

NGAS RESOURCES, INC.

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FOR IMMEDIATE RELEASE

**NEWS
RELEASE**

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NGAS REPORTS THIRD QUARTER AND NINE MONTH 2009 RESULTS

- **Debt Reduction from Sale of Appalachian Gathering Assets**
- **Production Up 5% in the Quarter and 9% for the Nine Months**
 - **Adds to Acreage Position in Leatherwood Field**

LEXINGTON, KENTUCKY, November 3, 2009. NGAS Resources, Inc. (Nasdaq: NGAS) today reported third quarter 2009 total revenue of \$11.2 million, compared to \$23.6 million in the third quarter of 2008. The decline reflects significantly lower commodity prices, reduced drilling activity and lower gas transmission and processing revenue following the sale of 485 miles of the company's Appalachian gas gathering assets during the quarter. A one-time, pre-tax gain of \$3.4 million on the sale of the gathering assets was reported in the period.

The company reported a net loss of \$0.1 million in the third quarter 2009 compared with net income of \$0.9 million a year ago. Discretionary cash flow was \$4.1 million or \$0.14 per share in third quarter 2009 compared with \$6.2 million, or \$0.23. (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, "Operationally, the third quarter and year-to-date were quiet as our drilling program reflects the difficult macro-environment. However, it was a successful quarter strategically as we monetized our gas gathering assets, paid down our revolving debt and added acreage to our core Leatherwood field." Mr. Daugherty added, "We believe these initiatives, coupled with increasing operational momentum, have strengthened the company and positioned us for future growth."

Operational and Financial Highlights for 3Q 2009 versus 3Q 2008:

- Production volumes increased 5% to 1.0 Bcfe
- Average daily production was 10.8 Mmcfe versus 10.3 Mmcfe
- Average natural gas price was \$5.67/Mcf versus \$9.80
 - Average price for the Appalachian gas portion was \$6.53
- Debt reduction of \$45 million in 3Q09

Third Quarter 2009 Expense Review

Depreciation, depletion and amortization expenses were \$3.3 million in third quarter 2009, flat with the same quarter of the prior year, reflecting additions to oil and gas properties offset by the sale of gas gathering assets.

Selling, general and administrative expenses were down 27 percent in the 2009 third quarter to \$2.6 million from \$3.6 million in the same quarter of 2008. This primarily reflects the timing and extent of marketing costs for sponsored drilling partnerships. As a percentage of revenue, SG&A costs were 23.2 percent, compared to 15.1 percent in third quarter 2008.

Interest expense in the quarter was \$1.2 million, a savings of 18 percent compared to \$1.5 million in the same period last year, reflecting lower borrowings on the company's line of credit.

Corporate Events in Third Quarter 2009

During the quarter, the company divested 485 miles of its Appalachian gas gathering system in two tranches. On July 15, 2009, a 50 percent undivided interest was sold to Seminole Gas Company, LLC. (*Seminole*) for \$28 million. As part of the transaction, the company entered into various joint ownership, gas marketing and gas sales arrangements with Seminole and its parent company, Seminole Energy Services, LLC (*Seminole Energy*). The company also granted Seminole Energy a six-month option to purchase its remaining 50 percent interest in the gathering system for \$22 million, payable \$7.5 million at closing and the balance in monthly installments through December 2011 under a promissory note bearing interest at 8 percent per annum. The company reserved the right to require exercise of the purchase option, conditioned on its completion of an equity offering for at least \$5 million. On August 17, 2009, after satisfying that condition with an equity raise of approximately \$6.1 million, the company closed the sale of its remaining interest in the gathering system to Seminole Energy. All of the proceeds from the gathering system sale and equity raise were applied to debt reduction.

Operational and Financial Highlights for Nine Months 2009 versus Nine Months 2008:

- Total production volumes were 3.0 Bcfe compared to 2.8 Bcfe
- Average daily production was 11.1 Mmcfe versus 10.1 Mmcfe
- Average natural gas price was \$6.31/Mcf versus \$9.40
 - Average price for the Appalachian gas portion was \$7.44
- Discretionary cash flow was \$11.0 million versus \$17.1 million

Conference Call Information

Management will host a conference call today at 4:30 p.m. (Eastern) to discuss the 3Q 2009 results. The call-in number is 877-604-9670 or 719-325-4818 (international). Conference ID number is 4372292. The conference call will be webcast and can be accessed by logging onto www.ngas.com. For those unable to listen to the live presentation, the webcast will be archived on the company's website. A telephone replay will also be available for one week beginning at 7:30 p.m. (Eastern), November 3, 2009 and ending at 11:59 p.m. on Tuesday, November 10, 2009, and can be accessed by dialing 888-203-1112 or 719-457-0820 (international) and entering pin number 4372292.

About NGAS Resources

NGAS Resources is an independent exploration and production company focused on unconventional 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 its 2009 proxy statement can be accessed on its website at www.ngas.com.

Forward Looking Statements

This release includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act 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 and can be accessed on the company's website at www.ngas.com.

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

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
REVENUE				
Contract drilling.....	\$ 3,831,250	\$ 9,799,561	\$ 16,328,000	\$ 24,027,035
Oil and gas production	6,239,324	11,222,879	20,198,187	30,891,933
Gas transmission, compression and processing.....	<u>1,123,921</u>	<u>2,567,852</u>	<u>6,528,132</u>	<u>7,662,504</u>
Total revenue	<u>11,194,495</u>	<u>23,590,292</u>	<u>43,054,319</u>	<u>62,581,472</u>
DIRECT EXPENSES				
Contract drilling	2,913,418	7,570,698	12,328,110	18,447,544
Oil and gas production	2,658,985	3,922,629	7,598,044	9,794,679
Gas transmission, compression and processing.....	<u>960,879</u>	<u>1,039,597</u>	<u>2,955,204</u>	<u>3,087,391</u>
Total direct expenses	<u>6,533,282</u>	<u>12,532,924</u>	<u>22,881,358</u>	<u>31,329,614</u>
OTHER EXPENSES (INCOME)				
Selling, general and administrative	2,601,514	3,551,908	8,404,519	10,282,485
Options, warrants and deferred compensation ..	285,309	229,209	1,022,774	601,691
Depreciation, depletion and amortization	3,304,139	3,318,320	10,610,630	9,451,272
Bad debt expense	—	342,195	—	749,035
Interest expense.....	1,191,409	1,457,300	4,023,274	4,138,913
Interest income.....	(52,698)	(10,774)	(67,708)	(89,577)
Gain on sale of assets	(3,356,177)	—	(3,369,082)	—
Other, net.....	<u>292,073</u>	<u>87,584</u>	<u>600,896</u>	<u>115,939</u>
Total other expenses	<u>4,265,569</u>	<u>8,975,742</u>	<u>21,225,303</u>	<u>25,249,758</u>
INCOME (LOSS) BEFORE INCOME TAXES	395,644	2,081,626	(1,052,342)	6,002,100
INCOME TAX EXPENSE.....	<u>508,116</u>	<u>1,136,441</u>	<u>571,357</u>	<u>3,372,464</u>
NET INCOME (LOSS)	<u>\$ (112,472)</u>	<u>\$ 945,185</u>	<u>\$ (1,623,699)</u>	<u>\$ 2,629,636</u>
NET INCOME (LOSS) PER SHARE				
Basic	<u>\$ 0.00</u>	<u>\$ 0.04</u>	<u>\$ (0.06)</u>	<u>\$ 0.10</u>
Diluted	<u>\$ 0.00</u>	<u>\$ 0.04</u>	<u>\$ (0.06)</u>	<u>\$ 0.10</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic.....	<u>28,873,105</u>	<u>26,508,570</u>	<u>27,508,925</u>	<u>26,364,158</u>
Diluted	<u>28,873,105</u>	<u>26,977,438</u>	<u>27,508,925</u>	<u>27,019,313</u>

NGAS RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2009	December 31, 2008
ASSETS		
Current assets:	<i>(Unaudited)</i>	
Cash	\$ 970,467	\$ 981,899
Accounts receivable.....	5,372,800	10,450,173
Note receivable.....	6,124,570	—
Prepaid expenses and other current assets	869,224	540,253
Loans to related parties.....	<u>76,024</u>	<u>79,188</u>
Total current assets	13,413,085	12,051,513
Bonds and deposits	258,695	623,898
Note receivable	8,375,430	—
Oil and gas properties	181,158,605	229,218,344
Property and equipment	5,278,048	3,285,925
Loans to related parties	171,429	171,429
Deferred financing costs	1,439,399	1,689,580
Goodwill	<u>313,177</u>	<u>313,177</u>
Total assets	<u>\$210,407,868</u>	<u>\$247,353,866</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 5,092,604	\$ 12,362,092
Accrued liabilities.....	619,117	675,141
Deferred compensation.....	—	2,246,439
Customer drilling deposits.....	2,621,671	2,262,955
Long-term debt	<u>88,643</u>	<u>24,000</u>
Total current liabilities	8,422,035	17,570,627
Deferred compensation	497,650	—
Deferred income taxes	13,520,833	12,949,476
Long-term debt.....	74,046,866	108,580,448
Other long-term liabilities	<u>4,163,766</u>	<u>3,685,849</u>
Total liabilities.....	<u>100,651,150</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>		
30,484,361 Common shares (2008 – 26,543,646)	117,142,639	110,626,912
21,100 Common shares held in treasury, at cost.....	(23,630)	(23,630)
Paid-in capital – options and warrants	4,336,463	3,774,600
<i>Contributed surplus</i>	425,731	690,370
<i>To be issued:</i>		
9,185 Common shares (2008 – 9,185)	<u>45,925</u>	<u>45,925</u>
	121,927,128	115,114,177
Deficit	<u>(12,170,410)</u>	<u>(10,546,711)</u>
Total shareholders' equity	<u>109,756,718</u>	<u>104,567,466</u>
Total liabilities and shareholders' equity	<u>\$210,407,868</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		Nine Months Ended	
	September 30,		September 30,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net income (loss).....	\$ (112,472)	\$ 945,185	\$ (1,623,699)	\$ 2,629,636
DD&A	3,304,139	3,318,320	10,610,630	9,451,272
Options, warrants and deferred compensation.....	350,310	457,329	1,449,025	861,381
Bad debt expense	—	342,195	—	749,035
Deferred taxes.....	<u>508,116</u>	<u>1,136,441</u>	<u>571,357</u>	<u>3,372,464</u>
 DISCRETIONARY CASH FLOW	 <u>\$4,050,093</u>	 <u>\$ 6,199,470</u>	 <u>\$11,007,313</u>	 <u>\$ 17,063,788</u>
 DISCRETIONARY CASH FLOW PER SHARE	 <u>\$ 0.14</u>	 <u>\$ 0.23</u>	 <u>\$ 0.40</u>	 <u>\$ 0.63</u>