



2018 Mid-Year Earnings Presentation
April 9, 2018

“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



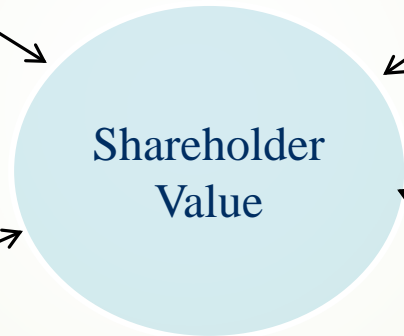
27,000 acre feet of Water



O&G Royalties

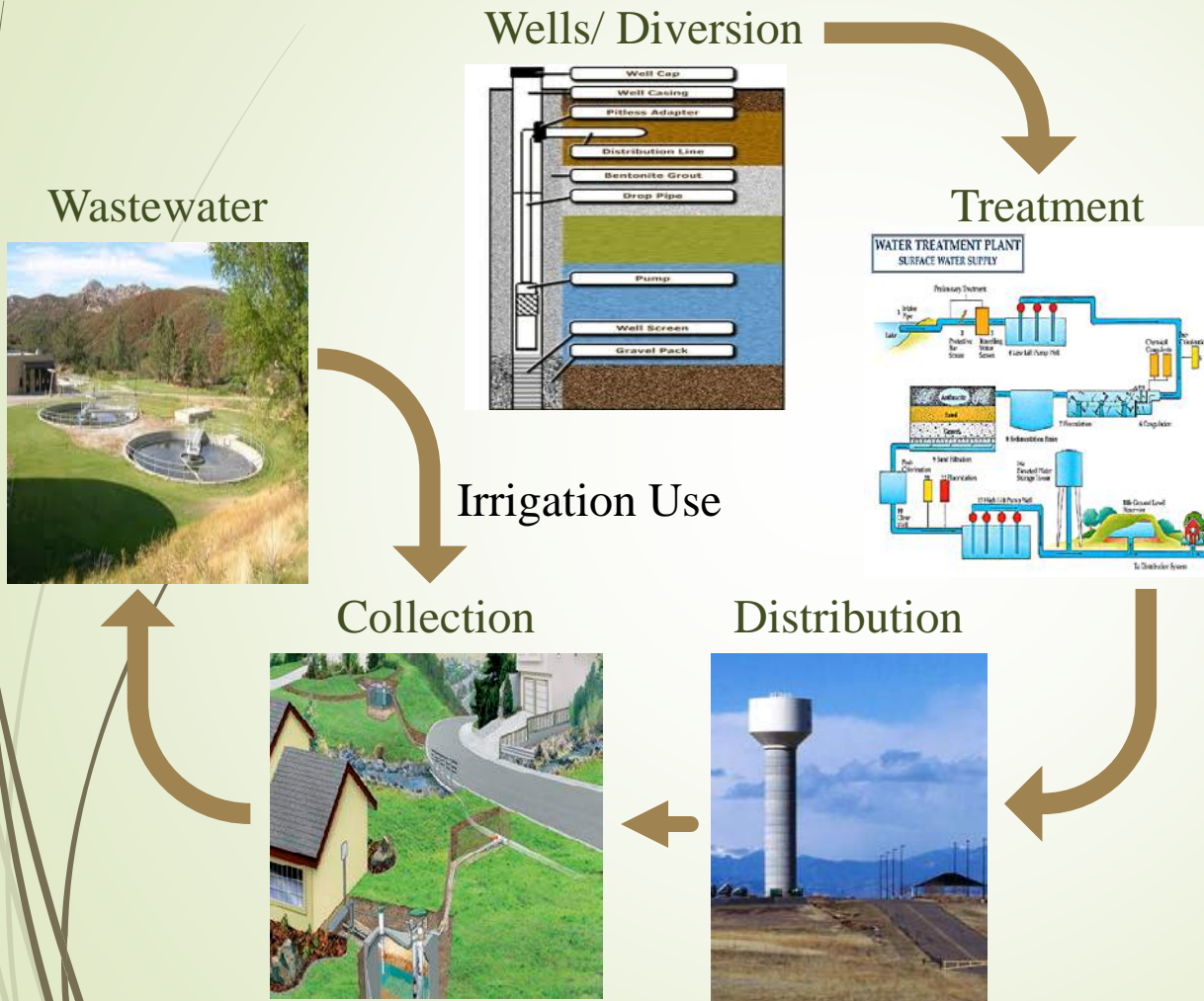


930 acre Zoned Master Plan Community



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” 506 Lots



Infrastructure Offsite Construction Costs

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

Initial Filing 200 Lots

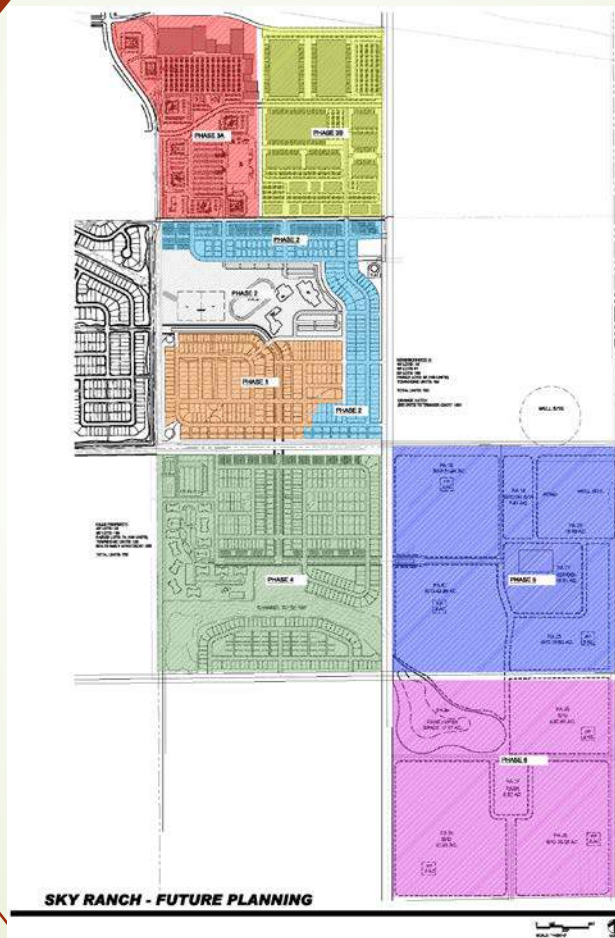
Overlot Grading	\$3.0mm
Roads, Curbs, Other Utilities	\$3.0mm





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

Oil & Gas Activities

Southern Wattenberg Niobrara

2018 Projected activity:
23 wells
Average water sales/ well: \$150,000

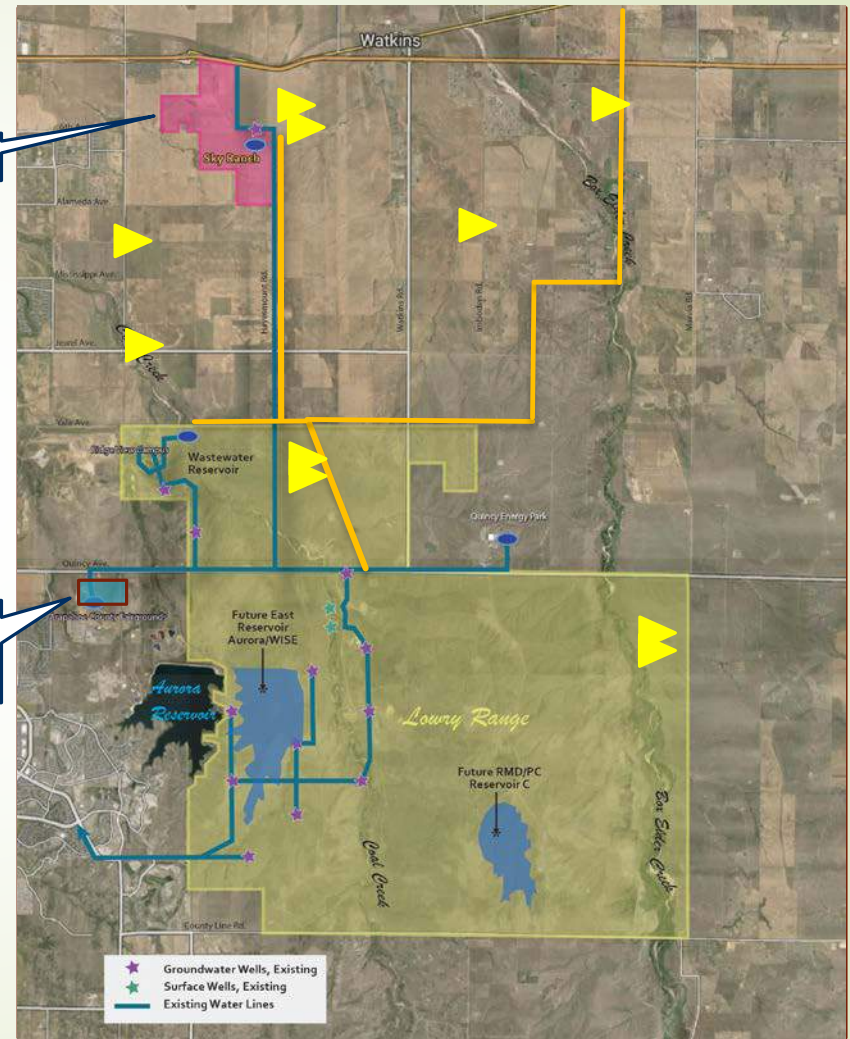
Legend

-  Service Area
-  Lowry Range
-  Sky Ranch
-  Gas Collection
-  Water Transmission
-  Wells Drilled in 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

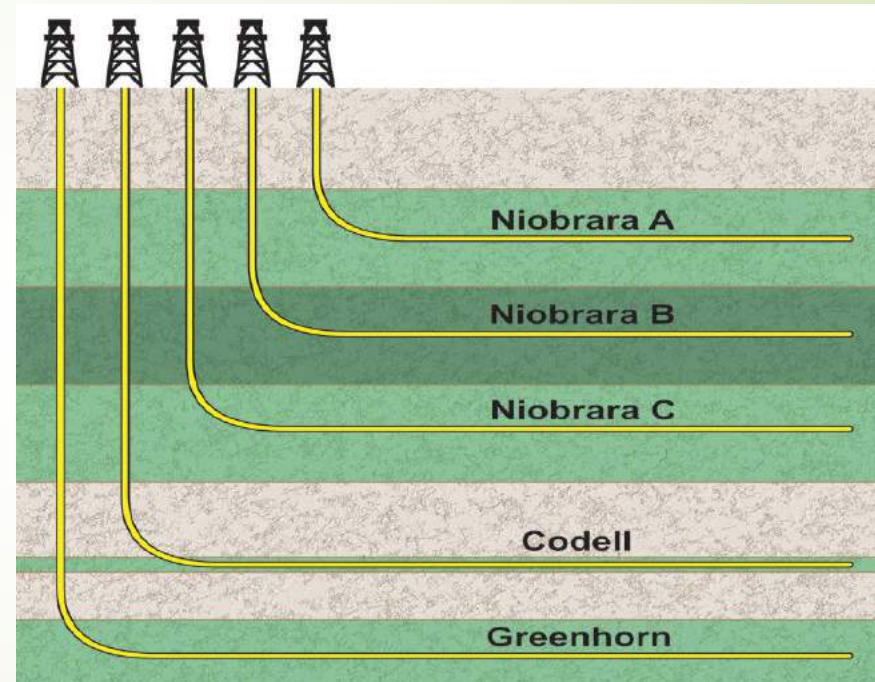
FIVE POSSIBLE FORMATIONS

Pad Development:
40 acre spacing

16 WELLS / MILE / FORMATION

16,000 well capacity

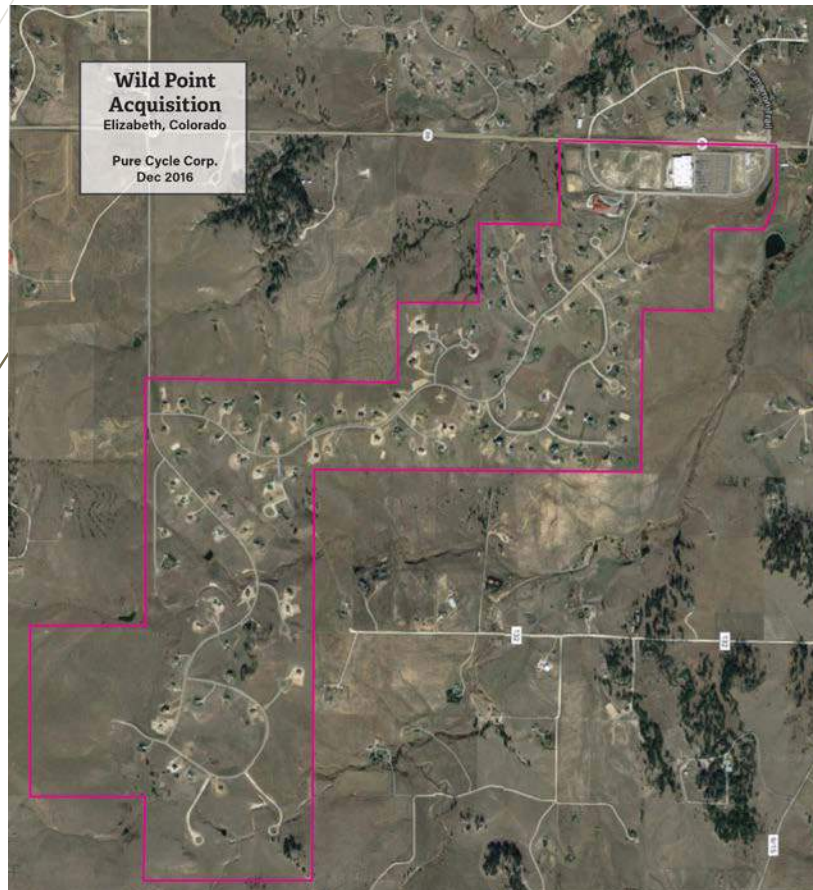
\$100,000 - \$200,000 PER WELL



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:

- 150 existing residential homes
- \$160,000 annual water revenues

Buildout Revenues:

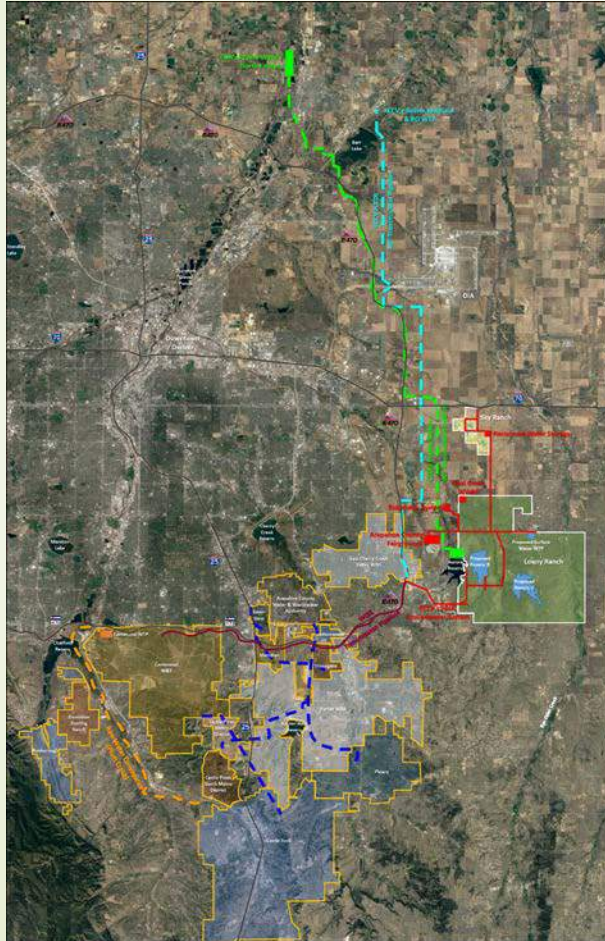
- Est. \$2.1 million new taps
- Est \$350,000/yr. water use revenue

2018 Revenues:

- Tap Fees: \$30,000
- Use Fees: \$54,000

Municipal Water & Wastewater Services

WISE – Water Infrastructure Supply Efficiency



South Metro Area
Regional Water Supply Context Map

October 2017
Rangeview Metropolitan District
& Pure Cycle Corporation

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

6 mo. 2018: \$2,071,326 (190% Increase)

6 mo. 2017: \$715,245



Drilling and Hydraulic Fracturing Water

6 mo. '18 Revenues = \$1,599,300

621% Increase

6 mo. '17 Revenues = \$221,700



Municipal Water & Wastewater Services

6 mo. '18 Revenues = \$147,500

10% Increase

6 mo. '17 Revenues = \$133,600

Municipal Tap Fee Revenues

6 mo. '18 Revenues = \$49,900

79% Increase

6 mo. '17 Revenues = \$27,900



O&G Royalties on Sky Ranch Property; 2 wells

6 mo. '18 Revenues = \$91,500

34% Decrease

6 mo. '17 Revenues = \$139,400

Summarized Balance Sheet

	February 28, 2018	August 31, 2017	\$ Change
Assets			
Cash, cash equivalents and marketable securities	\$ 20,220,223	\$ 25,631,168	\$(5,410,945)
Other current assets	2,595,585	1,493,114	1,102,471
Total current assets	22,815,808	27,124,282	(4,308,474)
Long-term investments	1,427,663	187,975	1,239,688
Investments in water and water systems, net	34,907,176	34,575,713	331,463
Land and mineral interests	7,353,690	6,248,371	1,105,319
Other long-term assets	3,360,435	1,651,231	1,709,204
Total assets	<u>\$ 69,864,772</u>	<u>\$ 69,787,572</u>	<u>\$ 77,200</u>
Liabilities and Shareholders' Equity			
Current liabilities	\$ 608,595	\$ 940,227	\$ (331,632)
Other long-term liabilities	428,181	1,341,246	(913,065)
Total liabilities	1,036,776	2,281,473	(1,244,697)
Total shareholders' equity	68,827,996	67,506,099	1,321,897
Total liabilities and shareholders' equity	<u>\$ 69,864,772</u>	<u>\$ 69,787,572</u>	<u>\$ 77,200</u>

Please refer to our Report on Form 10Q filed on April 6, 2018 for additional information regarding our financial position

Summarized Statement of Operations

For the Six Months Ended February 28,				
	2018	2017	\$ Change	% Change
Industrial water used for fracking	\$ 1,599,344	\$ 221,728	\$ 1,377,616	621%
Water & wastewater	147,482	133,587	13,895	10%
Water tap fees	49,948	27,901	22,047	79%
Other	58,019	52,961	5,058	10%
Total Revenues	1,854,793	436,177	1,418,616	325%
Cost of revenues	(644,011)	(314,187)	(329,824)	105%
Gross margin	1,210,782	121,990	1,088,792	893%
Operating expenses:				
General and administrative	(1,180,608)	(892,787)	(287,821)	32%
Other	(244,577)	(148,255)	(96,322)	65%
Loss from operations	(214,403)	(919,052)	704,649	(77%)
Other (expenses) income:				
Oil and gas royalties and lease income, net	114,762	150,668	(35,906)	(24%)
Other income	(5,203)	(5,215)	12	(0%)
Interest income	106,974	139,665	(32,691)	(23%)
Net income (loss) from continuing operations	2,130	(633,934)	636,064	100%
Net income (loss) from discontinued operations	1,421	(21,329)	22,750	107%
Net income (loss) before taxes	3,551	(655,263)	658,814	101%
Taxes	-	-	-	0%
Net income (loss) after taxes	\$ 3,551	\$ (655,263)	\$ 658,814	101%
Income (loss) per share	*	\$ (0.03)	\$ 0.03	100%

* Denotes less than \$0.01 per share

Please refer to our Report on Form 10Q filed on April 6, 2018 for additional information regarding our operating results.

General Information

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Ticker	“PCYO” traded on the NASDAQ Capital Market
Shares outstanding	23.76 million