



April 25, 2007

Dear Fellow Stockholders,

Thank you for your investment in Tortoise Capital Resources, and welcome to our new stockholders who participated in our initial public offering completed Feb. 7, 2007. We used the net proceeds to pay down debt and redeem preferred shares that were issued to fund portfolio investments. We believe our quarterly dividends will reflect our progress towards our goal of full investment, which we expect to complete within 9 months of the initial public offering.

Investment Goals

This letter highlights the investment and financing activities for our first fiscal quarter following our IPO, ending Feb. 28, 2007.

Our goal is to provide stockholders with a high level of total return, with an emphasis on dividends and dividend growth. We invest primarily in privately-held and micro-cap public companies operating in the midstream and downstream segments, and to a lesser extent the upstream segments of the U.S. energy infrastructure sector.

We focus on midstream and downstream energy infrastructure companies which gather, process, transport, refine, market and distribute natural gas, crude oil, coal and renewable fuels. We believe this is a desirable industrial segment for investment focus due to high capital requirements and opportunities for value growth.

Investment Activity

The following are highlights of the quarter:

- On December 22, 2006, we invested \$17.5 million as part of a \$90 million private placement in Quest Midstream Partners, LP. This newly formed private partnership bought the gathering assets of Quest Resources Inc., a publicly traded company specializing in the exploration, development, and production of natural gas in the Cherokee Basin.
- On December 28, 2006, we invested \$17.5 million as part of a \$70 million private placement of equity in a private limited partnership, Millennium Midstream Partners, LP. The partnership was formed to acquire the assets of Millennium Midstream Energy LLC located in Houston, Texas. The company owns midstream assets in Texas, Louisiana and the Gulf of Mexico.
- In January 2007, Legacy Reserves LP became our second portfolio company to go public. The offering of 6,000,000 units at \$19.00 grossed \$114.0 million. We invested \$4.5 million in Legacy in March 2006 at \$17.00 a unit. Legacy trades on the NASDAQ under the ticker symbol "LGCY."

As of February 28, 2007, our investment portfolio (excluding short-term investments) totaled approximately \$74.6 million, including equity investments in six portfolio companies representing approximately \$70.0 million and a subordinated debt investment in one portfolio company representing approximately \$4.6 million. Our current portfolio valuation represents a \$1.8 million gain net of tax from the November 30, 2006, quarterly valuation. As of the date of this letter, there have been no investments subsequent to the end of the quarter.

Financing Activity

We completed our initial public offering of 5,740,000 shares at \$15.00 on Feb. 7, 2007. The offering raised \$86.1 million in gross proceeds; we used approximately \$30 million of the net proceeds to repay all debt and to redeem preferred shares that were issued in the quarter to fund portfolio investments. At Feb. 28, 2007, we had a total of 8,828,596 shares outstanding and 957,130 warrants with a strike price of \$15.00, and we had cash of \$49.7 million and line of credit availability of \$20 million.



On Feb. 7, 2007 we paid a dividend to our stockholders of record as of Jan. 31, 2007 (our pre-IPO stockholders) of \$0.10 per common share. We expect to pay our next quarterly dividend on or around May 31, 2007.

Market Outlook for Private Investments in the Energy Infrastructure Sector

Population and economic growth trends should continue to increase U.S. energy demand. We believe energy infrastructure will directly benefit, providing investors an attractive return with minimal exposure to risks associated with volatile energy commodity prices. We expect Tortoise Capital Advisors' position as a leading institutional investor in the energy infrastructure space to continue to provide us the opportunity to invest in private energy infrastructure companies.

Our market opportunity for investments in private companies is related to the public market for similar companies, particularly those organized as master limited partnerships (MLPs). In 2006, there was significant growth in the total return of publicly traded MLPs, with the Alerian MLP index rising 26.1 percent compared to S&P 500's 15.1 percent. According to a January 2007 Lehman Bros. research report, the MLP market capitalization grew year-over-year by 53 percent to \$101 billion as of December 31, 2006. A vibrant public MLP market should continue to encourage high-quality private companies in the energy infrastructure sector to raise the capital necessary to reach the size needed to access the public markets.

We continue to see a strong pipeline of private transactions in the energy infrastructure area. The upstream sector is also growing with the successful launch of a handful of publicly-traded exploration and production (E&P) MLPs, such as Legacy Reserves LP. We believe the significant amount of capital going into the upstream market will drive the need for midstream assets to transport and process the commodities generated by upstream assets.

We will work hard to deliver on our investment goal to provide our investors with a high level of total return and with an emphasis on dividend and dividend growth. We encourage you to visit our website at www.tortoiseadvisors.com for updates on our portfolio, filings and press releases.

Sincerely,

Terry Matlack

Abel Mojica III

Ed Russell

Dave Schulte