

NGAS RESOURCES, INC.

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NEWS RELEASE

FOR IMMEDIATE RELEASE

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NGAS REPORTS FIRST QUARTER 2008 RESULTS

- Production Up 13 Percent
- Devonian Shale Horizontal Drilling Update

LEXINGTON, KENTUCKY, May 8, 2008. NGAS Resources, Inc. (Nasdaq: NGAS) today reported first quarter 2008 total revenue of \$17.6 million compared to \$17.9 million in the comparable quarter in 2007. Gas gathering, compression and processing revenue rose 31 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 26 percent year-over-year, driven by a 13 percent increase in production volumes and substantially higher oil prices.

Net income in first quarter 2008 was \$163,189 versus a net loss of \$254,264 in first quarter 2007. Earnings per share were \$0.01, compared to a net loss per share of \$0.01 in first quarter 2007, while discretionary cash flow was \$4.1 million (\$0.15 per share), compared to \$2.7 million (\$0.13 per share). (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, "The evolution of our business model by taking a larger interest in core area wells contributed to our 13 percent organic growth in production." Mr. Daugherty added, "Since February we have drilled four horizontal wells in the Devonian shale in our Leatherwood field and a fifth has been spudded. Production from the first well averaged 367 Mcf for the first 30 days. We are very pleased with the initial results and plan to drill a total of 20 horizontal wells in our core area this year." He further commented, "With our large acreage position, the success of our horizontal drilling program has the potential to significantly increase production and reserves."

Operational and Financial Highlights for 1Q 2008 versus 1Q 2007:

- Average daily production was 9.7 Mmcfe versus 8.7 Mmcfe
- Total production volume increased 13 percent to 0.880 Bcfe
- 60 gross (27.7 net) wells drilled versus 57 gross (23.6 net)
- Average sales price for natural gas was \$8.51/Mcf versus \$8.62/Mcf
Average realized prices for the Appalachian gas portion was \$9.18 in 1Q 2008
- Gas gathering, compression and processing revenue rose 31 percent to \$2.6 million
- Oil and gas production revenue increased 26 percent to \$8.5 million
- Capital expenditures of \$13.3 million
- 26 miles added to gathering system

First Quarter 2008 Expense Review

Selling, general and administrative (SG&A) expenses were \$3.3 million, 18 percent below the same quarter of 2007. This primarily reflects the timing of marketing expenditures for sponsored drilling programs. As a percentage of revenue, SG&A costs were 18.6 percent, compared to 22.4 percent in first quarter 2007, reflecting the contraction in drilling program initiatives.

Depreciation, depletion and amortization (DD&A) expenses were \$2.9 million in first quarter 2008, compared to \$2.3 million in first quarter 2007. The increase in DD&A reflects substantial additions to oil and gas properties and gas gathering systems over the past year.

Interest expense in the quarter was \$1.3 million, compared to \$1.2 million in the same period last year. This was attributable to increased credit facility fundings for drilling and infrastructure expansion.

Conference Call Information

A conference call will be held today at 4:30 p.m. (Eastern) today to discuss 1Q 2008 results. The call in number is 888-254-3584 or 913-312-0711 (international). Conference ID number is 3439696. The conference call will be webcast and can be accessed by logging onto www.ngas.com or clicking on the following link: <http://viaid.net/dce.aspx?sid=00004ECD>. A PowerPoint 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), May 8, 2008, and can be accessed by dialing 888-203-1112 or 719-457-0820 (international) and entering pin number 3439696.

About NGAS Resources

NGAS Resources is an independent exploration and production company focused on unconventional natural gas basins in the United States that provide repeatable drilling opportunities, principally in the southern portion of the Appalachian basin. Additional information, including the Company's most recent periodic reports 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.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,	
	2008	2007
REVENUE		
Contract drilling	\$ 6,602,118	\$ 9,245,219
Oil and gas production	8,489,434	6,752,232
Gas transmission, compression and processing	<u>2,558,092</u>	<u>1,947,941</u>
Total revenue	<u>17,649,644</u>	<u>17,945,392</u>
DIRECT EXPENSES		
Contract drilling	5,119,849	7,180,717
Oil and gas production	2,764,955	1,683,014
Gas transmission, compression and processing	<u>1,090,246</u>	<u>1,099,593</u>
Total direct expenses.....	<u>8,975,050</u>	<u>9,963,324</u>
OTHER EXPENSES (INCOME)		
Selling, general and administrative	3,288,483	4,021,882
Options, warrants and deferred compensation	137,679	341,123
Depreciation, depletion and amortization	2,871,760	2,306,470
Bad debt expense	347,840	--
Interest expense.....	1,325,970	1,224,756
Interest income.....	(69,710)	(84,054)
Other, net.....	<u>(6,277)</u>	<u>92,749</u>
Total other expenses	<u>7,895,745</u>	<u>7,902,926</u>
INCOME BEFORE INCOME TAXES.....	778,849	79,142
INCOME TAX EXPENSE.....	<u>615,660</u>	<u>333,406</u>
NET INCOME (LOSS)	<u>\$ 163,189</u>	<u>\$ (254,264)</u>
NET INCOME (LOSS) PER SHARE		
Basic	<u>\$ 0.01</u>	<u>\$ (0.01)</u>
Diluted	<u>\$ 0.01</u>	<u>\$ (0.01)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	<u>26,235,811</u>	<u>21,791,107</u>
Diluted	<u>26,731,037</u>	<u>21,791,107</u>

NGAS RESOURCES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2008	December 31, 2007
	<u>(Unaudited)</u>	<u></u>
ASSETS		
Current assets:		
Cash	\$ 1,643,262	\$ 2,816,678
Accounts receivable.....	8,718,209	7,909,943
Prepaid expenses and other current assets	962,512	505,778
Loans to related parties.....	<u>7,750</u>	<u>7,654</u>
Total current assets	11,331,733	11,240,053
Bonds and deposits	610,445	535,445
Oil and gas properties	194,398,168	183,823,702
Property and equipment	3,624,092	3,689,636
Loans to related parties	247,376	249,410
Deferred financing costs	1,681,852	1,706,852
Other non-current assets.....	--	3,242,790
Goodwill	<u>313,177</u>	<u>313,177</u>
Total assets	<u>\$212,206,843</u>	<u>\$204,801,065</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 8,987,575	\$ 6,649,809
Accrued liabilities.....	3,784,488	3,655,684
Customer drilling deposits.....	3,027,091	2,857,806
Long term debt, current portion.....	<u>24,000</u>	<u>388,856</u>
Total current liabilities	15,823,154	13,552,155
Deferred income taxes	9,834,430	9,218,770
Long term debt	84,333,809	80,160,915
Deferred compensation	<u>2,062,858</u>	<u>1,960,020</u>
Total liabilities.....	<u>112,054,251</u>	<u>104,891,860</u>
SHAREHOLDERS' EQUITY		
Capital stock		
<i>Authorized:</i>		
5,000,000 Preferred shares		
100,000,000 Common shares		
<i>Issued:</i>		
26,243,064 Common shares (2007 – 26,136,064)	109,087,029	108,842,526
21,100 Common shares held in treasury, at cost.....	(23,630)	(23,630)
Paid-in capital – options and warrants	3,408,056	3,484,148
<i>Contributed surplus</i>	955,009	1,043,222
<i>To be issued:</i>		
9,185 Common shares.....	<u>45,925</u>	<u>45,925</u>
	113,472,389	113,392,191
Deficit	<u>(13,319,797)</u>	<u>(13,482,986)</u>
Total shareholders' equity	<u>100,152,592</u>	<u>99,909,205</u>
Total liabilities and shareholders' equity	<u>\$212,206,843</u>	<u>\$204,801,065</u>

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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,	
	<u>2008</u>	<u>2007</u>
Net income (loss).....	\$ 163,189	\$ (254,264)
DD&A	2,871,760	2,306,470
Options, warrants and deferred compensation	137,679	341,123
Bad Debt Expense	347,840	--
Deferred taxes.....	<u>615,660</u>	<u>333,406</u>
DISCRETIONARY CASH FLOW	<u>\$4,136,128</u>	<u>\$2,726,735</u>
DISCRETIONARY CASH FLOW		
PER SHARE	<u>\$ 0.15</u>	<u>\$ 0.13</u>
