

Resolute Energy Corp
Form 424B3
July 21, 2010

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Registration No. 333-167894

PROSPECTUS

RESOLUTE ENERGY CORPORATION

12,859,193 Shares of Common Stock

This prospectus relates to the resale by selling stockholders, including their donees, pledgees, transferees or other successors-in-interests, of 12,859,193 outstanding shares of our common stock (the "Resale Shares").

Certain of the selling stockholders may be deemed affiliates of the Company or were affiliates of Hicks Acquisition Company I, Inc., a Delaware corporation with which the Company engaged in a business combination transaction that was completed on September 25, 2009 (the "Resolute Transaction"). The Resale Shares were originally issued in the Resolute Transaction to the selling stockholders or were distributed to the selling stockholders in a pro-rata distribution without consideration from others who received Resale Shares in the Resolute Transaction. It is anticipated that the selling stockholders will sell the Resale Shares from time to time in one or more transactions, in negotiated transactions or otherwise, at prevailing market prices or prices otherwise negotiated.

We will not receive any proceeds from the sale of any Resale Shares sold by the selling stockholders.

Our common stock began trading on the New York Stock Exchange on September 28, 2009, and is listed on the NYSE under the symbol "REN". On June 29, 2010, the closing price of the common stock was \$12.31 per share.

Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page 11 of this prospectus for a discussion of information that should be considered in connection with an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 21, 2010.

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PROSPECTUS SUMMARY

This summary highlights information contained in this prospectus. Because it is abbreviated, this summary does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully, including the consolidated historical and pro forma financial data and the notes to those financial statements and data. You should read Risk Factors beginning on page 11 for more information about important risks that you should consider carefully before investing in our common stock.

Company Overview

We are an independent oil and gas company engaged in the exploration, exploitation and development of oil and gas properties located in Utah, Wyoming, North Dakota and, to a lesser extent, properties in Alabama and Oklahoma. Approximately 90% of our revenue is generated from the sale of oil production. Our main focus is on increasing reserves and production from our properties located in Utah (Aneth Field Properties) and from Hilight Field and related properties in Wyoming, (Wyoming Properties), while improving efficiency and controlling costs in our operations. We have completed a number of exploitation projects that have increased our proved developed reserve base, and have plans for additional expansion and enhancement projects. We plan to further expand our reserve base through a focused acquisition strategy by looking to acquire properties that have upside potential through development drilling and exploitation projects and through the acquisition, exploration and exploitation of acreage that appears to contain relatively low risk and repeatable drilling opportunities. Also, we seek to reduce the effect of short-term commodity price fluctuations on our cash flow through the use of various derivative instruments.

Our largest asset, constituting 93% of our proved reserves, is our ownership of working interests in Greater Aneth Field (Aneth Field), a mature, long-lived oil producing field located in the Paradox Basin on the Navajo Reservation in southeast Utah. We own a majority of the working interests in, and are the operator of, three federal production units covering approximately 43,000 gross acres. These are the Aneth Unit, in which we own a 62% working interest, the McElmo Creek Unit, in which we own a 75% working interest, and the Ratherford Unit, in which we own a 59% working interest. As of December 31, 2009, we had interests in, and operated 399 gross (262 net) active producing wells and 334 gross (218 net) active water and CO₂ injection wells on our Aneth Field Properties. The crude oil produced from the Aneth Field Properties is generally characterized as light, sweet crude oil that is highly desired as a refinery blending feedstock.

We were incorporated on July 28, 2009 to consummate a business combination with Hicks Acquisition Company I, Inc. (HACI), a Delaware corporation incorporated on February 26, 2007. HACI was formed to acquire through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination, one or more businesses or assets. HACI's initial public offering was consummated on October 3, 2007. HACI had neither engaged in any operations nor generated any operating revenue prior to the business combination with us.

On September 25, 2009 (the Acquisition Date), we consummated a business combination with HACI (the Resolute Transaction) under the terms of a Purchase and IPO Reorganization Agreement, dated as of August 2, 2009 (Acquisition Agreement) among the Company, HACI, Resolute Holdings Sub, LLC, Resolute Subsidiary Corporation, Resolute Aneth, LLC, Resolute Holdings, LLC and HH HACI, L.P., as amended. As a result of the Resolute Transaction, HACI became a wholly owned subsidiary of the Company. In addition, the Company owned, directly or indirectly, prior to the Resolute Transaction, and continues to own after the Resolute Transaction, 100% of the equity interests of Resolute Natural Resources Company, LLC (Resources), WYNR, LLC (WYNR), BWNR, LLC

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(BWNR), RNRC Holdings, Inc. (RNRC), and Resolute Wyoming, Inc. (RWI) (formerly known as Primary Natural Resources, Inc. (PNR)), and a 99.996% equity interest in Resolute Aneth, LLC (Aneth), (collectively, Resources, WYNR, BWNR, RNRC, Aneth and RWI are referred to as Predecessor Resolute). The entities comprising Predecessor Resolute prior to the Resolute Transaction were wholly-owned by Resolute Holdings Sub, LLC (except for Aneth, which was 99.996% owned by Resolute Holdings Sub, LLC), which in turn is a wholly-owned subsidiary of Resolute Holdings, LLC (Holdings). Under generally accepted accounting principles, HACI was the accounting acquirer in the Resolute Transaction.

As used in this prospectus, unless otherwise indicated, references to we, us, our, Resolute and the Company refer to Resolute Energy Corporation for periods prior to and following the consummation of the Resolute Transaction. The terms HACI and Predecessor Resolute are used to refer to the respective entities for periods prior to the consummation of the Resolute Transaction.

Our principal executive offices are located at 1675 Broadway, Suite 1950, Denver, Colorado 80202 and our telephone number is 303-534-4600.

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THE OFFERING

**Shares Offered by Selling
Stockholders**

12,859,193 outstanding shares of common stock

Selling Stockholders

Certain of the selling stockholders identified in this prospectus may be deemed affiliates of the Company or affiliates of HACI prior to the Resolute Transaction. The selling stockholders are parties to a Registration Rights Agreement (as defined herein) pursuant to which the Resale Shares are being registered hereunder. See **Selling Stockholders** identified else where in this prospectus.

**Common Stock Outstanding as of
June 29, 2010**

54,815,825 ⁽¹⁾⁽²⁾⁽³⁾

Use of Proceeds

Resolute will receive no proceeds from the sale of common stock by the selling stockholders.

**NYSE Trading Symbols: Common
Stock**

REN

Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully read and consider the information set forth under the heading **Risk Factors** beginning on page 11 of this prospectus and all other information in this prospectus before investing in our common stock.

¹ Includes 3,250,000 shares (the Earnout Shares) that are subject to forfeiture in the event that the price of our common stock does not reach \$15.00 per share for 20 days in any 30 trading day period prior to September 25, 2014.

² Includes 1,659,570 shares of restricted stock

awarded to officers and directors of the Company pursuant to the 2009 Performance Incentive Plan that are subject to forfeiture if certain conditions are not satisfied.

See

Management Compensation Discussion and Analysis of the Company for a description of the terms of the restricted stock awards.

- ³ Excludes 48,400,000 shares of common stock issuable upon the exercise of warrants to purchase common stock, assuming no holders of Founders warrants or Sponsor s warrants elect to exercise on a cashless exercise basis, which warrants were outstanding as of June 29, 2010.

Table of Contents**SELECTED FINANCIAL DATA****Resolute**

The following table presents (i) for the quarters ended March 31, 2010 and 2009, selected historical financial data for Resolute for the three months ended March 31, 2010 and 2009 and selected combined historical financial data for Predecessor Resolute for the three months ended March 31, 2009 and (ii) for the years ended December 31, 2009 and 2008 and for the period from inception in 2007 to December 31, 2007, Resolute's selected pro forma statement of operations data for the year ended December 31, 2009, and selected historical financial data for the years ended December 31, 2009 and 2008 and for the period from inception in 2007 to December 31, 2007. The selected historical statement of operations data for Resolute for the three months ended March 31, 2010 and 2009 and the selected balance sheet data for Resolute as of March 31, 2010 are derived from the unaudited consolidated historical financial statements of Resolute included herein. The selected combined historical statement of operations data for Predecessor Resolute for the three months ended March 31, 2009 are derived from the unaudited combined historical financial statements of Predecessor Resolute for the three months ended March 31, 2009 included herein. The selected pro forma statement of operations data for the year ended December 31, 2009, are derived from the *Unaudited Pro Forma Financial Information* included herein. The historical consolidated statement of operations data for the years ended December 31, 2009 and 2008 and for the period from February 26, 2007 to December 31, 2007 are derived from Resolute's audited consolidated financial statements included herein. HACI was the accounting acquirer in the Resolute Transaction and, accordingly, the historical financial data below reflects HACI since its inception in 2007. Results of oil and gas operations are reflected from the date of the Resolute Transaction in September 2009. Future results may differ substantially from historical results because of changes in oil and gas prices, production increases or declines and other factors. This information should be read in conjunction with the consolidated financial statements and notes thereto and *Management's Discussion and Analysis of Financial Condition and Results of Operations*. The discussion in *Management's Discussion and Analysis of Financial Condition and Results of Operations* regarding the Resolute Transaction affects the comparability of the information provided in this Selected Financial Data.

	Three Months Ended March 31,				Year Ended December 31,		For the period from February 26, 2007 to December 31, 2007
	Resolute 2010	Resolute 2009	Predecessor Resolute 2009	Pro Forma 2009	Resolute 2009	Resolute 2008	
	(in thousands, except per share data)						
Statement of Operation Data:							
Revenue	\$ 41,132	\$	\$ 22,488	\$ 127,760	\$ 42,416	\$	\$
Operating expenses	(32,914)	(3,805)	(39,930)	(154,318)	(57,361)	(1,560)	(1,036)
Income (loss) from operations	8,218	(3,805)	(17,442)	(26,558)	(14,945)	(1,560)	(1,036)
Other (expense) income	(829)	458	3,652	(77,166)	(50,185)	7,601	5,154
(Loss) income before income taxes	7,389	(3,347)	(13,790)	(103,724)	(65,130)	6,041	4,118
Income tax benefit (expense)	(2,685)	1,138	(9,807)	38,897	19,887	(2,054)	(1,401)
Net (loss) income	4,704	(2,209)	(23,597)	(64,827)	(45,243)	3,987	2,717

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from the audited combined financial statements of Predecessor Resolute. The historical financial data of Predecessor Resolute for the year ended December 31, 2005, has been derived by combining the audited consolidated and combined financial statements of the predecessor entities.

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	For the 267 Day Period Ended September 24, 2009	Predecessor Resolute			
		2008	December 31, 2007	2006	2005
			(in thousands)		
Revenue	\$ 85,344	\$ 229,172	\$ 173,343	\$ 130,478	\$ 53,466
Operating expenses	90,067	401,563	134,794	77,427	31,489
(Loss) income from operations	(4,723)	(172,391)	38,549	53,051	21,977
Other (expense) income	(41,888)	63,725	(141,221)	(7,009)	(34,113)
(Loss) Income before income taxes	(46,611)	(108,666)	(102,672)	46,042	(12,136)
Income tax benefit (expense)	5,019	18,247	(1,740)	(3,312)	(4,084)
Net (loss) Income	(41,592)	(90,419)	(104,412)	42,730	(16,220)
Net loss (Income) attributable to the noncontrolling interest		177	(409)	(715)	(55)
Net (loss) Income attributable to Predecessor Resolute	(41,592)	(90,242)	(104,821)	42,015	(16,275)

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2009 has been derived by the application of pro forma adjustments to the historical consolidated and combined financial statements of Resolute and Predecessor Resolute to reflect the Resolute Transaction as if the Resolute Transaction had been completed on January 1, 2009. The column labeled Pro Forma provides data that is compiled according to the requirements for pro forma presentation contained in Regulation S-X. The adjustments are annotated in the information below.

The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2009 does not include any adjustments for cost savings that are anticipated to be realized from the elimination of historical operating expenses of HACI. Since its inception, HACI's efforts were limited to organizational activities, activities relating to its initial public offering, activities relating to identifying and evaluating prospective acquisition candidates, and activities relating to general corporate matters.

The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2009 should not necessarily be considered indicative of actual results that would have been achieved had the Resolute Transaction been consummated on the date indicated and does not purport to indicate results of operations as of any future date or for any future period. The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2009 should be read together with the historical financial statements of Resolute and Predecessor Resolute and *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Table of Contents**Unaudited Pro Forma Condensed Consolidated Statement of Operations****For the Year Ended December 31, 2009**

	Resolute	Predecessor Resolute	Adjustments	Pro Forma
		(in thousands except per share data)		
Total revenue	\$ 42,416	\$ 85,344	\$	\$ 127,760
Lease operating expenses	21,992	46,771		68,763
Depletion, depreciation, amortization and asset retirement obligation accretion	11,541	21,925	6,890 a	40,356
Impairment of proved properties		13,295		13,295
Write off of deferred acquisition costs	3,500			3,500
General and administrative expenses	20,328	8,076		28,404
 Total operating expenses	 57,361	 90,067	 6,890	 154,318
 Income (loss) from operations	 (14,945)	 (4,723)	 (6,890)	 (26,558)
Other income (expense):				
Interest income (expense)	(762)	(18,416)	14,907 b	(4,271)
(Loss) gain on derivative instruments	(49,514)	(23,519)		(73,033)
Other income (expense)	91	47		138
 Total other income (expense)	 (50,185)	 (41,888)	 14,907	 (77,166)
 Income (loss) before taxes	 (65,130)	 (46,611)	 8,017	 (103,724)
Income tax (expense) benefit	19,887	5,019	13,991 c	38,897
 Net income (loss)	 \$ (45,243)	 \$ (41,592)	 \$ 22,008	 \$ (64,827)
 Basic and diluted earnings (loss) per share:				
Common stock, subject to redemption	\$ (0.16)			
Common stock	\$ (0.93)			\$ (1.30)
Weighted average shares outstanding:				
Common stock, subject to redemption	12,114			
Common stock	46,394			49,905

**Adjustments to Unaudited Pro Forma
Condensed Consolidated Statement of Operations
for the Year Ended December 31, 2009**

a. Represents the increase in depletion, depreciation, amortization and accretion computed on a unit of production basis following the allocation of the excess of the aggregate purchase price consideration over the historical book value of Predecessor Resolute to proved oil and gas properties, as if the Resolute Transaction had been consummated on January 1, 2009.

b. Represents reduced interest income and interest expense resulting from the repayment of Predecessor Resolute's \$225.0 million second lien term loan and a \$99.5 million partial repayment of Resolute's revolving credit facility as if the repayments occurred on January 1, 2009.

c. Assumes an effective tax rate of 37.5% on income (loss) before income taxes and before non-controlling interests. This reflects both the federal and state statutory income tax rates that were in effect during the periods presented.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. The use of any statements containing the words anticipate, intend, believe, estimate, project, expect, plan, should or similar expressions are intended to identify such statements. Forward-looking statements included in this report relate to, among other things, expected future production, expenses and cash flows in 2010, the nature, timing and results of capital expenditure projects, amounts of future capital expenditures, our future debt levels and liquidity and future compliance with covenants under our revolving credit facility, whether conditions to exercise of Founder's Warrants will be satisfied and the extent to which Warrants will be exercised. Although we believe that the expectations reflected in such forward-looking statements are reasonable, those expectations may prove to be incorrect. All forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Except as required by law, we undertake no obligation to update any forward-looking statement. Factors that could cause actual results to differ materially from our expectations include, among others, those factors referenced in the *Risk Factors* section of this prospectus, and such things as:

volatility of oil and gas prices, including reductions in prices that would adversely affect our revenue, income, cash flow from operations, liquidity and reserves;

discovery, estimation, development and our ability to replace oil and gas reserves;

our future cash flow, liquidity and financial position of the Company;

the success of our business and financial strategy, hedging strategies and plans of the Company;

the amount, nature and timing of our capital expenditures, including future development costs;

a lack of available capital and financing;

the effectiveness and results of our CO₂ flood program;

the success of the development plan and production from our Aneth Field Properties;

the timing and amount of future production of oil and gas;

exploratory drilling in the Bakken trend of the Williston Basin;

volatility of stock prices generally and in the oil and gas industry, and in the price of our common stock;

availability of drilling and production equipment;

success of refracs scheduled in the Muddy formation;

timing of restoration of compression failure at Western Gas Resources Hilignt Plan;

commencement of activities in the Big Horn Basin;

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inaccuracy in reserve estimates and expected production rates;

our operating costs and other expenses;

the success in marketing oil and gas;

competition in the oil and gas industry;

uninsured or underinsured losses in, or operational problems affecting, our operations;

the impact and costs related to compliance with or changes in laws or regulations governing our oil and natural gas operations;

our relationship with the Navajo Nation and Navajo Nation Oil and Gas, as well as the timing of when certain purchase rights held by Navajo Nation Oil and Gas become exercisable;

the impact of weather and the occurrence of disasters, such as fires, floods and other events and natural disasters;

environmental liabilities;

expected increase in capacity due to additional pumps in the McElmo Creek pipeline;

anticipated CO₂ supply to be sourced from Kinder Morgan;

risks related to our level of indebtedness;

developments in oil-producing and gas-producing countries;

the success of strategic plans, expectations and objectives of our future operations;

loss of senior management or technical personnel;

acquisitions and other business opportunities (or the lack thereof) that may be presented to and pursued by us;
and

other factors, many of which are beyond our control.

Table of Contents**RISK FACTORS**

An investment in our securities involves a high degree of risk. You should carefully consider and evaluate all of the information contained in this prospectus before you decide to purchase our common stock. Any of the risks and uncertainties set forth therein and below could materially and adversely affect our business, results of operations and financial condition, which in turn could materially and adversely affect the trading price of our common stock. As a result, you could lose all or part of your investment.

Risks Related to Resolute's Business, Operations and Industry

The risk factors set forth below are not the only risks that may affect Resolute's business. Resolute's business could also be affected by additional risks not currently known to it or that it currently deems to be immaterial. If any of the following risks were actually to occur, Resolute's business, financial condition or results of operations could be materially adversely affected.

Resolute's oil production from its Aneth Field Properties is presently connected by pipeline to only one customer, and such sales are dependent on gathering systems and transportation facilities that Resolute does not control. With only one pipeline connected customer, when these facilities or systems are unavailable, Resolute's operations can be interrupted and its revenue reduced.

The marketability of Resolute's oil and gas production depends in part upon the availability, proximity and capacity of pipelines, gas gathering systems, and processing facilities owned by third parties. In general, Resolute does not control these facilities and its access to them may be limited or denied due to circumstances beyond its control. A significant disruption in the availability of these facilities could adversely impact Resolute's ability to deliver to market the oil and gas Resolute produces, and thereby cause a significant interruption in its operations. In some cases, Resolute's ability to deliver to market its oil and gas is dependent upon coordination among third parties who own pipelines, transportation and processing facilities that Resolute uses, and any inability or unwillingness of those parties to coordinate efficiently could also interrupt Resolute's operations. These are risks for which Resolute generally does not maintain insurance.

With respect to oil produced at its Aneth Field Properties, Resolute operates in a remote part of southeastern Utah, and currently Resolute sells all of its crude oil production to a single customer, Western Refining Southwest, Inc. (Western). Resolute and Western, with the consent of Navajo Nation Oil and Gas Company (NNOG), entered into a new contract effective September 1, 2009, covering the joint crude oil volumes of Resolute and NNOG from Aneth Field with an initial term of one year and continuing month-to-month thereafter, with either party having the right to terminate after the initial term, upon ninety days' notice. The contract may also be terminated by Western after December 30, 2009, upon sixty days' notice, if Western is not able to renew its right-of-way agreements with the Navajo Nation or if such rights-of-way are declared invalid and either Western is prevented from using such rights-of-way or the Navajo Nation declares Western to be in trespass with respect to such rights-of-way. Resolute's crude oil production is currently transported to a terminal that serves Western's two refineries in the region via a crude oil pipeline owned by NNOG. In November 2009, Western announced that it intended to discontinue refining operations at one of its two refineries. See *Resolute's Business and Properties Marketing and Customers Aneth Field*. There are presently no pipelines in service that run the entire distance from Resolute's Aneth Field Properties to any alternative markets. If Western did not purchase Resolute's crude oil, Resolute would have to transport its crude oil to other markets by a combination of the NNOG pipeline, truck and rail, which would result, in the short term, in a lower price relative to the NYMEX price than it currently receives. Resolute may in the future receive prices with a greater differential to NYMEX than it currently receives, which if not offset by increases in the NYMEX price for crude oil could result in a material adverse effect on Resolute's financial results.

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Resolute would also have to find alternative markets if Western's refining capacity in the region is temporarily or permanently shut-down for any reason or if NNOG's pipeline to Western's refineries is temporarily or permanently shut-in for any reason. Resolute does not have any control over Western's decisions with respect to its refineries. Resolute would also not have control over similar decisions by any replacement customers.

Resolute customarily ships crude oil to Western daily and receives payment on the twentieth day of the month following the month of production. As a result, at any given time, Western owes Resolute between 20 and 50 days of production revenue. Based upon average production from Aneth Field during the three months ended March 31, 2010, and a NYMEX oil price of \$80.00 per barrel, Western could owe Resolute between \$8 million and \$20 million at any given time. If Western defaults on its obligation to pay Resolute for the crude oil it has delivered, Resolute's income would be materially and negatively affected. Both Moody's Investor Services and Standard & Poor's have assigned credit ratings to Western's long-term debt that are below investment grade and Standard & Poor's has recently put Western on credit watch negative.

With respect to its Wyoming operations, Resolute does not have any long-term supply or similar agreements with entities for which it acts as a producer and currently sells most of its Wyoming oil production under a purchase agreement with a single purchaser. Resolute is therefore dependent upon its ability to sell oil and gas at the prevailing wellhead market price. There can be no assurance that purchasers will be available or that the prices they are willing to pay will remain stable and not decline.

Current financial conditions may have effects on Resolute's business and financial condition that Resolute cannot predict.

Turmoil in the global financial system may continue to have an impact on Resolute's business and financial condition, and Resolute may continue to face challenges if conditions in the financial markets do not improve. Resolute's ability to access the capital markets has been restricted as a result of this turmoil and may be restricted in the future when Resolute would like, or need, to raise capital. The financial turmoil may also limit the number of prospects for Resolute's development and acquisition, or make such transactions uneconomic or difficult to consummate, and make it more difficult for Resolute to develop its reserves. The economic situation could also adversely affect the collectability of Resolute's trade receivables and cause Resolute's commodity hedging arrangements, if any, to be ineffective if Resolute's counterparties are unable to perform their obligations or seek bankruptcy protection. It may also adversely affect any of Resolute's partners' ability to fulfill their obligations under operating agreements and Resolute may be required to fund these expenditures from other sources or reduce Resolute's planned activities. Additionally, the global economic situation could lead to further reduced demand for oil and gas, lower product prices or continued product price volatility which would have a negative effect on Resolute's revenue.

Inadequate liquidity could materially and adversely affect Resolute's business operations in the future.

Resolute's ability to generate cash flow depends upon numerous factors related to its business that may be beyond its control, including:

the amount of oil and gas it produces;

the price at which it sells its oil and gas production and the costs it incurs to market its production;

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the effectiveness of its commodity price hedging strategy;

the development of proved undeveloped properties and the success of its enhanced oil recovery activities;

the level of its operating and general and administrative costs;

its ability to replace produced reserves;

prevailing economic conditions;

government regulation and taxation;

the level of its capital expenditures required to implement its development projects and make acquisitions of additional reserves;

its ability to borrow under its revolving credit facility;

its debt service requirements contained in its revolving credit facility or future debt agreements;

fluctuations in its working capital needs; and

timing and collectability of receivables.

Resolute's planned operations, as well as replacement of its production and reserves, will require additional capital that may not be available.

Resolute's business is capital intensive, and requires substantial expenditures to maintain currently producing wells, to make the acquisitions of additional reserves and/or conduct its exploration, exploitation and development program necessary to replace its reserves, to pay expenses and to satisfy its other obligations, which will require cash flow from operations, additional borrowings or proceeds from the issuance of additional equity, or some combination thereof, which may not be available to Resolute.

For example, based on December 31, 2009 reserve estimates, Resolute expects to spend an additional \$377.4 million of capital expenditures over the next 28 years (including CO₂ purchases) to implement and complete its proved developed non-producing and proved undeveloped CO₂ flood projects. Resolute expects to incur approximately \$161.7 million of these future capital expenditures between 2010 and 2012 based on its year-end 2009 SEC case reserve report. To the extent Resolute's production and reserves decline faster than it anticipates, Resolute will require a greater amount of capital to maintain its production. Resolute's ability to obtain bank financing or to access the capital markets for future equity or debt offerings may be limited by its financial condition at the time of any such financing or offering, the covenants in its revolving credit facility or future debt agreements, adverse market conditions or other contingencies and uncertainties that are beyond its control. Resolute's failure to obtain the funds necessary for future activities could materially affect its business, results of operations and financial condition. Even if Resolute is successful in obtaining the necessary funds, the terms of such financings could limit Resolute's activities and its ability to pay dividends. In addition, incurring additional debt may significantly increase Resolute's interest expense and financial leverage, and issuing additional equity may result in significant equity holder dilution.

A significant part of Resolute's development plan involves the implementation of its CO₂ projects. The supply of CO₂ and efficacy of the planned projects is uncertain, and other resources may not be

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available or may be more expensive than expected, which could adversely impact production, revenue and earnings, and may require a write-down of reserves.

Producing oil and gas reservoirs are depleting assets generally characterized by declining production rates that vary depending upon factors such as reservoir characteristics. A significant part of Resolute's business strategy depends on its ability to successfully implement CO₂ floods and other development projects it has planned for its Aneth Field Properties in order to counter the natural decline in production from the field. As of December 31, 2009, approximately 65% of Resolute's estimated net proved reserves were classified as proved developed non-producing and proved undeveloped, meaning Resolute must undertake additional development activities before it can produce those reserves. These development activities involve numerous risks, including insufficient quantities of CO₂, project execution risks and cost overruns, insufficient capital to allocate to these projects, and inability to obtain equipment and materials that are necessary to successfully implement these projects.

A critical part of Resolute's development strategy depends upon its ability to purchase CO₂. Resolute currently has entered into contracts to purchase CO₂ from two suppliers, ExxonMobil Gas & Power Marketing Company (EMGP) and Kinder Morgan CO₂ Company, L.P. (Kinder Morgan). The contract with EMGP expired June 30, 2010; the contract with Kinder Morgan expires in 2016. All of the CO₂ Resolute has under contract comes from the McElmo Dome field. Following the termination of the EMGP contract in June 2010, all of Resolute's CO₂ is supplied under the Kinder Morgan contract. If Resolute is unable to purchase sufficient CO₂ under the Kinder Morgan contract after June 2010, either because Kinder Morgan is unable or unwilling to supply the contracted volumes, Resolute would have to purchase CO₂ from other owners of CO₂ in the McElmo Dome field or elsewhere. In such an event, Resolute may not be able to locate substitute supplies of CO₂ at acceptable prices or at all. In addition, certain suppliers of CO₂, such as Kinder Morgan, use CO₂ in their own tertiary recovery projects. As a result, if Resolute needs to purchase additional volumes of CO₂, these suppliers may not be willing to sell a portion of their supply of CO₂ to Resolute if their own demand for CO₂ exceeds their supply. Additionally, even if adequate supplies are available for delivery from the McElmo Dome field, Resolute could experience temporary or permanent shut-ins of Resolute's pipeline that delivers CO₂ from that field to its Aneth Field Properties. If Resolute is unable to obtain the CO₂ it requires and is unable to undertake its development projects or if Resolute's development projects are significantly delayed, Resolute's recoverable reserves may not be as much as it currently anticipates, it will not realize its expected incremental production, and its expected decline in the rate of production from its Aneth Field Properties will be accelerated. If Resolute's requirements for CO₂ were to decrease, it could be required to incur costs for CO₂ that it has not purchased or to purchase more CO₂ than it could use effectively. For more information about Resolute's minimum financial obligations under these contracts, please read *Resolute's Business and Properties Planned Operating and Development Activities*. For more information about Resolute's CO₂ development program and Resolute's minimum financial obligations under these contracts, please read *Resolute's Business and Properties Planned Operating and Development Activities*.

In addition, Resolute's estimate of future development costs, including with respect to its planned CO₂ development projects, is based on Resolute's current expectation of prices and other costs of CO₂ equipment and personnel Resolute will need in the future to implement such projects. Resolute's actual future development costs may be significantly higher than Resolute currently estimates, and delays in executing its development projects could result in higher labor and other costs associated with these projects. If costs become too high, Resolute's future development projects may not be economical and Resolute may be forced to abandon its development projects.

Furthermore, the results Resolute obtains from its CO₂ flood projects may not be the same as it expected when preparing its estimate of net proved reserves. Lower than expected production results or delays in when Resolute first realizes additional production as a result of its CO₂ flood projects will

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reduce the value of its reserves, which could reduce its ability to incur indebtedness, require Resolute to use cash to repay indebtedness, and require Resolute to write-down the value of its reserves. Therefore, Resolute's future reserves, production and future cash flow are highly dependent on Resolute's success in efficiently developing and exploiting its current estimated net proved undeveloped reserves.

Resolute is a party to contracts that require it to pay for a minimum quantity of CO₂. These contracts limit Resolute's ability to curtail costs if its requirements for CO₂ decrease.

Resolute's contract with Kinder Morgan requires Resolute to take, or pay for if not taken, a minimum volume of CO₂ on a monthly basis. The take-or-pay obligations result in minimum financial obligations through 2016. The take-or-pay provision allows Resolute to subsequently apply take-or-pay payments made to volumes subsequently taken, but the provision has limitations and Resolute may not be able to utilize all such amounts paid if the limitations apply or if Resolute does not subsequently take sufficient volumes to utilize the amounts previously paid.

Oil and gas prices are volatile and change for reasons that are beyond Resolute's control. Decreases in the price Resolute receives for its oil and gas production can adversely affect its business, financial condition, results of operations and liquidity and impede its growth.

The oil and gas markets are highly volatile, and Resolute cannot predict future prices. Resolute's revenue, profitability and cash flow depend upon the prices and demand for oil and natural gas. The markets for these commodities are very volatile and even relatively modest drops in prices can significantly affect Resolute's financial results and impede its growth. Prices for oil and gas may fluctuate widely in response to relatively minor changes in the supply of and demand for the commodities, market uncertainty and a variety of additional factors that are beyond Resolute's control, such as:

domestic and foreign supply of and demand for oil and gas, including as a result of technological advances affecting energy consumption and supply;

weather conditions;

overall domestic and global political and economic conditions;

actions of the Organization of Petroleum Exporting Countries and other state-controlled oil companies relating to oil price and production controls;

the price of foreign imports;

political and economic conditions in oil producing countries, including the Middle East and South America;

technological advances affecting energy consumption;

variations between product prices at sales points and applicable index prices;

domestic, tribal and foreign governmental regulations and taxation;

the impact of energy conservation efforts;

the capacity, cost and availability of oil and gas pipelines and other transportation and gathering facilities, and the proximity of these facilities to its wells;

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the availability of refining and processing capability;

factors specific to the local and regional markets where Resolute's production occurs; and

the price and availability of alternative fuels.

In the past, the price of crude oil has been extremely volatile, and Resolute expects this volatility to continue. For example, during the twelve months ended December 31, 2009, the NYMEX price for light sweet crude oil ranged from a high of \$81.04 per Bbl to a low of \$33.98 per Bbl. For calendar year 2008, the range was from a high of \$145.28 per Bbl to a low of \$33.03 per Bbl, and for the five years ended December 31, 2009, the price ranged from a high of \$145.28 per Bbl to a low of \$31.41 per Bbl.

A decline in oil and gas prices can significantly affect many aspects of Resolute's business, including financial condition, revenue, results of operations, liquidity, rate of growth and the carrying value of Resolute's oil and gas properties, all of which depend primarily or in part upon those prices. For example, declines in the prices Resolute receives for its oil and gas adversely affect its ability to finance capital expenditures, make acquisitions, raise capital and satisfy its financial obligations. In addition, declines in prices reduce the amount of oil and gas that Resolute can produce economically and, as a result, adversely affect its quantities of proved reserves. Among other things, a reduction in its reserves can limit the capital available to Resolute, as the maximum amount of available borrowing under its revolving credit facility is, and the availability of other sources of capital likely will be, based to a significant degree on the estimated quantities of those reserves.

Resolute's estimated proved reserves are based on many assumptions that may turn out to be inaccurate. Any significant inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities of Resolute's proved reserves.

Resolute's estimate of proved reserves for the period ended December 31, 2009, is based on the quantities of oil and gas that engineering and geological analyses demonstrate with reasonable certainty to be recoverable from established reservoirs in the future under current operating and economic parameters. Netherland, Sewell & Associates, Inc., independent petroleum engineers, audited reserve and economic evaluations of all properties that were prepared by Resolute on a well-by-well basis. Oil and gas reserve engineering is not exact; it relies on subjective interpretations of data that may be inaccurate or incomplete and requires predictions and assumptions of future reservoir behavior and economic conditions. Estimates of economically recoverable oil and gas reserves and of future net cash flows depend upon a number of variable factors and assumptions, including:

the assumed accuracy of field measurements and other reservoir data;

assumptions regarding expected reservoir performance relative to historical analog reservoir performance;

the assumed effects of regulations by governmental agencies;

assumptions concerning future oil and gas prices; and

assumptions concerning future operating costs, severance and excise taxes, development costs and workover and remedial costs.

Because all reserve estimates are to some degree subjective, each of the following items may differ materially from those assumed in estimating reserves:

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the quantities of oil and gas that are ultimately recovered;

the timing of the recovery of oil and gas reserves;

the production and operating costs incurred; and

the amount and timing of future development expenditures.

Furthermore, different reserve engineers may make different estimates of reserves and cash flows based on the same available data. As a result of all these factors, Resolute may make material changes to reserves estimates to take into account changes in its assumptions and the results of its development activities and actual drilling and production.

If these assumptions prove to be incorrect, Resolute's estimates of reserves, the economically recoverable quantities of oil and gas attributable to any particular group of properties, the classifications of reserves based on risk of recovery and Resolute's estimates of the future net cash flows from its reserves could change significantly. In addition, if declines in oil and gas prices result in its having to make substantial downward adjustments to its estimated proved reserves, or if its estimates of development costs increase, production data factors change or drilling results deteriorate, accounting rules may require Resolute to make downward adjustments, as a non-cash impairment charge to earnings, to the carrying value of Resolute's oil and gas properties. If Resolute incurs impairment charges in the future, Resolute could have a material adverse effect on its results of operations in the period incurred and on its ability to borrow funds under its credit facility.

The standardized measure of future net cash flows from Resolute's net proved reserves is based on many assumptions that may prove to be inaccurate. Any material inaccuracies in Resolute's reserve estimates or underlying assumptions will materially affect the quantities and present value of its proved reserves.

Actual future net cash flows from Resolute's oil and gas properties will be determined by the actual prices Resolute receives for oil and gas, its actual operating costs in producing oil and gas, the amount and timing of actual production, the amount and timing of Resolute's capital expenditures, supply of and demand for oil and gas and changes in governmental regulations or taxation, which may differ from the assumptions used in creating estimates of future cash flows.

The timing of both Resolute's production and its incurrence of expenses in connection with the development and production of oil and gas properties will affect the timing of actual future net cash flows from proved reserves, and thus their actual present value. In addition, the 10% discount factor Resolute uses when calculating discounted future net cash flows in compliance with guidance from the Financial Accounting Standards Board may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with Resolute or the oil and gas industry in general.

Currently, substantially all of Resolute's oil producing properties are located on the Navajo Reservation, making Resolute vulnerable to risks associated with laws and regulations pertaining to the operation of oil and gas properties on Native American tribal lands.

Substantially all of Resolute's Aneth Field Properties, which represent approximately 93% of Resolute's total proved reserves and approximately 75% of Resolute's production (on an equivalent barrel basis) at December 31, 2009, are located on the Navajo Reservation in southeastern Utah. Operation of oil and gas interests on Indian lands presents unique considerations and complexities. These arise from the fact that Indian tribes are dependent sovereign nations located within states, but are subject only to

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tribal laws and treaties with, and the laws and Constitution of, the United States. This creates a potential overlay of three jurisdictional regimes – Indian, federal and state. These considerations and complexities could arise around various aspects of Resolute’s operations, including real property considerations, employment practices, environmental matters and taxes.

For example, Resolute is subject to the Navajo Preference in Employment Act. This law requires that it give preference in hiring to members of the Navajo Nation, or in some cases other Native American tribes, if such a person is qualified for the position, rather than hiring the most qualified person. A further regulatory requirement is imposed by the Navajo Nation Business Opportunity Act which requires Resolute to give preference to businesses owned by Navajo persons when it is hiring contractors. These regulatory restrictions can negatively affect Resolute’s ability to recruit and retain the most highly qualified personnel or to utilize the most experienced and economical contractors for its projects.

Furthermore, because tribal property is considered to be held in trust by the federal government, before Resolute can take actions such as drilling, pipeline installation or similar actions, it is required to obtain approvals from various federal agencies that are in addition to customary regulatory approvals required of oil and gas producers operating on non-Indian property. Resolute also is required to obtain approvals from the Resources Committee, which is a standing committee of the Navajo Nation Tribal Council, before Resolute can take similar actions with respect to its Aneth Field Properties. These approvals could result in delays in its implementation of, or otherwise prevent it from implementing, its development program. These approvals, even if ultimately obtained, could result in delays in Resolute’s ability to implement its development program.

In addition, under the Native American laws and regulations, Resolute could be held liable for personal injuries, property damage (including site clean-up and restoration costs) and other damages. Failure to comply with these laws and regulations may also result in the suspension or termination of Resolute’s operations and subject it to administrative, civil and criminal penalties, including the assessment of natural resource damages.

For additional information about the legal complexities and considerations associated with operating on the Navajo Reservation, please read *Resolute’s Business and Properties – Laws and Regulations Pertaining to Oil and Gas Operations on Navajo Nation Lands*.

NNOG has options to purchase a portion of Resolute’s Aneth Field Properties.

NNOG has a total of six options to purchase for cash at fair market value, in the aggregate, up to 30.0% of Resolute’s interest in the Chevron Properties (as defined below) and 30.0% of its interest in the ExxonMobil Properties (as defined below). These options become exercisable over a period of time if financial hurdles related to recovery by Resolute of its investments are met. If NNOG exercises its purchase options in full, it could acquire from Resolute undivided working interests representing an 18.15% working interest in the Aneth Unit, a 22.5% working interest in the McElmo Creek Unit and a 17.7% working interest in the Ratherford Unit. If NNOG were to exercise any of these options, Resolute might not be able to effectively redeploy the cash received from NNOG. For additional information about NNOG’s purchase right, please read *Resolute’s Business and Properties – Relationship with the Navajo Nation. The statutory preferential purchase right held by the Navajo Nation to acquire transferred Navajo Nation oil and gas leases and NNOG’s right of first negotiation could diminish the value Resolute may be able to receive in a sale of its properties.*

Nearly all of Resolute’s Aneth Field Properties are located on the Navajo Reservation. The Navajo Nation has a statutory preferential right to purchase at the offered price any Navajo Nation oil and

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gas lease or working interest in such a lease at the time a proposal is made to transfer the lease or interest. The existence of this right can make it more difficult to sell a Navajo Nation oil and gas lease because this right may discourage third parties from purchasing such a lease and, therefore, could reduce the value of Resolute's leases if it were to attempt to sell them. In addition, under the terms of Resolute's Cooperative Agreement with NNOG, Resolute is obligated to first negotiate with NNOG to sell its Aneth Field Properties before it may offer to sell such properties to any other third party. This contractual right could make it more difficult for Resolute to sell its Aneth Field Properties. For additional information about the right of first negotiation for the benefit of NNOG, please read *Resolute's Business and Properties - Relationship with the Navajo Nation*.

All of Resolute's producing properties are located in two geographic areas, making it vulnerable to risks associated with operating in only two geographic areas.

A substantial amount of Resolute's sales of oil and gas and 93% of its total proved reserves at December 31, 2009, are currently located in its Aneth Field Properties in the southeast Utah portion of the Paradox Basin in the Four Corners area of the southwestern United States. Essentially all of the remainder of Resolute's sales of oil and gas and 7% of its total proved reserves are predominantly located in Hilight Field in the Powder River Basin in northeastern Wyoming and southeastern Montana. As a result of Resolute's lack of diversification in asset type and location, any delays or interruptions of production from these wells caused by such factors as governmental regulation, transportation capacity constraints, curtailment of production or interruption of transportation of oil produced from the wells in these fields, price fluctuations, natural disasters or shut-downs of the pipelines connecting its Aneth Field production to refineries would have a significantly greater impact on Resolute's results of operations than if Resolute possessed more diverse assets and locations.

Lack of geographic diversification also affects the prices to be received for Resolute's oil and gas production from its properties, since prices are determined to a significant extent by factors affecting the regional supply of and demand for oil and gas, including the adequacy of the pipeline and processing infrastructure in the region to transport or process Resolute's production and that of other producers. Those factors result in basis differentials between the published indices generally used to establish the price received for regional oil and gas production and the actual (frequently lower) price Resolute may receive for its production.

Developing and producing oil and gas are costly and high-risk activities with many uncertainties that could adversely affect Resolute's financial condition or results of operations, and insurance may not be available or may not fully cover losses.

There are numerous risks associated with developing, completing and operating a well, and cost factors can adversely affect the economics of a well. Resolute's development and producing operations may be curtailed, delayed or canceled as a result of other factors, including:

high costs, shortages or delivery delays of rigs, equipment, labor or other services;

unexpected operational events and/or conditions;

reductions in oil or gas prices or increases in the differential between index oil or gas prices and prices received by Resolute;

increases in severance taxes;

limitations on Resolute's ability to sell its crude oil or gas production;

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adverse weather conditions and natural disasters;

facility or equipment malfunctions, and equipment failures or accidents;

pipe or cement failures and casing collapses;

compliance with environmental and other governmental requirements;

environmental hazards, such as leaks, oil spills, pipeline ruptures and discharges of toxic gases;

lost or damaged oilfield development and service tools;

unusual or unexpected geological formations, and pressure or irregularities in formations;

fires, blowouts, surface craterings and explosions;

shortages or delivery delays of equipment and services;

title problems;

objections from surface owners and nearby surface owners in the areas where Resolute operates; and

uncontrollable flows of oil, gas or well fluids.

Any of these or other similar occurrences could reduce Resolute's cash from operations or result in the disruption of Resolute's operations, substantial repair costs, significant damage to property, environmental pollution and impairment of its operations. The occurrence of these events could also affect third parties, including persons living near Resolute's operations, Resolute's employees and employees of Resolute's contractors, leading to injuries or death.

Insurance against all operational risk is not available to Resolute, and pollution and environmental risks generally are not fully insurable. Additionally, Resolute may elect not to obtain insurance if it believes that the cost of available insurance is excessive relative to the perceived risks presented. Losses could, therefore, occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. Moreover, insurance may not be available in the future at commercially reasonable costs and on commercially reasonable terms. Changes in the insurance markets subsequent to the terrorist attacks on September 11, 2001, have made it more difficult for Resolute to obtain coverage for terrorist attacks and related risks. Resolute may not be able to obtain the levels or types of insurance it would otherwise have obtained prior to these market changes, and any insurance coverage Resolute does obtain may contain large deductibles or it may not cover all hazards or potential losses. Losses and liabilities from uninsured and underinsured events or a delay in the payment of insurance proceeds could adversely affect Resolute's business, financial condition and results of operations.

Exploration and development drilling may not result in commercially productive reserves.

Resolute may not encounter commercially productive reservoirs through its drilling operations. In 2010, Resolute expects to incur approximately \$30 million of capital expenditures for acreage acquisition, exploration and development drilling, most significantly in the Williston Basin properties in North Dakota. The new wells Resolute drills or participates in may not be productive and the Company may not recover all or any portion of its investment in such wells. The seismic data and other technologies

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Resolute uses do not allow it to know conclusively prior to drilling whether it will find oil or gas or, if found, that the hydrocarbons will be produced economically. The cost of drilling, completing and operating a well is often uncertain, and cost factors can adversely affect the economics of a project. Resolute's efforts will be unprofitable if it drills dry wells or wells that are productive but do not produce enough reserves to return a profit after drilling, operating and other costs. Further, Resolute's drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including:

increases in the cost of, or shortages or delays in the availability of, drilling rigs and equipment;

unexpected drilling conditions;

title problems;

pressure or irregularities in formations;

equipment failures or accidents;

adverse weather conditions; and

compliance with environmental and other governmental requirements.

If Resolute does not make acquisitions of reserves on economically acceptable terms, Resolute's future growth and ability to maintain production will be limited to only the growth it intends to achieve through the development of its proved developed non-producing and proved undeveloped reserves.

Producing oil and gas reservoirs are generally characterized by declining production rates that vary depending upon reservoir characteristics and other factors. The rate of decline will change if production from Resolute's existing wells declines in a different manner than Resolute has estimated and can change under other circumstances. Resolute's future oil and gas reserves and production and, therefore, Resolute's cash flow and income are highly dependent upon its success in efficiently developing and exploiting its current reserves and economically finding or acquiring additional recoverable reserves.

Resolute intends to grow by bringing its proved developed non-producing reserves into production, developing its proved undeveloped reserves, exploring for and finding additional reserves on its non-proved properties and through acquisitions. Resolute's ability to grow through acquisitions will become more important in the event NNOG exercises its options to increase its working interest in the Aneth Field Properties. Resolute may be unable to make such acquisitions because it is:

unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts with the seller;

unable to obtain financing for these acquisitions on economically acceptable terms; or

outbid by competitors.

If Resolute is unable to acquire properties containing proved reserves at acceptable costs, Resolute's total level of proved reserves and associated future production will decline as a result of its ongoing production of its reserves.

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Any acquisitions Resolute completes are subject to substantial risks that could negatively affect its financial condition and results of operations.

Even if Resolute does make acquisitions that it believes will enhance its growth, financial condition or results of operations, any acquisition involves potential risks, including, among other things:

the validity of Resolute's assumptions about the acquired properties or company's reserves, future production, the future prices of oil and gas, infrastructure requirements, environmental and other liabilities, revenue and costs;

an inability to integrate successfully the properties and businesses Resolute acquires;

a decrease in Resolute's liquidity to the extent it uses a significant portion of its available cash or borrowing capacity to finance acquisitions or operations of the acquired properties;

a significant increase in its interest expense or financial leverage if Resolute incurs debt to finance acquisitions or operations of the acquired properties;

the assumption of unknown liabilities, losses or costs for which Resolute is not indemnified or for which Resolute's indemnity is inadequate;

the diversion of management's attention from other business concerns;

an inability to hire, train or retain qualified personnel to manage and operate Resolute's growing business and assets;

unforeseen difficulties encountered in operating in new geographic areas; and

customer or key employee losses at the acquired businesses.

Resolute's decision to acquire a property or business will depend in part on the evaluation of data obtained from production reports and engineering studies, geophysical and geological analyses and seismic and other information, the results of which are often inconclusive and subject to various interpretations.

Also, Resolute's reviews of acquired properties are inherently incomplete because it generally is not feasible to perform an in-depth review of the individual properties involved in each acquisition. Even a detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the properties to assess fully their deficiencies and potential problems. Inspections may not always be performed on every well, and environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. The potential risks in making acquisitions could adversely affect Resolute's ability to achieve anticipated levels of cash flows from the acquired businesses or realize other anticipated benefits of those acquisitions.

Resolute's future debt levels may limit its flexibility to obtain additional financing and pursue other business opportunities.

Resolute expects to have the ability to incur additional debt under its revolving credit facility, subject to borrowing base limitations. Resolute's increased level of indebtedness could have important consequences to Resolute, including:

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Resolute's ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;

covenants contained in Resolute's existing and future credit and debt arrangements will require it to meet financial tests that may affect its flexibility in planning for and reacting to changes in its business, including possible acquisition opportunities;

Resolute will need a substantial portion of its cash flow to make principal and interest payments on its indebtedness, reducing the funds that would otherwise be available for operations and future business opportunities; and

Resolute's debt level will make it more vulnerable than its competitors with less debt to competitive pressures or a downturn in its business or the economy generally.

Resolute's ability to service its indebtedness will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond Resolute's control. If Resolute's operating results are not sufficient to service its current or future indebtedness, it will be forced to take actions such as reducing or delaying business activities, acquisitions, investments and/or capital expenditures, selling assets, restructuring or refinancing Resolute's indebtedness, or seeking additional equity capital or bankruptcy protection. Resolute may not be able to effect any of these remedies on satisfactory terms or at all.

Resolute's revolving credit facility has substantial financial and operating covenants that restrict Resolute's business and financing activities and prohibit Resolute from paying dividends. Future borrowing agreements would likely include similar restrictions.

The operating and financial covenants in Resolute's senior secured revolving credit facility restrict Resolute's ability to finance future operations or capital needs or to engage, expand or pursue its business activities. Resolute's revolving credit facility currently restricts, and it anticipates that any amendment to such facility would restrict, its ability to:

incur indebtedness;

grant liens;

make acquisitions and investments;

lease equipment;

redeem or prepay other debt;

pay dividends to shareholders or repurchase shares;

enter into transactions with affiliates; and

enter into a merger, consolidation or sale of assets.

The revolving credit agreement matures in March 2014, unless extended, and is secured by all of Resolute's oil and gas properties as well as a pledge of all ownership interests in operating subsidiaries. The revolving credit agreement has a borrowing base (currently \$260 million) determined by the lenders

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based on their evaluation of the value of the collateral. Resolute is required to maintain a consolidated current ratio of at least 1.0 to 1.0 at the end of any fiscal quarter; and may not permit its Maximum Leverage Ratio (consolidated indebtedness to consolidated EBITDA as defined in the credit agreement) to exceed 4.0 to 1.0 at the end of each fiscal quarter. Resolute's revolving credit facility does not permit it to pay dividends to shareholders.

Resolute may enter into additional borrowing agreements which would likely include additional operating and financial covenants.

Shortages of qualified personnel or field equipment and services could affect Resolute's ability to execute its plans on a timely basis, reduce its cash flow and adversely affect its results of operations.

The demand for qualified and experienced geologists, geophysicists, engineers, field operations specialists, landmen, financial experts and other personnel in the oil and gas industry can fluctuate significantly, often in correlation with oil and gas prices, causing periodic shortages. From time to time, there also have been shortages of drilling rigs and other field equipment, as demand for rigs and equipment has increased along with the number of wells being drilled. These factors can also result in significant increases in costs for equipment, services and personnel. Higher oil and gas prices generally stimulate increased demand and result in increased prices for drilling rigs, crews and associated supplies, equipment and services. Historically, increased demand resulting from high commodity prices have at times significantly increased costs and resulted in some difficulty in obtaining drilling rigs, experienced crews and related services. Resolute may continue to experience such difficulties in the future. If shortages persist or prices continue to increase, Resolute's profit margin, cash flow and operating results could be adversely affected and Resolute's ability to conduct its operations in accordance with current plans and budgets could be restricted.

Resolute's hedging activities could reduce its net income, which could reduce the price at which the Company's stock may trade.

To achieve more predictable cash flow and to reduce Resolute's exposure to adverse changes in the price of oil and gas, Resolute has entered into, and plans to enter into in the future, derivative arrangements covering a significant portion of its oil and gas production. These derivative arrangements could result in both realized and unrealized hedging losses. Resolute's derivative instruments are subject to mark-to-market accounting treatment, and the change in fair market value of the instrument is reported in Resolute's statement of operations each quarter, which has resulted in, and will in the future likely result in, significant unrealized net gains or losses.

Year	Oil Swap Volumes Bbl per Day	Oil (NYMEX WTI) Weighted Average Hedge Price per Bbl	Collar Volumes Bbl per Day	Floor Price	Ceiling Price
2010	3,650	\$ 67.24	200	\$105.00	\$151.00
2011	3,250	\$ 68.26			
2012	3,250	\$ 68.26			
2013	2,000	\$ 60.47			

As of December 31, 2009, Resolute had in place oil and gas swaps, oil and gas collars and a gas basis hedge. These included oil swaps covering approximately 75% of its anticipated 2010 oil production at a weighted average price of \$67.24 per Bbl, oil collars covering approximately 4% of its anticipated 2010 oil production with a floor of \$105.00 per Bbl and ceiling of \$151.00 per Bbl, gas swaps covering approximately 73% of its anticipated 2010 gas production at a weighted average price of \$9.69 per MMBtu, and a CIG gas basis hedge priced at \$2.10 per MMBtu covering approximately 34% of its anticipated 2010 gas production. Additional instruments are also in place for future years and are

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summarized in the table below. Resolute expects to continue to use hedging arrangements to reduce commodity price risk with respect to its estimated production from producing properties. Please read *Management's Discussion and Analysis of Financial Condition and Results of Operations - How Resolute Evaluates Its Operations - Production Levels, Trends and Prices* and *Management's Discussion and Analysis of Financial Condition and Results of Operations - Quantitative and Qualitative Disclosures About Market Risk*.

Year	Basic Hedges			
	Gas Swap Volumes MMBtu per day	Gas (Henry Hub) Swap Price	Swap Volumes MMBtu per Day	Swap Price
2010	3,800	\$ 9.69	1,800	\$ 2.10
2011	2,750	\$ 9.32	1,800	\$ 2.10
2012	2,100	\$ 7.42	1,800	\$ 2.10
2013	1,900	\$ 7.40	1,800	\$ 2.10

Resolute's actual future production during a period may be significantly higher or lower than it estimates at the time it enters into derivative transactions for such period. If the actual amount is higher than it estimates, it will have more unhedged production and therefore greater commodity price exposure than it intended. If the actual amount is lower than the nominal amount that is subject to Resolute's derivative financial instruments, it might be forced to satisfy all or a portion of its derivative transactions without the benefit of the cash flow from its sale of the underlying physical commodity, resulting in a substantial diminution of its liquidity. As a result of these factors, Resolute's derivative activities may not be as effective as it intends in reducing the volatility of its cash flows, and in certain circumstances may actually increase the volatility of its cash flows.

In addition, Resolute's derivative activities are subject to the risk that a counterparty may not perform its obligation under the applicable derivative instrument. If hedge counterparties, some of which have received governmental support in connection with the ongoing credit crisis, are unable to make payments to Resolute under its hedging arrangements, Resolute's results of operations, financial condition and liquidity would be adversely affected. ***The effectiveness of hedging transactions to protect Resolute from future oil price declines will be dependent upon oil prices at the time it enters into future hedging transactions as well as its future levels of hedging, and as a result its future net cash flow may be more sensitive to commodity price changes.***

As Resolute's hedges expire, more of its future production will be sold at market prices unless it enters into additional hedging transactions. Resolute's revolving credit facility prohibits it from entering into hedging arrangements for more than 85% of its production from projected proved developed producing reserves using economic parameters specified in its credit agreements. The prices at which Resolute hedges its production in the future will be dependent upon commodity prices at the time it enters into these transactions, which may be substantially lower than current prices. Accordingly, Resolute's commodity price hedging strategy will not protect it from significant and sustained declines in oil and gas prices received for its future production. Conversely, Resolute's commodity price hedging strategy may limit its ability to realize cash flow from commodity price increases. It is also possible that a larger percentage of Resolute's future production will not be hedged as the Company's hedging policies may change, which would result in its oil revenue becoming more sensitive to commodity price changes.

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The nature of Resolute's assets exposes it to significant costs and liabilities with respect to environmental and operational safety matters. Resolute is responsible for costs associated with the removal and remediation of the decommissioned Aneth Gas Processing Plant.

Resolute may incur significant costs and liabilities as a result of environmental, health and safety requirements applicable to its oil and gas exploitation, production and other activities. These costs and liabilities could arise under a wide range of environmental, health and safety laws and regulations, including agency interpretations thereof and governmental enforcement policies, which have tended to become increasingly strict over time. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of investigatory, cleanup and site restoration costs and liens, the denial or revocation of permits or other authorizations and the issuance of injunctions to limit or cease operations. Compliance with these laws and regulations also increases the cost of Resolute's operations and may prevent or delay the commencement or continuance of a given operation. In addition, claims for damages to persons or property may result from environmental and other impacts of its operations.

Resolute has an interest in the Aneth Gas Processing Plant, which is currently being decommissioned. Under Resolute's purchase agreement with Chevron, Chevron is responsible for indemnifying Resolute against the decommissioning and clean-up or remediation costs allocable to the 39% interest Resolute purchased from it. Under Resolute's purchase agreement with ExxonMobil, however, Resolute is responsible for the decommissioning and clean-up or remediation cost allocable to the interests it purchased from ExxonMobil, which is 25% of the total cost of the project. If Chevron fails to pay its share of the decommissioning costs in accordance with the purchase agreement, Resolute could be held responsible for 64% of the total costs to decommission and remediate the Aneth Gas Processing Plant. Chevron is managing the decommissioning process and, based on Resolute's current estimate, the total cost of the decommissioning is \$28.0 million. \$17.1 million has already been incurred and paid for as of December 31, 2009. This estimate does not include any costs for any possible subsurface clean-up or remediation of the site.

The Aneth Gas Processing Plant site was previously evaluated by the U.S. Environmental Protection Agency (EPA) for possible listing on the National Priorities List (NPL) of sites contaminated with hazardous substances with the highest priority for clean-up under the Comprehensive Environmental Response Compensation and Liability Act (CERCLA). Based on its investigation, the EPA concluded no further investigation was warranted and that the site was not required to be listed on the NPL. The Navajo Environmental Protection Agency now has primary jurisdiction over the Aneth Gas Processing Plant site, however, and Resolute cannot predict whether it will require further investigation and possible clean-up, and the ultimate cleanup liability may be affected by the recent enactment by the Navajo Nation of a Navajo CERCLA. In some matters, the Navajo CERCLA imposes broader obligations and liabilities than the federal CERCLA. Resolute has been advised by Chevron that a significant portion of the subsurface clean-up or remediation costs, if any, would be covered by an indemnity from the prior owner of the plant, and Chevron has provided Resolute with a copy of the pertinent purchase agreement that appears to support its position. Resolute cannot predict whether any subsurface remediation will be required or what the costs of the subsurface clean-up or remediation could be. Additionally, it cannot be certain whether any of such costs will be reimbursable to it pursuant to the indemnity of the prior owner. To the extent any such costs are incurred and not reimbursed pursuant to the indemnity from the prior owner, Resolute would be liable for 25% of such costs as a result of its acquisition of the ExxonMobil Properties. Please read *Resolute's Business and Properties - Aneth Gas Processing Plant* for additional information about this liability.

Strict or joint and several liability to remediate contamination may be imposed under environmental laws, which could cause Resolute to become liable for the conduct of others or for consequences of its own actions that were in compliance with all applicable laws at the time those actions

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were taken. New or modified environmental, health or safety laws, regulations or enforcement policies could be more stringent and impose unforeseen liabilities or significantly increase compliance costs. Please read *Resolute's Business and Properties - Environmental, Health and Safety Matters and Regulation* for more information.

Resolute may be unable to compete effectively with larger companies, which may adversely affect its operations and ability to generate and maintain sufficient revenue.

The oil and gas industry is intensely competitive, and Resolute competes with companies that have greater resources. Many of these companies not only explore for and produce oil and gas, but also refine and market petroleum and other products on a regional, national or worldwide basis. These companies may be able to pay more for oil and gas properties and exploratory prospects or identify, evaluate, bid for and purchase a greater number of properties and prospects than Resolute's financial or human resources permit. In addition, these companies may have a greater ability to continue exploration or exploitation activities during periods of low oil and gas market prices. Resolute's larger competitors may be able to absorb the burden of present and future federal, state, local and other laws and regulations more easily than Resolute can, which would adversely affect Resolute's competitive position. Resolute's ability to acquire additional properties and to discover reserves in the future will depend upon its ability to evaluate and select suitable properties and to consummate transactions in this highly competitive environment.

Resolute is subject to complex federal, state, tribal, local and other laws and regulations that could adversely affect the cost, manner or feasibility of doing business.

Exploration, exploitation, development, production and marketing operations in the oil and gas industry are regulated extensively at the federal, state and local levels. In addition, substantially all of Resolute's current leases in the Aneth Field are regulated by the Navajo Nation. Some of its future leases may be regulated by Native American tribes. Environmental and other governmental laws and regulations have increased the costs to plan, design, drill, install, operate and properly abandon oil and gas wells and other recovery operations. Under these laws and regulations, Resolute could also be liable for personal injuries, property damage and other damages. Failure to comply with these laws and regulations may result in the suspension or termination of Resolute's operations or denial or revocation of permits and subject Resolute to administrative, civil and criminal penalties. In addition, the President's budget and other legislative proposals would terminate various tax deductions currently available to companies engaged in oil and gas development and production. Tax deductions that are proposed to be terminated include the deduction for intangible drilling and development costs, the deduction for qualified tertiary injectant expenses, and the domestic manufacturing deduction. If enacted, the elimination of these deductions will adversely affect our business.

Part of the regulatory environment in which Resolute operates includes, in some cases, federal requirements for obtaining environmental assessments, environmental impact statements and/or plans of development before commencing exploration and production activities. In addition, Resolute's activities are subject to regulation by oil and gas producing states and the Navajo Nation regarding conservation practices, protection of correlative rights and other concerns. These regulations affect Resolute's operations and could limit the quantity of oil and gas it may produce and sell. A risk inherent in Resolute's CQ flood project is the need to obtain permits from federal, state, local and Navajo Nation tribal authorities. Delays or failures in obtaining regulatory approvals or permits or the receipt of an approval or permit with unreasonable conditions or costs could have a material adverse effect on Resolute's ability to exploit its properties. Additionally, the oil and gas regulatory environment could change in ways that might substantially increase the financial and managerial costs to comply with the requirements of these laws and regulations and, consequently, adversely affect Resolute's profitability.

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Proposed greenhouse gases, or GHG, reporting rules, and proposed GHG cap and trade legislation are two examples of proposed changes in the regulatory climate that would affect Resolute. Furthermore, Resolute may be placed at a competitive disadvantage to larger companies in the industry, which can spread these additional costs over a greater number of wells and larger operating staff. Please read *Resolute's Business and Properties - Environmental, Health and Safety Matters and Regulation* and *Resolute's Business and Properties - Other Regulation of the Oil and Gas Industry* for a description of the laws and regulations that affect Resolute.

Possible regulation related to global warming and climate change could have an adverse effect on Resolute's operations and demand for oil and gas.

Recent scientific studies have suggested that emissions of GHG including CO₂ and methane, may be contributing to warming of the Earth's atmosphere. In response to such studies, the U.S. Congress is considering legislation to reduce emissions of GHG. In addition, several states have already taken legal measures to reduce emissions of GHG. As a result of the U.S. Supreme Court's decision on April 2, 2007, in *Massachusetts, et al. v. EPA*, the EPA also may be required to regulate GHG emissions from mobile sources (e.g. cars and trucks) even if Congress does not adopt new legislation specifically addressing emissions of GHG. Other nations have already agreed to regulate emissions of GHG, pursuant to the United Nations Framework Convention on Climate Change, and the subsequent Kyoto Protocol, an international treaty pursuant to which participating countries (not including the United States) have agreed to reduce their emissions of GHG to below 1990 levels by 2012. Passage of state or federal climate control legislation or other regulatory initiatives or the adoption of regulations by the EPA and state agencies that restrict emissions of GHG in areas in which Resolute conducts business could have an adverse effect on Resolute's operations and demand for oil and gas.

Resolute depends on a limited number of key personnel who would be difficult to replace.

Resolute depends substantially on the performance of its executive officers and other key employees. Resolute has not entered into any employment agreements with any of these employees, and Resolute does not maintain key person life insurance policies on any of these employees. The loss of any member of the senior management team or other key employees could negatively affect Resolute's ability to execute its business strategy.

Terrorist attacks aimed at Resolute's facilities or operations could adversely affect its business.

The United States has been the target of terrorist attacks of unprecedented scale. The U.S. government has issued warnings that U.S. energy assets may be the future targets of terrorist organizations. These developments have subjected Resolute's operations to increased risks. Any terrorist attack at Resolute's facilities, or those of its customers or suppliers, could have a material adverse effect on Resolute's business.

Work stoppages or other labor issues at Resolute's facilities could adversely affect its business, financial position, results of operations, or cash flows.

As of December 31, 2009, approximately 40 of Resolute's field level employees were represented by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, and covered by a collective bargaining agreement. Although Resolute believes that its relations with its employees are generally satisfactory, if Resolute is unable to reach agreement with any of its unionized work groups on future negotiations regarding the terms of their collective bargaining agreements, or if additional segments of Resolute's workforce become unionized, Resolute may be subject to work interruptions or stoppages. Work stoppages at the facilities of Resolute's

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customers or suppliers may also negatively affect Resolute's business. If any of Resolute's customers experience a material work stoppage, the customer may halt or limit the purchase of Resolute's products. Moreover, if any of Resolute's suppliers experience a work stoppage, its operations could be adversely affected if an alternative source of supply is not readily available. Any of these events could be disruptive to Resolute's operations and could adversely affect its business, financial position, results of operations, or cash flows.

Resolute may be required to write down the carrying value of its properties in the future.

Resolute uses the full cost accounting method for oil and gas exploitation, development and exploration activities. Under the full cost method rules, Resolute performs a ceiling test and if the net capitalized costs for a cost center exceed the ceiling for the relevant properties, it writes down the book value of the properties. Accordingly, Resolute could recognize impairments in the future if oil and gas prices are low, if Resolute has substantial downward adjustments to its estimated proved reserves, if Resolute experiences increases in its estimates of development costs or deterioration in its exploration and development results.

At December 31, 2009, using its year-end reserve estimates prepared in accordance with the recently promulgated SEC rules, total capitalized costs exceeded the full cost ceiling by approximately \$150 million. No impairment expense was recorded at December 31, 2009, as the Company requested and received an exemption from the SEC to exclude the Resolute Transaction from the full cost ceiling assessment for a period of twelve months following the acquisition, provided the Company can demonstrate that the fair value of the acquired properties exceed the carrying value in the interim periods through June 30, 2010.

At the time of the Resolute Transaction, Resolute valued the properties using NYMEX forward strip prices for a period of five years and then held prices flat thereafter. The Company also used various discount rates and other risk factors depending on the classification of reserves. Management believes this internal pricing model reflected the fair value of the assets acquired. Under full cost ceiling test rules, the commodity price utilized was equal to the twelve-month unweighted arithmetic average of first day of the month prices, resulting in an average NYMEX oil price of \$61.18 per barrel of oil and an average Henry Hub spot market price of gas of \$3.87 per MMBtu of gas, which may not be indicative of actual fair market values.

The request for exemption was made because the Company believes that the fair value of the Resolute Transaction properties can be demonstrated beyond a reasonable doubt to exceed unamortized cost. Management continues to believe that its internal model utilizing NYMEX strip prices continues to reflect the fair value of these reserves and clearly exceeds carrying value at December 31, 2009.

At March 31, 2010, the full cost ceiling exceeded capitalized costs.

While commodity prices have increased since September 30, 2009, Resolute recognizes that due to volatility associated with oil and gas prices, a downward trend could occur. If such a case were to occur and is deemed to be other than temporary, Resolute would assess Resolute's properties for impairment during the requested exemption period. Further, if Resolute cannot demonstrate that fair value exceeds the unamortized carrying costs during the exemption periods, it will recognize impairment.

Compliance with the Sarbanes-Oxley Act of 2002 and other obligations of being a public company will require substantial financial and management resources.

Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, will require that the Company implement, evaluate and report on its system of internal controls. If the Company fails to implement and maintain the adequacy of its internal controls, it could be subject to regulatory scrutiny,

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civil or criminal penalties and/or stockholder litigation. Any inability to provide reliable financial reports could harm the Company's business. Section 404 of the Sarbanes-Oxley Act also requires that the Company's independent registered public accounting firm report on management's evaluation of the Company's system of internal controls. In addition, as a newly public company, Resolute has been required to assume additional reporting and disclosure responsibilities, which will require the hiring of additional personnel and the establishment of additional systems. Any failure to implement required new or improved controls or systems, or difficulties encountered in the implementation of adequate controls over its financial processes and reporting and disclosures in the future, could harm the Company's operating results or cause the Company to fail to meet its reporting obligations. Inferior internal controls could also cause investors to lose confidence in the Company's reported financial information, which could have a negative effect on the trading price of the shares of Company common stock.

Risks Related to Resolute's Common Stock

Offers or availability for resale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our warrant holders exercise outstanding Warrants and sell substantial amounts of our common stock in the public market, or if our stockholders resell substantial amounts of our common stock pursuant to a registration statement or upon the expiration of any statutory holding period under Rule 144 or Rule 145 under the Securities Act of 1933, as amended (the Securities Act), such resales could create a circumstance commonly referred to as an overhang and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could exert downward pressure on our stock price and make it more difficult for us to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate. At March 31, 2010, the Company had outstanding warrants to purchase 48,400,000 shares of common stock at an exercise price of \$13.00 per share, representing approximately 90% of the Company's outstanding common stock at such date. Exercise of these warrants will result in dilution to our stockholders, which could cause the market price of our common stock to decline.

Registration rights held by certain of our stockholders may have an adverse effect on the market price of our common stock.

Under a Registration Rights Agreement entered into in connection with the Resolute Transaction, holders of registrable securities have the right to demand registration under the Securities Act of all or a

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portion of their registrable securities subject to amount and time limitations. Holders of the registrable securities identified in the Registration Rights Agreement may demand four registrations. This Registration Statement does not constitute a demand registration. Additionally, whenever (i) we propose to register any of our securities under the Securities Act and (ii) the method we select would permit the registration of registrable securities, holders of registrable securities have the right to request the inclusion of their registrable securities in such registration. The resale of these shares in the public market upon exercise of the registration rights described above could adversely affect the market price of our common stock or impact our ability to raise additional equity capital. Parties to the Registration Rights Agreement have right to request registration of (i) shares representing approximately 25% of our outstanding common stock at March 31, 2010, and (ii) an additional 20,800,000 shares purchasable on exercise of outstanding warrants.

Delaware law and our amended and restated charter documents may impede or discourage a takeover that our stockholders may consider favorable.

Our amended and restated charter and bylaws have provisions that may deter, delay or prevent a third party from acquiring us. These provisions include:

limitations on the ability of stockholders to amend our charter documents, including stockholder supermajority voting requirements;

the inability of stockholders to act by written consent or to call special meetings;

a classified board of directors with staggered three-year terms;

the authority of our board of directors to issue, without stockholder approval, up to 1,000,000 shares of preferred stock with such terms as the board of directors may determine and to issue additional shares of our common stock; and

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advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors.

These provisions could have the effect of delaying, deferring or preventing a change in control, discourage others from making tender offers for our shares, lower the market price of our stock or impede the ability of our stockholders to change our management, even if such a change would be beneficial to our stockholders.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS
AND RESULTS OF OPERATIONS**

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the notes thereto contained in this prospectus. Due to the nature of the Resolute Transaction, two sets of financial statements are presented in this prospectus. The first set covers the reporting company, Resolute. The second set covers the predecessor company, Predecessor Resolute, through September 24, 2009. This discussion is presented in three parts, the first relating to the business of Resolute for the fiscal year ended December 31, 2009 (supplemented with a discussion of pro forma results of operations), the second setting forth comparative data with respect to Predecessor Resolute for the period ended September 24, 2009 and the third relating to the business of Resolute for the three-month period ended March 31, 2010, and the comparative data with respect to Predecessor Resolute for the three-month period ended March 31, 2009.

RESOLUTE ENERGY CORPORATION

The following section of MD&A addresses the business of Resolute, the Resolute Transaction, how Resolute evaluates its operations, factors that affect Resolute's operations and the results of operations, liquidity and capital resources of Resolute as the successor to HACI. HACI was the accounting acquirer in the Resolute financial statements presented herein. As such, the Resolute financial statements reflect the operations of HACI on a stand-alone basis prior to September 25, 2009, the date of closing of the Resolute Transaction, and reflect Predecessor Resolute's operations as part of Resolute for the period from September 25, 2009, through December 31, 2009.

Overview

Resolute is an independent oil and gas company engaged in the acquisition, exploration, development and production of oil, gas and hydrocarbon liquids. Resolute's strategy is to grow through exploration, exploitation and industry standard enhanced oil recovery projects.

As of December 31, 2009, Resolute's estimated net proved reserves were approximately 64 million equivalent barrels of oil (MMBoe), of which approximately 54% were proved developed reserves and approximately 77% were oil. The standardized measure of Resolute's estimated net proved reserves as of December 31, 2009, was \$361 million.

Resolute focuses its efforts on increasing reserves and production while controlling costs at a level that is appropriate for long-term operations. Resolute's future earnings and cash flow from existing operations are dependent on a variety of factors including commodity prices, exploitation and recovery activities and its ability to manage its overall cost structure at a level that allows for profitable production.

The Resolute Transaction

On the Acquisition Date, Resolute consummated a business combination under the terms the Acquisition Agreement by and among Resolute, HACI, Resolute Holdings Sub, LLC (Sub), Resolute Subsidiary Corporation, a wholly-owned subsidiary of Resolute (Merger Sub), Resolute Aneth, LLC, a subsidiary of Sub (Aneth), Resolute Holdings, LLC and HH-HACI, L.P. (the Sponsor), pursuant to

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which HACI stockholders acquired a majority of the outstanding shares of capital stock of Resolute and Resolute acquired all of the operating companies previously owned by Sub. Prior to September 25, 2009, HACI was a blank check company formed for the purpose of acquiring, or acquiring control of, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination one or more businesses or assets.

As a result of the Resolute Transaction, through a series of transactions, shareholders of HACI common stock, par value \$0.0001 per share, acquired approximately 82% of the outstanding shares of Resolute common stock, par value \$0.0001 per share (Resolute common stock), and Sub owned approximately 18% of the outstanding Resolute common stock, excluding, in each case, warrants, options and the Resolute Earnout Shares (as defined below). HACI transferred \$327 million remaining in its trust account, after payment of expenses of \$11 million and redemption of HACI common stock and warrants in the amount of \$201 million, to Aneth in exchange for a membership interest in Aneth. Sub then contributed its direct and indirect ownership interests in its operating subsidiaries to HACI. Merger Sub merged with and into HACI, with HACI surviving the merger and continuing as a wholly-owned subsidiary of Resolute. As required by the Acquisition Agreement, the \$327 million was used to repay amounts owed under Aneth's credit facilities.

In exchange for Sub's contribution of its operating subsidiaries and as a result of the other transactions contemplated by the Acquisition Agreement, Sub acquired (i) 9,200,000 shares of Resolute common stock, (ii) 4,600,000 warrants to purchase Resolute common stock at a price of \$13.00 per share, with a five year life and subject to a trigger price of \$13.75 per share (the Resolute Founders Warrants), (iii) 2,333,333 warrants to purchase Resolute common stock at a price of \$13.00 per share, with a five year life (the Resolute Sponsors Warrants), and (iv) 1,385,000 shares of Resolute common stock subject to forfeiture in the event a trigger price of \$15.00 is not exceeded within five years following the closing of the Resolute Transaction and that have no economic rights until such trigger is met (the Resolute Earnout Shares). Of the 9,200,000 shares of Resolute common stock issuable to Sub, 200,000 were issued to employees of Predecessor Resolute who became employees of Resolute upon closing of the Resolute Transaction in recognition of their services. 100,000 shares vested immediately and the remaining 100,000 shares will vest on the one year anniversary of the Acquisition Date, provided the recipient remains employed by the Company on that date. At the effective time of the Resolute Transaction, each outstanding share of HACI common stock was converted into the right to receive one share of Resolute common stock.

In connection with the Resolute Transaction, 7,335,000 shares of HACI's common stock and 4,600,000 warrants to purchase HACI common stock held by the Sponsor were cancelled and forfeited and an additional 1,865,000 shares held by the Sponsor were converted into 1,865,000 Resolute Earnout Shares. As a result of the consummation of the Resolute Transaction, the Sponsor, together with its initial pre-public offering stockholders, owned (i) 4,600,000 shares of Resolute common stock, (ii) 9,200,000 Resolute Founders Warrants, (iii) 4,666,667 Resolute Sponsors Warrants, and (iv) 1,865,000 Resolute Earnout Shares.

At the effective time of the Resolute Transaction, each of the 55,200,000 outstanding warrants that were issued in HACI's initial public offering (the Public Warrants) was converted, at the election of the warrant holder, into either (i) the right to receive \$0.55 in cash or (ii) when properly tendered, the right to receive one warrant to purchase one share of Resolute common stock (a Resolute Warrant) at an exercise price of \$13.00, subject to adjustment. The number of total Resolute Warrants was limited to 27,600,000. Warrants that were voted against the Warrant Amendment (as defined below) were, at the effective time of the Resolute Transaction, converted into the right to receive \$0.55 in cash. Because more than 50% of the HACI warrant holders elected to receive Resolute Warrants, the properly voted and tendered warrants were exchanged pro rata. The Resolute Warrants have a five year life and are subject to

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redemption upon 30 days prior notice (as defined) at \$.01 per Resolute Warrant, at the Company's option, when the price of Resolute's common stock equals or exceeds \$18.00 per share for a specified period.

How Resolute Evaluates Its Operations

Resolute's management uses a variety of financial and operational measurements to analyze its operating performance. These measurements include: (i) production levels, trends and prices, (ii) reserve and production volumes and trends, (iii) operating expenses and general and administrative expenses, (iv) operating cash flow, and (v) EBITDA.

Production Levels, Trends and Prices. Oil and gas revenue is the product of Resolute's production multiplied by the price that it receives for that production. Because the price that Resolute receives is highly dependent on many factors outside of its control, except to the extent that it has entered into hedging arrangements that can influence its net price either positively or negatively, production is the primary revenue driver over which it has some influence. Although Resolute cannot greatly alter reservoir performance, it can aggressively implement exploitation activities that can increase production or diminish production declines relative to what would have been the case without intervention. Examples of activities that can positively influence production include minimizing production downtime due to equipment malfunction, well workovers and cleanouts, recompletions of existing wells in new parts of the reservoir, and expanded secondary and tertiary recovery programs. Total production for 2010 is expected to be between 2.7 and 2.8 MMBoe, or an average of 7,400 to 7,700 barrels of oil equivalent (Boe) per day.

The price of crude oil has been extremely volatile, and Resolute expects that this volatility will continue. Given the inherent volatility of crude oil prices, Resolute plans its activities and budget based on sales price assumptions that it believes to be reasonable. Resolute uses hedging arrangements to provide a measure of stability to its cash flows in an environment of volatile oil and gas prices. These instruments limit its exposure to declines in prices, but also limit its expected benefits if prices increase. Changes in the price of oil or gas will result in the recognition of a non-cash gain or loss recorded in other income or expense due to changes in the fair value of the hedging arrangements. Recognized gains or losses only arise from payments made or received on monthly settlements of contracts or if a contract is terminated prior to its expiration. Resolute typically enters into hedging arrangements that cover a significant portion of its estimated future oil and gas production. Resolute currently has such hedging arrangements in place through 2012, with lesser volumes hedged in 2013. Resolute has oil and gas derivatives in place for 2010 covering the aggregate average daily oil volumes of 3,850 barrels of oil at NYMEX weighted average prices of \$69.19; daily gas volumes of 3,800 MMBtu at NYMEX weighted average prices of \$9.69; and 1,800 MMBtu per day of CIG basis gas hedges at \$2.10 per MMBtu. These derivatives provide price protection on an estimated 66% at the midpoint of previously announced guidance relating to 2010 oil production and 55% at the midpoint of previously announced guidance relating to 2010 gas production.

Reserve and Production Volumes and Trends. From inception, Predecessor Resolute grew its reserve base through a focused acquisition strategy, completing three significant acquisitions. Predecessor Resolute acquired substantially all of its Aneth Field Properties through two significant purchases: the acquisition of the Chevron Properties was completed in November 2004 followed by the acquisition of the ExxonMobil Properties in April 2006. Predecessor Resolute acquired all of its Wyoming Properties through the purchase of Primary Natural Resources, Inc. (now known as Resolute Wyoming, Inc. (RWI)) in July 2008. Resolute looks to acquire similar producing properties that have upside potential through low-risk development drilling and exploitation projects. Resolute believes that its knowledge of various domestic, on shore operating areas, strong management and staff and solid industry relationships will allow it to find, capitalize on and integrate strategic acquisition opportunities.

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At December 31, 2009, Resolute had estimated net proved reserves of approximately 42 MMBoe that were classified as proved developed non-producing and proved undeveloped. An estimated 40 MMBoe, or 95%, of those reserves are attributable to recoveries associated with expansions, extensions and processing of the tertiary recovery CO₂ floods that are currently in operation on Resolute's Aneth Field Properties. Resolute expects to incur approximately \$377 million of capital expenditures over the next 28 years (including purchases of CO₂ under existing contracts), in connection with bringing those incremental reserves attributable to Resolute's CO₂ flood projects into production. Resolute believes that these expenditures will result in significant increases in its oil and gas production.

Operating Expenses. Operating expenses are costs associated with the operation of oil and gas properties and are classified as lease operating expenses and production and ad valorem taxes. Direct labor, repair and maintenance, workovers, utilities and contract services comprise the most significant portion of lease operating expenses. Resolute monitors its operating expenses in relation to the amount of production and the number of wells operated. Some of these expenses are relatively independent of the volume of hydrocarbons produced, but may fluctuate depending on the activities performed during a specific period. Other expenses, such as taxes and utility costs, are more directly related to production volumes or reserves. Severance taxes, for example, are charged based on production revenue and therefore are based on the product of the volumes that are sold and the price received therefor. Ad valorem taxes are based on the value of reserves. Because Resolute operates on the Navajo Reservation, it also pays a possessory interest tax, which is effectively an ad valorem tax assessed by the Navajo Nation. Resolute's largest utility expense is for electricity that is used primarily to power the pumps in producing wells and the compressors behind the injection wells. The more fluid that is moved, the greater the amount of electricity that is consumed. In the recent past, higher oil prices led to higher demand for drilling rigs, workover rigs, operating personnel and field supplies and services, which in turn caused increases in the costs of those goods and services. Resolute projects 2010 cash lease operating expenses of \$17.75 to \$18.25 per Boe of production. Production taxes for 2010 are expected to be 13.5% to 14.5% of 2010 production revenue.

General and Administrative Expenses. Resolute monitors its general and administrative expenses carefully, attempting to balance the cash effect of incurring general and administrative costs against the benefits of, among other things, hiring and retaining highly qualified staff who can add value to the Company's asset base. In the current period the Company's general and administrative expenses were high, primarily due to costs incurred in consummating the Resolute Transaction. In future periods, absent other transactions, Resolute anticipates that general and administrative costs will be significantly lower. However, management anticipates that, effective with the Resolute Transaction, the Company will incur material additional annual general and administrative expenses that are associated with being a publicly traded company. These expenses include compensation and benefit expenses of certain additional personnel, increased fees paid to independent auditors, lawyers, independent petroleum engineers and other professional advisors, costs associated with shareholder reports, investor relations activities, registrar and transfer agent fees, increased director and officer liability insurance costs and director compensation. Resolute expects G&A expense will be \$3.00 to \$3.50 per Boe of production, excluding non-cash stock-based compensation expense.

Operating Cash Flow. Operating cash flow is the cash directly derived from Resolute's oil and gas properties, before considering such things as administrative expenses and interest costs. Operating cash flow on a per unit of production basis is a measure of field efficiency, and can be compared to results obtained by operators of oil and gas properties with characteristics similar to Resolute's to evaluate relative performance. Aggregate operating cash flow is a measure of Resolute's ability to sustain overhead expenses and costs related to capital structure, including interest expenses.

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EBITDA. EBITDA (a non-GAAP measure) is defined by the Company as consolidated net income adjusted to exclude interest expense, interest income, income taxes, depletion, depreciation and amortization, impairment expense, accretion of asset retirement obligation, change in fair value of derivative instruments, expiration of puts, non-cash equity-based compensation expense and noncontrolling interest. This definition is consistent with the definition of EBITDA in Resolute's existing credit agreement. EBITDA is also a financial measure that Resolute expects will be reported to its lenders and used as a gauge for compliance with some of the financial covenants under its revolving credit facility.

EBITDA is used as a supplemental liquidity or performance measure by Resolute's management and by external users of its financial statements such as investors, commercial banks, research analysts and others, to assess: