

GMX Creditor Trust

SIXTH QUARTERLY REPORT

August 14, 2015



Introduction

CREDITOR TRUST OVERVIEW

- On February 3, 2014 the Debtors' First Amended Joint Plan of Reorganization became effective, creating the GMX Resources Creditor Trust.
- Upon the plan's effective date, John P. Madden, Senior Managing Director of Emerald Capital Advisors ("Emerald") became the Creditor Trustee. As of the filing date of this report, Mr. Madden continues to serve as the Creditor Trustee.
- As per the Trust Agreement, the Trustee is required to file quarterly reports. The sixth quarterly report includes the May 1st 2015 through July 31th 2015 period.
 - In this report, the activities of the Trust are reviewed and summarized, including an accounting of cash to date as well as the near term expected action/work plan.

NEAR TERM ACTION ITEMS (AUGUST 1, 2015 – OCTOBER 31, 2015)

- Maintain the books & records for the Trust, including the filing of all necessary tax related documents;
- Continue to negotiate with recipients of unsettled preference payments, and with recipients of preferred dividends; at this point, the Trust has filed all litigation associated with the Chapter 5 Causes of Action.
- Continue to prosecute the D&O litigation; and
- Make a second interim distribution to holders of allowed general unsecured claims that are not currently on preference hold.

Sixth Quarterly Trust Activities

OPERATING ACTIVITIES (MAY 1, 2014 – JULY 31, 2015)

- A formal Directors and Officers (“D&O”) complaint was filed in Oklahoma state court on August 19, 2014, asserting claims against certain former directors and officers for various breaches of fiduciary duty.
 - The Trust continues to prosecute and litigate the D&O complaint as appropriate.
 - Currently, there is a mediation scheduled for September 16, in San Francisco.
- Following the receipt of holder information, the sending of demand letters and further analysis, 135 complaints were filed against holders of preferred stock to recover prepetition dividend payments made in 2010, 2011 and 2012
 - **During the Sixth Quarter, the Trust has recovered over \$259,000 in fraudulent conveyances and potentially stands to recover hundreds of thousands more in the near term.**
- Since the beginning of the Sixth Quarter, Emerald and Counsel have continued to negotiate with recipients of preferential payments. Through a detailed and thorough analysis of the payments, the Trust filed complaints against 63 counterparties.
 - **As a result of the complaints, during the Sixth Quarter, the Trust has recovered over \$283,000 in Preferential Payments.** The Trust continues to negotiate with the remaining parties named in the Adversary Proceedings.
 - To the extent any preference defendant has also an allowed General Unsecured Claim, such defendant is on a "preference hold" and will not receive any distributions until the preference matter has been resolved.
- Analysis of the Claims Universe by Trustee professionals has directly led to a reduction of the total claims pool by more than \$46,000,000. In total, over 95 claims were objected to.
- The Trust is diligently working towards finalizing a second distribution to holders of allowed unsecured claims to be paid during the Seventh Quarter. The projected distribution will bring the total amount distributed to 0.70% of allowed claims.
- **To date, efforts by the Trust and its counsel has generated recoveries in excess of \$829,000 for the benefit of Unsecured Creditors.**

OPERATING SUMMARY

	Operating Account	Claims / Distribution Reserve	Total
<u>Cash Balance as of 5/1/15</u>	\$323,063	\$561,737	\$884,800
Interest Earned	165	--	165
Payments Recovered by Trustee	543,104	--	543,104
Total	\$866,332	\$561,737	\$1,428,069
<u>Professional Fees</u>			
Payments to Trustee	(\$94,968)	\$ --	(\$94,968)
Payments to Counsel	(\$181,552)	--	(181,552)
Total Professional Fees	(\$276,520)	\$ --	(\$276,520)
<u>Adjustments</u>			
Claims / Distribution Reserve	\$ --	\$ --	\$ --
Total Cash Balance as of 7/31/15	\$589,812	\$561,737	\$1,151,549

CLAIMS POOL AND CLAIMS RESERVE

<u>Claims Pool as of 2/1/14</u>	\$185,716,425
(-) Withdrawn and settled claims ⁽¹⁾	22,102,481
Claims Pool as of 4/30/15	\$163,613,944
(+) Claims Reserve ⁽²⁾	6,386,056
Adjusted Claims Pool	\$170,000,000
Projected Distribution %	0.70%
Projected Distribution	\$1,190,000
(-) Initial Distribution	628,263
Distribution Reserve as of 4/30/15	\$561,737

Notes:

- (1) Represents claims that the Trustee is no longer obligated to reserve for because they have been settled or withdrawn
 (2) Due to (1) on going preference actions and (2) potential unknown, the Trustee feels it is appropriate to continue to maintain a claims reserve until all adversary proceedings are settled.