

July 10, 2007



# Pure Cycle Corporation Announces Third Quarter Fiscal 2007 Financial Results

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

Pure Cycle Corporation (the "Company") (NASDAQ: PCYO) announced today it posted a net loss of approximately \$5.2 million (\$.28 per share) on revenues of approximately \$178,100 for the nine months ended May 31, 2007. This compares to a net loss of approximately \$713,700 (\$.05 per share) on revenues of approximately \$188,200 for the nine months ended May 31, 2006. The increased loss is mainly attributable to the following:

- Approximately \$3.5 million of imputed interest expense related to the "Tap Participation Fees payable to HP A&M," which the Company began expensing on September 1, 2006 and described in greater detail in the Company's Form 10-Q filed with the SEC today;
- Approximately \$265,000 of additional depreciation and depletion charges related mainly to the depreciation of the Arkansas River Valley assets and the assets constructed to provide water to the Arapahoe County Fairgrounds which were not being depreciated in fiscal 2006;
- Approximately \$224,000 of expenses related to stock options recorded pursuant to SFAS 123(R);
- Approximately \$188,000 of additional expenses related to payment of the Fort Lyon Canal Company water assessment fees, which is explained in greater detail in the May 31, 2007 Form 10-Q;
- Approximately \$186,000 of additional professional fees related to the High Plains asset acquisition and the SEC review process; and
- Approximately \$63,000 of additional franchise fees payable to the State of Delaware which are a result of the increased asset values due to the High Plains asset acquisition on August 31, 2006.

The Company will host a conference call to discuss these results on Thursday July 12, 2007. Details of the call and additional financial highlights are below.

## FINANCIAL HIGHLIGHTS Unaudited Results of Operations

	Nine months ended May 31,	
	2007	2006
Total revenues	\$178,100	\$188,200
Total cost of revenues		

Increase due mainly to approximately \$65,000 of depletion related to the Arapahoe County Fairgrounds water system	(121,100)	(45,800)
Gross margin	57,000	142,400
Total operating expenses	(1,858,800)	(984,700)
Other (expense) income		
Includes imputed interest of \$3.5 million and \$0	(3,355,600)	128,600
Net loss	\$ (5,157,400)	\$ (713,700)
Weighted average shares outstanding (basic and diluted)	18,399,887	14,625,298
Loss per share	\$ (0.28)	\$ (0.05)

#### Financial Position Data

	May 31, 2007	August 31, 2006
	(unaudited)	
Current assets	\$1,591,500	\$3,121,400
Total assets	\$106,264,100	\$108,833,900
Current liabilities	\$183,200	\$380,100
Total liabilities	\$56,516,800	\$54,169,200
Total stockholders' equity	\$49,747,300	\$54,664,700

#### CALL INFORMATION

What: Third quarter fiscal 2007 earnings call  
 When: July 12, 2007 at 2:00 pm Mountain  
 To listen: Click on the link posted on the Company's website:  
[www.purecycplewater.com](http://www.purecycplewater.com)  
 Log-on 5 minutes early in case downloads are required.  
 Call in Number: Toll free: (888) 680-0894  
 Passcode: 72170707

#### REPLAY INFORMATION

The call will be available for replay until 9:59 p.m. on  
 July 19, 2007:  
 Toll free: (888) 286-8010  
 Passcode: 51171672  
 A replay will be available on the Company's Website through  
 November 15, 2007.

For questions, please contact Investor Relations  
 at [info@purecycplewater.com](mailto:info@purecycplewater.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 fiscal year ended August 31, 2005 Annual Report are available at [www.purecyclewater.com](http://www.purecyclewater.com), or you may contact our President, Mark W. Harding, at 303-292-3456.

Source: Pure Cycle Corporation