

GEOMET, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2007	2006
Gas sales	\$ 11,848	\$ 12,311
Gas marketing	8,542	-
Other fees and other	292	-
Total Revenues	<u>20,682</u>	<u>12,311</u>
Expenses:		
Purchased gas	8,432	-
Total production expenses	5,162	4,186
Depreciation, depletion and amortization	2,075	1,834
Research and development	-	69
General and administrative	2,276	1,020
Realized (gains) losses on derivative contracts	(1,246)	596
Unrealized (gains) losses on derivative contracts	4,574	(9,074)
Total operating expenses	<u>21,273</u>	<u>(1,369)</u>
Income (loss) from operations	(591)	13,680
Other expenses & interest, net	(897)	(866)
Income tax expense (benefit)	(462)	5,651
Net income (loss)	<u>\$ (1,026)</u>	<u>\$ 7,163</u>
Net income (loss) per share - basic	\$ (0.03)	\$ 0.23
Net income (loss) per share - diluted	\$ (0.03)	\$ 0.22
Weighted average shares outstanding - basic	38,682	31,707
Weighted average shares outstanding - diluted	38,682	32,902

GEOMET, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	<u>March 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
Assets:		
Current assets	\$ 11,993	\$ 17,316
Properties and equipment, net	331,776	315,873
Other assets	995	2,006
Total assets	<u>\$ 344,764</u>	<u>\$ 335,195</u>
Liabilities and stockholders' equity		
Current liabilities	\$ 14,232	\$ 18,940
Long-term debt	74,816	60,832
Other long-term liabilities	46,462	45,415
Total liabilities	<u>135,510</u>	<u>125,187</u>
Total stockholders' equity	209,254	210,008
Total liabilities and stockholders' equity	<u>\$ 344,764</u>	<u>\$ 335,195</u>

GEOMET, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	<u>Three Months Ended March 31,</u>	
	<u>2007</u>	<u>2006</u>
Net cash provided by operating activities	\$ 3,982	\$ 10,504
Net cash used in investing activities	(18,078)	(13,037)
Net cash provided by financing activities	14,012	3,270
Effect of exchange rates changes on cash	(33)	(12)
Increase (decrease) in cash and cash equivalents	<u>(117)</u>	<u>725</u>
Cash and cash equivalents at beginning of period	1,414	615

GEOMET, INC.
OPERATING STATISTICS

	<u>Three Months Ended March 31,</u>	
	<u>2007</u>	<u>2006</u>
Net Sales Volume		
Total (Bcf)	1.7	1.4
Daily Average (Mcf)	18,954	15,071
Average natural gas price	\$ 6.95	\$ 9.08
Differential to NYMEX ⁽¹⁾	\$ 0.18	\$ 0.12
Average natural gas price - realized ⁽²⁾	\$ 7.68	\$ 8.64
Expenses (\$ per Mcf)		
Lease operating costs	\$ 1.98	\$ 2.09
Transportation costs	\$ 0.50	\$ 0.36
Compression costs	\$ 0.38	\$ 0.43
Production taxes	\$ 0.16	\$ 0.21
Total Production Costs	<u>\$ 3.02</u>	<u>\$ 3.09</u>

⁽¹⁾ 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

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

GEOMET, INC.
OPERATING STATISTICS
Pond Creek Field

	Three Months Ended March 31,	
	2007	2006
Net Sales Volume		
Total (Bcf)	1.1	0.9
Daily Average (Mcf)	11,850	9,661
Expenses (\$ per Mcf)		
Lease operating costs	\$ 1.67	\$ 1.59
Transportation costs	\$ 0.80	\$ 0.56
Compression costs	\$ 0.38	\$ 0.48
Production taxes	\$ 0.02	\$ 0.02
Total Production Costs	\$ 2.87	\$ 2.65

GEOMET, INC.
OPERATING STATISTICS
Gurnee Field

	Three Months Ended March 31,	
	2007	2006
Net Sales Volume		
Total (Bcf)	0.5	0.4
Daily Average (Mcf)	6,002	4,134
 Expenses (\$ per Mcf)		
Lease operating costs	\$ 2.93	\$ 3.92
Transportation costs	\$ -	\$ -
Compression costs	\$ 0.47	\$ 0.47
Production taxes	\$ 0.42	\$ 0.52
Total Production Costs	\$ 3.82	\$ 4.91

Geomet, Inc.
Consolidated Hedge Position
For Periods Subsequent to March 31, 2007

Three-Way Collars					
	Quantity	Cap	Floor	Floor Phase-out	Protection ⁽¹⁾
	MMBtu/mo.	\$/MMBtu	\$/MMBtu	\$/MMBtu	\$/MMBtu
Summer 2007	1,712,000	\$10.50	\$7.38	\$5.75	\$1.63
Winter 2007/2008	1,216,000	\$14.80	\$9.00	\$6.00	\$3.00
Summer 2008	1,712,000	\$10.50	\$7.00	\$5.00	\$2.00

Traditional Collars			
	Quantity	Cap	Floor
	MMBtu/mo.	\$/MMBtu	\$/MMBtu
Summer 2007	856,000	\$9.75	\$7.50
Winter 2007/2008	608,000	\$11.25	\$8.25

(1) Protection is the difference between the Floor (a bought put) and the Floor Phase-out (a sold put). This protection remains a constant and fixed price enhancement as prices decline below the Floor Phase-out.

Note: Summer - April through October and Winter - November through March

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

	Three Months Ended March 31,	
	2007	2006
Net Income (loss)	\$ (1,026)	\$ 7,163
Add: Interest expense, net of interest income and amounts capitalized	868	852
Add (Deduct): Other expense (income) loss	29	13
Add (Deduct): Expense (benefit) for income taxes	(462)	5,652
Add: Depreciation, depletion and amortization	2,075	1,834
	1,484	15,514
EBITDA		
Add (Deduct): Unrealized losses (gains) on derivative contracts	4,574	(9,074)
Add: Stock based compensation	81	103
Add: Accretion expense	51	85
Adjusted EBITDA	\$ 6,190	\$ 6,628

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.