GeoMet, Inc.
Form PREM14A
March 14, 2014
Table of Contents

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

x	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material under §240.14a-12

GeoMet, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o	No fee required.	
x	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.	
	(1)	Title of each class of securities to which transaction applies: Not applicable
	(2)	Aggregate number of securities to which transaction applies: Not applicable
	(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): In accordance with Exchange Act Rule 0-11(c), the filing fee of $13,781.60 was determined by multiplying 0.0001288 by the aggregate value of the transaction.
	(4)	Proposed maximum aggregate value of transaction: $107,000,000.00
	(5)	Total fee paid: $13,781.60
o	Fee paid previously with preliminary materials.	
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.	
	(1)	Amount Previously Paid:
	(2)	Form, Schedule or Registration Statement No.:
	(3)	Filing Party:

(4) Date Filed:

Table of Contents

GeoMet, Inc.

909 Fannin Street, Suite 1850

Houston, Texas 77010

March , 2014

Dear Fellow Stockholder:

A Special Meeting of the stockholders of GeoMet, Inc., a Delaware Corporation (GeoMet), will be held on , 2014 at , local time, at .

At the Special Meeting, you will be asked to consider and vote upon the following proposals:

1. To authorize the sale (the Asset Sale) by GeoMet of substantially all of its assets pursuant to the Asset Purchase Agreement, dated February 13, 2014, by and among GeoMet, GeoMet Operating Company, Inc., and GeoMet Gathering Company, LLC, as Sellers, and ARP Mountaineer Production, LLC, as Buyer, and, for the sole purpose of Section 7.21 of the Asset Purchase Agreement, Atlas Resource Partners, L.P. (the Asset Purchase Agreement), as more fully described in the enclosed Proxy Statement; and

2. To transact such other business as may properly come before the meeting and any postponements or adjournments thereof.

After careful consideration, our board of directors determined that the Asset Purchase Agreement and the transactions contemplated thereby are expedient, fair to, and in the best interests of GeoMet and its stockholders. Our board of directors recommends that you vote **FOR** the authorization of the Asset Sale.

The enclosed Notice of Special Meeting and Proxy Statement explains the Asset Sale and provides specific information concerning the Special Meeting. Please read these materials (including the annexes) carefully.

Your vote is very important, regardless of the number of shares you own. Under Section 271 of the General Corporation Law of the State of Delaware and GeoMet s Certificate of Designation, the Asset Sale must be approved by the holders of (i) at least fifty percent (50%) of the outstanding shares of GeoMet s Series A Convertible Redeemable Preferred Stock (the Preferred Stock) and (ii) a majority of the outstanding shares of GeoMet s common stock (the Common Stock) including the outstanding shares of Preferred Stock on an as-converted basis voting together with the holders of Common Stock as a single class. In connection with the execution of the Asset Purchase Agreement, certain of our stockholders entered into a Voting Agreement with the Buyer (the Voting Agreement) pursuant to which, subject to certain exceptions, they have agreed to vote their shares in favor of the Asset Sale. Such stockholders included Sherwood Energy, LLC, who is the largest holder of our outstanding shares of Preferred Stock and currently owns approximately 58.6% of our Preferred Stock, Yorktown Energy Partners IV, L.P., who is the largest holder of our outstanding shares of Common Stock and currently owns approximately 30.6% of our Common Stock, and all of the members of our board of directors and our senior management. Collectively, these stockholders own approximately 48.9% of the combined voting power of our Common Stock and Preferred Stock (on an as-converted basis) treated as a single class and approximately 59.6% of the voting power of our Preferred Stock.

If you do not return your proxy card, submit a proxy via the Internet or by telephone or attend the Special Meeting and vote in person, it will have the same effect as if you voted **AGAINST** the Asset Sale. Abstentions and Broker non-votes, if any, will also have the effect of a vote **AGAINST** the Asset Sale. Only stockholders who owned shares of GeoMet s Common Stock or Preferred Stock at the close of business on , the record date for the Special Meeting, will be entitled to vote at the Special Meeting. To vote your shares, you may return your proxy card, submit a proxy via the Internet or by telephone or attend the Special Meeting and vote in person. Even if you plan to attend the Special Meeting, we urge you to promptly submit a proxy for your shares via the Internet or by telephone or by completing, signing, dating and returning the enclosed proxy card.

On behalf of our board of directors, thank you for your continued support.

Very truly yours,

William C. Rankin
Chief Executive Officer

Table of Contents

GeoMet, Inc.

909 Fannin Street, Suite 1850

Houston, Texas 77010

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD

To the Stockholders of GeoMet, Inc.:

A Special Meeting of Stockholders of GeoMet, Inc., a Delaware corporation (GeoMet), will be held on , 2014 at , local time, at , to consider and act upon the following matters:

1. To authorize the sale (the Asset Sale) by GeoMet of substantially all of its assets pursuant to the Asset Purchase Agreement, dated February 13, 2014, by and among GeoMet, GeoMet Operating Company, Inc., and GeoMet Gathering Company, LLC, as Sellers, and ARP Mountaineer Production, LLC, as Buyer, and, for the sole purpose of Section 7.21 of the Asset Purchase Agreement, Atlas Resource Partners, L.P. (the Asset Purchase Agreement), as more fully described in the enclosed Proxy Statement; and

2. To transact such other business as may properly come before the meeting and any postponements or adjournments thereof.

Stockholders entitled to notice of and to vote at the Special Meeting shall be determined as of , the record date fixed by our board of directors for such purpose. The Asset Sale will constitute the sale of substantially all of the property and assets of GeoMet within the meaning of Section 271 of the General Corporation Law of the State of Delaware (the DGCL). Consequently, pursuant to the DGCL and GeoMet s Certificate of Designation, the Asset Sale must be approved by the holders of (i) at least fifty percent (50%) of the outstanding shares of GeoMet s Series A Convertible Redeemable Preferred Stock (the Preferred Stock) and (ii) a majority of the outstanding shares of GeoMet s common stock (the Common Stock) including the outstanding shares of Preferred Stock on an as-converted basis voting together with the holders of Common Stock as a single class.

Please read the enclosed Proxy Statement carefully. Whether or not you plan to attend the Special Meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope, or submit your proxy by telephone or the Internet. If you have Internet access, we encourage you to submit your proxy via the Internet. If you attend the Special Meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.

By Order of the Board of Directors,

/s/ Stephen M. Smith
Stephen M. Smith
Secretary

, 2014

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

GeoMet, Inc.

909 Fannin Street, Suite 1850

Houston, Texas 77010

PROXY STATEMENT

FOR

SPECIAL MEETING OF STOCKHOLDERS

, 2014

INTRODUCTION

This Proxy Statement is being furnished in connection with the solicitation of proxies by the board of directors of GeoMet, Inc. (hereinafter we, us, our, the Company or GeoMet) for use at a Special Meeting of Stockholders to be held on , 2014 (the Special Meeting) at local time, at the , and any postponements or adjournments thereof. This Proxy Statement was first made available to stockholders on or about , 2014.

At the Special Meeting, our stockholders will consider and act upon the following matters:

1. To authorize the sale (the Asset Sale) by GeoMet of substantially all of its assets (the Assets) pursuant to the Asset Purchase Agreement, dated February 13, 2014, by and among GeoMet, GeoMet Operating Company, Inc., and GeoMet Gathering Company, LLC, as Sellers, and ARP Mountaineer Production, LLC, as Buyer, and, for the sole purpose of Section 7.21 of the Asset Purchase Agreement, Atlas Resource Partners, L.P. (Atlas) (the Asset Purchase Agreement), as more fully described in this Proxy Statement; and

2. To transact such other business as may properly come before the meeting and any postponements or adjournments thereof.

Only stockholders of record as of (the Record Date) will be entitled to vote at the Special Meeting and any postponements or adjournments thereof. As of that date, shares of our common stock, $0.001 par value (the Common Stock), and shares of our Series A Convertible Redeemable Preferred Stock, $0.001 par value (the Preferred Stock) were outstanding and eligible to be voted. Under Section 271 of the General Corporation Law of the State of Delaware (the DGCL) and GeoMet s Certificate of Designation, the Asset Sale must be approved by the holders of (i) at least fifty percent (50%) of the outstanding shares of Preferred Stock entitled to vote at the Special Meeting and (ii) a majority of the outstanding shares of Common Stock including the outstanding shares of Preferred Stock on an as-converted basis voting together with the holders of Common Stock as a single class (such vote, the Requisite Stockholder Vote) entitled to vote at the Special Meeting. In connection with the execution of the Asset Purchase Agreement, certain of our stockholders entered into a Voting Agreement with the Buyer pursuant to which, subject to certain exceptions, they have agreed to vote their shares in favor of the Asset Sale (the Voting Agreement). Such stockholders included Sherwood Energy, LLC (Sherwood), who is the largest holder of our outstanding shares of Preferred Stock and currently owns approximately 58.6% of our Preferred Stock, Yorktown Energy Partners IV, L.P. (Yorktown), who is the largest holder of our outstanding shares of Common Stock and currently owns approximately 30.6% of our Common Stock, and all of the members of our board of directors and our senior management. Collectively, these stockholders own approximately 48.9% of the combined voting power of our Common Stock and Preferred Stock (on an as-converted basis) treated as a single class and approximately 59.6% of our Preferred Stock voting power. Each holder of Common Stock is entitled to one vote per share and each holder of Preferred Stock is entitled one vote per share of Common Stock into which the holder s Preferred Stock is convertible on all matters submitted to a vote of the holders of our Common Stock at the Special Meeting.

Stockholders may vote in person or by proxy. Execution of a proxy will not in any way affect a stockholder s right to attend the Special Meeting and vote in person. Any proxy may be revoked by a stockholder at any time before it is exercised by delivery of a written revocation or a later executed proxy to the Secretary of GeoMet or by attending the Special Meeting and voting in person.

Table of Contents

The costs of preparing, assembling and mailing this Proxy Statement and the other material enclosed and all clerical and other expenses of solicitation will be paid by GeoMet. In addition to the solicitation of proxies by use of the mails, directors, officers and employees of GeoMet, without receiving additional compensation, may solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. GeoMet also will request brokerage houses and other custodians, nominees and fiduciaries to forward soliciting material to the beneficial owners of Common Stock and Preferred Stock held of record by such custodians and will reimburse such custodians for their expenses in forwarding soliciting materials.

Neither the United States Securities and Exchange Commission (SEC) nor any state securities commission has approved or disapproved of the Asset Purchase Agreement or the Voting Agreement, passed upon the merits or fairness of the transactions contemplated thereby or passed upon the adequacy or accuracy of the disclosure in this Proxy Statement. Any representation to the contrary is a criminal offense.

Table of Contents

SUMMARY TERM SHEET

This summary highlights information included elsewhere in this Proxy Statement. This summary may not contain all of the information you should consider before voting on the Asset Sale. You should read the entire Proxy Statement carefully, including the annexes attached hereto. For your convenience, we have included cross references to direct you to a more complete description of the topics described in this summary.

- *The Asset Sale.* We have agreed to sell substantially all of our assets for $107 million, subject to certain purchase price adjustments. See Proposal: The Asset Sale The Asset Purchase Agreement beginning on page 47.

- *Reasons for the Asset Sale*. We are selling substantially all of our assets primarily because of the pending maturity of our bank credit agreement and, based on conversations with our existing bank lenders and other potential lenders, an inability to refinance our existing borrowings. In addition, we were unable to find alternative debt or equity financing on terms that were in the best interests of our stockholders, or a merger candidate or corporate transaction. We believe that our efforts to successfully engage in a strategic corporate transaction were severely constrained and hampered by depressed natural gas prices, low price expectations for dry gas, excessive supplies of dry gas, and our highly leveraged and complex capital structure. After considering the available alternatives, our board of directors determined that the Asset Sale provides the best opportunity for satisfying our liabilities and returning value to our stockholders. See Proposal: The Asset Sale Reasons for the Asset Sale beginning on page 31.

- *Material Provisions of the Asset Purchase Agreement*. In addition to the cash consideration we will receive at the closing of the Asset Sale, the Asset Purchase Agreement contains other important terms and provisions, including:

  - an assumption by the Buyer of certain of GeoMet s environmental obligations and liabilities (including plugging and abandonment);

  - indemnity provisions (subject to maximum limits and time limitations) obligating GeoMet or the Buyer, as the case may be, to indemnify the other;

  - termination provisions allowing termination by either party following the occurrence of certain events, including, without limitation: (i) failure of GeoMet to obtain the Requisite Stockholder Vote, (ii) termination by our board of directors following receipt of a competing or rival offer for the assets to be sold (or as may otherwise be required by relevant law) and (iii) the aggregate amount of title and environmental defects affecting the Assets, or excluded from the Assets, exceed fifteen percent (15%) of the final purchase price;

  - in the event the Asset Purchase Agreement is terminated for select reasons by the Buyer or GeoMet, GeoMet s obligation to pay a termination fee to the Buyer in the amount of $4,280,000;

- in the event GeoMet has breached its representations or warranties prior to the closing of the Asset Sale, the Buyer holds the option to reduce the purchase price by an amount of up to $7,000,000, depending on the amount of claims arising from such breach;

- a $100,000 threshold for each claim and an aggregate deductible of $2,000,000 for all claims by the Buyer for each of environmental defects and title defects affecting the Assets; and

- a non-solicitation provision prohibiting GeoMet from soliciting competing offers from persons other than the Buyer, subject to certain exceptions permitting our board of directors to consider certain unsolicited acquisition proposals.

Table of Contents

See Proposal: The Asset Sale The Asset Purchase Agreement beginning on page 46.

- *Indemnification of Buyer*. GeoMet will be obligated to indemnify the Buyer for certain Seller Indemnified Claims (as defined in the Asset Purchase Agreement), subject to a time limitation and fixed maximum on GeoMet s total indemnity exposure. See Proposal: The Asset Sale The Asset Purchase Agreement Indemnification of the Buyer beginning on page 47.

- *Opinion of GeoMet s Financial Advisor.* On February 13, 2014, GeoMet s financial advisor, FBR Capital Markets & Co. (FBRC), rendered its oral opinion to the GeoMet board of directors (which was subsequently confirmed in writing by delivery of FBRC s written opinion addressed to the GeoMet board of directors dated the same date), as to the fairness, from a financial point of view, as of the date of the opinion, to GeoMet of the consideration of $107 million to be received by GeoMet for the Assets subject to the assumed liabilities in the Asset Sale pursuant to the Asset Purchase Agreement.

FBRC s opinion, dated February 13, 2014, was directed to the GeoMet board of directors (in its capacity as such), and only addressed the fairness, from a financial point of view, to GeoMet of the consideration to be received by GeoMet for the Assets subject to the assumed liabilities in the Asset Sale pursuant to the Asset Purchase Agreement and did not address any other aspect or implication of the Asset Sale. The summary of FBRC s opinion in this Proxy Statement is qualified in its entirety by reference to the full text of FBRC s written opinion, which is included as *Annex C* to this Proxy Statement and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by FBRC in preparing its opinion. However, neither FBRC s written opinion nor the summary of its opinion and the related analyses set forth in this Proxy Statement are intended to be, and they do not constitute, advice or a recommendation to the GeoMet board of directors, GeoMet, the Sellers, any security holder of GeoMet or any other person as to how to act or vote on any matter relating to the Asset Sale or otherwise.

See The Asset Sale Opinion of GeoMet s Financial Advisor beginning on page 32.

- *Use of Proceeds; Estimated Remaining Net Proceeds.* Pursuant to the Asset Purchase Agreement, we will sell the Assets for $107 million in cash, subject to certain purchase price adjustments specified in the Asset Purchase Agreement to account for cash flows from the effective date of the Asset Purchase Agreement to closing. The Company plans to use the purchase price proceeds received at the closing of the Asset Sale to satisfy all of its outstanding liabilities, including repaying the outstanding balance under its credit agreement. The Company expects that the proceeds from the Asset Sale will exceed the Company s liabilities.

Assuming the Asset Sale closes at the end of the second quarter of 2014, the Company currently estimates that the purchase price will be adjusted downward approximately $7 million to account for cash flows from the effective date to closing, that the outstanding balance of its credit agreement will be approximately $66 million, and that the Company s other liabilities (including federal income taxes and hedge termination costs (which could vary substantially given volatility in prevailing natural gas prices)) will total approximately $4 million. The excess net proceeds will also be used to pay the Company s transaction costs and expenses (currently estimated to total approximately $3 million), and to make severance, retention and change of control payments to certain employees and members of the Company s senior management (currently estimated to total approximately $4 million).

Assuming, for these purposes only, that the foregoing estimates are accurate, we currently estimate that the remaining balance of the net proceeds would total approximately $23 million.

4

The remaining balance of the net proceeds will be used for normal working capital and operating expense purposes while the Company evaluates its next steps. We currently anticipate that the Asset Sale would be followed by either a merger or a dissolution and distribution of our remaining assets in accordance with applicable law.

The terms of our outstanding Preferred Stock provide that in the event of a liquidation or dissolution of the Company, the holders of our Preferred Stock would be entitled to a liquidation preference before the holders of our Common Stock would be entitled to receive any distributions from the Company. The liquidation preference is equal to the original investment amount of the Preferred Stock ($40 million) plus paid-in-kind shares plus accrued and unpaid dividends, and currently totals approximately $60 million. Therefore, if the Company is dissolved following the Asset Sale, the estimated remaining net proceeds (approximately $23 million) would be less than the liquidation preference to which the holders of our Preferred Stock are currently entitled ($60 million). Absent a concession from the holders of our Preferred Stock, the holders of our Common Stock would not receive any distributions as a result of the Asset Sale or subsequent dissolution of the Company.

It is not clear that the terms of our outstanding Preferred Stock would entitle the holders of our Preferred Stock to a liquidation preference in the event the Company was to engage in a merger. If our outstanding Preferred Stock is not entitled to a liquidation preference in the event of a merger, then the Preferred Stock might instead exercise its rights to convert into Common Stock, and then participate with the Common Stock in the proceeds of such transaction on an as-converted basis. Assuming the remaining net proceeds from the Asset Sale are approximately $23 million, this would mean that the holders of our Preferred Stock would receive less in a merger than the holders of our Preferred Stock would receive in a dissolution as a result of their liquidation preference. In order for the Company to engage in a merger, the Company would have to receive the approval of at least fifty percent (50%) of the outstanding shares of Preferred Stock voting separately as a class, in addition to the approval of a majority of the outstanding shares of Common Stock including the outstanding shares of Preferred Stock voting on an as-converted basis treated as a single class. The Company has been advised by the holders of more than fifty percent (50%) of our Preferred Stock that they will not vote in favor of a merger unless the terms of the transaction provide that the holders of our Preferred Stock will be entitled to receive at least the same value or distributions as such holders would have been entitled to receive in a dissolution pursuant to the liquidation preference to which the holders of the Preferred Stock are entitled. As a result, absent a concession from the holders of our Preferred Stock, it is likely that the holders of our Common Stock would not receive any distributions if the Asset Sale is followed by a merger.

See Proposal: The Asset Sale Activities of GeoMet Following the Asset Sale on page 43.

- *Conditions to the Asset Sale*. Completion of the Asset Sale requires the approval of our stockholders as well as the satisfaction or waiver of customary conditions set forth in the Asset Purchase Agreement. See Proposal: The Asset Sale The Asset Purchase Agreement Conditions to the Asset Sale beginning on page 52.

- *Required Vote*. The Asset Sale must be approved by the holders of at least fifty percent (50%) of the outstanding shares of GeoMet s Preferred Stock entitled to vote at the Special Meeting and the holders of a majority of the outstanding shares of GeoMet s Common Stock including the outstanding shares of Preferred Stock voting on an as-converted basis treated as a single class, entitled to vote at the Special Meeting. See The Special Meeting Required Vote beginning on page 17.

- *Voting Agreement*. In connection with the execution of the Asset Purchase Agreement, certain of our stockholders entered into the Voting Agreement with the Buyer pursuant to which, subject to certain exceptions, they have agreed to vote their shares in favor of the Asset Sale. Such stockholders included Sherwood, who is the largest holder of our outstanding shares of Preferred Stock and currently owns approximately 58.6% of our Preferred Stock, Yorktown, who is the largest holder of our outstanding shares of Common Stock and currently owns approximately 30.6% of our Common Stock, and all of the members of our board of directors and our senior management. Collectively, these stockholders own approximately 48.9% of the combined voting power of our Common Stock and Preferred Stock (on an as-converted basis) treated as a single class and approximately 59.6% of our Preferred Stock voting power. The Voting Agreement is attached to this Proxy Statement as *Annex B*. See Proposal: The Asset Sale Voting Agreement beginning on page 54.

- *No Appraisal Rights.* Stockholders may vote against the Asset Sale, but under Delaware law, appraisal rights will not be provided to stockholders in connection with the Asset Sale. See Proposal: The Asset Sale No Appraisal Rights beginning on page 44.

- *Recommendation of our Board of Directors*. Our board of directors unanimously recommends that our stockholders vote **FOR** the authorization of the Asset Sale. See Proposal: The Asset Sale Recommendation of Our Board of Directors beginning on page 32.

- *Termination of the Asset Purchase Agreement*. The Asset Purchase Agreement may be terminated prior to closing by the Buyer or by GeoMet following the occurrence of certain enumerated events. Following a termination by the Buyer or GeoMet under limited circumstances, GeoMet is obligated to pay a termination fee to the Buyer in the amount of $4,280,000. See Proposal: The Asset Sale The Asset Purchase Agreement Termination of the Asset Purchase Agreement beginning on page 52.

- *Solicitation of Proxies*. This proxy solicitation is being made and paid for by GeoMet on behalf of its board of directors. In addition, we have engaged Morrow & Co., LLC, 470 West Avenue, Stamford, Connecticut 06902, to assist in the solicitation. We will pay Morrow & Co., LLC up to $6,000 plus reasonable out-of-pocket expenses for its assistance. See The Special Meeting Solicitation of Proxies beginning on page 19.

- *U.S. Federal Income Tax Consequences*. Our stockholders will not recognize any gain or loss for U.S. federal income tax purposes as a result of the Asset Sale. See Proposal: The Asset Sale U.S. Federal Income Tax Consequences of the Asset Sale beginning on page 43.

- *Risk Factors*. The Asset Sale involves a number of risks, including:

    - The announcement and pendency of the Asset Sale, whether or not consummated, may adversely affect our business.

    - We cannot be sure if or when the Asset Sale will be completed.

    - Our executive officers and directors may have interests in the Asset Sale other than, or in addition to, the interests of our stockholders generally.

    - We will continue to incur the expenses of complying with public company reporting requirements following the closing of the Asset Sale.

6

Table of Contents

- While the Asset Sale is pending, it creates uncertainty about our future that could have a material adverse effect on our business, financial condition and results of operations, including:

  - the diversion of management and employee attention from our day-to-day business;
  - the potential disruption to business partners and other service providers; and
  - the possible inability to respond effectively to competitive pressures, industry developments and future opportunities.

- If the Asset Sale is not completed and the Asset Purchase Agreement is terminated, there may not be any other offers from potential acquirors.

- There is no guarantee that the holders of our Preferred Stock will receive any of the net cash proceeds from the proposed Asset Sale in the form of dividends, and we could spend or invest the net cash proceeds from the Asset Sale in ways in which our stockholders may not agree.

- Absent concessions from holders of our Preferred Stock, the holders of our Common Stock will not receive any of the proceeds from the Asset Sale.

- We may be exposed to litigation related to the Asset Sale from the holders of our Common Stock.

- If the Asset Sale is not consummated, we will likely file bankruptcy.

- If the Asset Sale is not consummated, our lenders will likely foreclose on all of our assets.

- We will incur significant expenses in connection with the Asset Sale and could be required to make significant payments if the Asset Purchase Agreement is terminated under certain conditions.

- The Asset Purchase Agreement requires us to pay certain costs if we accept an alternative to the Asset Sale.

- The Asset Purchase Agreement may expose us to contingent liabilities.

See Risk Factors beginning on page 13.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE ASSET SALE

The following are some questions that you, as a stockholder of the Company, may have regarding the Special Meeting and the Asset Sale and brief answers to such questions. We urge you to carefully read this entire Proxy Statement, the annexes to this Proxy Statement and the documents referred to in this Proxy Statement because the information in this section does not provide all the information that may be important to you as a stockholder of the Company with respect to the Asset Sale. See Where You Can Find More Information beginning on page 95.

THE SPECIAL MEETING

Q. When and where will the Special Meeting take place?

A. The Special Meeting will be held on at the , at local time.

Q. What is the purpose of the Special Meeting?

A. At the Special Meeting, you will be asked to vote upon: (1) the Asset Sale, and (2) such other matters as may properly come before the Special Meeting and any postponements or adjournments of the Special Meeting.

Q. What is the Record Date for the Special Meeting?

A. Holders of our Common Stock and Preferred Stock as of the close of business on , the Record Date for the Special Meeting, are entitled to notice of, and to vote at, the Special Meeting and any postponements or adjournments of the Special Meeting.

Q. What is the quorum required for the Special Meeting?

A. The presence in person or representation by proxy of holders of (i) at least a majority of the issued and outstanding shares of our Common Stock and Preferred Stock (on an as-converted basis) treated as a single class and (ii) a majority of the issued and outstanding shares of our Preferred Stock, entitled to vote at the Special Meeting, is necessary to constitute a quorum for the transaction of business at the Special Meeting.

Q. What vote is required to approve the Asset Sale and any other proposal to be voted upon at the Special Meeting?

A. Under Section 271 of the DGCL and GeoMet s Certificate of Designation, the authorization of the Asset Sale must be approved by the holders of (i) at least fifty percent (50%) of the outstanding shares of the Preferred Stock and (ii) a majority of the outstanding shares of the Common Stock including the outstanding shares of Preferred Stock on an as-converted basis voting together with the holders of Common Stock as a single class. On an as-converted basis, our outstanding shares of Preferred Stock currently represent approximately 53.2% of the combined voting power of our Common Stock and Preferred Stock, and therefore would have the ability to control any vote requiring the approval of our stockholders. In connection with the execution of the Asset Purchase Agreement, certain of our stockholders entered into the Voting Agreement with the Buyer pursuant to which, subject to certain exceptions, they have agreed to vote their shares in favor of the Asset Sale. Such stockholders included Sherwood, who is the largest holder of our outstanding shares of Preferred Stock and currently owns approximately 58.6% of our Preferred Stock, Yorktown, who is the largest holder of our outstanding shares of Common Stock and currently owns approximately 30.6% of our Common Stock, and all of the members of our board of directors and our senior management. Collectively, these stockholders own approximately 48.9% of the combined voting power of our Common Stock and Preferred Stock (on an as-converted basis) treated as a single class and approximately 59.6% of our Preferred Stock voting power. The Voting Agreement is attached to this Proxy Statement as *Annex B*.

Table of Contents

Q. What are the effects of not voting or abstaining? What are the effects of broker non-votes?

A. If you do not vote by virtue of not being present in person or by proxy at the Special Meeting, it will have the effect of a vote **AGAINST** the Asset Sale. If you are present at the Special Meeting in person or by proxy but abstain from voting, it will have the effect of a vote **AGAINST** the Asset Sale. Broker non-votes, if any, will have the effect of a vote **AGAINST** the Asset Sale.

Q. What does it mean if I received more than one proxy card?

A. If your shares are registered differently or in more than one account, you will receive more than one proxy card. Sign and return all proxy cards to ensure that all of your shares are voted.

Q. Who can help answer my other questions?

A. If you have more questions about the Asset Sale or how to submit your proxy, or if you need additional copies of this Proxy Statement or the enclosed proxy card or voting instructions, please contact Investor Relations, GeoMet, Inc., Attn: Stephen M. Smith, Corporate Secretary, 909 Fannin Street, Suite 1850, Houston, Texas 77010, telephone number (713) 287-2251.

PROPOSAL: ASSET SALE

Q. Why did the Company enter into the Asset Purchase Agreement?

A. We are selling substantially all of our assets primarily because of the pending maturity of our bank credit agreement and, based on conversations with our existing bank lenders and other potential lenders, an inability to refinance our existing borrowings. In addition we were unable to find alternative debt or equity financing on terms that were in the best interests of our stockholders, or a merger candidate or corporate transaction. We believe that our efforts to successfully engage in a strategic corporate transaction were severely constrained and hampered by depressed natural gas prices, low price expectations for dry gas, excessive supplies of dry gas, and our highly leveraged and complex capital structure. After considering the available alternatives, our board of directors determined that the Asset Sale provides the best opportunity for satisfying our liabilities and returning value to our stockholders.

Q. What will happen if the Asset Sale is authorized by our stockholders?

A. If the Asset Sale is authorized by the Requisite Stockholder Vote and the other conditions to the consummation of the Asset Sale are satisfied, we will close the transactions contemplated under the Asset Purchase Agreement and sell the Assets for $107 million in cash, subject to certain purchase price adjustments. The final net proceeds will be reduced after accounting for the cash flows from January 1, 2014 to the closing date. We will then use a portion of the remaining cash proceeds to satisfy all of our outstanding liabilities, including repaying all outstanding amounts under our credit agreement. The Company expects that the proceeds from the Asset Sale will exceed the Company s liabilities.

Assuming the Asset Sale closes at the end of the second quarter of 2014, the Company currently estimates that the purchase price will be adjusted downward approximately $7 million to account for cash flows from the effective date to closing, that the outstanding balance of its credit agreement will be approximately $66 million, and that the Company s other liabilities (including federal income taxes and hedge termination costs (which could vary substantially given volatility in prevailing natural gas prices)) will total approximately $4 million. The excess net proceeds will also be used to pay the Company s transaction costs and expenses (currently estimated to total approximately $3 million), and to make severance, retention and change of control payments to certain employees and members of the Company s senior management (currently estimated to total approximately $4 million).

Assuming, for these purposes only, that the foregoing estimates are accurate, we currently estimate that the remaining balance of the net proceeds would total approximately $23 million.

Table of Contents

The remaining balance of the net proceeds will be used for normal working capital and operating expense purposes while the Company evaluates its next steps. We currently anticipate that the Asset Sale would be followed by either a merger or a dissolution and distribution of our remaining assets in accordance with applicable law.

The terms of our outstanding Preferred Stock provide that in the event of a liquidation or dissolution of the Company, the holders of our Preferred Stock would be entitled to a liquidation preference before the holders of our Common Stock would be entitled to receive any distributions from the Company. The liquidation preference is equal to the original investment amount of the Preferred Stock ($40 million) plus paid-in-kind shares plus accrued and unpaid dividends, and currently totals approximately $60 million. Therefore, if the Company is dissolved following the Asset Sale, the estimated remaining net proceeds (approximately $23 million) would be less than the liquidation preference to which the holders of our Preferred Stock are currently entitled ($60 million). Absent a concession from the holders of our Preferred Stock, the holders of our Common Stock would not receive any distributions as a result of the Asset Sale or subsequent dissolution of the Company.

It is not clear that the terms of our outstanding Preferred Stock would entitle the holders of our Preferred Stock to a liquidation preference in the event the Company was to engage in a merger. If our outstanding Preferred Stock is not entitled to a liquidation preference in the event of a merger, then the Preferred Stock might instead exercise its rights to convert into Common Stock, and then participate with the Common Stock in the proceeds of such transaction on an as-converted basis. Assuming the remaining net proceeds from the Asset Sale are approximately $23 million, this would mean that the holders of our Preferred Stock would receive less in a merger than the holders of our Preferred Stock would receive in a dissolution as a result of their liquidation preference. In order for the Company to engage in a merger, the Company would have to receive the approval of at least fifty percent (50%) of the outstanding shares of Preferred Stock voting separately as a class, in addition to the approval of a majority of the outstanding shares of Common Stock including the outstanding shares of Preferred Stock voting on an as-converted basis treated as a single class. The Company has been advised by the holders of more than fifty percent (50%) of our Preferred Stock that they will not vote in favor of a merger unless the terms of the transaction provide that the holders of our Preferred Stock will be entitled to receive at least the same value or distributions as such holders would have been entitled to receive in a dissolution pursuant to the liquidation preference to which the holders of the Preferred Stock are entitled. As a result, absent a concession from the holders of our Preferred Stock, it is likely that the holders of our Common Stock would not receive any distributions if the Asset Sale is followed by a merger.

Q. What will happen if the Asset Sale is not authorized?

A. Pursuant to the terms of the Asset Purchase Agreement, if we fail to obtain the Requisite Stockholder Vote in favor of the Asset Sale, the Asset Sale will not occur. If the Asset Sale is not completed, our board of directors, in discharging its fiduciary obligations to our stockholders, will evaluate other strategic alternatives that may be available. Such other alternatives may not be as favorable to our stockholders as the Asset Sale. These may include remaining an operating company, potentially under the supervision of the United States Federal Bankruptcy Courts, which may reduce the cash and assets available to our stockholders in the event of a later dissolution. Any future sale of substantially all of the assets of the Company or other transactions may be subject to further stockholder approval.

In addition, following a termination of the Asset Purchase Agreement by the Buyer or GeoMet under limited circumstances, GeoMet will be obligated to pay a termination fee to the Buyer in the amount of $4,280,000.

Q. What is the purchase price to be received by the Company?

A. The consideration to be received by the Company in the Asset Sale is $107 million, subject to upward and downward adjustments in accordance with the Asset Purchase Agreement.

Table of Contents

Q. What are the material terms of the Asset Purchase Agreement?

A. In addition to the cash consideration we will receive at the closing of the Asset Sale, the Asset Purchase Agreement contains other important terms and provisions, including:

- an assumption by the Buyer of certain of GeoMet s environmental obligations and liabilities (including plugging and abandonment);

- indemnity provisions (subject to maximum limits and time limitations) obligating GeoMet or the Buyer, as the case may be, to indemnify the other;

- termination provisions allowing termination by either party following the occurrence of certain events, including, without limitation, (i) failure of GeoMet to obtain requisite stockholder or governmental approvals, (ii) termination by our board of directors following receipt of a competing or rival offer for the Assets (or as may otherwise be required by relevant law) and (iii) the aggregate amount of title and environmental defects affecting the Assets, or excluded from the Assets, exceed fifteen percent (15%) of the final purchase price;

- in the event the Asset Purchase Agreement is terminated for select reasons by the Buyer or GeoMet, GeoMet s obligation to pay a termination fee to the Buyer in the amount of $4,280,000;

- in the event GeoMet has breached its representations or warranties prior to the closing of the Asset Sale, an option held by the Buyer to reduce the purchase price by an amount up to $7,000,000;

- a $100,000 threshold for each claim and an aggregate deductible of $2,000,000 for all claims by the Buyer for each of environmental defects and title defects affecting the Assets; and

- a non-solicitation provision prohibiting GeoMet from soliciting competing offers from persons other than the Buyer, subject to certain exceptions permitting our board of directors to consider certain unsolicited acquisition proposals.

Q. What does our board of directors recommend regarding the Asset Sale?

A. Our board of directors has determined that the terms and conditions of the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, are advisable to, and in the best interests of, GeoMet and its stockholders. This determination was made by a unanimous vote of all of the members of our board of directors. Our board of directors recommends that you vote **FOR** the Asset Sale.

Q. Why does our board of directors recommend voting FOR the Asset Sale?

A. Our board of directors recommends voting **FOR** the Asset Sale because it believes the Asset Sale represents the highest value and best terms available, and the Buyer demonstrated the strongest interest in proceeding aggressively to close the Asset Sale.

Q. Do I have appraisal rights in connection with the Asset Sale?

A. Under Delaware law, appraisal rights are not provided to stockholders in connection with the transactions contemplated by the Asset Purchase Agreement.

Q. Are there any risks to the Asset Sale?

A. Yes. You should carefully read the section entitled Risk Factors beginning on page 13.

Table of Contents

Q. What are the U.S. federal income tax consequences of the Asset Sale to our stockholders?

A. Our stockholders will not recognize any gain or loss for U.S. federal income tax purposes as a result of the Asset Sale. See Proposal: The Asset Sale U.S. Federal Income Tax Consequences of the Asset Sale beginning on page 43.

Q. When is the closing of the Asset Sale expected to occur?

A. If the Asset Sale is authorized by our stockholders and all conditions to completing the Asset Sale are satisfied or waived, the closing of the Asset Sale is expected to occur as soon as practicable after the Special Meeting.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Proxy Statement contains forward-looking statements that have been made pursuant to provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements represent our expectations or beliefs concerning future events, including any statements regarding; the satisfaction of certain closing conditions specified in the Asset Purchase Agreement, our ability to successfully close the Asset Sale and the timing of such closing, the diversion of management s focus and attention pending the completion of the Asset Sale, the impact of the announcement of the Asset Sale on the trading price of our Common Stock and Preferred Stock, our business and on our relationships with our customers, suppliers and employees, the receipt and use of the cash consideration to be received by us under the Asset Purchase Agreement, the amount of proceeds to be received from the sale of our assets, the sufficiency of our cash balances and cash used in operations, and financing and/or investing activities for our future liquidity and capital resource needs. Without limiting the foregoing, the words believes, intends, projects, plans, expects, anticipates, and similar expressions are intended to identify forward-looking statements. Actual events or results may differ materially from these projections. Information regarding the risks, uncertainties and other factors that could cause actual results to differ from the results in these forward-looking statements are discussed under the section Risk Factors in this Proxy Statement. Please carefully consider these factors, as well as other information contained herein and in our periodic reports and documents filed with the Securities and Exchange Commission. The forward-looking statements included in this Proxy Statement are made only as of the date of this Proxy Statement. We do not undertake any obligation to update or supplement any forward-looking statements to reflect subsequent events or circumstances, except as required by law.

RISK FACTORS

There are a number of factors that our stockholders should consider when deciding whether to vote to approve the Asset Sale.

The announcement and pendency of the Asset Sale, whether or not consummated, may adversely affect our business.

The announcement and pendency of the Asset Sale, whether or not consummated, may adversely affect the trading price of our Common Stock and Preferred Stock, our business or our relationships with customers, suppliers and employees. As a result of our announcement of the Asset Sale, third parties may be unwilling to enter into material agreements with respect to our business. New or existing customers may prefer to enter into agreements with our competitors who have not expressed an intention to sell their business because customers may perceive that such relationships are likely to be more stable. If we fail to complete the proposed Asset Sale, the failure to maintain existing business relationships or enter into new ones is likely to materially and adversely affect our business, results of operations and financial condition.

In addition, pending the completion of the Asset Sale, we may be unable to attract and retain key personnel and our management s focus and attention and employee resources may be diverted from operational matters during the pendency of the Asset Sale.

In the event that the Asset Sale is not completed, the announcement of the termination of the Asset Purchase Agreement may also adversely affect the trading price of our Common Stock and Preferred Stock, our business or our relationships with lenders, customers, suppliers and employees.

We cannot be sure if or when the Asset Sale will be completed.

The consummation of the Asset Sale is subject to the satisfaction or waiver of various conditions, including the authorization of the Asset Sale by our stockholders. We cannot guarantee that the closing conditions set forth in the Asset Purchase Agreement will be satisfied. If we are unable to satisfy the closing conditions in the Buyer s favor or if other mutual closing conditions are not satisfied, the Buyer will not be obligated to complete the Asset Sale.

Table of Contents

If the Asset Sale is not completed, our board of directors, in discharging its fiduciary obligations to our stockholders, will evaluate other strategic alternatives that may be available. Such other strategic alternatives may not be as favorable to our stockholders as the Asset Sale. These may include remaining an operating company, potentially under the supervision of the United States Federal Bankruptcy Courts, which may reduce cash and assets available to our stockholders in the event of a later dissolution. Any future sale of substantially all of our assets or other transactions may be subject to further stockholder approval.

Our executive officers and directors may have interests in the Asset Sale other than, or in addition to, the interests of our stockholders generally.

Members of our board of directors and our executive officers may have interests in the Asset Sale that are different from, or are in addition to, the interests of our stockholders generally. Our board of directors was aware of these interests and considered them, among other matters, in approving the Asset Purchase Agreement.

We will continue to incur the expenses of complying with public company reporting requirements following the closing of the Asset Sale.

After the Asset Sale, we will continue to be required to comply with the applicable reporting requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), even though compliance with such reporting requirements is economically burdensome.

While the Asset Sale is pending, it creates uncertainty about our future that could have a material adverse effect on our business, financial condition and results of operations.

While the Asset Sale is pending, it creates uncertainty about our future. As a result of this uncertainty, our current or potential business partners may decide to delay, defer or cancel entering into new business arrangements with us pending completion or termination of the Asset Sale. In addition, while the Asset Sale is pending, we are subject to a number of risks, including:

- the diversion of management and employee attention from our day-to-day business;
- the potential disruption to business partners and other service providers; and
- the possible inability to respond effectively to competitive pressures, industry developments and future opportunities.

The occurrence of any of these events individually or in combination could have a material adverse effect on our business, financial condition and results of operation.

If the Asset Sale is not completed and the Asset Purchase Agreement is terminated, there may not be any other offers from potential acquirors.

If the Asset Sale is not completed and the Asset Purchase Agreement is terminated, we may seek another purchaser for the Assets. There can be no assurances that we would be able to enter into meaningful discussions or to otherwise complete any transaction with any other party who may have an interest in purchasing the Assets on terms acceptable to us. Additionally, the inability to complete the Asset Sale could make potential acquirors more reluctant to engage in a transaction with us.

There is no guarantee that the holders of our Preferred Stock will receive any of the net cash proceeds from the proposed Asset Sale in the form of dividends, and we could spend or invest the net cash proceeds from the Asset Sale in ways in which our stockholders may not agree.

The purchase price for the sale of the Assets will be paid directly to the Company. The Company plans to use the cash proceeds from the Asset Sale to satisfy all of its outstanding liabilities, including repaying the outstanding balance under its credit agreement. The Company expects the proceeds from the Asset Sale to exceed the

Table of Contents

Company s liabilities and any such excess amount will be used to make severance, retention and change of control payments to certain employees and members of the Company s senior management and for normal working capital and operating expense purposes. We currently anticipate that the Asset Sale would be followed by either a merger or a dissolution and distribution of our remaining assets in accordance with applicable law.

The terms of our outstanding Preferred Stock provide that the holders of the Preferred Stock would be entitled to a liquidation preference before the holders of our Common Stock would be entitled to receive any of the consideration in a merger or a distribution of remaining assets in the event of a dissolution. Currently, the liquidation preference to which the holders of our Preferred Stock are entitled totals approximately $60 million in the aggregate, which is more than the excess net proceeds anticipated to be received from the Asset Sale. Therefore, absent a concession from the holders of our Preferred Stock, the holders of our Common Stock will not receive any consideration as a result of the Asset Sale and the subsequent merger or dissolution.

Absent concessions from the holders of our Preferred Stock, the holders of our Common Stock will not receive any of the proceeds from the Asset Sale.

The purchase price for the Assets will be paid directly to us. We estimate that, if we complete the transactions contemplated in the Asset Purchase Agreement at the end of the second quarter of 2014, our remaining cash following the Asset Sale will be approximately $23 million, which is based on the purchase price of $107 million as adjusted by various estimated costs, including the cash flows for production months from the effective date to the anticipated closing date at the end of the second quarter, outstanding bank debt and other liabilities, transaction costs, federal income taxes, hedge termination costs, severance, retention and change of control payments to certain employees and members of the Company s senior management and other working capital requirements. The estimates and assumptions used have not taken into account any potential reduction in the purchase price due to preferential right exercises, title or environmental defects or other potential adjustments to the purchase price under the Asset Purchase Agreement. Therefore, because the holders of our Preferred Stock are entitled to an approximately $60 million liquidation preference, absent a concession from the holders of our Preferred Stock, no proceeds of the Asset Sale will be received by the holders of our Common Stock.

We may be exposed to litigation related to the Asset Sale from the holders of our Common Stock.

Transactions such as the Asset Sale are often subject to lawsuits by stockholders. Because the holders of our Common Stock will not receive any consideration from the Asset Sale, it is possible that they may sue the Company or its board of directors.

If the Asset Sale is not consummated, we will likely file bankruptcy.

If the Asset Sale is not consummated and we are unable to find another viable purchaser for our assets, we will likely file bankruptcy as we will have no operating assets to continue the business.

If the Asset Sale is not consummated, our lenders will likely foreclose on all of our assets.

As an accommodation to allow time to complete the Asset Sale, our lenders recently agreed to extend the maturity date of our credit facility from April 1, 2014 to the earliest to occur of: (i) June 30, 2014, (ii) the closing of the Asset Sale pursuant to the Asset Purchase Agreement, or the sale of the Assets pursuant to a substitute purchase agreement, or (iii) the termination of the Asset Purchase Agreement or any substitute purchase agreement. This extension required the unanimous consent of each of the six lenders in the credit facility. In the event the Asset Sale is not completed by June 30, 2014, and no further extensions of time are agreed to by the lenders, we would be in default under the credit agreement. Upon the occurrence of an event of default, the lenders could accelerate the repayment of all of our indebtedness. In such case, it is unlikely that we will have sufficient funds to pay the total amount of accelerated obligations, and our lenders could proceed against the collateral securing the credit facility. Any acceleration in the repayment of our indebtedness or related foreclosure would adversely affect our business and likely require us to seek protection under federal bankruptcy statutes.

Table of Contents

We will incur significant expenses in connection with the Asset Sale and could be required to make significant payments if the Asset Purchase Agreement is terminated under certain conditions.

If we are unable to close the Asset Sale due to an uncured breach of our representations, warranties, covenants or obligations under the Asset Purchase Agreement, we may owe contractual damages to the Buyer that would likely exhaust our cash reserves. In the event we breach our representations or warranties prior to the closing of the Asset Sale, the Buyer may reduce the purchase price by an amount up to $7,000,000. In addition, we expect to pay legal fees, accounting fees and proxy filing costs whether or not the Asset Sale closes. Any significant expenses or payment obligations incurred by us in connection with the Asset Sale could adversely affect our financial condition and cash position.

The Asset Purchase Agreement requires us to pay certain costs if we accept an alternative to the Asset Sale.

The Asset Purchase Agreement contains provisions that make it more difficult for us to sell our assets to a party other than the Buyer. In the event the Asset Purchase Agreement is terminated for select reasons by the Buyer or GeoMet, GeoMet is obligated to pay a termination fee to the Buyer in the amount of $4,280,000.

The Asset Purchase Agreement may expose us to contingent liabilities.

Under the Asset Purchase Agreement, we are required to indemnify the Buyer for certain Seller Indemnified Claims (as defined in the Asset Purchase Agreement), subject to a time limitation and fixed maximum on GeoMet s total indemnity exposure. Significant indemnification claims by the Buyer could have a material adverse effect on our financial condition.

Table of Contents

THE SPECIAL MEETING

Time, Date and Place

The Special Meeting will be held on at the , at local time.

Proposals

At the Special Meeting, holders of shares of our Common Stock and Preferred Stock as of the Record Date will consider and vote upon:

- the Asset Sale; and
- such other matters as may properly come before the Special Meeting and any postponements or adjournments thereof.

A description of the Asset Sale is included in this Proxy Statement. A copy of the Asset Purchase Agreement is attached as *Annex A* to this Proxy Statement.

Required Vote

Proposal: The Asset Sale

Under Section 271 of the DGCL and GeoMet s Certificate of Designation, the authorization of the Asset Sale must be approved by the holders of (i) at least fifty percent (50%) of the outstanding shares of the Preferred Stock and (ii) a majority of the outstanding shares of our Common Stock including the outstanding shares of Preferred Stock voting on an as-converted basis as a single class. On an as-converted basis, our outstanding shares of Preferred Stock currently represent approximately 53.2% of the combined voting power of our Common Stock and Preferred Stock, and therefore would have the ability to control any vote requiring the approval of our stockholders. In connection with the execution of the Asset Purchase Agreement, certain of our stockholders entered into the Voting Agreement with the Buyer pursuant to which, subject to certain exceptions, they have agreed to vote their shares in favor of the Asset Sale Proposal. Such stockholders included Sherwood, who is the largest holder of our outstanding shares of Preferred Stock and currently owns approximately 58.6% of our Preferred Stock, Yorktown, who is the largest holder of our outstanding shares of Common Stock and currently owns approximately 30.6% of our Common Stock, and all of the members of our board of directors and our senior management. Collectively, these stockholders own approximately 48.9% of the combined voting power of our Common Stock and Preferred Stock (on an as-converted basis) treated as a single class and approximately 59.6% of our

Preferred Stock voting power. The Voting Agreement is attached to this Proxy Statement as *Annex B*. You may vote **FOR**, **AGAINST** or **ABSTAIN**. Failures to vote, broker non-votes and abstentions, if any, will have the same effect as a vote **AGAINST** the Asset Sale.

Record Date

Holders of our Preferred Stock and Common Stock as of the close of business on , the Record Date for the Special Meeting, are entitled to notice of, and to vote at, the Special Meeting and any postponements or adjournments of the Special Meeting. On the Record Date, there were shares of Common Stock and shares of Preferred Stock outstanding (a total of shares of Common Stock, including Preferred Stock on an as-converted basis) and entitled to vote at the Special Meeting and any postponements or adjournments of the Special Meeting. No other shares of capital stock were outstanding on the Record Date.

Ownership of Directors and Executive Officers

As of the Record Date, our directors and executive officers beneficially held, in the aggregate, approximately % of the outstanding Common Stock and % of the outstanding Preferred Stock entitled to vote at the Special Meeting. In connection with the execution of the Asset Purchase Agreement, certain of our stockholders entered into the Voting Agreement with the Buyer pursuant to which, subject to certain exceptions,

Table of Contents

they have agreed to vote their shares in favor of the Asset Sale. Such stockholders included Sherwood, who is the largest holder of our outstanding shares of Preferred Stock and currently owns approximately 58.6% of our Preferred Stock, Yorktown, who is the largest holder of our outstanding shares of Common Stock and currently owns approximately 30.6% of our Common Stock, and all of the members of our board of directors and our senior management. Collectively, these stockholders own approximately 48.9% of the combined voting power of our Common Stock and Preferred Stock (on an as-converted basis) treated as a single class and approximately 59.6% of our Preferred Stock voting power. The Voting Agreement is attached to this Proxy Statement as *Annex B*.

Quorum and Voting

The presence in person or representation by proxy of the holders of (i) at least a majority of the issued and outstanding shares of our Common Stock and Preferred Stock (on an as-converted basis) treated as a single class and (ii) a majority of the issued and outstanding shares of our Preferred Stock, entitled to vote at the Special Meeting, is necessary to constitute a quorum. Each holder of Common Stock is entitled to one vote per share and each holder of Preferred Stock is entitled one vote per share of Common Stock into which the holder s Preferred Stock is convertible on all matters submitted to a vote of the holders of our Common Stock at the meeting. Shares of Preferred Stock are convertible at the rate of 7.692307692 shares of Common Stock per share of Preferred Stock, eliminating fractional shares. Consequently, for example, 100 shares of Preferred Stock would represent aggregate voting power of 769 shares of Common Stock after eliminating the remaining fractional share. On an as-converted basis, our outstanding shares of Preferred Stock currently represent approximately 53.2% of the combined voting power of our Common Stock and Preferred Stock, and therefore would have the ability to control any vote requiring the approval of our stockholders.

Proxies; Revocation of Proxies

If you are unable to attend the Special Meeting, we urge you to submit your proxy by completing and returning the enclosed proxy card or submit your proxy via the Internet or by telephone. If your shares of Common Stock or Preferred Stock are held in street name (i.e., through a bank, broker or other nominee), you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. If you elect to vote in person at the Special Meeting and your shares are held by a broker, bank or other nominee, you must bring to the Special Meeting a legal proxy from the broker, bank or other nominee authorizing you to vote your shares of Common Stock or Preferred Stock.

Unless contrary instructions are indicated on the proxy card, all shares of Common Stock and Preferred Stock represented by valid proxies will be voted **FOR** the Asset Sale and will be voted at the discretion of the persons named as proxies in respect of such other business as may properly be brought before the Special Meeting. As of the date of this Proxy Statement, our board of directors knows of no other business that will be presented for consideration at the Special Meeting other than the Asset Sale.

You may revoke your proxy and change your vote at any time before the polls close at the Special Meeting by:

- giving written, dated notice to the Corporate Secretary of GeoMet stating that you would like to revoke your proxy;

- signing and returning to us in a timely manner another proxy card with a later date; or

- attending the Special Meeting in person and voting.

Simply attending the Special Meeting will not constitute a revocation of your proxy.

Adjournments

The Special Meeting may be adjourned by holders of a majority of the outstanding shares of GeoMet s Common Stock and outstanding shares of Preferred Stock (voting on an as-converted basis) treated as a single class, entitled to vote at the Special Meeting for any purpose, including for the purpose of obtaining a quorum or

Table of Contents

soliciting additional proxies if there are insufficient votes to authorize the Asset Sale, and adjourning the Special Meeting for the sole purpose of soliciting additional votes as to one proposal while closing the polls and registering the approval of the other proposal. Any adjournment may be made without notice (if the adjournment is not for more than thirty days and a new record date is not fixed for the adjourned meeting), other than by an announcement made at the Special Meeting of the time, date and place of the adjourned meeting. Any adjournment will allow our stockholders who have already sent in their proxies to revoke them at any time prior to their use at the Special Meeting as adjourned.

Broker Non-Votes

Broker non-votes occur when a broker holding stock in street name does not vote the shares on some or all matters. Brokers are permitted to vote on routine, non-controversial proposals in instances where they have not received voting instructions from the beneficial owner of the stock but are not permitted to vote on non-routine matters. Uncast votes on non-routine matters are referred to as broker non-votes. Because the Asset Sale is a non-routine matter, shares of our Common Stock as to which brokers have not received any voting instructions will not be deemed present for any purpose at the Special Meeting.

The inspector of elections will treat broker non-votes as shares that are not present and entitled to vote for the purpose of determining the presence of a quorum. Broker non-votes will have the same effect as a vote **AGAINST** the Asset Sale.

Solicitation of Proxies

This proxy solicitation is being made and paid for by GeoMet on behalf of its board of directors. In addition, we have engaged Morrow & Co., LLC, 470 West Avenue, Stamford, Connecticut 06902, to assist in the solicitation. We will pay Morrow & Co., LLC up to $6,000 plus reasonable out-of-pocket expenses for its assistance. Our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid any additional compensation for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of our Common Stock and to the beneficial owners of our Preferred Stock that the brokers and fiduciaries hold of record. Upon request, we will reimburse them for their reasonable out-of-pocket expenses. In addition, we will indemnify Morrow & Co., LLC against any losses arising out of that firm s proxy soliciting services on our behalf.

Questions and Additional Information

If you have more questions about the Asset Sale or how to submit your proxy, or if you need additional copies of this Proxy Statement or the enclosed proxy card or voting instructions, please contact Investor Relations, GeoMet, Inc., Attn: Stephen M. Smith, Corporate Secretary, 909 Fannin Street, Suite 1850, Houston, Texas 77010, telephone number (713) 287-2251.

Table of Contents

PROPOSAL: THE ASSET SALE

The following discussion is a summary of the material terms of the proposed Asset Sale. We encourage you to read carefully and in its entirety the Asset Purchase Agreement, which is attached to this Proxy Statement as Annex A, as it is the legal document that governs the proposed Asset Sale.

General Description of the Asset Sale

Under the Asset Purchase Agreement, for a sale price of $107 million (subject to adjustment under the Asset Purchase Agreement), GeoMet has agreed to sell substantially all of its assets, comprising coalbed methane leases and assets, including related gathering facilities, equipment, books and records and office leases located in West Virginia and Virginia. Such assets constitute substantially all of GeoMet s assets. The Asset Sale has an effective date of January 1, 2014 and the purchase price will be adjusted to reflect certain expenses made and revenues received in the period between the effective date and the closing date of the Asset Sale.

Parties to the Asset Sale

Sellers:

GeoMet, Inc.

909 Fannin Street, Suite 1850

Houston, Texas 77010

(713) 659-3855

GeoMet Operating Company, Inc.

5336 Stadium Trace Parkway, Suite 206

Birmingham, Alabama 35244

(205) 425-3855

GeoMet Gathering Company, LLC

5336 Stadium Trace Parkway, Suite 206

Birmingham, Alabama 35244

(205) 425-3855

Buyer:

ARP Mountaineer Production, LLC

Park Place Corporate Center One

1000 Commerce Drive, 4th Floor

Pittsburgh, PA 15275

(412) 489-0006

Atlas Resource Partners, L.P.

Park Place Corporate Center One

1000 Commerce Drive, 4th Floor

Pittsburgh, PA 15275

(412) 489-0006

Background of the Asset Sale

Our board of directors and members of our senior management team have regularly evaluated our business and operations, our long-term strategic goals and our future prospects. We have also regularly reviewed and assessed conditions affecting the natural gas industry and the economy in general, the Company s competitive market position and the availability and cost of debt and equity capital. As part of its ongoing review of the Company and

Table of Contents

its prospects, our board of directors has also regularly reviewed various strategic alternatives available to the Company to enhance stockholder value, including possible acquisitions, strategic investments, asset sales and divestitures.

Since the early 1990 s, the Company has been engaged in the exploration for and development and production of natural gas from coal seams (coalbed methane). Like other commodity-oriented industries, the economics of the natural gas industry are directly impacted by the relationship between supply and demand. Natural gas prices (as measured by the monthly closing price on the New York Mercantile Exchange (NYMEX)) peaked in July 2008 at a price of $13.11 per MMBtu and declined to less than $3 per MMBtu by the fall of 2009. These lower natural gas prices significantly impacted our operating cash flow. Additionally, a severe credit crisis developed in late 2008 in the United States and elsewhere. As a result of these events and the continued underperformance of our Gurnee field, we initiated efforts in the first quarter of 2009 to lower our cost structure, protect our operating margins and reduce borrowings outstanding. These efforts included personnel reductions and other cost reduction measures, increased natural gas price hedging and initiatives to sell assets. Although we believed that our estimated proved reserves continued to support a borrowing base of over $120 million, due to reduced operating cash flow our debt to EBITDA ratio was in excess of levels considered conforming by our banks, and it was necessary that we reduce our debt to EBITDA ratio to conforming levels in order to secure an extension of our credit agreement on a long-term basis. Our cost reduction and hedging programs were successful but we were not successful in selling assets as we did not receive interest at a price level sufficient to resolve our bank credit issues. As a result, we determined that the Company needed to secure capital from other sources in order to reduce bank debt and return to a conforming debt to EBITDA ratio.

In September and October 2009, the Company contacted eight energy investment firms regarding their interest in participating with a company affiliated with Yorktown, the largest holder of our Common Stock, in a potential financing transaction. Among those contacted was Cadent Energy Partners, LLC (Cadent). Cadent declined, in part, due to the status of the Company s ongoing disputes and litigation with CONSOL Energy, Inc. and certain of its affiliates, including CNX Gas Company LLC (the CONSOL/CNX Litigation).

In October 2009, a Special Committee of our board of directors directed the Company to hire Evercore Group L.L.C. (Evercore) as financial advisor to the Special Committee to assist it in evaluating the potential financing transaction. The Company continued to hold discussions with Natural Gas Partners, one of the eight energy investment firms contacted prior to the engagement of Evercore, and then with NGP Capital Resources Company (NGPC), an affiliate of Natural Gas Partners. None of the six potential investors contacted by Evercore at that time chose to pursue the investment opportunity. The CONSOL/CNX Litigation was settled in May 2010.

In early February 2010, NGPC delivered a preliminary term sheet to the Company outlining the terms of a proposed financing transaction in which NGPC and North Shore Energy, LLC (North Shore), an affiliate of Yorktown, would each purchase up to $20 million of the Company s Preferred Stock in the event that a proposed rights offering of the Preferred Stock was not fully subscribed by the holders of our Common Stock. The Special Committee, in consultation with its financial advisors, believed that the rights offering structure of the proposed financing was important. The Special Committee considered the dilutive impact that an equity financing would have on our existing stockholders, and believed that a rights offering structure could mitigate dilution of our existing stockholders by allowing them to participate in an offering of new equity in the Company. While the ownership percentage of stockholders who did not participate to the fullest extent in the rights offering would decrease, the Special Committee considered that the magnitude of this dilution would be substantially dependent upon the decision of each holder of common stock whether to subscribe for additional equity in the rights offering. After weighing these factors and the fact that the proposed rights offering and backstop commitment would generate $40 million in additional capital, before expenses, and seemed to the Special Committee to be the

Table of Contents

most viable option for raising that amount of additional capital, the Special Committee concluded that a rights offering with a full backstop commitment was in the best interests of the Company and our stockholders.

Over the course of the next several weeks, our management team, in frequent consultation with the Special Committee and its legal counsel and financial advisor, negotiated the material terms and conditions of the proposed financing, primarily with NGPC.

In March 2010, we executed commitment letters with NGPC and North Shore, whereby NGPC and North Shore each agreed to the preliminary terms of a commitment to purchase up to $20 million each ($40 million in the aggregate) of the Company s Preferred Stock in the event that a proposed rights offering of the Preferred Stock was not fully subscribed by the holders of our Common Stock. The Company, NGPC and North Shore commenced negotiations of the terms and provisions of a definitive backstop agreement which continued through April.

On April 30, 2010, we received a commitment letter from Sherwood, an affiliate of Cadent, whereby Sherwood offered to purchase up to $40 million of the Company s Preferred Stock in the event that a proposed rights offering of the Preferred Stock was not fully subscribed by the holders of our Common Stock. Although similar to the NGPC and North Shore proposed financing in some respects, the Sherwood proposal was considered by our Special Committee to be more favorable to the Company, particularly with regard to the cash dividend rate for the first two years, the ability of the Company to begin forcing conversion of the Preferred Stock to common stock two years earlier and at twice the rate and the absence of certain operational and financial covenants. At a meeting on May 1, 2010, the Special Committee briefed the board of directors by telephone conference regarding its preliminary findings and its recommendations for improving the terms of the Sherwood proposal. The board of directors authorized management to attempt to secure such improvements from Sherwood.

On May 3, 2010, the Company received a new commitment letter from Sherwood that contained some, but not all, of the improvements to the April 30, 2010 commitment letter that had been sought. The Special Committee met again on May 4, 2010 with its financial and legal advisors to further evaluate the Sherwood proposal and the potential termination of the financing commitments with NGPC and North Shore. After a lengthy discussion, the Special Committee determined that the proposed Sherwood commitment represented a superior proposal to the NGPC and North Shore commitments for the following reasons: (1) the cash dividend required under the Sherwood commitment was 8% for the first three years after closing as compared to 9.6% in the NGPC and North Shore commitments, (2) under the Sherwood commitment, the Company could begin forced conversion of the Preferred Stock two years earlier and at twice the quarterly rate, reducing the carrying costs and overhang of the Preferred Stock, and (3) the Sherwood commitment would impose considerably fewer covenants, giving management and the board of directors greater latitude to run the business and reducing the likelihood that defaults could occur for reasons outside the Company s control. The board of directors directed management to suspend negotiations with NGPC and North Shore and to execute the Sherwood commitment letter.

During that same period, the Company negotiated the terms and provisions of a definitive investment agreement with Sherwood. On June 2, 2010, the Company and Sherwood entered into the investment agreement. In June 2010, we also entered into a credit agreement with a group of five banks (the Pending Credit Agreement) that was made subject to the closing of a proposed issuance of the Preferred Stock, without which, the Pending Credit Agreement would lapse and our existing senior revolving credit facility would have terminated on October 1, 2010.

Table of Contents

In September 2010, the Company sold four million shares of Preferred Stock at a price of $10.00 per share pursuant to a rights offering made to, and approved by, the stockholders of the Company. The offering was not fully subscribed and, therefore, pursuant to its agreement, Sherwood purchased approximately 2.3 million shares (approximately 59%) of the Preferred Stock in the offering. The Preferred Stock ranks senior to our Common Stock. Upon the occurrence of liquidation, dissolution, or winding up of the Company resulting in a payment or distribution of assets to any of our capital stock holders, the holders of the Preferred Stock are entitled to receive such distribution in preference to any payment to any holder of any junior security in the Company. The Company is permitted to pay dividends in either cash or additional shares of Preferred Stock (PIK Dividends) until the fifth anniversary of the issue date (September 2015). The applicable dividend rate for dividends paid in cash is 8.0% for the first three years and 9.6% thereafter. The applicable rate for PIK Dividends is 12.5%. The Company s credit agreement has restricted the payment of cash dividends on the Preferred Stock and therefore all dividends on the Preferred Stock have been paid in PIK Dividends (except for fractional shares). As a result, the approximately six million shares of Preferred Stock outstanding as of the date of this Proxy Statement are entitled to a liquidation preference totaling approximately $60 million. The holders of the Preferred Stock are entitled to vote on all matters on which the holders of our Common Stock are entitled to vote, and will generally be entitled to vote (on an as-converted basis) on such matters with the holders of Common Stock as a single class. As of December 31, 2013, Sherwood held approximately 59% of the voting control of the Preferred Stock and holders of the Preferred Stock, in the aggregate, controlled approximately 53% of total voting shares on an as-converted basis. Certain major corporate actions, such as a sale of substantially all the Company s assets, also require a separate vote of the Preferred Stock. If not converted prior to the eighth anniversary of the closing of the rights offering, the Company is obligated, upon request of the holders of the Preferred Stock, to redeem the Preferred Stock at price of $10.00 per share plus any accrued and unpaid dividends.

The proceeds from the Preferred Stock offering were used to pay down indebtedness under the Company s existing credit facility. If the Preferred Stock had not been issued, the Company would have likely defaulted under its credit agreement and would have likely been forced to pursue either a restructuring of its indebtedness or file for protection under the U. S. Bankruptcy Code.

Natural gas prices began to improve at the end of 2010 and into 2011. In November 2011, in order to increase our production and reserves and to reduce per unit cost, the Company completed its acquisition of producing properties (the Vitruvian Acquisition) located in its existing areas of operation for approximately $90 million. This acquisition was financed entirely with bank debt, which raised our total outstanding bank indebtedness to approximately $162 million. The consummation of the Vitruvian Acquisition coincided with the beginning of another decline in natural gas prices in November 2011.

The winter of 2011 2012 was unusually warm as compared to historical norms, which contributed to significantly lower prices for natural gas. Natural gas prices between November 2011 and March 2012 averaged $3.02 per MMBtu, a decline of almost 25% below the same period in the prior year. Natural gas prices continued to decline, and reached a low of $2.04 per MMBtu in May 2012, a decline of approximately 85% from their July 2008 peak. This depressed natural gas price environment had an adverse effect on our cash flows, results of operations, financial condition, and liquidity. In addition, it impeded our growth and our ability to maintain compliance with our credit agreement covenants. On January 25, 2012, our board of directors held a meeting at which members of our senior management team participated and reviewed the status of the Company s operations, the Company s credit agreement, and prevailing market conditions. After extensive discussion, the determination was made that the Company needed to reduce spending and defer capital expenditures to the extent possible. The board of directors also concluded the Company should engage an investment banker to advise management and the board of directors with respect to strategic alternatives to enhance the Company s business prospects in the low natural gas price environment, including possible merger candidates, preferably dry gas producers that would, along with the Company, benefit from the creation of a larger, more efficient, dry gas

Table of Contents

producer that could weather the current low natural gas price environment and therefore create option value on natural gas prices for both companies stockholders. FBRC, an investment bank with which certain of our Company s officers and directors were familiar, was discussed as a good candidate because of its knowledge and experience providing financial advice and services to small cap exploration and production companies.

In early 2012, the Company announced that it was:

- Limiting capital spending to maintenance levels,
- Reducing operating and administrative costs,
- Continuing to monitor the forward natural gas markets for hedges and enter into hedging transactions opportunistically, and
- Seeking transactional opportunities to expand its natural gas reserves.

When granting a loan secured by a company s oil or gas properties, banks determine the amount they are willing to lend (the borrowing base) largely upon their expectation of future prices of oil and gas (their price deck) and the resulting expectation of cash flows projected to be generated from the properties. Banks reset their price decks periodically at least semi-annually and sometimes more often. In response to the decline in natural gas prices, our lenders significantly reduced their price decks in early 2012. Under the Company s credit agreement, our borrowing base was scheduled to be re-determined in June 2012 and we expected the new borrowing base to be reduced to an amount less than our outstanding borrowings, which could possibly result in a borrowing base deficiency. Under these circumstances, we would be required to repay the amount of the borrowing base deficiency. A failure to do so would cause a default under our credit agreement.

The Company engaged FBRC in February 2012 as its financial advisor to assist the Company in connection with its review of certain strategic alternatives including a potential merger or sale of the Company. As described above, the Company believed a merger transaction could be beneficial during this period of depressed natural gas prices by allowing it to spread its fixed costs over a larger production and reserve base and to mitigate the anticipated borrowing base deficiency under its credit agreement.

On March 28, 2012, our board of directors held a meeting at which members of our senior management team participated and representatives of FBRC were present. At the request of our board of directors, FBRC provided a preliminary overview of certain strategic alternatives that might be available to the Company. There was also a discussion among the members of our board of directors and members of senior management regarding a possible borrowing base deficiency under the Company s credit agreement at the next determination. Thereafter, at the request of our board of directors, FBRC began soliciting indications of interest from third parties regarding a potential acquisition or merger of the Company.

In June 2012, we were advised by the agent bank under our credit agreement that a borrowing base deficiency under our credit agreement in the amount of $33.6 million had been determined. Our credit agreement provides for certain remedies if a borrowing base deficiency exists, including; (i) making a payment of principal in an amount sufficient to eliminate such borrowing base deficiency, (ii) submitting additional oil and gas properties as collateral in an amount sufficient to eliminate such borrowing base deficiency, or (iii) eliminating such deficiency by making six equal consecutive payments of principal in an aggregate amount equal to such borrowing base deficiency.

Table of Contents

On July 30, 2012, our board of directors held a meeting at which members of our senior management team participated. During this meeting our board of directors reviewed and authorized management to seek an amendment to the Company s credit agreement addressing the borrowing base deficiency.

The Company was not in a position to eliminate the borrowing base deficiency as provided under its credit agreement and, in August 2012, we negotiated an amendment to our credit agreement that, among other things, extended the time available for the Company to cure the borrowing base deficiency, shortened the maturity date from November 2015 to April 2014, terminated our ability to make future borrowings, and obligated the Company to dedicate substantially all of its monthly cash flow to repay existing borrowings.

On August 10, 2012, our board of directors held a meeting at which members of our senior management team participated and representatives of FBRC were present. At the request of our board of directors, FBRC informed our board of directors that it had, on behalf of the Company, contacted potential merger partners and buyers, but had not received any offers.

On November 8, 2012, our board of directors held a meeting at which members of our senior management team participated and representatives of FBRC were present. At the request of our board of directors, FBRC updated the board of directors regarding its solicitation of potential merger partners and buyers and informed our board of directors that it had contacted a total of approximately 25 potential strategic and financial merger partners and buyers on behalf of the Company, but had not received any offers.

On February 21, 2013, our board of directors held a meeting at which members of our senior management team and representatives of Lantana Oil & Gas Partners (Lantana), a Houston-based divestiture firm, participated. There was extensive discussion of the efforts that had been undertaken by FBRC to solicit indications of interest in a potential acquisition of or merger with the Company. We believe the possible borrowing base deficiency under our credit agreement, poor expectations for natural gas prices in general and dry natural gas specifically, and the Company s complicated capital structure resulting from the Company s outstanding Preferred Stock were all contributing factors to the lack of interest. Based on such information, our board of directors instructed FBRC to suspend its solicitation of indications of interest from third parties regarding a potential acquisition of or merger with the Company. Our board of directors further concluded to pursue the possible sale of individual properties.

On February 22, 2013, the Company engaged Lantana to market all of the Company s coalbed methane interests located in the state of Alabama (the Alabama Assets). The Company s interests in these properties represented approximately 30% of the Company s net daily sales of natural gas at that time, 38% of operating income during the twelve months ending December 31, 2012, approximately 31% of the Company s estimated proved reserves, and 38% of the Company s estimated PV10 value at December 31, 2012, using SEC guidelines.

On April 18, 2013, our board of directors held a meeting with members of our senior management team at which they reviewed the status of the process and initial bids on the Alabama Assets sale.

On May 1, 2013, our board of directors held a meeting at which members of our senior management team and representatives of Lantana participated. At the request of our board of directors, Lantana reported that it had engaged in a broad marketing process that included making inquiries by email with over 5,500 contacts in its database to ascertain interest in our Alabama Assets. Lantana had also advertised in trade periodicals such as Hart s A&D and all PLS publications announcing the availability of our Alabama Assets. Through these marketing efforts, Lantana had identified 57 parties who they believed would have interest in the Alabama Assets and engaged in follow up discussions with such parties. As a result of these efforts, 27 confidentiality agreements were executed, 72 parties registered for access to the electronic data room, and 6 data room presentations were made by Lantana. The Company received a total of 10 bids for our Alabama Assets. Four of these bids were for

Table of Contents

the entire Alabama Assets package, and the remaining six bids were for various subsets of the asset package. The Company engaged in negotiations with the bidder with the highest value and most favorable terms and finalized a purchase and sale agreement. After extensive discussions, the board of directors approved the entering into of a purchase and sale agreement to sell the Alabama Assets for $63.2 million, subject to customary purchase price adjustments. On June 14, 2013, the transaction closed. At this board of directors meeting, our board of directors and senior management also discussed and approved a further amendment to the Company s credit agreement reflecting the application of a portion of the net proceeds of the asset sale to the repayment of the outstanding balance under the credit agreement.

The sale of our Alabama Assets resulted in net proceeds of approximately $62 million after customary purchase price adjustments of $1.2 million. Approximately $57 million of the net proceeds was used to repay outstanding borrowings under the Company s credit agreement, which eliminated the borrowing base deficiency under that agreement, and $5 million was held in reserve to pay transaction related costs and expenses, including the liquidation of certain natural gas hedge positions. After this repayment, the outstanding borrowings under our credit agreement totaled $77 million. However, the maturity date under the credit agreement was left unchanged at April 1, 2014.

On May 14, 2013, our board of directors held a meeting at which members of our senior management team participated and representatives of FBRC were present. At the request of our board of directors, FBRC discussed a preliminary overview of the Company after giving effect to the sale of the Alabama Assets and a potential timetable for renewing the pursuit of strategic alternatives, if our board of directors deemed appropriate.

On June 20, 2013, our board of directors held a meeting at which members of our senior management team evaluated the Company s remaining assets and operations following the sale of the Alabama Assets, as well as prevailing market conditions, the dilution of the Company s Common Stockholders through the payment of the PIK Dividends on the outstanding Preferred Stock, and other factors related to the Company s future prospects. While the Alabama Assets sale was successful in reducing our bank debt and eliminating the borrowing base deficiency, the Company remained unable to access, on acceptable terms, the additional capital from its banks or other parties necessary to strengthen its capital structure.

On August 12, 2013, our board of directors held a meeting at which members of our senior management team participated and a representative of FBRC was present. At the request of our board of directors, FBRC reviewed a potential timetable for renewing the pursuit of strategic alternatives.

On August 13, 2013, our board of directors held a meeting at which members of our senior management team participated and representatives of FBRC were present. Among other things, with the assistance of our management and its advisors, the board of directors discussed prevailing market conditions and the Company s operations and prospects following the sale of our Alabama Assets, including the Company s reduced cash flow, the pending maturity of the credit agreement, the dilution of the Company s Common Stockholders through the payment of the PIK Dividends on the Preferred Stock, the fact that the dividend obligation on the Preferred Stock would convert to cash pay at a rate of 9.6% in September 2015, and the obligation to redeem the Preferred Stock as early as September 2018. Our board of directors and senior management believed that these factors presented continuing obstacles to the Company s ability to obtain alternate debt financing or raise additional equity capital, particularly when current and projected cash flows of the Company were taken into consideration. The Company believed that the reduction in bank debt resulting from the sale of its Alabama Assets, together with a modest recovery of natural gas prices, might provide the Company an opportunity to renew the pursuit of a strategic transaction focused on a merger. Thereafter, in September 2013, our board of directors requested that FBRC solicit indications of interest from third parties regarding a potential acquisition of or merger with the Company.

In September 2013, the Company determined that at least $30 million in additional equity would be required to obtain a conforming credit agreement.

Table of Contents

Beginning in September 2013, FBRC contacted approximately 123 potential merger candidates on behalf of the Company. Nine parties signed confidentiality agreements and five parties submitted indications of interest. The two highest proposals contemplated a transaction at indicative values ranging from $72 million to $100 million for the Company or its assets on a debt free basis. The highest indication of interest was verbal and was presented as a range of value of $90 to $100 million. This bidder stated that they would firm up their value in writing within one week, but the bidder never followed up. Our board of directors did not find any of the proposals it received as a result of that process sufficiently attractive to pursue at that time.

In the fourth quarter of 2013, certain of our board of directors members began discussions with Yorktown, our largest holder of Common Stock, regarding the possibility of merging one or more of its portfolio companies into the Company. After preliminary discussions between representatives of the Company and representatives of Yorktown, our board of directors determined that this alternative was not sufficiently attractive to pursue and discussions with Yorktown regarding a potential transaction were terminated.

On October 28, 2013, our board of directors held a meeting at which members of our senior management team participated and reviewed the obstacles with obtaining new bank financing and discussed that FBRC s marketing efforts had not yet identified any opportunities. There was also extensive discussion regarding various alternatives if the efforts to find a merger partner for the Company were unsuccessful. This included the possibility of again marketing the Company s assets as an alternative to the efforts to find a merger partner.

On November 1, 2013, our board of directors held a meeting at which members of our senior management team participated and representatives of FBRC were present. At that meeting our board of directors discussed that FBRC had been unsuccessful in its efforts on behalf of the Company to solicit indications of interest in an acquisition of or merger with the Company. In addition, our management reported that the Company had outstanding bank debt in excess of $70 million (at least $30 million more than was supportable under a conforming credit agreement) and a pending maturity date of April 1, 2014. As a result, our board of directors and senior management concluded that the Company s remaining assets might be more attractive and bring a higher value if they were marketed in a broad asset divestiture process similar to the process that had been undertaken with Lantana with respect to our Alabama Assets. Our board of directors concluded that, rather than have FBRC continue to solicit indications of interest in an acquisition of or merger with the Company, the Company should engage Lantana to market the Company s remaining assets consisting of coalbed methane interests located in the Appalachian Basin. On November 4, the Company engaged Lantana to solicit interest in the Company s remaining assets.

In November 2013, the Company and FBRC amended the terms of FBRC s engagement to terminate FBRC s services as its financial advisor in connection with a potential transaction except and to the extent the Company requested that FBRC render an opinion with respect to the fairness of the consideration to be received in connection with a proposed transaction. In addition to any fees payable to FBRC in connection with such opinion, FBRC remained entitled to certain fees in the event the Company consummated a transaction with certain third parties.

On November 12, 2013, our board of directors held a meeting, at which members of our senior management team participated and discussed the elimination of future borrowing base determinations under the Company s credit agreement since it would mature on April 1, 2014. Management reported that Lantana had initiated the asset marketing process during the first week of November.

Table of Contents

Similar to its engagement in connection with the sale of our Alabama Assets, Lantana s marketing approach was designed to generate the maximum exposure for the sale of the Company s Appalachian Basin coalbed methane assets. Lantana engaged in a broad marketing process that included making inquiries by email to over 6,000 contacts in its database to ascertain interest in the Company s coalbed methane assets. Lantana also advertised in Hart s A&D and all PLS publications announcing the availability of our coalbed methane assets. Through these marketing efforts, Lantana identified and engaged in follow up discussions with 125 parties that might have interest in the Company s coalbed methane assets. As a result of these efforts, 25 confidentiality agreements were executed and 13 data room presentations were made. A total of four initial bids were received the week of December 9, 2013. The initial bids ranged in amount from $50 million to $108 million, although the $108 million bid was promptly reduced to $105 million. Lantana noted that the number of bids received was fewer than initially anticipated, with certain prospective bidders expressing concerns about the risk of regional natural gas price volatility.

The Company promptly commenced negotiations with the initial high bidder, and the initial high bidder indicated that it would promptly provide comments to the Company s proposed purchase and sale agreement.

On January 13, 2014, a representative of Atlas contacted Lantana to express an interest in the Company s coalbed methane assets, and Atlas and the Company entered into a confidentiality agreement.

On January 14, 2014, our board of directors held a meeting, at which members of our senior management team updated the board of directors on the status of the marketing process and negotiations with the high bidders.

On January 22, 2014, Lantana gave a sales presentation on the Company s coalbed methane assets to Atlas representatives, including Matthew Jones, President and Director, Mark Schumacher, Chief Operating Officer, Dave Leopold, Senior Vice President Operations, Will Ulrich, Vice President Corporate Development, Brad Eubanks, Vice President Land, Jack Crook, Vice President Environment, Health and Safety, and a representative from Wells Fargo.

While there were numerous discussions between the initial high bidder and our senior management commencing from when its bid was initially received, the initial high bidder did not provide its initial comments to the proposed purchase and sale agreement until several weeks later, on January 23, 2014. The initial high bidder s comments to the proposed purchase and sale agreement were substantial and materially altered the terms of the transaction from those initially proposed by the Company. On January 30, 2014, the Company delivered its response to the revised proposed purchase and sale agreement proposed by the initial high bidder.

On January 31, 2014, the Company received a proposal from Atlas in the amount of $101 million.

In February 2014, the Company and FBRC amended the terms of FBRC s engagement to clarify certain provisions in the event the Company requested that FBRC render an opinion with respect to the fairness of the consideration to be received in connection with a proposed transaction.

On February 2, 2014, Atlas provided a material issues list regarding its proposal to Lantana.

On February 3, 2014, representatives from Atlas, including Daniel Herz, Senior Vice President of Corporate Development and Strategy, and Messrs. Jones, Schumacher, and Ulrich, and our senior management participated in a conference call to discuss the transaction process. The same day, Lantana informed Atlas that it would need to increase its proposed price if Atlas was interested in continuing to participate in the process. Atlas informed Lantana that in order to raise its proposed price, it would need to conduct detailed due diligence as quickly as possible.

Table of Contents

On February 4, 2014, Atlas delivered its initial comments to the proposed purchase and sale agreement. Over the next several days, representatives of Atlas, including Messrs. Herz, Jones, Schumacher, Leopold, Ulrich, Eubanks, and Crook had a series of diligence calls with our senior management.

On February 6, 2014, as a result of its diligence investigation, Atlas increased its bid to $107 million. Atlas management, including Mr. Ulrich, met with representatives of the Company, including Mike McGovern, Chairman of the Board, Bill Rankin, President and Chief Executive Officer, and Tony Oviedo, Senior Vice-President Chief Financial Officer, at the Company s office to discuss Atlas s markup of the proposed purchase and sale agreement, and both parties expressed their desire to work as quickly as possible to try to finalize a definitive purchase and sale agreement that was agreeable to both parties. Between February 6, 2014 and February 13, 2014, Atlas engaged in field visits, and representatives of Atlas and our senior management continued to negotiate the terms of the proposed purchase and sale agreement and numerous revised drafts were exchanged back and forth between the parties.

During this period our senior management discussed whether to inquire with the initial high bidder as to its status, including that the initial high bidder had been very slow throughout its involvement in the process, that the initial high bidder s comments to the Company s proposed purchase and sale agreement had been substantial and materially altered the terms of the transaction from those initially proposed by the Company, that no response had been received from the initial high bidder to the Company s response to its comments to the proposed purchase and sale agreement, that the price proposed by the initial high bidder was less than the price being proposed by Atlas, and that with the April 1, 2014 maturity date of the Company s credit agreement the Company needed to move very quickly in its efforts to enter into a definitive purchase and sale agreement that was acceptable. Our management concluded to focus on Atlas since Atlas had offered a higher price, terms more consistent with those initially proposed by the Company, and was demonstrating significant efforts to quickly complete its due diligence and finalize the purchase and sale agreement.

On February 13, 2014, our board of directors held a meeting, at which members of our senior management team participated and representatives of Lantana, FBRC, and the Company s legal advisors were present. At that meeting, our board of directors, with the assistance of our management and the Company s legal and financial advisors, reviewed and discussed the proposed purchase and sale agreement with Atlas. At the request of our board of directors, our legal counsel reviewed with our board of directors the legal duties of the board of directors in connection with the proposed transaction. Following that discussion our legal counsel also reviewed and discussed with our board of directors the terms of the proposed purchase and sale agreement, including (i) the provisions that would generally restrict the Company or any of its representatives from continuing to solicit competing offers for the Company or for its assets, (ii) the circumstances under which the board of directors would have the ability to respond to certain inquiries if the board of directors determined that the failure to do so would be inconsistent with its fiduciary duties, (iii) that the board of directors would be required to support the proposed transaction with Atlas and recommend approval of such transaction by the Company s stockholders, provided that our board of directors would be permitted to withdraw its recommendation if (A) as a result of intervening events the board of directors concluded that the failure to change its recommendation would be inconsistent with its fiduciary duties or (B) a Superior Proposal had been received that our board of directors had determined to accept, provided that in each case Atlas would be provided at least four business days notice of the intended action and our board of directors would take into account any proposals made by Atlas during such period in evaluating the proposal or intervening events, and (iv) that, under certain circumstances, in the event that our board of directors determined to terminate the agreement with Atlas, the Company would be obligated to pay to Atlas a termination fee of $4,280,000. At the meeting there was also discussion of the fact that the initial high bidder had been very slow throughout its involvement in the process, that the initial high bidder s comments to

Table of Contents

the Company s proposed purchase and sale agreement had been substantial and materially altered the terms of the transaction from those initially proposed by the Company, that no response had been received from the initial high bidder to the Company s response to its comments to the proposed purchase and sale agreement, that the price proposed by the initial high bidder was less than the price being proposed by Atlas, and that with the April 1, 2014 maturity date of the Company s credit agreement the Company needed to move very quickly in its efforts to enter into a definitive purchase and sale agreement that was acceptable. FBRC then reviewed and discussed its financial analyses with respect to the Assets (as defined in the Asset Purchase Agreement) subject to the assumed liabilities and the proposed Asset Sale. Thereafter, at the request of our board of directors, FBRC rendered its oral opinion to our board of directors (which was subsequently confirmed in writing by delivery of FBRC s written opinion dated February 13, 2014) as to, as of February 13, 2014, the fairness, from a financial point of view, to the Company of the consideration to be received by the Company for the Assets subject to the assumed liabilities in the Asset Sale pursuant to the Asset Purchase Agreement. After further discussion among members of the board of directors, the board of directors unanimously approved the agreement with Atlas and the meeting was adjourned. Thereafter, the Company entered into the Asset Purchase Agreement to sell the Assets to Atlas for a purchase price of $107 million, subject to certain adjustments in accordance with the agreement. The effective date of the Asset Sale is January 1, 2014, and it is expected to close in the second quarter of 2014 subject to the satisfaction of closing conditions and stockholder approval. Our board of directors believes that Atlas demonstrated the strongest interest in proceeding aggressively to close, and that the transaction with Atlas represented the highest value and best terms available for the sale of the Company s remaining assets.

In connection with the execution of the Asset Purchase Agreement, certain stockholders of the Company entered into a Voting Agreement for the benefit of Buyer and Atlas (the Voting Agreement). Such stockholders included Sherwood, who is the largest holder of our outstanding shares of Preferred Stock and currently owns approximately 58.6% of our Preferred Stock, Yorktown, who is the largest holder of our outstanding shares of Common Stock and currently owns approximately 30.6% of our Common Stock, and all of the members of our board of directors and our senior management. Collectively, these stockholders own approximately 48.9% of the Common Stock voting power of the Company in the aggregate (including Preferred Stock held by such stockholders on an as-converted to Common Stock basis) and approximately 59.6% of the Preferred Stock voting power of the Company in the aggregate. The Voting Agreement generally (i) requires that the stockholders party to it vote all of their shares of the Company s Common Stock and Preferred Stock, as applicable, in favor of the Asset Sale and against alternative transactions, and (ii) prohibits them from transferring their shares. The Voting Agreement automatically terminates upon the earliest to occur of (i) the termination of the Asset Purchase Agreement, (ii) a change of recommendation by the Company s board of directors and (iii) the closing of the transactions contemplated by the Asset Purchase Agreement.

Our board of directors intends to continue to evaluate other strategic alternatives if the Asset Sale is approved by our stockholders. We currently anticipate that the Asset Sale would be followed by either a merger or a dissolution and distribution of our remaining assets in accordance with applicable law. Under Section 271 of the DGCL and GeoMet s Certificate of Designation, any subsequent merger or dissolution would require approval by (i) our board of directors, (ii) the holders of at least fifty percent (50%) of our Preferred Stock (voting separately as a class), and (iii) the holders of a majority of our outstanding shares with holders of the Preferred Stock voting with the Common Stock, treated as a single class, on an as-converted basis. On an as-converted basis, the Preferred Stock currently represents approximately 53.2% of the outstanding shares and therefore would have the ability to control any vote requiring the approval of our stockholders, including a vote to approve any subsequent merger or dissolution. We believe that the interests of the stockholders may best be served if a merger transaction can be identified and completed. No assurance can be made whether the Company will be successful in completing such a transaction. If we are unable to complete such a transaction, our board of directors intends to seek stockholder approval to dissolve the Company under Delaware law.

Table of Contents

The terms of our outstanding Preferred Stock provide that in the event of a liquidation or dissolution of the Company, the holders of our Preferred Stock would be entitled to a liquidation preference before the holders of our Common Stock would be entitled to receive any distributions from the Company. The liquidation preference is equal to the original investment amount of the Preferred Stock ($40 million) plus paid-in-kind shares plus accrued and unpaid dividends, and currently totals approximately $60 million. Therefore, if the Company is dissolved following the Asset Sale, the estimated remaining net proceeds (approximately $23 million) would be less than the liquidation preference to which the holders of our Preferred Stock are currently entitled ($60 million). Absent a concession from the holders of our Preferred Stock, our Common Stockholders would not receive any distributions as a result of the Asset Sale or subsequent dissolution of the Company.

It is not clear that the terms of our outstanding Preferred Stock would entitle the holders of our Preferred Stock to a liquidation preference in the event the Company was to engage in a merger. If our outstanding Preferred Stock is not entitled to a liquidation preference in the event of a merger, then the Preferred Stock might instead exercise its rights to convert into Common Stock, and then participate with the Common Stock in the proceeds of such transaction on an as-converted basis. Assuming the remaining net proceeds from the Asset Sale are approximately $23 million, this would mean that the holders of our Preferred Stock would receive less in a merger than the holders of our Preferred Stock would receive in a dissolution as a result of their liquidation preference. In order for the Company to engage in a merger, the Company would have to receive the approval of at least fifty percent (50%) of the outstanding shares of Preferred Stock voting separately as a class, in addition to the approval of a majority of the outstanding shares of Common Stock including the outstanding shares of Preferred Stock voting on an as-converted basis treated as a single class. The Company has been advised by the holders of more than fifty percent (50%) of our Preferred Stock that they will not vote in favor of a merger unless the terms of the transaction provide that the holders of our Preferred Stock will be entitled to receive at least the same value or distributions as such holders would have been entitled to receive in a dissolution pursuant to the liquidation preference to which the holders of the Preferred Stock are entitled. As a result, absent a concession from the holders of our Preferred Stock, it is likely that our Common Stockholders would not receive any distributions if the Asset Sale is followed by a merger.

Reasons for the Asset Sale

We are selling substantially all of our assets primarily because of the pending maturity of our bank credit agreement and, based on conversations with our existing bank lenders and other potential lenders, an inability to refinance our existing borrowings. In addition we have been unable to find alternative debt or equity financing on terms that were in the best interests of our stockholders, or a merger candidate or corporate transaction. We believe that our efforts to successfully engage in a strategic corporate transaction was severely constrained and hampered by depressed natural gas prices, low price expectations for dry gas, excessive supplies of dry gas, and our highly leveraged and complex capital structure. After considering the available alternatives, our board of directors determined that the Asset Sale provides the best opportunity for satisfying our liabilities and returning value to our stockholders.

The foregoing discussion of the factors considered by our board of directors is not intended to be exhaustive, but rather includes material factors considered by the directors. Our board of directors also considered other factors, including those described in the section entitled Risk Factors in this Proxy Statement, in deciding to approve, and unanimously recommending that our stockholders approve, the Asset Sale. In reaching its decision and recommendation to our stockholders, our board of directors did not quantify or assign any relative weights to the factors considered and individual directors may have given different weights to different factors. In addition, our board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, but rather conducted an overall analysis of the factors described above.

Table of Contents

Recommendation of Our Board of Directors

Our board of directors determined that the terms and conditions of the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, are advisable to, and in the best interests of, GeoMet and its stockholders. This determination was made by a unanimous vote of all of the members of our board of directors, based on an evaluation of many factors, some of which included:

- given our financial condition and liquidity, the possibility of default under our credit agreement if an asset sale or strategic transaction did not occur before April 1, 2014, the maturity date at such time;

- the continual decline in natural gas prices starting in the summer of 2009, which had a significant impact on the Company s operating cash flow, results of operations, financial condition and liquidity;

- the PIK Dividends owed to the holders of our Preferred Stock, which has resulted in an ongoing, compounding, dilution of the holders of our Common Stock and impaired our ability to raise additional equity;

- the inability to refinance under the Company s credit agreement;

- the inability to find a viable strategic merger partner;

- the financial analysis reviewed and discussed with our board of directors by representatives of FBRC as well as the oral opinion of FBRC rendered to the GeoMet board of directors on February 13, 2014 (which was subsequently confirmed in writing by delivery of FBRC s written opinion addressed to our board of directors dated the same date) as to, as of February 13, 2014, the fairness, from a financial point of view, to GeoMet of the consideration to be received by GeoMet for the Assets subject to the assumed liabilities in the Asset Sale pursuant to the Asset Purchase Agreement; and

- the transaction with the Buyer represented the highest value and best terms available, and the Buyer demonstrated the strongest interest in proceeding aggressively to consummate the Asset Sale.

Our board of directors unanimously recommends that our stockholders vote **FOR** the authorization of the Asset Sale.

Opinion of GeoMet s Financial Advisor

On February 13, 2014, GeoMet s financial advisor, FBRC, rendered its oral opinion to the GeoMet board of directors (which was subsequently confirmed in writing by delivery of FBRC s written opinion addressed to the GeoMet board of directors dated the same date), as to the fairness, from a financial point of view, as of the date of the opinion, to GeoMet of the consideration of $107 million to be received by GeoMet for the Assets (as defined in the Asset Purchase Agreement) subject to the assumed liabilities in the Asset Sale pursuant to the Asset Purchase Agreement.

FBRC s opinion was directed to the GeoMet board of directors (in its capacity as such) and only addressed the fairness, from a financial point of view, to GeoMet of the consideration to be received by GeoMet for the Assets subject to the assumed liabilities in the Asset Sale pursuant to the Asset Purchase Agreement and did not address any other aspect or implication of the Asset Sale. The summary of FBRC s opinion in this Proxy Statement is qualified in its entirety by reference to the full text of FBRC s written opinion, which is included as *Annex C* to this Proxy Statement and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by FBRC in preparing its opinion. However, neither FBRC s written opinion nor the summary of its opinion and the related analyses set forth in this Proxy Statement are intended to be, and they do not constitute, advice or a recommendation to the GeoMet board of directors, GeoMet, the Sellers, any security holder of GeoMet or any other person as to how to act or vote on any matter relating to the Asset Sale or otherwise.

Table of Contents

In arriving at its opinion, FBRC, among other things:

- reviewed a draft, dated February 11, 2014, of the Asset Purchase Agreement;
- reviewed certain publicly available business and financial information relating to GeoMet and the Assets;
- reviewed certain other business, financial and operating information relating to GeoMet and the Assets, including financial forecasts for the Assets, subject to the assumed liabilities, for the two fiscal years ended December 31, 2014 and December 31, 2015 prepared and provided to FBRC by management of GeoMet (which we refer to as the GeoMet Projections);
- reviewed certain other information relating to the Assets and the assumed liabilities provided to FBRC by GeoMet, including certain oil and gas reserve reports and data prepared by GeoMet s third-party oil and gas reserves consultants containing estimates with respect to GeoMet s proved oil and gas reserves and associated timings and riskings, including certain adjustments provided by Lantana and pricing assumptions provided by GeoMet (which we refer to as the Reserve Reports);
- met with certain members of the management of GeoMet to discuss the Assets and their prospects, the assumed liabilities and the proposed Asset Sale;
- reviewed certain financial data for the Assets subject to the assumed liabilities and compared that data with similar data for companies with publicly traded equity securities that FBRC deemed relevant;
- reviewed certain financial terms of the proposed Asset Sale and compared certain of those terms with the publicly available financial terms of certain business combinations and other transactions that FBRC deemed relevant; and
- considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that FBRC deemed relevant.

In connection with its review, FBRC did not independently verify any of the foregoing information and FBRC assumed and relied upon such information being complete and accurate in all respects material to its analyses and its opinion. With respect to the GeoMet Projections, management of GeoMet advised FBRC, and FBRC assumed, that such projections were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the management of GeoMet with respect to the future financial performance of the Assets subject to the assumed liabilities, and FBRC expressed no view or opinion with respect to the GeoMet Projections or the assumptions upon which they were based. With respect to the Reserve Reports, FBRC was advised and assumed that the Reserve Reports were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of GeoMet s third-party oil and gas reserves consultants as to the oil and gas reserves included in the Assets and associated timings and riskings and were advised by GeoMet and assumed that the Reserve Reports were a reasonable basis on which to evaluate the Assets subject to the assumed liabilities, and FBRC expressed no view or opinion with respect to the Reserve Reports or the assumptions upon which they were based. FBRC relied upon and assumed, without independent verification, that there had been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects relating to the Assets subject to the assumed liabilities since the Effective Date or, if earlier, the respective dates of the most recent financial statements and other information, financial or otherwise, provided to FBRC that would be material to its analyses or its opinion, and that there was no information or any facts or developments that would make any of the information reviewed by FBRC incomplete or misleading. FBRC also assumed, with GeoMet s consent, that (i) in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the Asset Sale, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on GeoMet, the Assets or the contemplated

Table of Contents

benefits of the Asset Sale; (ii) the representations and warranties made by the parties in the Asset Purchase Agreement were accurate and complete in all respects material to its analyses and its opinion; (iii) each party to the Asset Purchase Agreement would perform all of its covenants and obligations thereunder; and (iv) the Asset Sale would be consummated in accordance with the terms of the Asset Purchase Agreement, including the form and structure of the Asset Sale contemplated thereby, without waiver, modification or amendment of any term, condition or provision of the Asset Purchase Agreement that was material to its analyses or its opinion. FBRC also assumed that the Asset Purchase Agreement, when executed by the parties thereto, would conform to the draft reviewed by FBRC in all respects material to its analyses.

For purposes of its analysis and its opinion, FBRC at GeoMet s direction treated the consideration to be collectively received by the Sellers in the Asset Sale pursuant to the Asset Purchase Agreement as being received by GeoMet. In addition, with GeoMet s consent, FBRC assumed for purposes of its analysis and its opinion, that any increase in the value of the Assets or reduction in the value of the assumed liabilities following January 1, 2014 and any adjustment to the consideration pursuant to the Asset Purchase Agreement or otherwise would not be material to its analysis or its opinion.

In its opinion, FBRC referenced the fact that the report of GeoMet s independent auditors included in GeoMet s Annual Report on Form 10-K for the year ended December 31, 2012, containing the most recent audited financial statements available at the time for GeoMet, included a statement by GeoMet s independent auditors that, among other things, the financial condition of GeoMet raised substantial doubt about GeoMet s ability to continue as a going concern. Furthermore, FBRC s opinion also referenced the fact that GeoMet s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 disclosed that (i) there could be no assurances that GeoMet would be able to refinance or repay the borrowings under its credit facility before it matures on April 1, 2014 which, among other things, raised substantial doubt about GeoMet s ability to continue as a going concern and (ii) if GeoMet became unable to continue as a going concern, GeoMet might be forced to liquidate its assets and the values GeoMet would receive for its assets in liquidation or dissolution could be significantly lower than the values reflected in its financial statements. FBRC noted, however, that, under the ownership of a company with adequate liquidity and capital, such as Buyer, the value of the Assets could substantially improve, resulting in significant returns to Buyer if the Asset Sale is consummated.

FBRC s opinion addressed only the fairness, from a financial point of view, to GeoMet of the consideration to be received by GeoMet for the Assets subject to the assumed liabilities in the Asset Sale pursuant to the Asset Purchase Agreement in the manner set forth above and did not address any other aspect or implication of the Asset Sale or any agreement, arrangement or understanding entered into in connection with the Asset Sale or otherwise, including, without limitation, the allocation of the consideration amongst the Assets subject to the assumed liabilities; the allocation of the consideration amongst the Sellers; the solvency or fair value of GeoMet or any other entity or person or their respective assets or liabilities under any state or federal laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters; any tax implications of the Asset Sale to GeoMet or its securityholders or any other party; GeoMet s or the Sellers potential use of the proceeds from the Asset Sale; any subsequent actions or transactions to which GeoMet may be a party; the fairness of any portion or aspect of the Asset Sale to the holders of any class of securities, creditors or other constituencies of GeoMet, or to any other party; or the fairness of the amount or nature of, or any other aspect relating to, any compensation or consideration to be received by or otherwise payable to any officers, directors, employees, securityholders or affiliates of any party to the Asset Sale, or class of such persons, relative to the consideration or otherwise. The issuance of FRB s opinion was approved by an authorized internal committee of FBRC.

FBRC expressed no opinion and provided no advice, counsel or interpretation, with respect to matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. FBRC assumed that any such opinions, advice, counsel or interpretations had been or would be obtained by GeoMet from appropriate professional sources. Furthermore, FBRC, with GeoMet s consent, relied upon the assessments by GeoMet and its other advisors as to all legal, regulatory, accounting, insurance and tax matters with respect to GeoMet, the Sellers, the Assets, the assumed liabilities and the Asset Sale.

Table of Contents

FBRC s opinion was necessarily based upon information made available to FBRC as of the date of its opinion and financial, economic, market and other conditions as they existed and could be evaluated on the date of its opinion. FBRC assumed no responsibility to update or revise its analysis or its opinion for information obtained or events or circumstances occurring after the date of its opinion. In addition, as GeoMet was aware, the GeoMet Projections and other information that FBRC reviewed relating to the future financial performance of the Assets subject to the assumed liabilities reflected certain assumptions regarding the energy industry and future commodity prices associated with the energy industry that are subject to significant uncertainty and volatility and that, if different than assumed, could have a material impact on FBRC s analyses and opinion. FBRC was previously engaged to assist GeoMet in evaluating certain strategic alternatives, including a possible sale of GeoMet and, in connection with such engagement, solicited indications of interest in acquiring GeoMet. FBRC s engagement to provide those financial advisory services was subsequently terminated in November, 2013 by mutual agreement, and FBRC understood that another financial advisor was engaged by GeoMet to solicit indications of interest in acquiring certain assets of GeoMet, including the Assets and, consequently, since the termination of its engagement to assist GeoMet in evaluating certain strategic alternatives, including a possible sale of GeoMet, FBRC had not been requested to, and did not, (i) solicit indications of interest from third parties with respect to an acquisition of all or any part of GeoMet or the Assets or any alternatives to the Asset Sale, (ii) negotiate the terms of the Asset Sale, or (iii) advise the GeoMet board of directors or any other party with respect to alternatives to the Asset Sale. FBRC s opinion did not address the relative merits of the Asset Sale as compared to alternative transactions or strategies that might be available to GeoMet or any other party to the Asset Sale, nor did it address the underlying business decision of the GeoMet board of directors, GeoMet, the Sellers or any other party to proceed with the Asset Sale. Furthermore, in connection with its opinion, FBRC was not requested to, and did not, make any physical inspection or independent appraisal or evaluation of any of the assets, properties or liabilities (contingent or otherwise) of GeoMet, the Sellers or any other party, nor was FBRC provided with any such appraisal or evaluation other than the Reserve Reports. FBRC did not estimate, and expressed no opinion regarding, the liquidation value of GeoMet, the Sellers or any other entity, whether before or after giving effect to the Asset Sale.

FBRC s opinion was for the information of the GeoMet board of directors (in its capacity as such) in connection with its consideration of the proposed Asset Sale and, in accordance with the terms of FBRC s engagement, was not intended to and should not be construed as creating any fiduciary duty on the part of FBRC to the GeoMet board of directors, GeoMet, the Sellers, any securityholder of GeoMet or any other party. FBRC s opinion does not constitute a recommendation to the GeoMet board of directors, GeoMet, the Sellers, any securityholder of GeoMet or any other person as to how to act or vote on any matter relating to the Asset Sale or otherwise.

In preparing its opinion to the GeoMet board of directors, FBRC performed a variety of analyses, including those described below. The summary of FBRC s financial analyses is not a complete description of the analyses underlying FBRC s opinion. The preparation of such an opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of those methods to the unique facts and circumstances presented. As a consequence, neither FBRC s opinion nor the analyses underlying its opinion are readily susceptible to partial analysis or summary description. FBRC arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, analytic method or factor. Accordingly, FBRC believes that its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In performing its analyses, FBRC considered business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of its opinion. No company, business or transaction used in FBRC s analyses for comparative purposes is identical to GeoMet, the Assets subject to the assumed liabilities or the proposed Asset Sale. While the results of each analysis were taken into account in reaching its overall conclusion, FBRC did not make separate or quantifiable judgments regarding individual analyses. The asset values and asset value reference ranges indicated by FBRC s financial analyses are

Table of Contents

illustrative and not necessarily indicative of actual values nor predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond GeoMet s control and the control of FBRC. Much of the information used in, and accordingly the results of, FBRC s analyses are inherently subject to substantial uncertainty.

FBRC s opinion and analyses were provided to the GeoMet board of directors (in its capacity as such) in connection with its consideration of the proposed Asset Sale and were among many factors considered by the GeoMet board of directors in evaluating the proposed Asset Sale. Neither FBRC s opinion nor its analyses were determinative of the consideration or of the views of the GeoMet board of directors with respect to the proposed Asset Sale.

The following is a summary of the material financial analyses performed by FBRC in connection with the preparation of its opinion rendered to the GeoMet board of directors on February 13, 2014. The analyses summarized