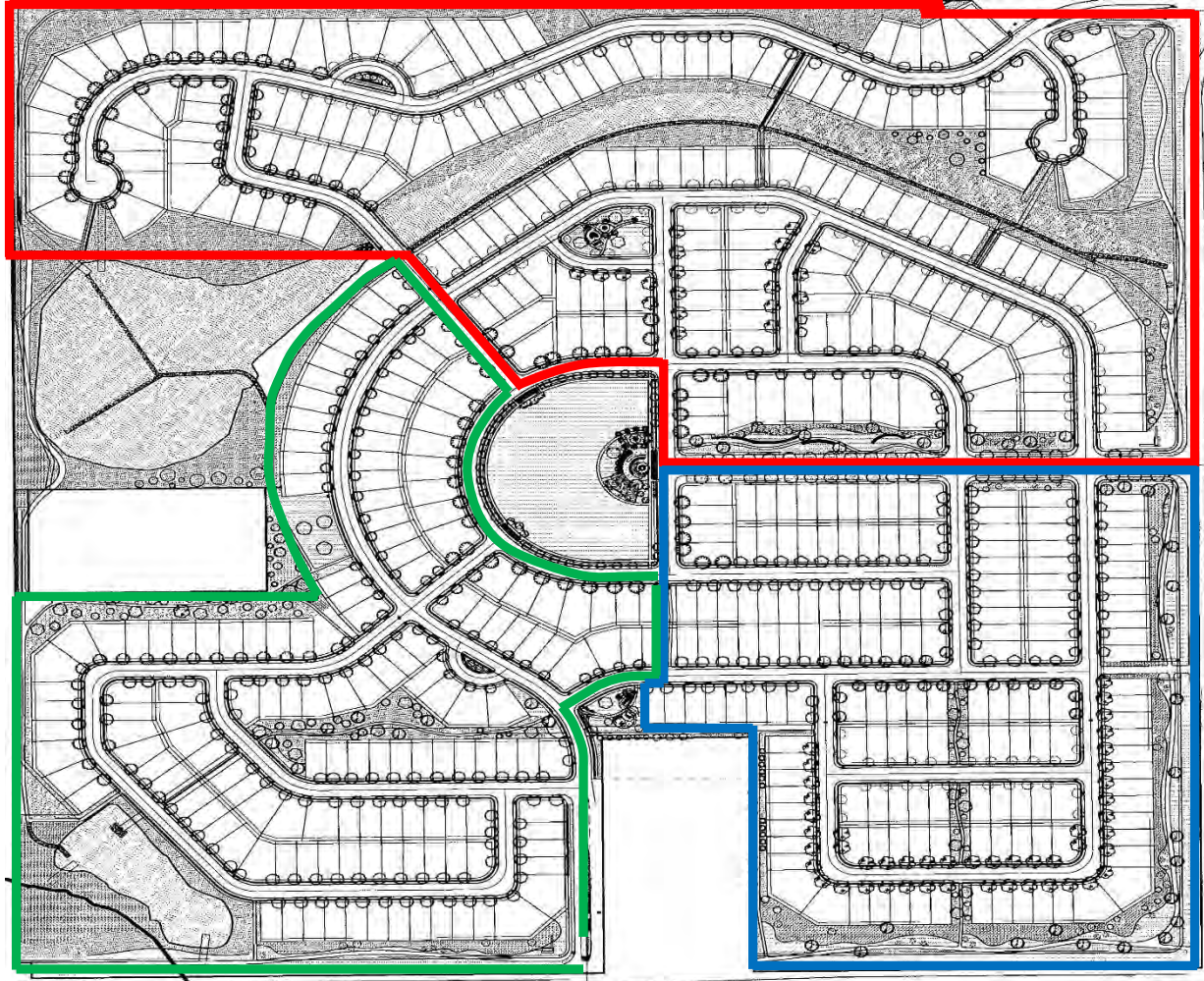
Annual water and wastewater revenues at build-out: \$7.5mm

Master Planned Community – Sky Ranch Overview



Master Planned Community – Sky Ranch

Phase 1 – “Neighborhood B”



Development Plan

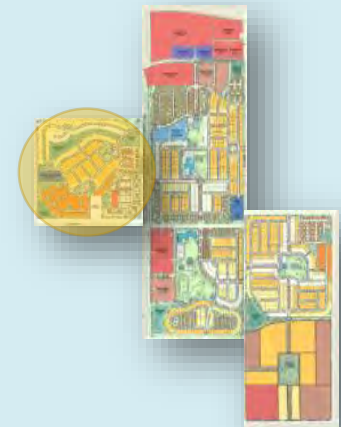
155 acres

Development plan accommodates 506 units

Lot configuration

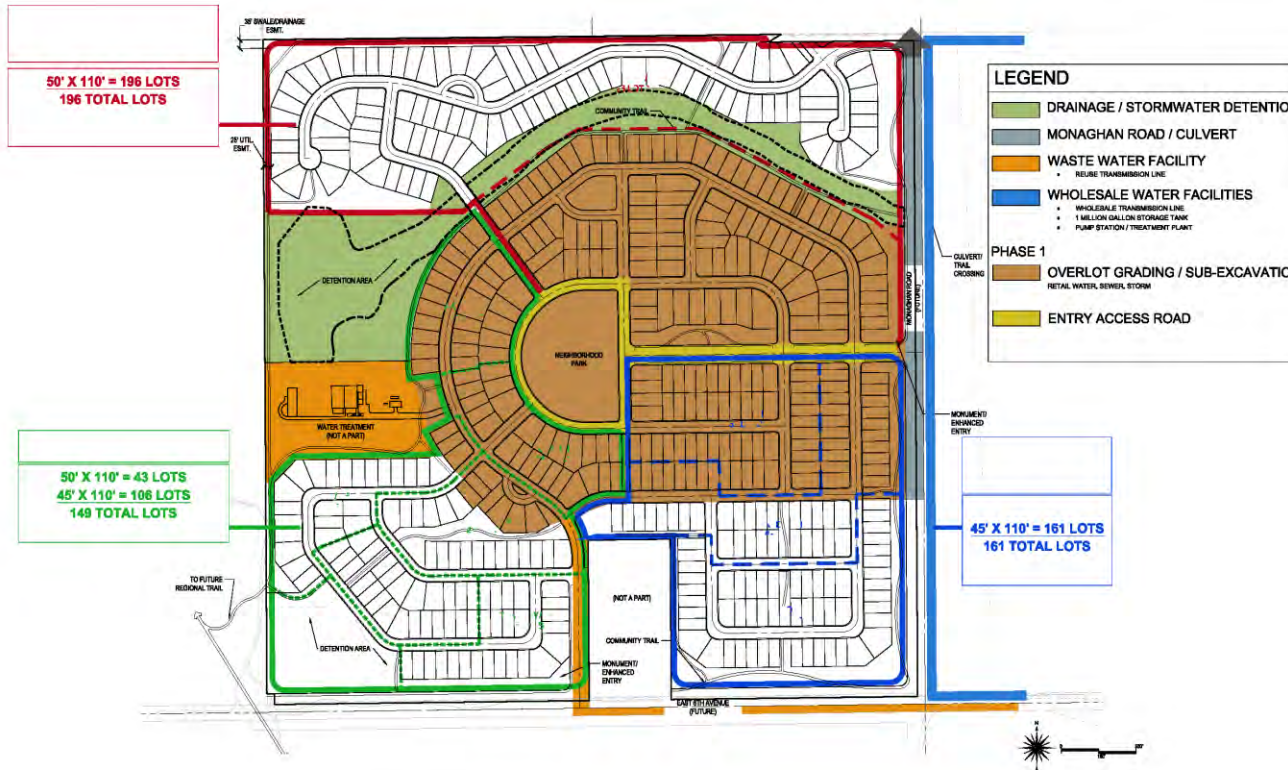
<u>Lots</u>	<u>Size</u>
266	45x110
240	50x110

506 Total



Master Planned Community – Sky Ranch

Phase 1 – “Neighborhood B”



Infrastructure

Offsite Construction Costs

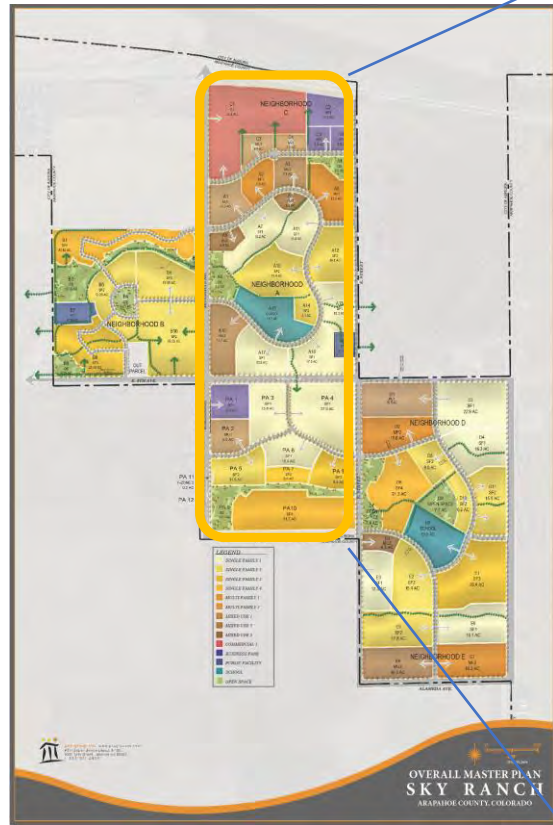
Monaghan Road	\$2.0mm
Drainage	\$2.0mm
Wastewater Facility	\$5.0mm
Water Storage / Treatment	\$3.0mm

Initial Filing 200 Lots

Overlot Grading	\$3.0mm
Roads, Curbs, Other Utilities	\$3.0mm

Master Planned Community – Sky Ranch

Phase 2 – “Neighborhood A”



Key Factors

480 Acres

Development plan to accommodate:

- 160 acres of commercial, retail and light industrial
- Multifamily residential
- Attached single family
- Detached single family

May include between 2,500 – 3,000 SFE's

Master Planned Community – Sky Ranch

Phase 2 – “Neighborhood A” - Commercial



Parcel	Area	Acres	Option 1 Building sq.ft.		Option 2 Building sq.ft.	
			Commercial	Industrial	Commercial	Industrial
A	1,888,082	43.3	288,232			549,722
B	1,116,785	25.6		164,306		237,264
C	1,365,357	31.3	197,315		188,630	
D	2,712,886	62.3		662,797		587,581
Total		162.6	485,547	827,103	188,630	1,374,567

Parcel	Area	Acres	Option 3 Building sq.ft.	
			Commercial	Industrial
A	1,829,668	42.0	263,842	
B	1,293,483	29.7		247,657
Other	3,959,959	90.9		
Total		162.6	263,842	247,657

Oil & Gas Activities

Southern Wattenberg Niobrara

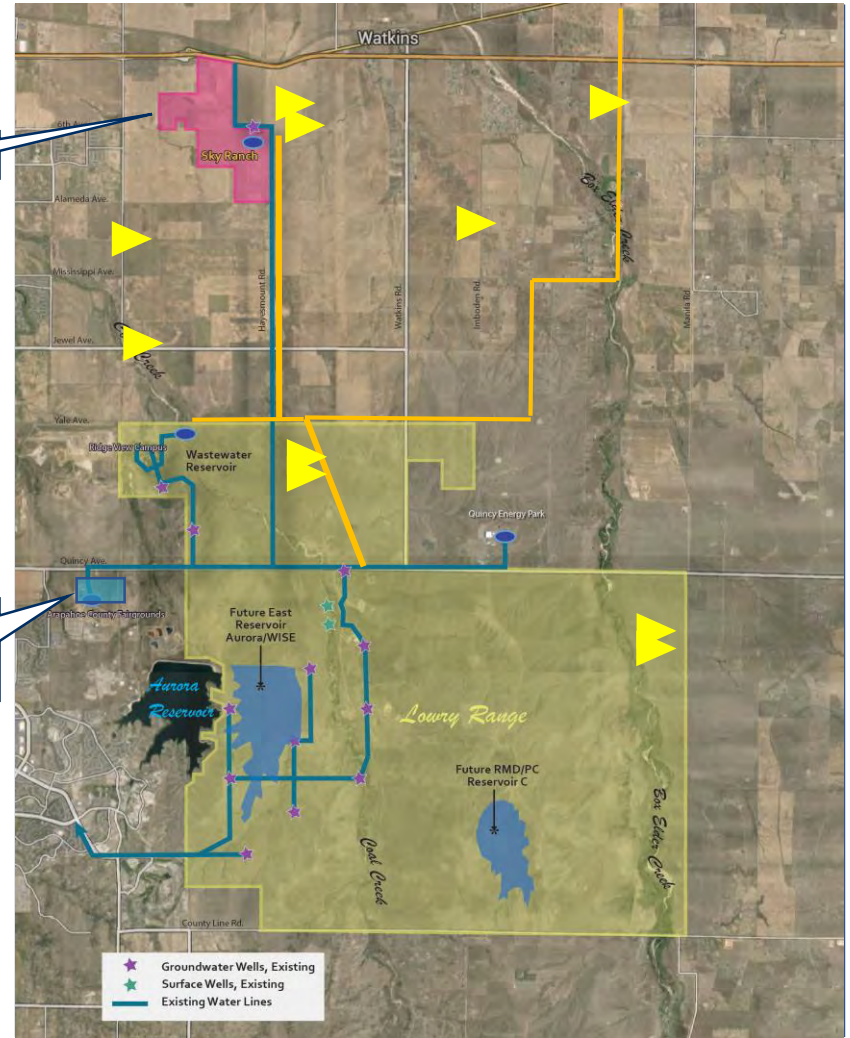
Legend

-  Service Area
-  Lowry Range
-  Sky Ranch
-  Gas Collection
-  Water Transmission
-  Wells Drilled to date 2017

Approximately 50 drilled to date total

Sky Ranch

Arapahoe County Fairgrounds



Oil & Gas Activities

Southern Wattenberg Niobrara

More than 200 square miles in Adams
& Arapahoe Counties

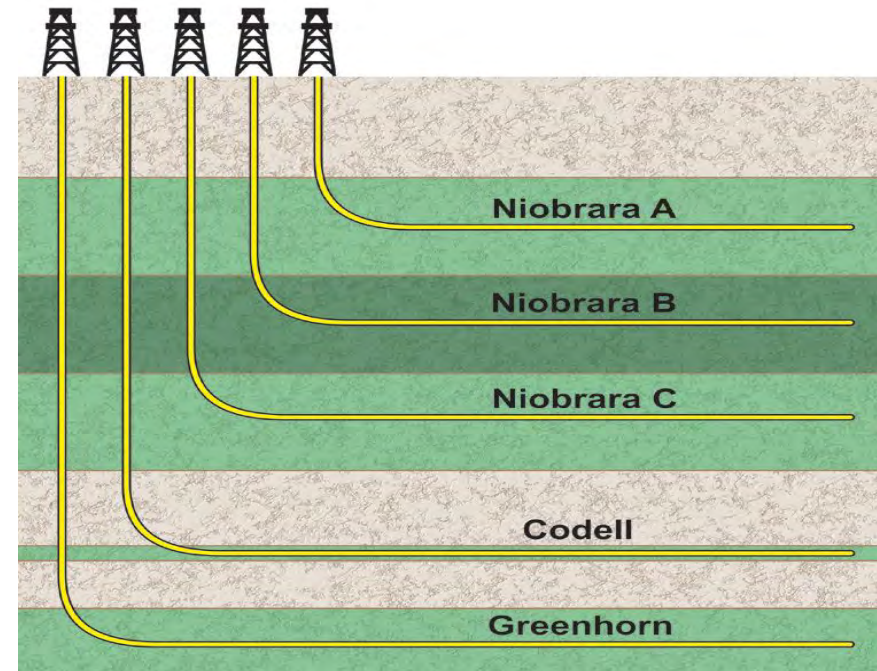
FIVE POSSIBLE FORMATIONS

Pad Development:
40 acre spacing

16 WELLS / MILE / FORMATION

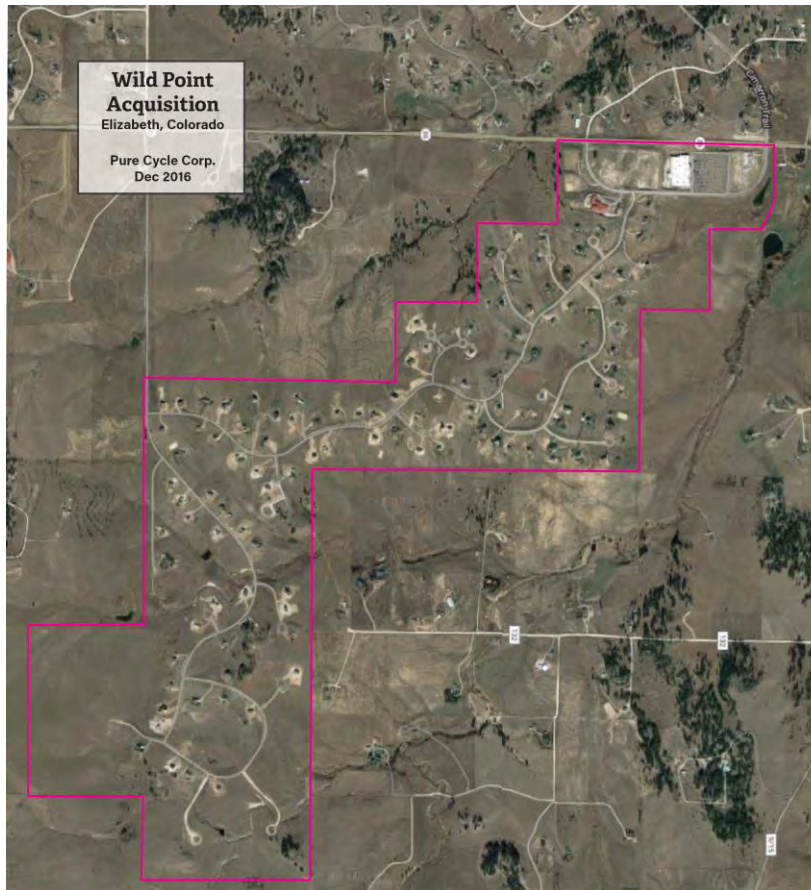
16,000 well capacity

\$100,000 - \$200,000 PER WELL



Wild Point Acquisition Overview

Pure Cycle as the exclusive service provider to Rangeview has entered into a Water Service Agreement to serve the Wild Point Subdivision in Elbert County Colorado.



Key Factors

100 acres of commercial development with existing tenants including Walmart, Auto Zone, and Taco Bell

Additional commercial pad sites which may include 100 new SFE's

Existing Revenues:

- 120 existing residential homes
- \$140,000 annual water revenues

Buildout Revenues:

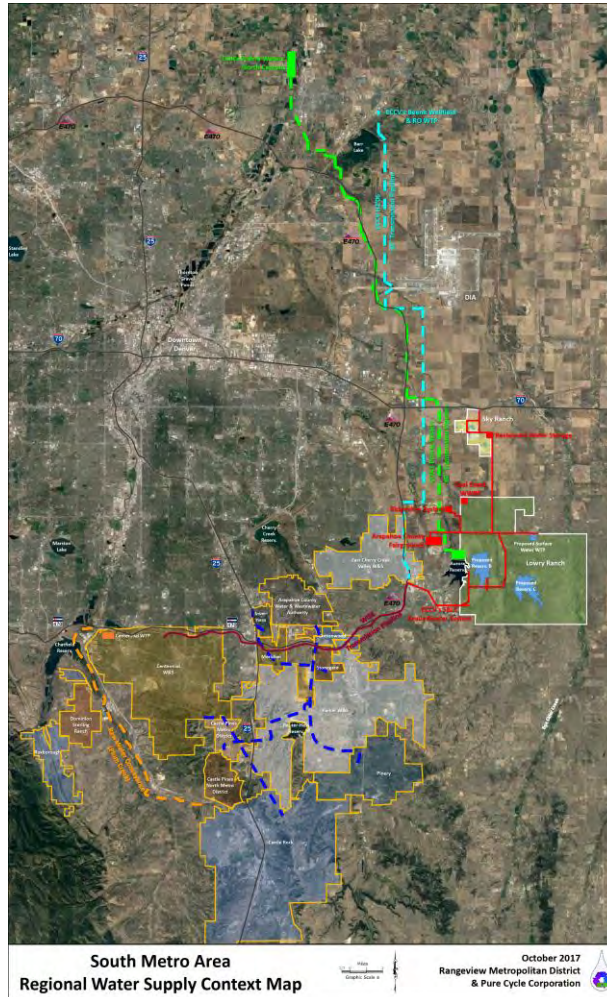
- Est. \$2.5 million new taps
- Est \$350,000/yr. water use revenue

2017 Revenues:

- Tap Fees: \$218,000
- Use Fees: \$159,000

Municipal Water & Wastewater Services

WISE – Water Infrastructure Supply Efficiency



About WISE

Interconnects water systems for 13 area water providers

Includes 500 acre feet of water from Aurora/Denver from the S. Platte

Includes purchase of 3 mgd of pipeline capacity

Enhances opportunities for Reservoirs at Lowry

Sources of Income

Fiscal Year 2017: \$1,227,787 (172% Increase)

Fiscal Year 2016: \$452,200



Drilling and Hydraulic Fracturing Water

'17 Revenues = \$478,500 **100% Increase**
 '16 Revenues = \$600



Municipal Water & Wastewater Services

'17 Revenues = \$391,662 **48% Increase**
 '16 Revenues = \$264,100 (Wild Pointe)

Municipal Tap Fee Revenues

'17 Revenues = \$217,515 **100% Increase**
 '16 Revenues = \$0 (Wild Pointe)



O&G Royalties on Sky Ranch Property; 2 wells

'17 Royalties = \$187,000 **39% Decrease**
 '16 Royalties = \$343,600 (Well Maintenance)

Summarized Balance Sheet

	August 31, 2017	August 31, 2016	\$ Change
Assets			
Cash, cash equivalents and marketable securities	\$ 5,575,823	\$ 4,697,300	\$ 878,523
Other current assets	21,548,459	24,388,500	(2,840,041)
Total current assets	27,124,282	29,085,800	(1,961,518)
Long-term investments	187,975	6,853,300	(6,665,325)
Investments in water and water systems, net	34,575,713	28,321,900	6,253,813
Land - Sky Ranch	6,248,371	5,345,800	6,248,371
Other long-term assets	1,651,231	1,272,800	378,431
Total assets	\$ 69,787,572	\$ 70,879,600	\$ (1,092,028)
Liabilities and Shareholders' Equity			
Current liabilities	\$ 940,227	\$ 482,200	\$ 458,027
Other long-term liabilities	1,341,246	1,399,500	(58,254)
Total liabilities	2,281,473	1,881,700	399,773
Total shareholders' equity	67,506,099	68,997,900	(1,491,801)
Total liabilities and shareholders' equity	\$ 69,787,572	\$ 70,879,600	\$ (1,092,028)

Please refer to our Report on Form 10K filed on November 14, 2017 for additional information regarding our financial position

Summarized Statement of Operations

	For the Fiscal Years Ended August 31,		\$ Change	% Change
	2017	2016		
Industrial water used for fracking	\$ 478,500	\$ 600	\$ 477,900	79650%
Water & wastewater	391,662	264,100	127,562	48%
Water tap fees	217,515	0	217,515	n/a
Other	140,110	187,500	(47,390)	-25%
Total Revenues	1,227,787	452,200	775,587	172%
Cost of revenues	(803,306)	(528,800)	(274,506)	52%
Gross margin	424,481	(76,600)	501,081	-654%
Operating expenses:				
General and administrative	(2,201,744)	(1,849,800)	(351,944)	19%
Other	(353,939)	(253,400)	(100,539)	40%
Loss from operations	(2,131,202)	(2,179,800)	48,598	-2%
Other (expense) income:				
Oil and gas royalties and lease income, net	205,360	704,400	(499,040)	100%
Other income	(10,489)	3,800	(14,289)	-376%
Interest income	257,488	241,300	16,188	7%
Net loss from continuing operations	(1,678,843)	(1,230,300)	(448,543)	36%
Net loss from discontinued operations	(32,025)	(80,300)	48,275	100%
Net loss before taxes	(1,710,868)	(1,310,600)	(400,268)	31%
Net loss after taxes	\$ (1,710,868)	\$ (1,310,600)	\$ (400,268)	31%
Income (loss) per share	\$ (0.07)	\$ (0.06)	(0.95)	100%

Please refer to our Report on Form 10K filed on November 14, 2017 for additional information regarding our operating results.

General Information

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Address	34501 E Quincy Ave., Bldg. 34, Box 10, Watkins, CO 80137
Ticker	“PCYO” traded on the NASDAQ Capital Market
Shares outstanding	23.75 million