

Securities and Exchange Commission
Washington, D.C. 20549

Form 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 1999

TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE
EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 0-8814

PURE CYCLE CORPORATION

(Exact name of small business issuer as specified in its charter)

Delaware
(State of incorporation)

84-0705083
(I.R.S. Employer
Identification Number)

5650 York Street, Commerce City, CO
(Address of principal executive offices)

80022
(Zip Code)

Registrant's telephone number (303) 292 - 3456

N/A

(Former name, former address and former fiscal year, if changed since last report.)

Check whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [x]; NO []

State the number of shares outstanding of each of the issuer's classes of common equity, as of November 30, 1999:

Common Stock, 1/3 of \$.01 par Value (Class)	78,439,763 (Number of Shares)
---	----------------------------------

Transitional Small business Disclosure Format (Check one): Yes []; No [x]

Page

PURE CYCLE CORPORATION
INDEX TO NOVEMBER 30, 1999 FORM 10-QSB

Part I - Financial Information (unaudited)

Balance Sheets - November 30, 1999 and 3
August 31, 1999

Statements of Operations - For the three months 4
ended November 30, 1999 and 1998

Statements of Cash Flows - For the three months 5
ended November 30, 1999 and 1998

Notes to Financial Statements 6

Management's Discussion and Analysis of 7
Results of Operations and Financial Condition

Signature Page 8

Statements that are not historical facts contained in this Quarterly Report on Form 10-QSB are forward looking statements that involve risk and uncertainties that could cause actual results to differ from projected results. Factors that could cause actual results to differ materially include, among others: general economic conditions, the market price of water, changes in applicable statutory and regulatory requirements, changes in technology, uncertainties in the estimation of water available under decrees and timing of development, the strength and financial resources of the Company's competitors, the Company's ability to find and retain skilled personnel, climatic conditions, labor relations, availability and cost of material and equipment, delays in the anticipated permit and start-up dates, environmental risks, and the results of financing efforts.

Page

PURE CYCLE CORPORATION
BALANCE SHEETS
(unaudited)

ASSETS	November 30 1999	August 31 1999
Current assets:		
Cash and cash equivalents	\$ 930,604	\$ 981,025
Accounts Receivable	--	6,106
Prepaid expenses and other current assets	11,259	11,259
Total current assets	941,863	998,390
Investment in water and systems:		
Rangeview water supply	13,300,938	13,282,485
Paradise water supply	5,482,303	5,482,303
Rangeview Water System	126,611	126,611
Total investment in water and systems	18,909,852	18,891,208
Note receivable, including accrued interest	327,670	321,794
Other assets	1,441	22,596
	\$ 20,180,826	\$ 20,234,179
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	--	55,915
Billings in excess of costs and estimated earnings (Note 2)	583,267	895,379
Accrued liabilities	168,972	25,810
Total current liabilities	752,239	977,104
Long-term debt - related parties, including accrued interest	4,079,726	4,021,177
Other non-current liabilities	128,123	128,123
Participating interests in Rangeview water supply	11,090,630	11,090,630
Stockholders' equity:		
Preferred stock, par value \$.001 per share; authorized - 25,000,000 shares:		
Series A1 - 1,600,000 shares issued and outstanding	1,600	1,600
Series B - 432,514 shares issued and outstanding	433	433
Series C - 3,200,000 shares issued and outstanding	3,200	3,200
Series C1 - 500,000 shares issued and outstanding	500	500
Series C2 - 666,667 shares issued and outstanding	667	--
Common stock, par value 1/3 of \$.01 per share; authorized - 135,000,000 shares; 78,439,763 shares issued and outstanding	261,584	261,584
Additional paid-in capital	24,335,577	24,216,244
Accumulated deficit	(20,473,453)	(20,466,416)
Total stockholders' equity	4,130,108	4,017,145
	\$ 20,180,826	\$ 20,234,179

See Accompanying Notes to the Financial Statements

3

Page

PURE CYCLE CORPORATION
STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	November 30 1999	November 30 1998
Water service revenue		
Tap fees	\$ --	\$ --
Water usage fees	6,871	6,371
Water construction revenue	312,112	--
	318,983	6,371
Construction costs incurred (Note 2)	(242,066)	--
Water service operating expense	(1,300)	(1,200)
Gross Margin	75,617	5,171
General and administrative expense	(55,975)	(59,404)
Other income (expense):		
Interest income	16,496	11,045
Interest expense:		
Related parties	(58,549)	(50,045)
Other	15,374	(1,785)
Net Loss	\$ (7,037)	\$ (95,018)
Loss per common share	\$ --*	\$ --*
Weighted average common shares outstanding	78,439,763	78,439,763
* less than \$.01 per share		

See Accompanying Notes to the Financial Statements

4

Page

PURE CYCLE CORPORATION
STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended	
	November 30 1999	November 30 1998
Cash flows from operating activities:		
Net loss	\$ (7,037)	\$ (95,018)
Adjustments to reconcile net loss to net cash provided by in operating activities:		
Depreciation and amortization	--	287

Disposal of other assets	21,155	--
Increase in accrued interest on note receivable	(5,876)	(16,876)
Increase in accrued interest on long term debt and other non-current liabilities	58,549	51,830
Changes in operating assets and liabilities:		
Accounts receivable	6,106	--
Accounts payable and accrued liabilities	87,247	541
Billings in excess of costs and estimated earnings	(312,112)	459,800
Net cash provided by (used in) operating activities	(151,968)	400,564
Cash flows from investing activities:		
Investments in water supply	(18,453)	(29,368)
Investment in Rangeview water system	--	(15,056)
Net cash used in investing activities	(18,453)	(44,424)
Cash flows from financing activities:		
Proceeds from sale of common stock	120,000	--
Net cash provided by financing activities	120,000	--
Net increase (decrease) in cash and cash equivalents	(50,421)	356,140
Cash and cash equivalents beginning of period	981,025	423,027
Cash and cash equivalents end of period	\$ 930,604	\$ 779,167

See Accompanying Notes to the Financial Statements

5

Page

PURE CYCLE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING PRINCIPLES

The balance sheet as of November 30, 1999 and August 31, 1999, the statements of operations for the three months ended November 30, 1999 and 1998 and the statements of cash flows for the three months ended November 30, 1999 and 1998, have been prepared by the Company, without an audit. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows at November 30, 1999 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's 1999 Annual Report on Form 10-KSB. The results of operations for interim periods presented are not necessarily indicative of the operating results for the full year.

NOTE 2 - CONSTRUCTION DEPOSITS

Pursuant to its Service Agreements, the Company is obligated to provide water and wastewater service to a 400 acre development which will include the construction of a 500-bed Academic Model Juvenile Facility ("Model Facility"). The Model Facility purchased the equivalent of 201 residential water taps at \$8,165 per tap (or \$1,641,165), and the equivalent of 156 residential wastewater taps at \$4,000 per tap (or \$624,000, collectively \$2,265,165). Pursuant to its Service Agreements, the Company received \$1,372,014 from the water tap fees during fiscal 1999, and will receive \$624,000 from the sewer tap fees upon the initiation of construction of the wastewater treatment facility scheduled for second quarter 2000 for a combined total of \$1,996,014. The company began construction of the water system in fiscal year 1999 and has incurred costs as of the end of the quarter ended November 30, 1999 of \$601,000 with the remaining portion of the water system currently under bonded contract for \$349,000 for a combined total of \$950,000. Projected costs for construction of the wastewater system

are \$600,000 or combined water and wastewater costs of \$1,550,000.

NOTE 3 - STOCKHOLDERS' EQUITY

In September 1999, the Company entered into a Plan of Recapitalization and a Stock Purchase Agreement whereby the Company issued 666,667 shares of Series C2 Convertible Preferred Stock to the Company's President, Mr. Thomas Clark, in exchange for 666,667 shares of common stock owned by Mr. Clark. The Series C2 Convertible Preferred Stock converts into an equivalent number of shares of Common stock at the election of Mr. Clark provided the Company has authorized and unissued shares of Common Stock available. The Company sold 666,667 shares of the Company's Common Stock at \$.18 per share to 3 accredited investors who have previously invested in the Company. Proceeds to the Company were \$120,000.

6

Page

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

General and administrative expenses for the three months ended November 30, 1999 were approximately \$3,429 lower than for the period ended November 30, 1998, primarily because of compensation expense. Net loss for the three months ended November 30, 1999 decreased approximately \$87,982 compared to the three month ended November 30, 1998 primarily because of the revenues recognized pursuant to the percentage-of-completion of the construction of the water and wastewater systems for the Model Facility.

During the three months ended November 30, 1999, the Company generated water service revenues of \$318,984 compared to \$6,371 for the period ended November 30, 1998 due primarily to the agreement with the Model Facility. The Company incurred construction costs of \$242,066 and has remaining construction deposits totaling \$583,267. The Company recognized revenues from construction based on percentage-of-completion methodology. As of the quarter ended November 30, 1999, construction of the water and wastewater facilities for the Model Facility were approximately 39% complete. During the quarter ended November 30, 1999, the Company delivered approximately 5.5 million gallons of water to customers in the Service Area generating revenues from water sales of \$6,871. The Company incurred approximately \$1,300 in operating costs associated with the water service revenues.

Liquidity and Capital Resources

At November 30, 1999, current assets exceed current liabilities by \$189,624 and, the Company had cash and cash equivalents of \$930,604.

The Company is aggressively pursuing the sale and development of its water rights. The Company cannot provide any assurances that it will be able to sell its water rights. In the event a sale of the Company's water rights is not forthcoming and the Company is not able to generate revenues from the sale or development of its technology, the Company may sell additional portions of the Company's profit interest pursuant to the Water Commercialization Agreement, incur short or long-term debt obligations or seek to sell additional shares of Common Stock, Preferred Stock or stock purchase warrants as deemed necessary by the Company to generate operating capital.

Development of any of the water rights that the Company has, or is seeking to acquire, will require substantial capital investment by the Company. Any such additional capital for the development of the water rights is anticipated to be financed through the sale of water taps and water delivery charges to a city or municipality. A water tap charge refers to a charge imposed by a municipality to permit a water user to access a water delivery system (i.e. a single-family home's tap into the municipal water system), and a water delivery charge refers to a water user's monthly water bill generally based on a per 1,000 gallons of water consumed.

<TABLE> <S> <C>

<ARTICLE>

5

<LEGEND>

THIS DOCUMENT CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED
FROM THE COMPANY'S 10-QSB DATED NOVEMBER 30, 1997 AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	AUG-31-1999
<PERIOD-END>	NOV-30-1999
<CASH>	930,604
<SECURITIES>	11,259
<RECEIVABLES>	0
<ALLOWANCES>	0
<INVENTORY>	0
<CURRENT-ASSETS>	941,863
<PP&E>	0
<DEPRECIATION>	0
<TOTAL-ASSETS>	20,180,826
<CURRENT-LIABILITIES>	752,239
<BONDS>	0
<COMMON>	261,584
<PREFERRED-MANDATORY>	0
<PREFERRED>	6,400
<OTHER-SE>	4,130,108
<TOTAL-LIABILITY-AND-EQUITY>	20,180,826
<SALES>	0
<TOTAL-REVENUES>	318,984
<CGS>	0
<TOTAL-COSTS>	243,366
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	58,549
<INCOME-PRETAX>	(7,036)
<INCOME-TAX>	0
<INCOME-CONTINUING>	(7,036)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(7,036)
<EPS-BASIC>	(0.01)
<EPS-DILUTED>	0

</TABLE>