
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 30, 2010

PURE CYCLE CORPORATION

(Exact name of registrant as specified in its charter)

Colorado

(State or other jurisdiction
of incorporation)

0-8814

(Commission File Number)

84-0705083

(IRS Employer Identification No.)

500 E. 8th Ave, Suite 201, Denver, CO

(Address of principal executive offices)

80203

(Zip Code)

Registrant's telephone number, including area code: **(303) 292-3456**

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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This Current Report on Form 8-K is filed by Pure Cycle Corporation (the "Registrant"), a Colorado corporation, in connection with the matters described herein.

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT;

Effective July 30, 2010, the Registrant entered into a Loan Sale and Assignment Agreement (the "Agreement") with the Bank of America, N.A. (the "Seller") to acquire from the Seller loan instruments secured by approximately 931 acres of land known as Sky Ranch. The Registrant is acquiring the promissory note payable by Sky Ranch, LLC (a wholly owned subsidiary of Neumann Homes, Inc.) and the deed of trust granted by Sky Ranch, LLC to secure the promissory note from the Seller for a cash payment of \$7.0 million. Concurrent with the signing of the Agreement the Registrant made an escrow payment totaling \$700,000 to the Seller. The balance of the acquisition price, or \$6.3 million, will be due and payable upon closing, which is expected to be within 60 days (the "Diligence Period") of the date of this filing. The Registrant can terminate the Agreement during the Diligence Period for any reason without penalty other than paying escrow fees, which are immaterial. The foregoing description is qualified in its entirety by reference to the Agreement, which is filed as Exhibit 10.1 hereto and is incorporated herein by reference.

The Registrant intends to obtain private financing for this acquisition of Sky Ranch, the details of which have not been finalized.

The Registrant issued a press release discussing the signing of the Agreement which is attached as Exhibit 99.1:

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits:

- Exhibit 10.1 Loan Sale and Assignment Agreement dated July 30, 2010, between Pure Cycle Corporation and Bank of America, N.A.
- Exhibit 10.2 License Agreement between Pure Cycle Corporation and Sky Ranch LLC, a Colorado limited liability company, Debtor-in-Possession.
- Exhibit 10.3 Escrow Agreement dated July 30, 2010, between Pure Cycle Corporation, Bank of America, N.A. and Chicago Title and Trust Company.
- Exhibit 99.1 Text of press release issued by Pure Cycle Corporation on August 4, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 4, 2010

PURE CYCLE CORPORATION

By: /s/ Mark W. Harding
Mark W. Harding,
President and Chief Financial Officer



LOAN SALE AND ASSIGNMENT AGREEMENT

This LOAN SALE AND ASSIGNMENT AGREEMENT (this "*Agreement*"), dated as of this 30th day of July, 2010 (the "*Effective Date*"), is by and between Bank of America, N.A., a national banking association, successor to LaSalle Bank National Association ("*Assignor*") and Pure Cycle Corporation, a Colorado corporation ("*Assignee*").

RECITALS

A. Assignor is the owner and holder of the loan documents identified on Exhibit A hereto (each, a "*Loan Document*" and collectively, the "*Loan Documents*"), all such Loan Documents relating to the loan(s) (whether one or more, the "*Loan*") of Sky Ranch LLC, a Colorado limited liability company (whether one or more, the "*Borrower*"), which indebtedness is currently owed to Assignor.

B. Certain of the Loan Documents encumber land legally described in one or more of the Loan Documents located in Arapahoe County, Colorado and known as the "Sky Ranch development" (the "*Land*").

B. Assignee has offered to purchase from Assignor, and Assignor has agreed to sell to Assignee, the Loan Documents, subject to the terms and conditions contained herein.

AGREEMENT

NOW, THEREFORE, in consideration of the premises herein contained and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee (the "*Parties*") agree as follows:

1. Purchase and Sale of Loan. Assignee does hereby purchase, and in exchange for good and valuable consideration paid by Assignee, Assignor does hereby sell, assign, transfer and set over to Assignee the Loan Documents, without recourse, representation or warranty of any kind, express or implied, except as set forth herein. Assignee's obligation to purchase the Loan Documents is subject to and conditioned upon satisfaction of Assignee's due diligence contingency set forth in Paragraph 3.1 herein.

2. Earnest Money. Within three (3) business days after the execution and delivery of this Agreement by Assignor and Assignee, Assignee shall deliver by wire transfer of immediately available funds, to Chicago Title and Trust Company, 171 North Clark Street, Chicago, Illinois 60601 ("*Escrow Agent*"), the sum of Seven Hundred Thousand Dollars (\$700,000.00) as earnest money (together with any interest earned thereon, the "*Earnest Money*"). Assignee and Assignor shall enter into an escrow agreement with Escrow Agent, which shall provide for the following with respect to the disposition of the Earnest Money:



2.1 Except to the extent otherwise provided in this Agreement, the Earnest Money shall be refunded to Assignee if Assignee timely exercises its right provided in Paragraph 3.1 hereof to terminate this Agreement.

2.2 The Earnest Money shall be disbursed to Assignor and applied to the Purchase Price upon the Closing

2.3 If Assignee should fail to close the transaction contemplated herein as and when required under the terms of this Agreement, and Assignor terminates this Agreement as a result thereof, Assignor shall be entitled to retain Seventy-Thousand Dollars (\$70,000) of the Earnest Money, as provided in Paragraph 12.1 hereof.

3. Matters Relating to the Land.

3.1 Due Diligence Contingency. Provided that (i) Sky Ranch LLC, as debtor-in-possession, executes and delivers that certain License Agreement dated as of July ____, 2010 between Sky Ranch LLC, as debtor-in-possession, and Assignee (the "*License Agreement*"), and (ii) Assignee delivers the Earnest Money to Escrow Agent, for a period ("*Inspection Period*") commencing upon the date of the License Agreement and ending at 5:00 p.m. Eastern time on September 30, 2010, Sky Ranch LLC, as debtor-in-possession, has granted Assignee the right and privilege to enter upon the Land for the sole purpose of allowing Assignee's consultant to conduct a phase 1 environmental assessment of the Land. Assignor acknowledges and agrees that in connection with Assignee's evaluation of the environmental condition of the Land, (i) it shall not use any consultant previously engaged by Assignor and (ii) it shall not perform or permit any of its consultants or contractors to perform any physically invasive tests of the Land (including, without limitation, drilling, boring, digging, excavation, test pits or the like) without Assignor's express written consent. Notwithstanding any other provision of this Agreement, if Assignee is not satisfied for any reason with the results of the phase 1 environmental assessment of the Land, Assignee's review of the property documentation or the bankruptcy proceeding of Sky Ranch LLC, as such bankruptcy proceeding may affect the Loan Documents, Assignee shall have the right in Assignee's sole and exclusive determination, to terminate this Agreement by giving written notice of such termination to the Assignor (a "*Termination Notice*") on or before the end of the Inspection Period, time being of the essence. Assignee shall deliver any such Termination Notice in accordance with the terms and conditions set forth in Paragraph 17 hereof relating to the giving of notices. If Assignee shall timely exercise its right under this Paragraph 3.1 to terminate this Agreement, the Earnest Money shall be refunded to Assignee, except to the extent otherwise provided herein.

3.2 Indemnification. Assignee hereby undertakes and agrees (which agreement shall survive the Closing or termination of this Agreement) to indemnify, defend, and hold Assignor and its officers, directors, employees, agents and representatives, free and harmless from any loss, injury, damage, claim, lien, cost or expense, including attorneys' fees

and costs, resulting from any entry upon the Land by Assignee and its officers, employees, agents, consultants, invitees and contractors (collectively, "*Assignee's Representatives*") and any tests or inspections conducted on the Land by Assignee or any of Assignee's Representatives (referred to herein individually as a "*Claim*" and collectively as "*Claims*"), to the extent Assignee gives its express written consent for any such testing. Notwithstanding anything to the contrary contained in this Agreement or the Escrow Agreement, in the event any Claims exist at a time when Assignee otherwise is entitled to the return, refund, payment or delivery of the Earnest Money under any provisions of this Agreement, the Earnest Money shall not be refunded to Assignee, but an amount equal to 150% of the amount of any outstanding and unsatisfied Claims shall be deducted and withheld from the Earnest Money and retained in escrow. Such amount shall be retained in Escrow until such time as the Claims are satisfied and Assignee has performed its indemnification obligations with respect thereto. The balance of the Earnest Money, less and except the hold back amount, shall be refunded to Assignee on the date that Assignee otherwise becomes entitled to a return, refund, payment or delivery of the Earnest Money.

3.3 No Liens. Assignee shall keep the Land free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Assignee or Assignee's Representatives with respect to any inspection or testing of the Land (a "*Lien Claim*"), to the extent Assignee gives its express written consent for any such testing. If any such a Lien Claim at any time shall be filed, Assignee shall cause the same to be discharged of record within fifteen (15) days after knowledge by Assignee thereof by satisfying the same or, if Assignee, in its discretion and in good faith determines that such Lien Claim should be contested, by obtaining a bond or providing a cash escrow acceptable to the Assignor in an amount not less than 150% of the maximum amount of such Lien Claim, including possible interest that may accrue on the same. Failure by Assignee to discharge such Lien Claim or obtain and provide to the Assignor such bond or cash escrow within the fifteen (15) day said period shall be a breach of this Agreement. Notwithstanding anything to the contrary contained in this Agreement or the Escrow Agreement, in the event any Lien Claims exist at a time when Assignee otherwise is entitled to the return, refund, payment or delivery of the Earnest Money under any provisions of this Agreement, the Earnest Money shall not be refunded to Assignee, but an amount equal to 150% of the amount of any outstanding and unsatisfied Claims shall be deducted and withheld from the Earnest Money and retained in escrow. Such amount shall be retained in Escrow until such time as the Lien Claims are satisfied and Assignee has performed its indemnification obligations with respect thereto. The balance of the Earnest Money, less and except the hold back amount, shall be refunded to Assignee on the date that Assignee otherwise becomes entitled to a return, refund, payment or delivery of the Earnest Money. If Assignee fails to discharge such Lien Claim or obtain and provide to the Assignor such bond or cash escrow within the fifteen (15) day said period, Assignor shall have the right to use and apply the Earnest Money to satisfy Lien Claims.

3.4 Damage to Land; Restoration and Indemnification Obligations. If and to the extent Assignee or any of Assignee's Representatives shall cause any damage to the Land during the performance of any soil, environmental and engineering tests and inspections of the Land, to the extent Assignee gives its express written consent for the performance of any such

testing, Assignee undertakes and agrees to restore the Land to as near as may be possible to the condition it existed prior to the occurrence of such damage. Assignee hereby undertakes and agrees to indemnify, defend and hold the Assignor, and its agents, representatives and employees harmless from any claim, loss, cost, expense, liability, damage, loss or injury, including reasonable attorneys' fees, caused by Assignee and any of the Assignee's Representatives arising out of or related to such entry upon the Land including, without limitation, any damage or injury caused by Assignee and Assignee's Representatives in performing said tests and inspections and any failure of Assignee to perform its restoration obligations.

3.5 Survival. The obligations of Assignee under this Paragraph 3 and each sub-paragraph contained in this Paragraph 3 shall survive and continue in full force and effect following the Closing or any termination of this Agreement.

4. Disclaimer — Inspection Materials. Assignee acknowledges and agrees that neither Assignor nor any of its officers, directors, principals, agents, attorneys, employees or contractors have made or are making any representations or warranties regarding the Land or the truth, accuracy or completeness of any documentation relating to the Land, or any engineering reports, architectural reports, feasibility reports, marketing reports, soils reports, environmental reports, analyses or data or other similar reports, analyses, data or information of whatever type or kind and any other information which Assignee has received or may hereafter receive from the Assignor or the Assignor's agents, attorneys or representatives relating to the Land (collectively, "*Property Documentation*"). Assignee further acknowledges and agrees that Assignor has provided the Property Documentation to Assignee (a) solely as an accommodation to Assignee, (b) without any representation or warranty of any kind or nature on the part of Assignor, (c) on the express condition that Assignee has performed or will perform its own independent verification of the accuracy, reliability and completeness of the Property Information, and (d) based on Assignee's understanding and agreement that it will not rely thereon. Assignee hereby fully and forever releases, acquits and discharges Assignor and the Assignor's agents, attorneys or representatives of and from any claims, actions, causes of action, proceedings or liability, whether known or unknown, arising from the inaccuracy, unreliability or incompleteness of, or any defect, or mistake in any of the Property Documentation. Assignee acknowledges and agrees that the terms of this Paragraph 4 shall survive the Closing or any termination of this Agreement.

5. Limitation on Assignor's Representations and Warranties. Except as provided herein, Assignor makes no representation or warranty, express or implied, to Assignee or any other person with respect to the Loan or any Loan Document, or any other matter with respect to the Loan or any Loan Document. Specifically, and not as a limitation of any other provision hereof, Assignor makes no representation or warranty, express or implied, to Assignee or any other person with respect to the condition (financial or otherwise) of Borrower or any other person; the existence or nature of any asset or liability of Borrower; the ability of Borrower or any other person to perform its obligations under the Loan Documents; the existence, perfection or priority of any lien securing performance under the Loan Documents; the validity or enforceability of the Loan or any of the Loan Documents; or the effect of this Agreement upon the rights of Assignee or any other person under any Loan Document. The Loan Documents are purchased and sold "AS IS." The terms and

conditions set forth herein are the result of arm's-length bargaining between parties familiar with transactions of this nature. The price, terms and conditions reflect the fact that except for the representations and warranties of Assignor, as set forth below, Assignee shall have the benefit of, and is relying upon, no statements, representations or warranties, express or implied, made by or enforceable directly against Assignor or Assignor's affiliates or the officers, employees, consultants, appraisers, attorneys and agents of each.

6. Assignee's Representations and Warranties. Assignee hereby represents and warrants to Assignor, and agrees, that:

6.1 Assignee has all right, power, legal capacity and authority to execute and deliver this Agreement and to perform hereunder and under any other agreement or document that Assignee may execute and deliver in connection herewith.

6.2 The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement do not and will not (i) violate any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Assignee or any property of Assignee, (ii) result in a breach or constitute a default under any agreement to which Assignee is subject, or (iii) require any authorizations, consents, approvals, licenses, exemptions from or filings or registrations with any state, commonwealth, federal, foreign, territorial, regulatory, or other governmental department, commission, board, bureau, agency or instrumentality.

6.3 Assignee has made such examination, review and investigation of Borrower, and of the facts and circumstances necessary to evaluate Borrower, as Assignee has deemed necessary or appropriate.

6.4 Assignee has received copies of each of the Loan Documents and has made such examination, review and investigation of the Loan, the Loan Documents and the Land securing the Loan, if any, water rights and water agreements, if any, relating to the Land ("*Water Rights*") and of the related facts and circumstances necessary to evaluate the Loan, the Loan Documents, the Land and the Water Rights as Assignee has deemed necessary or appropriate.

6.5 Except for those explicitly provided herein, Assignee has not relied on any statement, representation or warranty, express or implied, of Assignor or any of Assignor's officers, employees, consultants, appraisers, attorneys or agents, regarding Borrower, the Loan, the collectability of the Loan, the Loan Documents, the Land and the Water Rights. Assignee has made its own independent evaluation of Borrower, the Loan, the collectability of the Loan, the Loan Documents, the Land and the Water Rights.

6.6 Assignee acknowledges that (i) Assignor is not responsible for any statement, representation or warranty of Borrower, of any person acting or purporting to act on behalf of Borrower, or contained in any Loan Document, (ii) Assignee possesses such information as Assignee deems necessary or appropriate in order for Assignee to evaluate Borrower, and (iii) there may exist at this time various events of default under the Loan Documents, including, but not limited to, default in the payments required thereunder.

6.7 Assignee is acquiring the Loan for its own account and not with a view to, or for sale in connection with, any public distribution thereof, and Assignee has no present intention of making any distribution of the Loan or any Loan Documents in a manner which would violate any applicable securities or banking laws. Neither Assignee, nor any parent, subsidiary or affiliate of Assignee, is related to or affiliated in any way with the Borrower or Neumann Homes, Inc.

6.8 This Agreement constitutes the legal, valid and binding obligation of Assignee enforceable against Assignee in accordance with its terms and is entered into voluntarily by Assignee. The transaction represented hereby is an arms-length transaction for fair value.

7. Assignor's Representations and Warranties. Assignor hereby represents and warrants to Assignee, and agrees, that:

7.1 Assignor is the sole legal and beneficial owner and holder of the Loan Documents. Except as may be evidenced by the Loan Documents, Assignor (i) has not assigned or otherwise transferred to any third party any rights with respect to the Loan or any rights to the indebtedness represented by the Loan Documents or any rights to the collateral securing the Loan; (ii) has not released any collateral securing the Loan or modified or terminated its security interest in such collateral; and (iii) has not modified the Loan Documents in any material respect.

7.2 Assignor has all right, power, legal capacity and authority to execute and deliver this Agreement and to perform hereunder and under each other agreement that Assignor may execute and deliver in connection herewith.

7.3 The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement do not and will not (i) violate any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Assignor or any property of Assignor, (ii) result in a breach or constitute a default under any agreement to which Assignor is subject, or (iii) require any authorizations, consents, approvals, licenses, exemptions from or filings or registrations with any state, commonwealth, federal, foreign, territorial, regulatory, or other governmental department, commission, board, bureau, agency or instrumentality.

7.4 This Agreement constitutes the legal, valid and binding obligation of Assignor enforceable against Assignor in accordance with its terms and is entered into voluntarily by Assignor. The transaction represented hereby is an arms-length transaction for fair value.

8. Conditions Precedent to Closing. The closing of the transactions contemplated by this Agreement ("*Closing*") shall take place on the date which is ten (10) days following the expiration of the Inspection Period, time being of the essence, and shall be effective upon the occurrence of all of the following:

8.1 Assignor's receipt of Seven Million and No/100 Dollars (\$7,000,000.00) (the "*Purchase Price*") by wire transfer in accordance with wire instructions shown on Schedule I hereto, such Purchase Price to take into consideration any Earnest Money deposit made by Assignee, to the extent such Earnest Money deposit has not been applied to any of Assignee's obligations relating to the Land, as provided herein; and

8.2 Assignee's receipt of the original Promissory Note and Guaranty (or a lost note and guaranty affidavit, if Assignor cannot produce the originals) and, to the extent Assignee has actual possession of original Loan Documents, all of the other original Loan Documents, in each case endorsed or otherwise transferred by Assignor, where appropriate, without recourse, representation or warranty, except as expressly provided in this Agreement.

9. Delivery of Property Documents. Within ten (10) business days after the date of Closing, to the extent not previously delivered to Assignee, Assignor will, at Assignee's expense, ship the Property Documents held in Assignor's actual possession, if any, to Assignee at Assignee's address set forth beneath its signature.

10. Further Actions. Assignor and Assignee hereby covenant and agree to execute and deliver all such documents and to take all such further actions as any of them may reasonably deem necessary from time to time to carry out the intent and purpose of this Agreement and to consummate the transactions contemplated hereby, without material cost, liability or expense to the party asked to take such further actions.

11. Governing Law. This Agreement and all documents executed in connection herewith shall be deemed contracts made under the laws of the State of Illinois and shall be construed and enforced in accordance with and governed by such laws.

12. Default.

12.1 Assignee's Failure to Close. If Assignee should fail to close the transaction contemplated herein as and when required under the terms of this Agreement, Assignor may terminate this Agreement by giving written notice of termination to Assignee. In the event of any such failure to close by Assignee, Assignor shall be entitled to retain Seventy-Thousand Dollars (\$70,000) of the Earnest Money as and for liquidated damages as Assignor's sole remedy on account of Assignee's failure to close, in lieu of any other claims or rights to sue Assignee for money damages on account of such failure to close, it being acknowledged and agreed that Assignor's actual damages are difficult or impossible to ascertain for Assignee's failure to close hereunder. After deducting the amount specified above, Assignor shall refund the balance of the Earnest Money to Assignee, so long as Assignee is not otherwise entitled to retain Earnest Money under the terms of this Agreement. In the event Assignor shall so terminate this Agreement, (a) the Assignor shall be entitled to entertain any and all bids for the Loan and Loan Documents from any other parties, (b) Assignee shall have no rights or interests in or to the Loan and the Loan Documents arising out of this Agreement, (c) Assignor shall have no duties or obligations to Assignee (other than to direct the Escrow Agent to refund the balance of the Earnest Money), and (d) Assignee shall have no rights or claims with respect to the Assignor (other than with respect to the balance of the Earnest Money). Notwithstanding any such termination, all of the provisions of this Agreement which by their express terms are intended to survive termination of this Agreement shall survive such termination and remain in full force and effect.

12.2 Other Assignee Breach or Default. If Assignee should default or breach any other duties or obligations to be performed by Assignee under this Agreement (other than a failure to close as and when required under the terms of this Agreement), Assignor may terminate this Agreement by giving written notice of termination to Assignee. In the event of any such default or breach by Assignee, Assignor shall be entitled to any applicable remedy at law or in equity. In the event Assignor shall so terminate this Agreement, (a) the Assignor shall be entitled to entertain any and all bids for the Loan and Loan Documents from any other parties, (b) Assignee shall have no rights or interests in or to the Loan and the Loan Documents arising out of this Agreement, (c) Assignor shall have no duties or obligations to Assignee (other than to direct the Escrow Agent to refund the Earnest Money, if applicable), and (d) Assignee shall have no rights or claims with respect to the Assignor (other than with respect to the Earnest Money, if applicable). Notwithstanding any such termination, all of the provisions of this Agreement which by their express terms are intended to survive termination of this Agreement shall survive such termination and remain in full force and effect.

12.3 Breach of Default by Assignor. If the Assignor shall default or breach its obligations to be performed by Assignor under this Agreement, Assignee shall be entitled, as its sole and exclusive remedy hereunder, in lieu of any other claims, rights or remedies that otherwise might be available to Assignee, to enforce the terms of this Agreement by injunctive relief in the Circuit Court of Cook County, Illinois and receive a refund of the Earnest Money, unless there are any pending or threatened Claims or Lien Claims under any indemnity undertaking made by Assignee herein or any unsatisfied restoration obligation of Assignee as provided in Paragraph 3 hereof, in which event, the Assignor shall have the right to withhold a portion of the Earnest Money up to 150% of the amount of such claim(s) as security for such obligations until such time as any such claims are paid in full, satisfied or released.

13. Waiver of Claims Against Assignor. Except to the extent expressly provided in Paragraph 12.3 hereof, Assignee agrees that no claim may be made by Assignee against Assignor or its shareholders, directors, officers, employees or agents for any special, indirect or consequential damages related to any breach or wrongful conduct (whether the claim therefore is based on contract, tort or duty imposed by law) in connection with, arising out of or in any way related to the transactions contemplated and relationship established by this Agreement, any other document executed in connection herewith or any of the Loan Documents, or any act, omission or event occurring in connection therewith. Assignee hereby waives, releases and agrees not to bring a claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

14. Brokers. Assignor and Assignee each represent and warrant to the other that they have not used the services of any broker in connection with this Agreement. Assignee shall indemnify, defend and forever save and hold Assignor harmless from and against claims for brokerage or commission in connection with this transaction by Broker and any other person or entity claiming by, through or under Assignee.

15. WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT LEGALLY PERMISSIBLE, THE PARTIES HERETO WAIVE TRIAL BY JURY IN RESPECT OF ANY CLAIM, DISPUTE OR ACTION ARISING OUT OF, RELATED OR PERTAINING TO THIS AGREEMENT, THE LOAN, THE LOAN DOCUMENTS OR THE LAND. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE AND EACH PARTY HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY PERSON OR ENTITY TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT. EACH PARTY IS HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER OF JURY TRIAL. ASSIGNEE REPRESENTS AND WARRANTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

16. Indemnity.

16.1 Assignee and the Assignee's successor and assigns hereby jointly and severally indemnify and hold the Assignor and its affiliates and their respective officers, employees, consultants, appraisers, attorneys and agents ("*Indemnified Parties*"), harmless from and against any and all liabilities, claims, actions or causes of action, assessments, losses, fines, penalties, costs, losses, damages and expenses, including attorney's fees (including, without limitation, contingency or similar fee arrangements) and expert witness fees, sustained or incurred by Indemnified Parties as a result of, or arising out of, or by virtue of: (a) the debt relationship evidenced by the Loan Documents (except to the extent arising or accruing prior to the date of Closing); (b) the inaccuracy of any representation or warranty made by the Assignee to the Assignor herein; (c) a breach by the Assignee of any covenant of this Agreement to be performed by the Assignee; (d) any and all liabilities arising out of any claim based upon breach of contract or the tortious or unlawful acts or omissions of the Assignee in regard to the Loan; (e) any and all liabilities arising out of any claim made by any person, organization or association against the Assignee and/or Assignor with respect to the Loan, except liabilities arising out of any claim made against Assignor to the extent such claim arises or accrues prior to the date of Closing; and (f) ad valorem, real property and personal property taxes relating to the Land, whether accrued, due or payable before or after the date of this Agreement or the date of Closing. The Assignor may defend any such claim or cause of action brought or asserted against the Assignor arising out of any of the foregoing set forth in subsections (a)-(f) of this Section at the expense of the Assignee, with counsel designated by Assignor and to the exclusion of the Assignee. Alternatively, the Assignor may call upon the Assignee to defend any such action at the Assignee's sole cost and expense. The Assignor may, in the Assignor's sole and exclusive discretion (after consultation with Assignee), adjust, settle, or compromise any such Claim or cause of action made upon or brought against the Assignor, and the Assignee shall indemnify the Assignor for any such amounts adjusted, settled or compromised, as well as all costs and expenses, including attorneys' fees, (including without limitation, contingency or similar fee arrangements) incurred in connection therewith. The Assignee acknowledges and agrees that the

Assignee's liability and obligations hereunder are unconditional, unlimited and shall continue in full force and effect at all times hereafter, including, without limitation, following any subsequent assignment by the Assignee of the Loan Documents, or any of them, unless specifically terminated in writing by a duly authorized officer of the Assignor.

16.2 The Assignee will not violate any laws, rules or regulations relating to unfair credit collection practices in connection with the Loan Documents. The Assignee hereby indemnifies the Assignor and agrees to hold the Assignor harmless from and against any and all claims, demands, losses, damages, penalties, fines, forfeitures, judgments, legal fees and any other costs, fees, and expenses incurred by the Assignor as a result of any claim, demand or assertion that, after the effective date, the Assignor was in any way involved in or had in any way authorized any unlawful collection practices in connection with the Loan Documents.

17. Notices. All notices hereunder shall be in writing to the address or addresses set forth below and will be deemed to have been given as of the date delivered or telecopied, or if by overnight courier service, the day after delivery to such service if overnight delivery is so designated, or if mailed by registered or certified mail, return receipt requested, the third business day after being so mailed. Assignor will endeavor to deliver copies of notices given to Assignee to Assignee's attorneys, Senn Visciano Rosenstein P.C., 1801 California Street, Suite 4300, Denver, Colorado 80202-2604, Attention Mark A. Senn, Esq. (e-mail: msenn@sennlaw.com). Assignee will endeavor to deliver copies of notices given to Assignor to Assignor's attorneys, Duane Morris LLP, 190 South LaSalle Street, Suite 3700, Chicago, Illinois 60603, Attention: John R. Weiss, Esq. (e-mail: jrweiss@duanemorris.com).

18. Environmental Matters.

18.1 Assignee expressly acknowledges that there may be certain environmental issues and/or risks with respect to the Land described in the Loan Documents as securing the Loan (together with all buildings, structures and improvements situated thereon). Assignor has no information other than that found in the Loan files regarding the environmental condition of the Land. Assignee has been expressly advised by Assignor to conduct an independent investigation and inspection of the Land utilizing such experts as Assignee deems to be necessary in order to make an independent assessment of all environmental liability and risk with respect to the Land.

18.2 It is Assignee's sole responsibility to investigate, and before entering into this Agreement Assignee has, to its satisfaction, investigated the past, present and future environmental condition of the Land and any real property adjacent to or in the vicinity of the Land. It is Assignee's sole responsibility to take whatever action Assignee deems necessary to protect its interests both before and after the effective date of this Agreement with respect to Assignee's potential liability for any present or future hazardous materials contamination and environmental impairment of the Land and any real property adjacent to or in the vicinity of the Land or any claims for personal injury or property damage as a result thereof.

18.3 Except as provided in this Agreement, Assignor makes no representation or warranty and expressly disclaims all implied warranties regarding: the past, present or future environmental condition, impairment, or hazardous materials contamination of the Land and any real property adjacent to or in the vicinity of the Land and any human health issues or concerns; any local, state or federal government actions or proceedings regarding the hazardous materials contamination or environmental impairment of the Land or any real property adjacent to or in the vicinity of the Land; the cost of remediating or otherwise removing or eliminating any hazardous materials or environmental impairment of the Land or any real property adjacent to or in the vicinity of the Land; whether any tenants of the Land or owners, users or tenants of any real property adjacent to or in the vicinity of the Land have any claims or have suffered any damages, for personal injury or property damage, as a direct or indirect result of the hazardous materials contamination and environmental impairment of the Land; and, any existing building code violations present on the Land.

19. Tax Reporting. On the effective date of this Agreement, Assignor shall be relieved of, and Assignee shall assume all responsibility for, any tax reporting required with respect to the Loan, including, without limitation, any reporting which may be required with respect to debt forgiveness.

20. Assumption of Obligations. The Assignee agrees to be bound, after the date of Closing, by the terms of the Loan Documents and hereby assumes, as of the date of Closing, all obligations of the Assignor thereafter accruing under the Loan Documents, including but not limited to loan administration and servicing obligations.

21. Assignee's Duties Regarding Pending Litigation.

21.1 If a Loan is the subject of any type of pending litigation, including without limitation, any bankruptcy proceeding of the Borrower, then the Assignee shall notify the Assignor in writing, prior to the effective date, of the name of the attorney selected by the Assignee to represent the Assignee's interest in such litigation or bankruptcy proceeding. The Assignee shall, immediately after the effective date, notify the Clerk of the Court and all counsel of record that the Loan Documents relating to the Loan were assigned by the Assignor to the Assignee. The Assignee shall have the Assignee's attorney file appropriate pleadings with the Court (including, without limitation, if applicable, a proof of claim) immediately after the Closing, substituting the Assignee's attorney for the Assignor's attorney and also removing the Assignor as a party to the litigation and substituting the Assignee as the real party in interest, all pursuant to forms and filings as prescribed by the rules of the applicable Court. Copies of all such notices and pleadings will be provided by the Assignee to the Assignor and the Assignor's attorney in the subject litigation or bankruptcy proceeding promptly upon the sending or filing thereof. In the event the Assignee is unsuccessful in substituting, or does not substitute, the Assignee's attorney for the Assignor's attorney, or in removing the Assignor as a party in interest, then the Assignee agrees to reimburse the Assignor, upon demand, for the Assignor's continued reasonable legal expenses in such litigation or bankruptcy proceeding, after closing of the within Agreement. The Assignee shall reimburse the Assignor for all legal fees and expenses reasonably incurred subsequent to the effective date in connection with such litigation or bankruptcy proceeding, irrespective of whether such legal fees are incurred with legal counsel performing services on an hourly basis, pursuant to a contingency or similar fee arrangement or otherwise.

21.2 Should the Assignee reach a resolution of a Loan with the Borrower through litigation, stipulated judgment, or otherwise, at such time, the Assignee shall use commercially reasonable efforts to obtain from such Borrower a complete release of liability of and covenant not to sue the Assignor, and its affiliates, and their respective, officers, employees, agents and attorneys.

21.3 All pleadings filed by Assignee in any matter related to the Loan Documents, must comply with all applicable State and Federal laws, rules and regulations (including, but not limited to, the Gramm-Leach-Bliley Act; 15 USC 6801 et. seq.) regarding the prohibition on disclosure of non-public financial information.

22. Reimbursement for Use of Assignor's Agents. In the event of litigation with respect to a Loan in which the Assignor or any of the Assignor's officers, employees, agents or attorneys are requested or required, by subpoena, court order, or otherwise, to perform any acts, including but not limited to testifying in litigation, preparing responses to subpoenas or other legal process or pleadings, and/or performing any review of public or private records such as tracing funds, whether said litigation is commenced by the Assignee, the Borrower, or any other party, the Assignee shall indemnify and promptly reimburse the Assignor for all reasonable costs and expenses incurred in connection therewith; provided, however, that the foregoing shall not extend to attorney's fees, costs or expenses incurred by the Assignor in connection with (a) any dispute arising out of or relating to this Agreement, or (b) any claim based upon breach of contract or the tortious or unlawful acts or omissions of the Assignor in regard to the Loan prior to the date of Closing.

23. Transfer and Recordation Taxes: Responsibility for Recording. The Assignee shall promptly and diligently record, at the Assignee's sole expense, all assignments and notices, necessary to effect the transaction described in this Agreement. The Assignee shall be responsible for, and shall pay when due and payable, all transfer, filing and recording fees and taxes, costs and expenses, with respect to the filing or recording of any document or instrument contemplated hereby. The Assignee shall bear sole responsibility for recording all assignments, instruments or other documents delivered to the Assignee pursuant to this Agreement. The Assignee hereby indemnifies and holds the Assignor harmless from and against any and all claims, liability, costs, and expenses arising out of or in connection with the failure of the Assignee to record such assignments and notices, and to pay any such amounts, on a timely basis.

24. Responsibility for Ad Valorem, Real Property and Personal Property Taxes. The Assignee shall be responsible for, and shall pay when due and payable, all applicable ad valorem, real property and personal property taxes, costs and expenses (including, without limitation, any applicable late fees, penalties and interest). The Assignee hereby indemnifies and holds the Assignor harmless from and against any and all claims, liability, costs, and expenses arising out of or in connection with the failure of the Assignee to pay any such amounts, on a timely basis.

25. Exclusivity. Assignee acknowledges that during the Inspection Period, Assignor shall have the right to continue to market the Loan for sale, and to contact, discuss, negotiate and otherwise deal with prospective purchasers; solicit, entertain and negotiate offers to sell the Loan and the Loan Documents; and execute back-up agreements for the sale of the Loan and the Loan Documents, provided, however, that for so long as Assignee is not in default of any of its representations, warranties, covenants and obligations hereunder and this Agreement remains in effect, Assignor agrees not to close on the sale of the Loan and the Loan Documents to any other party.

26. Miscellaneous Provisions.

26.1 This Agreement may be signed in counterparts, each of which shall be an original and each of which taken together shall constitute one agreement.

26.2 This Agreement may not be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

26.3 This Agreement shall be valid and binding when executed by the Assignee and the original or facsimile thereof is received and accepted by the Assignor. The executed Agreement may be sent via facsimile to the facsimile numbers set forth in the signature blocks below. Facsimile signatures shall be deemed valid and binding to the same extent as an original signature.

26.4 The agreements, representations and warranties of the Parties contained herein shall survive the consummation of the transactions contemplated hereby.

26.5 This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties hereto, their respective successors and assigns. No other person or entity shall be entitled to claim any right or benefit hereunder, including, without limitation, the status of a third party beneficiary hereunder.

26.6 Except for any written agreement of confidentiality between Assignor and Assignee, the License Agreement and the Escrow Agreement which shall survive the consummation of the transactions contemplated hereby, this Agreement and any assignments or other documents executed in connection with this Agreement, sets forth the entire agreement and understanding of the Parties hereto with respect to the transactions contemplated hereby and are intended by the Parties as the final expression of their agreement and, therefore, incorporate all negotiations of the Parties hereto. The Parties hereto acknowledge that they are relying on no written or oral agreement, representation, warranty, or understanding of any kind.

26.7 In case any provision in this Agreement shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Agreement and the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

26.8 This Agreement may not be amended, waived or modified in any manner without the prior written consent of the party against whom the amendment, waiver, or modification is sought to be enforced.

26.9 Each party shall bear their own costs and expenses incurred in negotiating, closing and carrying out the transactions contemplated by this Agreement.

26.10 The terms and conditions set forth in this Agreement are the product of joint draftsmanship by all Parties, each being represented by legal counsel of their choice in connection with this Agreement, and any ambiguities in this Agreement or any documentation prepared pursuant to or in connection with this Agreement shall not be construed against any of the Parties because of draftsmanship.

26.11 In the event any party institutes legal proceedings in connection with, or for the enforcement of this Agreement or any provision hereof, the prevailing party shall be entitled to recover from the losing party its costs and expenses, including reasonable attorneys' fees, at both trial and appellate levels and in any bankruptcy proceeding.

*The remainder of this page is intentionally left blank;
signatures appear on the following page.*

IN WITNESS WHEREOF, the Parties have duly executed this Loan Sale and Assignment Agreement as of the date first above written.

Assignor:

BANK OF AMERICA, N.A.

By: /s/ Traci Craig
Traci Craig, Vice President
Bank of America NA
101 E. Kennedy Blvd. 10th Floor
Tampa, Florida 33602
MC: FL1-400-10-07
Telephone: 813-225-8478
Fascimile: 813-225-8327

Assignee:

Pure Cycle Corporation,
a Colorado corporation

By: /s/ Mark Harding
Mark Harding
President and Chief Executive Officer
500 East 8th Avenue
Suite 201
Denver, Colorado 80203
Phone: (303) 292-3456
Fax: (303) 292-3475

EXHIBIT A: DESCRIPTION OF LOAN DOCUMENTS

1. LOAN:

Title of Loan: Promissory Note
Original principal amount: \$17,400,000.00
Date of Loan: September 12, 2005
Payable to the order of: LaSalle Bank National Association

2. DEED OF TRUST:

Title of Deed of Trust: Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing
Grantor: Sky Ranch LLC, a Colorado limited partnership
Trustee: Public Trustee of Arapahoe County, Colorado
Beneficiary: LaSalle Bank National Association
Dated: September 12, 2005
Recorded as Document Number: B5137538
In the Official Records of Arapahoe County
State of Colorado
On [Date] September 13, 2005

3. ASSIGNMENT OF RENTS:

Title of Document: Assignment of Rents and Leases
Assignor: Sky Ranch LLC, a Colorado limited partnership
Assign: LaSalle Bank National Association
Dated: September 12, 2005
Recorded as Document Number: B5127539
In the Official Records of Arapahoe County
State of Colorado
On [Date] September 13, 2005

4. MODIFICATION AGREEMENT:

Title of Modification Agreement (if any): Modification of Loan Documents
Parties to Modification Agreement: Sky Ranch LLC, Neumann Homes, Inc., and LaSalle Bank National Association
Dated: September 12, 2006
Recorded as Document Number B6154257
In the Official Records of Arapahoe County,
State of Colorado
On [Date] October 30, 2006

5. MODIFICATION AGREEMENT:

Title of Modification Agreement (if any): Second Modification of Loan Documents dated
Parties to Modification Agreement: Sky Ranch LLC, Neumann Homes, Inc., and LaSalle Bank National Association
Dated: March 12, 2007
Recorded as Document Number _____
In the Official Records of Arapahoe County,
State of Colorado
On [Date] March , 2007

6. SECURITY AGREEMENT:

Title of Security Agreement: _____
Date: _____
Executed in favor of: _____

7. CERTIFICATE:

Title: Certificate of Representations, Warranties and Covenants
Date: September 12, 2005
Parties: Sky Ranch LLC to LaSalle Bank National Association

8. ENVIRONMENTAL INDEMNITY:

Title of Environmental Agreement: Environmental Indemnity Agreement
Date: September 12, 2005
Executed by: Sky Ranch LLC and Neumann Homes, Inc.
Executed in favor of: LaSalle Bank National Association

9. REMARGINING AGREEMENT:

Title of Remargining Agreement: Remargining Agreement
Date: September 12, 2005
Executed by: Neumann Homes, Inc.
Executed in favor of: LaSalle Bank National Association

10. UCC-1 FINANCING STATEMENT:

Filed with Secretary of State, State of _____
On [Date] _____
File No. _____
As continued [Date] _____
File No. _____
Recorded with the County Clerk of _____ County
State of _____
At: **[Book/Volume _____, Page/Instrument] Number _____**
As continued [Date] _____
At **[Book/Volume _____, Page/Instrument]Number _____**

11. GUARANTY:

Title of Guaranty: Guaranty of Payment
Name of Guarantor(s): Neumann Homes, Inc., an Illinois corporation
Date: September 12, 2006
Executed in favor of: LaSalle Bank National Association, a national banking association

LICENSE AGREEMENT

This License Agreement ("*Agreement*") is entered into as of July __, 2010, by and between Sky Ranch LLC, a Colorado limited liability company, Debtor-in-Possession ("*Debtor*") in connection with the proposed purchase by Pure Cycle Corporation, a Colorado corporation ("*Pure Cycle*") of certain loan documents (each, a "*Loan Document*" and collectively, the "*Loan Documents*") held by Bank of America, N.A. (the "*Bank*") relating to the loan of Sky Ranch LLC, a Colorado limited liability company ("*Borrower*").

RECITALS:

A. Borrower is one of the debtors in the bankruptcy proceeding of Neumann Homes, Inc. et al. as debtors, pending in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division in Bankruptcy Case No. 07-20412 (Jointly Administered).

B. Certain of the Loan Documents encumber land legally described in one or more of the Loan Documents located in Arapahoe County, Colorado and know as the "Sky Ranch" development (the "*Land*"). Debtor remains in possession of the Land.

C. In connection with Pure Cycle's proposed purchase of the Loan Documents from the Bank, Pure Cycle desires to enter upon and inspect the Land and Debtor desires to permit such entry and inspection, in accordance with the terms and subject to the conditions set forth in this Agreement.

AGREEMENTS:

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, the sufficiency of which are hereby acknowledged and agreed by the Parties hereto, the Parties hereto agree as follows:

1. Recitals. The recitals set forth above are incorporated into this Agreement as if fully set forth herein.

2. Entry Upon Land; Inspection Period. For a period commencing upon the date hereof and ending at 5:00 pm Eastern Time on September 30, 2010 ("*Inspection Period*"), Pure Cycle and its officers, employees, agents, invitees and contractors ("*Pure Cycle's Representatives*") at Pure Cycle's sole option, cost, risk and expense, shall have the non-exclusive right and privilege to enter upon the Land for the sole purpose of allowing Pure Cycle's consultant to conduct a phase 1 environmental assessment of the Land. Pure Cycle acknowledges and agrees that in connection with Pure Cycle's evaluation of the environmental condition of the Land, (i) it shall not use any consultant previously engaged by the Bank and (ii) it shall not perform or permit any of its consultants or contractors to perform any physically invasive tests of the Land (including, without limitation, drilling, boring, digging, excavation, test pits or the like) without the Debtor's and the Bank's express written consent. Debtor and the Bank, at their option, each shall be permitted to have a representative present during all such inspections. Pure Cycle's rights to enter upon the Land and conduct such phase 1 environmental assessment of the Land shall expire automatically upon the end of the Inspection Period, without the necessity of any notice or action on the part of Debtor or the Bank.

3. Insurance. Pure Cycle acknowledges, understands and agrees that, in connection with and as a condition precedent to entry upon the Land, Pure Cycle and each of Pure Cycle's Representatives entering onto the Land shall carry comprehensive general liability insurance with a combined single limit with respect to each occurrence in an amount of not less than \$1,000,000 and \$2,000,000 in the aggregate, insuring all activities and conduct of Pure Cycle and Pure Cycle's Representatives while exercising such right of access and naming each of Debtor and the Bank as an additional insured. Pure Cycle represents and warrants that it carries commercial general liability insurance with contractual liability endorsement, with a combined single limit with respect to each occurrence in an amount of not less than \$1,000,000 and \$2,000,000 in the aggregate, which insures Pure Cycle's indemnity obligations hereunder, and will provide Debtor and the Bank with written evidence of same prior to entry on the Land. Pure Cycle shall promptly restore any physical damage or alteration of the physical condition of the Land which is caused by any environmental inspections or activities conducted by Pure Cycle or Pure Cycle's Representatives (provided, however, that the foregoing shall not be deemed to allow Pure Cycle to undertake any physically invasive activities on the Land without first obtaining the express written consent of each of the Debtor and the Bank), at Pure Cycle's sole cost and expense and in strict accordance with all requirements of applicable law.

4. Indemnification. Pure Cycle hereby undertakes and agrees (which agreement shall survive any purchase of the Loan Documents by Pure Cycle or termination of the Loan Sale Agreement) to indemnify, defend, and hold Bank and Debtor and their respective officers, directors, owners, employees, agents and representatives, free and harmless from any loss, injury, damage, claim, lien, cost or expense, including attorneys' fees and costs, resulting from any entry upon the Land by Pure Cycle or Pure Cycle's Representatives and any environmental tests or inspections conducted on the Land by Pure Cycle or any of Pure Cycle's Representatives, provided, however, that the foregoing shall not be deemed to allow Pure Cycle to undertake any physically invasive testing on the Land without first obtaining the express written consent of each of the Debtor and the Bank.

5. No Liens. Pure Cycle shall keep the Land free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Pure Cycle or Pure Cycle's Representatives with respect to any environmental inspection or testing of the Land (a "*Lien Claim*"), provided, however, that the foregoing shall not be deemed to allow Pure Cycle to undertake any physically invasive testing on the Land without first obtaining the express written consent of each of the Debtor and the Bank. If any such a Lien Claim at any time shall be filed, Pure Cycle shall cause the same to be discharged of record within thirty (30) days after knowledge by Pure Cycle thereof by satisfying the same or, if Pure Cycle, in its discretion and in good faith determines that such Lien Claim should be contested, by obtaining a bond or providing a cash escrow acceptable to Bank and Debtor in an amount not less than 150% of the maximum amount of such Lien Claim, including possible interest that may accrue on the same. Failure by Pure Cycle to discharge such Lien Claim or obtain and provide to Bank and Debtor such bond or cash escrow within the thirty (30) day said period shall be a breach of this Agreement.

6. No Representations. Pure Cycle acknowledges and agrees that neither Bank, Debtor nor any of their respective agents, attorneys, officers, employees or contractors have made any representations or warranties regarding the Land or the truth, accuracy or completeness of any documentation relating to the Land, and that the Bank has provided such documentation to Pure Cycle solely as an accommodation to Pure Cycle, and that neither of Bank nor Debtor has undertaken any independent investigation as to the truth, accuracy or completeness thereof.

7. Damage to Land; Restoration and Indemnification Obligations. If and to the extent Pure Cycle or any of Pure Cycle' Representatives shall cause any damage to the Land during the performance of any environmental tests and inspections of the Land (provided, however, that the foregoing shall not be deemed to allow Pure Cycle to undertake any physically invasive tests of the Land without first obtaining the express written consent of each of the Debtor and the Bank), Pure Cycle undertakes and agrees to restore the Land to as near as may be possible to the condition it existed prior to the occurrence of such damage. Pure Cycle hereby undertakes and agrees to indemnify, defend and hold Bank, Debtor and their respective officers, directors, owners, employees, agents, representatives and employees harmless from any claim, loss, cost, expense, liability, damage, loss or injury, including reasonable attorneys' fees, caused by Pure Cycle and any of the Pure Cycle' Representatives arising out of or related to such entry upon the Land including, without limitation, any damage or injury caused by Pure Cycle and Pure Cycle' Representatives in performing said environmental tests and inspections and any failure of Pure Cycle to perform its restoration obligations (provided, however, that the foregoing shall not be deemed to allow Pure Cycle to undertake any physically invasive tests of the Land without first obtaining the express written consent of each of the Debtor and the Bank). Neither Pure Cycle nor any of Pure Cycle' Representatives shall conduct or perform any drilling, boring, digging, excavation, tests pits or any other physically invasive testing of the Land, or otherwise disturb any portion of the Land, without in each case first obtaining the express written consent of the Bank and the Debtor at least 48 hours in advance of any such work.

8. Survival. The duties, undertakings and obligations of Pure Cycle under this Agreement shall survive and continue in full force and effect following any purchase of the Loan Documents by Pure Cycle, the termination of the Loan Sale Agreement and/or the termination or revocation of this Agreement.

9. Disclaimer — Inspection Materials. Pure Cycle acknowledges and agrees that any engineering reports, architectural reports, feasibility reports, marketing reports, soils reports, environmental reports, analyses or data or other similar reports, analyses, data or information of whatever type or kind and any other information which Pure Cycle has received or may hereafter receive from Bank or Debtor or their respective officers, employees, agents, attorneys, agents or representatives relating to the Land (collectively, "*Property Documentation*") were and are furnished to Pure Cycle solely as an accommodation, and without representation or warranty of any kind or nature and on the express condition that Pure Cycle has performed or will perform its own independent verification of the accuracy, reliability and completeness of such information and that Pure Cycle will not rely thereon. Pure Cycle hereby fully and forever releases, acquits and discharges Bank and Debtor and their respective officers, directors, owners, employees, attorneys, agents or representatives of and from any claims, actions, causes of action, proceedings or liability, whether known or unknown, arising from the inaccuracy, unreliability or incompleteness of, or any defect, or mistake in any of the Property Documentation. Pure Cycle acknowledges and agrees that the terms of this paragraph 10 shall survive and continue in full force and effect following any purchase of the Loan Documents by Pure Cycle, the termination of the Loan Sale Agreement and/or the termination or revocation of this Agreement.

10. Default.

A. If Pure Cycle should default or breach its obligations to be performed by Pure Cycle under this Agreement, Debtor may terminate this Agreement by written notice of termination to Pure Cycle and Bank and Debtor shall be entitled to pursue any remedies available at law or in equity. In the event that this Agreement shall be so terminated, Pure Cycle shall have no rights or interests in or to the Land arising out of this Agreement. Notwithstanding any such termination, all of the those provisions of this Agreement which by their express terms are intended to survive termination of this Agreement shall survive such termination and remain in full force and effect.

B. If Debtor shall default or breach its obligations to be performed by Debtor under this Agreement, Pure Cycle shall be entitled, as its sole and exclusive remedy hereunder, to enforce the terms of this Agreement by injunctive relief. Pure Cycle hereby expressly waives any right to sue Debtor and the Bank for any money damages (including consequential, punitive or special damages) for any default by Debtor hereunder, either before or after the occurrence of any purchase of the Loan Documents by Pure Cycle, the termination of the Loan Sale Agreement and/or the termination or revocation of this Agreement.

11. Entire Agreement. It is understood and agreed that all understandings and agreements heretofore had between the Parties with respect to the subject matter hereof are merged into this Agreement and the exhibits annexed hereto and the instruments and documents referred to herein, which alone fully and completely express their agreements, and that neither Party is relying upon any statement or representation, not embodied in this Agreement, made by the other. Each Party expressly acknowledges that, except as expressly provided in this Agreement, the other Party and the agents and representatives of the other Party have not made, and the other Party is not liable for or bound in any manner by, any express or implied warranties, guaranties, promises, statements, inducements, representations or information pertaining to the transactions contemplated hereby.

12. No Assignment. No assignment of this Agreement or of any right, benefit, privilege or obligation under this Agreement shall be made by any Party without the prior written consent of the non-assigning Party.

13. Third Party Beneficiary. With the exception of the Bank, who is and shall be a third party beneficiary of this Agreement, no person or entity not a direct party to this Agreement, including, without limitation, any employee, customer, vendor, independent contractor, consultant, lender, creditor or supplier of Pure Cycle, shall derive any rights hereunder or be construed to be a third party beneficiary hereof.

14. Waiver of Provisions. The terms, covenants and conditions of this Agreement may be waived only by a written instrument executed by the Party waiving compliance. The failure of any Party at any time to require performance of any provision hereof shall, in no manner, affect the right at a later date to enforce the same. No waiver by any Party of any condition, contingency, or breach of any provision, term, covenant or warranty contained in this Agreement, whether by conduct or otherwise, shall be deemed to be or construed as a further or continuing waiver of any such condition, contingency or of the breach of any other provisions, term, covenant or warranty of this Agreement.

15. Costs of Enforcement. In the event of a default by either Party of its obligations under this Agreement, the prevailing Party in any action or proceeding in any court in connection therewith shall be entitled to recover from such other Party its costs and expenses, including reasonable legal fees and associated court costs.

16. Captions. Captions, titles and headings to articles, sections, or paragraphs in this Agreement are inserted for convenience of reference only and are not intended to affect the interpretation or construction of this Agreement.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

18. Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing to the address or addresses set forth below and shall be deemed given when received if served personally, or if delivered by overnight courier service, the day after delivery to such service if overnight delivery is so designated, or if mailed by registered or certified mail, return receipt requested, the third business day after being so mailed, as follows:

If to Debtor:

Sky Ranch, LLC

Attention: _____

Phone: (____) ____-____

Fax: (____) ____-____

With a copy to:

David B. Yelin, Esq.
Duane Morris LLP
190 South LaSalle Street, Suite 3700
Chicago, Illinois 60603
Phone: (312) 499-6700
Fax: (312) 466-6701

If to Pure Cycle:

Pure Cycle Corporation
Attention: Mark Harding
President and Chief Executive Officer
500 East 8th Avenue, Suite No. 201
Denver, Colorado 80203
Phone: (303) 292-3456
Fax: (303) 292-3475

With a copy to:

Mark A. Senn, Esq.
Senn Visciano Rosenstein, P.C.
1801 California Street, Suite 4300
Denver, Colorado 80202-2604
Phone: (303)
Fax: (303)

Any Party may change its address for purposes of this Paragraph 18 by giving the other Parties written notice of the new address in the manner set forth above. If any notice is tendered to an addressee in accordance with this Paragraph and delivery thereof is refused by such addressee, such notice shall be effective upon such tender unless expressly set forth in such notice.

19. Counterparts. It is understood and agreed that this Agreement may be executed in several counterparts, each of which, for all purposes, shall be deemed to constitute an original and all of which counterparts, when taken together, shall be deemed to constitute one and the same agreement, even though all of the Parties may not have executed the same counterpart.

20. Limitation on Debtor's Liability. Any liability of Debtor under this Agreement shall be limited solely and exclusively to its interest in the Land, and in no event shall any personal liability be asserted against Debtor or any of its officers, directors, owners, employees, attorneys, agents or representatives in connection with this Agreement nor shall any recourse be had to any other Land or assets of Borrower or Debtor. Pure Cycle acknowledges and agrees that no agent or other individual or entity having an interest in Debtor shall have any personal liability for the performance of any of the terms, covenants or conditions to be performed by Debtor under this Agreement, and Pure Cycle agrees that no personal liability shall be asserted against any such parties.

*The remainder of this page is intentionally left blank;
Signatures appear on the following page*

IN WITNESS WHEREOF, the undersigned have executed this License Agreement as of the day and year first above written.

PURE CYCLE CORPORATION,
a Colorado corporation

By: /s/ Mark Harding
Name: Mark Harding
Title: President

SKY RANCH, LLC,
a Colorado limited liability company

By: _____
Name: _____
Title: _____

ESCROW AGREEMENT
(Escrow No. 210028477)

THIS ESCROW AGREEMENT (this “**Escrow Agreement**”) is made and entered into as of this 30th day of July, 2010, by and among BANK OF AMERICA, N.A., national association (“**Bank**”), PURE CYCLE CORPORATION, a Colorado corporation (“**Buyer**”), and CHICAGO TITLE AND TRUST COMPANY (the “**Escrow Agent**”).

RECITALS

A. The Bank and Buyer have entered into a Loan Sale and Assignment Agreement dated as of July 30, 2010 (the “**Loan Sale Agreement**”) relating to the proposed sale and purchase of the loan of Sky Ranch, LLC, a Colorado limited liability company, which indebtedness is currently owed to the Bank (the “**Loan Sale**”), subject to the terms and conditions set forth therein.

B. The parties desire to enter into this Escrow Agreement to provide for the holding and disposition of the Earnest Money under the Loan Sale Agreement.

C. Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. Escrow Funds. Pursuant to the Loan Sale Agreement, Purchaser has delivered to Escrow Agent by wire transfer funds in the amount of Seven Hundred Thousand Dollars (\$700,000.00) (the “**Earnest Money**”).

2. Refund Process: Objection to Refund Buyer may deliver to Escrow Agent a notice requesting a return of the Earnest Money (a “**Refund Notice**”) if Buyer terminates the Loan Sale Agreement prior to 5:00 p.m. (Eastern time) on or before **September 30, 2010** in accordance with the terms and conditions of the Loan Sale Agreement which allows Buyer to do so. In the event that Buyer shall deliver to Escrow Agent a Refund Notice, Escrow Agent shall, within one (1) Business Day after receipt of such Refund Notice, give written notice to the Bank together with a copy of the Refund Notice, in accordance with the notice provisions set forth in Section 15 hereof. If within a period of five (5) business days following Escrow Agent’s delivery of a copy of the Refund Notice to the Bank (the “**Notice Period**”), Escrow Agent does not receive a notice from the Bank objecting to the refund of the Earnest Money to Buyer (an “**Objection Notice**”), then, on the first business day following the Notice Period, Escrow Agent shall deliver to Buyer the Earnest Money, less the Escrow Agent’s customary escrow fee, and this Escrow Agreement shall terminate. If the Bank delivers an Objection Notice to Escrow Agent, the Bank shall simultaneously deliver to Buyer a copy of such Objection Notice, which shall set forth in reasonable detail the grounds for the objection. If Escrow Agent receives a timely Objection Notice from the Bank, Escrow Agent shall not deliver the Earnest Money to Buyer, but shall continue to hold the Earnest Money pursuant to the terms of this Escrow Agreement until such time as Escrow Agent receives either joint written instructions from Buyer and the Bank or a court order issued by a court of competent jurisdiction directing the disposition

of the Earnest Money. Following the delivery of an Objection Notice to Escrow Agent, Escrow Agent is hereby authorized and directed to ignore any unilateral demands, notices or requests for disposition of the Earnest Money. Failure of the Bank to respond to a Refund Notice on or before the end of the Notice Period shall be deemed to mean that the Bank does not object to the delivery to Buyer of the Earnest Money and all interest earned thereon.

3. Payment to Bank. The Bank may deliver to Escrow Agent a notice demanding that the Earnest Money or applicable portion thereof be paid to the Bank if (A) Buyer fails to close under the terms of the Loan Sale Agreement, or (B) the Bank is entitled under the terms of the Loan Sale Agreement to withhold the refund to Buyer of all or any portion of the Earnest Money, in such event, the notice and objection periods provided in Section 2 shall apply.

4. Other Demand for Payment. Except as expressly provided in Paragraphs 2 or 3 above, in the event that either party makes a written demand upon the Title Company for payment of the Earnest Money, Escrow Agent shall, within one (1) Business Day after receipt of such demand, give written notice to the other party together with a copy of such demand, pursuant to the notice provisions set forth in Section 15 hereof. If Escrow Agent does not receive a written objection within five (5) business days after the giving of such notice, Escrow Agent is hereby authorized to make such payment. If Escrow Agent does receive such written objection within such five (5) business day period, Escrow Agent shall continue to hold the Earnest Money until otherwise directed by joint written instructions from the Bank and Buyer or a court order from a court of competent jurisdiction directing the disposition of the Earnest Money.

5. Limitation Of Duties Of Escrow Agent. Escrow Agent shall have no duties or responsibilities other than those expressly set forth herein. Escrow Agent shall have no duty to enforce any obligation of any person to make any delivery or to enforce any obligation of any person to perform any other act. Escrow Agent shall be under no liability to the other parties hereto or to anyone else by reason of any failure on the part of any party hereto or any maker, guarantor, endorser or other signatory of any document or any other person to perform such person's obligations under any such document. Except for amendments to these Instructions hereinafter referred to and except for joint instructions given to Escrow Agent by the parties hereto, Escrow Agent shall not be obligated to recognize any agreement between any or all of the persons referred to herein. It is understood and agreed that the duties of Escrow Agent are purely ministerial in nature. Escrow Agent shall not be liable to the other parties hereto or to anyone else for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith and in the exercise of reasonable judgment, except for acts of willful misconduct or gross negligence. Escrow Agent may rely conclusively and shall be protected in acting upon any order, notice, demand, certificate, opinion or advice of counsel (including counsel chosen by Escrow Agent), statement, instrument, report or other paper or document (not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained) which is reasonably believed by Escrow Agent to be genuine and to be signed or presented by the proper person or persons. Except as specifically set forth herein, Escrow Agent shall not be bound by any notice or demand, or any waiver, modification, termination or rescission of this Escrow Agreement or any of the terms hereof, unless evidenced by a final judgment or decree of a court of competent jurisdiction in the State of Illinois or a Federal court in such State, or a writing delivered to Escrow Agent signed by the proper party or parties and, if the duties or rights of Escrow Agent are affected, unless it shall give its prior written consent thereto.

6. Disclaimer Re: Validity of Documentation. In its capacity as Escrow Agent, Escrow Agent shall not be responsible for the genuineness or validity of any security, instrument, document or item deposited with it and shall have no responsibility other than to faithfully follow the instructions contained herein, and shall not be responsible for the validity or enforceability of any security interest of any party and it is fully protected in acting in accordance with any written instrument given to it hereunder by any of the parties hereto and reasonably believed by Escrow Agent to have been signed by the proper person. Escrow Agent may assume that any person purporting to give any notice hereunder has been duly authorized to do so.

7. Resignation of Escrow Agent. Escrow Agent may resign as Escrow Agent hereunder upon giving thirty (30) days' prior written notice to that effect to each of the parties to these Instructions. In such event, the successor Escrow Agent shall be selected and approved by the parties hereto, which approval will not be unreasonably withheld or unduly delayed. Such party that will no longer be serving as Escrow Agent shall deliver, against receipt, to such successor Escrow Agent, the Earnest Money, if any, held by such party, to be held by such successor Escrow Agent pursuant to the terms and provisions of this Escrow Agreement. If no such successor has been designated on or before the effective date of such party's resignation, the current Escrow Agent shall continue until such successor is appointed; provided, however, its sole obligation thereafter shall be to safely keep all documents and instruments then held by it and to deliver the same to the person, firm or corporation designated as its successor or until directed by a final order or judgment of a court of competent jurisdiction in the State of Illinois or a Federal court in such State, whereupon Escrow Agent shall make disposition thereof in accordance with such order or judgment. If no successor Escrow Agent is designated and qualified within thirty (30) days after Escrow Agent's resignation is effective, such party that will no longer be serving as Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent.

8. Investment. Deposits made pursuant to this Escrow Agreement may be invested on behalf of any party or parties hereto in a federally insured account: provided, that any direction to Escrow Agent for such investment shall be expressed in writing and contain the consent of all other parties to this escrow, and also provided that Escrow Agent is in receipt of the taxpayer's identification number and investment forms as required. Escrow Agent will, upon request, furnish information concerning its procedures and fee schedules for investment. In the event the Escrow Agent is requested to invest deposits hereunder, Chicago Title and Trust Company shall not be held responsible for any loss of principal or interest which may be incurred as a result of making the investment or redeeming said investment for the purposes of this Escrow Agreement.

9. Direction Not to Invest/Right to Commingle Except as to deposits of funds for which Escrow Agent has received express written direction concerning investment or other handling, the parties hereto direct the Escrow Agent not to invest any funds deposited by the parties under the terms of this escrow and waive any rights which they may have under Section 2-8 of the Corporate Fiduciary Act (205 ILCS 620/2-8) to receive interest on funds deposited

hereunder. In the absence of an authorized direction to invest funds, the parties hereto agree that Escrow Agent shall be under no duty to invest or reinvest any such funds at any time held by it hereunder; and further, that Escrow Agent may commingle such deposits with other deposits or with its own funds in the manner provided for the administration of funds under Section 2-8 of the Corporate Fiduciary Act (205 ILCS 620/2-8) and may use any part or all such funds for its own benefit without obligation to any party for interest or earnings derived thereby, if any. Provided, however, nothing herein shall diminish Escrow Agent's obligation to apply the full amount of the deposits in accordance with the terms of this Escrow Agreement.

10. Business Day. Whenever under the terms and provisions of this Escrow Agreement the time for performance of a condition falls upon a Saturday, Sunday, or holiday, such time for performance shall be extended to the next business day.

11. Agreements. The parties have heretofore entered into the Loan Sale Agreement (as defined above) pertaining to the Loan Sale transaction. This Escrow Agreement shall not supersede the terms and provisions contained in the Loan Sale Agreement and in the event of a conflict, the terms and provisions contained in the Loan Sale Agreement shall govern and prevail. It is agreed by the parties hereto that Escrow Agent is not to be considered a party to said Loan Sale Agreement; the Loan Sale Agreement is not to be construed as a part of these Instructions. It is agreed, however, by the parties hereto that the Escrow Agent shall be governed solely by the terms and provisions contained in these Instructions.

12. Governing Law. This Escrow Agreement are governed by and are to be construed under the laws of the State of Illinois.

13. Reimbursement of Expenses. The Escrow Agent shall be reimbursed by Buyer for any reasonable expenses incurred by it hereunder, including the reasonable fees of any attorneys that it may wish to consult in connection with the performance of its duties hereunder. Such compensation and expenses shall be paid and reimbursed to the Escrow Agent solely by the Buyer. The Bank shall not be obligated to pay, reimburse or contribute to any portion of the Escrow Agent's fees, compensation or expenses.

14. Disputes. In the event of a dispute between any of the parties hereto as to their respective rights and interests hereunder, the Escrow Agent shall be entitled to hold any and all cash then in its possession or under its control hereunder until such dispute shall have been resolved by the parties in dispute and the Escrow Agent shall have been notified by instrument jointly signed by all of the parties in dispute, or until such dispute shall have been finally adjudicated by a court of competent jurisdiction.

15. Notices. Any notice, demand, request or other communication or delivery which either party hereto may be required or may desire to give under this Escrow Agreement shall be in writing and shall be deemed to have been properly given only if (a) hand delivered (effective upon delivery), (b) sent by a nationally recognized overnight delivery service (effective one (1) business day after delivery to such courier for overnight service), (c) sent by facsimile between 9:00 a.m. and 5:00 p.m. Eastern time on a business day (effective upon confirmation of transmission provided the same is followed up by an overnight courier delivery), in each case, prepaid and addressed as follows, or to such other or additional addresses as either party might designate by written notice to the other party in accordance with the notice provisions hereof:

If to Escrow Agent: Chicago Title Insurance Company
171 North Clark Street
Chicago, Illinois 60601
Attn: Donna Adelman
Telephone: (312) 223-2731

If to the Bank: Traci Craig
Bank of America NA
101 E. Kennedy Blvd. 10th Floor
Tampa, Florida 33602
MC: FL1-400-10-07
Telephone: 813-225-8478
Fascimile: 813-225-8327

With a copy to:

Duane Morris LLP
190 South LaSalle Street
Suite 3700
Chicago, Illinois 60603
Attn: David B. Yelin, Esq.

If to Buyer: Pure Cycle Corporation
Attention: Mark Harding,
President and Chief Executive Officer
500 East 8th Avenue, Suite No. 201
Denver, Colorado 80203
Phone: (303) 292-3456
Fax: (303) 292-3475

With a copy to:

Senn Visciano Rosenstein P.C.
1801 California Street, Suite 4300
Denver, Colorado 80202-2604
Attention Mark A. Senn, Esq.
Phone: (303) 298-1122
Fax: (303) 296-9101

16. Escrow Agent Acceptance. The Escrow Agent hereby consents and agrees to all of the provisions hereof, and agrees to accept, as Escrow Agent hereunder, all cash and documents deposited hereunder, and agrees to hold and dispose of said cash and documents deposited hereunder in accordance with the terms and provisions hereof.

17. Successors and Assigns. This Escrow Agreement and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

18. Counterpart Execution. This Escrow Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

19. Facsimile or Photocopy Signatures. A facsimile or photocopy signature on this Escrow Agreement, any amendment hereto or any notice delivered hereunder shall have the same legal effect as an original signature.

[Signatures on Following Page.]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed the day and year first above written.

BANK:

BANK OF AMERICA, N.A.,
a national banking association

By: /s/ Traci Craig
Traci Craig, Vice President

BUYER:

PURE CYCLE CORPORATION,
a Colorado corporation

By: /s/ Mark Harding
Mark Harding
President and Chief Executive Officer
500 East 8th Avenue
Suite 201
Denver, Colorado 80203
Phone: (303) 292-3456
Fax: (303) 292-3475

ESCROW AGENT:

CHICAGO TITLE AND TRUST COMPANY

By: _____
Its: Authorized Agent

Pure Cycle to Acquire Sky Ranch Property

Denver, Colorado – August 4, 2010 – Pure Cycle Corporation (NASDAQ Capital Market: PCYO) announced effective July 30, 2010, it has entered into an agreement which will allow it to acquire the 931-acre Sky Ranch Property for \$7.0 million in cash. The transaction is expected to close within 60 days; however, we can terminate the agreement for any reason during this 60 day period if we so chose.

In 2003 and 2004, we entered into two water service agreements and a groundwater purchase agreement with the developer of Sky Ranch. However, the developer entered into bankruptcy in 2007, which resulted in uncertainty regarding these agreements. Mark Harding, the President and CEO of Pure Cycle, stated that “by acquiring the property we remove the uncertainties created by the bankruptcy and ensure that we are the water provider to the property once it is developed.” Mr. Harding further commented that “in addition to solidifying our existing water service agreements, this acquisition expands our opportunity to include wastewater service to the property, allows us to complete our acquisition of the water rights at Sky Ranch, and facilitates our use of highly treated wastewater effluent, distributed through a dedicated reclaimed water distribution system, to meet outdoor irrigation demands. The inclusion of wastewater will enable us to implement our environmentally sensitive water recycling operations reusing highly treated effluent water supplies distributed through a dedicated water distribution system to provide water for outdoor irrigation demands. Protecting, using and reusing Colorado’s valuable water resources, demonstrates our commitment to environmentally responsible stewardship over this scarce and limited resource.” As the owner of both the property and the water rights which will be used to provide services to the property when it is developed, we have positioned ourselves to offer developers an integrated, cost effective and ready for development package, and thus Sky Ranch represents an important strategic acquisition for us. We believe we have secured private financing for this acquisition. The terms of such financing will be announced once finalized.

About Sky Ranch

Sky Ranch is located in Arapahoe County, Colorado directly adjacent to I-70, approximately 16 miles east of Downtown Denver, 4 miles north of the Lowry Range, and 4 miles south of Denver International Airport. Sky Ranch has been zoned for residential, commercial and retail uses and may include up to 4,850 single family equivalent units. Current development plans anticipate entry level housing (houses costing less than \$300,000). The water and wastewater utilities at Sky Ranch are anticipated to generate approximately \$132.8 million in tap fee revenue and approximately \$6 million annually in service fee revenue upon completion of development (based on current tap fees and usage charges). We do not anticipate developing the property ourselves. Rather we plan to partner with national home builders/developers to provide them with competitively priced lots that are ready for development together with affordable, sustainable, environmentally sound water and wastewater services. With a land acquisition price of approximately \$1,400 per entitled lot, we believe this property is well positioned to offer affordable land and utilities to home builders and developers looking to construct entry level houses. Although we do not know exactly when this property will develop, land development experts believe the entry level housing market will be the first product to rebound in the Denver metropolitan area.

Exhibit 99.1

We will host a conference call to discuss this acquisition on August 5, 2010 at 10:00 AM Mountain (12:00 PM Eastern). The call in number is (877) 377-7104, which will be webcast on our website, and we will have a slide presentation available at www.purecyclewater.com.

Company Information

Pure Cycle owns water assets in multiple river basins in the State of Colorado as well as in certain aquifers in the Denver 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.purecyclewater.com, or you may contact our President, Mark W. Harding, at 303-292-3456.