

NGAS RESOURCES, INC.

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NEWS RELEASE

FOR IMMEDIATE RELEASE

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NGAS REPORTS FIRST QUARTER 2007 RESULTS

- Production Up 17 Percent

LEXINGTON, KENTUCKY, May 10, 2007. NGAS Resources, Inc. (Nasdaq: NGAS) today reported first quarter 2007 total revenue of \$17.9 million compared to \$27.3 million in the comparable quarter in 2006. Gas gathering and compression revenue rose 177 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 in first quarter 2007 increased nine percent year-over-year as a 17 percent increase in production volumes was partially offset by an eight percent decline in the average sales price for natural gas.

The net loss in first quarter 2007 was \$254,264 versus net income of \$625,737 in first quarter 2006. The per share loss was \$0.01 compared to earnings per fully diluted share of \$0.03 per share in first quarter 2006. Discretionary cash flow per share was \$0.13 compared to \$0.15. (A reconciliation of this non-GAAP measure is provided at the end of this release.)

Operational and Financial Highlights for 1Q 2007 versus 1Q 2006:

- Average daily production was 8.6 Mmcfe versus 7.4 Mmcfe
- Total production volume increased 17 percent to 0.778 Bcfe
- 57 gross (23.60 net) wells drilled versus 79 gross (18.65 net), all successfully
- Average sales price for natural gas was \$8.62/Mcf versus \$9.35/Mcf
- Gas gathering and compression revenue rose 177 percent to \$1.9 million
- Oil and gas revenue increased 9 percent to \$6.8 million
- Capital expenditures of \$11.3 million
- 14 miles added to gathering system

First Quarter 2007 Review

During the quarter, a total of 57 gross (23.60 net) wells were drilled compared to 79 gross (18.65 net) in the same period in the prior year. Contract drilling revenue was \$9.2 million in first quarter 2007 as compared to \$20.4 million in the comparable period of the prior year. The decrease was primarily due to the Company keeping an increased interest in wells drilled as well as a reduction in gross wells drilled. Contract drilling margins were 22.3 percent, up from 18.2 percent in the same period of the prior year reflecting the transition from turnkey to cost-plus pricing for new drilling programs.

Selling, general and administrative expenses were \$4.0 million, 10 percent below the same quarter of 2006. This primarily reflects the timing of marketing expenditures for the drilling programs. As a percentage of revenue, SG&A costs were 22.4 percent compared to 16.4 percent in first quarter 2006, reflecting increased infrastructure to support the growing business.

Depreciation, depletion and amortization (DD&A) expenses were \$2.3 million in first quarter 2007, compared to \$1.5 million in first quarter 2006. The increase in DD&A reflects substantial additions to oil and gas properties and gas gathering systems, including the acquisition of strategic midstream assets.

Interest expense in the quarter was \$1.2 million, compared to \$0.6 million in the same period last year. The increase was attributable to increased credit facility fundings for drilling and gas gathering activities.

William S. Daugherty, President and CEO of NGAS Resources commented, "We remain focused on increasing production and reserves as demonstrated by a 17 percent organic growth in production. The larger interest we are taking in new wells, coupled with scheduled compression upgrades, should result in significant increases in production in the latter half of the year."

Conference Call Information

A conference call will be held today at 4:30 p.m. (Eastern) today to discuss 1Q 2007 results. The call in number is 877-704-5386 or 913-312-1302 (international). Conference ID number is 7986354. The conference call will be webcast and can be accessed by logging onto www.ngas.com or clicking on the following link: <http://viaavid.net/dce.aspx?sid=00003EFF>. 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 10, 2007, and can be accessed by dialing 888-203-1112 or 719-457-0820 (international) and entering pin number 7986354.

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 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, 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 March 31,	
	2007	2006
REVENUE		
Contract drilling	\$ 9,245,219	\$ 20,411,500
Oil and gas production	6,752,232	6,204,184
Gas transmission and compression	<u>1,947,941</u>	<u>703,571</u>
Total revenue	<u>17,945,392</u>	<u>27,319,255</u>
DIRECT EXPENSES		
Contract drilling	7,180,717	16,702,930
Oil and gas production	1,683,014	1,453,468
Gas transmission and compression	<u>1,099,593</u>	<u>632,429</u>
Total direct expenses	<u>9,963,324</u>	<u>18,788,827</u>
OTHER EXPENSES (INCOME)		
Selling, general and administrative	4,021,882	4,474,392
Options, warrants and deferred compensation	341,123	428,747
Depreciation, depletion and amortization	2,306,470	1,537,912
Interest expense	1,224,756	600,383
Interest income	(84,054)	(118,360)
Other, net	<u>92,749</u>	<u>40,948</u>
Total other expenses	<u>7,902,926</u>	<u>6,964,022</u>
INCOME BEFORE INCOME TAXES	<u>79,142</u>	<u>1,566,406</u>
DEFERRED INCOME TAX EXPENSE	<u>333,406</u>	<u>940,669</u>
NET INCOME (LOSS)	<u>\$ (254,264)</u>	<u>\$ 625,737</u>
Basic	<u>\$ (0.01)</u>	<u>\$ 0.03</u>
Diluted	<u>\$ (0.01)</u>	<u>\$ 0.03</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	<u>21,791,107</u>	<u>21,377,525</u>
Diluted	<u>21,791,107</u>	<u>23,177,078</u>

NGAS RESOURCES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>March 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash.....	\$ 2,051,447	\$ 14,431,977
Accounts receivable.....	6,476,208	9,108,574
Prepaid expenses and other current assets	1,076,021	1,108,734
Loans to related parties.....	<u>7,373</u>	<u>7,147</u>
Total current assets	9,611,049	24,656,432
Bonds and deposits	558,695	533,695
Oil and gas properties	153,048,673	144,217,532
Property and equipment	3,649,515	3,342,571
Loans to related parties	255,361	257,430
Deferred financing costs	2,124,729	2,264,022
Other non-current assets.....	3,161,533	2,634,271
Goodwill	<u>313,177</u>	<u>313,177</u>
Total assets.....	<u>\$172,722,732</u>	<u>\$178,219,130</u>
LIABILITIES		
Current liabilities:		
Accounts payable	6,231,327	9,286,849
Accrued liabilities.....	3,336,805	3,998,978
Customers' drilling deposits.....	5,940,637	12,173,905
Long term debt, current portion.....	<u>24,000</u>	<u>24,000</u>
Total current liabilities	15,532,769	25,483,732
Deferred income taxes	8,369,185	8,035,779
Long term debt	71,004,957	66,922,744
Deferred compensation	<u>1,565,578</u>	<u>1,419,776</u>
Total liabilities.....	<u>96,472,489</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>		
21,798,551 Common shares (2006 – 21,788,551)	84,572,132	84,531,832
21,100 Common shares held in treasury, at cost.....	(23,630)	(23,630)
Paid-in capital – options and warrants	3,268,608	3,073,287
<i>Contributed surplus</i>	1,307,861	1,396,074
<i>To be issued:</i>		
9,185 Common shares (2006 – 9,185)	<u>45,925</u>	<u>45,925</u>
	89,170,896	89,023,488
Deficit	<u>(12,920,653)</u>	<u>(12,666,389)</u>
Total shareholders' equity	<u>76,250,243</u>	<u>76,357,099</u>
Total liabilities and shareholders' equity	<u>\$172,722,732</u>	<u>\$178,219,130</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>2007</u>	<u>2006</u>
Net income.....	\$ (254,264)	\$ 625,737
DD&A	2,306,470	1,537,912
Options, warrants and deferred compensation	341,123	428,747
Deferred taxes.....	<u>333,406</u>	<u>940,669</u>
DISCRETIONARY CASH FLOW	<u>\$2,726,735</u>	<u>\$3,533,065</u>
DISCRETIONARY CASH FLOW		
PER SHARE	<u>\$ 0.13</u>	<u>\$ 0.15</u>
