

NGAS RESOURCES, INC.

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FOR IMMEDIATE RELEASE

**NEWS
RELEASE**

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NGAS REPORTS RECORD SECOND QUARTER 2007 RESULTS

- Gas Gathering and Compression Revenue Increases 37 Percent
- Company Drills 21.9 net Wells, Up From 11.7 in 2Q06
- Company to Exit Partnership Drilling in Southern Appalachia

LEXINGTON, KENTUCKY, August 7, 2007. NGAS Resources, Inc. (Nasdaq: NGAS) today reported second quarter 2007 total revenue of \$16.1 million compared to \$18.3 million in the comparable quarter in 2006. This decrease was attributed to a planned reduction in contract drilling for sponsored programs. Gas gathering and compression revenue rose 37 percent in the period on increased fees for moving third party gas through the open-access section of the Company's gathering system. Oil and gas production revenue increased 13 percent year-over-year, reflecting a six percent increase in production volumes and nine percent increase in average realized prices.

The Company recognized a net loss of \$0.8 million in second quarter 2007 versus net income of \$0.7 million in second quarter 2006. The per share loss was \$0.03 compared to earnings per fully diluted share of \$0.03 per share in second quarter 2006. Results for the second quarter results of 2007 include an impairment charge of \$1.0 million, or \$0.03 per share, from a writeoff of exploratory well costs. Discretionary cash flow per share was \$0.14 compared to \$0.18. (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, "Our second quarter results reflect our evolving business model. We are exiting the sponsorship of drilling partnerships in southern Appalachia and retaining 100% of the available interest in the wells drilled on these prospects. We are also planning to implement a strategy to begin acquiring the producing assets of some of our partnerships in the area." Mr. Daugherty added, "While our financial results will be negatively impacted in the short-term, this change in strategy will accelerate our production and reserve growth, allowing us to deliver improved results over time and enhance long-term shareholder value."

Operational and Financial Highlights for 2Q 2007 versus 2Q 2006:

- Average daily production was 8,455 Mcfe versus 8,012 Mcfe
- Total production volumes were up 6 percent to 769.4 Mmcfe
- 49 gross (21.90 net) wells drilled as compared to 49 gross (11.72 net)
- Average realized natural gas price was \$8.54/Mcf versus \$7.84
- Oil and gas revenue increased 13 percent to \$6.7 million from \$5.9 million
- Gas transmission and compression revenue rose 37 percent to \$1.9 million
- Discretionary cash flow was \$3.0 million versus \$4.2 million
- Capital expenditures totaled \$15.2 million
- 14 miles of pipeline added to gathering system

Second Quarter 2007 Overview

During the quarter, the Company drilled 49 gross (21.90 net) wells. Contract drilling revenue decreased 32 percent from the prior year to \$7.4 million as the Company retained a larger interest in wells drilled.

Depreciation, depletion and amortization expenses were \$2.4 million in the second quarter 2007 compared to \$2.0 million in the second quarter of 2006. The increase was driven by asset base expansion and extension of gathering systems.

Selling, general and administrative expenses were \$3.0 million, down from \$3.2 million in the same quarter of 2006. This primarily reflects the timing and extent of marketing costs for sponsored drilling programs. As a percentage of revenue, SG&A costs were 18.9 percent as compared to 17.3 percent in second quarter 2006.

Interest expense in the quarter was \$1.5 million compared to \$1.1 million in the same period last year. This was attributable to increased credit facility financing to fund drilling activities.

Operational and Financial Highlights for First Half 2007 versus First Half 2006:

- Average daily production was 8,551 Mcfe versus 7,698 Mcfe
- Total production volumes were up 11 percent to 1.5 Bcfe
- 106 gross (45.50 net) wells drilled as compared to 128 gross (30.38 net) wells drilled
- Average realized natural gas price was \$8.58 Mcf versus \$8.56
- Oil and gas revenue increased 11 percent to \$13.5 million from \$12.1 million
- Discretionary cash flow was \$5.7 million versus \$7.7 million
- Capital expenditures totaled \$26.5 million
- 29 miles of pipeline added to gathering system

Conference Call Information

A conference call will be held at 4:30 p.m. (Eastern) today to discuss 2Q 2007 results. The call in number is 800-289-0726 or 913-981-5545 (international). Conference ID number is 8096144. The conference call will be webcast and can be accessed by logging onto www.ngas.com or by clicking on the following link:

<http://investor.shareholder.com/media/eventdetail.cfm?mediaid=26934&c=NGAS&mediakey=88728C4609A302D749B6E806E9DC00F5&e=0>. A slide presentation, which highlights management's discussion points, will be available on the Company's website. 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), August 7, 2007, and can be accessed by dialing 888-203-1112 or 719-457-0820 (international) and entering pin number 8096144.

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 2006 and its quarterly reports on Form 10-Q can be accessed on its website at www.ngas.com.

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, and 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		Six Months Ended	
	June 30,		June 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
REVENUE				
Contract drilling.....	\$ 7,459,704	\$ 11,029,274	\$ 16,704,923	\$ 31,440,774
Oil and gas production	6,730,947	5,935,783	13,483,179	12,139,967
Gas transmission and compression	1,887,039	1,374,585	3,834,980	2,078,156
Total revenue.....	<u>16,077,690</u>	<u>18,339,642</u>	<u>34,023,082</u>	<u>45,658,897</u>
DIRECT EXPENSES				
Contract drilling	5,919,020	7,840,559	13,099,737	24,543,489
Oil and gas production	1,799,186	1,529,940	3,482,200	2,983,408
Gas transmission and compression	779,843	541,869	1,879,436	1,174,298
Impairment of oil and gas assets	964,000	--	964,000	--
Total direct expenses	<u>9,462,049</u>	<u>9,912,368</u>	<u>19,425,373</u>	<u>28,701,195</u>
OTHER EXPENSES (INCOME)				
Selling, general and administrative	3,042,364	3,164,516	7,064,246	7,638,908
Options, warrants and deferred compensation ..	329,177	419,787	670,300	848,534
Depreciation, depletion and amortization	2,361,176	1,964,578	4,667,646	3,502,490
Interest expense.....	1,534,216	1,089,070	2,758,972	1,689,453
Interest income.....	(49,689)	(101,524)	(133,743)	(219,884)
Other, net.....	45,156	86,440	137,905	127,388
Total other expenses	<u>7,262,400</u>	<u>6,622,867</u>	<u>15,165,326</u>	<u>13,586,889</u>
INCOME (LOSS) BEFORE INCOME TAXES	<u>(646,759)</u>	<u>1,804,407</u>	<u>(567,617)</u>	<u>3,370,813</u>
DEFERRED INCOME TAX EXPENSE	<u>113,665</u>	<u>1,081,454</u>	<u>447,071</u>	<u>2,022,123</u>
NET INCOME (LOSS)	<u>\$ (760,424)</u>	<u>\$ 722,953</u>	<u>\$ (1,014,688)</u>	<u>\$ 1,348,690</u>
NET INCOME (LOSS) PER SHARE				
Basic	<u>\$ (0.03)</u>	<u>\$ 0.03</u>	<u>\$ (0.05)</u>	<u>\$ 0.06</u>
Diluted	<u>\$ (0.03)</u>	<u>\$ 0.03</u>	<u>\$ (0.05)</u>	<u>\$ 0.06</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic.....	<u>21,798,607</u>	<u>21,456,828</u>	<u>21,794,843</u>	<u>21,417,395</u>
Diluted	<u>21,798,607</u>	<u>22,919,707</u>	<u>21,794,843</u>	<u>23,072,192</u>

NGAS RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>June 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
	<u>(Unaudited)</u>	
ASSETS		
Current assets:		
Cash.....	\$ 2,872,020	\$ 14,431,977
Accounts receivable.....	7,964,917	9,108,574
Prepaid expenses and other current assets.....	866,114	1,108,734
Loans to related parties.....	<u>7,466</u>	<u>7,147</u>
Total current assets.....	11,710,517	24,656,432
Bonds and deposits.....	570,695	533,695
Oil and gas properties.....	164,762,711	144,217,532
Property and equipment.....	3,842,173	3,342,571
Loans to related parties.....	253,401	257,430
Deferred financing costs.....	1,985,437	2,264,022
Other non-current assets.....	3,502,229	2,634,271
Goodwill.....	<u>313,177</u>	<u>313,177</u>
Total assets.....	<u>\$186,940,340</u>	<u>\$178,219,130</u>
LIABILITIES		
Current liabilities:		
Accounts payable.....	6,658,999	9,286,849
Accrued liabilities.....	3,519,817	3,998,978
Customers' drilling deposits.....	4,868,133	12,173,905
Long term debt, current portion.....	<u>24,000</u>	<u>24,000</u>
Total current liabilities.....	15,070,949	25,483,732
Deferred income taxes.....	8,482,850	8,035,779
Long term debt.....	86,087,170	66,922,744
Deferred compensation.....	<u>1,711,380</u>	<u>1,419,776</u>
Total liabilities.....	<u>111,352,349</u>	<u>101,862,031</u>
SHAREHOLDERS' EQUITY		
Capital stock		
<i>Authorized:</i>		
5,000,000 Preferred shares		
100,000,000 Common shares		
<i>Issued:</i>		
21,798,981 Common shares (2006 – 21,788,551).....	84,575,142	84,531,832
21,100 Common shares held in treasury, at cost.....	(23,630)	(23,630)
Paid-in capital – options and warrants.....	3,451,983	3,073,287
Contributed surplus.....	1,219,648	1,396,074
<i>To be issued:</i>		
9,185 Common shares (2006 – 9,185).....	<u>45,925</u>	<u>45,925</u>
	89,269,068	89,023,488
Deficit.....	<u>(13,681,077)</u>	<u>(12,666,389)</u>
Total shareholders' equity.....	<u>75,587,991</u>	<u>76,357,099</u>
Total liabilities and shareholders' equity.....	<u>\$186,940,340</u>	<u>\$178,219,130</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		Six months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Net income.....	\$ (760,424)	\$ 722,953	\$(1,014,688)	\$1,348,690
DD&A	2,361,176	1,964,578	4,667,646	3,502,490
Options, warrants and deferred compensation.....	329,177	419,787	670,300	848,534
Impairment of oil and gas assets ⁽¹⁾	964,000	--	964,000	--
Deferred taxes.....	<u>113,665</u>	<u>1,081,454</u>	<u>447,071</u>	<u>2,022,123</u>
DISCRETIONARY CASH FLOW	<u>\$ 3,007,594</u>	<u>\$ 4,188,772</u>	<u>\$5,734,329</u>	<u>\$7,721,837</u>
DISCRETIONARY CASH FLOW				
PER SHARE	<u>\$ 0.14</u>	<u>\$ 0.18</u>	<u>\$ 0.26</u>	<u>\$ 0.33</u>

(1) Reflects a write-off of suspended exploratory well costs for the remaining 27 wells in a 30-well project to test the shallow New Albany shale on the eastern rim of the Illinois basin in western Kentucky.