



July 27, 2007

Dear Fellow Stockholders,

Thank you for your investment in Tortoise Capital Resources Corp. ("Tortoise Resources"). As of June 30, 2007 we have fully invested the proceeds of our initial public offering, with investments of \$122.7 million in 11 portfolio companies.

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

The remainder of this letter highlights our investment activity since the first quarter:

## Investment Review

In the second quarter ended May 31, 2007, we invested \$23.0 million in four companies. Shortly after our quarter end, we achieved full investment of our initial public offering proceeds through the completion of four additional investments totaling \$29.5 million.

Investment highlights for the 2<sup>nd</sup> quarter included:

- Exercising of an option to purchase a 3 percent interest in High Sierra Energy GP, LLC, the general partner of High Sierra Energy, L.P., at an exercise price of \$2.25 million.
- An additional \$0.5 million equity and \$0.5 million debt investment in Mowood, LLC to fund the expansion of its newest subsidiary, Timberline Energy, LLC., a developer, owner and operator of natural gas pipelines and a business recovering landfill methane gas.
- A \$12.3 million investment in a newly formed partnership, VantaCore Partners, L.P. VantaCore acquires aggregate companies that operate quarries that mine limestone, gravel, granite and sand for road construction and other public works projects. The income derived from the operations of these companies qualifies for the same partnership tax treatment afforded to publicly-traded MLP's. The investment represented a combination of \$8.5 million in common units and incentive distribution rights, and a \$3.75 million participation investment in a secured credit facility.
- A \$7.5 million investment in a private placement of common units in a newly formed partnership, Abraxas Energy Partners, L.P. Abraxas Petroleum Corp. (NYSE: ABP) formed Abraxas Energy Partners, L.P. and has contributed long-lived, low-decline natural gas and oil reserves located in the Delaware and Gulf Coast Basins of Texas. A registration statement for the partnership was filed subsequent to the end of the quarter.

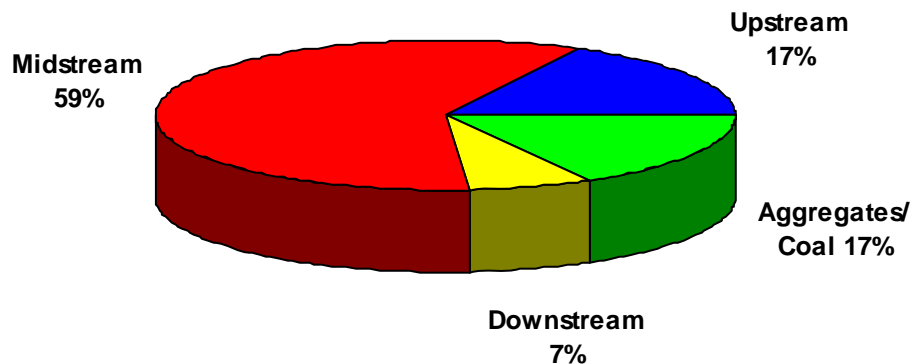
In June 2007, the company made four new investments:

- A \$10.0 million follow-on investment in High Sierra Energy, L.P. common units to support the company's organic growth projects and selective acquisitions.
- A \$10.0 million investment in common units of International Resource Partners, L.P. supporting the company's initial acquisition of surface and underground coal mine operations in southern West Virginia. Initial assets include metallurgical and steam coal reserves, a coal washing and preparation plant, rail load-out facilities and a sales and marketing subsidiary.



- A \$7.5 million direct placement investment in EV Energy Partners, L.P.'s (Nasdaq: EVEP) common units. EVEP has stated that the proceeds will be used to repay their borrowings under a revolving credit facility used to finance a previously completed acquisition of Monroe field properties in Louisiana. In addition, EVEP stated that the proceeds will fund a portion of its \$100.0 million acquisition of oil and natural gas properties in Central and East Texas.
- A \$2.0 million follow-on investment in subordinated debt of Mowood, LLC to finance the purchase of equipment for landfill gas-to-energy projects in Oklahoma and Florida.

Our portfolio offers a strategic mix of upstream, midstream and downstream energy investments along with the aggregate and coal investments that we believe will deliver attractive returns for investors. The chart below presents the breakdown of our portfolio as of June 30, 2007.<sup>(1)</sup>



## Master Limited Partnership Overview and Investment Outlook

A robust volume of public and private offerings to finance internal growth projects, drop-down asset acquisition activity, and the emergence of oil and gas initial public offerings contributed to a 21 percent year-to-date increase in the MLP market capitalization of \$122.4 billion as of April 11, 2007.<sup>(2)</sup> We estimate MLP organic growth projects and acquisitions are expected to surpass \$44.0 billion by 2010.

The emergence of gas and oil MLPs has become one of the more prominent sources of growth for the MLP sector this year, with quality private and micro-cap energy company investment opportunities becoming even more plentiful. Our allocation policy for upstream investments allows us to participate in this growth.

## In Closing

"We continue to see strong deal flow as reflected by our investment pace and pipeline," said Ed Russell, Tortoise Capital Resources' President. We believe our platform will continue to provide us with the opportunity to select long-term accretive investments for our stockholders.



## Tortoise Capital Resources Corporation

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As always, our focus on yield, growth and quality will drive every investment decision we make.

Thank you for being our stockholders. Your investment in Tortoise Resources is appreciated. Please feel free to contact us if you have any suggestions, comments or questions.

Sincerely,

Terry Matlack

Abel Mojica III

Ed Russell

Dave Schulte

<sup>(1)</sup> Percentages based on fair market values as of May 31, 2007, except for investments made after May 31, 2007 which are valued at cost.

<sup>(2)</sup> Lehman Bros. MLP Quarterly Monitor Research Report – April 2007