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

FORM 10-Q

(Mark One)

S QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

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)	20-1371499 (I.R.S. Employer Identification No.)
909 Fannin, Suite 3800 Houston, Texas (Address of principal executive offices)	77010 (Zip Code)

(713) 752-0062
(Registrant's telephone number, including area 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 T 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 T Non-accelerated filer £ (Do not check if smaller reporting company) 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 T

As of November 7, 2012, there were 21,378,173 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, 2012 (Unaudited)	December 31, 2011
Assets		
Investments in portfolio securities at fair value		
Control investments - majority owned		
(cost: $0 and $0, respectively)	$ —	$ 150
Affiliate investments		
(cost: $38,038 and $36,778, respectively)	13,693	13,498
Non-affiliate investments		
(cost: $195,694 and $135,824, respectively)	199,360	131,409
Total portfolio investments	213,053	145,057
Investments in U.S. Treasury Bills at fair value		
(cost: $45,994 and $0, respectively)	45,989	—
Total investments	259,042	145,057
Cash and cash equivalents	31,856	106,570
Accounts receivable and other current assets	462	1,442
Interest receivable	1,972	792
Prepaid assets	2,092	2,720
Total current assets	36,382	111,524
Total assets	$ 295,424	$ 256,581
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	$ 952	$ 739
Management and incentive fees payable	1,127	1,190
Payables for investment securities purchased	—	417
Dividends payable	3,421	3,893
Income taxes payable	54	66
Short-term debt	45,000	—
Total current liabilities	50,554	6,305
Deferred tax liabilities	3	10
Long-term debt	37,500	50,000
Total liabilities	88,057	56,315
Commitments and contingencies (Note 6)		
Net assets		
Common stock, $.001 par value, 250,000,000 shares authorized;		
21,378,173 and 21,628,202, shares issued and outstanding	21	22
Paid-in capital in excess of par	253,849	255,486
Undistributed net investment income (loss)	(304)	(518)
Undistributed net realized capital gain (loss)	(28,629)	(30,286)
Net unrealized appreciation (depreciation) on investments	(17,570)	(24,438)
Total net assets	207,367	200,266
Total liabilities and net assets	$ 295,424	$ 256,581
Net asset value per share	$ 9.70	$ 9.26

(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 September 30, 2012	For The Three Months Ended September 30, 2011	For The Nine Months Ended September 30, 2012	For The Nine Months Ended September 30, 2011
Investment income				
Interest income:				
Control investments - majority owned	$ —	$ 1,439	$ —	$ 8,605
Affiliate investments	451	342	1,260	973
Non-affiliate investments	4,883	4,716	14,167	11,234
Dividend income:				
Non-affiliate investments	910	—	910	—
Royalty income, net of amortization:				
Control investments - majority owned	—	515	—	1,195
Non-affiliate investments	124	274	432	801
Other income (loss), net	(42)	34	487	126
Total investment income	6,326	7,320	17,256	22,934
Operating expenses				
Interest expense and bank fees	598	377	1,256	1,143
Management and incentive fees	1,127	1,337	3,275	4,262
Professional fees	272	376	794	811
Insurance expense	180	182	541	547
Other general and administrative expenses	717	761	2,327	2,488
Total operating expenses	2,894	3,033	8,193	9,251
Income tax provision (benefit), net	30	17	54	35
Net investment income	3,402	4,270	9,009	13,648
Net realized capital gain (loss) on investments				
Control investments - majority owned	—	(32,880)	(36)	(32,798)
Non-affiliate investments	1,693	1,986	1,693	2,364
Total net realized capital gain (loss) on investments	1,693	(30,894)	1,657	(30,434)
Net unrealized appreciation (depreciation) on investments				
Control investments - majority owned	—	27,918	(150)	18,679
Affiliate investments	(461)	(229)	(1,066)	(21,766)
Non-affiliate investments	7,596	(1,001)	8,077	281
Benefit (provision) for taxes on unrealized appreciation (depreciation) on investments	4	0	7	3
Total net unrealized appreciation (depreciation) on investments	7,139	26,688	6,868	(2,803)
Net increase (decrease) in net assets resulting from operations	$ 12,234	$ 64	$ 17,534	$ (19,589)
Net increase (decrease) in net assets resulting from operations per common share	$ 0.57	$ 0.00	$ 0.82	$ (0.91)
Dividends declared per common share	$ 0.16	$ 0.18	$ 0.41	$ 0.54
Weighted average shares outstanding - basic and diluted	21,378	21,628	21,507	21,628

(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, 2011	21,628	$ 22	$ 255,486	$ (518)	$ (30,286)	$ (24,438)	$ 200,266
Net increase (decrease)							
in net assets resulting from operations	—	—	—	9,009	1,657	6,868	17,534
Acquisition of common stock under repurchase plan	(250)	(1)	(1,637)	—	—	—	(1,638)
Dividends declared	—	—	—	(8,795)	—	—	(8,795)
Balance at September 30, 2012	21,378	$ 21	$ 253,849	$ (304)	$ (28,629)	$ (17,570)	$ 207,367

(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, 2012	2011
Cash flows from operating activities		
Net increase (decrease) in net assets resulting from operations	$ 17,534	$ (19,589)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Payment-in-kind interest	(1,572)	(6,650)
Net amortization of premiums, discounts and fees	(1,184)	(2,097)
Net realized capital (gain) loss on investments	(1,657)	30,434
Net unrealized (appreciation) depreciation on investments	(6,861)	2,806
Net deferred income tax provision (benefit)	(7)	(3)
Effects of changes in operating assets and liabilities:		
Accounts receivable and other current assets	980	1,327
Interest receivable	(1,180)	1,612
Prepaid assets	628	745
Payables and accrued expenses	138	95
Purchase of investments in portfolio securities	(111,134)	(88,391)
Proceeds from redemption of investments in portfolio securities	54,001	138,156
Purchase of investments in U.S. Treasury Bills	(56,196)	(30,601)
Proceeds from redemption of investments in U.S. Treasury Bills	10,202	30,601
Net cash provided by (used in) operating activities	(96,308)	58,445
Cash flows from financing activities		
Borrowings under revolving credit facilities	161,313	110,000
Repayments on revolving credit facilities	(128,813)	(145,000)
Acquisition of common stock under repurchase plan	(1,638)	—
Dividends paid	(9,268)	(11,679)
Net cash provided by (used in) financing activities	21,594	(46,679)
Net increase (decrease) in cash and cash equivalents	(74,714)	11,766
Cash and cash equivalents, beginning of period	106,570	68,457
Cash and cash equivalents, end of period	$ 31,856	$ 80,223

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 2012
(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)					
DeanLake Operator, LLC (12)	Oil & Natural Gas Production and Development	Class A membership interests - entitled to 100% of distribution of DeanLake Operator, LLC		$ —	$ —
Rubicon Energy Partners, LLC (12)	Oil & Natural Gas Production and Development	4,000 LLC Units -50% ownership of the assets of Rubicon Energy Partners, LLC		—	—
Subtotal Control Investments - Majority Owned (50% or more owned)				**$ —**	**$ —**
Affiliate Investments - (5% to 25% owned)					
BioEnergy Holding, LLC (6)	Alternative Fuels and Specialty Chemicals	Senior Secured Notes (15%, due 3/06/2015) (5)	$ 16,662	$ 15,511	$ —
		BioEnergy Holding Units - 11.1% of outstanding units of BioEnergy Holding, LLC		1,297	—
		Myriant Corporation - 0.56% of outstanding common shares of Myriant Corporation		419	800
		Myriant Corporation Warrants (8)		49	120
Bionol Clearfield, LLC (6)	Alternative Fuels and Specialty Chemicals	Senior Secured Tranche C 2nd Lien Term Loan (LIBOR + 7% cash, LIBOR + 9% default, due 9/06/2016) (5)	4,950	4,950	—
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) (19)	12,481	12,327	12,481
		Common Stock (1,360,972 shares) - representing 6.56% of outstanding common stock of Resaca Exploitation Inc. (3) (9)		3,235	276
		Warrants (13)		250	16
Subtotal Affiliate Investments - (5% to 25% owned)				**$ 38,038**	**$ 13,693**
Non-affiliate Investments - (Less than 5% owned)					
ATP Oil & Gas Corporation	Oil & Natural Gas Production and Development	Limited Term Royalty Interest (13.2% annual interest)		$ 42,210	$ 42,657
BP Corporation North America, Inc.	Oil & Natural Gas Production and Development	Put options to sell up to 110,528 Bbls of crude oil at a strike price of $65.00 per Bbl. 12 monthly contracts expiring through September 30, 2013 (3)		326	44
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)	27,500	27,103	27,500
		Castex Class B Units - 5% (16)		0	1,920
Castex 2005 LP	Oil & Natural Gas Production and Development	Redeemable Preferred LP Units (current pay 8% cash, due 7/1/2016) (21)	50,000	50,000	51,100

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 2012
(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					
Chroma Exploration & Production, Inc.	Oil & Natural Gas Production and Development	11,943 Shares Series A Participating Convertible Preferred Stock (5)		$ 2,222	$ —
		10,907 Shares Series AA Participating Convertible Preferred Stock (5)		2,090	63
		8.11 Shares Common Stock		—	—
EP Energy, LLC	Oil & Natural Gas Production and Development	Senior Unsecured Notes (9.375%, due 5/1/2020) (3)	10,000	10,000	10,900
Globe BG, LLC	Coal Production	Contingent earn-out related to July 2011 sale of royalty interests in Alden Resources, LLC (15)		—	370
GMX Resources, Inc.	Oil & Natural Gas Production and Development	Subordinated Notes (9%, due 3/2/2018)	12,661	9,354	9,243
		3,346,368 Shares Common Stock (4)		2,606	2,677
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) (10)	16,100	16,100	16,100
		Black Pool Energy Partners, LLC - 3% Overriding Royalty Interest (11)		8	100
		Black Pool Energy Partners, LLC Warrants (11)		10	—
Pallas Contour Mining, LLC	Coal Mining	Senior Secured Term Loan (17% default, due 10/14/2015) (18)	7,561	7,597	7,561
Powder River Acquisitions, LLC	Oil & Natural Gas Production and Development	Senior Secured Promissory Note (12%, due 9/30/2011) (17)	2,750	2,750	2,750
Southern Pacific Resources	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)	9,765	9,883	9,765
Spirit Resources, LLC	Oil & Natural Gas Production and Development	Senior Secured Term Loan (The greater of 12% or LIBOR + 8%, due 4/27/2015) (20)	13,500	13,312	13,500
		Warrants (14)		25	147
Tammany Oil & Gas, LLC	Oil & Natural Gas Production and Development	3.33% Overriding Royalty Interest (7)		93	2,463
		Warrants (7)		5	500
Subtotal Non-affiliate Investments - (Less than 5% owned)				**$ 195,694**	**$ 199,360**
Subtotal Portfolio Investments (82.2% of total investments)				**$ 233,732**	**$ 213,053**
GOVERNMENT SECURITIES					
U.S. Treasury Bills (4)			$ 46,000	$ 45,994	$ 45,989
Subtotal Government Securities (17.8% of total investments)				**$ 45,994**	**$ 45,989**
TOTAL INVESTMENTS				**$ 279,726**	**$ 259,042**

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 2012
(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. All investments are in entities with primary operations in the United States of America. 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) Non-accrual status.

(6) BioEnergy Holding, LLC owns 100% of Bionol Clearfield, LLC. In July 2011, both entities filed for protection under Chapter 7 of the U.S. Bankruptcy Code.

(7) Tammany Oil & Gas, LLC, or Tammany, has agreed to repurchase, and we have agreed to sell, our overriding royalty interest and warrants in Tammany for $3.0 million. The sale is expected to close on or before November 15, 2012.

(8) Myriant Corporation warrants expire on August 15, 2015 and provide us the right to purchase 32,680 shares of Myriant Corporation at a purchase price of $10.00 per share.

(9) Resaca Exploitation, Inc., or Resaca, stock is listed on the Alternative Investment Market of the London Stock Exchange, denominated in British pounds beginning March 19, 2012, and its reported fair value at September 30, 2012 has been converted to U.S. dollars.

(10) 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.

(11) HEH has agreed to repurchase, and we have agreed to sell, our overriding royalty interest and warrants in Black Pool for $0.1 million. The sale is expected to close on or before November 15, 2012.

(12) Assets of this portfolio company have been sold. The legal entity, in which we retain an equity interest, is in the process of dissolution.

(13) 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.

(14) 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.

(15) 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.

(16) 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.

(17) We issued a written notice of default in September 2011 and filed suit against Powder River Acquisitions, LLC, or Powder River, and an individual guarantor for failure to pay principal and interest when due. In March 2012, the judge in the case issued a consent judgment in our favor. Powder River has paid past due interest through August 2012, reimbursed our legal fees and paid additional fees totaling $50,000 related to a forbearance agreement. We are currently in the process of enforcing our rights pursuant to the consent judgment.

(18) In January 2012, Pallas Contour Mining LLC, or Pallas Contour, violated a financial covenant under its Senior Secured Term Loan. Beginning February 1, 2012, the applicable interest rate under the loan is 17% as long as the covenant violation persists.

(19) 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.

(20) In October 2012, we issued a written notice of default regarding the violation of financial covenants.

(21) 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 2005 LP (0.67% net to us).

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2011
(In Thousands, Except Share Amounts and Percentages)

Portfolio Company	Energy Industry Segment	Investment (1)	Principal	Cost	Fair Value (2)
Control Investments - Majority Owned (50% or more owned)					
BSR Holdings, LLC (11)	Oil & Natural Gas Production and Development	100% of membership interests of BSR Holdings, LLC		$ —	$ —
DeanLake Operator, LLC (11)	Oil & Natural Gas Production and Development	Class A membership interests - entitled to 100% of distribution of DeanLake Operator, LLC		—	150
Rubicon Energy Partners, LLC (11)	Oil & Natural Gas Production and Development	4,000 LLC Units - 50% ownership of the assets of Rubicon Energy Partners, LLC		—	—
Subtotal Control Investments - Majority Owned (50% or more owned)				**$ —**	**$ 150**
Affiliate Investments - (5% to 25% owned)					
BioEnergy Holding, LLC (6)	Alternative Fuels and Specialty Chemicals	Senior Secured Notes (15%, due 3/06/2015) (4)	$ 16,662	$ 15,511	$ —
		BioEnergy Holding Units - 11.1% of outstanding units of BioEnergy Holding, LLC		1,297	—
		Myriant Corporation - 0.55% of outstanding common shares of Myriant Corporation		419	706
		Myriant Corporation Warrants (8)		49	64
Bionol Clearfield, LLC (6)	Alternative Fuels and Specialty Chemicals	Senior Secured Tranche C 2nd Lien Term Loan (LIBOR + 7% cash, LIBOR + 9% default, due 9/06/2016) (4)	4,950	4,950	—
Resaca Exploitation Inc.	Oil & Natural Gas Production and Development	Senior Unsecured Term Loan (9.5% cash or 12% PIK, due 12/31/2014) (21)	11,265	11,067	11,265
		Common Stock (1,360,972 shares) - representing 6.56% of outstanding common stock of Resaca Exploitation Inc. (3) (9)		3,235	1,197
		Warrants (13)		250	266
Subtotal Affiliate Investments - (5% to 25% owned)				**$ 36,778**	**$ 13,498**
Non-affiliate Investments - (Less than 5% owned)					
Anadarko Petroleum Corporation 2007-III Drilling Fund	Oil & Natural Gas Production and Development	Net Profits Interest (12.375 % annual interest, due 4/23/2032)	$ 3,183	$ 3,200	$ 3,483
ATP Oil & Gas Corporation	Oil & Natural Gas Production and Development	Limited Term Royalty Interest (12.35% annual interest, 13% IRR to pay-out) (19)		28,443	28,443
BP Corporation North America, Inc.	Oil & Natural Gas Production and Development	Put options to sell up to 141,376 Bbls of crude oil at a strike price of $65.00 per Bbl. 15 monthly contracts beginning on July 1, 2012 and expiring on September 30, 2013 (3)		417	417
Black Pool Energy Partners, LLC	Oil & Natural Gas Production and Development	Senior Secured Term Loan (The greater of 18% or LIBOR + 14% default, due 10/24/2011) (18)	15,744	15,744	12,000
		3% Overriding Royalty Interest		8	100
		Warrants (10)		10	—

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2011
(In Thousands, Except Share Amounts and Percentages)
(Continued)

Portfolio Company	Energy Industry Segment	Investment (1)	Principal	Cost	Fair Value (2)
Non-affiliate Investments - (Less than 5% owned) - Continued					
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)	$ 27,500	$ 26,996	$ 27,500
		Castex Class B Units - 5% (16)		—	—
Chroma Exploration & Production, Inc.	Oil & Natural Gas Production and Development	11,595 Shares Series A Participating Convertible Preferred Stock (4)		2,222	—
		10,589 Shares Series AA Participating Convertible Preferred Stock (4)		2,090	500
		8.11 Shares Common Stock		—	—
		Warrants (5)		—	—
Crestwood Holdings, LLC	Natural Gas Gathering and Processing	Senior Secured Term Loan (The greater of 10.5% or LIBOR + 8.5%, due 10/01/2016)	8,283	8,132	8,283
Globe BG, LLC	Coal Production	Contingent earn-out related to July 2011 sale of royalty interests in Alden Resources (15)	—	—	3,270
GMX Resources, Inc. (3)	Oil & Natural Gas Production and Development	Senior Convertible Notes (5%, due 2/1/2013)	12,661	11,332	8,103
Nighthawk Transport I, LP	Energy Services	LP Units (12)		—	—
		Warrants (12)		—	—
Pallas Contour Mining, LLC	Coal Mining	Senior Secured Term Loan (14%, due 10/14/2015) (20)	11,661	11,703	11,661
Powder River Acquisitions, LLC	Oil & Natural Gas Production and Development	Senior Secured Promissory Note (12% default, due 9/30/2011) (17)	3,241	3,241	3,241
Spirit Resources, LLC	Oil & Natural Gas Production and Development	Senior Secured Term Loan (The greater of 12% or LIBOR + 8%, due 4/27/2015)	12,250	12,018	12,250
		Warrants (14)		25	25
Tammany Oil & Gas, LLC	Oil & Natural Gas Production and Development	Senior Secured Term Loan (The greater of 13% or LIBOR + 8%, due 9/30/2012)	10,133	10,125	10,133
		3.33% Overriding Royalty Interest		113	1,000
		Warrants (7)		5	1,000
Subtotal Non-affiliate Investments - (Less than 5% owned)				**$ 135,824**	**$ 131,409**
TOTAL INVESTMENTS				**$ 172,602**	**$ 145,057**

(See accompanying notes to consolidated financial statements)

NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS

(1) All of our targeted investments are collateral for obligations under our Investment Facility. See Note 4 of Notes to Consolidated Financial Statements. All investments are in entities with primary operations in the United States of America. 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 8 of the Notes to Consolidated Financial Statements.
(4) Non-accrual status.
(5) Chroma Exploration & Production, Inc. warrants expire on April 5, 2012 and provide us the right to purchase 2,462 shares of common stock at a purchase price of $75.00 per share.
(6) BioEnergy Holding, LLC owns 100% of Bionol Clearfield, LLC. In July 2011, both entities filed for protection under Chapter 7 of the U.S. Bankruptcy Code.
(7) Tammany Oil & Gas, LLC warrants expire five years after repayment of principal and interest and provide us the right to purchase approximately 5% of membership shares at the exercise price of approximately $17.61 per share.
(8) Myriant Corporation warrants expire on August 15, 2015 and provide us the right to purchase 32,680 shares of Myriant Corporation at a purchase price of $10.00 per share.
(9) Resaca Exploitation, Inc., or Resaca, stock trades in U.S. dollars on the Alternative Investment Market of the London Stock Exchange.
(10) Black Pool warrants expire seven years after repayment of principal and interest and provide us the right to purchase approximately 25% of membership interest at the exercise price of $0.01 per unit.
(11) Assets of this portfolio company have been sold. The legal entity, in which we retain an equity interest, is in the process of dissolution.
(12) Due to insufficient recoveries in the liquidation under Nighthawk Transport I, LP's, or Nighthawk, voluntary petition under Chapter 7 of the U.S. Bankruptcy Code, we recognized a realized loss of our total remaining investment in Nighthawk notes in December 2009. We retain ownership in warrants and units in Nighthawk and have assigned no value to those securities.
(13) 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.
(14) 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.
(15) Contingent payment of up to $6.8 million is dependent upon Alden Resources' ability to achieve certain sales volume and operating efficiency levels during the three year period ending July 2014.
(16) Lenders were granted 10% (5% net to us) of the LP interest in Castex Energy Development Fund via Class B LP units that will become effective at the earlier of maturity or a liquidity event in which the Castex Energy Development Fund assets are sold.
(17) We issued a written notice of default on September 30, 2011 and have filed suit against Powder River Acquisitions, LLC and an individual guarantor for failure to pay principal and interest when due.
(18) The Term Loan to Black Pool Energy Partners, LLC matured on October 24, 2011 without repayment. We are currently negotiating with Black Pool toward a potential restructuring of the Term Loan.
(19) Effective January 1, 2012, the applicable interest rate on the ATP Limited Term Royalty Interest increased from 12.35% to 13.2%.
(20) In January 2012, Pallas Contour violated a financial covenant under the Senior Secured Term Loan. Beginning February 1, 2012, the applicable interest rate under the loan is 17% as long as the covenant violation persists.
(21) In March 2012, Resaca received a default notice from the agent for the 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.

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
CONSOLIDATED FINANCIAL HIGHLIGHTS
(Unaudited)

	For The Nine Months Ended September 30,	
Per Share Data (1)	**2012**	**2011**
Net asset value, beginning of period	$ 9.26	$ 10.90
Net investment income	0.42	0.63
Net realized and unrealized gain (loss) on investments (2)	0.40	(1.54)
Net increase (decrease) in net assets resulting from operations	0.82	(0.91)
Dividends declared	(0.41)	(0.54)
Other (3)	0.03	—
Net asset value, end of period	$ 9.70	$ 9.45
Market value, beginning of period	$ 7.19	$ 9.20
Market value, end of period	$ 7.46	$ 6.54
Market value return (4)	9.7%	(24.1%)
Net asset value return (4)	10.8%	(7.4%)
Ratios and Supplemental Data		
($ and shares in thousands)		
Net assets, end of period	$ 207,367	$ 204,457
Average net assets	$ 201,639	$ 220,092
Common shares outstanding end of period	21,378	21,628
Net investment income/average net assets (5)	6.0%	8.3%
Portfolio turnover rate (6)	31.6%	47.6%
Total operating expenses/average net assets (5)	5.4%	5.6%
Net increase (decrease) in net assets resulting from operations/average net assets (5)	11.6%	(11.9%)
Expense Ratios (as a percentage of average net assets) (5)		
Interest expense and bank fees	0.8%	0.7%
Management and incentive fees	2.2%	2.6%
Other operating expenses	2.4%	2.3%
Total operating expenses	5.4%	5.6%

(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 8.
(4) Return calculations assume reinvestment of dividends and are not annualized.
(5) Annualized.
(6) Portfolio turnover rate for the nine months ended September 30, 2011 has been corrected from 76.6%.

(See accompanying notes to consolidated financial statements)

NGP CAPITAL RESOURCES COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2012
(Unaudited)

Note 1: Organization

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.

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, 2011.

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.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update No. 2011-04, “*Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS,*" or ASU 2011-04. This guidance requires additional disclosure regarding fair value measurement and sensitivity, and improves consistency between U.S. GAAP and international financial reporting standards, or IFRS. This guidance became effective for interim and annual periods beginning after December 15, 2011. Accordingly, we adopted this standard on January 1, 2012. The adoption of ASU 2011-04 did not have a significant impact on our process for measuring fair values or on our consolidated financial statements, other than the inclusion of additional required disclosures.

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 9, 2011	$	0.18	March 31, 2011	April 8, 2011
June 14, 2011	$	0.18	June 30, 2011	July 8, 2011
September 13, 2011	$	0.18	September 30, 2011	October 10, 2011
December 13, 2011	$	0.18	December 31, 2011	January 6, 2012
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

Note 3: Credit Facilities and Borrowings

On December 6, 2011, we entered into a $72.0 million Amended and Restated Revolving Credit Agreement, or the Investment Facility. The total amount outstanding under the Investment Facility was $37.5 million and $50.0 million, as of September 30, 2012 and December 31, 2011, 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 August 31, 2014, 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, 2012, the weighted average interest rate on our outstanding balance of $37.5 million was 5.8%. We repaid $18 million of this balance in October 2012. As of September 30, 2012, we had a letter of credit outstanding of $0.1 million, and there was $34.4 million available for borrowing under the Investment Facility.

On March 31, 2011, we entered into a $30.0 million Treasury Secured Revolving Credit Agreement, or the Treasury Facility, which 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 25, 2012, we entered into a second amendment to the Treasury Facility which increased the aggregate commitment amount from $30.0 million to $45.0 million. As amended, the Treasury Facility matures on September 25, 2013 and bears interest, at our option, at either (i) LIBOR plus 100 basis points or (ii) the base rate. We have the right at any time to prepay the loans, in whole or in part, without premium or penalty. As of September 30, 2012, we had $45 million outstanding and no additional amount available for borrowing under the Treasury Facility, and the interest rate on our outstanding balance was 1.36% (LIBOR plus 100 basis points).

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, 2012 and had no 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, 2012, we did not incur any Investment Income Incentive Fees. For the three and nine months ended September 30, 2011, we incurred $30,303 and $311,323, respectively, of 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, 2012, we had cumulative net capital losses of $54.2 million and cumulative net unrealized capital depreciation of $17.6 million. We have not incurred or paid any Capital Gains Fees in 2012 or 2011.

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, 2012, our Board of Directors, including all of the independent directors, approved an extension of the Investment Advisory Agreement through November 9, 2013.

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 $200,000 and $210,000 to our Administrator as of September 30, 2012 and December 31, 2011, 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, 2012, our Board of Directors, including all of the independent directors, approved an extension of the Administration Agreement through November 9, 2013.

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, 2012, we had investments in or commitments to fund investments in 18 portfolio companies totaling $250.9 million. Of this total, $235.9 million was outstanding and $15.0 million remained committed and available to fund. Generally, these commitments have fixed expiration dates, and we do not expect to fund the entire $15.0 million of commitments before they expire. We do not report the unused portions of these commitments on our consolidated balance sheets.

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. As of September 30, 2012, the letter of credit balance was $0.1 million.

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.

Note 7: Fair Value

Investments consisted of the following as of September 30, 2012 and December 31, 2011:

	September 30, 2012			
(Dollar amounts in thousands)	**Cost**	**% of Total**	**Fair Value**	**% of Total**
Portfolio investments				
Senior secured debt	$ 87,323	31.2%	$ 67,411	26.0%
Subordinated debt	41,564	14.9%	42,389	16.4%
Limited term royalties	42,210	15.1%	42,657	16.5%
Contingent earn-out	—	0.0%	370	0.1%
Commodity derivative instruments	326	0.1%	44	0.0%
Royalty interests	101	0.0%	2,563	1.0%
Equity securities				
Membership and partnership units	51,716	18.5%	53,820	20.8%
Participating preferred stock	4,312	1.6%	63	0.0%
Common stock	5,841	2.1%	2,953	1.1%
Warrants	339	0.1%	783	0.3%
Total equity securities	62,208	22.3%	57,619	22.2%
Total portfolio investments	233,732	83.6%	213,053	82.2%
Government securities				
U.S. Treasury Bills	45,994	16.4%	45,989	17.8%
Total investments	$ 279,726	100.0%	$ 259,042	100.0%

(Dollar amounts in thousands)	December 31, 2011 Cost	% of Total	Fair Value	% of Total
Senior secured debt	$ 108,420	62.8%	$ 85,068	58.6%
Subordinated debt	11,067	6.4%	11,265	7.8%
Senior convertible notes	11,332	6.5%	8,103	5.6%
Limited term royalties	28,443	16.5%	28,443	19.6%
Net profits interests	3,200	1.9%	3,483	2.4%
Contingent earn-out	—	0.0%	3,270	2.3%
Commodity derivative instruments	417	0.2%	417	0.3%
Royalty interests	121	0.1%	1,100	0.8%
Equity securities				
Membership and partnership units	1,716	1.0%	856	0.6%
Participating preferred stock	4,312	2.5%	500	0.3%
Common stock	3,235	1.9%	1,197	0.8%
Warrants	339	0.2%	1,355	0.9%
Total equity securities	9,602	5.6%	3,908	2.6%
Total investments	$ 172,602	100.0%	$ 145,057	100.0%

We account for all of the assets in our portfolio at fair value, following the provisions of the FASB 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 has not retained an independent valuation firm in connection with any fair value estimates during the year ended December 31, 2011 or the nine months ended September 30, 2012.

- *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.

Senior Debt Securities, Limited-Term Royalties and Subordinated Debt Securities: 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 energy 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 in energy 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.

Net Profits Interests and Royalty Interests: We record our investments in overriding royalty and net profits 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 ("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 produced multiplied by the difference between the company's cost of production in 2010 and the cost of production during the optimal consecutive 12-month period during the 3-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. During the third quarter of 2012, we received historical data from Globe that revised our outlook for production and costs during the earn-out period, this reducing the estimated fair value.

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 may 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, 2012 or December 31, 2011. 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, 2012 and December 31, 2011.

	Fair Value Measurements as of September 30, 2012 (In Thousands)			
	Total	Quoted Prices in Active Markets (Level 1)	Prices with Observable Market Inputs (Level 2)	Unobservable Inputs (Level 3)
Portfolio investments				
Affiliate investments				
Subordinated debt	$ 12,481	$ —	$ —	$ 12,481
Equity securities	1,212	—	276	936
Total affiliate investments	13,693	—	276	13,417
Non-affiliate investments				
Senior secured debt	67,411	—	—	67,411
Subordinated debt	29,908	—	10,900	19,008
Limited term royalties	42,657	—	—	42,657
Contingent earn-out	370	—	—	370
Commodity derivative instruments	44	—	44	—
Royalty interests	2,563	—	—	2,563
Equity securities	56,407	2,677	—	53,730
Total non-affiliate investments	199,360	2,677	10,944	185,739
Total portfolio investments	213,053	2,677	11,220	199,156
Government securities				
U.S. Treasury Bills	45,989	45,989	—	—
Total investments	$ 259,042	$ 48,666	$ 11,220	$ 199,156

	Fair Value Measurements as of December 31, 2011 (In Thousands)			
	Total	Quoted Prices in Active Markets (Level 1)	Prices with Observable Market Inputs (Level 2)	Unobservable Inputs (Level 3)
Control investments				
Equity securities	$ 150	$ —	$ —	$ 150
Total control investments	150	—	—	150
Affiliate investments				
Subordinated debt	11,265	—	—	11,265
Equity securities	2,233	—	1,197	1,036
Total affiliate investments	13,498	—	1,197	12,301
Non-affiliate investments				
Senior secured debt	85,068	—	—	85,068
Senior convertible notes	8,103	—	8,103	—
Limited term royalties	28,443	—	—	28,443
Net profits interests	3,483	—	—	3,483
Contingent earn-out	3,270	—	—	3,270
Commodity derivative instruments	417	—	417	—
Royalty interests	1,100	—	—	1,100
Equity securities	1,525	—	—	1,525
Total non-affiliate investments	131,409	—	8,520	122,889
Total investments	$ 145,057	$ —	$ 9,717	$ 135,340

The following tables present roll-forwards of the changes in the estimated fair value during the three- and nine-month periods ended September 30, 2012 and 2011 for all investments for which we determine estimated fair value using unobservable (Level 3) factors. During the three- and nine-month periods ended September 30, 2012 and 2011, none of the investments in portfolio companies changed between the categories of Control Investments – Majority Owned, Affiliate Investments and Non-Affiliate Investments and there were no transfers between Levels 3, 2 or 1.

Fair Value Measurements For The Three Months Ended September 30, 2012, Using Unobservable Inputs (Level 3)
(Dollar Amounts in Thousands)

	Senior Secured Debt and Limited Term Royalties	Subordinated Debt	Net Profits Interests, Royalty Interests and Equity Securities	Contingent Earn-out	Total Investments
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	(119)	1,116	(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	9,342	50,000	—	84,192
Payment-in-kind	356	436	—	—	792
Repayments and settlements	(4,133)	(25)	(408)	—	(4,566)
Fair value at September 30, 2012	$ 110,068	$ 31,489	$ 57,229	$ 370	$ 199,156

Fair Value Measurements For The Nine Months Ended September 30, 2012, Using Unobservable Inputs (Level 3)
(Dollar Amounts in Thousands)

	Senior Secured Debt and Limited Term Royalties	Subordinated Debt	Net Profits Interests, Royalty Interests and Equity Securities	Contingent Earn-out	Total Investments
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	(273)	3,156	(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	19,309	50,000	—	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	$ 110,068	$ 31,489	$ 57,229	$ 370	$ 199,156

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."

Fair Value Measurements For The Three Months Ended September 30, 2011, Using Unobservable Inputs (Level 3)
(Dollar Amounts in Thousands)

	Senior Secured Debt and Limited Term Royalties	Subordinated Debt	Net Profits Interests, Royalty Interests and Equity Securities	Contingent Earn-out	Total Investments
Fair value at June 30, 2011	$ 161,125	$ 10,372	$ 21,717	$ —	$ 193,214
Total gains, (losses) and amortization:					
Net realized gains (losses)	—	—	(30,894)	—	(30,894)
Net unrealized gains (losses)	(5,301)	—	30,008	3,400	28,107
Net amortization of premiums, discounts and fees	1,163	14	(17)	—	1,160
New investments, repayments and settlements, net:					
New investments	30,050	—	—	—	30,050
Payment-in-kind	—	328	—	—	328
Repayments and settlements	(81,370)	—	(10,903)	—	(92,273)
Fair value at September 30, 2011	$ 105,667	$ 10,714	$ 9,911	$ 3,400	$ 129,692

Fair Value Measurements For The Nine Months Ended September 30, 2011, Using Unobservable Inputs (Level 3)
(Dollar Amounts in Thousands)

	Senior Secured Debt and Limited Term Royalties	Subordinated Debt	Net Profits Interests, Royalty Interests and Equity Securities	Contingent Earn-out	Total Investments
Fair value at December 31, 2010	$ 161,102	$ —	$ 35,681	$ —	$ 196,783
Total gains, (losses) and amortization:					
Net realized gains (losses)	—	—	(29,828)	—	(29,828)
Net unrealized gains (losses)	(24,102)	—	18,097	3,400	(2,605)
Net amortization of premiums, discounts and fees	1,740	38	(70)	—	1,708
New investments, repayments and settlements, net:					
New investments	71,501	9,750	275	—	81,526
Payment-in-kind	5,724	926	—	—	6,650
Repayments and settlements	(110,298)	—	(14,244)	—	(124,542)
Fair value at September 30, 2011	$ 105,667	$ 10,714	$ 9,911	$ 3,400	$ 129,692

Of the $2.6 million in net unrealized losses presented in the table above, $20.9 million was attributable to assets we held at September 30, 2011.

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, 2012.

Type of Investment	Fair Value as of September 30, 2012 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range of Inputs	Weighted Average
Senior debt securities and limited term royalties	$ 110,068	Discounted cash flow	Discount rate	11.0% - 17.0%	12.5%
Subordinated debt securities	22,246	Discounted cash flow	Discount rate	10.8% - 14.0%	12.6%
	9,243	Recent transactions of similar assets	Implied yield to maturity	17.0%	17.0%
	31,489				
Net profits interest, royalty interest and equity securities	53,967	Discounted cash flow	Discount rate	10% - 20%	15.1%
		Market comparables	Reserve multiples (1)	$10.50 - $15.00	$ 12.92
			Discount for lack of marketability	20% - 50%	39.4%
			EBITDA multiples	2.8x - 6.0x	4.92x
	3,126	Recent or pending transactions	N/A	N/A	N/A
	136	Option pricing model	Implied volatility	16% -77%	23.2%
	57,229				
Contingent earn-out	370	Discounted cash flow	Estimated annual coal production (2)	326 - 632	461
			Cost of production per ton	$80.13 - $146.39	$ 108.94
			Discount rate	20%	20%
	$ 199,156				

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

Note 8: Common Stock Repurchases

In May 2012, we repurchased an aggregate of 250,029 shares of our common stock in the open market at an average price of $6.51 per share, totaling $1.6 million, in accordance with the stock repurchase plan approved by the Board of Directors in November 2011. Under the terms of the stock repurchase plan, we have remaining authorization to repurchase up to an additional $8.4 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. We did not repurchase any shares of our common stock during the third quarter of 2012.

Note 9: 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. As shown on our consolidated schedule of investments, at September 30, 2012, we had oil put options expiring from October 2012 through September 2013 with an aggregate cost and fair value of $326,000 and $44,000, respectively.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In thousands)	**2012**	**2011**	**2012**	**2011**
Unrealized gains (losses) on commodity derivatives	$ (23)	$ —	$ (282)	$ —
Realized gains (losses) on commodity derivatives	(91)	—	(91)	—
Net gain (losses) on commodity derivative instruments	$ (114)	$ —	$ (373)	$ —

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 2011 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. Beginning in 2012, we are also seeking 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, limited-term royalty interests and net profits 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.

Portfolio and Investment Activity

On October 1, 2012, we funded a $6.0 million participation in the Midstates Petroleum Company, Inc., or Midstates, $600 million private placement of 10.75% Senior Unsecured Notes due 2020, or the Midstates Notes. Proceeds from the Midstates Notes offering were used primarily to fund the cash portion of the purchase price for Midstates' acquisition of assets of Eagle Energy Production, LLC.

On September 19, 2012, GMX Resources, Inc., or GMX, consummated an exchange offer for its outstanding 5% Senior Convertible Notes due 2013, or the 2013 Notes, pursuant to which holders tendering the 2013 Notes received new Senior Secured Second-Priority Notes due 2018, or the 2018 Notes, and shares of GMX common stock. We tendered our 2013 Notes in the exchange offer, and consequently received 2018 Notes with a face value of $12.7 million and 3,646,368 shares of GMX common stock. We sold 300,000 shares of GMX common stock in September 2012 and an additional 254,000 shares in October 2012. Interest on the 2018 Notes accrues at a rate of 9% per annum and is payable quarterly (commencing March 2, 2013) at GMX's option, in cash or, with respect to interest paid prior to September 19, 2014, either in the form of cash, GMX common stock, or a combination thereof. The number of shares of GMX stock, if any, to be issued in lieu of cash interest is calculated by assigning a value per share equal to the product of (a) 0.75 and (b) the 10-day volume weighted average price ending the business day prior to the interest payment date. As a result of the GMX exchange offer, the estimated fair value of our investment in GMX increased from $9.6 million at June 30, 2012 to $11.9 million at September 30, 2012.

In February 2012, our Net Profits Interest, or NPI, in Anadarko Petroleum Corporation, or APC, achieved its 12.375% simple yield and converted to a Tail NPI of 3% which was to last for 36 months, then revert back to APC. In August 2012, APC purchased the remaining Tail NPI for $0.4 million, with an effective date of July 1, 2012. Our effective yield on the APC investment was 13.7%.

Effective as of July 31, 2012, our Senior Secured Term Loan with Black Pool Energy Partners, LLC, or Black Pool, which had a balance of $15.7 million as of June 30, 2012, was restructured. Huff Energy Holdings, Inc., or HEH, a newly-formed private oil and gas company which merged with Black Pool, agreed to assume the Term Loan (including accrued and unpaid interest of $0.4 million, which was rolled into the principal balance) and became the new borrower under the related credit agreement. We retained our first lien on the original Black Pool properties and were granted a first lien on additional proved developed properties of certain HEH subsidiaries. In exchange for the additional collateral, we agreed to reduce the interest rate under the Term Loan to 11% and to extend the maturity to April 15, 2013. In connection with the restructuring, we agreed to sell our 3% overriding royalty interest, or ORRI, in oil and gas wells operated by Black Pool, and penny warrants to purchase approximately 25% of the membership interests in Black Pool, back to Black Pool for $0.1 million. As a result of this restructuring, the estimated fair value of our investment in Black Pool/HEH increased from $9.8 million at June 30, 2012 to $16.2 million at September 30, 2012.

In 2011 and 2012, we have 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 revenues from the various oil and gas properties subject to the ORRI in ATP's Gomez and Telemark properties. Our unrecovered investment as of September 30, 2012 was $42.9 million. The terms of the ORRI provide that it will terminate after we receive payments that equal our investments in the ORRI 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, and received debtor-in-possession financing of approximately $600 million. On August 23, 2012, the bankruptcy judge presiding over ATP's case signed an order allowing ATP to pay amounts received after August 17, 2012 to those parties entitled to receive them, including the ORRIs, provided that the owners of the ORRIs execute an agreement providing for the repayment to ATP of any amounts that the bankruptcy court later finds to have been inappropriately paid, or a Disgorgement Agreement. We executed a Disgorgement Agreement and began receiving monthly distributions in September from ATP of our share of production proceeds received by ATP after August 17, 2012.

On April 26, 2012, we funded a $25.0 million participation in a $2 billion Senior Notes offering by Everest Acquisition, LLC, which subsequently changed its name to EP Energy, LLC, or EP Energy. EP Energy is owned by a group of investors led by Apollo Global Management, LLC. Proceeds of the EP Energy Senior Notes offering were used to finance EP Energy's acquisition of all of El Paso Corporation's U.S. oil and gas exploration and production assets. The EP Energy Senior Notes are unsecured, earn interest at a rate of 9.375% per annum, and are due May 1, 2020. In August 2012, we sold $15.0 million face amount of our EP Energy Senior Notes for an average price of 108.5, resulting in a realized short-term capital gain of $1.3 million, or $0.06 per share. This portion of our investment in EP Energy Senior Notes generated a 46.2% internal rate of return and a return on investment of 1.12x.

On July 10, 2012, we acquired $50.0 million of redeemable Preferred Units in Castex Energy 2005, L.P., or Castex 2005, a private oil and gas limited partnership engaged in the acquisition, exploration and development of oil and natural gas properties in South Louisiana and the shallow waters of the Gulf of Mexico. The Preferred Units earn 8% cumulative cash dividends, payable quarterly. Upon redemption, holders of the Preferred Units have the option to elect to receive the outstanding face amount plus either (a) a cash payment resulting in a total 12% internal rate of return (inclusive of the 8% cash dividends), or (b) a limited partnership interest, of which our share would be two-thirds of a 1% limited partnership interest. The Preferred Units are callable by Castex 2005 at any time after one year subject to the redemption rights described above. Each holder of the Preferred Units has the right to put its Preferred Units to Castex 2005 on the redemption terms described above on or after the earlier of (a) July 1, 2016, (b) a change of control or (c) liquidation.

In May 2012, we purchased in the secondary market an additional $2.7 million of the Southern Pacific Resource Corporation, or STP, $275 million Second Lien Term Loan, or the STP Term Loan. During the first quarter of 2012, we purchased $7.1 million of the STP Term Loan in the secondary market at a cost of $7.2 million. STP is a publicly traded Canadian company, engaged in the exploration and development in the Athabasca oil sands region of Alberta and the thermal production of heavy oil in Senlac, Saskatchewan. Proceeds of the STP Term Loan were used to construct a new Steam-Assisted Gravity Drainage facility in Alberta, Canada. The STP Term Loan matures in January 2016 and earns interest payable quarterly at an annual rate of LIBOR + 8.5% with a 2% LIBOR floor or Prime rate + 7.5% with a 3% Prime floor.

In March 2012, Crestwood Holdings, LLC, or Crestwood, refinanced its Senior Secured Term Loan and repaid in full our balance outstanding of $8.0 million with a 2% call premium, generating additional interest income of $0.2 million. Our investment in Crestwood generated a 14.2% internal rate of return and a return on investment of 1.2x.

From commencement of investment operations in November 2004 through September 30, 2012, we have invested $985.9 million in 42 portfolio companies, all energy-related, and received principal repayments, realizations and settlements of $750.0 million. The following table summarizes our investment activity for the nine months ended September 30, 2012 and 2011 (dollars in millions):

	2012	2011
Investment portfolio, beginning of period	$ 175.0	$ 242.6
New investments	84.8	72.9
Additional investments in existing clients	28.2	21.4
Principal repayments, realizations and settlements	(52.1)	(167.3)
Investment portfolio, end of period	$ 235.9	$ 169.6
Number of portfolio companies at end of period	18	18

The table below shows our portfolio investments by type as of September 30, 2012 and December 31, 2011. 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, 2012			December 31, 2011		
	Weighted Average Yields	Percentage of Portfolio		Weighted Average Yields	Percentage of Portfolio	
		Cost	Fair Value		Cost	Fair Value
Senior secured debt	9.6%	37.4%	31.6%	11.0%	62.8%	58.6%
Subordinated debt	12.1%	17.8%	19.9%	12.7%	6.4%	7.8%
Senior convertible notes	0.0%	0.0%	0.0%	15.6%	6.5%	5.6%
Limited term royalties	13.5%	18.1%	20.0%	12.3%	16.5%	19.6%
Net profits interests	N/A	0.0%	0.0%	11.1%	1.9%	2.4%
Contingent earn-out	0.0%	0.0%	0.2%	0.0%	0.0%	2.2%
Commodity derivative instruments	0.0%	0.1%	0.0%	0.0%	0.2%	0.3%
Royalty interests	561.1%	0.0%	1.2%	821.2%	0.1%	0.8%
Equity securities						
Membership and partnership units	7.7%	22.1%	25.3%	0.0%	1.0%	0.6%
Participating preferred stock	0.0%	1.9%	0.0%	0.0%	2.5%	0.3%
Common stock	0.0%	2.5%	1.4%	0.0%	1.9%	0.8%
Warrants	0.0%	0.1%	0.4%	0.0%	0.2%	1.0%
Total equity securities	7.7%	26.6%	27.1%	0.0%	5.6%	2.7%
Total portfolio investments	10.1%	100.0%	100.0%	11.6%	100.0%	100.0%

As of September 30, 2012 and December 31, 2011, the total fair value of our portfolio investments was $213.1 million and $145.1 million, respectively. Of those fair value totals, approximately $199.2 million, or 93%, and $135.3 million, or 93%, are measured using significant unobservable (i.e., Level 3) inputs.

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

	September 30, 2012		December 31, 2011	
(Dollars in thousands)	Cost	Fair Value	Cost	Fair Value
Non-accruing investments				
BioEnergy Holding, LLC	$ 15,511	$ —	$ 15,511	$ —
Bionol Clearfield, LLC	4,950	—	4,950	—
Chroma Exploration & Production, Inc.	4,312	63	4,312	500
Total non-accruing investments	24,773	63	24,773	500
Non-income producing investments				
BioEnergy Holding, LLC units	1,297	—	1,297	—
BP Corporation NA, Inc. put options	326	44	417	417
Castex Energy Development Fund, LP units	0	1,920	0	0
DeanLake Operator, LLC preferred units	—	—	—	150
Globe BG, LLC (contingent Alden Resources royalty earn-out)	—	370	—	3,270
GMX Resources, Inc. common stock	2,606	2,677	—	—
Black Pool Energy Partners, LLC warrants	10	—	10	—
Myriant Corporation common stock and warrants	468	920	468	770
Resaca Exploitation, Inc. common stock and warrants	3,485	292	3,485	1,463
Spirit Resources, LLC warrants	25	147	25	25
Tammany Oil & Gas, LLC warrants	5	500	5	1,000
Total non-income producing investments	8,222	6,870	5,707	7,095
Total non-accruing and non-income producing investments	$ 32,995	$ 6,933	$ 30,480	$ 7,595

Results of Operations

Investment Income

During the three months ended September 30, 2012, our total investment income was $6.3 million, decreasing $1.0 million, or 14%, compared to the corresponding period of 2011. The decrease in 2012 was primarily attributable to the recognition, in the three-month period ended September 30, 2011, of $2.0 million of interest and royalty income (including $1.1 million of previously unamortized OID) from our investment in Alden Resources, LLC, or Alden, which was sold in the third quarter of 2011, partially offset by dividend income of $0.9 million in the third quarter of 2012 from our new investment in Castex 2005.

During the nine months ended September 30, 2012, investment income decreased by $5.7 million, or 25%, to $17.3 million compared to the same period in 2011. For the nine months ended September 30, 2012, we recorded $16.3 million of interest from investments in debt instruments and $0.9 million attributable to royalties and other income, compared to $20.8 million of interest and $2.1 million of royalties and other income for the nine months ended September 30, 2011. The decrease in 2012 is primarily attributable to the recognition in the second quarter of 2011, of $4.5 million of previously unrecognized payment-in-kind, or PIK, interest on Tranche B of a Term Loan issued to Alden, which was sold in July 2011.

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,	
	2012	2011	2012	2011
Interest expense and bank fees	$ 598	$ 377	$ 1,256	$ 1,143
Management and incentive fees	1,127	1,337	3,275	4,262
Professional fees, insurance expenses and other G&A	1,169	1,319	3,662	3,846
Total operating expenses	$ 2,894	$ 3,033	$ 8,193	$ 9,251

For the three months ended September 30, 2012, operating expenses were $2.9 million, decreasing $0.1 million, or 3%, compared to the quarter ended September 30, 2011. Interest expense and fees on our credit facilities were $0.6 million for the three months ended September 30, 2012 compared to $0.4 million for the three months ended September 30, 2011, as a result of increased average borrowing levels. Management and incentive fees were lower in the quarter ended September 30, 2012 at $1.1 million compared to $1.3 million for the quarter ended September 30, 2011, primarily as a result of lower average total asset balances, which are the basis for the base management fee computation. Professional fees, insurance expense and other general and administrative expenses for the quarter ended September 30, 2012 decreased $0.1 million, or 11%, to $1.2 million, compared to $1.3 million for the quarter ended September 30, 2011, primarily as a result of lower professional fees.

For the nine months ended September 30, 2012, operating expenses were $8.2 million, decreasing $1.1 million, or 12%, compared to $9.3 million for the nine months ended September 30, 2011. Interest expense and fees on our credit facilities increased to $1.3 million for the nine months ended September 30, 2012 compared to $1.1 million for the nine months ended September 30, 2011, due to increased average borrowing levels. Management and incentive fees for the nine months ended September 30, 2012 were $3.3 million, decreasing $1.0 million, compared to $4.3 million for the first nine months of 2011, primarily as a result of lower base management fees in 2012 and the incurrence of $0.3 million of investment income incentive fees in 2011. Professional fees, insurance expense and other general and administrative expenses decreased slightly to $3.7 million for the year-to-date period ended September 30, 2012, compared to $3.8 million for the corresponding period in 2011.

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, 2012, net investment income was $3.4 million, or $0.16 per common share, compared to $4.3 million, or $0.20 per common share, for the three months ended September 30, 2011. The $0.9 million, or 20.0%, decrease was attributable to the $1.0 million decrease in investment income, partially offset by the $0.1 million decrease in operating expenses, both of which are described above.

For the nine months ended September 30, 2012, net investment income was $9.0 million compared to $13.6 million for the nine months ended September 30, 2011. The $4.6 million, or 34%, decrease was attributable to the $5.7 million decrease in investment income, partially offset by the $1.1 million decrease in operating expenses, both of which are described above.

Net Realized Gains (Losses)

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 and the sale of our APC Tail NPI for $0.4 million. For the three months ended September 30, 2011, we recognized net realized capital losses of $30.9 million resulting primarily from losses on the sale of our investments in Alden and Gatliff Services, LLC, or Gatliff, $3.7 million; Dean Lake Operator, LLC, or Dean Lake, $13.9 million; and TierraMar Energy, LP, or TierraMar, $15.3 million, partially offset by realized gains from the sales of the after pay-out ORRI and 50% of our warrants of Tammany Oil & Gas, LLC, or Tammany, of $2.0 million.

For the nine months ended September 30, 2012, we recognized net realized capital gains of $1.7 million, as described above. For the nine months ended September 30, 2011, we recognized net realized capital losses of $30.4 million resulting primarily from realized losses on the sale of our investments in Alden and Gatliff, $3.7 million; DeanLake, $13.9 million; TierraMar, $15.2 million; and Pioneer Natural Resources Co., or Pioneer, $1.1 million; partially offset by realized gains from the sales of the ORRI associated with Green Leaf Investment, LLC, or Greenleaf, $1.0 million; and the after pay-out ORRI and 50% of our warrants of Tammany of $2.0 million.

Unrealized Appreciation or Depreciation on Investments

For the three months ended September 30, 2012, net unrealized appreciation on portfolio investments was $7.1 million, largely due to increases in the estimated fair value of our investments in HEH of $6.0 million and 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 Exploitation Inc., or Resaca, of $0.6 million. Net increases in the estimated fair value of remaining investments totaled $0.5 million. By comparison, for the three months ended September 30, 2011, the decrease in net unrealized depreciation was $26.7 million. The decrease in unrealized depreciation primarily resulted from the reversal, due to realizations, of prior period net write-downs of investments in Alden and Gatliff, $2.6 million; DeanLake, $13.5 million and TierraMar, $15.3 million; offset by the reversal, due to realizations, of prior period write-ups of our investment in limited-term royalties of ATP, $0.5 million. Additional increases in unrealized depreciation were due to the reduction in the fair value of the assets underlying our investments in Black Pool, $3.7 million, and GMX, $1.2 million, partially offset by the increase in the fair market value of our warrants associated with our investment in Tammany of $1.0 million.

For the nine months ended September 30, 2012, net unrealized appreciation on portfolio investments 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 Castex Energy Development Fund LP, or Castex EDF, 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. By comparison, for the nine months ended September 30, 2011, the increase in net unrealized depreciation was $2.8 million, primarily due to decreases in the fair value of our investments in BioEnergy Holding, LLC and Bionol Clearfield, LLC of $21.5 million, Black Pool of $3.7 million and the reversal, due to realizations, of prior period unrealized appreciation associated with our investments in Alden of $4.3 million, partially offset by the reversal of prior period unrealized depreciation associated with our investments in DeanLake of $10.7 million and TierraMar of $15.7 million.

Net Increase (Decrease) in Net Assets Resulting from Operations

For the three months ended September 30, 2012, we recorded a net increase in net assets resulting from operations of $12.2 million, or $0.57 per share, compared to a net increase in net assets of less than $0.1 million for the three months ended September 30, 2011. The $12.2 million, or $0.57 per share, net change between the two periods was primarily attributable to the $13.1 million increase in net realized and unrealized losses on our investments in 2012, partially offset by a $0.9 million decrease in net investment income in the third quarter of 2012.

For the nine months ended September 30, 2012, we had a net increase in net assets resulting from operations of $17.5 million, or $0.82 per share, compared to a net decrease of $19.6 million, or $0.91 per share, for the corresponding period in 2011. The $37.1 million, or $1.73 per share, net improvement was primarily attributable to the $41.7 million decrease in net realized and unrealized losses on our investments during the nine months ended September 30, 2012, compared to the same period of 2011, partially offset by a $4.6 million decrease in investment income in 2012.

Financial Condition, Liquidity and Capital Resources

During the nine months ended September 30, 2012, we generated cash from operations of $6.8 million, excluding net purchases of investments, compared to $8.7 million during the comparable period of 2011. The lower amount of cash generated from operations was primarily attributable to lower overall interest income due to lower average investment portfolio balances, partially offset by net realized gains on portfolio securities during 2012. In addition, net collections of interest and income tax refunds receivable generated cash of $2.9 million in the first three quarters of 2011, compared to using cash of $0.2 million in the first three quarters of 2012.

Our net cash used in operating activities for the nine months ended September 30, 2012 was $96.3 million, compared to $58.4 million provided by operating activities for the nine months ended September 30, 2011. This increase in net cash used in 2012 was primarily due to higher net purchases of investments in portfolio securities in 2012. Purchases of portfolio securities during the first nine months of 2012 totaled $111.1 million, compared to $88.4 million during the first nine months of 2011. 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. Purchases in the first nine months of 2011 included an additional investment in ATP of $25.0 million, a $10.0 million Term Loan to Resaca, the Spirit Resources, LLC, or Spirit, Term Loan of $9.3 million, a $26.9 million Term Loan to Castex EDF, $6.9 million of GMX Senior notes and additional investments in existing portfolio companies totaling $10.2 million. During the first nine months of 2012, we also purchased $56.2 million and redeemed $10.2 million in U.S. Treasury Bills with borrowings under our Treasury Facility, compared to $30.6 million in U.S. Treasury Bills purchased and redeemed during the first nine months of 2011. Proceeds from the redemption of investments totaled $54.0 million during the first nine months of 2012, compared to $138.2 million during the first nine months of 2011. Redemptions in 2012 included EP Energy, $16.3 million; ATP, $10.8 million; Tammany, $10.1 million; Crestwood, $8.3 million; Pallas Contour Mining, LLC, or Pallas, $4.1 million, APC, $3.6 million; and other redemptions totaling $0.8 million. Redemptions in 2011 included Alden, $55.6 million; Gatliff, $15.6 million; Resaca, $10.0 million; Pioneer, $10.4 million; Greenleaf, $9.6 million; ATP, $10.8 million; Tammany, $12.7 million and other redemptions totaling $13.5 million.

At September 30, 2012, we had cash and cash equivalents totaling $31.9 million. At September 30, 2012, the amount outstanding under our $72.0 million Amended and Restated Revolving Credit Agreement, or the Investment Facility, was $37.5 million and an additional $34.4 million was available for borrowing. We repaid $18.0 million of the $37.5 million balance outstanding under the Investment Facility in October 2012. As of September 30, 2012, the amount outstanding under our $45.0 million Treasury Secured Revolving Credit Agreement, or the Treasury Facility, was $45.0 million and there was no additional amount available for borrowing.

During the nine months ended September 30, 2012, we paid cash dividends totaling $9.3 million, or $0.43 per share, to our common stockholders. In September 2012, we declared a third quarter dividend totaling $3.4 million, or $0.16 per share, which was paid in October 2012. 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, in May 2012, we repurchased an aggregate of 250,029 shares of our common stock in the open market 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 $8.4 million of our common stock.

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. See Note 9 of Notes to Consolidated Financial Statements included elsewhere herein for further description of our put options.

Credit Facilities and Borrowings

On December 6, 2011, we entered into the Investment Facility. The total amount outstanding under the Investment Facility was $37.5 million and $50.0 million, as of September 30, 2012 and December 31, 2011, 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 August 31, 2014, 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, 2012, the weighted average interest rate on our outstanding balance was 5.8%. We repaid $18.0 million of the $37.5 million balance in October 2012. As of September 30, 2012, we had a letter of credit outstanding of $0.1 million, and amount available for borrowing under the Investment Facility was $34.4 million.

On March 31, 2011, we entered into the Treasury Facility, which 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 25, 2012, we entered into a second amendment to the Treasury Facility which increased the aggregate commitment amount from $30.0 million to $45.0 million. As amended, the Treasury Facility matures on September 25, 2013 and bears interest, at our option, at either (i) LIBOR plus 100 basis points or (ii) the base rate. We have the right at any time to prepay the loans, in whole or in part, without premium or penalty. As of September 30, 2012, the total amount outstanding under the Treasury Facility was $45.0 million and the interest rate on our outstanding balance was 1.36% (LIBOR plus 100 basis points). There was no additional amount available for borrowing under the Treasury Facility as of September 30, 2012.

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, 2012 and had no 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

Virtually all of our portfolio investments at September 30, 2012, are in negotiated, and often illiquid, securities of energy-related 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, 2012, our average portfolio rating on a dollar-weighted fair market value basis was 3.9, compared to 4.1 as of December 31, 2011. Of the 19 rated investments in 16 portfolio companies as of September 30, 2012, 8 investments retained the same rating as of December 31, 2011, 4 investments improved in rating, 4 investments declined and we added 3 investments to our portfolio during the first nine months of 2012. As of September 30, 2012, on a fair value basis, approximately 26% of our portfolio investments were in the form of senior secured debt securities. As of September 30, 2012, we had 2 investments on non-accrual status with an aggregate cost and fair value of $24.8 million and $0.1 million, respectively. Our portfolio investments at fair value were approximately 91% and 84% of the related cost basis as of September 30, 2012 and December 31, 2011, respectively.

For the nine months ended September 30, 2012, the increase in net unrealized appreciation was $6.9 million, primarily consisting of increases in the estimated fair value of our investments in Black Pool/HEH of $3.7 million, GMX Senior Secured Notes of $3.2 million, Castex EDF units of $1.9 million, Castex 2005 LP units of $1.1 million, Tammany of $1.0 million and EP Energy Term Loan of $0.9 million, partially offset by decreases in the values of our investments in Globe of $2.9 million and Resaca of $1.2 million.

Contractual Obligations and Off-Balance Sheet Arrangements

The following table summarizes our contractual payment obligations at September 30, 2012 (in thousands):

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Revolving credit facilities [1]	$ 82,500	$ 45,000	$ 37,500	$ —	$ —
Total	$ 82,500	$ 45,000	$ 37,500	$ —	$ —

(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. As of September 30, 2012, the letter of credit balance was $0.1 million. 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, 2012 and December 31, 2011 (in thousands):

	September 30, 2012	December 31, 2011
Unused credit commitments	$ 15,000	$ 5,379
Letter of credit	137	2,852

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, 2011.

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, 2012), 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, 2012, 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, 2012 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.

There have been no material changes to the legal proceedings disclosed under Part I, Item 3, "Legal Proceedings" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, except as set forth below:

On August 17, 2012, ATP filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code. We own limited term ORRIs in certain offshore oil and gas producing properties operated by ATP. On August 23, 2012, the bankruptcy judge presiding over ATP's case signed an order (Docket No. 191) allowing ATP to pay proceeds of production received after August 17, 2012 to those parties it believes are entitled to receive them, including us, provided that we execute a disgorgement agreement providing for the repayment to ATP of any amounts that the bankruptcy court later finds to have been inappropriately paid. As of September 30, 2012, our unrecovered investment was $42.9 million.

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 valid, fully enforceable, and not avoidable. 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 has sought to intervene in the lawsuit arguing that the underlying leases are executory contracts and not real property conveyances; certain service companies holding mechanics and materialman's lien privileges have intervened in the lawsuit for the purpose of establishing that their liens and privileges are superior to our rights. This lawsuit is currently pending and trial is scheduled for April 30 – May 1, 2013. We intend to vigorously defend our position that the ORRIs constitute real property interests and are fully valid and enforceable pursuant to their terms.

Separately, the Official Committee of Unsecured Creditors of ATP (the "Committee") filed a motion (the "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 a date after May 1, 2013.

Item 1A. Risk Factors.

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, 2011, except as set forth below.

Payments of our limited term ORRI granted by ATP were delayed for approximately two months as a result of bankruptcy proceedings. There is a risk that the consequences of any additional delays or future adverse rulings by the bankruptcy court would prevent us from recovering our full investment in the ORRI.

In 2011 and 2012, we purchased from ATP limited-term ORRIs in certain offshore oil and gas producing properties operated by ATP in the Gulf of Mexico. Under this arrangement, we own the right to our proportionate share (ranging from 5.0% to 10.8%) of the monthly production proceeds from the various oil and gas properties subject to the ORRI in ATP's Gomez and Telemark properties. On August 17, 2012, ATP filed for protection under Chapter 11 of the U.S. Bankruptcy Code and received debtor-in-possession financing of approximately $600 million. On August 23, 2012, the bankruptcy judge presiding over ATP's case signed an order allowing ATP to pay proceeds of production received after August 17, 2012 to those parties it believes entitled to receive the same, including the ORRI holders, provided that the owners of the ORRIs execute an agreement providing for the repayment to ATP of any amounts that the bankruptcy court later finds to have been inappropriately paid. The terms of each ORRI provide that it will terminate after we receive payments that equal our investments in the ORRI plus a time-value factor that is calculated at a rate of 13.2% per annum. As of September 30, 2012, our unrecovered investment was $42.9 million.

Payments not made on the ORRIs for pre-petition production have been delayed, thus extending the time for termination of the ORRI, and may never be made in full. It is also possible that our rights to payments for post-petition production, as well as post-petition payments actually received, could be delayed or otherwise adversely affected in ATP's bankruptcy proceedings, resulting in our inability to recover our investment in full and our expected return. If we do not receive payments for post-petition production from the wells subject to the ORRI in amounts sufficient to provide for termination of the ORRI prior to the wells being shut in, then we would fail to recover, in full, our investment plus the associated time-value factor. In the interim, if production declines significantly, the fair value of our ORRI could decline accordingly.

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 8, 2012

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

Date: November 8, 2012

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

Index to Exhibits

Exhibits No.	Exhibit
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	Bylaws (filed as Exhibit (b) to our Registration Statement on Form N-2 filed on August 16, 2004 (Registration No. 333-118279) 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*	Second Amendment to Treasury Secured Revolving Credit Agreement effective as of September 25, 2012, between the Company, the lenders from time to time party thereto and SunTrust 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.

SECOND AMENDMENT TO TREASURY SECURED
REVOLVING CREDIT AGREEMENT

THIS SECOND AMENDMENT TO TREASURY SECURED REVOLVING CREDIT AGREEMENT (this "***Amendment***"), is made and entered into as of September 25, 2012, 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 notified the Administrative Agent and each of the Lenders that the Borrower proposes to increase the Aggregate Commitment Amount under the Credit Agreement by the amount of $15,000,000;

WHEREAS, the Comerica Bank (the "***New Lender***") has agreed to join the Credit Agreement and other Loan Documents and to provide the additional Commitment requested by the Borrower;

WHEREAS, the Borrower has also 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. **Joinder**.

(a) By executing and delivering this Amendment, the New Lender hereby becomes a party to the Credit Agreement as a Lender thereunder with the same force and effect as if originally named therein as a Lender, and without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Lender thereunder and agrees to provide a Commitment to the Borrower under the Credit Agreement in the amount shown on Schedule II hereto as of the Second Amendment Date. Each party hereto acknowledges and agrees that the Commitments of the New Lender and the Commitments of the other Lenders under the Credit Agreement are several and not joint commitments and obligations of such Lenders.

(b) Each party hereto acknowledges and agrees that (i) the Commitments in effect for all Lenders under the Credit Agreement shall be those shown on Schedule II attached to this Amendment, (ii) the Borrower shall be deemed to have requested one or more Borrowings under the Commitments in an aggregate amount equal to the aggregate outstanding Treasury Revolving Loans under Commitments and (iii) the proceeds of such Borrowings shall be applied to repay such Treasury Revolving Loans under the Commitments on the date hereof, or to the extent that repayment of any Treasury Revolving Loans on the date hereof would result in any payment under Section 2.17 of the Credit Agreement, then on the last day of the Interest Period for such Treasury Revolving Loans (and funding of the corresponding Borrowing(s) shall not occur until such date).

(c) The New Lender (i) represents and warrants that (A) it has full power and authority, and has taken all action necessary, to execute and deliver this Amendment and to consummate the transactions contemplated hereby, (B) all requirements set forth in Section 3.1 of the Credit Agreement have been satisfied (subject to receipt of such consents as may be required under the Credit Agreement), (C) from and after the Second Amendment Date, it shall be bound by the provisions of the Credit Agreement as amended by that certain Consent and First Amendment to Treasury Secured Revolving Credit Agreement dated as of March 30, 2012 and as further amended hereby as a Lender thereunder and, to the extent of its Commitment as set forth on Schedule II, shall have the obligations of a Lender thereunder, (D) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Amendment and to make its Commitment on the basis of which it has made such analysis and decision independently and without reliance on any Agent or any other Lender, and (E) if it is a Foreign Lender, delivered to the Administrative Agent any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the New Lender; and (ii) agrees that (A) it will, independently and without reliance on any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (B) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. **Amendments**.

(a) Section 1.1 of the Credit Agreement is hereby amended by replacing the definitions of "***Aggregate Commitment Amount***", "***Commitment Termination Date***" and "***Treasury Revolving Commitment Amount***" in their entirety with the following definitions:

"***Aggregate Commitment Amount***" shall mean the aggregate principal amount of the Aggregate Commitments from time to time. On the Second Amendment Date, the Aggregate Commitment Amount equals $45,000,000

"***Commitment Termination Date***" shall mean the earliest of (i) September 25, 2013, (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).

"***Treasury Revolving Commitment Amount***" shall mean the aggregate principal amount of the Treasury Revolving Commitments from time to time. On the Second Amendment Date, the Treasury Revolving Commitment Amount equals $45,000,000

(b) Section 1.1 of the Credit Agreement is hereby amended by adding the following definition of "***Second Amendment Date***" in the appropriate alphabetical order:

"***Second Amendment Date***" shall mean September 25, 2012.

(c) Schedules I and II of the Credit Agreement are hereby amended by replacing such schedules in their entirety with the Schedule I and Schedule II attached hereto.

3. **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 June 14, 2012 among the Borrower, the Administrative Agent and SunTrust Robinson Humphrey, Inc., (ii) such other fees as the Borrower has previously agreed to pay the Administrative Agent or any of its affiliates in connection with this Amendment, (iii) 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), (iv) executed counterparts to this Amendment from the Borrower and the Lenders, (v) 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 (vi) 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.

4. **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.

5 . **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.

6. **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.

7. **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.

8. **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.

9 . **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.

10. **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.

11. **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.

12. **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

[SIGNATURE PAGE TO SECOND AMENDMENT]

LENDERS:

SUNTRUST BANK, as a Lender and as Administrative Agent

By: /s/ Andrew Johnson
Name: Andrew Johnson
Title: Director

COMERICA BANK, as a Lender

By: /s/ Justin Crawford
Name: Justin Crawford
Title: Senior Vice President

[SIGNATURE PAGE TO SECOND AMENDMENT]

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
1.000%	0.000%	0.250%

Schedule II

COMMITMENT AMOUNTS

SunTrust Bank	$30,000,000
Comerica Bank	$15,000,000

Exhibit 31.1

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) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2012

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

Exhibit 31.2

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) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2012

/s/ L. Scott Biar

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

Exhibit 32.1

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, 2012, 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 8, 2012

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

Exhibit 32.2

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, 2012, 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 8, 2012

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