

January 14, 2013



Pure Cycle Corporation Announces First Quarter Fiscal 2013 Financial Results

DENVER, Jan. 14, 2013 (GLOBE NEWSWIRE) -- Pure Cycle Corporation (Nasdaq:PCYO) announced the following summary results of operations:

Summary Statements

Our summarized approximate results of operations for the three months ended November 30, 2012 and 2011 are as follows:

	Three Months Ended November 30,		<u>\$ Change</u>	<u>% Change</u>
	2012	2011		
Revenues	\$ 438,400	\$ 67,600	\$ 370,800	549%
Cost of revenues	(71,500)	(47,200)	(24,300)	51%
Gross margin	366,900	20,400	346,500	600%
Operating expenses:				
General and administrative	(838,000)	(599,500)	(238,500)	40%
Other	(55,500)	(53,500)	(2,000)	4%
Loss from operations	(526,600)	(632,600)	106,000	644%
Other (expense) income:				
Interest on TPF and Convertible Debt	(894,600)	(851,400)	(43,200)	5%
Other	87,600	122,300	(87,600)	-72%
Net loss	<u>\$ (1,333,600)</u>	<u>\$ (1,361,700)</u>	<u>\$ (24,800)</u>	<u>577%</u>
Weighted average shares outstanding (basic and diluted)	<u>24,037,596</u>	<u>24,037,596</u>		
Loss per share	<u>\$ (0.06)</u>	<u>\$ (0.06)</u>		

Our summarized approximate financial position as of November 30, 2012 and August 31, 2012 is as follows:

	<u>November 30, 2012</u>	<u>August 31, 2012</u>	<u>\$ Change</u>
Assets			
Cash, cash equivalents and marketable securities	\$ 5,342,700	\$ 2,724,900	\$ 2,617,800
Other current assets	6,392,600	4,936,900	1,455,700
Total current assets	11,735,300	7,661,800	4,073,500
Investments in water and water systems, net	88,536,300	88,510,400	25,900
Land - Sky Ranch	3,775,900	3,778,500	3,775,900
Other long-term assets	6,826,100	15,409,900	(8,583,800)
Total assets	<u>\$ 110,873,600</u>	<u>\$ 111,582,100</u>	<u>\$ (708,500)</u>

Liabilities and Shareholders' Equity

Current liabilities	\$ 116,200	\$ 261,400	\$ (145,200)
Tap participation fee payable to HP A&M	69,163,800	68,269,200	894,600
Other long-term liabilities	<u>12,799,800</u>	<u>12,933,700</u>	<u>(133,900)</u>
Total liabilities	82,079,800	81,464,300	615,500
Total shareholders' equity	<u>28,793,900</u>	<u>30,117,800</u>	<u>(1,323,900)</u>
Total liabilities and shareholders' equity	<u>\$ 110,873,700</u>	<u>\$ 111,582,100</u>	<u>\$ (708,400)</u>

Summary of Significant Events and Changes

Revenues increased approximately 550% during the first quarter of our fiscal 2013 mainly because we assumed management of our farms and began receiving 100% of the income generated from our agricultural farm operations when, as of August 3, 2012, we terminated a property management agreement with High Plains A&M, LLC ("HP A&M"), after HP A&M defaulted on certain promissory notes due to third parties.

Our general and administrative expenses ("G&A expenses") increased approximately 40% mainly due to increased legal fees related to the HP A&M default and the accrual of property taxes for our farms in the Arkansas Valley, which are now our responsibility.

Levels of cash, cash equivalents and marketable securities increased as a result of the foreclosure sale of 1.5 million shares of Pure Cycle common stock owned by HP A&M pledged to secure the payment and performance by HP A&M of the promissory notes described above, which were partially offset by cash payments to acquire certain of the promissory notes defaulted upon by HP A&M.

Industrial Water Sales

In 2012 we entered into a Water Supply Agreement with Select Energy Services ("SES") to provide water for use to drill and frack oil and gas wells in and around our service area. 3 wells were drilled in 2012 and currently 2 wells are under development near our service area. We provided a portion of the water needed to frack the 3 wells drilled in 2012 to SES, and are supplying a portion of the water to SES for the 2 wells currently being developed.

Consistent with prior years, management hosts earnings calls reviewing mid-year and year end results. Our next earnings call will be hosted after the release of our second quarter results – anticipated to be in April 2013. We have posted a detailed slide presentation which overviews the Company and presents summary financial results on our website which can be accessed at www.purecyclewater.com.

The Company will be holding its annual shareholders' meeting on Wednesday, January 16, 2013 at 2PM Mountain. The meeting will be held at the offices of Davis, Graham & Stubbs LLP, at 1550 17th Street, Suite 500, Denver, CO 80202. Additional details can be found on our website.

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 Annual Reports are available at www.purecyclegwater.com, or you may contact our President, Mark W. Harding, at 303-292-3456 or at info@purecyclegwater.com.

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Source: Pure Cycle Corporation