

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2013

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 814-00672

NGP Capital Resources Company

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

909 Fannin, Suite 3800
Houston, Texas
(Address of principal executive offices)

(713) 752-0062
(Registrant's telephone number, including area code)

20-1371499
(I.R.S. Employer
Identification No.)

77010
(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 6, 2013, there were 20,499,188 shares of the registrant's common stock outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share and Per Share Amounts)

	September 30, 2013 (Unaudited)	December 31, 2012
Assets		
Investments in portfolio securities at fair value		
Control investments - majority owned (cost: \$27,119 and \$8,140, respectively)	\$ 24,117	\$ 8,608
Affiliate investments (cost: \$20,656 and \$16,280, respectively)	17,799	13,153
Non-affiliate investments (cost: \$180,058 and \$193,332, respectively)	171,536	191,853
Total portfolio investments	213,452	213,614
Investments in U.S. Treasury Bills at fair value (cost: \$46,000 and \$45,996, respectively)	46,000	45,996
Total investments	259,452	259,610
Cash and cash equivalents	42,271	47,655
Accounts receivable and other current assets	180	732
Interest receivable	1,103	1,876
Prepaid assets	2,743	2,449
Total current assets	46,297	52,712
Total assets	\$ 305,749	\$ 312,322
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,097	\$ 1,372
Management and incentive fees payable	1,405	1,305
Dividends payable	3,280	3,363
Income taxes payable	48	515
Short-term debt	45,000	45,000
Total current liabilities	50,830	51,555
Deferred tax liabilities	-	1
Long-term debt	66,000	59,500
Total liabilities	116,830	111,056
Commitments and contingencies (Note 6)		
Net assets		
Common stock, \$.001 par value, 250,000,000 shares authorized; 20,499,188 and 21,020,077 shares issued and outstanding	20	21
Paid-in capital in excess of par	247,708	251,088
Undistributed net investment income (loss)	(1,179)	(1,672)
Undistributed net realized capital gain (loss)	(46,365)	(47,148)
Net unrealized appreciation (depreciation) on investments	(11,265)	(1,023)
Total net assets	188,919	201,266
Total liabilities and net assets	\$ 305,749	\$ 312,322
Net asset value per share	\$ 9.22	\$ 9.57

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Data)
(Unaudited)

	For The Three Months Ended		For The Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Investment income				
Interest income:				
Control investments - majority owned	\$ 546	\$ -	\$ 1,439	\$ -
Affiliate investments	513	451	4,568	1,260
Non-affiliate investments	3,896	4,883	12,356	14,167
Dividend income:				
Non-affiliate investments	1,005	910	2,983	910
Royalty income, net of amortization:				
Control investments - majority owned	19	-	34	-
Non-affiliate investments	16	124	16	432
Other income (loss)	(29)	(42)	(14)	487
Total investment income	<u>5,966</u>	<u>6,326</u>	<u>21,382</u>	<u>17,256</u>
Operating expenses				
Interest expense and bank fees	655	598	2,468	1,256
Management and incentive fees	1,405	1,127	4,602	3,275
Professional fees, net of legal fees of \$558, \$0, \$2,914 and \$0 related to the ATP bankruptcy (See Note 6)	271	272	830	794
Insurance expense	180	180	539	541
Other general and administrative expenses	811	717	2,478	2,327
Total operating expenses	<u>3,322</u>	<u>2,894</u>	<u>10,917</u>	<u>8,193</u>
Income tax provision (benefit), net	11	30	49	54
Net investment income	<u>2,633</u>	<u>3,402</u>	<u>10,416</u>	<u>9,009</u>
Net realized capital gain (loss) on investments				
Control investments - majority owned	-	-	(464)	(36)
Affiliate investments	-	-	(250)	-
Non-affiliate investments	-	1,693	1,550	1,693
Benefit (provision) for taxes on realized gain (loss)	(53)	-	(53)	-
Total net realized capital gain (loss) on investments	<u>(53)</u>	<u>1,693</u>	<u>783</u>	<u>1,657</u>
Net unrealized appreciation (depreciation) on investments				
Control investments - majority owned	(459)	-	(3,469)	(150)
Affiliate investments	189	(461)	270	(1,066)
Non-affiliate investments	2,741	7,596	(7,044)	8,077
Benefit (provision) for taxes on unrealized appreciation (depreciation) on investments	-	4	1	7
Total net unrealized appreciation (depreciation) on investments	<u>2,471</u>	<u>7,139</u>	<u>(10,242)</u>	<u>6,868</u>
Net increase in net assets resulting from operations	<u>\$ 5,051</u>	<u>\$ 12,234</u>	<u>\$ 957</u>	<u>\$ 17,534</u>
Net increase in net assets resulting from operations per common share	<u>\$ 0.25</u>	<u>\$ 0.57</u>	<u>\$ 0.05</u>	<u>\$ 0.82</u>
Dividends declared per common share	\$ 0.16	\$ 0.16	\$ 0.48	\$ 0.41
Weighted average shares outstanding - basic and diluted	20,499	21,378	20,764	21,507

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(In Thousands)
(Unaudited)

	Common Stock		Paid-in Capital in Excess of Par	Undistributed Net Investment Income (Loss)	Undistributed Net Realized Capital Gain (Loss)	Net Unrealized Appreciation (Depreciation) on Investments	Total Net Assets
	Shares	Amount					
Balance at December 31, 2012	21,020	\$ 21	\$ 251,088	\$ (1,672)	\$ (47,148)	\$ (1,023)	\$ 201,266
Net increase (decrease) in net assets resulting from operations	-	-	-	10,416	783	(10,242)	957
Acquisition of common stock under repurchase plan	(521)	(1)	(3,380)	-	-	-	(3,381)
Dividends declared	-	-	-	(9,923)	-	-	(9,923)
Balance at September 30, 2013	<u>20,499</u>	<u>\$ 20</u>	<u>\$ 247,708</u>	<u>\$ (1,179)</u>	<u>\$ (46,365)</u>	<u>\$ (11,265)</u>	<u>\$ 188,919</u>

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	For The Nine Months Ended September 30,	
	2013	2012
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$ 957	\$ 17,534
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Payment-in-kind interest	(1,337)	(1,572)
Net amortization of premiums, discounts and fees	(631)	(1,184)
Net realized capital (gain) loss on investments	(836)	(1,657)
Net unrealized depreciation (appreciation) on investments	10,243	(6,861)
Net deferred income tax provision (benefit)	(1)	(7)
Effects of changes in operating assets and liabilities:		
Accounts receivable and other current assets	552	980
Interest receivable	773	(1,180)
Prepaid assets	(294)	628
Payables and accrued expenses	(642)	138
Purchase of investments in portfolio securities	(84,913)	(111,134)
Proceeds from redemption of investments in portfolio securities	77,631	54,001
Purchase of investments in U.S. Treasury Bills	(137,999)	(56,196)
Proceeds from redemption of investments in U.S. Treasury Bills	138,000	10,202
Net cash provided by (used in) operating activities	<u>1,503</u>	<u>(96,308)</u>
Cash flows from financing activities		
Borrowings under revolving credit facilities	343,500	161,313
Repayments on revolving credit facilities	(337,000)	(128,813)
Acquisition of common stock under repurchase plan	(3,381)	(1,638)
Dividends paid	(10,006)	(9,268)
Net cash provided by (used in) financing activities	<u>(6,887)</u>	<u>21,594</u>
Net decrease in cash and cash equivalents	(5,384)	(74,714)
Cash and cash equivalents, beginning of period	47,655	106,570
Cash and cash equivalents, end of period	<u>\$ 42,271</u>	<u>\$ 31,856</u>

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 2013
(In Thousands, Except Share Amounts and Percentages)
(Unaudited)

Portfolio Company	Industry Segment	Investment (1)	Principal	Cost	Fair Value (2)
PORTFOLIO INVESTMENTS					
Control Investments - Majority Owned (50% or more owned)					
Contour Highwall Holdings, LLC (9)	Coal Mining	Senior Secured Term Loan (12%, due 10/14/2015) 800 Membership Units representing 80% of the common equity (12)	\$ 10,344	\$ 10,383	\$ 10,344
				-	1,386
Spirit Resources, LLC	Oil & Natural Gas Production and Development	Tranche A - Senior Secured Term Loan (The greater of 8% or LIBOR + 4%, due 4/28/2015) Tranche B - Senior Secured Term Loan (The greater of 15% PIK or LIBOR + 11%, due 10/28/2015) 80,000 Preferred Units representing 100% of the outstanding equity 3% Overriding Royalty Interest	5,500 3,336	5,390 3,336	5,500 3,336
				8,000	3,103
				10	448
Subtotal Control Investments - Majority Owned (50% or more owned)			\$	27,119	\$ 24,117
Affiliate Investments - (5% to 25% owned)					
OCI Holdings, LLC	Home Health Services	Subordinated Note (The greater of 11% or LIBOR + 10% cash plus 2% PIK, due 8/15/2018) NGP/OCI Investments, LLC Class A Units representing 24.07% ownership of OCI Holdings, LLC	\$ 15,190	\$ 14,921	\$ 15,190
				2,500	2,500
Resaca Exploitation, Inc.	Oil & Natural Gas Production and Development	Common Stock (1,360,972 shares) - representing 6.56% of the outstanding common stock (8)		3,235	109
Subtotal Affiliate Investments - (5% to 25% owned)			\$	20,656	\$ 17,799
Non-affiliate Investments - (Less than 5% owned)					
ATP Oil & Gas Corporation	Oil & Natural Gas Production and Development	Limited Term Royalty Interest (Notional rate of 13.2%) (5)		\$ 30,151	\$ 30,453
Castex Energy 2005, LP	Oil & Natural Gas Production and Development	Redeemable Preferred LP Units (current pay 8% cash, due 7/1/2016) (11)	\$ 50,000	50,037	52,250
Chroma Exploration & Production, Inc.	Oil & Natural Gas Production and Development	12,671 Shares Series A Participating Convertible Preferred Stock (6) 11,571 Shares Series AA Participating Convertible Preferred Stock (6) 8.11 Shares Common Stock		2,222 2,090 -	- 22 -
Crossroads Energy Development, LLC	Oil & Natural Gas Production and Development	Senior Secured Term Loan (The greater of 11.5% or LIBOR + 10.5%, due 5/24/2016) 2% Overriding Royalty Interest Warrants (13)	8,975	8,418	8,975
				172	539
				237	765

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 2013
(In Thousands, Except Share Amounts and Percentages)
(Unaudited)
(Continued)

Portfolio Company	Industry Segment	Investment (1)	Principal	Cost	Fair Value (2)
PORTFOLIO INVESTMENTS - Continued					
Non-affiliate Investments - (Less than 5% owned) - Continued					
Globe BG, LLC	Coal Production	Contingent earn-out related to July 2011 sale of royalty interests in Alden Resources, LLC (10)	\$	-	\$ -
GMX Resources, Inc.	Oil & Natural Gas Production and Development	Senior Secured Second-Priority Notes (9%, due 3/2/2018) (6)	\$ 12,661	9,452	-
Huff Energy Holdings, Inc.	Oil & Natural Gas Production and Development	Senior Secured Term Loan (18% default, due 9/20/2013) (14)	14,400	14,400	14,400
KOVA International, Inc.	Medical Supplies Manufacturing and Distribution	Senior Subordinated Notes (12.75%, due 8/15/2018)	9,000	8,834	9,000
Midstates Petroleum Company	Oil & Natural Gas Production and Development	Senior Unsecured Notes (10.75%, due 10/1/2020) (3) (5)	13,000	13,377	13,650
Myriant Corporation	Alternative Fuels and Specialty Chemicals	131,741 shares of common stock, representing 0.56% of the outstanding common shares Warrants (7)		419	670
Nekoosa Coated Products Holdings, Inc.	Coated Paper Products Manufacturing and Distribution	Second Lien Term Loan (13% cash plus 2% PIK, due 10/22/2018)	17,657	17,325	17,657
Talos Production, LLC	Oil & Natural Gas Production and Development	Senior Unsecured Notes (9.75%, due 2/15/2018) (3)	23,000	22,875	23,115
Subtotal Non-affiliate Investments - (Less than 5% owned)			\$	180,058	\$ 171,536
Subtotal Portfolio Investments (82.3% of total investments)			\$	227,833	\$ 213,452
GOVERNMENT SECURITIES					
U.S. Treasury Bills (4)			\$ 46,000	\$ 46,000	\$ 46,000
Subtotal Government Securities (17.7% of total investments)			\$	46,000	\$ 46,000
TOTAL INVESTMENTS			\$	273,833	\$ 259,452

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 2013
(Unaudited)
(Continued)

NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS

- (1) All of our portfolio investments are collateral for obligations under our Investment Facility. Our investments in U.S. Treasury Bills are collateral for obligations under our Treasury Facility. See Note 3 of Notes to Consolidated Financial Statements. Percentages represent interest rates in effect at the end of the period and due dates represent the contractual maturity dates. Warrants, common stocks, units, commodity derivative instruments and earn-outs are non-income producing securities, unless otherwise stated.
- (2) Our Board of Directors determines, in good faith, the final estimates of fair value of our investments. Fair value estimates are determined using unobservable inputs (Level 3 hierarchy), unless otherwise stated.
- (3) Fair value estimate is determined using prices with observable market inputs (Level 2 hierarchy). See Note 7 of Notes to Consolidated Financial Statements.
- (4) Fair value is determined using prices for identical securities in active markets (Level 1 hierarchy). See Note 7 of Notes to Consolidated Financial Statements.
- (5) We have determined that this investment is not a "qualifying asset" under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act is subject to change. We monitor the status of these assets on an ongoing basis.
- (6) Non-accrual status.
- (7) Myriant Corporation warrants expire on August 15, 2015 and provide us the right to purchase 32,680 shares of Myriant Corporation common stock at a purchase price of \$10.00 per share.
- (8) Resaca Exploitation, Inc. common stock has been de-listed from the Alternative Investment Market of the London Stock Exchange and is in the process of liquidation.
- (9) Effective January 14, 2013, Pallas Contour Mining, LLC changed its name to Contour Highwall Holdings, LLC.
- (10) Contingent payment of up to \$6.8 million is dependent upon Alden Resources, LLC's ability to achieve certain sales volume and operating efficiency levels during the three year period ending July 2014.
- (11) Upon redemption, we will receive the outstanding face amount plus an option to elect to receive either: a) a cash payment resulting in a total 12% IRR (inclusive of the 8% cash distributions) or b) our pro rata share of 2% of the outstanding regular limited partner interests in Castex Energy 2005, LP (0.67% net to us).
- (12) The fair value of our Contour Highwall Holdings, LLC membership units also includes the value attributable to our ownership of 800 shares of Bundy Auger Mining, Inc. common stock.
- (13) Crossroads Energy Development, LLC, or Crossroads, warrants expire seven years after repayment of the Term Loan and entitle us to purchase 21,529 Class A Units, representing 18% ownership in Crossroads, for \$0.01 per unit.
- (14) We issued a written notice of default on September 23, 2013 for Huff Energy Holdings, Inc.'s, or HEH's, failure to repay the principal, due on September 20, 2013. Effective September 23, 2013, interest on HEH's senior note has been increased to the default rate of 18% per annum.

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2012
(In Thousands, Except Share Amounts and Percentages)

Portfolio Company	Industry Segment	Investment (1)	Principal	Cost	Fair Value (2)
PORTFOLIO INVESTMENTS					
Control Investments - Majority Owned (50% or more owned)					
Pallas Contour Mining, LLC	Coal Mining	Senior Secured Term Loan (12%, due 10/14/2015) 800 Membership Units representing 80% of the common equity	\$ 8,108	\$ 8,140	\$ 8,108
Rubicon Energy Partners, LLC (10)	Oil & Natural Gas Production and Development	4,000 LLC Units - 50% ownership of the assets		-	-
Subtotal Control Investments - Majority Owned (50% or more owned)				\$ 8,140	\$ 8,608
Affiliate Investments - (5% to 25% owned)					
Resaca Exploitation, Inc.	Oil & Natural Gas Production and Development	Senior Unsecured Term Loan (9.5% cash, 12% PIK or 14% default, due 12/31/2014) (15) Common Stock (1,360,972 shares) - representing 6.56% of the outstanding common stock (3) (8) Warrants (11)	\$ 12,933	\$ 12,795	\$ 12,933
				3,235	210
				250	10
Subtotal Affiliate Investments - (5% to 25% owned)				\$ 16,280	\$ 13,153
Non-affiliate Investments - (Less than 5% owned)					
ATP Oil & Gas Corporation	Oil & Natural Gas Production and Development	Limited Term Royalty Interest (Notional rate of 13.2%) (5)		\$ 36,614	\$ 37,026
BP Corporation North America, Inc.	Oil & Natural Gas Production and Development	Put options to sell up to 83,048 Bbls of crude oil at a strike price of \$65.00 per Bbl. 9 monthly contracts expiring through September 30, 2013 (3) (5)		245	9
Castex Energy Development Fund, LP	Oil & Natural Gas Production and Development	Senior Secured Term Loan (The greater of 11.5% or LIBOR + 10.5%, due 12/31/2014) Castex Class B Units - 5% (14)	\$ 27,500	27,141	27,500
				0	910
Castex Energy 2005, LP	Oil & Natural Gas Production and Development	Redeemable Preferred LP Units (current pay 8% cash, due 7/1/2016) (16)	50,000	50,046	51,180
Chroma Exploration & Production, Inc.	Oil & Natural Gas Production and Development	12,301 Shares Series A Participating Convertible Preferred Stock (6) 11,234 Shares Series AA Participating Convertible Preferred Stock (6) 8.11 Shares Common Stock		2,222	-
				2,090	43
				-	-
EP Energy, LLC	Oil & Natural Gas Production and Development	Senior Unsecured Notes (9.375%, due 5/1/2020) (3)	10,000	10,000	11,338
Globe BG, LLC	Coal Production	Contingent earn-out related to July 2011 sale of royalty interests in Alden Resources, LLC (13)		-	240
GMX Resources, Inc.	Oil & Natural Gas Production and Development	Senior Secured Second-Priority Notes (9%, due 3/2/2018) 2,975,098 Shares Common Stock (4)	12,661	9,452	7,407
				2,317	1,488

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2012
(In Thousands, Except Share Amounts and Percentages)
(Continued)

Portfolio Company	Industry Segment	Investment (1)	Principal	Cost	Fair Value (2)
PORTFOLIO INVESTMENTS - Continued					
Non-affiliate Investments - (Less than 5% owned) - Continued					
Huff Energy Holdings, Inc.	Oil & Natural Gas Production and Development	Senior Secured Term Loan (The greater of 11% or LIBOR + 7% , due 4/15/2013) (9)	\$ 15,100	\$ 15,100	\$ 15,100
Midstates Petroleum Company	Oil & Natural Gas Production and Development	Senior Subordinated Notes (10.75%, due 10/1/2020) (3) (5)	14,000	14,435	14,875
Myriant Corporation	Alternative Fuels and Specialty Chemicals	131,741 shares of common stock, representing 0.56% of the outstanding common shares Warrants (7)		419 49	770 110
Southern Pacific Resources Corp.	Oil & Natural Gas Production and Development	Second Lien Term Loan (The greater of 10.5% or LIBOR + 8.5% or the greater of 10.5% or Prime + 7.5%, due 1/07/2016) (5)	9,740	9,850	9,837
Spirit Resources, LLC	Oil & Natural Gas Production and Development	Senior Secured Term Loan (The greater of 12% or LIBOR + 8%, due 4/27/2015) Warrants (12)	13,500	13,327 25	13,500 520
Subtotal Non-affiliate Investments - (Less than 5% owned)				\$ 193,332	\$ 191,853
Subtotal Portfolio Investments (82.3% of total investments)				\$ 217,752	\$ 213,614
GOVERNMENT SECURITIES					
U.S. Treasury Bills (4)			\$ 46,000	\$ 45,996	\$ 45,996
Subtotal Government Securities (17.7% of total investments)				\$ 45,996	\$ 45,996
TOTAL INVESTMENTS				\$ 263,748	\$ 259,610

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2012
(Continued)

NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS

- (1) All of our portfolio investments are collateral for obligations under our Investment Facility. Our investments in U.S. Treasury Bills are collateral for obligations under our Treasury Facility. See Note 3 of Notes to Consolidated Financial Statements. Percentages represent interest rates in effect at the end of the period and due dates represent the contractual maturity dates. Warrants, common stocks, units, commodity derivative instruments and earn-outs are non-income producing securities, unless otherwise stated.
- (2) Our Board of Directors determines, in good faith, the final estimates of fair value of our investments. Fair value estimates are determined using unobservable inputs (Level 3 hierarchy), unless otherwise stated.
- (3) Fair value estimate is determined using prices with observable market inputs (Level 2 hierarchy). See Note 7 of Notes to Consolidated Financial Statements.
- (4) Fair value is determined using prices for identical securities in active markets (Level 1 hierarchy). See Note 7 of Notes to Consolidated Financial Statements.
- (5) We have determined that this investment is not a "qualifying asset" under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act is subject to change. We monitor the status of these assets on an ongoing basis.
- (6) Non-accrual status.
- (7) Myriant Corporation warrants expire on August 15, 2015 and provide us the right to purchase 32,680 shares of Myriant Corporation common stock at a purchase price of \$10.00 per share.
- (8) Resaca Exploitation, Inc., or Resaca, stock is listed on the Alternative Investment Market of the London Stock Exchange, denominated in British pounds and its reported fair value at December 31, 2012 has been converted to U.S. dollars.
- (9) The Black Pool Energy Partners, LLC, or Black Pool, Term Loan originally matured on October 24, 2011 without repayment. On September 21, 2012, we, Black Pool and Huff Energy Holdings, Inc., or HEH, executed an amendment (effective July 31, 2012) whereby HEH unconditionally assumed the Black Pool Term Loan and became the new borrower.
- (10) Assets of this portfolio company have been sold. The legal entity, in which we retain an equity interest, is in the process of dissolution.
- (11) Resaca warrants expire 10 business days following termination of the credit agreement and entitle us to purchase up to 2,420,000 shares of Resaca common stock at a purchase price of \$1.92 per share.
- (12) Spirit Resources, LLC penny warrants expire five years after repayment of principal and interest and entitle us to acquire 33% of the Units of Membership Interest.
- (13) Contingent payment of up to \$6.8 million is dependent upon Alden Resources, LLC's ability to achieve certain sales volume and operating efficiency levels during the three year period ending July 2014.
- (14) Lenders were granted 10% (5% net to us) of the LP interest in Castex Energy Development Fund, or Castex EDF, via Class B LP units that will become effective at the earlier of maturity or a liquidity event in which the Castex EDF assets are sold.
- (15) In March 2012, Resaca received a default notice from the agent for its Senior Unsecured Term Loan, regarding the violation of two financial covenants. Beginning March 2, 2012, the applicable interest rate under this loan is 14% as long as the covenant violation persists.
- (16) Upon redemption, we will receive the outstanding face amount plus an option to elect to receive either: a) a cash payment resulting in a total 12% IRR (inclusive of the 8% cash distributions) or b) our pro rata share of 2% of the outstanding regular limited partner interests in Castex Energy 2005, LP (0.67% net to us).

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED FINANCIAL HIGHLIGHTS
(Unaudited)

	For The Nine Months Ended September 30,	
	2013	2012
Per Share Data (1)		
Net asset value, beginning of period	\$ 9.57	\$ 9.26
Net investment income	0.50	0.42
Net realized and unrealized gain (loss) on investments (2)	(0.45)	0.40
Net increase in net assets resulting from operations	0.05	0.82
Dividends declared	(0.48)	(0.41)
Other (3)	0.08	0.03
Net asset value, end of period	<u>\$ 9.22</u>	<u>\$ 9.70</u>
Market Value		
Market value, beginning of period	\$ 7.22	\$ 7.19
Market value, end of period	\$ 7.43	\$ 7.46
Market value return (4)	10.0%	9.7%
Net asset value return (4)	3.0%	10.8%
Ratios and Supplemental Data		
(\$ and shares in thousands)		
Net assets, end of period	\$ 188,919	\$ 207,367
Average net assets	\$ 193,094	\$ 201,639
Common shares outstanding, end of period	20,499	21,378
Net investment income/average net assets (5)	7.2%	6.0%
Portfolio turnover rate	34.5%	31.6%
Total operating expenses/average net assets (5) (6)	7.6%	5.4%
Net increase in net assets resulting from operations/average net assets (5)	0.7%	11.6%
Expense Ratios (as a percentage of average net assets) (5)		
Interest expense and bank fees	1.7%	0.8%
Management and incentive fees	3.2%	2.2%
Other operating expenses (6)	2.7%	2.4%
Total operating expenses (6)	<u>7.6%</u>	<u>5.4%</u>

- (1) Per Share Data is based on weighted average number of common shares outstanding for the period.
- (2) May include a balancing amount necessary to reconcile the change in net asset value per share with other per share information presented. This amount may not agree with the aggregate gains and losses for the period because the difference in the net asset value at the beginning and end of the period may not equal the per share changes of the line items disclosed.
- (3) Represents the impact of common stock repurchases. See Note 9.
- (4) Return calculations assume reinvestment of dividends and are not annualized.
- (5) Annualized.
- (6) Net of legal fee reimbursements of \$2.9 million in 2013. Excluding these legal fee reimbursements, other operating expense ratio and total operating expense ratios would have been 4.7% and 9.6%, respectively, for the nine months ended September 30, 2013.

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2013
(Unaudited)

Note 1: Organization and Recent Developments

These consolidated financial statements present the financial position, results of operations and cash flows of NGP Capital Resources Company and its consolidated subsidiaries. The terms “we,” “us,” “our” and “NGPC” refer to NGP Capital Resources Company and its consolidated subsidiaries. We are a financial services company organized in July 2004 as a Maryland corporation to invest primarily in small and mid-size private energy companies. In early 2012, we expanded our investment strategy to also include middle market companies not engaged in the energy industry. Our investment objective is to generate both current income and capital appreciation primarily through debt investments with certain equity components. We are a closed-end, non-diversified management investment company that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, or the 1940 Act. In addition, for federal income tax purposes we operate so as to be treated as a regulated investment company, or RIC, under the Internal Revenue Code of 1986, as amended, or the Code. We have several direct and indirect subsidiaries that are single member limited liability companies and wholly-owned limited partnerships established to hold certain portfolio investments or provide services to us in accordance with specific rules prescribed for a company operating as a RIC. We consolidate the financial results of our wholly-owned subsidiaries for financial reporting purposes, and we do not consolidate the financial results of our portfolio companies. Our external manager, NGP Investment Advisor, LP, or our Manager, conducts our operations pursuant to an Investment Advisory Agreement (see Note 4). NGP Energy Capital Management, L.L.C., or NGP, and NGP Administration, LLC, or our Administrator, together own 100% of our Manager.

In September 2013, our Board of Directors engaged financial advisor Keefe, Bruyette & Woods, a Stifel company, or KBW, to evaluate strategic alternatives to enhance stockholder value. The Board of Directors, with the assistance of KBW, will consider a range of options, which may include a sale or merger of our company, the acquisition of existing investment portfolios, or a combination, joint venture or other strategic alliance with another company. No decision has been made to enter into a transaction at this time, and there can be no assurance that we will enter into a transaction in the future.

Note 2: Basis of Presentation

These interim unaudited consolidated financial statements include the accounts of NGPC and its subsidiaries. We eliminate all significant intercompany accounts and transactions.

We prepare the interim consolidated financial statements, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, or the SEC. We omit certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, pursuant to such rules and regulations. We believe we include all adjustments, which are of a normal recurring nature, so that these financial statements fairly present our financial position, results of operations and cash flows. Interim results are not necessarily indicative of results for a full year. You should read these unaudited consolidated financial statements in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2012.

Preparing interim consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes to the consolidated financial statements, including the estimated fair values of our investment portfolio discussed in Note 7. Although we believe our estimates and assumptions are reasonable, actual results could differ from these estimates.

Dividends

We record dividends to stockholders on the ex-dividend date. We currently intend that our distributions each year will be sufficient to maintain our status as a RIC for federal income tax purposes and to eliminate federal excise tax liability. We currently intend to make distributions to stockholders on a quarterly basis that total substantially all net taxable income for the year. We also intend to make distributions of net realized capital gains, if any, at least annually. However, we may in the future decide to retain such capital gains for investment and designate such retained amounts as deemed distributions. Each quarter, our Manager estimates our annual taxable earnings. The Board of Directors considers this estimate and determines the distribution amount, if any. We generally declare our dividends each quarter and pay them shortly thereafter. The following table summarizes our recent distribution history:

Declaration Date	Per Share Amount	Record Date	Payment Date
March 19, 2012	\$ 0.12	April 2, 2012	April 9, 2012
June 12, 2012	0.13	June 29, 2012	July 9, 2012
September 11, 2012	0.16	September 28, 2012	October 8, 2012
December 11, 2012	0.16	December 28, 2012	January 7, 2013
March 18, 2013	0.16	March 29, 2013	April 8, 2013
June 10, 2013	0.16	June 28, 2013	July 8, 2013
September 10, 2013	0.16	September 30, 2013	October 7, 2013

Note 3: Credit Facilities and Borrowings

On May 23, 2013, we entered into a \$72.0 million Third Amended and Restated Revolving Credit Agreement, or the Investment Facility, which replaced our previous credit facility. The total amount outstanding under the Investment Facility and our previous facility was \$66.0 million and \$59.5 million, as of September 30, 2013 and December 31, 2012, respectively. Substantially all of our assets except our investments in U.S. Treasury Bills are collateral for the obligations under the Investment Facility. The Investment Facility matures on May 23, 2016, and bears interest, at our option, at either (i) LIBOR plus 325 to 475 basis points, or (ii) the base rate plus 225 to 375 basis points, both based on our amounts outstanding. As of September 30, 2013, the average interest rate on our outstanding balance of \$66.0 million was 4.4%. As of September 30, 2013, there was an additional \$6.0 million available for borrowing under the Investment Facility. We repaid \$23.0 million of the outstanding balance in October 2013.

On March 31, 2011, we entered into a \$30.0 million Treasury Secured Revolving Credit Agreement, or the Treasury Facility, which was later increased to \$45.0 million, that can only be used to purchase U.S. Treasury Bills. Proceeds from the Treasury Facility facilitate the growth of our investment portfolio and provide flexibility in the sizing of our portfolio investments. On September 24, 2013, we entered into a fourth amendment to the Treasury Facility which extended the expiration date to September 24, 2014 and increased the applicable margins to either (i) LIBOR plus 150 basis points or (ii) the base rate plus 50 basis points. We have the right at any time to prepay the loans, in whole or in part, without premium or penalty. As of September 30, 2013, we had \$45.0 million outstanding and no additional amount available for borrowing under the Treasury Facility, and the interest rate on our outstanding balance was 1.7% (LIBOR plus 150 basis points). We repaid the entire balance outstanding under the Treasury Facility in October 2013 with proceeds from the sale of U.S. Treasury Bills.

The Investment Facility and Treasury Facility contain affirmative and reporting covenants and certain financial ratio and restrictive covenants that apply to our subsidiaries and us. We complied with these covenants as of September 30, 2013 and had no existing defaults or events of default under either facility. The most restrictive covenants are:

- maintaining a ratio of net asset value to consolidated total indebtedness (excluding net hedging liabilities) of not less than 2.25:1.0
- maintaining a ratio of net asset value to consolidated total indebtedness (including net hedging liabilities) of not less than 2.0:1.0,
- maintaining a ratio of EBITDA (excluding revenue from cash collateral) to interest expense (excluding interest on loans under the Treasury Facility) of not less than 3.0:1.0, and
- maintaining a ratio of collateral to the aggregate principal amount of loans under the Treasury Facility of not less than 1.02:1.0.

Note 4: Investment Management

Investment Advisory Agreement

We have an Investment Advisory Agreement with our Manager under which our Manager administers our day-to-day operations and provides investment advisory services to us. Our Manager is subject to the overall supervision of our Board of Directors. For providing these services, we pay our Manager a fee, consisting of two components — a base management fee and an incentive fee.

Base Management Fee: According to the Investment Advisory Agreement, we calculate the base management fee as 0.45% of the average of our total assets as of the end of the two previous quarters. We record and pay this base management fee quarterly in arrears.

Incentive Fee: The incentive fee under the Investment Advisory Agreement consists of two parts. We calculate the first part of the incentive fee, the Investment Income Incentive Fee, as 20% of the excess, if any, of our net investment income for the quarter that exceeds a quarterly hurdle rate equal to 2% (8% annualized) of our net assets. We calculate and pay this Investment Income Incentive Fee quarterly in arrears. For the purpose of this fee calculation, net investment income means interest income, dividend income, royalty income and any other income (including any other fees, such as commitment, origination, syndication, structuring, diligence, managerial assistance, monitoring, and consulting fees or other fees that we receive from portfolio companies) accrued during the fiscal quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable under the Administration Agreement, and interest expense, but excluding the incentive fee). Accordingly, we may pay an incentive fee based partly on accrued interest, the collection of which is uncertain or deferred. Net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, or OID, debt instruments with payment-in-kind interest and zero coupon securities), accrued income that we have not yet received in cash. Net investment income does not include any realized capital gains, realized capital losses, or unrealized capital appreciation or depreciation. For the three and nine months ended September 30, 2013, we incurred Investment Income Incentive Fees totaling \$0 and \$0.4 million, respectively. For the three and nine months ended September 30, 2012, we did not incur any Investment Income Incentive Fees.

We calculate the second part of the incentive fee, the Capital Gains Fee, as (1) 20% of (a) our net realized capital gains (realized capital gains less realized capital losses) on a cumulative basis from the closing date of our initial public offering to the end of such fiscal year, less (b) any unrealized capital depreciation at the end of such fiscal year, less (2) the aggregate amount of all Capital Gains Fees paid to our Manager in prior fiscal years. We determine and pay the Capital Gains Fee in arrears as of the end of each fiscal year (or upon termination of the Investment Advisory Agreement, as of the termination date). For accounting purposes only, in order to reflect the theoretical Capital Gains Fee that would be payable for a given period as if all unrealized capital gains were realized, we accrue a Capital Gains Fee as described above (in accordance with the terms of the Investment Advisory Agreement), plus 20% of unrealized capital gains on investments held at the end of such period. It should be noted that the portion of the accruals for the Capital Gains Fees attributable to unrealized capital gains will not necessarily be payable under the Investment Advisory Agreement, and may never be paid based on the computation of Capital Gains Fees in subsequent periods. As of September 30, 2013, we had cumulative net capital losses of \$72.9 million and cumulative net unrealized capital depreciation of \$11.3 million. We did not incur or pay any Capital Gains Fees for the three and nine month periods ended September 30, 2013 and 2012.

Our Board of Directors originally approved the Investment Advisory Agreement on November 9, 2004. Our Board of Directors or the holders of a majority of our outstanding voting securities must approve the continuation of the Investment Advisory Agreement at least annually. Additionally, in either case, the approval must be by a majority of our independent directors. On October 30, 2013, our Board of Directors, including all of the independent directors, approved an extension of the Investment Advisory Agreement through November 9, 2014.

The Investment Advisory Agreement may be terminated at any time, without the payment of any penalty, by a vote of our Board of Directors or the holders of a majority of our shares on 60 days' written notice to our Manager, and would automatically terminate in the event of its "assignment" (as defined in the 1940 Act). Either party may terminate the Investment Advisory Agreement without penalty upon not more than 60 days' written notice to the other.

Pursuant to the Investment Advisory Agreement, our Manager pays the compensation and routine overhead expenses of the investment professionals of our management team and their respective staffs, when and to the extent engaged in providing management and investment advisory services to us. We bear all other costs and expenses of our operations and transactions. Our Manager is a registered investment adviser under the Investment Advisers Act of 1940.

Administration Agreement

We have an Administration Agreement with our Administrator, under which our Administrator furnishes us with office facilities, equipment and clerical, bookkeeping and recordkeeping services at such facilities. Under the Administration Agreement, our Administrator also performs, or oversees the performance by third parties of, our required administrative services which include responsibility for the financial records that we are required to maintain and preparation of reports to our stockholders and reports filed with the SEC. In addition, our Administrator assists in determining and publishing our net asset value, oversees the preparation and filing of our tax returns, the printing and dissemination of reports to our stockholders, and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. To the extent permitted under the 1940 Act, our Administrator may also provide, on our behalf, significant managerial assistance to our portfolio companies. We base payments under the Administration Agreement upon the allocable portion of our Administrator's costs and expenses incurred in connection with administering our business. The Administration Agreement may be terminated at any time, without penalty, by a vote of our Board of Directors or by our Administrator upon 60 days' written notice to the other party, and will automatically terminate in the event of its "assignment" (as defined in the 1940 Act).

We owed \$304,000 and \$299,000 to our Administrator as of September 30, 2013 and December 31, 2012, respectively, for expenses incurred on our behalf for the final month of the respective quarterly period. We include these amounts in accounts payable and accrued expenses. Our Board of Directors originally approved the Administration Agreement on November 9, 2004. Our Board of Directors and a majority of our independent directors must approve the continuation of the Administration Agreement at least annually. On October 30, 2013, our Board of Directors, including all of the independent directors, approved an extension of the Administration Agreement through November 9, 2014.

Note 5: Federal Income Taxes

We currently qualify for tax purposes as a RIC under Subchapter M of Chapter 1 of the Code, as amended. As a RIC, the IRS generally will not tax the portion of our investment company taxable income and net capital gain (i.e., realized net long term capital gains in excess of realized net short term capital losses) distributed to stockholders. To qualify as a RIC, we are required, among other things, to distribute to our stockholders at least 90% of investment company taxable income, as defined by the Code, and to meet certain asset diversification requirements.

Certain of our wholly-owned subsidiaries, or Taxable Subsidiaries, have elected to be taxed as corporations for federal income tax purposes. The Taxable Subsidiaries hold certain of our portfolio investments and are consolidated for financial reporting purposes, but not for income tax reporting purposes. These Taxable Subsidiaries permit us to hold equity investments in portfolio companies that are "pass through" entities for tax purposes, in order to comply with the "source income" requirements contained in the RIC tax regulations. The Taxable Subsidiaries may generate net income tax expense or benefit, which is reflected on our consolidated statements of operations.

Note 6: Commitments and Contingencies

As of September 30, 2013, we had investments in or commitments to fund investments in 16 portfolio companies totaling \$236.9 million. Of this total, \$233.3 million was outstanding and \$3.6 million remained committed and available to fund. Generally, these commitments have fixed expiration dates, and we may not fund the entire \$3.6 million of commitments before they expire. We do not report the unfunded portions of these commitments on our consolidated balance sheets.

We have continuing obligations under the Investment Advisory Agreement with our Manager and under the Administration Agreement with our Administrator. The agreements provide that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or the reckless disregard of its duties and obligations, our Manager, our Administrator and their officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with them will be entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of our Manager's or Administrator's services under the agreements or otherwise as our investment adviser or administrator. The agreements also provide that our Manager, our Administrator and their affiliates will not be liable to us or any stockholder for any error of judgment, mistake of law, any loss or damage with respect to any of our investments or any action taken or omitted to be taken by our Manager or our Administrator in connection with the performance of any of their duties or obligations under the agreements or otherwise as investment adviser or administrator to us, except to the extent specified in Section 36(b) of the 1940 Act concerning loss resulting from a breach of fiduciary duty with respect to the receipt of compensation for services. In the normal course of business, we enter into a variety of undertakings containing a variety of representations that may expose us to some risk of loss. We do not expect significant losses, if any, from such undertakings.

Legal Proceedings

From time to time, we are involved in various legal proceedings arising in the normal course of business. While we cannot predict the outcome of these proceedings with certainty, we do not believe that an adverse result in any pending legal proceeding other than those described below, individually or in the aggregate, would be material to our business, financial condition or cash flows.

ATP Litigation. On August 17, 2012, ATP Oil & Gas Corporation, or ATP, filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas. We own limited term overriding royalty interests, or ORRIs, in certain offshore oil and gas producing properties operated by ATP (generally, the Gomez and Telemark properties). On August 23, 2012, on a motion filed by ATP (Bankr. Dkt. No.15), the bankruptcy judge presiding over ATP's case signed an order (Bankr. Dkt. No. 191) allowing ATP to pay amounts received after August 17, 2012 to those parties it believes are entitled to receive them, including the ORRI holders, provided that the owners of the ORRIs execute a disgorgement agreement providing for the repayment to ATP of any amounts that the bankruptcy court later finds to have been inappropriately paid. We executed the disgorgement agreement and began receiving monthly distributions in September 2012 from ATP of our share of production proceeds received by ATP after August 17, 2012. As of September 30, 2013, our unrecovered investment was \$30.5 million, and we had received aggregate production payments of \$21.7 million subject to the disgorgement agreement. In addition, as of September 30, 2013, we had incurred legal and consulting fees totaling \$2.9 million in connection with the enforcement of our rights under the ORRIs, \$2.7 million of which has been added to the unrecovered investment balance under the terms of the ORRI transaction documents. Legal and consulting fees totaling \$0.2 million and \$0.6 million as of September 30, 2013 and December 31, 2012, respectively, are included in accounts receivable and other current assets on our consolidated balance sheets.

On October 17, 2012, we filed a lawsuit against ATP styled: *NGP Capital Resources Company v. ATP Oil & Gas Corporation*, Adv. Proc. No. 12-03443, in the U.S. Bankruptcy Court for the Southern District of Texas, seeking a declaration that the ORRIs are our property and not property of ATP and that the conveyance and purchase and sale documents are not executory contracts that may be rejected in order to remove or recharacterize our interests in the properties. ATP filed an answer and counterclaim in which it (a) denies that the ORRIs are valid and enforceable, (b) seeks a declaration that (i) the ORRIs are a financing agreement and not a true sale and (ii) the ORRIs are executory contracts that are subject to rejection under 11 U.S.C. Sec. 365, and (c) seeks disgorgement from us of amounts paid to us since August 17, 2012, the date of filing of ATP's Chapter 11 proceeding. The United States, on behalf of the Department of the Interior, intervened in the lawsuit, arguing that the underlying leases are unexpired leases of real property or executory contracts (and not real property conveyances) and are subject to rejection by ATP. Certain service companies claiming statutory liens or privileges have intervened in the lawsuit for the purposes of establishing that their liens and privileges are superior to our rights and asserting related claims for disgorgement of proceeds paid to us by ATP. The Bank of New York Mellon Trust Company, N.A., the secondary lien holder, has also intervened in the lawsuit, arguing (i) the ORRIs are a financing agreement and not a true sale, (ii) our claims are barred, waived, released and/or otherwise foreclosed by the express terms of the conveyance of the ORRIs, and (iii) either we have not met a condition precedent or we failed to perform or substantially perform our contractual obligations. The issues in the lawsuit have been bifurcated such that the issues of (i) whether the conveyances and transactions between us and ATP constituted outright transfers of ownership and (ii) whether the conveyances are executory contracts or leases that ATP may reject, will be tried first. This lawsuit is currently pending, and the initial trial date has been abated along with certain other deadlines pending the determination of various motions, including our motion for summary judgment. We intend to vigorously defend our position that the ORRIs constitute real property interests and are fully valid and enforceable pursuant to their terms, and we intend to vigorously defend our position that the service companies' statutory liens and privileges do not attach to our ORRIs and/or are not superior to our rights.

Separately, on October 31, 2012, the Official Committee of Unsecured Creditors of ATP, or the Committee, filed a motion requesting authority from the U.S. Bankruptcy Court to be allowed to bring a fraudulent transfer action against us, in which the Committee seeks to allege that (a) ATP was insolvent at the time of the assignment of the ORRIs to us, (b) that ATP received less than fair value from us in exchange for the assignments of the ORRIs and (c) as a result, the assignments should be set aside. The Company vigorously denies these allegations and opposes the motion. The motion has been abated until further notice.

On April 23, 2013, the Department of the Interior, on behalf of the Bureau of Safety and Environmental Enforcement, issued an order directing that the wells on the Gomez properties be shut in and that operations cease. Operations and production ceased on the Gomez properties on April 30, 2013.

On May 7, 2013, ATP conducted an auction of its assets. At the conclusion of the auction, ATP selected a credit bid from Credit Suisse AG, as administrative and collateral agent to those lenders who are parties to that certain Senior Secured Super Priority Priming Debtor in Possession Credit Agreement dated August 29, 2012, or the DIP Lenders, based on a reduction in the amount of ATP's outstanding indebtedness to Credit Suisse AG, or the Credit Bid, as the highest and best bid. The Credit Bid did not include an offer to purchase the Gomez properties but it included an offer to purchase the Telemark properties. On June 13, 2013, the Court entered an order (Bankr. Dkt. No. 1999) approving ATP's request (set forth in Bankr. Dkt. No. 1902) to reject and/or abandon and relinquish its interests in the Gomez properties and related agreements, or the Abandonment Order. As a result of the shut-in of the Gomez wells and the Abandonment Order, our cash flows attributable to the ORRIs have been negatively affected. On July 9, 2013, the Court entered its Interim Order (Bankr. Dkt. No. 2224) approving the sale of ATP's assets on an interim basis, subject to final approval upon consideration of evidence relating to the proposed purchaser. On October 3, 2013, the purchaser Benu Oil & Gas, LLC, or Benu, a newly-formed company owned by the DIP Lenders, filed its Statement In Support of the Sale (Bankr. Dkt. No. 2635). The final sale hearing was conducted October 17, 2013, after which the Court entered its Final Order approving the sale (Bankr. Dkt. No. 2706). Under the Final Order, Benu was authorized to purchase certain ATP assets, including the Telemark properties, as well as the claims asserted by ATP in our pending lawsuit. Our ORRI continues to burden the Telemark properties subject to a resolution of the issues in our pending lawsuit against ATP. The sale to Benu closed on November 1, 2013.

GMX Resources, Inc. On April 1, 2013, GMX Resources, or GMX, and certain of its affiliates filed petitions for relief under Chapter 11 of the U.S. Bankruptcy Code. In connection with its bankruptcy filing, GMX received a credit bid from certain senior first-lien creditors to acquire substantially all of GMX's operating assets and undeveloped acreage. On August 28, 2013, GMX completed a public auction of its assets, with the credit bid prevailing. In October 2013, settlement motions were filed with the bankruptcy court that included the establishment of a \$1.5 million Litigation Trust, of which we would ultimately receive a pro rata share after deducting certain trustee costs. The settlement motions are subject to the approval of the unsecured creditors and the bankruptcy court. We hold \$12.7 million face amount of GMX's Senior Secured Second-Priority Notes due 2018, or the GMX 2018 Notes, which are subordinate to the debt held by the senior creditors mentioned above. As a result of these proceedings, we reduced the estimated fair value of our investment in the GMX 2018 Notes from \$7.4 million as of December 31, 2012 to zero as of March 31, 2013.

Note 7: Fair Value

Investments consisted of the following as of September 30, 2013 and December 31, 2012:

(Dollar amounts in thousands)	September 30, 2013				December 31, 2012			
	Cost	% of Total	Fair Value	% of Total	Cost	% of Total	Fair Value	% of Total
Portfolio investments								
Senior secured debt	\$ 41,927	15.3%	\$ 42,555	16.4%	\$ 63,708	24.2%	\$ 64,208	24.7%
Subordinated debt	86,784	31.7%	78,612	30.3%	56,532	21.4%	56,390	21.8%
Limited term royalties	30,151	11.0%	30,453	11.8%	36,614	13.9%	37,026	14.3%
Contingent earn-out	-	0.0%	-	0.0%	-	0.0%	240	0.1%
Commodity derivative instruments	-	0.0%	-	0.0%	245	0.1%	9	0.0%
Royalty interests	182	0.1%	987	0.4%	-	0.0%	-	0.0%
Redeemable preferred units	50,037	18.3%	52,250	20.1%	50,046	19.0%	51,180	19.7%
Equity securities								
Membership and partnership units	10,500	3.8%	6,989	2.7%	419	0.2%	1,680	0.6%
Participating preferred stock	4,312	1.6%	22	0.0%	4,312	1.6%	43	0.0%
Common stock	3,654	1.3%	779	0.3%	5,552	2.1%	1,698	0.7%
Warrants	286	0.1%	805	0.3%	324	0.1%	1,140	0.4%
Total equity securities	18,752	6.8%	8,595	3.3%	10,607	4.0%	4,561	1.7%
Total portfolio investments	227,833	83.2%	213,452	82.3%	217,752	82.6%	213,614	82.3%
Government securities								
U.S. Treasury Bills	46,000	16.8%	46,000	17.7%	45,996	17.4%	45,996	17.7%
Total investments	\$ 273,833	100.0%	\$ 259,452	100.0%	\$ 263,748	100.0%	\$ 259,610	100.0%

We account for all of the assets in our portfolio at fair value, following the provisions of the Financial Accounting Standards Board Accounting Standards Codification *Fair Value Measurements and Disclosures*, or ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

On a quarterly basis, the investment team of our Manager prepares fair value estimates for all of the assets in our portfolio utilizing the income approach and market approach in accordance with ASC 820 and presents them to our Valuation Committee. The Valuation Committee recommends its fair value estimates to our Board of Directors, which in good faith determines the final estimates of fair value for each investment. We record investments in securities for which market quotations are readily available at such market quotations in our financial statements as of the valuation date. For investments in securities for which market quotations are unavailable, or which have various degrees of trading restrictions, the investment team of our Manager prepares valuation analyses as generally described below.

- *Investment Team Valuation.* The investment professionals of our Manager prepare fair value estimates for each investment.
- *Investment Team Valuation Documentation.* The investment team documents and discusses its preliminary fair value estimates with senior management of our Manager.
- *Presentation to Valuation Committee.* Senior management presents the valuation analyses and fair value estimates to the Valuation Committee of our Board of Directors.
- *Third Party Valuation Activity.* The Valuation Committee and our Board of Directors, in their discretion, may retain an independent valuation firm to review any or all of the valuation analyses and fair value estimates provided by the investment team of our Manager. The Valuation Committee retained an independent valuation firm in connection with the fair value estimates of our middle market non-energy investments as of September 30, 2013, which collectively represented 21% of the total fair value of our portfolio investments at such date.

- *Board of Directors and Valuation Committee.* The Board of Directors and Valuation Committee review and discuss the valuation analyses and fair value estimates provided by the investment team of our Manager and the analysis of the independent valuation firm, if applicable.
- *Final Valuation Determination.* Our Board of Directors discusses the fair value estimates recommended by the Valuation Committee and determines the fair value of each investment in our portfolio, in good faith, based on the input of the investment team of our Manager, our Valuation Committee and the independent valuation firm, if any.

ASC 820 defines fair value as the price that a seller would receive for an asset or pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date. The fair value definition focuses on exit price in the principal, or most advantageous, market and prioritizes the use of observable market inputs over unobservable entity-specific inputs. In accordance with ASC 820, we categorize our investments based on the inputs to our valuation methodologies as follows:

- *Level 1* — Quoted unadjusted prices for identical instruments in active markets to which we have access at the date of measurement.
- *Level 2* — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
- *Level 3* — Model-derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect our own assumptions that market participants would use to price the asset or liability based on the best available information.

Fair value accounting classifies financial assets and liabilities in their entirety based on the lowest level of input that is significant to the estimated fair value measurement. Our assessment of the significance of a particular input to the estimated fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Debt Securities and Limited-Term Royalties: In estimating the fair value of our debt investments, we first assess the overall financial health of the portfolio company through an evaluation of a number of factors, including, as relevant, historical and projected financial results, the portfolio company's enterprise value, and the nature and realizable value of any collateral. In estimating the portfolio company's enterprise value, we analyze the discounted value of estimated future net cash flows of the portfolio company, derived, when appropriate, from third party valuations of a portfolio company's assets, such as engineering reserve reports of oil and natural gas properties. We also use a market approach in estimating the portfolio company's estimated enterprise value, considering recent comparable transactions involving similar businesses or assets. We also may consider the markets in which the portfolio company operates; comparison to a peer group of publicly traded securities; the size and scope of the portfolio company and its specific strengths and weaknesses; recent purchases or sales of securities by the portfolio company; recent offers to purchase the portfolio company; the estimated value of comparable securities; and other relevant factors. Based upon these analyses, we assess the sources of cash flow available to the portfolio company to service its debt and the underlying credit risk, and determine an appropriate yield, or discount rate, to apply to our anticipated cash flows to be collected from each debt investment, recognizing that the collection of contractual cash flows may come from one or a combination of cash flows generated from continuing operations of the portfolio company, liquidation of collateral or sale of the portfolio company. The appropriateness of the yield on our investments is directly relative to our judgment of the associated risks, using observable yield or price data for similar or comparable debt investments when available. Fair value measurements using the discounted cash flow method can be sensitive to significant changes in the inputs. A significant increase (decrease) in the discount rate for a particular security may result in a lower (higher) value for that security.

We invest primarily in illiquid debt investments in small private companies, many of which are in the early stages of development, or are start-up companies in need of growth development capital. There is limited activity, transparency and variable data in the markets in which we invest. We have observed that there is limited correlation in yield and price data in our principle market when compared to overall market trends based upon debt investments we have made throughout our history. In circumstances where there is limited observable price or yield data of similar or comparable securities, we base our considerations on our assessments of the credit trends and underlying performance of our portfolio companies and of the markets in which we invest, relying on the collective judgment of the investment team of our Manager, our Valuation Committee members and our Board of Directors, which is based on their extensive experience and expertise investing in public and non-public securities markets.

Equity Securities: We record our investments in preferred and common equity securities (including warrants or options to acquire equity securities) at fair value based on our pro rata share of the residual equity value available after deducting all outstanding debt and other obligations, as applicable, from the estimated enterprise value of the portfolio company. To estimate the enterprise value of the portfolio company, we analyze the discounted cash flows of the portfolio company and indicative pricing (on a proved reserve and/or units-of-production basis, as appropriate) in recent comparable market transactions as mentioned above, adjusted for lack of marketability due to the illiquid nature or other restrictions on the sale of the security. In most cases, we may compute an average of the calculated values of our share of the residual equity value (using multiple approaches or various assumptions) in determining the fair value of the equity security to be reported in our financial statements. Estimating a company's enterprise value involves judgment, and residual equity values can be relatively volatile based on changes in market conditions, the company's financial performance and outlook, and other factors. Fair value measurements using market comparables can be sensitive to significant changes in the inputs. A significant increase (decrease) in the reserve multiple, or a significant decrease (increase) in the discount for lack of marketability, for a particular equity security may result in a higher (lower) fair value for that security.

In some cases, where we deem recent or pending financing or recapitalization transactions involving the portfolio company to be more indicative of enterprise value, we use such recent transactions to value the enterprise, in lieu of the discounted cash flow or market comparables. In addition, in cases where we deem appropriate, we utilize an option pricing method, or OPM, to value the various preferred stock, common stock and warrants we have in companies with complex capital structures. The OPM treats preferred stock, common stock and warrants as call options on the enterprise value, with exercise prices based on liquidation preference of the security. The OPM commonly uses the Black-Scholes model to price the call option and considers the various terms of the stockholder agreements upon liquidation of the enterprise. In addition, the OPM implicitly considers the effect of the liquidation preference as of a future liquidation date, not as of the valuation date.

Royalty Interests: We record our investments in overriding royalty interests at fair value based on a multiple of cash flows generated by such investments, multiples from transactions involving the sale of comparable assets and/or the discounted value of expected future net cash flows from such investments, adjusted for lack of marketability due to the illiquid nature or other restrictions on the sale of our investment. We derive appropriate cash flow multiples from the review of comparable transactions involving similar assets. We derive the discounted value of future net cash flows, when appropriate, from third party valuations of a portfolio company's assets, such as engineering reserve reports of oil and natural gas properties. A significant increase (decrease) in the cash flow multiple, or a significant decrease (increase) in the discount for lack of marketability, for a particular investment may result in a higher (lower) fair value for that investment.

Contingent Earn-Out: Our contingent earn-out investment resulted from the sale of our investment in Alden Resources, LLC to Globe BG, LLC, or Globe, in July 2011. The amount of the payment, up to \$6.8 million, is based on a formula involving the number of clean tons of coal produced multiplied by the difference between the company's cost of production in 2010 and the cost of production during the optimal consecutive twelve-month period during the three-year period ending July 2014. We based our valuation of the earn-out on a weighted average of the discounted value of the earn-out payment computed under twenty scenarios with various production and production cost assumptions. A significant increase (decrease) in production, a significant decrease (increase) in cost of production, or a significant decrease (increase) in the discount rate may result in a higher (lower) value of the earn-out.

Commodity Derivative Instruments: We record all derivative instruments at fair value. Quoted market prices are the best evidence of estimated fair value. We estimate the fair value of the crude oil and natural gas options using a market-based valuation methodology based upon forward commodity price and volatility curves. Independent pricing services provide the curves, which reflect broker market quotes. We consider these investments as Level 2 on the valuation hierarchy, as the values represent quoted prices for similar instruments in active markets.

We hold certain investments in debt or equity securities that are publicly traded, but for which there are relatively few transactions or for which trading activity is relatively infrequent. We value these investments at broker quotes as of the balance sheet date or at prices for which such securities were most recently traded. We consider these investments as Level 2 on the valuation hierarchy, as the values represent quoted prices for identical instruments in thinly-traded markets.

Due to the inherent uncertainty in the valuation process, the fair value estimates for our investments may differ materially from the values that would have been used had a ready market for the securities existed. Additionally, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on our investments to be materially different than the valuations currently assigned.

We have investments in our portfolio that contain payment-in-kind, or PIK, provisions. We compute PIK interest income or PIK dividend income at the contractual rate specified in each investment agreement and add that amount to the principal balance of the investment. For those investments with PIK interest or PIK dividends, we calculate our income accruals on the principal balance plus any PIK amounts. If the portfolio company's projected cash flows, further supported by estimated total enterprise value, are not sufficient to cover the contractual principal and interest or dividend amounts, as applicable, we do not accrue interest income or dividend income on the investment. To maintain our RIC status, we must pay out this non-cash income to stockholders in the form of dividends, even though we have not yet collected the cash.

Fair value accounting classifies financial assets and liabilities in their entirety based on the lowest level of input that is significant to the estimated fair value measurement. Our assessment of the significance of a particular input to the estimated fair value measurement requires judgment, and may affect the valuation assets and liabilities and their placement within the fair value hierarchy levels. We did not have any liabilities measured at fair value at September 30, 2013 or December 31, 2012. The following tables set forth our financial assets by level within the fair value hierarchy that we accounted for at fair value as of September 30, 2013 and December 31, 2012.

Fair Value Measurements as of September 30, 2013
(In Thousands)

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Observable Market Inputs (Level 2)	Unobservable Inputs (Level 3)
Portfolio investments				
Control investments - majority owned				
Senior secured debt	\$ 19,180	\$ -	\$ -	\$ 19,180
Royalty interests	448	-	-	448
Equity securities	4,489	-	-	4,489
Total control investments - majority owned	24,117	-	-	24,117
Affiliate investments				
Subordinated debt	15,190	-	-	15,190
Equity securities	2,609	-	-	2,609
Total affiliate investments	17,799	-	-	17,799
Non-affiliate investments				
Senior secured debt	23,375	-	-	23,375
Subordinated debt	63,422	-	36,765	26,657
Limited term royalties	30,453	-	-	30,453
Contingent earn-out	-	-	-	-
Redeemable preferred units	52,250	-	-	52,250
Royalty interests	539	-	-	539
Equity securities	1,497	-	-	1,497
Total non-affiliate investments	171,536	-	36,765	134,771
Total portfolio investments	213,452	-	36,765	176,687
Government securities				
U.S. Treasury Bills	46,000	46,000	-	-
Total investments	\$ 259,452	\$ 46,000	\$ 36,765	\$ 176,687

Fair Value Measurements as of December 31, 2012
(In Thousands)

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Observable Market Inputs (Level 2)	Unobservable Inputs (Level 3)
Portfolio investments				
Control investments - majority owned				
Senior secured debt	\$ 8,108	\$ -	\$ -	\$ 8,108
Equity securities	500	-	-	500
Total control investments - majority owned	<u>8,608</u>	<u>-</u>	<u>-</u>	<u>8,608</u>
Affiliate investments				
Subordinated debt	12,933	-	-	12,933
Equity securities	220	-	210	10
Total affiliate investments	<u>13,153</u>	<u>-</u>	<u>210</u>	<u>12,943</u>
Non-affiliate investments				
Senior secured debt	56,100	-	-	56,100
Subordinated debt	43,457	-	26,213	17,244
Limited term royalties	37,026	-	-	37,026
Contingent earn-out	240	-	-	240
Commodity derivative instruments	9	-	9	-
Redeemable preferred units	51,180	-	-	51,180
Equity securities	3,841	1,488	-	2,353
Total non-affiliate investments	<u>191,853</u>	<u>1,488</u>	<u>26,222</u>	<u>164,143</u>
Total portfolio investments	<u>213,614</u>	<u>1,488</u>	<u>26,432</u>	<u>185,694</u>
Government securities				
U.S. Treasury Bills	45,996	45,996	-	-
Total investments	<u>\$ 259,610</u>	<u>\$ 47,484</u>	<u>\$ 26,432</u>	<u>\$ 185,694</u>

The following tables present roll-forwards, in thousands of dollars, of the changes in the estimated fair value during the three- and nine-month periods ended September 30, 2013 and 2012 for all investments for which we determine estimated fair value using unobservable (Level 3) factors. During the three-month period ended March 31, 2013, our investment in Spirit Resources, LLC changed from a Non-Affiliate investment to a Control Investment-Majority Owned. During the nine-month periods ended September 30, 2013 and 2012, no other investments in portfolio companies changed between the categories of Control Investments – Majority Owned, Affiliate Investments and Non-Affiliate Investments. During the three- and nine-month periods ended September 30, 2013, we transferred our investment in Resaca common stock from Level 2 to Level 3 due to changes in the observability of significant inputs.

	Senior Secured Debt and Limited Term Royalties	Subordinated Debt and Redeemable Preferred Units	Net Profits Interests, Royalty Interests and Equity Securities	Contingent Earn-out	Total Investments
Three Months Ended September 30, 2013:					
Fair value at June 30, 2013	\$ 71,529	\$ 93,436	\$ 9,297	\$ -	\$ 174,262
Total gains, (losses) and amortization:					
Net unrealized gains (losses)	(97)	466	179	-	548
Net amortization of premiums, discounts and fees	95	24	(3)	-	116
Transfers in (out) of Level 3	-	-	109	-	109
New investments, repayments and settlements, net:					
New investments	2,153	-	-	-	2,153
Payment-in-kind	107	171	-	-	278
Repayments and settlements	(779)	-	-	-	(779)
Fair value at September 30, 2013	<u>\$ 73,008</u>	<u>\$ 94,097</u>	<u>\$ 9,582</u>	<u>\$ -</u>	<u>\$ 176,687</u>
Nine Months Ended September 30, 2013:					
Fair value at December 31, 2012	\$ 101,234	\$ 81,357	\$ 2,863	\$ 240	\$ 185,694
Total gains, (losses) and amortization:					
Net realized gains (losses)	-	-	1,500	-	1,500
Net unrealized gains (losses)	19	(5,687)	(4,135)	(240)	(10,043)
Net amortization of premiums, discounts and fees	565	78	(3)	-	640
Transfers in (out) of Level 3	-	-	210	-	210
New investments, repayments and settlements, net:					
New investments	16,492	40,676	2,897	-	60,065
Restructuring	(8,000)	-	8,000	-	-
Payment-in-kind	212	1,125	-	-	1,337
Repayments and settlements	(37,514)	(23,452)	(1,750)	-	(62,716)
Fair value at September 30, 2013	<u>\$ 73,008</u>	<u>\$ 94,097</u>	<u>\$ 9,582</u>	<u>\$ -</u>	<u>\$ 176,687</u>

Of the \$10.0 million in net unrealized losses presented in the table above, \$9.6 million was attributable to assets we held at September 30, 2013. We present net unrealized gains (losses) on our consolidated statements of operations as “Net unrealized appreciation (depreciation) on investments.”

	Senior Secured Debt and Limited Term Royalties	Subordinated Debt and Redeemable Preferred Units	Net Profits Interests, Royalty Interests and Equity Securities	Contingent Earn-out	Total Investments
Three Months Ended September 30, 2012:					
Fair value at June 30, 2012	\$ 82,452	\$ 21,835	\$ 6,122	\$ 2,460	\$ 112,869
Total gains, (losses) and amortization:					
Net realized gains (losses)	-	-	408	-	408
Net unrealized gains (losses)	6,461	981	16	(2,090)	5,368
Net amortization of premiums, discounts and fees	82	20	(9)	-	93
New investments, repayments and settlements, net:					
New investments	24,850	59,342	-	-	84,192
Payment-in-kind	356	436	-	-	792
Repayments and settlements	(4,133)	(25)	(408)	-	(4,566)
Fair value at September 30, 2012	<u>\$ 110,068</u>	<u>\$ 82,589</u>	<u>\$ 6,129</u>	<u>\$ 370</u>	<u>\$ 199,156</u>
Nine Months Ended September 30, 2012:					
Fair value at December 31, 2011	\$ 113,511	\$ 11,265	\$ 7,294	\$ 3,270	\$ 135,340
Total gains, (losses) and amortization:					
Net realized gains (losses)	-	-	372	-	372
Net unrealized gains (losses)	3,887	827	2,056	(2,900)	3,870
Net amortization of premiums, discounts and fees	332	39	(38)	-	333
New investments, repayments and settlements, net:					
New investments	25,750	69,309	-	-	95,059
Payment-in-kind	356	1,217	-	-	1,573
Repayments and settlements	(33,768)	(68)	(3,555)	-	(37,391)
Fair value at September 30, 2012	<u>\$ 110,068</u>	<u>\$ 82,589</u>	<u>\$ 6,129</u>	<u>\$ 370</u>	<u>\$ 199,156</u>

Of the \$3.9 million in net unrealized gains presented in the table above, \$4.5 million was attributable to assets we held at September 30, 2012. We present net unrealized gains (losses) on our consolidated statements of operations as “Net unrealized appreciation (depreciation) on investments.”

The following table summarizes the significant unobservable inputs in the fair value measurements of our Level 3 investments by category of investment and valuation technique as of September 30, 2013:

Type of Investment	Fair Value as of September 30, 2013 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range of Inputs	Weighted Average
Senior debt securities and limited term royalties	\$ 73,008	Discounted cash flow	Discount rate	8.0% - 18.0%	13.5%
Subordinated debt securities and redeemable preferred units	41,847	Discounted cash flow	Discount rate	12.4% - 16.4%	13.8%
	52,250	Market comparables	Reserve multiples (1)	\$9.00 - \$15.00	\$ 12.83
			Production multiples (2)	\$24.00 - \$48.00	\$ 32.00
			EBITDA multiples	3.5x - 5.0x	4.3x
	<u>94,097</u>				
Royalty interests and equity securities	3,886	Market comparables	EBITDA multiples	4.0x - 6.0x	5.4 x
	3,103	Discounted cash flow	Discount for lack of marketability	20%	20%
			Discount rate	20%	20%
			Reserve multiples (1)	\$12.00 - \$12.00	\$ 12.00
			Discount for lack of marketability	20%	20%
	787	Market comparables	Reserve multiples (1)	\$6.00 - \$20.00	\$ 17.28
			Production multiples (2)	\$100.00 - \$150.00	\$ 125.00
	710	Option pricing model	Implied volatility	75% - 76%	75.1%
			Discount for lack of marketability	40%	40%
			Discount for potential dilution	30%	30%
	987	Market comparables	Cash flow multiples	6.0x - 8.0x	7.0 x
			Discount rate	10% - 20%	15.0%
	109	Recent or pending transactions	N/A	N/A	N/A
	<u>9,582</u>				
	<u>\$ 176,687</u>				

(1) Based on recent comparable transactions involving similar assets, expressed as price per unit of equivalent barrel of oil in proved reserves.

(2) Based on recent comparable transactions involving similar assets, expressed as price per daily production of equivalent barrel of oil in proved reserves.

Note 8: Commodity Derivative Instruments

We use commodity derivative instruments from time to time to manage our exposure to commodity price fluctuations. We use all of our derivatives for risk management purposes and do not hold any amounts for speculative or trading purposes. These contracts generally consist of options contracts on underlying commodities. We do not designate these instruments as hedging instruments for financial accounting purposes and, as a result, we recognize the change in the instruments' fair value currently on the consolidated statement of operations as net increase (decrease) in unrealized appreciation (depreciation) on investments. All of our oil put options had expired as of September 30, 2013.

(In thousands)	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Unrealized gains (losses) on commodity derivatives	\$ 68	\$ (23)	\$ 235	\$ (282)
Realized gains (losses) on commodity derivatives	(68)	(91)	(245)	(91)
Net gains (losses) on commodity derivative instruments	<u>\$ -</u>	<u>\$ (114)</u>	<u>\$ (10)</u>	<u>\$ (373)</u>

Note 9: Common Stock Repurchases

In May 2013, we repurchased an aggregate of 520,889 shares of our common stock in the open market at an average price of \$6.49 per share, totaling \$3.4 million, in accordance with the stock repurchase plan approved by the Board of Directors in October 2011. These repurchases were made at an approximate discount to net asset value of 28%. Under the terms of the stock repurchase plan, we have remaining authorization to repurchase up to an additional \$2.4 million of common stock. Any future repurchases will be made in accordance with applicable securities laws and regulations that set certain restrictions on the method, timing, price and volume of stock repurchases.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following analysis of our financial condition and results of operations in conjunction with management's discussion and analysis contained in our 2012 Annual Report on Form 10-K, as well as our consolidated financial statements and the notes thereto included in this Quarterly Report on Form 10-Q.

Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q that relate to estimates or expectations of our future performance or financial condition may constitute "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to various risks and uncertainties, which could cause actual results and conditions to differ materially from those projected, including, but not limited to,

- uncertainties associated with the timing of transaction closings;
- changes in the prospects of our portfolio companies;
- changes in interest rates;
- the future operating results of our portfolio companies and their ability to achieve their objectives;
- changes in regional, national or international economic conditions and their impact on the industries in which we invest;
- continued disruption of credit and capital markets;
- changes in the conditions of the industries in which we invest;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of our Manager to locate suitable investments for us and to monitor and administer the investments; and
- other factors enumerated in our filings with the Securities and Exchange Commission, or the SEC.

We may use words such as "anticipates," "believes," "intends," "plans," "expects," "projects," "estimates," "will," "should," "may" and similar expressions to identify forward-looking statements. These forward-looking statements are subject to various risks and uncertainties. Certain factors could cause actual results and conditions to differ materially from those projected and our historical experience. You should not place undue reliance on such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update any forward-looking statements made herein, unless required by law.

Overview

We are a financial services company created to invest primarily in debt securities of small and mid-size private energy companies. In early 2012, we expanded our investment strategy to also include middle market companies not engaged in the energy industry. We have elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, or the 1940 Act, and, as such, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," which include securities of private U.S. companies, U.S. companies whose securities are listed on a national securities exchange but whose market capitalization is less than \$250 million, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. In addition, for federal income tax purposes we operate so as to be treated as a regulated investment company, or RIC, under the Internal Revenue Code of 1986, as amended. Pursuant to these elections, we generally do not have to pay corporate-level taxes on any income and capital gains we distribute to our stockholders. We have several direct and indirect subsidiaries that are single member limited liability companies and wholly-owned limited partnerships established to hold certain portfolio investments or provide services to us in accordance with specific rules prescribed for a company operating as a RIC. We consolidate the financial results of our subsidiaries for financial reporting purposes, and do not consolidate the financial results of our portfolio companies.

Our investment objective is to generate both current income and capital appreciation primarily through debt investments with certain equity components. A key focus area for our investments in the energy industry is domestic upstream businesses that produce, develop, acquire and explore for oil and natural gas. We also evaluate investment opportunities in such businesses as coal, power and energy services. We also target middle market investments within diversified industry sectors, including manufacturing, value-added distribution, business services, healthcare products and services, consumer services and select other sectors. Our investments generally range in size from \$10 million to \$50 million; however, we may invest more or less depending on market conditions and our Manager's view of a particular investment opportunity. Our portfolio investments primarily consist of debt instruments, including senior and subordinated loans combined in one facility, sometimes with an equity component, and subordinated loans, sometimes with equity components. We may also invest in preferred stock and other equity securities or royalty interests on a stand-alone basis.

We generate revenue in the form of interest income on the debt securities and limited-term royalty interests that we own, dividend income on common or preferred stock that we own, royalty income on royalty interests that we own and capital gains or losses on debt or equity securities that we acquire in portfolio companies and subsequently sell. Our investments, if in the form of debt securities, typically have a term of three to seven years and bear interest at a fixed or floating rate. To the extent achievable, we seek to collateralize our investments by obtaining security interests in our portfolio companies' assets. We also may acquire minority or majority equity interests in our portfolio companies, which may pay cash or paid-in-kind, or PIK, dividends on a recurring or otherwise negotiated basis. In addition, we may generate revenue in other forms including commitment, origination, structuring, administration or due diligence fees; fees for providing managerial assistance; and possibly consultation fees. We recognize any such fees generated in connection with our investments as earned.

Our level of investment activity can and does vary substantially from period to period depending on many factors. Some of these factors are the amount of debt and equity capital available to energy companies, the level of acquisition and divestiture activity for such companies, the level and volatility of energy commodity prices, the general economic environment and the competitive environment for the types of investments we make, and our own ability to raise capital to fund our investments, both through issuance of debt and equity securities. While we currently have capital available to invest, we do not have unlimited capital. We remain committed to our underwriting and investment disciplines in selectively investing in appropriate risk-reward opportunities within the energy and middle market sectors.

In September 2013, our Board of Directors engaged financial advisor Keefe, Bruyette & Woods, a Stifel company, or KBW, to evaluate strategic alternatives to enhance stockholder value. The Board of Directors, with the assistance of KBW, will consider a range of options, which may include a sale or merger of our company, the acquisition of existing investment portfolios, or a combination, joint venture or other strategic alliance with another company. No decision has been made to enter into a transaction at this time, and there can be no assurance that we will enter into a transaction in the future.

Portfolio and Investment Activity

On October 2, 2013, we funded a \$14.0 million participation in a \$180.0 million Second Lien Term Loan, or the Term Loan, to a Houston-based, privately owned, independent oil and gas exploration and production company, focused in the Gulf Coast region. Proceeds from the Term Loan were used to acquire producing oil and gas properties in South Louisiana. The Term Loan was issued at a 3% discount, earns interest at the greater of 10.25% or LIBOR + 9.0% per annum and matures on March 27, 2019.

On June 28, 2013, Resaca Exploitation, Inc., or Resaca, completed the sale of substantially all of its oil and gas properties to Legacy Reserves Operating LP, a Midland, Texas-based oil and gas company, for \$72 million, subject to customary adjustments. In connection with the sale, we received a cash payment of \$16.1 million, representing full principal payment of our Senior Unsecured Term Loan and an interest "make whole" provision of \$2.2 million, or \$0.11 per share. Subsequently, Resaca's common stock, of which we own 1.36 million shares, or 6.6% of Resaca's common stock outstanding, has been delisted from the Alternative Investment Market of the London Stock Exchange, and will ultimately be liquidated to shareholders as Resaca winds up its operations. Our investment in the Resaca Term Loan resulted in an internal rate of return of 21.2% and a return on investment of 1.61x.

On June 14, 2013, Castex Energy Development Fund, LP, or CDF, repaid its \$55.0 million debt obligation under its Senior Secured Term Loan, including the \$27.5 million face amount that we held and an interest “make whole” provision to us of \$0.3 million, or \$0.01 per share. CDF also repurchased the Class B LP units, resulting in net proceeds to us of \$1.8 million, and a realized capital gain of \$1.8 million, or \$0.08 per share. This investment was outstanding for 22 months and generated an internal rate of return of 17.8% and a return on investment of 1.3x.

On May 24, 2013, we closed a \$15.0 million Senior Secured Term Loan to Crossroads Energy Development, LLC, or Crossroads, a Houston-based oil and gas company, with initial availability of \$11.0 million and initial funding of \$9.0 million. Proceeds from the Senior Secured Term Loan were used to acquire a 100% working interest in certain producing oil properties located in Central Louisiana and for the development of such properties. The Senior Secured Term Loan earns interest at an annual rate of 11.5% (LIBOR + 10.5%) and matures in May 2016. As consideration for providing the Term Loan, we also received a 2% overriding royalty interest in the properties and penny warrants to purchase up to 18% of the operating subsidiary.

On April 22, 2013, we provided \$17.5 million of financing to Nekoosa Coated Products, or Nekoosa, a private manufacturer of carbonless sheets and specialty products used in the commercial printing industry, in the form of a Second Lien Term Loan, to facilitate the acquisition of IGI Corp., a leading manufacturer of specialty pressure sensitive graphic arts materials used in the signage and visual communications industry. The Second Lien Term Loan earns interest payable in cash at an annual rate of 13% plus paid-in-kind interest of 2% per annum and matures on October 22, 2018.

In 2011 and 2012, we purchased from ATP Oil & Gas Corporation, or ATP, limited-term ORRIs in certain offshore oil and gas producing properties operated by ATP in the Gulf of Mexico, including \$25.0 million advanced on July 3, 2012. Under this arrangement, we own the right to portions (ranging from 5.0% to 10.8%) of the monthly production proceeds from the various oil and gas properties subject to the ORRIs in ATP’s Gomez and Telemark properties. The terms of the ORRIs provide that they will terminate after we receive payments that equal our investment in the ORRIs plus a time-value factor that is calculated at a rate of 13.2 % per annum. On August 17, 2012, ATP filed for protection under Chapter 11 of the U.S. Bankruptcy Code. For more information, please refer to the discussion of the ATP Litigation under the heading “Legal Proceedings” in Note 6, “Commitments and Contingencies,” to Notes to Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q. As of September 30, 2013, our unrecovered investment was \$30.5 million, and we had received aggregate production payments of \$21.7 million subject to a disgorgement agreement, \$1.7 million of which was received during the third quarter of 2013. Production payments in the third quarter were lower than in previous quarters in part because production from ATP’s Gomez properties ceased on April 30, 2013, and also because production from the Telemark properties was temporarily shut-in for scheduled downstream pipeline maintenance. In addition, as of September 30, 2013, we had incurred legal and consulting fees totaling \$2.9 million in connection with the enforcement of our rights under the ORRIs, \$2.7 million of which has been added to the unrecovered investment balance under the terms of the ORRI agreements. Legal and consulting fees totaling \$0.2 million and \$0.6 million as of September 30, 2013 and December 31, 2012, respectively, are included in accounts receivable and other current assets on our consolidated balance sheets.

On April 1, 2013, GMX Resources, or GMX, and certain of its affiliates filed petitions for relief under Chapter 11 of the U.S. Bankruptcy Code. In connection with its bankruptcy filing, GMX received a credit bid from certain senior first-lien creditors to acquire substantially all of GMX’s operating assets and undeveloped acreage. On August 28, 2013, GMX completed a public auction of its assets, with the credit bid prevailing. In October 2013, settlement motions were filed with the bankruptcy court that included the establishment of a \$1.5 million Litigation Trust, of which we would ultimately receive a pro rata share, after deducting certain trustee costs. The settlement motions are subject to approval of the unsecured creditors and the bankruptcy court. We hold \$12.7 million face amount of GMX’s Senior Secured Second-Priority Notes due 2018, or the GMX 2018 Notes, which are subordinate to the debt held by the senior creditors mentioned above. As a result of these proceedings, we reduced the estimated fair value of our investment in the GMX 2018 Notes to zero as of March 31, 2013, resulting in an unrealized loss of \$7.4 million, or \$0.35 per share.

On February 15, 2013, we closed a \$17.5 million investment in OCI Holdings, LLC, or OCI. Our investment in OCI includes a \$15.0 million Subordinated Note and a \$2.5 million direct equity co-investment. OCI is a home health provider of physical, occupational and speech therapy services to pediatric patients in the state of Texas. Proceeds from the investment were used to refinance OCI and to finance OCI’s strategic acquisition of a provider of similar services. The OCI Subordinated Note matures August 15, 2018 and earns interest payable in cash at a rate of 11% per annum (LIBOR + 10%) plus paid-in-kind interest of 2% per annum.

On February 15, 2013, we provided \$9.0 million of financing to KOVA International, Inc., or KOVA, in the form of Senior Subordinated Notes, to facilitate the acquisition of the urinalysis division of Hycor Biomedical, Inc. by a group of private equity sponsors. Since 1974, the KOVA product lines have been among the leading disposable plastics and liquid controls products used in the urinalysis testing market. The KOVA Senior Subordinated Notes earn interest payable in cash at an annual rate of 12.75% and mature on August 15, 2018.

On February 6, 2013, we purchased \$20.0 million of the \$300 million 9.75% Senior Notes offering issued by Talos Production LLC and Talos Production Finance Inc., collectively, Talos, to partially fund Talos's acquisition of Energy Resource Technology GOM, Inc., the oil and gas subsidiary of Helix Energy Solutions Group, Inc. On February 15, 2013, we purchased an additional \$5.0 million face value of the Talos Senior Notes in the secondary market. Talos is headquartered in Houston, Texas, and its parent company is a portfolio company of funds affiliated with Apollo Global Management, LLC and Riverstone Holdings LLC, which committed up to \$600 million in equity to Talos's parent company in February 2012. The Talos Senior Notes mature February 15, 2018, and were issued at 99.025 for an effective yield of 10.0% per annum. During the second quarter of 2013, we sold \$2.0 million face amount of Talos Senior Notes for \$2.0 million.

On January 25, 2013, we restructured our \$13.5 million Senior Secured Term Loan, or the Original Term Loan, with Spirit Resources, LLC, or Spirit. Under the terms of the restructuring, (i) \$8.0 million of the Original Term Loan was converted into Preferred Units, with the remaining \$5.5 million structured as a Senior Secured Tranche A Term Loan; (ii) we provided \$4.5 million of additional borrowing capacity in the form of a Senior Secured Tranche B Term Loan; (iii) we received a 3% overriding royalty interest in Spirit's oil and gas properties; and (iv) we conveyed our 33% penny warrants back to Spirit. The Tranche A Term Loan matures April 28, 2015 and earns interest payable monthly in cash at an annual rate of the greater of 8% or LIBOR + 4%. The Tranche B Term Loan matures October 28, 2015 and initially earns interest payable-in-kind at an annual rate of the greater of 15% or LIBOR + 11%. Beginning in January 2015, interest on the Tranche B Term Loan is payable monthly in cash at an annual rate of the greater of 13% or LIBOR + 9%. Borrowings under the Tranche B Term Loan are being used to execute relatively low-risk, high return development plans at Spirit's oil and gas properties and to provide additional working capital. The Preferred Units represent a preferred interest on 100% of any equity distributions from Spirit until certain hurdles are met, after which Spirit management would participate in 25% of any such distributions.

On January 25, 2013, Southern Pacific Resources Corp., or STP, repaid its debt obligations under its \$272.2 million Second Lien Term Loan, including the \$9.8 million face amount that we held, with a 1% call premium. Our investment in the STP Second Lien Term Loan, which was initially funded in the first quarter of 2012, generated an internal rate of return of 10.7% with a return on investment of 1.09x.

Also in January 2013, we sold our remaining \$10.0 million face amount of EP Energy, LLC, or EP Energy, Senior Unsecured Notes at a price of 113.375 resulting in a realized capital gain of \$1.3 million, or \$0.06 per common share. Our total investment in EP Energy Senior Unsecured Notes, which began as a \$25 million participation in their original issuance in April 2012, generated an internal rate of return of 36.5% with a return on investment of 1.16x.

From commencement of investment operations in November 2004 through September 30, 2013, we have invested \$1.1 billion in 46 portfolio companies and received principal repayments, realizations and settlements of \$863.3 million. The following table summarizes our investment activity for the nine months ended September 30, 2013 and 2012 (dollars in millions):

	2013	2012
Investment portfolio, beginning of period	\$ 219.9	\$ 175.0
New investments	78.3	84.8
Additional investments in existing clients	9.3	28.2
Principal repayments, realizations and settlements	(74.2)	(52.1)
Investment portfolio, end of period	<u>\$ 233.3</u>	<u>\$ 235.9</u>
Number of portfolio clients at end of period	16	18

The table below shows our portfolio investments by type as of September 30, 2013 and December 31, 2012. We compute yields on investments using interest rates as of the balance sheet date and include amortization of original issue discount, or OID, and market premium or discount, royalty interest income, net profits income and other similar investment income, weighted by their respective costs when averaged. We compute the yield on income from derivatives using estimated derivative income, net of expired options costs. These yields do not include income from any investments on non-accrual status but do include the cost basis of such investments in the denominator. Such weighted average yields are not necessarily indicative of expected total returns on a portfolio.

	September 30, 2013			December 31, 2012		
	Weighted Average	Percentage of Portfolio		Weighted Average	Percentage of Portfolio	
	Yields	Cost	Fair Value	Yields	Cost	Fair Value
Senior secured debt	14.4%	18.4%	19.9%	12.0%	29.2%	30.1%
Subordinated debt	11.0%	38.1%	36.8%	9.3%	26.0%	26.4%
Limited term royalties	13.7%	13.2%	14.3%	13.6%	16.8%	17.3%
Contingent earn-out	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Commodity derivative instruments	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Royalty interests	94.4%	0.1%	0.5%	0.0%	0.0%	0.0%
Redeemable preferred units	8.0%	22.0%	24.5%	8.0%	23.0%	24.0%
Equity securities						
Membership and partnership units	0.0%	4.6%	3.3%	0.0%	0.2%	0.8%
Participating preferred stock	0.0%	1.9%	0.0%	0.0%	2.0%	0.0%
Common stock	0.0%	1.6%	0.3%	0.0%	2.6%	0.8%
Warrants	0.0%	0.1%	0.4%	0.0%	0.1%	0.5%
Total equity securities	<u>0.0%</u>	<u>8.2%</u>	<u>4.0%</u>	<u>0.0%</u>	<u>4.9%</u>	<u>2.1%</u>
Total portfolio investments	<u>10.5%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>10.0%</u>	<u>100.0%</u>	<u>100.0%</u>

As of September 30, 2013 and December 31, 2012, the total fair value of our portfolio investments was \$213.5 million and \$213.6 million, respectively. Of those fair value totals, approximately \$176.7 million, or 83%, as of September 30, 2013, and \$185.7 million, or 87%, as of December 31, 2012, are measured using significant unobservable (i.e., Level 3) inputs.

The table below summarizes our non-accruing and non-income producing investments:

(Dollars in thousands)	September 30, 2013		December 31, 2012	
	Cost	Fair Value	Cost	Fair Value
Non-accruing investments				
Chroma Exploration & Production, Inc.	\$ 4,312	\$ 22	\$ 4,312	\$ 43
GMX Resources, Inc. second-priority notes (non-accrual 1/1/13)	9,452	-	N/A	N/A
Total non-accruing investments	13,764	22	4,312	43
Non-income producing investments				
BP Corporation NA, Inc. put options	-	-	245	9
Castex Energy Development Fund, LP units (sold 6/14/13)	-	-	0	910
Contour Highwall Holdings, LLC units	-	1,386	-	500
Crossroads Energy Development, LLC warrants	237	765	-	-
Globe BG, LLC (contingent Alden Resources royalty earn-out)	-	-	-	240
GMX Resources, Inc. common stock (sold 3/01/13)	-	-	2,317	1,488
Myriant Corporation common stock and warrants	468	710	468	880
NGP/OCI Investments, LLC Class A Units	2,500	2,500	-	-
Resaca Exploitation, Inc. common stock	3,235	109	3,235	210
Resaca Exploitation, Inc. warrants (relinquished 6/28/13)	-	-	250	10
Spirit Resources, LLC preferred units (acquired on 1/25/13)	8,000	3,103	-	-
Spirit Resources, LLC warrants (relinquished 1/25/13)	-	-	25	520
Total non-income producing investments	14,440	8,573	6,540	4,767
Total non-accruing and non-income producing investments	\$ 28,204	\$ 8,595	\$ 10,852	\$ 4,810

Results of Operations

Investment Income

During the three months ended September 30, 2013, our total investment income was \$6.0 million, decreasing \$0.3 million, or 6%, compared to \$6.3 million in the corresponding period of 2012. The small decrease in 2013 was primarily attributable to slightly lower overall portfolio balances partially offset by slightly higher weighted average yields. Our portfolio balance, on a cost basis, decreased from \$233.7 million at September 30, 2012 to \$227.8 million at September 30, 2013, primarily as a result of net redemptions and settlements in excess of new investments. Our weighted average yields increased slightly from 10.1% at September 30, 2012 to 10.5% at September 30, 2013, primarily as a result of the write off of our non-accruing and non-income producing investments in BioEnergy Holding, LLC and Bionol Clearfield, LLC during December 2012, and the addition of new investments in the portfolio.

During the nine months ended September 30, 2013, investment income increased by \$4.1 million, or 24%, to \$21.4 million compared to \$17.3 million during the same period in 2012. The increase in 2013 is primarily attributable to \$2.5 million of "make whole" interest from the early repayments of loans from CDF and Resaca and higher average portfolio balances during 2013.

Operating Expenses

The table below summarizes the components of our operating expenses (in thousands):

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2013	2012	2013	2012
Interest expense and bank fees	\$ 655	\$ 598	\$ 2,468	\$ 1,256
Management and incentive fees	1,405	1,127	4,602	3,275
Professional fees, insurance expenses and other G&A	1,262	1,169	3,847	3,662
Total operating expenses	\$ 3,322	\$ 2,894	\$ 10,917	\$ 8,193

For the three months ended September 30, 2013, operating expenses were \$3.3 million, increasing \$0.4 million, or 15%, compared to \$2.9 million for the quarter ended September 30, 2012. Interest expense and fees on our credit facilities were \$0.7 million for the three months ended September 30, 2013, compared to \$0.6 million for the three months ended September 30, 2012, as a result of increased borrowing levels supporting our larger investment portfolio. Management and incentive fees were higher in the quarter ended September 30, 2013 at \$1.4 million compared to \$1.1 million for the quarter ended September 30, 2012, primarily as a result of higher average total asset balances, which are the basis for the base management fee computation.

For the nine months ended September 30, 2013, operating expenses were \$10.9 million, increasing \$2.7 million, or 33%, compared to \$8.2 million for the nine months ended September 30, 2012. Interest expense and fees on our credit facilities increased to \$2.5 million for the nine months ended September 30, 2013, compared to \$1.3 million for the nine months ended September 30, 2012, as a result of increased borrowing levels supporting our larger investment portfolio. Management and incentive fees were higher in the first nine months of 2013 at \$4.6 million compared to \$3.3 million in the prior year period, primarily as a result of higher average total asset balances, which are the basis for the base management fee computation. In addition, management and incentive fees include investment income incentive fees of \$0.4 million in 2013, as a result of our net investment income exceeding the quarterly hurdle rate of 2% in the second quarter of 2013.

Operating expenses include our allocable portion of the total organizational and operating expenses incurred by us, our Manager and our Administrator, as determined by our Board of Directors and representatives of our Manager and our Administrator. According to the terms of the Investment Advisory Agreement, we calculate the base management fee quarterly as 0.45% of the average of our total assets as of the end of the two previous quarters. Other general and administrative expenses include our allocated share of employee, facilities, stockholder services and marketing costs incurred by our Administrator.

Net Investment Income

For the three months ended September 30, 2013, net investment income was \$2.6 million, or \$0.13 per common share, compared to \$3.4 million, or \$0.16 per common share, for the three months ended September 30, 2012. The \$0.8 million, or 23%, decrease was attributable to the \$0.4 million decrease in investment income, and the \$0.4 million increase in operating expenses, both of which are described above.

For the nine months ended September 30, 2013, net investment income was \$10.4 million, or \$0.50 per common share, compared to \$9.0 million, or \$0.42 per common share, for the nine months ended September 30, 2012. The \$1.4 million, or 16%, increase was attributable to the \$4.1 million increase in investment income, partially offset by the \$2.7 million increase in operating expenses, both of which are described above.

Net Realized Gains (Losses)

We did not realize any gains or losses on investments during the three months ended September 30, 2013. For the three months ended September 30, 2012, we recognized net realized capital gains of \$1.7 million resulting primarily from the sale of \$15.0 million face amount of EP Energy Senior Unsecured Notes at an average price of 108.5, for a gain of \$1.3 million, and the sale of our Anadarko Petroleum Corporation 2007-III Drilling Fund, or APC, Tail Net Profits Interest for \$0.4 million.

For the nine months ended September 30, 2013, we recognized net realized capital gains of \$0.8 million resulting from a \$1.8 million gain from the sale of our Class B LP units of CDF and a \$1.3 million gain from the sale of \$10.0 million face amount of EP Energy Senior Unsecured Notes at an average price of 113.375, partially offset by a \$1.6 million loss from the sale of our 228,853 shares of GMX common stock at an average price of \$3.28 per share, a \$0.2 million loss on the disposition of our Resaca warrants and a \$0.5 million loss resulting from adjustments to the amounts recorded on our 2011 sales of our investments in Alden Resources, LLC and DeanLake Operator, LLC. For the nine months ended September 30, 2012, we recognized net realized capital gains of \$1.7 million as described above.

Unrealized Appreciation or Depreciation on Investments

For the three months ended September 30, 2013, net unrealized appreciation on portfolio investments was \$2.5 million, or \$0.12 per share, primarily due to increases in the estimated fair value of our investments in Talos Senior Unsecured Notes of \$1.3 million, Midstates Petroleum Company, or Midstates, Senior Unsecured Notes of \$0.6 million, Crossroads ORRI and warrants totaling \$0.5 million and net increases in the value of remaining investments of \$0.1 million. By comparison, for the three months ended September 30, 2012, net unrealized appreciation was \$7.1 million, largely due to increases in the estimated fair value of our investments in Huff Energy Holdings, Inc., or HEH, of \$6.0 million, GMX of \$2.2 million and Castex 2005 Preferred Units of \$1.1 million, partially offset by decreases in the values of our investments in Globe BG, LLC, or Globe, of \$2.1 million and Resaca, of \$0.6 million. Net increases in the estimated fair value of remaining investments totaled \$0.5 million.

For the nine months ended September 30, 2013, net unrealized depreciation on portfolio investments was \$10.2 million, or \$0.49 per share, primarily due to decreases in the estimated fair value of our investments in GMX 2018 Notes of \$7.4 million and Spirit preferred units and overriding royalty interests of \$4.3 million, partially offset by increases in the fair value of Castex 2005 Preferred Units of \$1.1 million and net increases in our remaining investments of \$0.4 million. By comparison, for the nine months ended September 30, 2012, net unrealized appreciation was \$6.9 million, primarily due to increases in estimated fair value of our investments of \$3.7 million for HEH, \$3.2 million for GMX, \$1.1 million for Castex 2005 Preferred Units, and \$1.9 million for CDF, Class B LP Units, offset by decreases in the estimated fair value of \$2.9 million for Globe and \$1.2 million for Resaca. Net increases in the estimated fair value of remaining investments totaled \$1.1 million.

Net Increase (Decrease) in Net Assets Resulting from Operations

For the three months ended September 30, 2013, we recorded a net increase in net assets resulting from operations of \$5.1 million, or \$0.25 per share, compared to \$12.2 million, or \$0.57 per share, for the three months ended September 30, 2012. The \$7.1 million, or \$0.32 per share, decrease between the two periods was primarily attributable to the \$0.7 million decrease in net investment income and the \$6.4 million decrease in net realized and unrealized gains on our investments, both of which are described above.

For the nine months ended September 30, 2013, we recorded a net increase in net assets resulting from operations of \$1.0 million, or \$0.05 per share, compared to a net increase in net assets resulting from operations of \$17.5 million, or \$0.82 per share, for the nine months ended September 30, 2012. The \$16.6 million, or \$0.77 per share, net change between the two periods was primarily attributable to the \$18.0 million decrease in net realized and unrealized gains on our investments, partially offset by a \$1.4 million increase in net investment income, both of which are described above.

Financial Condition, Liquidity and Capital Resources

During the nine months ended September 30, 2013, we generated cash from operations of \$8.8 million, excluding net purchases of investments, compared to \$6.8 million during the comparable period of 2012. The higher amount of cash generated from operations in 2013 was primarily attributable to increased net investment income and a lower amount of non-cash investment income in 2013 compared to 2012.

Our net cash provided by operating activities for the nine months ended September 30, 2013 was \$1.5 million, compared to \$96.3 million of net cash used in operating activities for the same period of 2012. This increase in net cash provided in 2013 was primarily due to lower net purchases of investments in portfolio securities and U.S. Treasury Bills in 2013. Purchases of portfolio securities during the first nine months of 2013 totaled \$84.9 million, compared to \$111.1 million during the first nine months of 2012. Purchases in 2013 primarily included the Talos Senior Notes of \$24.8 million, OCI Subordinated Notes and direct equity co-investment totaling \$17.2 million, Nekoosa Second Lien Term Loan of \$17.2 million, KOVA Senior Subordinated Notes of \$8.8 million, Crossroads Senior Secured Term Loan of \$8.8 million and additional investments in existing portfolio companies totaling \$8.1 million. Purchases in 2012 primarily included the Castex 2005 Preferred Units of \$50.0 million, EP Energy Senior Notes of \$25.0 million, an additional investment in ATP of \$25.0 million, the STP Term Loan of \$10.0 million and additional investments in existing portfolio companies totaling \$1.1 million. Proceeds from the redemption of investments totaled \$77.6 million during the first nine months of 2013, compared to \$54.0 million during the first nine months of 2012. Redemptions in 2013 included CDF Senior Secured Term Loan and Class B LP units, \$29.3 million; Resaca Senior Unsecured Term Loan, \$13.7 million; EP Energy Senior Unsecured Notes, \$11.3 million; STP Term Loan, \$9.7 million; ATP, \$9.3 million and other redemptions totaling \$4.3 million. Redemptions in 2012 included EP Energy, \$16.3 million; ATP, \$10.8 million; Tammany Oil & Gas, LLC, \$10.1 million; Crestwood Holdings, LLC, \$8.3 million; Pallas Contour Mining, LLC, \$4.1 million, APC, \$3.6 million; and other redemptions totaling \$0.8 million. During the first nine months of 2013, we also purchased and redeemed \$138.0 million in U.S. Treasury Bills with borrowings under our Treasury Secured Revolving Credit Agreement, or the Treasury Facility, compared to \$56.2 million purchased and \$10.2 million redeemed during the first nine months of 2012.

At September 30, 2013, we had cash and cash equivalents totaling \$42.3 million. At September 30, 2013, the amount outstanding under our \$72.0 million Third Amended and Restated Revolving Credit Agreement, or the Investment Facility, was \$66.0 million and \$6.0 million was available for borrowing. We repaid \$23.0 million of the \$66.0 million balance outstanding under the Investment Facility in October 2013. As of September 30, 2013, the amount outstanding under our \$45.0 million Treasury Facility was \$45.0 million and there was no additional amount available for borrowing. We repaid the entire balance outstanding under the Treasury Facility in October 2013.

During the nine months ended September 30, 2013, we paid cash dividends totaling \$10.0 million, or \$0.48 per share, to our common stockholders. In September 2013, we declared a third quarter dividend totaling \$3.3 million, or \$0.16 per share, which was paid in October 2013. We currently intend to continue to distribute, in the form of quarterly dividends, a minimum of 90% of our annual investment company taxable income to our stockholders.

On October 31, 2011, our Board of Directors approved a stock repurchase plan, pursuant to which we may, from time to time, repurchase up to \$10.0 million of our common stock in the open market at prices not to exceed net asset value during our open trading periods. Our Board of Directors authorized this plan, because it believes that general market trading activity may cause our common stock to be undervalued from time to time. The repurchase program does not obligate us to purchase any shares and may be discontinued at any time. Pursuant to this plan, during the nine months ended September 30, 2013, we repurchased an aggregate of 520,889 shares of our common stock in the open market at an average price of \$6.49 per share, totaling \$3.4 million. We did not make any repurchases pursuant to the stock repurchase plan during the three months ended September 30, 2013. During the nine months ended September 30, 2012, we repurchased an aggregate of 250,029 shares of our common stock at an average price of \$6.51 per share, totaling \$1.6 million. Under the terms of the stock repurchase plan, we are authorized to repurchase up to an additional \$2.4 million of our common stock. Any future repurchases will be made in accordance with applicable securities laws and regulations that set certain restrictions on the method, timing, price and volume of stock repurchases.

Commodity Derivative Instruments

We use commodity derivative instruments from time to time to manage our exposure to commodity price fluctuations. We use all of our derivatives for risk management purposes and do not hold any amounts for speculative or trading purposes. We do not designate these instruments as hedging instruments for financial accounting purposes, and, as a result, we recognize the change in the instruments' fair value currently on the consolidated statements of operations as net increase (decrease) in unrealized appreciation (depreciation) on investments. In December 2011, in connection with our purchase of a limited term royalty interest from ATP, we purchased a series of oil put options to provide insurance against downside price movements. All of our put options had expired as of September 30, 2013. See Note 8 of Notes to Consolidated Financial Statements included elsewhere herein for further description of our put options.

Credit Facilities and Borrowings

On May 23, 2013, we entered into a \$72.0 million Investment Facility, which replaced our previous credit facility. The total amount outstanding under the Investment Facility and our previous facility was \$66.0 million and \$59.5 million, as of September 30, 2013 and December 31, 2012, respectively. Substantially all of our assets except our investments in U.S. Treasury Bills are collateral for the obligations under the Investment Facility. The Investment Facility matures on May 23, 2016, and bears interest, at our option, at either (i) LIBOR plus 325 to 475 basis points, or (ii) the base rate plus 225 to 375 basis points, both based on our amounts outstanding. As of September 30, 2013, the average interest rate on our outstanding balance of \$66.0 million was 4.4%. As of September 30, 2013, there was an additional \$6.0 million available for borrowing under the Investment Facility. We repaid \$23.0 million of the outstanding balance in October 2013.

On March 31, 2011, we entered into a \$30.0 million Treasury Facility, which was later increased to \$45.0 million that can only be used to purchase U.S. Treasury Bills. Proceeds from the Treasury Facility facilitate the growth of our investment portfolio and provide flexibility in the sizing of our portfolio investments. On September 24, 2013, we entered into a fourth amendment to the Treasury Facility which extended the expiration date to September 24, 2014 and increased the applicable margins to either (i) LIBOR plus 150 basis points or (ii) the base rate plus 50 basis points. We have the right at any time to prepay the loans, in whole or in part, without premium or penalty. As of September 30, 2013, we had \$45.0 million outstanding and no additional amount available for borrowing under the Treasury Facility, and the interest rate on our outstanding balance was 1.7% (LIBOR plus 150 basis points). We repaid the entire balance outstanding under the Treasury Facility in October 2013 with proceeds from the sale of U.S. Treasury Bills.

The Investment Facility and Treasury Facility contain affirmative and reporting covenants and certain financial ratio and restrictive covenants that apply to our subsidiaries and us. We complied with these covenants as of September 30, 2013 and had no existing defaults or events of default under either facility. The most restrictive covenants are:

- maintaining a ratio of net asset value to consolidated total indebtedness (excluding net hedging liabilities) of not less than 2.25:1.0
- maintaining a ratio of net asset value to consolidated total indebtedness (including net hedging liabilities) of not less than 2.0:1.0,
- maintaining a ratio of EBITDA (excluding revenue from cash collateral) to interest expense (excluding interest on loans under the Treasury Facility) of not less than 3.0:1.0, and
- maintaining a ratio of collateral to the aggregate principal amount of loans under the Treasury Facility of not less than 1.02:1.0.

In addition to proceeds from borrowings under our Investment Facility, we may also fund a portion of our investments with issuances of equity or senior debt securities. We expect our primary use of funds to be investments in portfolio companies, cash distributions to holders of our common stock and payment of fees and other operating expenses.

Dividends

We have elected to operate our business to be taxed as a RIC for federal income tax purposes. As a RIC, we generally may not pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our RIC status, we must meet specific source-of-income and asset diversification requirements and distribute annually an amount equal to at least 90% of our "investment company taxable income" (which generally consists of ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, reduced by deductible expenses) and net tax-exempt interest. In order to avoid certain excise taxes imposed on RICs, we must distribute during each calendar year an amount at least equal to the sum of (1) 98% of our ordinary income for the calendar year, (2) 98.2% of our capital gain net income (i.e., realized capital gains in excess of realized capital losses) for the one-year period ended on October 31 of that calendar year, and (3) 100% of any ordinary income or capital gain net income not distributed in prior years. We currently intend to make sufficient distributions to satisfy the annual distribution requirement and to avoid the excise taxes.

We may not achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings when applicable to us as a BDC under the 1940 Act and due to provisions in our Investment Facility. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of our status as a RIC. We cannot assure stockholders that they will receive any distributions or distributions at any specific level.

Portfolio Credit Quality

Most of our portfolio investments at September 30, 2013 are in negotiated, and often illiquid, securities of private businesses. We maintain a system to evaluate the credit quality of these investments. While incorporating quantitative analysis, this system is a qualitative assessment. This system is intended to reflect the overall, long-term performance of a portfolio company's business, the collateral coverage of an investment, and other relevant factors. Our rating scale ranges from 1 to 7, with 1 being the highest credit quality. As of September 30, 2013, our average portfolio rating on a dollar-weighted fair market value basis was 3.9, compared to 4.1 as of December 31, 2012. Of the 26 rated investments in 16 portfolio companies as of September 30, 2013, 9 investments retained the same rating as of December 31, 2012, 2 investments improved in rating, 3 investments declined and we added 10 new investments to our portfolio during the first nine months of 2013. We also added 2 existing equity investments to the rating system that were not previously rated. As of September 30, 2013, on a fair value basis, approximately 16% of our portfolio investments were in the form of senior secured debt securities. As of September 30, 2013, we had 2 investments on non-accrual status with an aggregate cost and fair value of \$13.8 million and less than \$0.1 million, respectively. Our portfolio investments at fair value were approximately 94% and 98% of the related cost basis as of September 30, 2013 and December 31, 2012, respectively.

Contractual Obligations and Off-Balance Sheet Arrangements

The following table summarizes our contractual payment obligations at September 30, 2013 (in thousands):

Revolving credit facilities ⁽¹⁾ :	Total	Less than			More than
		1 Year	1-3 Years	3-5 Years	
Investment Facility	\$ 66,000	\$ -	\$ 66,000	\$ -	\$ -
Treasury Facility	45,000	45,000	-	-	-
Total	\$ 111,000	\$ 45,000	\$ 66,000	\$ -	\$ -

(1) Excludes accrued interest amounts.

We have certain unused commitments to extend credit to our portfolio companies. Generally, these commitments have fixed expiration dates, and we do not expect to fund the entire amounts before they expire. Therefore, these commitment amounts do not necessarily represent future cash requirements. In February 2010, we arranged for a letter of credit issued under the Investment Facility with respect to our investment in one of our portfolio companies. This letter of credit expired in February 2013. We do not report the unused portions of these commitments on our consolidated balance sheets. The following table shows our unused credit commitments and letter of credit as of September 30, 2013 and December 31, 2012 (in thousands):

	September 30, 2013	December 31, 2012
Unused credit commitments	\$ 3,595	\$ 2,892
Letter of credit	-	137

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes from the information provided in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2012.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act), designed to ensure that information required to be disclosed in our reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and accumulated and communicated to management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this Quarterly Report on Form 10-Q, as of the end of the fiscal period covered by this Quarterly Report on Form 10-Q (September 30, 2013), we performed an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of September 30, 2013, our disclosure controls and procedures were effective in providing reasonable assurance (i) that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and (ii) that such information is accumulated and communicated to management in a manner that allows timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No changes in internal control over financial reporting occurred during the quarter ended September 30, 2013 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act).

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth under the heading “Legal Proceedings” in Note 6, “Commitments and Contingencies,” to Notes to Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors.

During the nine months ended September 30, 2013, there have been no material changes to the risk factors disclosed under Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Item 6. Exhibits.

See “Index to Exhibits” following the signature page for a description of the exhibits furnished as part of this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NGP CAPITAL RESOURCES COMPANY

Date: November 7, 2013

By: /s/ Stephen K. Gardner
Stephen K. Gardner
President and Chief Executive Officer

Date: November 7, 2013

By: /s/ L. Scott Biar
L. Scott Biar
Chief Financial Officer,
Treasurer, Secretary and Chief
Compliance Officer

Index to Exhibits

<u>Exhibits No.</u>	<u>Exhibit</u>
3.1	Articles of Incorporation (filed as Exhibit (a)(1) to our Registration Statement on Form N-2 filed on August 16, 2004 (Registration No. 333-118279) and incorporated herein by reference)
3.2	Articles of Amendment and Restatement (filed as Exhibit 3.2 our Annual Report on Form 10-K for the year ended December 31, 2004 and incorporated herein by reference)
3.3	Amended and Restated Bylaws (filed as Exhibit 3.1 to our Current Report on Form 8-K filed on November 4, 2013 and incorporated herein by reference)
4.1	Form of Stock Certificate (filed as Exhibit (d) to our Pre-Effective Amendment No. 2 to Registration Statement on Form N-2 filed on October 7, 2004 (Registration No. 333-118279) and incorporated herein by reference)
4.2	Dividend Reinvestment Plan (filed as Exhibit (e) to our Registration Statement on Form N-2 filed on August 16, 2004 (Registration No. 333-118279) and incorporated herein by reference)
10.1*	Third Amendment to Treasury Secured Revolving Credit Agreement effective as of May 23, 2013, between the Company, the lenders from time to time party thereto and Sun Trust Bank.
10.2*	Fourth Amendment to Treasury Secured Revolving Credit Agreement effective as of September 24, 2013, between the Company, the lenders from time to time party thereto and Sun Trust Bank
31.1*	Certification required by Rule 13a-14(a)/15d-14(a) by the Chief Executive Officer
31.2*	Certification required by Rule 13a-14(a)/15d-14(a) by the Chief Financial Officer
32.1**	Section 1350 Certification by the Chief Executive Officer
32.2**	Section 1350 Certification by the Chief Financial Officer

*Filed herewith.

**Furnished herewith.

**THIRD AMENDMENT TO TREASURY SECURED
REVOLVING CREDIT AGREEMENT**

THIS THIRD AMENDMENT TO TREASURY SECURED REVOLVING CREDIT AGREEMENT (this "*Amendment*"), is made and entered into as of May 23, 2013, by and among NGP CAPITAL RESOURCES COMPANY, a Maryland corporation (the "*Borrower*"), the several banks and other financial institutions from time to time party hereto (collectively, the "*Lenders*") and SUNTRUST BANK, in its capacity as Administrative Agent for the Lenders (the "*Administrative Agent*").

WITNESSETH:

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to a certain Treasury Secured Revolving Credit Agreement, dated as of March 31, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"; capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement), pursuant to which the Lenders have made certain financial accommodations available to the Borrower;

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent amend certain provisions of the Credit Agreement, and subject to the terms and conditions hereof, the Lenders are willing to do so;

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of all of which are acknowledged, the Borrower, the Lenders and the Administrative Agent agree as follows:

1. **Amendments.**

- (a) The recitals of the Credit Agreement are hereby amended by replacing the second recital in its entirety with the following:

WHEREAS, the Borrower has entered into that certain Third Amended and Restated Revolving Credit Agreement, dated as of May 23, 2013, by and among the Borrower, the several banks and other financial institutions from time to time party thereto (the "Investment Lenders") and SunTrust Bank as administrative agent (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Investment Credit Agreement");

- (b) Section 1.1 of the Credit Agreement is hereby amended by replacing the definitions of "*Adjusted Asset Coverage Ratio*", "*Asset Coverage Ratio*", "*Change in Law*", "*Excluded Taxes*", "*FATCA*", "*Foreign Lender*", "*Governmental Authority*", "*Indemnified Taxes*", "*Marketable Securities*", "*Obligations*", "*Related Parties*", "*Required Lenders*" and "*Taxes*" in their entirety with the following definitions:

"*Adjusted Asset Coverage Ratio*" shall mean, as of any date, the ratio of (i) Eligible Net Asset Value as of such date to (ii) the sum of (a) Consolidated Total Debt as of such date plus (b) the Net Mark to Market Exposure of Hedging Obligations of the Borrower and its Subsidiaries as of such date; provided that, solely for purposes of calculating Adjusted Asset Coverage Ratio, Consolidated Total Debt shall exclude all outstanding Indebtedness permitted to be incurred pursuant to Section 7.1(g) in an aggregate amount not to exceed \$15,000,000.

“Asset Coverage Ratio” shall mean, as of any date, the ratio of (i) Eligible Net Asset Value as of such date to (ii) Consolidated Total Debt as of such date; provided that, solely for purposes of calculating Adjusted Asset Coverage Ratio, Consolidated Total Debt shall exclude all outstanding Indebtedness permitted to be incurred pursuant to Section 7.1(g) in an aggregate amount not to exceed \$15,000,000.

“Change in Law” shall mean any of the following: (i) the adoption of any applicable law, rule, regulation or treaty after the date of this Agreement, (ii) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority after the date of this Agreement, (iii) compliance by any Lender (or its Applicable Lending Office) or the Issuing Bank (or for purposes of Section 2.16(b), by such Lender’s or the Issuing Bank’s parent corporation, if applicable) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case, pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Excluded Taxes” shall mean, with respect to any Recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, and (b) any U.S. federal withholding Taxes that are imposed on amounts payable to such Recipient pursuant to a law in effect on the date on which (i) such Recipient becomes a Recipient under this Agreement (other than pursuant to an assignment request by the Borrower under Section 2.23) or (ii) such Recipient designates a new lending office, except in each case to the extent that pursuant to Section 2.18, amounts with respect to such Taxes were payable either (A) to such Recipient’s assignor immediately before such Recipient became a Recipient under this Agreement, (B) to such Recipient immediately before it designated a new lending office, (C) any Taxes that are attributable to such Recipient’s failure to comply with Section 2.18(f), or (D) any U.S. federal withholding Taxes imposed under FATCA.

“FATCA” means sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“Foreign Lender” shall mean (i) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

“Governmental Authority” shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or

pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“**Indemnified Taxes**” shall mean (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in clause (a) above, Other Taxes.

“**Marketable Securities**” shall mean senior notes registered under the Securities Act of 1933 issued by a corporation incorporated in the United States and engaged in crude oil, natural gas or other energy related businesses.

“**Obligations**” shall mean all amounts owing by the Borrower to the Administrative Agent or any Lender pursuant to or in connection with this Agreement or any other Loan Document, including without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Administrative Agent and any Lender incurred pursuant to this Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, and all Hedging Obligations owed to the Administrative Agent, any Lender or any of their Affiliates incurred in order to limit interest rate or fee fluctuation with respect to the Loans, and all obligations and liabilities incurred in connection with collecting and enforcing the foregoing, together with all renewals, extensions, modifications or refinancings thereof; provided that “Obligations” shall exclude any Excluded Swap Obligations.

“**Related Parties**” shall mean, with respect to any specified Person, such Person’s Affiliates and the respective managers, administrators, trustees, partners, directors, officers, employees, agents, advisors or other representatives of such Person and such Person’s Affiliates.

“**Required Lenders**” shall mean, at any time, Lenders holding more than 66 2/3% of the aggregate outstanding Commitments at such time or if the Lenders have no Commitments outstanding, then Lenders holding more than 66 2/3% of the aggregate Credit Exposure; provided however, that to the extent that any Lender is a Defaulting Lender, such Defaulting Lender and all of its Commitments and Credit Exposure shall be excluded for purposes of determining Required Lenders.

“**Taxes**” shall mean any and all present or future taxes, levies, imposts, duties, deductions withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

(c) Section 1.1 of the Credit Agreement is hereby amended by adding the following definitions of “**Commodity Exchange Act**”, “**Defaulting Lender**”, “**Excluded Swap Obligation**”, “**Lender Insolvency Event**”, “**Non-Defaulting Lender**”, “**Other Connection Taxes**”, “**Parent Company**”, “**Recipient**”, “**Swap Obligation**”, “**United States**”, “**U.S. Person**” and “**Withholding Agent**” in the appropriate alphabetical order:

“**Commodity Exchange Act**” shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“Defaulting Lender” shall mean, at any time, (i) any Lender that has failed for two (2) or more Business Days to comply with its obligations under this Agreement to make a Loan or to make any other payment due hereunder (each a “funding obligation”), unless such Lender has notified the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding has not been satisfied (which conditions precedent, together with any applicable Default, will be specifically identified in such writing), (ii) any Lender that has notified the Administrative Agent or the Borrower in writing, or has stated publicly, that it does not intend to comply with any such funding obligation hereunder, unless such writing or public statement states that such position is based on such Lender’s determination that one or more conditions precedent to funding cannot be satisfied (which conditions precedent, together with any applicable Default, will be specifically identified in such writing or public statement), (iii) any Lender that has defaulted on its obligation to fund generally under any other loan agreement, credit agreement or other financing agreement, (iv) any Lender that has, for three (3) or more Business Days after written request of the Administrative Agent or the Borrower, failed to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender will cease to be a Defaulting Lender pursuant to this clause (iv) upon the Administrative Agent’s and the Borrower’s receipt of such written confirmation), or (v) any Lender with respect to which a Lender Insolvency Event has occurred and is continuing. Any determination by the Administrative Agent that a Lender is a Defaulting Lender will be conclusive and binding, absent manifest error, and such Lender shall be deemed to be a Defaulting Lender upon notification of such determination by the Administrative Agent to the Borrower and the Lenders.

“Excluded Swap Obligation” shall mean, with respect to any Subsidiary Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Subsidiary Guarantor of, or the grant by such Subsidiary Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason not to constitute an “eligible contract participant” as defined in the Commodity Exchange Act at the time the Guarantee of such Subsidiary Guarantor becomes effective with respect to such related Swap Obligation.

“Lender Insolvency Event” shall mean that (i) a Lender or its Parent Company is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (ii) a Lender or its Parent Company is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, custodian or the like has been appointed for such Lender or its Parent Company, or such Lender or its Parent Company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment, or (iii) a Lender or its Parent Company has been adjudicated as, or determined by any Governmental Authority having regulatory authority over such Person or its assets to be, insolvent.

“Non-Defaulting Lender” shall mean, at any time, a Lender that is not a Defaulting Lender at such time.

“Other Connection Taxes” shall mean, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a

security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“**Parent Company**” shall mean, with respect to a Lender, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

“**Recipient**” shall mean, as applicable, (a) the Administrative Agent and (b) any Lender.

“**Swap Obligation**” shall mean, with respect to any Subsidiary Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“**United States**” or “**U.S.**” shall mean the United States of America.

“**U.S. Person**” shall mean any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“**Withholding Agent**” means the Borrower and the Administrative Agent.

(d) Sections 2.16(a) and (b) of the Credit Agreement are hereby amended in their entirety as follows:

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement that is not otherwise included in the determination of the Adjusted LIBO Rate hereunder against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank; or

(ii) impose on any Lender or the eurodollar interbank market any other condition affecting this Agreement or any Eurodollar Loans made by such Lender; or

(iii) subject any Recipient to any Taxes (other than Indemnified Taxes and Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing is to increase the cost to such Lender of making, converting into, continuing or maintaining a Eurodollar Loan or to reduce the amount received or receivable by such Lender hereunder (whether of principal, interest or any other amount), then, from time to time, such Lender may provide the Borrower (with a copy thereof to the Administrative Agent) with written notice and demand with respect to such increased costs or reduced amounts, and within five (5) Business Days after receipt of such notice and demand the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for any such increased costs incurred or reduction suffered.

(b) If any Lender shall have determined that on or after the date of this Agreement any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender’s capital (or on the capital of such Lender’s parent corporation) as a consequence of its obligations hereunder to a level below that which such Lender or such Lender’s parent corporation could have achieved but for such Change in Law (taking into consideration such Lender’s policies or the policies of such Lender’s parent corporation with respect to capital adequacy) then, from time to time,

within five (5) Business Days after receipt by the Borrower of written demand by such Lender (with a copy thereof to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender or such Lender's parent corporation for any such reduction suffered.

(e) Section 2.18 of the Credit Agreement is hereby amended in its entirety as follows:

Section 2.18. Taxes.

(a) For purposes of this Section 2.18, the term "applicable law" includes FATCA.

(b) Any and all payments by or on account of any obligation of the Borrower or any other Loan Party hereunder or under any other Loan Document shall be made without deduction or withholding for any Taxes; provided that if any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment, then the applicable Withholding Agent shall make such deduction or withholding and timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax or, then the sum payable by the Borrower or other Loan Party, as applicable, shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section 2.18(b)) the applicable Recipient shall receive an amount equal to the sum it would have received had no such deductions or withholdings been made.

(c) In addition, without limiting the provisions of subsection (b) of this Section 2.18, the Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) The Borrower shall indemnify each Recipient, within ten (10) Business Days after written demand therefor, for the full amount of any Indemnified Taxes paid or payable by such Recipient or required to be withheld or deducted from a payment to such Recipient (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.18) and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the applicable Recipient (with a copy to the Administrative Agent in the case of a Recipient other than the Administrative Agent) shall be conclusive, absent manifest error.

(e) As soon as practicable after any payment of Indemnified Taxes by the Borrower or any other Loan Party to a Governmental Authority, the Borrower or other Loan Party, as applicable, shall deliver to the Administrative Agent an original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) Tax forms.

(i) Any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent, on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), duly executed originals of IRS Form W-9 certifying, that such Lender is exempt from U.S. federal backup withholding tax. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation

prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(ii) Any Lender that is a Foreign Lender and that is entitled to an exemption from or reduction of withholding Tax under the Code or any treaty to which the United States is a party with respect to payments under this Agreement shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. Without limiting the generality of the foregoing, each Lender that is a Foreign Lender shall, to the extent it is legally entitled to do so, (w) on or prior to the date such Lender becomes a Lender under this Agreement, (x) on or prior to the date on which any such form or certification expires or becomes obsolete, (y) after the occurrence of any event requiring a change in the most recent form or certification previously delivered by it pursuant to this subsection, and (z) from time to time upon the reasonable request by the Borrower or the Administrative Agent, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the Borrower or the Administrative Agent), whichever of the following is applicable:

(A) if such Lender is claiming eligibility for benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, duly executed originals of IRS Form W-8BEN, or any successor form thereto, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty, and (y) with respect to any other applicable payments under any Loan Document, duly executed originals of IRS Form W-8BEN, or any successor form thereto, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(B) duly executed originals of IRS Form W-8ECI, or any successor form thereto, certifying that the payments received by such Lender are effectively connected with such Lender’s conduct of a trade or business in the United States;

(C) if such Lender is claiming the benefits of the exemption for portfolio interest under Section 871(h) or Section 881(c) of the Code, duly executed originals of IRS Form W-8BEN, or any successor form thereto, together with a certificate (a “U.S. Tax Compliance Certificate”) upon which such Lender certifies that (1) such Lender is not a bank for purposes of Section 881(c)(3)(A) of the Code, or the obligation of the Borrower hereunder is not, with respect to such Lender, a loan agreement entered into in the ordinary course of its trade or business, within the meaning of that Section, (2) such Lender is not a 10% shareholder of the Borrower within the meaning of Section 871(h)(3) or Section 881(c)(3)(B) of the Code, (3) such Lender is not a controlled foreign corporation that is related to the Borrower within the meaning of Section 881(c)(3)(C) of the Code, and (4) the interest payments in question are not effectively connected with a U.S. trade or business conducted by such Lender; or

(D) if such Lender is not the beneficial owner (for example, a partnership or a participating Lender granting a typical participation), duly executed originals of IRS Form W-8IMY, or any successor form thereto, accompanied by IRS

Form W-9, IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate, and/or other certification documents from each beneficial owner, as applicable.

(iii) Each Lender agrees that if any form or certification it previously delivered under this Section expires or becomes obsolete or inaccurate in any respect and such Lender is not legally entitled to provide an updated form or certification, it shall promptly notify the Borrower and the Administrative Agent of its inability to update such form or certification.

(g) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.18(g), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(h) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.18 (including by the payment of additional amounts pursuant to this Section 2.18), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.18 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(f) Section 2.22 of the Credit Agreement is hereby amended in its entirety as follows:

Section 2.22. Mitigation of Obligations. If any Lender requests compensation under Section 2.16, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.18, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the sole judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable under Section 2.16 or Section 2.18, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be

disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with such designation or assignment.

(g) Section 2.23 of the Credit Agreement is hereby amended in its entirety as follows:

Section 2.23. Replacement of Lenders. If (a) any Lender requests compensation under Section 2.16, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.18, or (b) any Lender is a Defaulting Lender, or (c) in connection with any proposed amendment, modification, termination, waiver or consent with respect to any of the provisions of this Agreement or the Loan Documents, the consent of Required Lenders shall have been obtained but the consent of one or more of such other Lenders (each a “*Non Consenting Lender*”) whose consent is required shall not have been obtained, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions set forth in Section 10.4(b)), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.16 or 2.18, as applicable) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment) (a “*Replacement Lender*”); provided that:

(a) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld;

(b) such Lender shall have received payment of an amount equal to the outstanding principal amount of all Loans owed to it, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (in the case of such outstanding principal and accrued interest) and from the Borrower (in the case of all other amounts);

(c) in the case of a claim for compensation under Section 2.16 or payments required to be made pursuant to Section 2.18, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply;

(d) in the case of a Non Consenting Lender, each Replacement Lender shall consent, at the time of such assignment, to each matter in respect of which such terminated Lender was a Non Consenting Lender.

A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

(h) Article II of the Credit Agreement is hereby amended by adding the following new Section 2.24 to the end of such Article as follows:

Section 2.24. Defaulting Lenders. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(a) Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders.

(b) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 10.7 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fifth*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made at a time when the conditions set forth in Section 3.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Commitments under the applicable Loan without giving effect to Section 2.19. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 2.24(d)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(c) No Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(d) Section 7.1(g) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(g) other unsecured Indebtedness in an aggregate principal amount not to exceed \$15,000,000 at any time outstanding;

(e) Section 10.1(a) of the Credit Agreement is hereby amended by replacing the notice information for the Administrative Agent as follows:

To the Administrative Agent:

SunTrust Bank

3333 Peachtree Road, 8th Floor
Atlanta, Georgia 30326
Attention: Andrew Johnson
Telephone Number: (404) 439-7451

- (f) Section 10.2(b) of the Credit Agreement is hereby amended by adding the following sentence to the end of clause (b) as follows:

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

- (g) Section 10.7 of the Credit Agreement is hereby amended in its entirety as follows:

Section 10.7. Right of Setoff. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, each Lender shall have the right, at any time or from time to time upon the occurrence and during the continuance of an Event of Default, without prior notice to the Borrower; any such notice being expressly waived by the Borrower to the extent permitted by applicable law, to set off and apply against all deposits (general or special, time or demand, provisional or final) of the Borrower at any time held or other obligations at any time owing by such Lender to or for the credit or the account of the Borrower against any and all Obligations held by such Lender irrespective of whether such Lender shall have made demand hereunder and although such Obligations may be unmatured. Each Lender agrees promptly to notify the Administrative Agent and the Borrower after any such set-off and any application made by such Lender; provided, that the failure to give such notice shall not affect the validity of such set-off and application. Each Lender agrees to apply all amounts collected from any such set-off to the Obligations before applying such amounts to any other Indebtedness or other obligations owed by the Borrower and any of its Subsidiaries to such Lender.

- (h) Schedule 4.14 to the Credit Agreement is hereby amended and restated in its entirety in the form attached hereto as Exhibit A.

2 . **Conditions to Effectiveness of this Amendment.** Notwithstanding any other provision of this Amendment and without affecting in any manner the rights of the Lenders hereunder, it is understood and agreed that this Amendment shall not become effective, and the Borrower shall have no rights under this Amendment, until the Administrative Agent shall have received (i) such fees as the Borrower has previously agreed to pay the Administrative Agent or any of its affiliates in connection with this Amendment, (ii) reimbursement or payment of its costs and expenses incurred in connection with this Amendment or the Credit Agreement (including reasonable fees, charges and disbursements of King & Spalding LLP, counsel to the Administrative Agent), (iii) executed counterparts to this Amendment from the Borrower and the Lenders, (iv) a favorable written opinion of counsel to the Borrower, addressed to the Administrative and each of the Lenders, and covering such matters relating to the Borrower, the Amendment and the transactions contemplated therein as the Administrative Agent shall reasonably request and (v) executed counterparts to the Investment Credit Agreement from each of the parties party thereto.

3 . **Representations and Warranties.** To induce the Lenders and the Administrative Agent to enter into this Amendment, the Borrower hereby represents and warrants to the Lenders and the Administrative Agent that:

- (a) The Borrower and each of its Subsidiaries (other than any Foreclosed Subsidiary) (i) is duly organized, validly existing and in good standing as a corporation, partnership or limited liability company

under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to carry on its business as now conducted, and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified would not reasonably be expected to result in a Material Adverse Effect;

(b) The execution, delivery and performance by the Borrower of the Loan Documents to which it is a party are within the Borrower's organizational powers and have been duly authorized by all necessary organizational, and if required, shareholder, partner or member, action;

(c) The execution, delivery and performance by the Borrower of this Amendment and of the other Loan Documents to which it is a party (i) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, except those as have been obtained or made and are in full force and effect, (ii) will not violate any Requirements of Law applicable to the Borrower or any of its Subsidiaries or any judgment, order or ruling of any Governmental Authority, (iii) will not violate or result in a default under any indenture, material agreement or other material instrument binding on the Borrower or any of its Subsidiaries or any of its assets or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries and (iv) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries, except Liens (if any) created under the Loan Documents;

(d) This Amendment has been duly executed and delivered for the benefit of or on behalf of the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms except as the enforceability hereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights and remedies in general; and

(e) After giving effect to this Amendment, the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects, and no Default or Event of Default has occurred and is continuing as of the date hereof.

4. **Acknowledgment of Perfection of Security Interest.** The Borrower hereby acknowledges that, as of the date hereof, the security interests and liens granted to the Administrative Agent and the Lenders under the Credit Agreement and the other Loan Documents are in full force and effect, are properly perfected and are enforceable in accordance with the terms of the Credit Agreement and the other Loan Documents.

5. **Effect of Amendment.** Except as set forth expressly herein, all terms of the Credit Agreement, as amended hereby, and the other Loan Documents shall be and remain in full force and effect and shall constitute the legal, valid, binding and enforceable obligations of the Borrower to the Lenders and the Administrative Agent. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders under the Credit Agreement, nor constitute a waiver of any provision of the Credit Agreement. This Amendment shall constitute a Loan Document for all purposes of the Credit Agreement.

6. **Governing Law.**

(a) This Amendment shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of New York.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court of the Southern District of New York, and

of any state court of the State of New York sitting in New York County and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Amendment or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the extent permitted by applicable law, such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Amendment or any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Amendment or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of Section 10.5 of the Credit Agreement and brought in any court referred to in paragraph (b) of Section 10.5 of the Credit Agreement. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Amendment irrevocably consents to the service of process in the manner provided for notices in Section 10.1 of the Credit Agreement. Nothing in this Amendment or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

7. **No Novation.** This Amendment is not intended by the parties to be, and shall not be construed to be, a novation of the Credit Agreement or an accord and satisfaction in regard thereto.

8. **Costs and Expenses.** The Borrower agrees to pay on demand all costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including, without limitation, the reasonable fees and out-of-pocket expenses of outside counsel for the Administrative Agent with respect thereto.

9. **Counterparts.** This Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, each of which shall be deemed an original and all of which, taken together, shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this Amendment by facsimile transmission or by electronic mail in pdf form shall be as effective as delivery of a manually executed counterpart hereof.

10. **Binding Nature.** This Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective successors, successors-in-titles, and assigns.

11. **Entire Understanding.** This Amendment sets forth the entire understanding of the parties with respect to the matters set forth herein, and shall supersede any prior negotiations or agreements, whether written or oral, with respect thereto.

[Signature Pages To Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed, under seal in the case of the Borrower, by its respective authorized officers as of the day and year first above written.

BORROWER:

NGP CAPITAL RESOURCES COMPANY

By: /s/ L. Scott Biar

Name: L. Scott Biar
Title: Chief Financial Officer, Secretary,
Treasurer and Chief Compliance
Officer

LENDERS:

SUNTRUST BANK, as a Lender and as
Administrative Agent

By: /s/ Andrew Johnson

Name: Andrew Johnson

Title: Director

[Signature Page to Third Amendment to Treasury Secured Revolving Credit Agreement]

COMERICA BANK, as a Lender

By: /s/ Justin Crawford

Name: Justin Crawford

Title: Senior Vice President

[Signature Page to Third Amendment to Treasury Secured Revolving Credit Agreement]

SCHEDULE 4.14

SUBSIDIARIES

<u>Company</u>	<u>State of Formation</u>	<u>Owners</u>	<u>Ownership Interests</u>
NGPC Funding GP, LLC	Texas	NGP Capital Resources Company	100% of limited liability company interest
NGPC Nevada, LLC	Nevada	NGP Capital Resources Company	100% of limited liability company interest
NGPC Funding, LP	Texas	NGPC Funding GP, LLC NGPC Nevada, LLC	.1% general partnership interest 99.9% limited partnership interest
NGPC Asset Holdings GP, LLC	Texas	NGPC Funding, LP	100% of limited liability company interest
NGPC Asset Holdings, LP	Texas	NGPC Asset Holdings GP, LLC NGPC Funding, LP	0.1% general partnership interest 99.9% limited partnership interest
NGPC Asset Holdings II, LP	Texas	NGPC Asset Holdings GP, LLC NGPC Funding, LP	0.1% general partnership interest 99.9% limited partnership interest
NGPC Asset Holdings III, LP	Texas	NGPC Asset Holdings GP, LLC NGPC Funding, LP	0.1% general partnership interest 99.9% limited partnership interest
NGPC Asset Holdings V, LP	Texas	NGPC Asset Holdings GP, LLC NGPC Funding, LP	0.1% general partnership interest 99.9% limited partnership interest
NGPC Asset Holdings VI, LP	Texas	NGPC Asset Holdings GP, LLC NGPC Funding, LP	0.1% general partnership interest 99.9% limited partnership interest
<u>Company</u>	<u>State of Formation</u>	<u>Owners</u>	<u>Ownership Interests</u>
Formidable Holdings, LLC *	Delaware	NGPC Asset Holdings II, LP	100% of limited liability company interest

Formidable Operating, LLC *	Delaware	Formidable Holdings, LLC	100% of limited liability company interest
DeanLake Operator, LLC *	Nevada	NGPC Asset Holdings II, LP	100% of limited liability company interest
NGP-OCI Investments, LLC*	Delaware	NGPC Asset Holdings II, LP	100% of limited liability company interest

* Special Purpose Subsidiary

**FOURTH AMENDMENT TO TREASURY SECURED
REVOLVING CREDIT AGREEMENT**

THIS FOURTH AMENDMENT TO TREASURY SECURED REVOLVING CREDIT AGREEMENT (this "*Amendment*"), is made and entered into as of September 24, 2013, by and among NGP CAPITAL RESOURCES COMPANY, a Maryland corporation (the "*Borrower*"), the several banks and other financial institutions from time to time party hereto (collectively, the "*Lenders*") and SUNTRUST BANK, in its capacity as Administrative Agent for the Lenders (the "*Administrative Agent*").

WITNESSETH:

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to a certain Treasury Secured Revolving Credit Agreement, dated as of March 31, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"; capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement), pursuant to which the Lenders have made certain financial accommodations available to the Borrower;

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent amend certain provisions of the Credit Agreement, and subject to the terms and conditions hereof, the Lenders are willing to do so;

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of all of which are acknowledged, the Borrower, the Lenders and the Administrative Agent agree as follows:

1. **Amendment.**

(a) Section 1.1 of the Credit Agreement is hereby amended by replacing the definition of "*Commitment Termination Date*" in its entirety with the following definitions:

"*Commitment Termination Date*" shall mean the earliest of (i) September 24, 2014, (ii) the date on which the Aggregate Commitments are terminated pursuant to Section 2.7 and (iii) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable (whether by acceleration or otherwise).

(b) Schedule I of the Credit Agreement is hereby amended by replacing such schedule in its entirety with the Schedule I attached hereto.

2. **Conditions to Effectiveness of this Amendment.** Notwithstanding any other provision of this Amendment and without affecting in any manner the rights of the Lenders hereunder, it is understood and agreed that this Amendment shall not become effective, and the Borrower shall have no rights under this Amendment, until the Administrative Agent shall have received (i) the fees set forth in that Fee Letter dated as of September 3, 2013 among the Borrower, the Administrative Agent and SunTrust Robinson Humphrey, Inc., (ii) reimbursement or payment of its costs and expenses incurred in connection with this Amendment or the Credit Agreement (including reasonable fees, charges and disbursements of King & Spalding LLP, counsel to the Administrative Agent), (iii) executed counterparts to this Amendment from the Borrower and the Lenders, (iv) a certificate of the Secretary or Assistant Secretary of the Borrower, (A) attaching a certificate of good standing or existence of a recent date, as

may be available from the Secretary of State of the jurisdiction of incorporation of the Borrower, (B) attaching and certifying resolutions of its board of directors authorizing the execution, delivery and performance of the Amendment, (C) certifying the name, title and true signature of each officer of the Borrower executing the Amendment and (D) attaching and certifying copies of the articles of incorporation of the Borrower and (v) a favorable written opinion of counsel to the Borrower, addressed to the Administrative and each of the Lenders, and covering such matters relating to the Borrower, the Amendment and the transactions contemplated therein as the Administrative Agent shall reasonably request.

3 . **Representations and Warranties.** To induce the Lenders and the Administrative Agent to enter into this Amendment, the Borrower hereby represents and warrants to the Lenders and the Administrative Agent that:

(a) The Borrower and each of its Subsidiaries (other than any Foreclosed Subsidiary) (i) is duly organized, validly existing and in good standing as a corporation, partnership or limited liability company under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to carry on its business as now conducted, and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified would not reasonably be expected to result in a Material Adverse Effect;

(b) The execution, delivery and performance by the Borrower of the Loan Documents to which it is a party are within the Borrower's organizational powers and have been duly authorized by all necessary organizational, and if required, shareholder, partner or member, action;

(c) The execution, delivery and performance by the Borrower of this Amendment and of the other Loan Documents to which it is a party (i) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, except those as have been obtained or made and are in full force and effect, (ii) will not violate any Requirements of Law applicable to the Borrower or any of its Subsidiaries or any judgment, order or ruling of any Governmental Authority, (iii) will not violate or result in a default under any indenture, material agreement or other material instrument binding on the Borrower or any of its Subsidiaries or any of its assets or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries and (iv) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries, except Liens (if any) created under the Loan Documents;

(d) This Amendment has been duly executed and delivered for the benefit of or on behalf of the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms except as the enforceability hereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights and remedies in general; and

(e) After giving effect to this Amendment, the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects, and no Default or Event of Default has occurred and is continuing as of the date hereof.

4 . **Acknowledgment of Perfection of Security Interest.** The Borrower hereby acknowledges that, as of the date hereof, the security interests and liens granted to the Administrative Agent and the Lenders under the Credit Agreement and the other Loan Documents are in full force and effect, are properly perfected and are enforceable in accordance with the terms of the Credit Agreement and the other Loan Documents.

5 . **Effect of Amendment.** Except as set forth expressly herein, all terms of the Credit Agreement, as amended hereby, and the other Loan Documents shall be and remain in full force and effect and shall constitute the legal, valid, binding and enforceable obligations of the Borrower to the Lenders and the Administrative Agent. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders under the Credit Agreement, nor constitute a waiver of any provision of the Credit Agreement. This Amendment shall constitute a Loan Document for all purposes of the Credit Agreement.

6. **Governing Law.**

(a) This Amendment shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of New York.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court of the Southern District of New York, and of any state court of the State of New York sitting in New York County and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Amendment or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the extent permitted by applicable law, such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Amendment or any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Amendment or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of Section 10.5 of the Credit Agreement and brought in any court referred to in paragraph (b) of Section 10.5 of the Credit Agreement. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Amendment irrevocably consents to the service of process in the manner provided for notices in Section 10.1 of the Credit Agreement. Nothing in this Amendment or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

7. **No Novation.** This Amendment is not intended by the parties to be, and shall not be construed to be, a novation of the Credit Agreement or an accord and satisfaction in regard thereto.

8 . **Costs and Expenses.** The Borrower agrees to pay on demand all costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including, without limitation, the reasonable fees and out-of-pocket expenses of outside counsel for the Administrative Agent with respect thereto.

9. **Counterparts.** This Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, each of which shall be deemed an original and all of which, taken together, shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart

of this Amendment by facsimile transmission or by electronic mail in pdf form shall be as effective as delivery of a manually executed counterpart hereof.

1 0 . **Binding Nature.** This Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective successors, successors-in-titles, and assigns.

1 1 . **Entire Understanding.** This Amendment sets forth the entire understanding of the parties with respect to the matters set forth herein, and shall supersede any prior negotiations or agreements, whether written or oral, with respect thereto.

[Signature Pages To Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed, under seal in the case of the Borrower, by its respective authorized officers as of the day and year first above written.

BORROWER:

NGP CAPITAL RESOURCES COMPANY

By: /s/ L. Scott Biar
Name: L. Scott Biar
Title: CFO

LENDERS:

SUNTRUST BANK, as a Lender and as Administrative Agent

By: /s/ Yann Pirio

Name: Yann Pirio

Title: Director

COMERICA BANK, as a Lender

By: /s/ William Robinson

Name: William Robinson

Title: Vice President

Schedule I

APPLICABLE MARGIN AND APPLICABLE PERCENTAGE

Treasury Revolving Credit Facility

Applicable Margin for Eurodollar Loans	Applicable Margin for Base Rate Loans	Applicable Percentage for Commitment Fee
1.500%	0.500%	0.250%

**Certification Required by Rule 13a-14(a)
or Rule 15d-14(a)**

I, Stephen K. Gardner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NGP Capital Resources Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

Date: November 7, 2013

/s/ Stephen K. Gardner

Stephen K. Gardner

President and Chief Executive Officer

**Certification Required by Rule 13a-14(a)
or Rule 15d-14(a)**

I, L. Scott Biar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NGP Capital Resources Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

Date: November 7, 2013

/s/ L. Scott Biar
L. Scott Biar
Chief Financial Officer, Treasurer, Secretary and Chief Compliance Officer

**Certification required by Rule 13a-14(b) or
Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code**

In connection with the Quarterly Report of NGP Capital Resources Company (the "Company") on Form 10-Q for the period ended September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen K. Gardner, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2013

/s/ Stephen K. Gardner
Stephen K. Gardner
President and Chief Executive Officer

**Certification required by Rule 13a-14(b) or
Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code**

In connection with the Quarterly Report of NGP Capital Resources Company (the "Company") on Form 10-Q for the period ended September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, L. Scott Biar, Chief Financial Officer, Treasurer, Secretary and Chief Compliance Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2013

/s/ L. Scott Biar
L. Scott Biar
Chief Financial Officer, Treasurer, Secretary and Chief Compliance Officer
