Today

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Company Overview

• Exploration, development, and production of crude oil and natural gas in Texas, Louisiana, and New Mexico. The company was founded in 1998 and is headquartered in Oklahoma City, Oklahoma.

• Used to produce at the profitable Cotton Valley of east Texas.

• In the past year, it shifted most capital to Haynesville Shale.

• 42,300 net Haynesville acres, of which 38,000 are 100% operated.

• HB of East Texas has lower pressure and heat than the Louisiana side, resulting in shallower decline rates and lower completed well costs.
Haynesville / Bossier Horizontal Capital Core Area

- 30 operators
- 183 current rigs
- $10.3 Billion estimated investment in Capital Core in 2010
- ExxonMobil purchase of XTO to expand Shale position
Large potential production in HB

US Horizontal Rig Count by Region

Q1’08 Total (All Regions) 503 Hz Rigs
Q1’09 Total (All Regions) 484 Hz Rigs
Current Total (All Regions) 730 Hz Rigs

Barnett
Arkoma
Other
Mid-Continent
Rockies
Northeast
Haynesville-Bossier

US Horizontal Rig Count Regions include: Arkansas, Haynesville-Bossier, Mid-Continent, Barnett, Northeast.
Business Model

• To sell its leaseholds and reserves
• Pull stuff out of the ground (production)

1. Lease problem
   • GMXR: DNE b/c of vertical wells drilled

2. Lack of infrastructure
   • GMXR: Adequate capacity of gas gathering system.

3. High Royalty Rate
   • GMXR: average of 20% (compare to 25% or more paid by competitors)
Misperception

1. Negative Earnings:

Result of the **NEW SEC RULE:**

- SEC NYMEX Price is $3.86
- 12/31/09 price is $5.79
- 3-Year Futures Strip is $6.26
Very Different Results:

• If we use SEC price:
  – 09 year end proved reserve:
    • HB:29.5M

• If we use end of the year price:
  – 09 year end proved reserve:
    • HB:112.2M
### Proved Reserves – SEC Pricing

<table>
<thead>
<tr>
<th>Area</th>
<th>BCFE</th>
<th>% PDP</th>
<th>($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CVS / TP</td>
<td>329</td>
<td>33%</td>
<td>$156</td>
</tr>
<tr>
<td>HB</td>
<td>26</td>
<td>100%</td>
<td>$33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>355</strong></td>
<td><strong>38%</strong></td>
<td><strong>$189</strong></td>
</tr>
</tbody>
</table>

### Proved Reserves – December 31, 2009 Pricing of $5.79 HH for Gas and $79.39 for Oil

<table>
<thead>
<tr>
<th>Area</th>
<th>BCFE</th>
<th>% PDP</th>
<th>($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CVS / TP</td>
<td>340</td>
<td>35%</td>
<td>$445</td>
</tr>
<tr>
<td>HB</td>
<td>114</td>
<td>21%</td>
<td>$82</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>454</strong></td>
<td><strong>31%</strong></td>
<td><strong>$527</strong></td>
</tr>
</tbody>
</table>

### Proved Reserves – Futures Pricing: NYMEX 3 Year Strip of $6.255 for Gas and $81.43 for Oil

(1)

<table>
<thead>
<tr>
<th>Area</th>
<th>BCFE</th>
<th>% PDP</th>
<th>($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CVS / TP</td>
<td>340</td>
<td>35%</td>
<td>$463</td>
</tr>
<tr>
<td>HB</td>
<td>114</td>
<td>21%</td>
<td>$85</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>454</strong></td>
<td><strong>31%</strong></td>
<td><strong>$548</strong></td>
</tr>
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</table>

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*McIntire Investment Institute*
Misperception

2. Low gas price makes GMXR unprofitable:

Natural Gas Price

Short Interest
Active Hedging strategy:

- 77% of 2010 estimated production of 17.5 Bcfe is protected at an average price of $6.43;
- 62% of 2011 estimated production of 24.1 Bcfe is protected at an average price of $6.14;
- 58% of 2012 estimated production of 29.0 Bcfe is protected at an average price of $6.08.
Weighted Average Floor Price

$6.43  $6.14  $6.08

2010: 77% Protected
2011: 62% Protected
2012: 58% Protected

Estimated Production  Production Protected

McIntire Investment Institute
Thesis

1. Promising Potential growth of HB
2. Lower cost
3. Healthy financial
4. Short squeeze
5. Efficient management
Potential Growth of Production

• **New Well**: The Mia Austin #1H (4 1/2" casing) was completed in February.

• **Increased Investment**: GMXR's 2010 CAPEX budget is forecasted at $175 million (30% Increase), the substantial majority of which will be used to drill approximately 22 wells of which 20 will be H/B Hz wells and 2 will be CVS Hz wells.
More..

• **New Rig**: The Company is currently drilling with three Helmerich and Payne FlexRig 3(TM) rigs and is scheduled to take delivery of a fourth FlexRig 3(TM) on March 25, 2010.

• **Third Party**: The Company is negotiating with third parties on participation, farm-ins and acreage exchange agreements.
Drilling is still in its infancy

YE 2009
355 BCFE proved reserves\(^{(1)}\)
37% Proved developed
94% Natural gas

Potential
~2.8 TCFE reserve potential\(^{(2)}\)
~1,661 undrilled locations

CVS

Haynesville/Bossier
279 net undrilled Hz locations in Capital Core

CVS/TP
1,382 net undrilled locations in Capital Core

Travis Peak & Other

Cotton Valley Sands (Vertical)
1:1 PUD – PDP Ratio (330-323 well count)

Haynesville/Bossier (Horizontal)

http://vimeo.com/5547187
Lower Cost

• During 2009 the Company **reduced its average spud to TD** from 70 days to 30 days by utilizing the H & P FlexRig 3(TM) and improving other efficiencies.

• Completed **well costs dropped** precipitously from $10 million per well to $6.2 million per well. It expects to continue in 2010 to maintain and improve cost saving measures though out the program.
More..

- **Larger Well**: Improved well performance is anticipated without an increase in stimulation cost. The first wells in this program, the Verhalen D#3H, and the Bosh 19H should have results in April 2010.
Key financial

- Currently Trading at: $9.25
- 52 week high/low: $ 5.57-19.1
- Shares Outstanding: 30.71M
- Market Cap:  283.50M
- P/E (ttm):  N/A
- EPS (ttm):  -9.17
- Enterprise Value: 412.45M
- Gross Margin: 87.50%
## Market Capital

<table>
<thead>
<tr>
<th>Company name</th>
<th>Price</th>
<th>Mkt Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMXR GMX Resources Inc.</td>
<td>9.14</td>
<td>280.73M</td>
</tr>
<tr>
<td>PVA Penn Virginia Corporation</td>
<td>24.64</td>
<td>1.12B</td>
</tr>
<tr>
<td>LINE Linn Energy, LLC</td>
<td>25.03</td>
<td>3.27B</td>
</tr>
<tr>
<td>PQ PetroQuest Energy, Inc.</td>
<td>5.34</td>
<td>336.62M</td>
</tr>
<tr>
<td>KWK Quicksilver Resources Inc</td>
<td>14.37</td>
<td>2.45B</td>
</tr>
<tr>
<td>RAME RAM Energy Resources, ...</td>
<td>1.47</td>
<td>112.99M</td>
</tr>
<tr>
<td>XEC Cimarex Energy Co.</td>
<td>59.58</td>
<td>5.00B</td>
</tr>
<tr>
<td>CHK Chesapeake Energy Corp.</td>
<td>23.41</td>
<td>15.27B</td>
</tr>
<tr>
<td>GDP Goodrich Petroleum Corp.</td>
<td>17.00</td>
<td>637.84M</td>
</tr>
<tr>
<td>CFW Cano Petroleum, Inc.</td>
<td>1.05</td>
<td>47.85M</td>
</tr>
<tr>
<td>TGC Tengasco, Inc.</td>
<td>0.495</td>
<td>29.46M</td>
</tr>
</tbody>
</table>
Financial health

• Liquidity
  – Total Cash: 35.55M
  – Total Cash Per Share: 1.266
  – the sale of common stock of $164.1 million, issuance of 4.50% convertible senior notes of $86.3 million in 2009
  – Sale of 40% Mid Stream gas gathering for $36 million
  – No debt maturities until July 2011.
  – Current ratio: 1.60
Short Squeeze

• Short percent of float: 29.03% (03/22/10)
• Short Percent Decrease: -6.21%
• Short Ratio: 7
Good Management

- Ken Kenworthy Sr. and Ken Kenworthy Jr. founded GMX Resources in 1998. Both have previous experience in oil and gas exploration.

- Drilling and Completion Manager, who previously worked for XTO Energy XTO, a top-notch operator, in their Barnett Shale operations.
Catalyst

Potential Increase of Natural Gas Price.
Consumption Keep Increasing

**Annual U.S. Natural Gas Number of Residential Consumers**

- Number of Elements
- Source: U.S. Energy Information Administration

**Annual U.S. Natural Gas Number of Commercial Consumers**

- Number of Elements
- Source: U.S. Energy Information Administration

McIntire Investment Institute
Table A5. World Natural Gas Consumption by Region, Reference Case, 1990-2030
(Trillion Cubic Feet)

<table>
<thead>
<tr>
<th>Region/Country</th>
<th>History</th>
<th>Projections</th>
<th>Average Annual Percent Change, 2003-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total World</td>
<td>73.4</td>
<td>92.5</td>
<td>95.5</td>
</tr>
</tbody>
</table>

- Source: U.S Energy Information Administration
  http://www.eia.doe.gov/
Valuation

Cotton Valley: $229M
Haynesville Rights: 42,300 acres at $1,500/acre = $63.5M
40% of Midstream (gas gathering system): $36M
60% of Midstream: $44M
Other PP&E: $18M
Hedges: $28M (as of 09)

Price per Share

\[ \text{Price per Share} = \frac{\text{PV10 of proved reserves} - \text{Total Liability} - \text{Preferred Stock}}{\text{shares outstanding}} \]

\[ = \frac{547M - 221M - 18M}{30.71M} = \$10.01 \]

\[ (10.01 - x)/x = 8\% \text{ increase} \]
VAR

• http://www.youtube.com/watch?v=72jfcFK_GKg

• Organized Management of Haynesville Shale, ex, Haynesville Land Owner Association
Risk

• Highly leveraged and will need to depend on outside capital for growth.

• Because in infancy of development, operational missteps may occur.
Questions? Comments?