

INVESTOR
PRESENTATION



Presented by Mark Harding

**“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



930 ACRE
ZONED
MASTER PLAN
COMMUNITY



INDUSTRIAL
WATER SALES



O&G
ROYALTIES

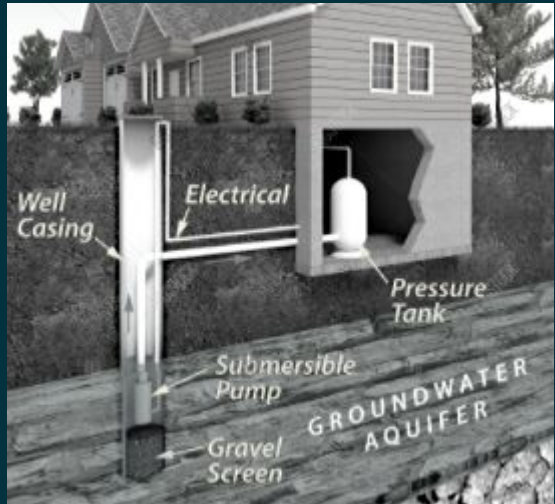
ALL OF THESE KEY ASSETS CONTRIBUTE TO YOUR
SHAREHOLDER VALUE

Irrigation Use



irrigation
return flows

Wells/ Diversion



Treatment



Collection



Distribution



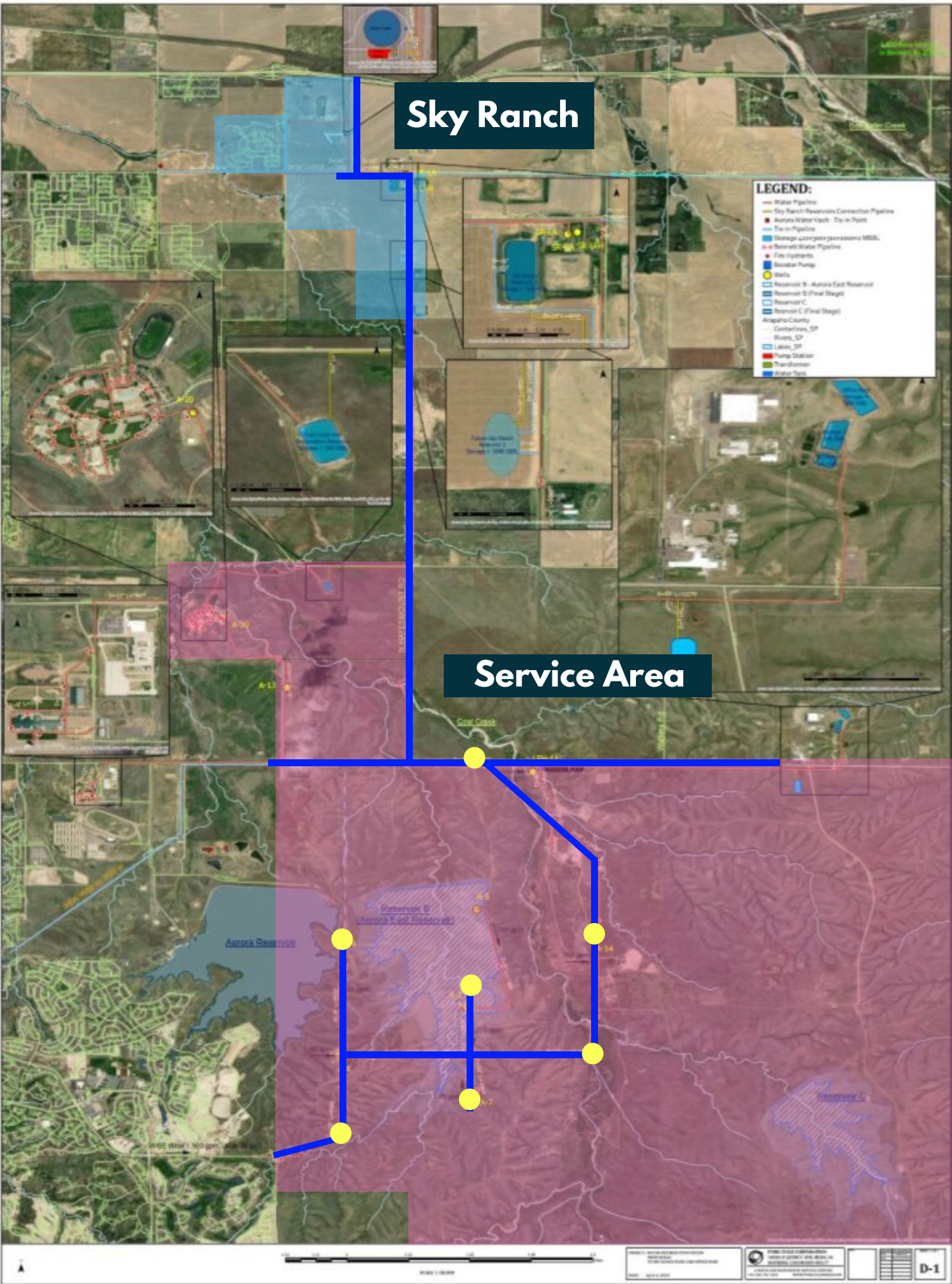
Home



Wastewater



WATER UTILITY ASSETS



- 27,000 acre feet of water
- 11 groundwater wells
- 3 alluvial wells
- 150 acre feet surface storage
- 2 million gallons finished water storage
- 2 wastewater Reclamation Facilities
- 20 miles of transmission lines
- 15 miles of distribution lines
- 10 miles of collection lines
- 3 pump stations

ONE-TIME CONNECTION FEES

Water Tap Fees: \$26,640

Sewer Tap Fees: \$4,600

Capital Capacity: \$1.8B

ANNUAL USAGE CHARGES

Avg. Metered

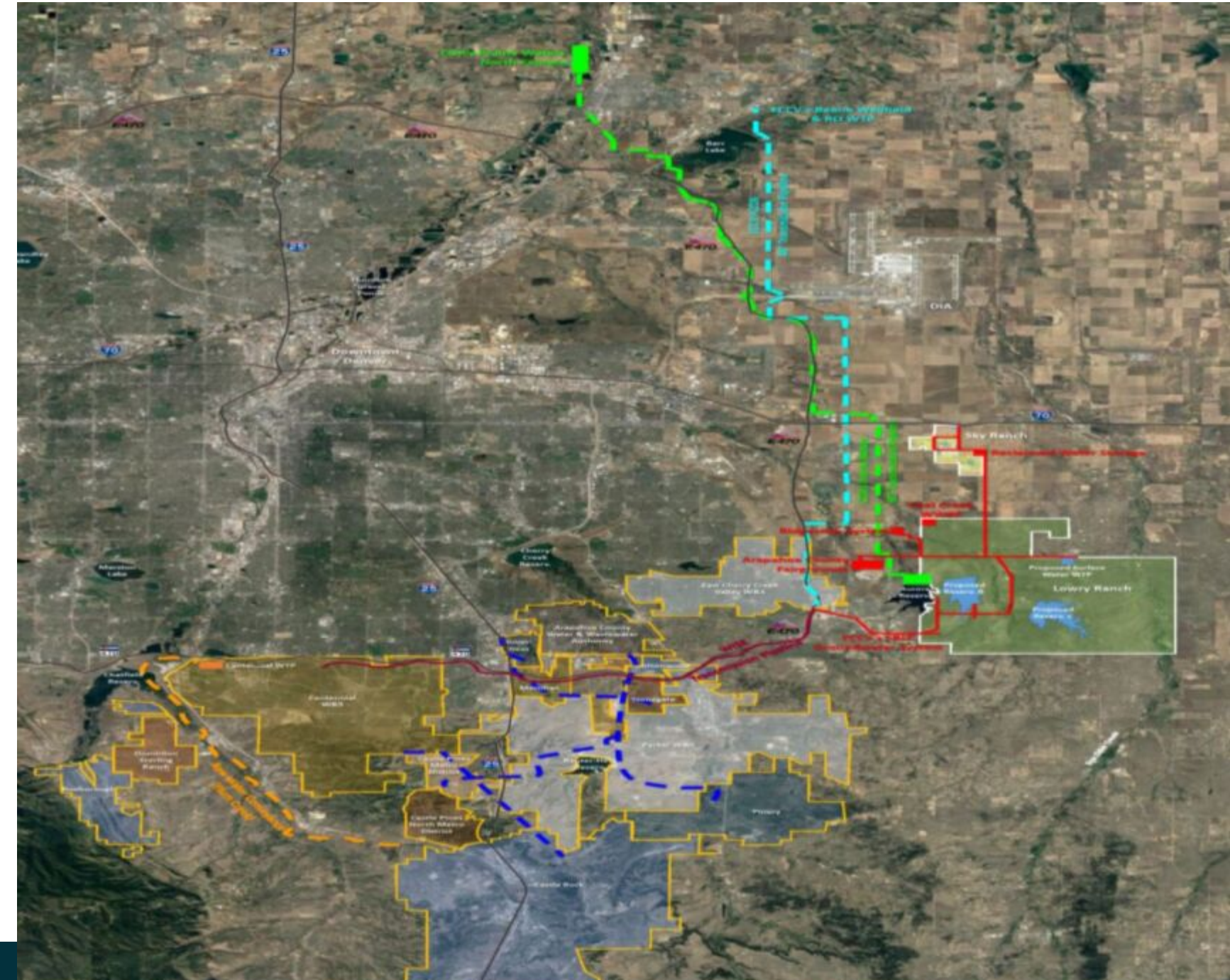
Water: \$1,000/SFE/yr.

Sewer: \$500/SFE/yr.

Buildout Annual Revenues: \$90mm/yr.

WISE – WATER INFRASTRUCTURE SUPPLY EFFICIENCY

- 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



MUNICIPAL WATER & WASTEWATER SERVICES

KEY FACTORS

MASTER PLANNED COMMUNITY - SKY RANCH



LAND

931 ACRES LOCATED ON THE I-70
CORRIDOR



LOCATION

16 MILES EAST OF DOWNTOWN DENVER
4 MILES SOUTH OF DIA



HOMES

ZONED FOR 3,500 HOMES AND 2.3
MILLION SQ. FEET OF COMMERCIAL
AND RETAIL PROPERTY (TOTAL OF
5,000 SFES COMBINED)

DENVER SUB MARKET



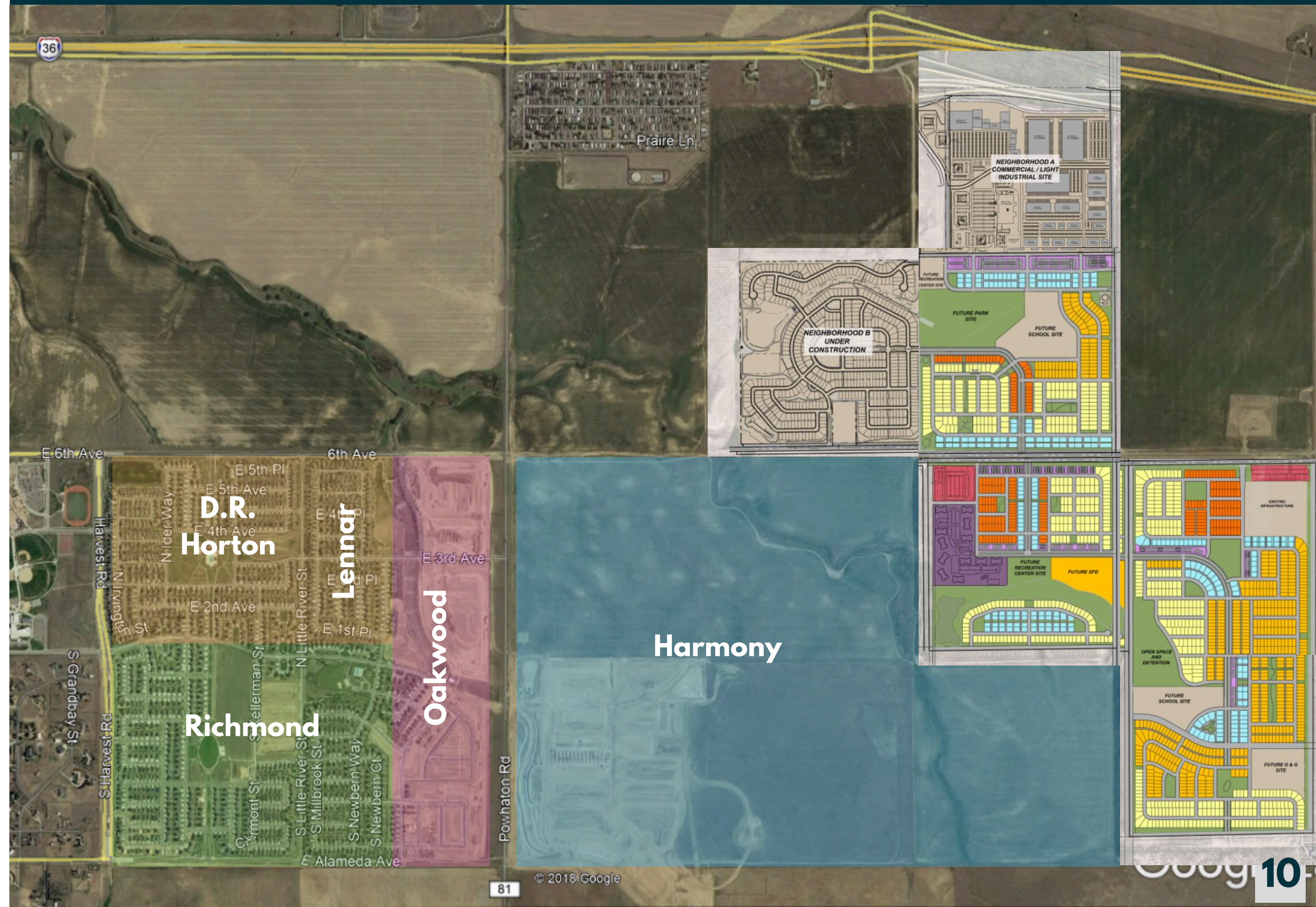
Employment:

- DIA - 35,000 jobs
- Gaylord Hotel - 2,500 jobs
- Amazon Prologis Park - 1,000 jobs

KEY FACTORS

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.



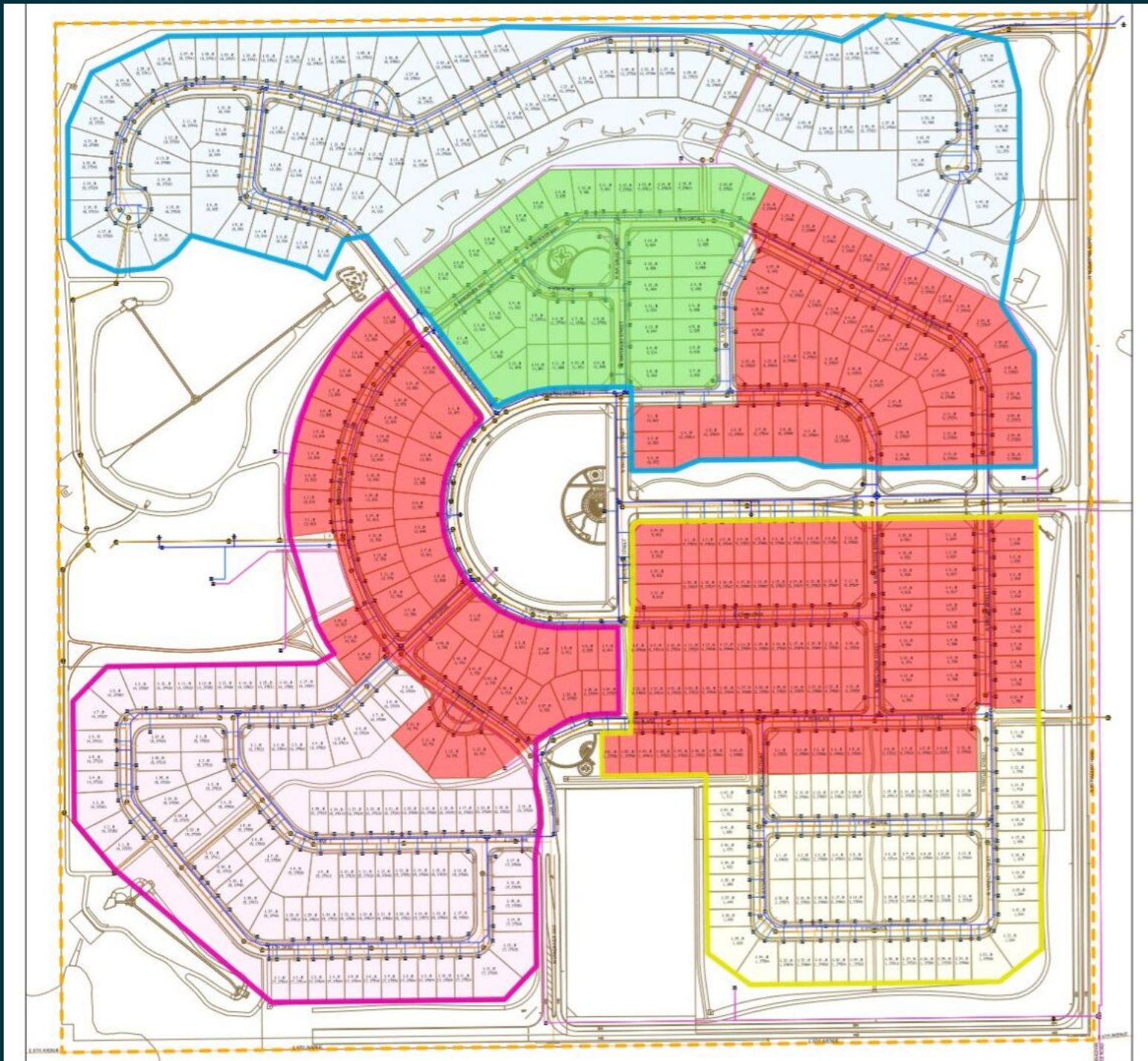
Infrastructure

Lot Delivery

- 255 - Lots completed
- 200 - Lots sold/delivered
- 55 - Lots scheduled to close Q1 FY '20
- 150+ - Lots scheduled to close FY '20
- 506 - Plotted lots
- 506 - Wet Utilities Completed

Offsite Infrastructure

- 100% Drainage
- 100% Water System (1,000 SFE's)
- 75% Sewer Plant (2,000 SFE's)
- 100% Entry Roadway



PHASE 1 – “NEIGHBORHOOD B” 506 LOTS



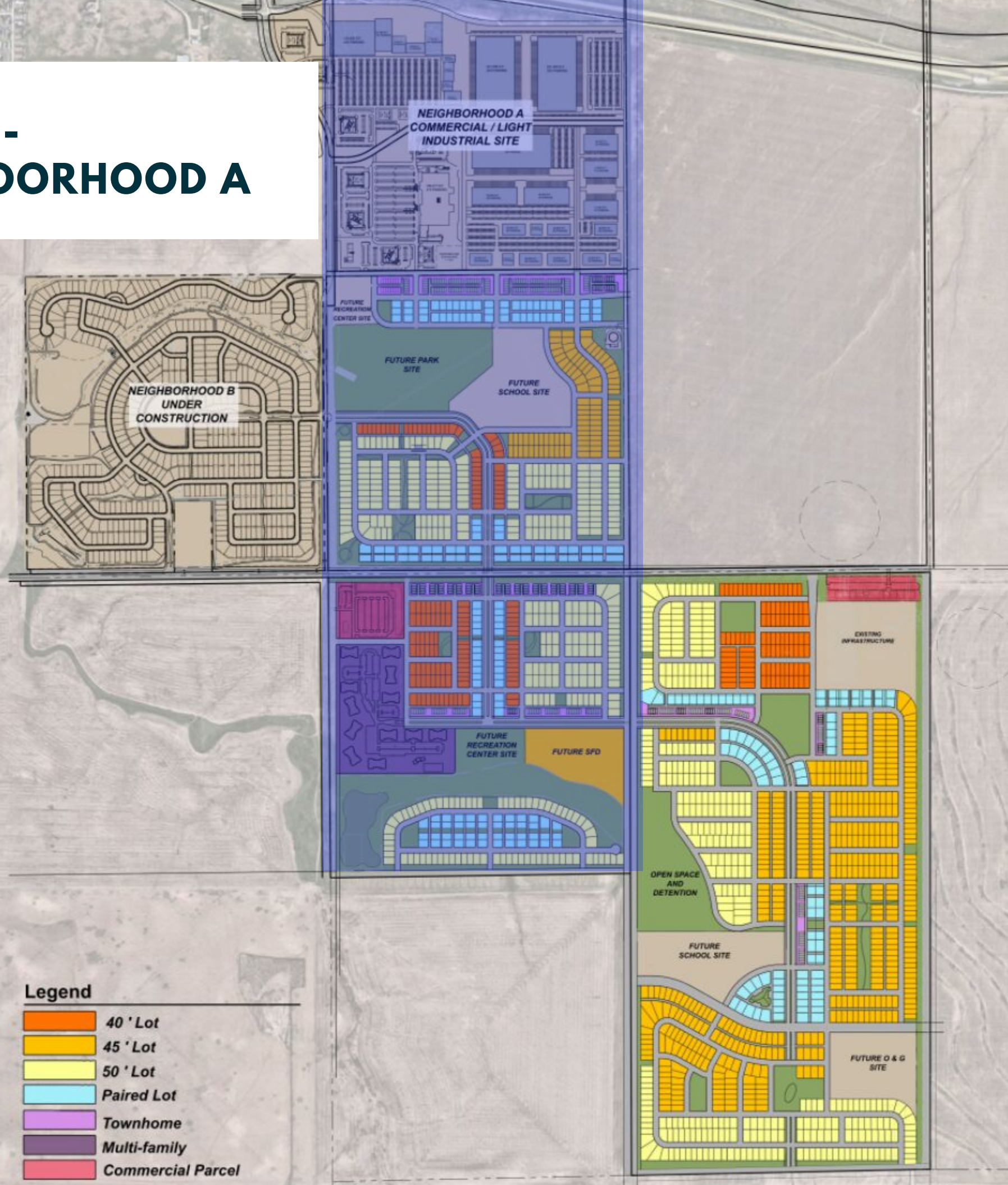
Home Sales:

- Approximately 60 homes sold
- Averaging 6 homes/builder/mo.

Average Lot Sales:

- Home builders \$70,000
- Reimbursables \$30,000
- Total \$100,000
- Phase 1 (506) \$50,600,000
- Sky Ranch (5,000) \$500,000,000

PHASE 2- NEIGHBORHOOD A



KEY FACTORS

480 Acres

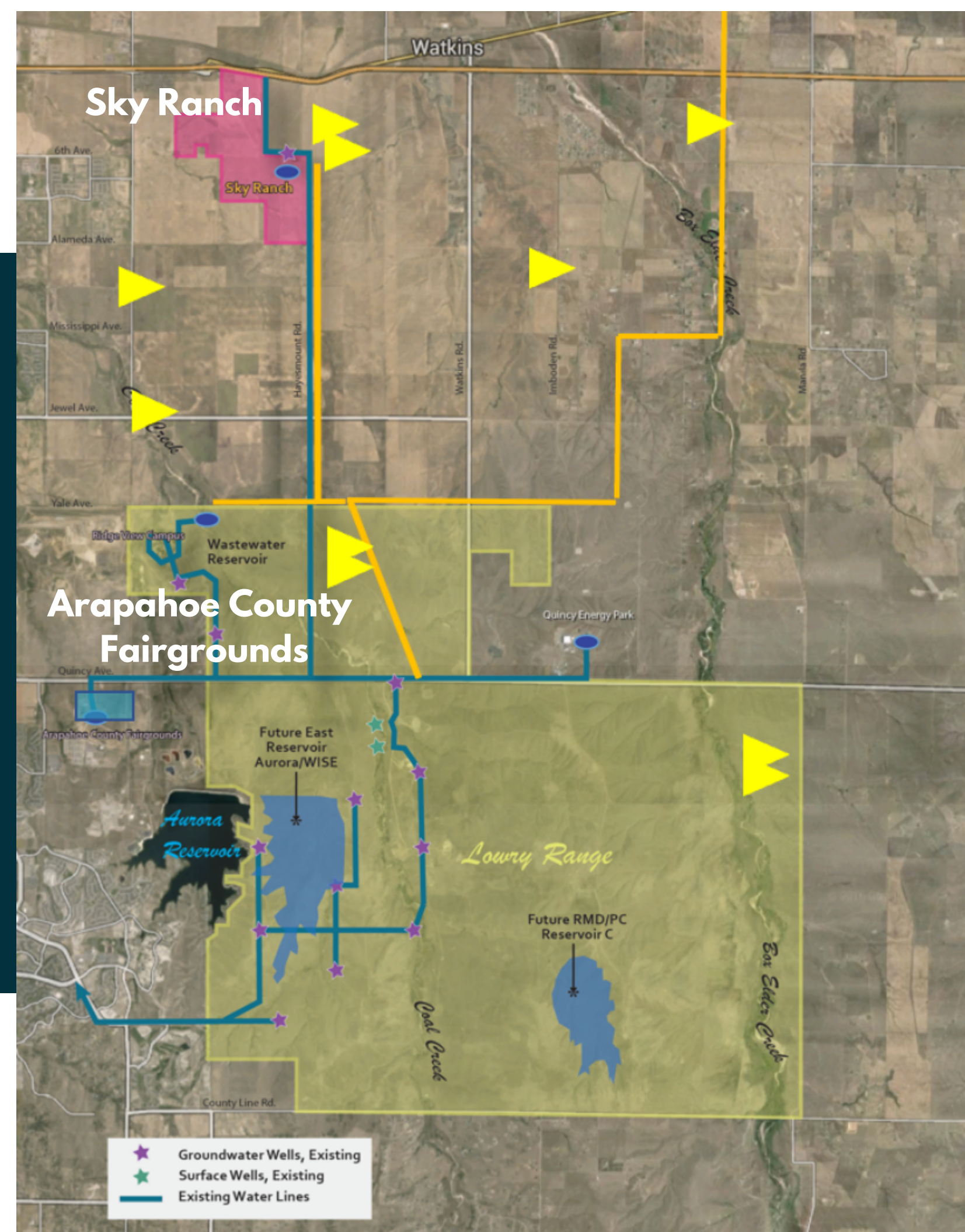
Development plan to accommodate:

- 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



Legend

- Service Area
- Lowry Range
- Sky Ranch
- Gas Collection
- Water Transmission
- Approximately 130 wells drilled to date

OIL & GAS ACTIVITIES

SOUTHERN WATTENBERG NIOBRARA

Niobrara A

Niobrara B

FIVE POSSIBLE
FORMATIONS

PAD
DEVELOPMENT:
40 ACRE
SPACING

16 WELLS/SQ.
MILE/ FORMATION

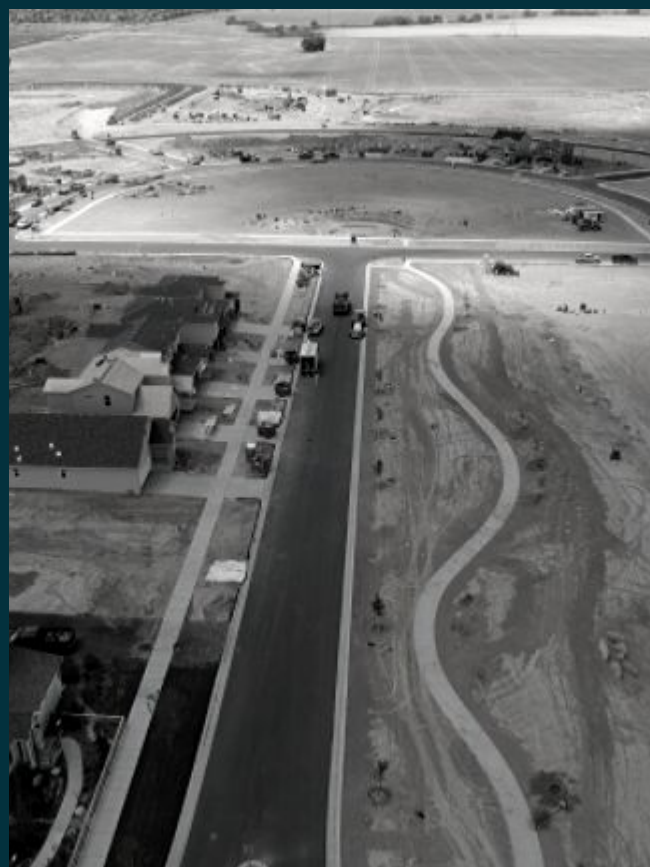
16,000 WELL
CAPACITY

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

MORE THAN 200 SQUARE MILES IN ADAMS & ARAPAHOE COUNTIES

Sources of Income

9 MO. 2019: \$10,887,000 (354% INCREASE)
9 MO. 2018: \$3,067,000



LAND DEVELOPMENT DELIVERY OF 180 LOTS

- 9 mo. '19 Revenues = \$6,036,000
- 9 mo. '18 Revenues = \$0



MUNICIPAL TAP FEE REV.

- 9 mo. '19 Revenues = \$1,756,000
- 9 mo. '18 Revenues = \$50,000



DRILL FRACKING INDUSTRIAL WATER SALES

- 9 mo. '19 Revenues = \$2,718,000
- 9 mo. '18 Revenues = \$2,622,000



O&G ROYALTIES

- 9 mo. '19 Revenues = \$155,000
- 9 mo. '18 Revenues = \$180,000

SUMMARIZED BALANCE SHEET

	May 31, 2019 000's	August 31, 2018 000's	\$ Change 000's
Assets			
Cash, cash equivalents and marketable securities	\$ 9,770	\$ 20,283	\$ (10,513)
Other current assets	15,922	7,635	8,287
Total current assets	25,692	27,918	(2,226)
Long-term investments	-	190	(190)
Investments in water and water systems, net	43,615	36,722	6,893
Land and mineral interests	4,822	4,660	162
Other long-term assets	2,711	2,417	294
Total assets	<u>\$ 76,840</u>	<u>\$ 71,907</u>	<u>\$ 4,933</u>
Liabilities and Shareholders' Equity			
Current liabilities	\$ 4,917	\$ 2,054	\$ 2,863
Other long-term liabilities	352	400	(48)
Total liabilities	5,269	2,454	2,815
Total shareholders' equity	71,571	69,453	2,118
Total liabilities and shareholders' equity	<u>\$ 76,840</u>	<u>\$ 71,907</u>	<u>\$ 4,933</u>

Please refer to our Report on Form 10Q filed on April 6, 2019 for additional information regarding our financial position.

SUMMARIZED STATEMENT OF OPERATIONS

	Period Ended May 31, In 000's (except per share)			
	Three Months Ended		Nine Months Ended	
	2019	2018	2019	2018
Revenue				
Water sales	\$ 1,442	\$ 1,212	\$ 3,095	\$ 3,017
Tap fees (water and wastewater)	1,034	-	1,756	50
Land development	2,708	-	6,036	-
Total revenue	5,184	1,212	10,887	3,067
Cost of revenues				
Water service operations	\$ (674)	\$ (595)	\$ (1,629)	\$ (1,370)
Land development construction costs	(2,588)	-	(5,716)	-
Total costs of revenue	(3,262)	(595)	(7,345)	(1,370)
Gross profit	1,922	617	3,542	1,697
Operating expenses:				
General and administrative	(665)	(636)	(1,864)	(1,816)
Other	(98)	(69)	(276)	(183)
Income (loss) from operations	1,159	(88)	1,402	(302)
Other income (expenses):				
Oil and gas royalties and lease income, net	51	75	155	190
Other loss	(3)	(2)	(5)	(6)
Interest income	54	69	247	176
Net income before taxes	1,261	54	1,799	58
Taxes	-	-	-	-
Net income	\$ 1,261	\$ 54	\$ 1,799	\$ 58
Income per share	\$ 0.05	*	\$ 0.07	*

* Denotes less than \$0.01 per share

Please refer to our Report on Form 10Q filed on April 6, 2019 for additional information regarding our operating.

CONTACT INFORMATION



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WEBSITE

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TICKER

“PCYO” traded on the NASDAQ Capital Market

SHARES OUTSTANDING

23.75 million

**THANK YOU!
QUESTIONS?**