

NGAS RESOURCES, INC.

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FOR IMMEDIATE RELEASE

**NEWS
RELEASE**

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NGAS REPORTS FIRST QUARTER 2009 RESULTS

- **Production Increased 18 Percent**
- **Company Anticipates Strengthened Balance Sheet from Pending Gathering System Sale**

LEXINGTON, KENTUCKY, May 11, 2009. NGAS Resources, Inc. (Nasdaq: NGAS) today reported total revenue of \$17.2 million in first quarter 2009 compared to \$17.6 million for the comparable quarter in 2008. Results for the 2009 first quarter reflect the impact of declining commodity prices, despite increases of 18 percent in oil and gas production volumes from horizontal drilling success and 11 percent in contract drilling revenue from substantial completion of last year's drilling partnership for non-operated initiatives in West Virginia.

For the quarter, the company reported a net loss of \$537,000, compared to net income of \$163,000 in first quarter 2008. Loss per share was \$0.02, compared to earnings per share of \$0.01 in the same period last year. Discretionary cash flow per share was \$0.15 compared to \$0.16 in the comparable prior period. (A reconciliation of this non-GAAP measure is provided at the end of this release.)

William S. Daugherty, President and CEO of NGAS Resources commented, "We initiated our horizontal drilling program over one year ago. The success of this program enabled us to deliver double digit production growth in the first quarter, a period characterized by ongoing volatility in the commodity and financial markets." Mr. Daugherty added, "The recently announced agreement for sale of most of our Appalachian gas gathering assets will significantly strengthen our balance sheet while allowing us to maintain operational control of the system and long-term capacity rights for our controlled production."

Operational and Financial Highlights for 1Q 2009 versus 1Q 2008:

- Average daily production was 11.5 Mmcfe versus 9.7 Mmcfe
- Total production volumes were up 18 percent to 1.0 Bcfe
- 12 gross (5 net) wells drilled

- Average realized natural gas price was \$6.74/Mcf versus \$8.51
 - Average price for Appalachian production was \$8.10/Mcf
- Discretionary cash flow was \$4.0 million versus \$4.2 million
- Capital expenditures totaled \$6.0 million

First Quarter 2009 Expense Review

Depreciation, depletion and amortization expenses were \$3.6 million in the first quarter 2009 compared to \$2.9 million in the first quarter of 2008. The increase was driven by asset base expansion and extension of gathering systems.

Selling, general and administrative expenses in the first quarter of 2009 were \$3.3 million slightly lower than the prior-year period. This primarily reflects the timing and extent of marketing costs for sponsored drilling partnerships. As a percentage of revenue, SG&A costs in both periods were comparable at 19 percent.

Interest expense in the quarter was \$1.4 million compared to \$1.3 million in the same period last year reflecting increased borrowings partially offset by lower average interest rates.

Conference Call Information

Management will host a conference call today at 4:30 p.m. (Eastern) today to discuss the results. The conference call and replay can be accessed by telephone and webcast as follows:

Conference Call-in Numbers:

(Toll Free) 1-888-245-0987, Passcode 5680488

(International) 1-913-312-0669 Passcode 5680488

Replay Info (May 11, 2009 thru May 18, 2009)

(Toll Free) 1-888-203-1112, Passcode 5680488

(International) 1-719-457-0820, Passcode 5680488

Webcast (live and replay): www.ngas.com

About NGAS Resources

NGAS Resources is an independent exploration and production company focused on conventional natural gas basins in the United States that support repeatable drilling opportunities, principally in the southern portion of the Appalachian Basin. Additional information, including the company's annual report on Form 10-K for 2008 and proxy statement, can be accessed on its website at www.ngas.com.

Forward Looking Statement

This release includes forward-looking statements within the meaning of the Private Litigation Reform Act of 1995 relating to matters such as anticipated operating and financial performance and prospects. Actual performance and prospects may differ materially from anticipated results due to economic conditions and other risks, uncertainties and circumstances partly or totally outside the control of the company, including risks of production variances from expectations, volatility of product prices, the level of capital expenditures required to fund drilling and the ability of the company to implement its business strategy. These and other risks are described in the company's periodic reports filed with the United States Securities and Exchange Commission.

NGAS RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended March 31,	
	2009	2008
REVENUE		
Contract drilling	\$ 7,323,752	\$ 6,602,118
Oil and gas production	7,067,219	8,489,434
Gas transmission, compression and processing	<u>2,804,982</u>	<u>2,558,092</u>
Total revenue	<u>17,195,953</u>	<u>17,649,644</u>
DIRECT EXPENSES		
Contract drilling	5,541,426	5,119,849
Oil and gas production	2,324,965	2,764,955
Gas transmission, compression and processing	<u>968,917</u>	<u>1,090,246</u>
Total direct expenses.....	<u>8,835,308</u>	<u>8,975,050</u>
OTHER EXPENSES (INCOME)		
Selling, general and administrative	3,250,265	3,288,483
Options, warrants and deferred compensation	418,273	137,679
Depreciation, depletion and amortization	3,618,870	2,871,760
Bad debt expense	—	347,840
Interest expense.....	1,372,041	1,325,970
Interest income.....	(8,816)	(69,710)
Other, net.....	<u>79,541</u>	<u>(6,277)</u>
Total other expenses	<u>8,730,174</u>	<u>7,895,745</u>
INCOME (LOSS) BEFORE INCOME TAXES	(369,529)	778,849
INCOME TAX EXPENSE.....	<u>167,162</u>	<u>615,660</u>
NET INCOME (LOSS)	<u>\$ (536,691)</u>	<u>\$ 163,189</u>
NET INCOME (LOSS) PER SHARE		
Basic	<u>\$ (0.02)</u>	<u>\$ 0.01</u>
Diluted	<u>\$ (0.02)</u>	<u>\$ 0.01</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	<u>26,671,146</u>	<u>26,235,811</u>
Diluted	<u>26,671,146</u>	<u>26,731,037</u>

NGAS RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS

	March 31,	December 31,
	2009	2008
ASSETS		
Current assets:	(Unaudited)	
Cash.....	\$ 1,248,066	\$ 981,899
Accounts receivable.....	5,758,219	10,450,173
Prepaid expenses and other current assets.....	609,850	540,253
Loans to related parties.....	<u>77,474</u>	<u>79,188</u>
Total current assets.....	7,693,609	12,051,513
Bonds and deposits.....	837,898	623,898
Oil and gas properties.....	232,001,956	229,218,344
Property and equipment.....	3,099,554	3,285,925
Loans to related parties.....	171,429	171,429
Deferred financing costs.....	1,501,959	1,689,580
Goodwill.....	<u>313,177</u>	<u>313,177</u>
Total assets.....	<u>\$245,619,582</u>	<u>\$247,353,866</u>
LIABILITIES		
Current liabilities:		
Accounts payable.....	\$ 5,265,843	\$ 12,362,092
Accrued liabilities.....	641,762	675,141
Deferred compensation.....	2,209,700	2,246,439
Customer drilling deposits.....	1,594,248	2,262,955
Long-term debt, current portion.....	<u>24,000</u>	<u>24,000</u>
Total current liabilities.....	9,735,553	17,570,627
Deferred compensation.....	190,376	—
Deferred income taxes.....	13,116,638	12,949,476
Long-term debt.....	114,162,661	108,580,448
Other long-term liabilities.....	<u>3,845,906</u>	<u>3,685,849</u>
Total liabilities.....	<u>141,051,134</u>	<u>142,786,400</u>
SHAREHOLDERS' EQUITY		
Capital stock		
<i>Authorized:</i>		
5,000,000 Preferred shares		
100,000,000 Common shares		
<i>Issued:</i>		
26,968,646 Common shares (2008 – 26,543,646).....	110,988,162	110,626,912
21,100 Common shares held in treasury, at cost.....	(23,630)	(23,630)
Paid-in capital – options and warrants.....	4,039,236	3,774,600
<i>Contributed surplus</i>	602,157	690,370
<i>To be issued:</i>		
9,185 Common shares (2008 – 9,185).....	<u>45,925</u>	<u>45,925</u>
	115,651,850	115,114,177
Deficit.....	<u>(11,083,402)</u>	<u>(10,546,711)</u>
Total shareholders' equity.....	<u>104,568,448</u>	<u>104,567,466</u>
Total liabilities and shareholders' equity.....	<u>\$245,619,582</u>	<u>\$247,353,866</u>

NGAS RESOURCES, INC.
CASH FLOW RECONCILIATION

Discretionary cash flow represents net income, as determined under generally accepted accounting principles (*GAAP*), with certain non-cash items added back. Although a non-*GAAP* measure, discretionary cash flow is widely accepted as a financial indicator of an oil and gas company's ability to generate cash that can be used to internally fund exploration and development activities and to service debt. This measure may also be used in the valuation, comparison, rating and investment recommendations for companies in the oil and gas exploration and production industry. Cash flow is not a measure of financial performance under *GAAP* and should not be considered as an alternative to cash flows from operating, investing, or financing activities or as an indicator of cash flows or measure of liquidity.

(Unaudited)

	Three Months Ended March 31,	
	2009	2008
Net income (loss).....	\$ (536,691)	\$ 163,189
DD&A	3,618,870	2,871,760
Options, warrants and deferred compensation....	418,273	137,679
Incentive bonus paid in common shares	361,250	31,570
Bad debt expense	—	347,840
Deferred taxes.....	<u>167,162</u>	<u>615,660</u>
Discretionary cash flow	<u>\$ 4,028,864</u>	<u>\$ 4,167,698</u>
Discretionary cash flow per share.....	<u>\$ 0.15</u>	<u>\$ 0.16</u>

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