



**GeoResources, Inc.**  
Oil & Gas Exploration and Production

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***FOR IMMEDIATE RELEASE***

## **GeoResources, Inc. Reports Second Quarter and Six-Months Financial Results**

**Houston, Texas August 11, 2008** – GeoResources, Inc., (NASDAQ:GEOI), today announced its financial results for the first six-months and the quarter ended June 30, 2008, compared to the results for the same periods in 2007.

For the three months ended June 30, 2008, the Company reported net income of \$7.8 million, or \$0.50 per share (diluted) compared to a net loss of \$1.3 million or \$0.09 per share in 2007. Total revenue increased 240% to \$28.2 million in the second quarter of 2008 compared to \$8.3 million the same quarter in 2007.

For the first half of 2008, net income was \$12.0 million, or \$0.80 per share, on revenue of \$52.2 million versus a net loss of \$463,000, or \$0.05 per share on revenue of \$12.4 million in the first half of 2007.

Oil and natural gas production increased substantially in the second quarter. Natural gas production increased to 719 MMcf from 361 MMcf, an increase of 99%. Oil production for the second quarter increased to 186 MBbls from 82 MBbls in the prior year's period, an increase of 127%.

For the six months ended June 30, 2008, natural gas sales totaled 1,528 MMcf or 177% greater than the 552 MMcf sold during the first half of 2007. Oil sales for the first half of 2008 increased 204% to 386 Mbbls from 127 Mbbls in the first half of 2007.

The average realized price of natural gas was \$9.74 per Mcf for the second quarter of 2008, 41% more than the second quarter of 2007. The average realized price of oil for the second quarter of 2008 was \$97.66 per barrel or 75% more than the second quarter in the prior year.

The average realized price of natural gas was \$8.68 per Mcf for the first half of 2008 or 31% more than the first half of the prior year. The average realized price of oil was \$89.01 per barrel or 63% more for the first half of 2008 than the first six months in the prior year.

Earnings before interest, income taxes, depreciation, depletion and amortization, and exploration expense (“EBITDAX”) increased 581% to approximately \$17.7 million for the second quarter 2008 compared to \$2.6 million in the second quarter 2007. EBITDAX for the first six-months of 2008 increased 552% to approximately \$30.0 million compared to \$4.6 million in the prior year’s first half.

The following tables reconcile reported net income to EBITDAX for the periods indicated (in thousands):

	<u>Three Months Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Net income (loss)	\$ 7,790	\$ (1,349)
Add back:		
Interest expense	1,314	199
Income tax	4,546	1,849
Depreciation, depletion and amortization	3,573	1,932
Exploration and impairments	502	-
EBITDAX (1)	<u>\$17,725</u>	<u>\$ 2,631</u>

	<u>Six Months Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Net income (loss)	\$ 12,014	\$ (463)
Add back:		
Interest expense	2,883	355
Income tax	7,142	1,854
Depreciation, depletion and amortization	7,450	2,861
Exploration and impairments	502	-
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EBITDAX (1)	<u>\$29,991</u>	<u>\$4,607</u>

(1) EBITDAX is defined as earnings before interest, income taxes, depreciation, depletion and amortization, and exploration expense. EBITDAX should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not in accordance with, nor superior to, generally accepted accounting principles, but provides additional information for evaluation of our operating performance.

### ***SemGroup Bankruptcy***

Some investors have expressed concern about the possible impact on our Company of the recent bankruptcy filing by SemGroup LP and its subsidiary, SemCrude. SemCrude accounted for a very minor portion of our oil sales and we estimate that our maximum potential losses are approximately \$100,000.

### ***About GeoResources, Inc.***

GeoResources, Inc. is an independent oil and gas company engaged in the acquisition and development of oil and gas reserves through an active and diversified program which includes purchases of reserves, re-engineering, and development and exploration activities, currently focused in the Southwest and Gulf Coast, Williston Basin and Rocky Mountains. For more information, visit our website at [www.georesourcesinc.com](http://www.georesourcesinc.com).

### ***Forward-Looking Statements***

***Information herein contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which can be identified by words such as "may," "will," "expect," "anticipate," "estimate" or "continue," or comparable words. All statements other than statements of historical facts that address activities that the Company expects or anticipates will or may occur in the future are forward-looking statements. Readers are encouraged to read the SEC reports of the Company, readers are encouraged to read our Annual Report on Form 10-KSB/A for the year ended December 31, 2007, and any and all other documents filed with the SEC regarding information about GeoResources for meaningful cautionary language in respect of the forward-looking statements herein. Interested persons are able to obtain free copies of filings containing information about GeoResources, without charge, at the SEC's Internet site (<http://www.sec.gov>).***

**GEORESOURCES, INC. and SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per share amounts)

	<b>June 30,</b>	<b>December 31,</b>
	<b>2008</b>	<b>2007</b>
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash	\$ 23,578	\$ 24,430
Accounts receivable:		
Oil and gas revenues	32,472	20,365
Joint interest billings and other	4,287	3,913
Affiliated partnerships	4,162	3,360
Notes receivable	120	600
Federal income tax receivable	251	-
Prepaid expenses and other	2,250	1,430
Total current assets	67,120	54,098
Oil and gas properties, successful efforts method:		
Proved properties	199,071	187,641
Unproved properties	3,520	5,140
Office and other equipment	989	996
Land	96	96
	203,676	193,873
Less accumulated depreciation, depletion and amortization	(18,106)	(12,430)
Net property and equipment	185,570	181,443
Other assets:		
Equity in oil and gas limited partnerships	3,319	1,880
Deferred financing costs and other	2,695	2,937
	\$ 258,704	\$ 240,358
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 11,349	\$ 11,374
Accounts payable to affiliated partnerships	20,575	9,538
Revenues and royalties payable	21,164	14,567
Drilling advances	445	882
Accrued expenses	3,673	3,839
Derivative financial instruments	33,955	6,527
Total current liabilities	91,161	46,727
Long-term debt	50,000	96,000
Deferred income taxes	10,860	6,476
Asset retirement obligations	5,217	7,827
Derivative financial instruments	55,062	15,296
Stockholders' equity:		
Common stock, par value \$.01 per share; authorized 100,000,000 shares; 16,236,717 shares issued and outstanding	162	147
Additional paid-in capital	112,290	79,690
Accumulated other comprehensive income (loss)	(85,567)	(19,310)
Retained earnings	19,519	7,505
Total stockholders' equity	46,404	68,032
	\$ 258,704	\$ 240,358

**GEORESOURCES, INC. and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share amounts)

(unaudited)

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Revenue:</b>				
Oil and gas revenues	\$ 25,118	\$ 7,060	\$ 47,581	\$ 10,598
Partnership management fees	522	256	834	412
Property operating income	357	445	671	682
Gain (loss) on sale of property and equipment	1,551	(15)	1,961	(15)
Partnership income	429	154	655	213
Interest and other	228	385	450	512
Total revenue	<u>28,205</u>	<u>8,285</u>	<u>52,152</u>	<u>12,402</u>
<b>Expenses:</b>				
Lease operating expense	5,789	2,255	11,580	3,315
Severance taxes	2,428	534	4,317	803
Re-engineering and workovers	984	415	1,682	433
Exploration and impairment expense	502	-	502	-
General and administrative expense	1,861	2,457	3,645	3,247
Depreciation, depletion and amortization	3,573	1,932	7,450	2,861
Hedge ineffectiveness	(582)	(7)	937	(3)
Interest	1,314	199	2,883	355
Total expense	<u>15,869</u>	<u>7,785</u>	<u>32,996</u>	<u>11,011</u>
Income before income taxes	12,336	500	19,156	1,391
<b>Income taxes:</b>				
Current	1,330	94	2,759	96
Deferred	3,216	1,755	4,383	1,758
	<u>4,546</u>	<u>1,849</u>	<u>7,142</u>	<u>1,854</u>
Net income (loss)	<u>\$ 7,790</u>	<u>\$ (1,349)</u>	<u>\$ 12,014</u>	<u>\$ (463)</u>
Net income per share (basic)	<u>\$ 0.51</u>	<u>\$ (0.09)</u>	<u>\$ 0.80</u>	<u>\$ (0.05)</u>
Net Income per share (diluted)	<u>\$ 0.50</u>	<u>\$ (0.09)</u>	<u>\$ 0.79</u>	<u>\$ (0.05)</u>
Weighted average shares outstanding (basic)	<u>15,214</u>	<u>14,573</u>	<u>14,959</u>	<u>10,106</u>
Weighted average shares outstanding (diluted)	<u>15,505</u>	<u>14,573</u>	<u>15,146</u>	<u>10,106</u>

**GEORESOURCES, INC. and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)  
(unaudited)

	<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
Cash flows from operating activities:		
Net income	\$ 12,014	\$ (463)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	7,450	2,861
(Gain) loss on sale of property and equipment	(1,961)	15
Impairment of unproved properties	483	-
Accretion of asset retirement obligations	216	53
Hedge ineffectiveness loss (gain)	937	(3)
Partnership income	(655)	(213)
Partnership distributions	194	-
Deferred income taxes	4,383	1,758
Non-cash compensation	298	422
Changes in assets and liabilities:		
Increase in accounts receivable	(13,534)	(10,269)
Decrease in notes receivable	480	-
Increase in prepaid expense and other	(623)	344
Increase in accounts payable and accrued expenses	17,006	11,869
Net cash provided by operating activities	<u>26,688</u>	<u>6,374</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	20,432	1,750
Additions to property and equipment	(33,311)	(10,143)
Investment in oil and gas limited partnership	(978)	(1,632)
Net cash used in investing activities	<u>(13,857)</u>	<u>(10,025)</u>
Cash flows from financing activities:		
Issuance of common stock, net of stock issue cost of \$2,183,000	32,317	22,799
Distributions to stockholders	-	(4,006)
Issuance of long-term debt	-	3,000
Reduction of long-term debt	(46,000)	(9,800)
Net cash provided by (used in) financing activities	<u>(13,683)</u>	<u>11,993</u>
Net increase (decrease) in cash and cash equivalents	(852)	8,342
Cash and cash equivalents at beginning of period	24,430	6,217
Cash and cash equivalents at end of period	<u>\$ 23,578</u>	<u>\$ 14,559</u>
Supplementary information:		
Interest paid	\$ 2,831	\$ 332
Income taxes paid	\$ 4,210	\$ -
Non-cash net asset acquire in merger transactions:		
GeoResources	\$ -	\$ 23,827
PICA Energy, LLC	\$ -	\$ 11,703
Yuma property interests	\$ -	\$ 3,120