



## FOURTH QUARTER & YEAR-END 2006 FINANCIAL SCHEDULES

### GEOMET, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
Gas sales	\$ 11,533	\$ 17,364	\$ 44,952	\$ 41,604
Gas marketing	8,015	-	13,043	-
Other fees and other	141	-	141	376
<b>Total Revenues</b>	<b>19,689</b>	<b>17,364</b>	<b>58,136</b>	<b>41,980</b>
Expenses:				
Purchased gas	7,923	-	12,899	-
Total production expenses	4,995	3,872	17,115	12,934
Depreciation, depletion and amortization	2,127	1,489	7,876	4,867
Research and development	15	70	129	608
General and administrative	2,399	931	6,807	3,208
Realized (gains) losses on derivative contracts	(723)	5,184	(1,118)	7,473
Unrealized (gains) losses on derivative contracts	(2,298)	(9,774)	(16,877)	12,059
<b>Total operating expenses</b>	<b>14,438</b>	<b>1,772</b>	<b>26,831</b>	<b>41,149</b>
Income (loss) from operations	5,251	15,592	31,305	831
Other expenses & interest, net	(760)	(1,339)	(3,106)	(3,839)
Income tax expense (benefit)	867	4,849	10,880	(993)
Net income (loss) before minority interest, net of income tax	3,624	9,404	17,319	(2,015)
Minority interest, net of income tax	10	-	23	(442)
<b>Net income (loss)</b>	<b>\$ 3,614</b>	<b>\$ 9,404</b>	<b>\$ 17,296</b>	<b>\$ (1,573)</b>
Net income (loss) per share - basic	\$ 0.09	\$ 0.34	\$ 0.49	\$ (0.06)
Net income (loss) per share - diluted	\$ 0.09	\$ 0.34	\$ 0.48	\$ (0.06)
Weighted average shares outstanding - basic	38,635	27,659	35,018	28,165
Weighted average shares outstanding - diluted:	39,414	27,659	35,964	28,165



## GEOMET, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Assets:		
Current assets	\$ 17,316	\$ 9,829
Properties and equipment, net	315,873	236,649
Other assets	2,006	1,431
Total assets	<u>\$ 335,195</u>	<u>\$ 247,909</u>
Liabilities and stockholders' equity		
Current liabilities	\$ 18,940	\$ 17,197
Long-term debt	60,832	99,926
Other long-term liabilities	45,415	35,364
Total liabilities	125,187	152,487
Total stockholders' equity	210,008	95,422
Total liabilities and stockholders' equity	<u>\$ 335,195</u>	<u>\$ 247,909</u>

## GEOMET, INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	<u>Twelve Months Ended December 31,</u>	
	<u>2006</u>	<u>2005</u>
Net cash provided by operating activities	\$ 21,472	\$ 12,433
Net cash used in investing activities	(78,669)	(59,661)
Net cash provided by financing activities	58,086	44,905
Effect of exchange rates changes on cash	(91)	(75)
Increase (decrease) in cash and cash equivalents	798	(2,398)
Cash and cash equivalents at beginning of period	616	3,014
Cash and cash equivalents at end of period	<u>\$ 1,414</u>	<u>\$ 616</u>



## GEOMET, INC. OPERATING STATISTICS

	Three Months Ended December 31,		Twelve Months Ended December 3	
	2006	2005	2006	2005
Net Sales Volume				
Total (Bcf)	1.7	1.3	6.2	4.6
Daily Average (Mcf)	18,780	14,287	17,064	12,585
Average natural gas price				
	\$ 6.68	\$ 13.21	\$ 7.22	\$ 9.06
Differential to NYMEX <sup>(1)</sup>	\$ 0.12	\$ 0.26	\$ 0.07	\$ 0.20
Average natural gas price - realized <sup>(2)</sup>				
	\$ 7.09	\$ 9.27	\$ 7.40	\$ 7.43
Expenses: (\$ per Mcf)				
Lease operating costs	\$ 1.97	\$ 1.88	\$ 1.86	\$ 1.89
Transportation costs	\$ 0.44	\$ 0.34	\$ 0.38	\$ 0.33
Compression costs	\$ 0.32	\$ 0.42	\$ 0.34	\$ 0.39
Production taxes	\$ 0.16	\$ 0.30	\$ 0.17	\$ 0.20
Total Production Costs	\$ 2.89	\$ 2.94	\$ 2.75	\$ 2.81

<sup>(1)</sup> The difference between the average natural gas price for the period, before the impact of hedging, and the final average settlement price for natural gas contracts on the New York Mercantile Exchange ("NYMEX") for each month during the applicable period weighted by gas sales volumes

<sup>(2)</sup> Average realized price includes the effects of realized gains or losses on derivative contracts



## GEOMET, INC. OPERATING STATISTICS Pond Creek Field

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
Net Sales Volume				
Total (Bcf)	1.1	0.8	3.8	2.9
Daily Average (Mcf)	11,534	9,073	10,531	8,007
Expenses: (\$ per Mcf)				
Lease operating costs	\$ 1.98	\$ 1.61	\$ 1.54	\$ 1.52
Transportation costs	\$ 0.72	\$ 0.54	\$ 0.62	\$ 0.52
Compression costs	\$ 0.35	\$ 0.45	\$ 0.36	\$ 0.43
Production taxes	\$ 0.02	\$ 0.03	\$ 0.02	\$ 0.03
Total Production Costs	\$ 3.07	\$ 2.63	\$ 2.54	\$ 2.50

## GEOMET, INC. OPERATING STATISTICS Gurnee Field

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
Net Sales Volume				
Total (Bcf)	0.6	0.4	2.0	1.2
Daily Average (Mcf)	6,133	3,975	5,343	3,238
Expenses: (\$ per Mcf)				
Lease operating costs	\$ 2.29	\$ 3.10	\$ 2.90	\$ 3.55
Transportation costs	\$ -	\$ -	\$ -	\$ -
Compression costs	\$ 0.33	\$ 0.46	\$ 0.38	\$ 0.43
Production taxes	\$ 0.40	\$ 0.78	\$ 0.40	\$ 0.54
Total Production Costs	\$ 3.02	\$ 4.34	\$ 3.68	\$ 4.52



## Geomet, Inc. Consolidated Hedge Position For Periods Subsequent to December 31, 2006

Period	Type	Volume MMBtu	Weighted Average Price per MMBtu			Swap Price
			Cap	Floor	Protection *	
Jan.-Mar. 2007	3 Way Collar	900,000	\$ 11.02	\$ 8.20	\$ 1.50	
Summer 2007	3 Way Collar	1,712,000	\$ 10.50	\$ 7.38	\$ 1.63	
Winter 2007 / 2008	3 Way Collar	1,216,000	\$ 14.80	\$ 9.00	\$ 3.00	
Summer 2008	3 Way Collar	1,712,000	\$ 10.50	\$ 7.00	\$ 2.00	
Summer 2007	Traditional	856,000	\$ 9.75	\$ 7.50	n/a	
Winter 2007 / 2008	Traditional	608,000	\$ 11.25	\$ 8.25	n/a	
Jan.-Mar. 2007	Swaps	360,000	n/a	n/a	n/a	\$ 7.75

Summer- April through October

Winter- November through March



**GeoMet, Inc.**  
**Reconciliation of EBITDA and ADJUSTED EBITDA to NET INCOME(LOSS)**  
**(\$000)**

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
Net Income (loss)	\$ 3,614	\$ 9,404	\$ 17,296	\$ (1,573)
Add: Interest expense, net of interest income and amounts capitalized	754	1,318	3,097	3,818
Add (Deduct): Other expense (income) loss	5	21	10	21
Add (Deduct): Expense (benefit) for income taxes	867	4,849	10,880	(993)
Add: Depreciation, depletion and amortization	2,127	1,490	7,876	4,867
Add: Minority interest	10	-	23	(442)
EBITDA	7,377	17,082	39,182	5,698
Add (Deduct): Unrealized losses (gains) on derivative contracts	(2,298)	(9,774)	(16,877)	12,059
Add: Stock based compensation	30	-	317	-
Add: Accretion expense	40	26	157	72
Adjusted EBITDA	\$ 5,149	\$ 7,334	\$ 22,779	\$ 17,829

The Table above reconciles net income (loss) to EBITDA and ADJUSTED EBITDA. EBITDA is defined as net income before net interest expense, other non-operating income or losses, income taxes, depreciation, depletion and amortization, and minority interest. ADJUSTED EBITDA is defined as EBITDA before unrealized losses (gains) on derivative contracts, stock-based compensation and accretion expense. Although EBITDA and ADJUSTED EBITDA are not measures of performance calculated in accordance with generally accepted accounting principles (GAAP), management believes that it is useful to GeoMet and to an investor in evaluating our company because it is a widely used measure to evaluate a company's operating performance.