

NGAS RESOURCES, INC.

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FOR IMMEDIATE RELEASE

**NEWS
RELEASE**

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NGAS REPORTS FOURTH QUARTER AND FULL YEAR 2008 RESULTS

- **2008 Production Increased 13 Percent**
- **2008 Oil and Gas Production Revenue Increased 37 Percent**

LEXINGTON, KENTUCKY, March 12, 2009. NGAS Resources, Inc. (Nasdaq: NGAS) today reported a 4 percent increase in fourth quarter 2008 total revenue to \$21.8 million compared to \$21.0 million for the comparable quarter in 2007. For the full year, total revenue increased 20 percent to \$84.4 million, compared to \$70.2 million for 2007. The results for the full year reflect increases of 37 percent in oil and gas production revenue and 34 percent in gas transmission, compression and processing revenue.

In fourth quarter 2008, the company reported net income of \$306,639, compared to \$256,655 in fourth quarter 2007. Earnings per share in the fourth quarter were \$0.01, unchanged from the prior year on a 10 percent increase in fully diluted shares. For the full year, NGAS reported earnings per share of \$0.11, compared to a loss per share of \$0.04 in 2007. Discretionary cash flow per share was \$0.15 in the fourth quarter and \$0.77 in 2008, compared to \$0.18 and \$0.59 in the comparable prior periods. (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 delivered a strong fourth quarter in the face of unprecedented volatility in the commodity and financial markets. During 2008 we transitioned to horizontal drilling and successfully completed 22 wells by year end. This contributed to our sixth consecutive year of double-digit production growth." Mr. Daugherty added, "A return to our business model for partnership drilling on our operated properties gives us the flexibility to continue growing the company in the current economic environment."

Operational and Financial Highlights for 4Q 2008 versus 4Q 2007:

- Average daily production was 10.5 Mmcfe versus 10.0 Mmcfe
- Total production volumes were up 5 percent to 1.0 Bcfe
- 10 gross (5 net) Appalachia horizontal wells drilled
- Average realized natural gas price was \$7.62/Mcf versus \$8.06
 - Average price for Appalachian production was \$8.94/Mcf
- Discretionary cash flow was \$4.0 million versus \$4.3 million
- Capital expenditures totaled \$18.5 million

Fourth Quarter 2008 Expense Review

Depreciation, depletion and amortization expenses were \$3.0 million in the fourth quarter 2008 compared to \$3.2 million in the fourth quarter of 2007.

Selling, general and administrative expenses in the fourth quarter of 2008 were \$3.7 million compared to \$3.3 million in the prior year. This was partially driven by increased levels of staffing to support the growing business as well as the timing and extent of marketing costs for sponsored drilling partnerships. As a percentage of revenue, SG&A costs were 17.1 percent compared to 15.7 percent in fourth quarter 2007.

Interest expense in the quarter was \$1.4 million compared to \$1.7 million in the same period last year reflecting lower average interest rates.

Operational and Financial Highlights for Full Year 2008 versus Full Year 2007:

- Average daily production was 10.2 Mmcfe versus 9.1 Mmcfe
- Total production volumes were up 13 percent to 3.7 Bcfe
- Average realized natural gas price was \$8.89/Mcf versus \$8.19
 - Average price for Appalachian production was \$9.59/Mcf
- Oil and gas revenue increased 37 percent to \$38.5 million from \$28.1 million
- Discretionary cash flow was \$20.8 million versus \$13.1 million
- Capital expenditures totaled \$56.9 million
- 65 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 the results. The call in number is 888-724-9518 or 913-312-1376 (international). Conference ID number is 8650724. The conference call will be webcast and can be accessed by logging onto www.ngas.com or by cutting and pasting the following link into your browser: <http://viavid.net/dce.aspx?sid=00005DD0>. 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), March 12, 2009, and can be accessed by dialing 888-203-1112 or 719-457-0820 (international) and entering pin number 8650724.

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 which 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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
REVENUE	(Unaudited)			
Contract drilling.....	\$ 11,526,921	\$ 10,898,977	\$ 35,553,956	\$ 34,334,829
Oil and gas production	7,630,541	7,974,594	38,522,474	28,148,689
Gas transmission, compression and processing	2,667,730	2,090,358	10,330,234	7,719,308
Total revenue	<u>21,825,192</u>	<u>20,963,929</u>	<u>84,406,664</u>	<u>70,202,826</u>
DIRECT EXPENSES				
Contract drilling	8,825,212	8,381,949	27,272,756	26,773,028
Oil and gas production	2,806,218	2,292,945	12,600,897	7,648,558
Gas transmission, compression and processing	1,020,372	994,571	4,107,763	3,657,977
Impairment of oil and gas assets	—	—	—	964,000
Total direct expenses	<u>12,651,802</u>	<u>11,669,465</u>	<u>43,981,416</u>	<u>39,043,563</u>
OTHER EXPENSES (INCOME)				
Selling, general and administrative	3,722,556	3,283,997	14,005,041	12,920,591
Options, warrants and deferred compensation ..	309,870	137,679	911,561	1,069,306
Depreciation, depletion and amortization	2,966,962	3,255,831	12,418,234	10,416,696
Bad debt expense	—	—	749,035	215,000
Interest expense	1,436,094	1,736,936	5,575,007	6,330,760
Interest income	(6,197)	(108,849)	(95,774)	(323,655)
Loss (gain) on sale of assets	(2,988)	4,997	(14,104)	54,304
Other, net	12,121	61,221	139,176	53,434
Total other expenses	<u>8,438,418</u>	<u>8,371,812</u>	<u>33,688,176</u>	<u>30,736,436</u>
INCOME BEFORE INCOME TAXES	734,972	922,652	6,737,072	422,827
INCOME TAX EXPENSE	<u>428,333</u>	<u>665,997</u>	<u>3,800,797</u>	<u>1,239,424</u>
NET INCOME (LOSS)	<u>\$ 306,639</u>	<u>\$ 256,655</u>	<u>\$ 2,936,275</u>	<u>\$ (816,597)</u>
NET INCOME (LOSS) PER SHARE				
Basic	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.11</u>	<u>\$ (0.04)</u>
Diluted	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.11</u>	<u>\$ (0.04)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	<u>26,543,646</u>	<u>23,551,868</u>	<u>26,409,275</u>	<u>22,240,429</u>
Diluted	<u>26,697,972</u>	<u>24,333,498</u>	<u>26,910,642</u>	<u>22,240,429</u>

NGAS RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2008	2007
ASSETS		
Current assets:		
Cash.....	\$ 981,899	\$ 2,816,678
Accounts receivable.....	10,450,173	7,909,943
Prepaid expenses and other current assets.....	540,253	505,778
Loans to related parties.....	79,188	7,654
Total current assets.....	12,051,513	11,240,053
Bonds and deposits.....	623,898	535,445
Oil and gas properties.....	229,218,344	183,823,702
Property and equipment.....	3,285,925	3,689,636
Loans to related parties.....	171,429	249,410
Deferred financing costs.....	1,689,580	1,706,852
Other non-current assets.....	—	3,242,790
Goodwill.....	313,177	313,177
Total assets.....	\$247,353,866	\$204,801,065
LIABILITIES		
Current liabilities:		
Accounts payable.....	\$ 12,362,092	\$ 6,649,809
Accrued liabilities.....	675,141	2,484,617
Customer drilling deposits.....	2,262,955	2,857,806
Deferred compensation.....	2,246,439	—
Long-term debt, current portion.....	24,000	388,856
Total current liabilities.....	17,570,627	12,381,088
Deferred compensation.....	—	1,960,020
Deferred income taxes.....	12,949,476	9,218,770
Long-term debt.....	108,580,448	80,160,915
Other long-term liabilities.....	3,685,849	1,171,067
Total liabilities.....	142,786,400	104,891,860
SHAREHOLDERS' EQUITY		
Capital stock		
<i>Authorized:</i>		
5,000,000 Preferred shares		
100,000,000 Common shares		
<i>Issued:</i>		
26,543,646 Common shares (2008 – 26,136,064).....	110,626,912	108,842,526
21,100 Common shares held in treasury, at cost.....	(23,630)	(23,630)
Paid-in capital – options and warrants.....	3,774,600	3,484,148
<i>Contributed surplus</i>	690,370	1,043,222
<i>To be issued:</i>		
9,185 Common shares (2008 – 9,185).....	45,925	45,925
	115,114,177	113,392,191
Deficit.....	(10,546,711)	(13,482,986)
Total shareholders' equity.....	104,567,466	99,909,205
Total liabilities and shareholders' equity.....	\$247,353,866	\$204,801,065

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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		Twelve Months Ended	
	December 31,		December 31,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net income (Loss)	\$ 306,639	\$ 256,655	\$ 2,936,275	\$ (816,597)
DD&A	2,966,962	3,255,831	12,418,234	10,416,696
Options, warrants and deferred compensation	309,870	137,679	911,561	1,069,306
Bad debt expense	—	—	749,035	215,000
Impairment of oil and gas assets	—	—	—	964,000
Deferred taxes	428,333	665,997	3,800,797	1,239,424
Discretionary Cash Flow	<u>\$4,011,804</u>	<u>\$4,316,162</u>	<u>\$20,815,902</u>	<u>\$13,087,829</u>
Discretionary Cash Flow				
Per Share	<u>\$ 0.15</u>	<u>\$ 0.18</u>	<u>\$ 0.77</u>	<u>\$ 0.59</u>