

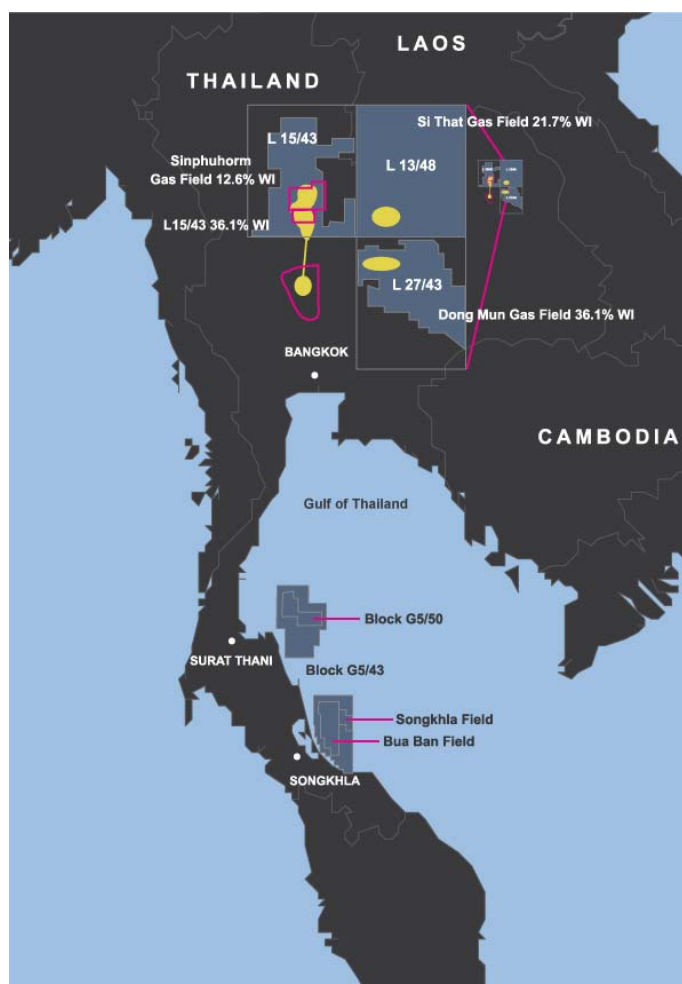
**COASTAL ENERGY COMPANY
QUARTERLY REPORT
MARCH 31, 2010**



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COASTAL ENERGY COMPANY

Three Month Period ended March 31, 2010



Coastal Energy's Oil & Gas Interests

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President's Report to the Shareholders

Coastal Energy continued to grow as a company in the first quarter of 2010. Production at Songkhla A was boosted by nearly 30% as workover operations were completed on three of the wells in the field. Production at Sinphuhorm also remained strong in Q1 at 10.9 mmcf/d of natural gas net to Coastal plus 56 bbl/d of condensate net to Coastal. Coastal's total combined production for the first quarter was approximately 8,900 boe/d. The Company's EBITDAX and net income attributable to shareholders ('Net income') also increased substantially from results recorded in 2009. EBITDAX for the first quarter was \$34.2 million, and Net Income was \$10.2 million, or \$0.09 per diluted share.

During the first quarter the Company completed installation of production facilities at the Bua Ban field, on which the Company is expected to begin development drilling in late May 2010. With facilities in place, production from each Bua Ban well will be tied in as soon as each is completed. Coastal has also drilled four exploration wells to date in 2010. While results from the two exploration wells at Songkhla B do not support stand-alone development, it is possible that this discovery would be commercial if tied into existing production facilities at Songkhla A.

Two exploration wells have also been drilled on two separate structures at the Benjarong prospect. Both wells have encountered oil in multiple zones with varying measures of porosity. A flow test of each well is required to determine commerciality of the reservoirs. Results from flow testing are expected in June 2010. Testing is planned to be performed with a hydraulic workover unit in lieu of the drilling rig to reduce costs and allow development of Bua Ban to commence while testing at Benjarong is in progress.

During Q1 2010, Coastal Energy continued to progress as a company. Offshore oil production at Songkhla A has increased significantly since late 2009 and onshore gas production from Sinphuhorm has remained stable and strong. The Company anticipates further gains in offshore production as Bua Ban is developed. Financial results have continued to improve as the Company has strived to control costs and deploy capital in a conservative manner. We expect 2010 to continue to yield improving results for the Company and our shareholders.

On behalf of the Board of Directors

Randy L. Bartley

President and Chief Executive Officer
May 27, 2010



COASTAL ENERGY COMPANY

Three Month Period ended March 31, 2010

(All tabular amounts are expressed in US\$000's unless otherwise stated except share and per share amounts)

Financial and Operating Highlights

Three months ended March 31,	2010	2009	% Change
Financial			
Crude oil revenue	\$49,510	\$8,200	504%
EBITDAX ⁽¹⁾	\$34,881	\$3,557	881%
Per share – Basic and diluted	\$0.31	\$0.04	675%
Net Income	\$10,218	\$(3,229)	416%
Per share – Basic and diluted	\$0.09	\$(0.03)	400%
Capital expenditures, excluding onshore	\$45,383	\$12,316	268%
Total Assets	\$348,790	\$266,935	31%
Working capital surplus (deficit)	\$(47,409)	\$(51,725)	8%
Weighted average common shares outstanding			
Basic	109,066,282	93,630,720	16%
Diluted	113,365,135	93,630,720	21%
Operations			
Operating netback (\$/bbl) ^{(1) (2)}			
Crude oil revenue ⁽³⁾	\$69.41	\$36.13	92%
Royalties	5.12	2.38	115%
Production expenses	14.21	14.63	(3%)
Operating netback	\$50.08	\$19.12	192%
Average daily crude oil production (bbls) ^{(2) (4)}	7,068	3,325	113%

Notes:

- (1) Non-GAAP measure; see “Non-GAAP Measures” section within MD&A.
- (2) Includes offshore crude oil only as onshore is accounted for using the equity method of accounting.
- (3) Net of implied transportation costs.
- (4) Actual Q1 09 production was only 37 days but we used 92 days for comparative purposes.

First Quarter 2010 Highlights

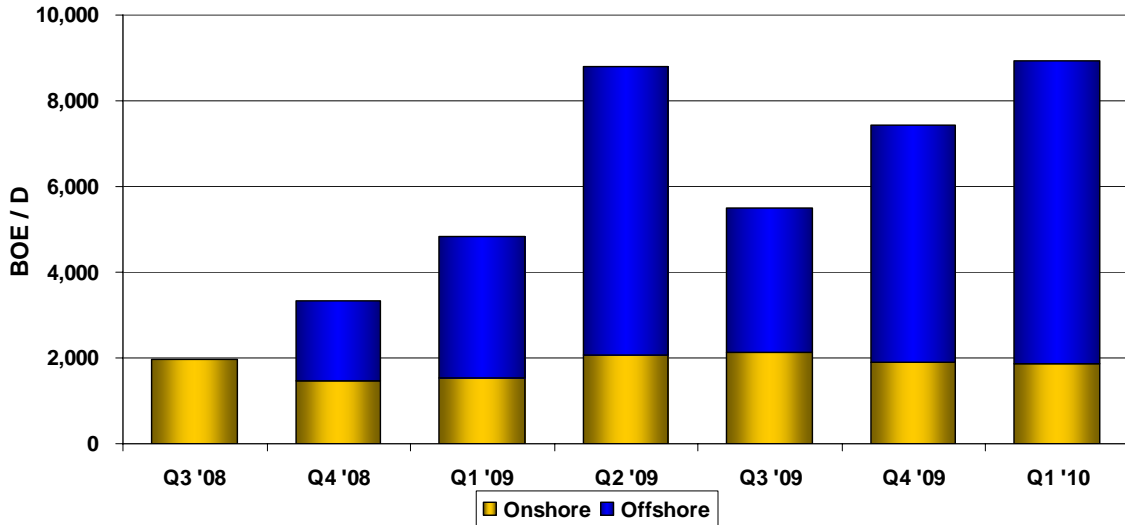
- The Company increased its average offshore oil production rate in the Gulf of Thailand to 7,068 bbl/d in the first quarter of 2010, up from 5,531 bbl/d in the fourth quarter of 2009. The increase in production was primarily attributable to the completion of workover operations on the Songkhla A-04 well in February and the installation of larger pumps on the A-01 and A-03 wells in March.
- The Company also realized 1,875 boe/d in the first quarter of 2010 from its onshore production compared to 1,847 boe/d in the fourth quarter of 2009.
- The Company reported EBITDAX of \$34.2 million (\$0.31 per share) and net income of \$10.2 million (\$0.09 per share).
- The Company completed the installation of fixed platform facilities on its Bua Ban field in February, which will allow it to commence development of the Bua Ban field in the second quarter. The spudding of the first well at Bua Ban is scheduled for late May 2010.

COASTAL ENERGY COMPANY

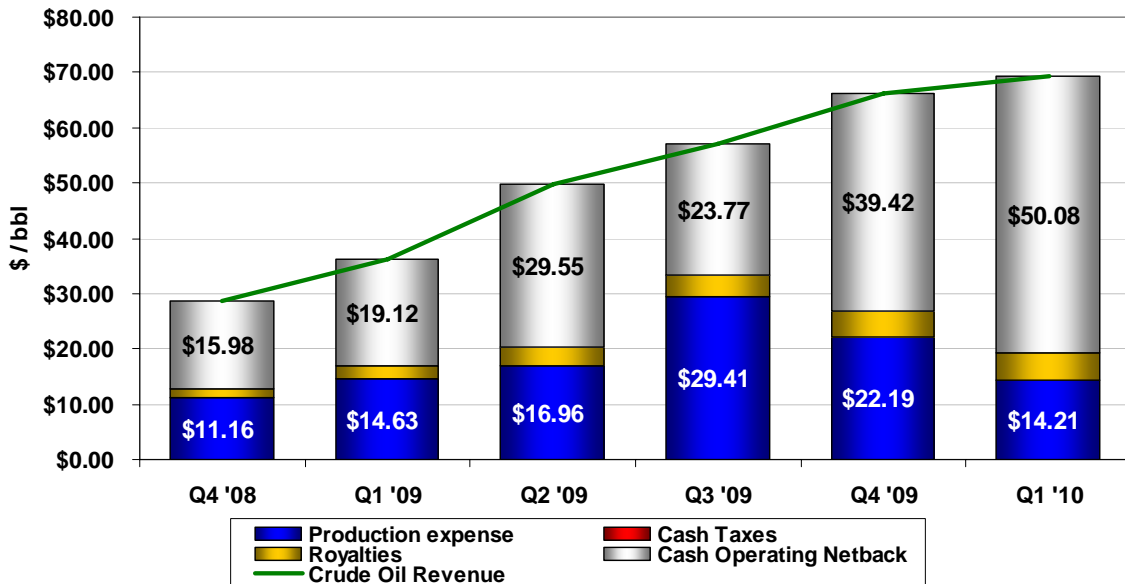
Three Month Period ended March 31, 2010

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The following chart represents the Company's Average BOE/D on a quarterly basis



The following chart represents the Company's cash operating netback (\$/bbl) for its offshore production since it began. Operating netback is based on sales volume and is a non-GAAP measure. See "Non-GAAP Measure" section within the MD&A.



COASTAL ENERGY COMPANY

Three Month Period ended March 31, 2010

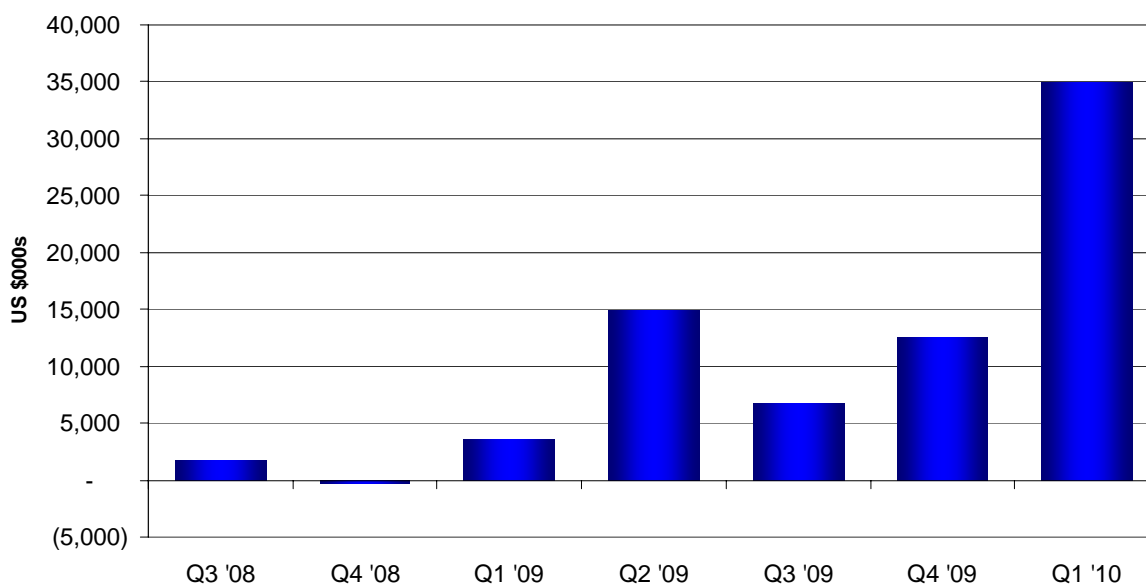
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EBITDAX Computation	2010		2009		2008			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2(a)
Net income (loss) attributable to shareholders	\$10,218	\$2,009	\$(111)	\$1,217	\$(3,229)	\$(413)	\$(476)	\$2,955
Add Back:								
Unrealized (gain) loss on derivative	65	(284)	(128)	836	1,526	(1,983)	(13)	8
Interest income	(2)	(5)	(6)	(5)	(11)	(151)	(316)	(270)
Stock option expense	683	567	399	414	576	376	441	457
Unrealized foreign exchange (gain)/loss	540	1,008	165	1,069	(382)	(604)	1,482	2,036
Interest expense	348	677	796	1,347	1,019	843	642	433
Debt financing fees	124	205	323	26	900	-	-	-
(Gain) loss on sale of assets	-	148	-	-	-	(95)	(122)	-
Depletion, depreciation and accretion	11,961	7,457	5,382	7,698	3,158	1,763	42	45
Settlement expense	-	-	-	2,366	-	-	-	-
Income tax expense	10,225	738	-	-	-	-	-	-
EBITDAX	\$34,162	\$12,520	\$6,820	\$14,968	\$3,557	\$(264)	\$1,680	\$5,664

Note (a) The quarterly information for Q1 and Q2 2008 and Q4 2007 was restated to correct an error on recording the future income tax liability and expense and associated foreign exchange loss associated with the outside basis difference between the carrying amount of the investment in Apico LLC and the Company's tax basis.

(b) The unrealized foreign exchange adjustment primarily relates to a tax liability in Thailand.

The following chart represents the Company's EBITDAX on a quarterly basis in US\$000s



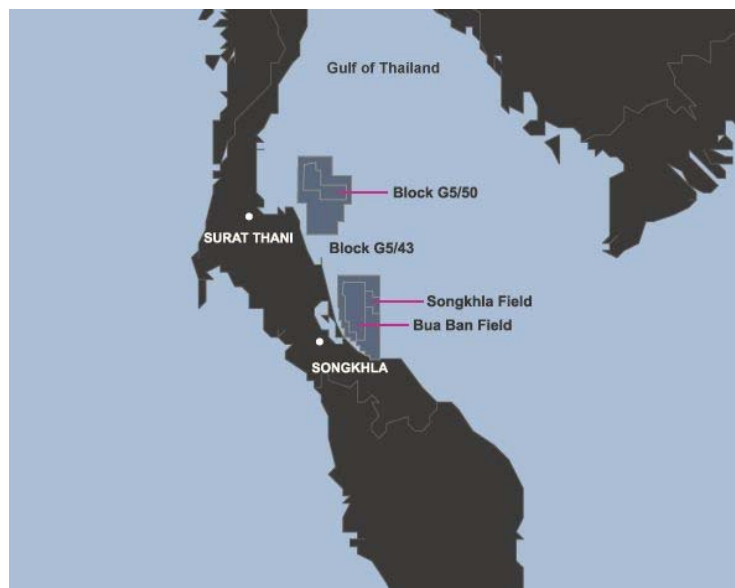
COASTAL ENERGY COMPANY

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Operational Review

Gulf of Thailand Properties



The Company holds a 100% working interest in Blocks G5/43 and G5/50 (the "Blocks") in the Gulf of Thailand. The current combined area of the Blocks is approximately 5,021 square kilometres and average water depths are approximately 70 feet. Block G5/50 contains approximately 554 square kilometres of acreage within the boundaries of Block G5/43.

Songkhla Field

During the first quarter of 2010, the Company completed workover operations on certain wells at Songkhla A which contributed to the increase in production. The Company's offshore production from Songkhla A averaged 7,068 bbl/d in the first quarter of 2010. The Company has received approval of its Production Area Application ("PAA") and Environmental Impact Assessment ("EIA") for the Songkhla field, which will allow it to proceed in developing numerous satellite structures which have been identified within the 75 square kilometre area around Songkhla A without further government approval. As of December 31, 2009, Songkhla A had proven and probable ("2P") reserves of approximately 11,070 mbbbls.

Bua Ban Field

During the first quarter of 2010, the Company completed the installation of its production and processing platforms on the Bua Ban field. The Company plans to begin drilling production wells on this field in the second half of 2010. The Company has received approval of its Production Area Application and Environmental Impact Assessment for the Bua Ban field. The Bua Ban PAA covers an area of 282 square kilometres, which includes the Bua Ban field and numerous satellite structures. As of December 31, 2009, Bua Ban had proven and probable ("2P") oil reserves of 21,800 mbbbls.

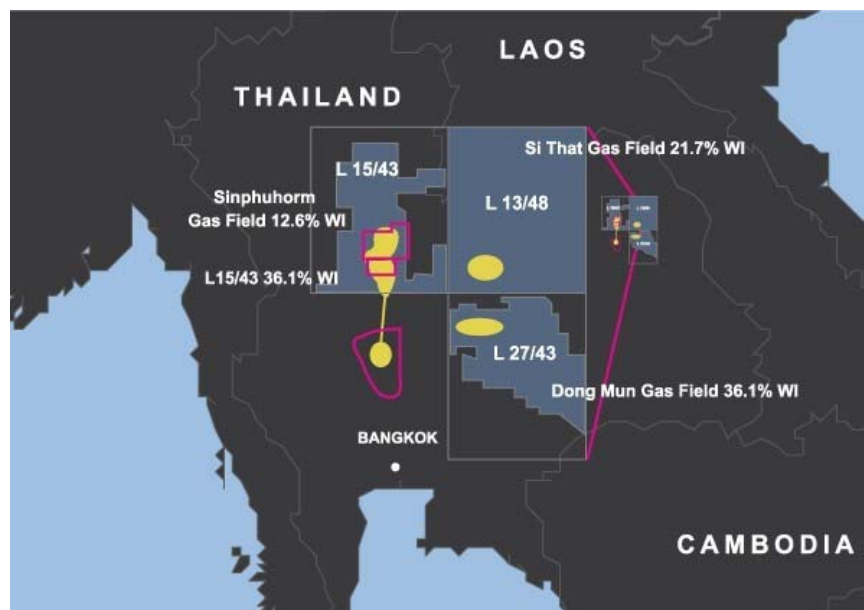
Summary of Oil & Gas Properties	Thailand Onshore	Gulf of Thailand	Totals
Balance, December 31, 2009	\$55,225	\$187,484	\$242,709
Additions during the period:			
Exploration & development, including ARO	-	47,683	47,683
Equity earnings in Apico, net of distributions	2,264	-	2,264
Amortization	-	(11,961)	(11,961)
Balance March 31, 2010	\$57,489	\$223,206	\$280,695

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Thailand Onshore



The Company's Thailand onshore interests are held indirectly through its equity investment in Apico. Apico is considered a significantly influenced investee. Apico's petroleum concessions are located in the Khorat Plateau in north eastern Thailand.

Coastal holds a net working interest of 12.6% in Blocks EU-1 and E-5N onshore Thailand through its 36.1% equity investment in Apico, LLC, which holds a 35% non-operated working interest in the Blocks. Blocks EU-1 and E-5N contain the Sinphuhorm gas field. Production at Sinphuhorm commenced on November 30, 2006 to supply the Nam Phong power plant with over 500 billion cubic feet of gas, plus condensate, under a 15 year Gas Sales Agreement with PTT Public Company Limited. In the first quarter of 2010, the Sinphuhorm field delivered approximately 86 mmcf/d (11 mmcf/d net to Coastal) to Nam Phong. The field also produced in excess of 446 bbl/d (56 bbl/d net to Coastal) of condensate. As of December 31, 2009, Sinphuhorm had proven and probable ("2P") reserves of 1,016 billion cubic feet ("bcf") of natural gas (127 bcf net to Coastal) and 5,344 mbbbls of oil (668 mbbbls net to Coastal), before royalties.

Coastal also holds a net 36.1% working interest in Block L27/43 (operated by Apico), which is located southeast of the L15/43 concession.

Coastal holds a net 21.7% working interest in Block L13/48 (operated by Apico), which is located 40km east of the Sinphuhorm gas field. The Si That-3 appraisal well spudded in September 2009 and was subsequently tested. Test results show limited reservoir closure and therefore is uncommercial. The operator is currently evaluating the remaining prospectivity of the L13/48 concession.

The Company also has a net 36.1% working interest in Block L15/43 (operated by Apico), which surrounds the Sinphuhorm gas field.

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Management's Discussion and Analysis

The following is Management's Discussion and Analysis ("MD&A") of the results and financial condition of Coastal Energy Company ("Coastal" or the "Company"). This MD&A, dated May 27, 2010, should be read in conjunction with the accompanying unaudited consolidated financial statements as at and for the three months ended March 31, 2010 and related notes thereto. Additional information related to the Company is available on SEDAR at www.sedar.com.

Overview

The Company was incorporated under the Companies Law of the Cayman Islands on May 26, 2004. The Company is engaged in the acquisition and exploration of petroleum and natural gas properties in South East Asia. The functional and reporting currency of the Company and its subsidiaries is the US dollar. The Company's trading symbols are "CEN" on the TSX-V and "CEO" on the AIM exchange.

The Company's oil and gas properties and assets consist of the following ownership interests in petroleum concessions awarded by the Kingdom of Thailand:

Petroleum Concession	Coastal's Working Interest
Gulf of Thailand	
Block G5/43	100.0%
Block G5/50 (within the boundaries of Block G5/43)	100.0%
Onshore Thailand (via Coastal's 36.1% ownership of Apico LLC ("Apico"))	
Blocks EU-1 and E-5N containing the Sinphuhorm gas field	12.6%
Block L15/43 (surrounding the Sinphuhorm gas field)	36.1%
Block L27/43 (southeast of the Sinphuhorm gas field)	36.1%
Block L13/48 (immediately east of the Sinphuhorm gas field)	21.7%

Non-GAAP Measures

This report contains financial terms that are not considered measures under Canadian generally accepted accounting principles ("GAAP"), such as funds flow from operations, funds flow per share, EBITDA, EBITDAX, net debt, operating netback and working capital. These measures are commonly utilized in the oil and gas industry and are considered informative for management and shareholders. Specifically, funds flow from operations and funds flow per share reflect cash generated from operating activities before changes in non-cash working capital. Management considers funds flow from operations and funds flow per share important as they help evaluate performance and demonstrate the Company's ability to generate sufficient cash to fund future growth opportunities and repay debt. EBITDA is defined as earnings before interest, taxes, depreciation, amortization and earnings from significantly influenced investee adjusted for non-cash items such as unrealized gains and losses on risk management contracts, unrealized foreign exchange gains or losses and stock-based compensation. EBITDAX is an industry measure equivalent to EBITDA but for the fact that it neutralizes the impact of some companies expensing rather than capitalizing exploration costs. Net debt includes short term and revolving credit facilities less cash and cash equivalents and restricted cash, and is used to evaluate the Company's financial leverage. Profitability relative to commodity prices per unit of production is demonstrated by an operating netback. Working capital represents current assets less current liabilities.

Funds flow from operations, funds flow per share, EBITDA, EBITDAX, net debt, operating netbacks and working capital are not defined by GAAP, and consequently are referred to as non-GAAP measures. Accordingly, these amounts may not be compatible to those reported by other companies where similar terminology is used, nor should they be viewed as an alternative to cash flow from operations, net income or other measures of financial performance calculated in accordance with GAAP.

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Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward looking statements are based on current expectations, estimates, and projections that involve various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied.

Financial Review

The following tables are analysis of the line items in the Company's Consolidated Statements of Operations and Comprehensive Loss and are comparisons of the current quarter activities vs. the same quarter in the prior year, unless otherwise noted.

Oil Sales and Production	3 months ended March 31,		
	2010	2009	Change
Oil Sales	\$49,510	\$8,200	504%
Average Daily Production			
Crude Oil (bbls)	7,068	3,325	113%
Realized price per bbl (\$/bbl)	\$69.41	\$36.13	92%

Offshore production increased sequentially in the first quarter of 2010 (28% over Q4 '09) as a result of the completion of workover operations on the Songkhla A-04 well and the installation of larger submersible pumps on the A-01 and A-03 wells. Revenue was higher sequentially due to the rise in global crude oil pricing. Revenue and volumes were significantly higher than in the first quarter of 2009 as the the Company's offshore production did not commence until February 23, 2009, giving the Company only 36 days of production for that period.

Royalties	3 Months ended March 31,		
	2010	2009	Change
Royalties	\$3,650	\$541	575%
\$ per bbl	\$5.12	\$2.38	115%
Royalties as a percent of revenue	7%	7%	-

Royalties on the Gulf of Thailand assets are paid to the Kingdom of Thailand as a percentage of revenue calculated on a sliding scale and based on monthly production. First quarter royalties increased on a per barrel basis owing to an increase in realized oil sales prices.

Gain (loss) on Derivative	3 Months ended March 31,		
	2010	2009	Change
Unrealized gain (loss) on mark-to-market	\$(65)	\$(1,526)	-
Realized gain (loss)	-	439	-
Gain (loss) on Derivative	\$(65)	\$(1,087)	-

The Company is required by the lenders in its revolving credit facility to hedge approximately 50% of its onshore gas production. The Company purchased a put option under which the Company has the right to sell 4,000 metric tons per month of Singapore fuel oil at a price of \$290.00 per metric ton. The Company adjusts the fair value of this risk management contract (mark to market) every quarter with the changes in fair value recognized in net earnings.

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The Company's original contract ran from July 1, 2007 through June 30, 2009. During Q1 2009, the Company recognized \$439,000 in gains on this contract from sales proceeds and recorded losses on mark-to-market adjustments of \$1,526,000 on this contract.

The Company entered into a new contract beginning June 6, 2009 and expiring June 30, 2010. The Company has unrealized losses on this contract of \$565,000, of which \$65,000 loss was recorded in the current quarter.

Interest Income

	3 Months ended March 31,		
	2010	2009	Change
Interest income	\$2	\$11	-82%

Interest income is the result of the Company investing cash in highly liquid investments and restricted cash held in interest bearing accounts. During the three months ended March 31, 2010, the Company had lower cash balances compared to the three months ended March 31, 2009 as a result of increased capital expenditures on its offshore development program.

Production Expenses

	3 Months ended March 31,		
	2010	2009	Change
Production expenses	8,629	4,523	91%
Effect of change in inventory	1,508	(1,203)	225%
	10,137	3,320	205%
\$ per bbl	\$14.21	\$14.63	

Production expenses on a per barrel basis declined sequentially in the first quarter of 2010 due to higher production rates. Gross production expenses are higher in Q1 2010 relative to Q1 2009 owing to the fact that the Company had only 36 days of production in the year-ago period.

General and Administrative Expenses

	3 Months ended March 31,		
	2010	2009	Change
Salaries and benefits	\$2,552	\$1,936	32%
Professional fees	298	334	-11%
Office and general	470	729	-36%
Travel and entertainment	329	98	236%
Regulatory and transfer fees	148	96	54%
Total general and administrative expenses	\$3,797	\$3,193	19%

Higher personnel costs relative to Q1 2009 are largely driven by the increase in headcount required to support offshore operations – The Company had 47 full-time employees; and 17 full time contractors as of March 31, 2010 (2009: 32 and 21, respectively). Higher travel expenses also relates to increasing headcount and associated travel.

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Foreign Exchange Loss	3 months ended March 31,		
	2010	2009	Change
Total foreign exchange (gain) loss	\$464	\$(368)	-

The foreign exchange (gain) loss is a result of the Company carrying out transactions and maintaining certain financial assets and liabilities in currencies other than the US Dollar, including the Canadian Dollar, the British Pound, the Euro and the Thai Baht.

The Company's future income tax liability primarily relates to Thai taxes and is denominated in Thai Baht. At each quarter period end this future income tax liability is re-valued and the corresponding non-cash gain/loss is recognized in net earnings.

Interest Expense	3 Months ended March 31,		
	2010	2009	Change
Interest Expense	\$348	\$1,019	-66%

Interest expense includes interest on the Company's notes payable, amounts due to shareholder and long-term debt. Interest expense was lower in 2010 as the Company had lower balances on the notes payable - \$Nil at March 31, 2010 (2009: \$14.1 million), amounts due to shareholder - \$3.5 million at March 31, 2010 (2009: \$7.8 million) and long-term debt - \$29.6 million at March 31, 2010 (2009: \$37.1 million.) The Company's average interest rate was 4.25% for the three months ended March 31, 2010 (2009: 6.61%.)

Depletion, Depreciation and Accretion	3 Months ended March 31,		
	2010	2009	Change
Oil and gas depreciation & depletion	\$11,961	\$4,654	157%
Effect of change in inventory	1,184	(1,574)	175%
Accretion	83	22	277%
Corporate depreciation	66	56	18%
Depletion, depreciation and accretion expense	\$13,294	\$3,158	321%
\$ per bbl	\$19.25	\$13.67	41%

DD&A per barrel increased sequentially and year-over-year due to increased exploration capital expenditures as well as changes in the Company's total proved reserve base at year end 2009.

Taxes	3 Months ended March 31,		
	2010	2009	Change
Current taxes	\$964	\$ -	-
Future income taxes	9,261	-	-
Taxes	\$10,225	\$ -	-

The Company accrues income tax expense on its book earnings at a tax rate of 50%, which is the Thai PITA tax rate. This is the predominate rate at which the Company anticipates having to eventually pay taxes based on its current operations.

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Earnings from Significantly Influenced Investee, net of taxes	3 Months ended March 31,		
	2010	2009	Change
Coastal's 36.1% of Apico's net income	\$3,077	\$1,595	93%
Amortization of Coastal's excess basis	(272)	(185)	47%
Earnings from Significantly Influenced Investee, net of taxes	\$2,805	\$1,410	99%
100% Field Production volumes (mmcf/d)	86.36	58.75	47%
12.6% net to Coastal (mmcf/d)	10.9	7.4	47%

Under the equity method of accounting for investments, the Company records its share of the net income of Apico based on Apico's quarterly reported net income. Apico experienced higher revenue in the three months ended March 31, 2010 over the prior comparable period primarily due to higher realized gas sales prices.

On September 25, 2006, the Company acquired an additional interest in Apico for an amount greater than its proportionate share of net assets of Apico ("excess basis"). The excess basis was allocated to Apico's oil & gas properties and is being amortized using the units of production method beginning in Q1 2007.

Net Income (Loss)	3 Months ended March 31,		
	2010	2009	Change
Net income (loss) and comprehensive income (loss) attributable to shareholders	\$10,218	\$(3,229)	416%
Basic and diluted earnings (loss) per share	\$0.09	\$(0.03)	400%

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COASTAL ENERGY COMPANY

Three Month Period ended March 31, 2010

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Summary of Quarterly Results

	2010		2009		2008			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2(a)
Oil revenues, net of royalties	\$45,860	\$26,899	\$19,775	\$26,137	\$7,659	\$3,884	\$ -	\$ -
Gain (loss) on derivative	(65)	(282)	128	(836)	(1,087)	2,415	13	(8)
Interest income	2	5	6	5	11	151	316	270
Other income	-	110	-	-	-	-	-	-
Total revenues	45,797	26,732	19,909	25,306	6,583	6,450	329	262
Production expenses	10,137	9,689	10,936	9,532	3,320	1,597	-	-
General and administrative expenses	3,797	8,144	5,029	3,210	3,193	4,114	3,053	2,209
Foreign exchange (gain) loss	464	304	240	1,765	(368)	820	1,440	(1,773)
Interest expense	348	677	796	1,347	1,019	843	642	433
Debt financing fees	124	205	323	25	900	-	-	-
(Gain) loss on sale of assets	-	148	-	-	-	(95)	(122)	-
Depletion, depreciation and accretion	13,294	7,457	5,382	7,698	3,158	1,763	42	45
Settlement and asset impairment	-	-	-	2,366	-	-	-	-
Total operating expenses	28,164	26,624	22,706	25,943	11,222	9,042	5,055	914
Income tax expense	10,225	738	-	-	-	-	-	-
Share of earnings (loss) of Apico LLC	2,805	2,577	2,621	1,854	1,410	2,179	4,250	3,607
Net income (loss) before non-controlling interest	10,213	1,947	(176)	1,217	(3,229)	(413)	(476)	2,955
Non-controlling interest	5	62	65	-	-	-	-	-
Net income (loss) and comprehensive income (loss) attributable to shareholders	10,218	2,009	(111)	1,217	(3,229)	(413)	(476)	2,955
EBITDAX ^(b)	34,162	12,520	6,820	14,968	3,557	(264)	1,680	5,664
Basic and diluted earnings (loss) per share	\$0.09	\$0.02	\$0.00	\$0.01	\$(0.03)	\$(0.01)	\$(0.00)	\$0.03

Note (a) The quarterly information for Q1 and Q2 2008 and Q4 2007 was restated to correct an error on recording the future income tax liability and expense and associated foreign exchange loss associated with the outside basis difference between the carrying amount of the investment in Apico LLC and the Company's tax basis.

Note (b) EBITDAX is a non-GAAP measure and is defined as earnings before interest, financing fees, taxes, depreciation, amortization, exploration costs and other one-time items adjusted for non-cash items such as unrealized gains and losses on risk management contracts, unrealized foreign exchange gains or losses and stock-based compensation (see reconciliation below.)

Significant factors influencing Quarterly Results include

- The volatility of global crude oil prices has a direct effect on the Company's revenue as well as unrealized gains or losses on risk management contracts. The Company realized a higher sales price for its crude oil in the first quarter of 2010 due to an increase in commodity prices.
- The Company has been able to increase its crude oil production volume since its offshore production began in Q4 2008. Q3 and Q4 2009 production was impacted by the Songkhla A-04 well being offline.
- The Company has incurred higher general and administrative expenses as it has been adding headcount as operations expand.
- The Company transacts business in multiple currencies; therefore the volatility of global currency exchange rates has a direct effect on the Company's foreign exchange (gains) losses.

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(All tabular amounts are expressed in US\$000's unless otherwise stated except share and per share amounts)

Cash Flow Analysis

The Company's cash and cash equivalents at March 31, 2010 were \$6.7 million, a decrease of \$14.5 million from \$21.2 million at December 31, 2009. The Company's primary source of funds came from operations, shares issued for cash of \$1.8 million, a reduction in inventories of \$1.4 million and \$0.8 million investment from the the non-controlling interest partner in the Company's variable interest entity. Cash and cash equivalents were primarily used to purchase property, plant and equipment expenditures of \$36.3 million, repay \$5.0 million of bank debt and \$1.8 million on the note payable to the shareholder.

Capital Expenditures

Capital expenditures (including cash payments and amounts included in accounts payable) amounted to \$45.4 million for the three months ended March 31, 2010, compared to \$12.3 million for the three months ended March 31, 2009, respectively. The Q1 2010 expenditures were mainly the result of workover operations at Songkhla Main, exploration drilling on the Company's Songkhla B and Benjarong prospects, and facilities installation costs incurred for the Bua Ban field development. The following table sets forth a summary of the Company's capital expenditures incurred:

Capital Expenditures	3 Months ended March 31,	
	2010	2009
Seismic, geological and geophysical studies	\$935	\$557
Drilling and completions	23,033	8,336
Facilities	17,306	-
Lease and well equipment	1,564	2,268
Construction of assets in progress (platforms, FSO, processing equipment)	2,429	1,028
Administrative assets	110	50
Other	6	77
Total Capital Expenditures	\$45,383	\$12,316

Equity Capital

Share Capital

Authorized 250,000,000 common shares with par value of \$0.04 each;

At March 31, 2010 and as of the date of this report, the Company had 109,512,791 common shares outstanding.

Warrants

During the three months ended March 31, 2010, the Company issued no warrants, no warrants were forfeited and 563,867 warrants were exercised for 457,734 shares of the Company's common stock. Subsequent to March 31, 2010, no warrants were exercised. As of the date of this report the Company had 2,682,378 warrants outstanding at a weighted average exercise price of \$3.62 per share..

Stock Options

During the three months ended March 31, 2010, the Company granted no stock options; no options were forfeited and 778,412 options were exercised. The following table summarizes the outstanding and exercisable options as of the date of this report:

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(All tabular amounts are expressed in US\$000's unless otherwise stated except share and per share amounts)

Grant Date	Number Outstanding	Remaining Contractual Life	Exercise Price	Expiry Date	Number Exercisable
Jul. 06, 2005	50,000	0.25 years	\$2.12 (£1.40)	Jul. 06, 2010	50,000
Dec. 27, 2006	1,925,000	1.75 years	\$2.17 (Cdn\$2.20)	Dec. 27, 2011	1,925,000
Jun. 15, 2007	6,250	2.25 years	\$2.91 (Cdn\$2.96)	Jun. 16, 2012	-
Jan. 25, 2008	558,500	2.75 years	\$3.88 (Cdn\$3.94)	Jan. 26, 2013	401,750
May 05, 2008	162,500	3.00 years	\$4.37 (Cdn\$4.44)	May 06, 2013	112,500
Jul. 14, 2008	85,000	3.25 years	\$3.55 (Cdn\$3.61)	Jul. 15, 2013	42,500
Sep. 16, 2008	100,000	3.50 years	\$2.24 (Cdn\$2.27)	Sep. 16, 2013	50,000
Sep. 23, 2008	1,000,000	2.75 years	\$3.88 (Cdn\$3.94)	Feb. 05, 2013	750,000
Jan. 02, 2009	3,127,338	3.75 years	\$1.33 (Cdn\$1.35)	Jan. 02, 2014	914,997
Dec. 01, 2010	2,616,599	4.75 years	\$5.05 (Cdn\$5.13)	Nov. 30, 2014	-
	9,631,187				4,246,747

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transaction

Effective September 25, 2006, the Company assumed a note payable to O. S. Wyatt, Jr., the shareholder of NuCoastal Thailand Limited ("NuCoastal") for \$4.6 million. The original note was unsecured, accrued interest at 4% and was set to mature on July 20, 2007. The note and its accrued interest have been periodically renegotiated and now matures on June 30, 2010 and bears interest at 12% per annum. The Company has periodically made interest payments against the note. During Q1 2010, the Company paid \$1.75 million on the principal and accrued interest; as a result, the face value of the note is now \$3.5 million.

Commitments and Contingencies

There have been no material changes in the Company's commitments and contingencies as described in the Management's discussion and Analysis for the year ended December 31, 2009 and also as described in Notes 12 to the unaudited interim financial statements for the three months ended March 31, 2010.

Subsequent Events

The Company announced initial log results from the Benjarong A-01 and A-02 exploration wells. Both wells encountered oil in multiple zones with varying degrees of porosity. Flow tests for both wells are scheduled to be performed by late Q2 2010 to determine commerciality of the reservoirs.

Critical Accounting Policies, Estimates and New Accounting Pronouncements

A detailed summary of the Company's critical accounting policies and estimates is included in Management's Discussion and Analysis for the year ended December 31, 2009 and also in Note 2 to the annual audited financial statements for the year ended December 31, 2009.

A detailed summary of new accounting pronouncements and their effect on the Company is included in Note 1 to the unaudited interim financial statements as at and for the three months ended March 31, 2010.

International Financial Reporting Standards Update

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") will be required for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011, including comparatives for 2010 for Canadian profit-oriented publicly accountable entities ("PAE's") such as the

COASTAL ENERGY COMPANY

Three Month Period ended March 31, 2010

(All tabular amounts are expressed in US\$000's unless otherwise stated except share and per share amounts)

Company. This also means that all opening balance sheet adjustments relating to the adoption of IFRS must be reflected in the January 2010 opening balance sheet which will be issued as part of the comparative financial information in the March 31, 2011 unaudited interim financial statements.

The Company provided a detailed project plan in its MD&A for the year ended December 31, 2009. There have been no significant changes to the Company's project plan since that time. The Company has not yet determined the full accounting effects of adopting IFRS, since some key accounting policies alternatives and implementation decisions are still being evaluated.

Risks and Uncertainties

Coastal has published its assessment of its business risks in the Risk Factor section of its Annual Information Form ("AIF") dated April 16, 2010 (available on SEDAR at www.sedar.com.) It is recommended that this document be reviewed for a thorough discussion of risks faced by the Company.

The Company is subject to a number of risk factors due to the nature of the petroleum and gas business in which it is engaged, not the least of which are adverse movements in commodity prices, which are impossible to forecast. The Company is also subject to the oil and gas services sector which, from time to time, may have limited available capacity and therefore may demand premium rates. The Company seeks to counter these risks as far as possible by selecting exploration areas on the basis of their recognized geological potential to host economic returns.

Industry

The Company is engaged in the acquisition of petroleum and natural gas properties, an inherently risky business, and there is no assurance that an additional economic petroleum and natural gas deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of commercially viable petroleum and natural gas deposits. The geological focus of the Company is on areas in which the geological setting is well understood by management.

Petroleum and Gas Prices

In recent years, the petroleum and natural gas exploration industry has seen significant growth, primarily as a result of increased global demand, led by India and China. During this period, prices for petroleum have steadily increased, resulting in multi-year price highs. Prior to this recent surge, large companies found it more feasible to grow their reserves and resources by purchasing companies or existing oilfields. However, with improving prices and increasing demand, a discernible need for the development of exploration projects has arisen. Junior companies have become key participants in identifying properties of merit to explore and develop.

The price of petroleum and natural gas is affected by numerous factors beyond the control of the Company including global consumption and demand for petroleum and natural gas, international economic and political trends, fluctuations in the U.S. dollar and other currencies, interest rates, and inflation. Continued volatility in commodity prices may adversely effect the Company's operating cash flow.

Operating Hazards and Risks

Exploration for natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risk normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damages to persons or property and possible environmental damage. Although the Company may obtain liability insurance in an amount which is expected to be adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to the high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

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Reserve Estimates

Despite the fact that the Company has reviewed the estimates related to potential reserve evaluation and probabilities attached thereto and it is of the opinion that the methods used to appraise its estimates are adequate, these figures remain estimates, even though they have been calculated or validated by independent appraisers. The reserves disclosed by the Company should not be interpreted as assurances of property life or of the profitability of current or future operations given that there are numerous uncertainties inherent in the estimation of economically recoverable oil and natural gas reserves.

Disruptions in Production

Other factors affecting the production and sale of oil and natural gas that could result in decrease of profitability include: (i) expiration or termination of leases, permits or licenses, or sales price re-determinations or suspension of deliveries; (ii) future litigation; (iii) the timing and amount of insurance recoveries; (iv) work stoppages or other labor difficulties; (v) worker vacation schedules and related maintenance activities; and (vi) changes in the market and general economic conditions. Weather conditions, equipment replacement or repair, fires, amounts of rock and other natural materials and other geological conditions can have a significant impact on operating results.

Cash Flows and Additional Funding Requirements

The Company presently has revenue from its Gulf of Thailand production and earnings from its interest in Apico, which is accounted for under the equity method on the consolidated statement of operations. In order to further develop the Gulf of Thailand assets, substantial capital will be required. The sources of capital presently available to the Company for development are cash flow from production or the issuance of debt or equity. The Company has sufficient financial resources to undertake its firm obligations for the next 12 months.

The Company is exposed to fluctuations in short-term interest rates on amounts drawn under its revolving credit facilities. The Company has not hedged these rates given the need to remain flexible in borrowing and repaying the outstanding balances.

Environmental

The Company's exploration activities are subject to extensive laws and regulations governing environmental protection. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all future requirements will be achievable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures.

Laws and Regulations

The Company's exploration activities are subject to local laws and regulations governing prospecting, drilling, development, exports, taxes, labour standards, occupational health and safety, and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly.

The political unrest in Thailand has manifested itself in recent protests and violence in Bangkok. This unrest and its related violence has not affected our Thailand production operations; but there can be no guarantee that operations will not be affected in the future. As a safety precaution for our Bangkok based employees, we have on occasion shut down our Bangkok office and allowed those employees to work from home. We have also reviewed contingency plans for our third country nationals to ensure their safe exit from Thailand should the need arise.

There are also many risks associated with operations in international markets, including changes in foreign governmental policies relating to crude oil and natural gas taxation, other political, economic or diplomatic developments, changing political conditions and international monetary fluctuations. These risks include: political and economic instability or war; the possibility that a foreign government may seize our property with or without compensation; confiscatory taxation; legal proceedings and claims arising from our foreign investments or operations; a foreign government attempting to renegotiate or revoke existing contractual

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Three Month Period ended March 31, 2010

(All tabular amounts are expressed in US\$000's unless otherwise stated except share and per share amounts)

arrangements, or failing to extend or renew such arrangements; fluctuating currency values and currency controls; and constrained natural gas markets dependent on demand in a single or limited geographical area. The Company applies the expertise of its management, its advisors, its employees and contractors to ensure compliance with current local laws.

Title to Oil and Gas Properties

While the Company has undertaken customary due diligence in the verification of title to its oil and gas properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered Petroleum Agreements or transfers and title may be affected by undetected defects.

Dependence on Management

The Company strongly depends on the business and technical expertise of its senior management team and there is little possibility that this dependence will decrease in the near term. The loss of one or more of these individuals could have a material adverse effect on the Company.

Apico Financial Reporting

The Company accounts for its 36.1% investment in Apico under the equity method whereby it records its share of Apico's earnings as earnings from a significantly influenced investee. Apico is required to provide the partners its financial statements under the Joint Venture Agreement on a timely basis. While the Company has a seat on the Board of Directors of Apico, it does not control the Board or the management of Apico. Therefore, the Company relies heavily on Apico management to provide timely and accurate financial information to the partners.

Risk Management and Financial Instruments

Coastal provides a risk management and financial instruments discussion as required by CICA Handbook section 3862 "Financial Instruments – Disclosures" on its exposure to and management of credit risk, liquidity risk and market risk in Note 11 to the unaudited interim financial statements for the three months ended March 31, 2010.

Management's Report on Internal Control over Financial Reporting

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Outlook

The Company plans to continue operating its current Gulf of Thailand properties as well as pursuing additional development and exploration of its current concessions.

Coastal anticipates using the proceeds from its current production at Songkhla and Sinphuhorm to enhance its liquidity position and fund further development and exploration of Blocks G5/43 and G5/50.

COASTAL ENERGY COMPANY

Three Month Periods ended March 31, 2010 and 2009 (Unaudited)

(All amounts are expressed in US\$000's unless otherwise stated)

Consolidated Statements of Operations, Comprehensive Income (Loss) and Deficit

Three months ended March 31,	2010	2009
	\$	\$
Revenues		
Oil and natural gas	49,510	8,200
Royalties	(3,650)	(541)
Loss on derivative risk management contracts (Note 5)	(65)	(1,087)
Interest income	2	11
	45,797	6,583
Expenses		
Production	10,137	3,320
General and administrative	3,797	3,193
Foreign exchange loss (gain)	464	(368)
Interest (Notes 4 and 5)	348	1,019
Debt financing fees	124	900
Depletion, depreciation and accretion	13,294	3,158
	28,164	11,222
Net income (loss) before taxes, earnings from significantly influenced investee and non-controlling interest	17,633	(4,639)
Income taxes	(10,225)	-
Net income (loss) before earnings from significantly influenced investee and non-controlling interest	7,408	(4,639)
Earnings from significantly influenced investee (Note 2)	2,805	1,410
Net income (loss) before non-controlling interest	10,213	(3,229)
Non-controlling interest (Note 9)	5	-
Net income (loss) and comprehensive income (loss) attributable to shareholders	10,218	(3,229)
Deficit, beginning of period	(16,702)	(16,587)
Deficit, end of period	(6,484)	(19,816)
Basic and diluted earnings (loss) per share (Note 8)	0.09	(0.03)

COASTAL ENERGY COMPANY

As at March 31, 2010 and December 31, 2009 (Unaudited)
(All amounts are expressed in US\$000's unless otherwise stated)

Consolidated Balance Sheets

	March 31, 2010	December 31, 2009
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	6,729	21,229
Restricted cash	3,452	3,829
Accounts receivable	6,150	6,111
Derivative asset (Note 5)	1	66
Inventory	3,877	5,310
Prepays and other current assets	436	526
	20,645	37,071
Investment in and advances to Apico LLC (Note 2)	57,489	55,225
Property, plant and equipment (Note 3)	270,351	233,014
Deposits and other assets	305	299
Total assets	348,790	325,609
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	42,769	31,325
Deferred income (Note 6)	12,876	23,060
Income taxes payable	996	38
Amounts due to shareholder (Note 4)	3,538	5,164
Current portion of long-term debt (Note 5)	7,875	10,266
	68,054	69,853
Long-term debt (Note 5)	21,696	24,284
Asset retirement obligations (Note 7)	6,872	2,809
Future income tax liability	37,631	27,695
Total Liabilities	134,253	124,641
Commitments and contingencies (Note 12)		
Non-controlling interests (Note 9)	6,362	5,617
Shareholders' equity		
Share capital (Note 8)	200,562	198,121
Contributed surplus (Note 8)	14,018	13,779
Warrants (Note 8)	79	153
Deficit	(6,484)	(16,702)
Shareholders' equity	208,175	195,351
Total liabilities, non-controlling interests, and shareholders' equity	348,790	325,609

COASTAL ENERGY COMPANY

Three Month Periods ended March 31, 2010 and 2009 (Unaudited)

(All amounts are expressed in US\$000's unless otherwise stated)

Consolidated Statements of Cash Flows

Three months ended March 31,	2010	2009
	\$	\$
Operating activities		
Net income (loss) for the period	10,218	(3,229)
Earnings distributions from significantly influenced investee	541	723
Items not involving cash		
Depletion, depreciation and accretion	13,294	3,158
Future income taxes	9,261	-
(Gain) applicable to non-controlling interest	(5)	-
Unrealized foreign exchange (gain) loss	675	(382)
Stock based compensation	1,259	576
Issuance of warrants with notes payable	-	294
Share of earnings of significantly influenced investee, net of taxes	(2,805)	(1,410)
Unrealized loss on derivative instrument	65	1,526
Change in non-cash working capital (Note 13)	(7,038)	4,775
	25,465	6,031
Investing activities		
Decrease in restricted cash	377	1,106
Purchase of property, plant and equipment	(36,332)	(16,313)
Contributions from non-controlling interest partner	750	-
Other	(6)	(3)
	(35,211)	(15,210)
Financing activities		
Issuance of shares for cash	1,840	-
Repayments of long-term debt	(4,979)	(6,941)
Borrowings under amounts due to shareholder	-	1,000
Repayment of amounts due to shareholder	(1,750)	-
Proceeds from issuance of notes payable	-	15,000
Repayments of notes payable	-	(1,000)
	(4,889)	8,059
Net effect of foreign exchange on cash held in foreign currencies	135	(48)
Change in cash and cash equivalents	(14,500)	(1,168)
Cash and cash equivalents, beginning of period	21,229	6,434
Cash and cash equivalents, end of period	6,729	5,266
Cash and cash equivalents consists of:		
Cash	6,071	5,266
Short term money market instruments	658	-
	6,729	5,266

Supplemental cash flow information (Note 13)

COASTAL ENERGY COMPANY

Three Month Period ended March 31, 2010 (Unaudited)

(All tabular amounts are expressed in US\$000's unless otherwise stated except share and per share amounts)

Note 1. Nature of operations

Coastal Energy Company ("Coastal" or the "Company") was incorporated on May 26, 2004 in the Cayman Islands. Coastal is a public company listed on the TSX Venture Exchange and the London AIM Exchange. The Company is involved in the exploration, development and production of crude oil in Thailand.

These interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements and follow the same accounting policies and methods of their application as the audited consolidated financial statements of the Company as at December 31, 2009. These financial statements should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended December 31, 2009. Certain disclosures that are normally required to be included in the notes to the annual financial statements have been condensed or excluded. In the opinion of management, all adjustments considered necessary for fair presentation have been included. Operating results for the three months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

Recent and Pending Accounting Pronouncements

In January 2009, the CICA issued Section 1582, "Business Combinations", which will replace the former guidance on business combinations. Under the new standard, the purchase price used in a business combination is based on the fair value of consideration exchanged at the date of exchange. Currently the purchase price used is based on the fair value of the consideration for a reasonable period before and after the date of acquisition is agreed upon and announced. The new standard generally requires that acquisition costs be expensed, which are currently capitalized as part of the purchase price. In addition, the new standard modified the accounting for contingent consideration and negative goodwill. Section 1582 is effective for the Company on January 1, 2011 with prospective application and early adoption permitted. Once adopted, this standard will impact the accounting treatment of future business combinations.

In January 2009, the CICA issued Sections 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests", which replaces existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary subsequent to a business combination. These sections are effective for the Company on January 1, 2011 with prospective application and early adoption permitted. The adoption of these standards is not expected to have a material impact on the Company's consolidated financial statements.

The Canadian Accounting Standards Board has confirmed the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") will be effective January 1, 2011. The Company has developed a project plan in order to ensure successful implementation within the required timeframe. The impact on the Company's consolidated financial statements is not reasonably determinable at this time. Key information will be disclosed as it becomes available during the transition period.

Note 2. Investment in and advances to Apico LLC

The Company holds an interest of approximately 36.1% of Apico, a limited liability company incorporated in the State of Delaware, USA. Apico's primary purpose is the acquisition, exploration and development of onshore petroleum interests in the Kingdom of Thailand. The Company's investment in Apico exceeds its proportionate share of net assets of Apico ("excess basis"). This difference has been allocated to the Company's carrying value of Apico's oil and gas properties and is being amortized using the unit of production method. At March 31, 2010 and December 31, 2009, the remaining unamortized excess basis was \$14.8 million and \$15.1 million, respectively. The following table summarizes the Company's investments in and advances to Apico:

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Three Month Period ended March 31, 2010 (Unaudited)

(All tabular amounts are expressed in US\$000's unless otherwise stated except share and per share amounts)

	March 31, 2010	December 31, 2009
Balance, beginning of period	\$55,225	\$50,376
Advances during the period	-	4,516
Share of earnings of significantly influenced investee, net of taxes	3,077	9,544
Amortization of excess basis in Apico	(272)	(1,082)
Earnings distributions	(541)	(8,129)
Balance, end of period	\$57,489	\$55,225

Note 3. Property plant and equipment, net

	March 31, 2010			December 31, 2009		
	Cost	AD&D*	Net	Cost	AD&D*	Net
Oil and gas properties - Gulf of Thailand	\$262,761	\$(39,555)	\$223,206	\$215,078	\$(27,594)	\$187,484
Oil and gas production equipment	35,809	-	35,809	34,296	-	34,296
Construction in progress	10,662	-	10,662	10,605	-	10,605
Corporate assets	1,416	(742)	674	1,305	(676)	629
	\$310,648	\$(40,297)	\$270,351	\$261,284	\$(28,270)	\$233,014

* Accumulated depletion and depreciation

At March 31, 2010, oil and gas properties included \$51.9 million of unproved properties which have been excluded from the depletion calculation (2009: \$46.0 million). Future development costs of \$104.0 million at March 31, 2010 are included in the depletion calculation.

Thailand

The Company has a 100% working interest in Block G5/43 in the Gulf of Thailand which includes the Bua Ban and Songkhla oil fields and 100% interest Block G5/50 in the Gulf of Thailand. Management has performed an impairment assessment and there is no impairment of oil and gas properties and equipment as at March 31, 2010.

Oil and gas production equipment

The Company is acquiring equipment to be used in the production of the Company's interests in the Gulf of Thailand. Once these assets are put into service, the Company will commence depreciation using the straight line method over their respective useful lives.

Construction in progress

Construction in progress relates to the acquisition and refurbishment of a mat-based jack-up rig which the Company intends to use in its development of its interests in the Gulf of Thailand. Once this asset is placed in service, the Company will commence depreciation using the straight line method over its useful life.

Note 4. Amounts due to shareholder

The amounts due to shareholder relates to a note payable. Since Q1 2009, this note has been renewed at each quarter end for the following three months at an interest rate of 12% per annum. No amounts have been repaid on this note until Q1 2010, when \$1.75 million was repaid.

COASTAL ENERGY COMPANY

Three Month Period ended March 31, 2010 (Unaudited)

(All tabular amounts are expressed in US\$000's unless otherwise stated except share and per share amounts)

Note 5. Long-term debt

	March 31, 2010	December 31, 2009
Revolving debt facility	\$29,571	\$34,400
Less: current portion	(7,875)	(10,116)
Long-term debt	\$21,696	\$24,284

This revolving debt facility was arranged by Sumitomo Mitsui Banking Corporation Europe Limited ("SMBC.") As of March 31, 2010, the amount available under the borrowing base was \$29.6 million, under which the Company had drawn a total of \$29.6 million comprised of a \$25.1 million loan under the senior facility and a \$4.5 million loan drawn under the junior facility.

As a condition of the facility, the Company must maintain a debt service coverage ratio of 1.0. The Company is in compliance with this covenant as of March 31, 2010.

Loans under this Facility bear interest at SMBCs' LIBOR plus an applicable margin between 1.75% and 3.5%. The applicable LIBOR rate is determined by the length of the interest renewal period; and the margin is dependent upon whether the loan is drawn under the senior or junior loan terms and the aggregate amount of loans outstanding. The effective interest rate on the Facility for the three months ended March 31, 2010 was 3.18% (2009: 3.32%). As part of the Facility, the Company is required to deposit funds into a bank account, which is restricted as to its availability.

As a requirement of the Facility, the Company is required to hedge 50% of its onshore gas production. The Company entered into a derivative risk management contract with an affiliate of SMBC under which the Company has the right to sell 4,000 metric tons per month (up to a total of 96,000 metric tons) of Singapore fuel oil at a price of \$290.00 per metric ton commencing July 1, 2007 and expiring June 30, 2009. The Company paid \$1.2 million for this contract. Risk management contracts are recorded on the balance sheet at fair value with changes in fair value recorded in the statement of operations and deficit. During the three months ended March 31, 2009, the Company recognized \$439,000 in gains from sales proceeds and realized losses on mark-to-market adjustments of \$1,526,000 on this contract.

On June 5, 2009, the Company entered into a second derivative risk management contract with an affiliate of SMBC under which the Company has the right to sell 4,000 metric tons per month (up to a total of 48,000 metric tons) of Singapore fuel oil at a price of \$290.00 per metric ton commencing July 1, 2009 and expiring June 30, 2010. The Company paid \$566,000 for this contract. As at March 31, 2010, the fair value of the risk management contract was \$1,000. During the three months ended March 31, 2010, the Company recorded \$65,000 of unrealized losses on this risk management contract.

Note 6. Deferred income

Deferred income relates to advances received under arrangements for the Company to deliver 186,722 barrels to a third party customer.

Note 7. Asset retirement obligations

The Company's asset retirement obligations result from net ownership interest in oil and gas properties, including well sites, production and processing facilities. The Company's estimates used to calculate the fair value of the asset retirement obligation have not changed since December 31, 2009. The following table provides a reconciliation of the asset retirement obligations:

COASTAL ENERGY COMPANY

Three Month Period ended March 31, 2010 (Unaudited)

(All tabular amounts are expressed in US\$000's unless otherwise stated except share and per share amounts)

	March 31, 2010	December 31, 2009
Balance, beginning of period	\$ 2,809	\$ 1,354
Additions to future costs	3,980	1,521
Revisions in estimated cash flows	-	(186)
Accretion expense	83	120
Balance, end of period	\$6,872	\$2,809

Note 8. Share capital

Common Stock

Authorized 250,000,000 common shares with par value of \$0.04 each;

Issued and fully paid common shares

	Share Capital				
	Number of Shares	Par Value	Additional Paid In Capital	Total	Contributed Surplus
Balance, December 31, 2009	108,276,645	\$4,331	\$193,790	\$198,121	\$13,779
Shares issued pursuant to exercise of stock options	778,412	31	2,046	2,077	(527)
Shares issued pursuant to exercise of warrants	457,734	19	345	364	-
Stock-based compensation	-	-	-	-	766
Balance, March 31, 2010	109,512,791	\$4,381	\$196,181	\$200,562	\$14,018

Accumulated Other Comprehensive Income

There have been no changes to accumulated other comprehensive income as at and for the three months ended March 31, 2010 and 2009. The Company does not have any accumulated other comprehensive income at March 31, 2010 (2009: \$nil).

Warrants

As of March 31, 2010, the Company had 2,682,378 warrants outstanding and fully exercisable. The changes in warrants were as follows:

	2010		2009	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of period	3,246,245	\$3.42	2,343,745	\$4.09
Warrants issued	-	-	2,000,000	\$1.09
Warrants exercised	(563,867)	\$3.62	(1,097,500)	\$1.52
Balance, end of period	2,682,378	\$3.62	3,246,245	\$3.42

The following table summarizes the outstanding and exercisable warrants at March 31, 2010:

Grant Date	Number Outstanding	Remaining Contractual Life	Exercise Price	Expiry Date	Number Exercisable
Jul. 20, 2005	2,142,378	0.25 years	\$4.25 (£2.80)	Jul. 20, 2010	2,142,378
Jan. 23, 2009	540,000	3.75 years	\$1.12 (Cdn1.136)	Jan. 23, 2014	540,000
	2,682,378				2,682,378

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(All tabular amounts are expressed in US\$000's unless otherwise stated except share and per share amounts)

Stock options

	Number of options	Weighted average exercise price
Balance outstanding, December 31, 2009	10,409,599	\$2.85
Options exercised	(778,412)	\$2.03
Balance outstanding, March 31, 2010	9,631,187	\$3.01

The following table summarizes the outstanding and exercisable options at March 31, 2010:

Grant Date	Number Outstanding	Remaining Contractual Life	Exercise Price	Expiry Date	Number Exercisable
Jul. 06, 2005	50,000	0.25 years	\$2.13 (£1.40)	Jul. 06, 2010	50,000
Dec. 27, 2006	1,925,000	1.75 years	\$2.17 (Cdn\$2.20)	Dec. 27, 2011	1,925,000
Jun. 15, 2007	6,250	2.25 years	\$2.91 (Cdn\$2.96)	Jun. 16, 2012	-
Jan. 25, 2008	558,500	2.75 years	\$3.88 (Cdn\$3.94)	Jan. 26, 2013	401,750
May 05, 2008	162,500	3.08 years	\$4.37 (Cdn\$4.44)	May 06, 2013	62,500
Jul. 14, 2008	85,000	3.25 years	\$3.55 (Cdn\$3.61)	Jul. 15, 2013	42,500
Sep. 16, 2008	100,000	3.50 years	\$2.24 (Cdn\$2.27)	Sep. 16, 2013	50,000
Sep. 23, 2008	1,000,000	2.75 years	\$3.88 (Cdn\$3.94)	Feb. 05, 2013	750,000
Jan. 02, 2009	3,127,338	3.75 years	\$1.33 (Cdn\$1.35)	Jan. 02, 2014	914,997
Dec. 01, 2009	2,616,599	4.75 years	\$5.05 (Cdn\$5.13)	Nov. 30, 2014	-
	9,631,187				4,196,747

Stock-based compensation

For the three months ended March 31, 2010 the Company recorded stock-based compensation of \$0.77 million (2008: \$0.67 million), of which \$0.10 million was capitalised (2009: \$0.10 million). For the three months ended March 31, 2010, the Company also recorded debt financing fees for the warrants of \$nil (2009: \$0.29 million).

In 2009, the Company awarded stock appreciation rights for the equivalent of 2,993,079 shares, of which 398,568 shares are contingent upon the achievement of certain performance goals established by the Company. These awards vest and are cash-settled 33.3% on each of the subsequent anniversaries of the grant date. For the three months ended March 31, 2010, the Company incurred a liability of \$0.63 million (2009: \$0.59 million), of which \$0.06 million (2008: \$0.11 million) was capitalized. The liability as of March 31, 2010 is \$6.34 million (\$6.87 million at December 31, 2009.)

Earnings per share

The following table summarizes the weighted average number of common shares used in calculating basic and diluted earnings (loss) per share. No adjustments were required to net income.

Three months ended March 31,	2010	2009
Weighted average common shares outstanding, basic	109,066,282	93,630,720
Effect of stock options and warrants	4,298,853	-
Weighted average common shares outstanding, diluted	113,365,135	93,630,720

The Company has excluded 2,616,599 of options from the 2010 diluted per share calculations since these instruments are anti-dilutive.

COASTAL ENERGY COMPANY

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Note 9. Variable interest entity and non-controlling interests

The Company is considered the primary beneficiary in a variable interest entity ("VIE"). The VIE is called Viking Storage Solutions (Mauritius) Limited ("VSS") and was incorporated in August 2009.

The Company contributed the 'Resolution' vessel to VSS, owns 50% of the common stock and is entitled to 50% of the voting rights in VSS. The purpose of VSS is to legally own and charter the 'Resolution' vessel for fixed periods of time, with the current charterer being the Company under a five year lease. The cost of ensuring the vessel is ready for operational use lies with VSS. The day-to-day operational usage will be dictated by the Company. The relative proportion of future financing reflects the fact that the Company transferred the vessel to the entity. It is expected that the Company will experience greater variability in returns and losses than the other shareholder in VSS. Note the maximum loss the Company is exposed to is its investment in the share capital of VSS.

The effect of consolidating VSS has meant that assets of \$25.95 million, liabilities of \$0.51 million and minority interest of \$6.36 million are carried on the Company's balance sheet at March 31, 2010. The loss from VSS is \$0.01 million for the three months ended March 31, 2010, offset by a credit from the non-controlling interest of \$0.01 million. There is no recourse to other entities of the Company for losses and claims made against VSS.

Note 10. Capital management

The Company manages its capital structure and makes adjustments in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company considers its capital structure to include common share capital, long-term debt and working capital (a non-standardized measure under GAAP defined as current assets less current liabilities.) In order to maintain or adjust the capital structure, from time to time the Company may issue common shares or other securities, incur debt, sell assets or adjust its capital spending to manage current and projected debt levels. The Company may also repurchase common shares when the Company believes the market price does not reflect the underlying values of the common shares. The Company's capital structure is comprised as follows:

	March 31, 2010	December, 31, 2009
Shareholders' equity	\$208,175	\$195,351
Non-controlling interests	6,362	5,617
Bank debt	29,571	34,550
Amounts due to shareholder	3,538	5,164
Working capital deficit ⁽¹⁾	35,996	22,516
	\$283,642	\$263,198

Note 1: This amount excludes the current portion of the bank debt and the amounts due to shareholders (which by the definition above would normally be included in this computation) as they are already included above.

The Company is in compliance with its debt covenants; see Note 5.

Note 11. Financial instruments and risk management

Financial risk management objectives

Management co-ordinates access to financial markets and monitors and manages financial risk. These financial risks include fair value risk, market risks (comprising currency, interest rate, commodity price and credit risk) and liquidity risk.

Management seeks to adopt practicable yet effective approaches in a manner consistent with the current nature and scale of operations. This is manifested in procedures such as seeking to match currency inflows with currency outflows in the same currency, and by avoiding the use of derivative instruments where possible. The Company never undertakes derivative transactions for speculative trading purposes.

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Given the direct involvement of senior financial personnel in monitoring financial risks, it is not considered necessary at this time for any formalized reporting of financial risk sensitivity models to be prepared. This decision will be reassessed by management on an ongoing basis as part of wider assessments of the ongoing effectiveness of the treasury function.

Fair values

The Company's financial instruments include cash and cash equivalents, derivatives, accounts receivable and other, and accounts payable. The carrying value and fair value of these financial instruments at March 31, 2010 is reported in the following table. The Company classifies the fair value of its financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2- Pricing inputs other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Financial Instrument	Level	Carrying Value	Fair Value	Interest Expense
Assets held for trading:				
Cash and cash equivalents	1	6,729	6,729	
Restricted cash	1	3,452	3,452	
Derivative asset (see Note 7)	2	1	1	
Loans and receivables				
Accounts receivable		6,150	6,150	
Other liabilities				
Accounts payable and accrued liabilities		42,769	42,769	
Amounts due to shareholder		3,538	3,538	124
Long-term debt		29,571	28,810	224

The Company considers its risks in relation to financial instruments in the following categories, of which management considers that no category has significantly worsened in Q1 2010 relative to 2009.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will not discharge its obligations, resulting in a financial loss to the Company. The Company has procedures in place to minimize the credit risk it will assume. Coastal personnel evaluate credit risk on an ongoing basis including an evaluation of counterparty credit rating and counterparty concentrations measured by amount and percentage.

The primary sources of credit risk for the Company arise from the following financial assets: (1) cash and cash equivalents and restricted cash; (2) accounts receivable and other; (3) derivative contract. The Company has not had any credit losses in the three months to March 31, 2010. At March 31, 2010, the Company has no financial assets that are past due or impaired due to credit risk related defaults.

The Company's accounts receivable and other consists primarily of Value Added Tax ("VAT") refunds from the governments of Great Britain and Thailand. The Company's maximum exposure to credit risk at the balance sheet date is as follows:

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(All tabular amounts are expressed in US\$000's unless otherwise stated except share and per share amounts)

	March 31, 2010	December 31, 2009
Cash and cash equivalents	\$6,729	21,229
Restricted cash	3,452	3,829
Accounts receivable from UK and Thailand government entities	4,851	5,682
Trade receivable	1,257	-
Other accounts receivable	42	429
Derivative asset	1	66
	\$16,332	\$31,235

The Company's trade receivable at March 31, 2010 was from one customer, was less than 30 days aged and was fully collected after March 31, 2010. All revenues for the quarters ended March 31, 2010 and 2009 were from the same customer. The Company did not write off any receivables in Q1 2010 nor in Q1 2009. No receivables are overdue as of March 31, 2010 and hence no allowance has been made for doubtful debts. The credit rating as of March 31, 2010 for the Company's sole customer was BBB+.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to its financial liabilities. The Company's financial liabilities are comprised of accounts payable and accrued liabilities, long-term debt, obligations under operating leases and future contractual commitments. The Company frequently assesses its liquidity position and obligations under its financial liabilities by preparing financial forecasts. Coastal mitigates liquidity risks by maintaining a sufficient cash balance as well as maintaining a sufficient current and projected liquidity cushion to meet expected future payments.

The Company's liquidity position has improved as a result of increased levels of production in the current year.

The Company's financial liabilities arose primarily from the development of its Thailand properties. Payment terms on the Company's accounts payable and accrued liabilities are typically 30 to 60 days from receipt of invoice and generally do not bear interest. At March 31, 2010, the Company had recorded all of the obligations associated with its financial liabilities. In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial liabilities and capital expenditures:

March 31, 2010	2010	2011	2012	Thereafter	Total
Accounts payable and accrued liabilities	\$42,769	\$-	\$-	\$-	\$42,769
Income taxes payable	996	-	-	-	996
Amounts due to shareholder	3,538	-	-	-	3,538
Current and long-term debt payments	6,225	8,280	7,566	7,500	29,571
	\$53,528	\$8,280	\$7,566	\$7,500	\$76,874

As of March 31, 2010 the Company has fully utilized its available borrowing facilities. Management believes it can re-enter the credit market in the future should circumstances deem that necessary.

Market risk

Market risk is the risk that the fair value (for assets or liabilities considered to be held-for-trading and available-for-sale) or future cash flows (for assets or liabilities considered to be held-to-maturity, other financial liabilities, and loans or receivables) of a financial instrument will fluctuate because of changes in market prices. The Company evaluates market risk on an ongoing basis. Coastal assesses the impact of variability in identified market risk on its various assets and liabilities and has established policies and procedures to mitigate market risk on its foreign exchange, interest rates and derivative contract.

a) Currency risk

Coastal operates internationally and therefore is exposed to the effects of changes in currency exchange rates. Although the functional currency of the Company is United States Dollars, it also transacts business in Thai baht, British Pounds, Canadian Dollars and Euros. The Company is subject to inflation in the

COASTAL ENERGY COMPANY

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countries in which it operates and fluctuations in the rate of currency exchange between the United States and these other countries. The Company does not currently use financial instruments or derivatives to hedge these currency risks.

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's costs are incurred principally in US dollar, Thai baht, UK Pounds and Canadian Dollars. The appreciation of non-US Dollar currencies against the US Dollar can increase the costs of operations and capital expenditures in US Dollar terms.

The Company is exposed to currency risk through the following US dollar equivalent of financial assets and liabilities denominated in currencies other than US Dollars.

Based on the net exposures at March 31, 2010, a 10% depreciation or appreciation of the above currencies against the US dollar would result in a \$0.58 million increase or decrease in the Company's after-tax earnings with the same impact on comprehensive income. This movement is attributable to cash, payables and receivables at the respective balance sheet date denominated in currencies other than the US dollar.

b) Interest rate risk

The Company is exposed to interest rate risk on its outstanding borrowings and short-term investments. Presently the majority of the Company's credit facilities are at floating interest rates. The Company monitors its exposure to interest rates and is comfortable with its exposures given the relatively short-term of the interest rates on long-term debt. The terms of the Company's long-term debt obligation is described in Note 5. The Company has met its obligations with respect to this liability. The Company accounts for its borrowings under the long-term debt on an amortized cost basis. The Company had borrowings totaling \$33.1 million at March 31, 2010 (December 31, 2009: \$39.7 million) (see Notes 4 and 5). A 100 basis point change in interest rates at the balance sheet date would result in a \$0.33 million change in the Company's annual net income as at March 31, 2010. No derivative instruments have been taken out to date by the Company to specifically manage interest rate risk.

The Company paid an average of 4.25% on its borrowings for the three months ended March 31, 2010 (2009: 6.61%).

The Company earned an average of 0.08% on its short-term investments for the three months ended March 31, 2010 (2009: 0.47%).

c) Commodity price risk

Profitability of the Company depends on market prices for petroleum and natural gas. Petroleum and natural gas prices are affected by numerous factors such as global consumption and demand for petroleum and natural gas, international economic and political trends, fluctuation in the US dollar and other currencies, interest rates, and inflation.

The Company's long-term debt (Note 5) incorporates the reference price in its model to determine the effective borrowing base under which the Company may borrow. Thus a 10% decline in the reference price projection would reduce the availability under the borrowing base by approximately 8% or \$2.36 million at March 31, 2010.

As a requirement of the debt facilities, the Company entered into a derivative hedging agreement described in Note 5. Coastal's derivative contract was in place and the Company realized cash settled proceeds of \$nil under it during the three months ended March 31, 2010 (2009: \$439,000.) A 10% increase in prices as of March 31, 2010 would cause the derivative to be valued at \$nil, effectively a decline in value of \$1,000 from what is recorded on the balance sheet.

d) Other price risk

The Company is exposed to equity price risk in relation to stock appreciation rights granted to employees. For more detail, see Note 8.

COASTAL ENERGY COMPANY

Three Month Period ended March 31, 2010 (Unaudited)

(All tabular amounts are expressed in US\$000's unless otherwise stated except share and per share amounts)

Note 12. Commitments and contingencies

The Company has provided a letter of credit to the Thailand Customs Department for \$0.6 million. This letter of credit is cash collateralized, has not been drawn on and remains outstanding as of March 31, 2010.

The Company has entered into various commitments primarily related to the ongoing development of its Thailand G5/43 property (Note 3). Coastal has secured equipment and work commitments in the Gulf of Thailand. In order to keep this Concession, the Company has various development obligations. The Company also has operating lease agreements for office space in the United Kingdom, Thailand and the United States. The following table summarizes the Company's outstanding contractual obligations:

Year	Drilling & Production	G5/50	Other	Total
2010	27,854	2,850	106	30,810
2011	-	2,450	55	2,505
2012	-	-	35	35
2013	-	-	35	35
2014	-	-	12	12

The Company is from time to time involved in various claims, legal proceedings, complaints and disputes with governmental authorities arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

Note 13. Supplemental cash flow information

The following table summarizes the changes in non-cash working capital for the three months ended March 31, 2010 and 2009:

	3 months ended March 31,	
	2010	2009
Change in:		
Accounts receivable	\$(39)	\$(425)
Inventory	1,433	(1,203)
Prepays and other current assets	90	(775)
Accounts payable and accrued liabilities	704	7,178
Deferred income	(10,184)	-
Income taxes payable	958	-
	\$(7,038)	\$4,775
Changes relating to:		
Attributable to operating activities	\$(7,038)	\$4,775

During the three months ended March 31, 2010 and 2009, the Company made cash payments for income taxes and interest on long-term debt as follows:

	3 months ended March 31,	
	2010	2009
Interest on debt	\$224	\$523
Income taxes	6	-

COASTAL ENERGY COMPANY

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Note 14. Segmented information

Operating segment

The Company's primary current operations are the acquisition, exploration and development of oil and gas properties in the Gulf of Thailand. The Company also has an indirect operating segment involved in the acquisition, exploration and development of onshore petroleum properties in Thailand. This segment is owned through the Company's 36.1% interest in Apico which is accounted for using the equity method (Note 2). The Company's corporate office is located in the United States of America.

Geographic segments

The Company's oil and gas assets as at March 31, 2010 and December 31, 2009, and revenues and expenses for the three months ended March 31, 2010 and 2009 were as follows:

Oil and gas assets as at	March 31, 2010				December 31, 2009			
	Onshore Thailand	Gulf of Thailand	Corporate	Total	Onshore Thailand	Gulf of Thailand	Corporate	Total
Investment in Apico	\$57,489	\$-	\$-	\$57,489	\$55,225	\$-	\$-	\$55,225
Property, plant and equipment, net	-	269,717	634	270,351	-	232,715	299	233,014
Total Assets	\$57,489	\$282,456	\$8,845	\$348,790	\$55,225	\$256,152	\$14,232	\$3254,609

Three months ended	March 31, 2010				March 31, 2009			
	Onshore Thailand	Gulf of Thailand	Corporate	Total	Onshore Thailand	Gulf of Thailand	Corporate	Total
Revenues								
Oil and gas revenues, net	\$-	\$45,860	\$-	\$45,860	\$-	\$7,659	\$-	\$7,659
Gain (loss) on derivative	-	-	(65)	(65)	-	-	(1,087)	(1,087)
Interest income	-	-	2	2	-	-	11	11
	\$-	\$45,860	\$(63)	\$45,797	\$-	\$7,659	\$(1,076)	\$6,583
Expenses								
Production expenses	-	10,137	-	10,137	-	3,320	-	3,320
General and administrative	-	721	3,076	3,797	-	-	3,193	3,193
Foreign exchange (gain) loss	-	450	14	464	-	-	(368)	(368)
Interest expense	-	124	224	348	-	-	1,019	1,019
Debt financing fees	-	-	124	124	-	-	900	900
Depletion, depreciation & accretion	-	13,274	20	13,294	-	3,102	56	3,158
Income taxes	-	10,225	-	10,225	-	-	-	-
Share of Apico earnings	2,805	-	-	2,805	1,410	-	-	1,410
Net income (loss) before non-controlling interest	\$2,805	\$10,929	\$(3,521)	\$10,213	\$1,410	\$1,237	\$(5,876)	\$(3,229)
CAPEX	\$-	\$45,383	\$-	\$45,383	\$-	\$12,266	\$50	\$12,316

NON-INDEPENDENT DIRECTOR

Randy L. Bartley, President and CEO ⁽⁴⁾

INDEPENDENT DIRECTORS

C. Robert Black ^{(1) (2) (4)}
Former Senior Vice President, Office of the Chairman
Texaco, Inc.

Bernard de Combret ^{(1) (2) (3) (4)} Chairman
Former Deputy Chairman Executive Committee
Total Fina Elf, S.A.

Olivier de Montal ⁽²⁾
Administrator, Olympia Capital Holding

Lloyd Barnaby Smith ^{(2) (4)}
Former British Ambassador to Thailand

Forrest E. Wylie ^{(1) (3) (4)}
Chairman, CEO & President
Buckeye Partners, L.P.

John B. Zaozirny ^{(1) (3)}
Vice Chairman, Canaccord Capital

Committees of the Board:

- (1) Audit, (2) Compensation,*
- (3) Corporate Governance and Nominating,*
- (4) Reserves*

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Bernard de Combret, Chairman

Randy L. Bartley, President, CEO, Director

William C. Phelps, Chief Financial Officer

John M. Griffith, Vice President, Operations
Thailand General Manager

TRADING SYMBOLS

CEN on TSX-V Exchange
CEO on AIM Exchange

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ABBREVIATIONS

bbl	barrel
boe	barrel of oil equivalent of natural gas and crude oil on the basis of 1 boe for 6 mcf of natural gas
bbl/d	barrels of oil per day
mbbls	thousand barrels
mcf	thousand cubic feet
mmcf	million cubic feet
mcf/d	thousand cubic feet per day
mmcf/d	million cubic feet per day
bcf	billion cubic feet
TSX-V	TSX Venture Exchange (Canada)
AIM	London AIM Exchange (UK)

THIRD PARTY ADVISORS

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Corporate Bankers:
Sumitomo Mitsui Banking Corporation

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