Coastal Energy Company
Quarterly Report
June 30, 2013

Three and Six Months Ended June 30, 2013 and 2012

CONTENTS

President's Report to the Shareholders

Dear Fellow Shareholders:

The first half of 2013 has met us with both continued success along with some operational headwinds. Total Company production for the second quarter increased 10% year over year to 23,843 boe/d. Offshore production has increased by 9% to 21,095 bbl/d but has been affected by some operational and mechanical issues. We have experienced mechanical downtime in the second quarter on two horizontal wells at Bua Ban North due to problems with a new completion technology. One of these wells has been repaired and is performing in line with our expectations. Our previously expected offshore production ramp up has been further delayed by damage that was sustained to the two Mobile Offshore Production Units ("MOPUs") which were scheduled to be placed in service by the beginning of the third quarter. This has delayed initial production in Malaysia and the start-up of Songkhla H production in the Gulf of Thailand by approximately one quarter.

Onshore production remains strong and has grown 16% year over year to 2,748 boe/d. Natural gas demand growth remains robust in Thailand and we expect onshore production levels to remain elevated.

The Company has begun to build on the success of its pilot hydraulic fracturing program which was completed in the first quarter. A total of five wells at Bua Ban Main have been sidetracked and the new wellbores have been designed to optimize fracture completion results. The frac equipment is expected to arrive in mid-August so that the wells can be fracced and brought onstream beginning in September.

During the second quarter the Company re-initiated its Normal Course Issuer Bid to repurchase up to 5% of the Company's outstanding shares. Management believes that this is an effective and accretive use of free cash flow at current market prices. The Company has already repurchased 259,800 shares at an average price of C$15.30.

Although the first half of 2013 has met the Company with some operational challenges, these have largely been resolved and we expect continued growth as we continue to develop and explore our asset base.

On behalf of the Board of Directors

Randy L. Bartley

President and Chief Executive Officer
August 8, 2013

Financial and Operating Highlights

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

	3 months ended June 30,			6 months ended June 30,		
	2013	2012	% Change	**2013**	2012	% Change
Financial						
Crude oil revenue	**$136,904**	$194,639	-30%	**$363,704**	$383,718	-5%
EBITDAX [(1)]	**$83,331**	$130,278	-36%	**$235,864**	$258,717	-9%
Per share – Basic	**$0.73**	$1.14	-36%	**$2.08**	$2.27	-8%
Per share – Diluted	**$0.71**	$1.10	-35%	**$2.01**	$2.18	-8%
Net Income	**$18,905**	$42,150	-55%	**$70,984**	$90,285	-21%
Per share – Basic	**$0.17**	$0.37	-54%	**$0.62**	$0.79	-22%
Per share – Diluted	**$0.16**	$0.36	-56%	**$0.61**	$0.76	-20%
Capital expenditures, excluding onshore	**$61,510**	$52,830	16%	**$154,354**	$113,102	36%
Total Assets				**$961,273**	$700,613	37%
Working capital deficit				**$29,152**	$2,788	NMF
Weighted average common shares outstanding						
Basic	**113,604,820**	113,953,045	-	**113,589,485**	113,968,697	-
Diluted	**116,878,011**	118,480,870	-1%	**117,068,200**	118,736,947	-1%
Operations						
Operating netback ($/bbl) [(1) (2)]						
Crude oil revenue	**$98.24**	$103.87	-5%	**$102.44**	$107.95	-5%
Royalties	**10.07**	10.95	-8%	**11.36**	11.47	-1%
Production expenses	**25.55**	21.97	16%	**22.12**	21.77	2%
Operating netback	**$62.62**	$70.95	-12%	**$68.96**	$74.71	-8%
Average daily crude oil production (bbls) [(2)]	**21,095**	19,351	9%	**20,778**	20,191	3%

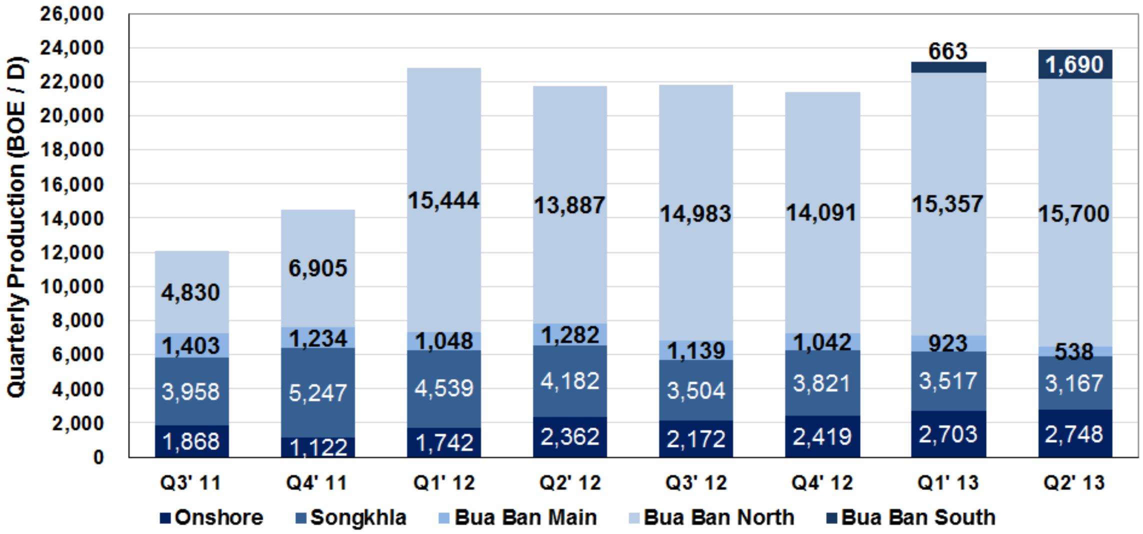
Notes:
(1) Non-IFRS measure; see "Non-IFRS Measures" section within MD&A.
(2) Includes offshore crude oil only as onshore is accounted for using the equity method of accounting.

Second Quarter 2013 Highlights

- Total Company production increased to 23,843 boe/d in the second quarter from 21,713 boe/d in the same period last year. The Company's offshore production was 21,095 bbl/d, with the increase due to the development of Bua Ban North and the discovery at Bua Ban South. Onshore production of 2,748 boe/d is comparable to Q1 2013 levels and is significantly up from a year ago due to higher demand for natural gas at the Nam Phong power plant.

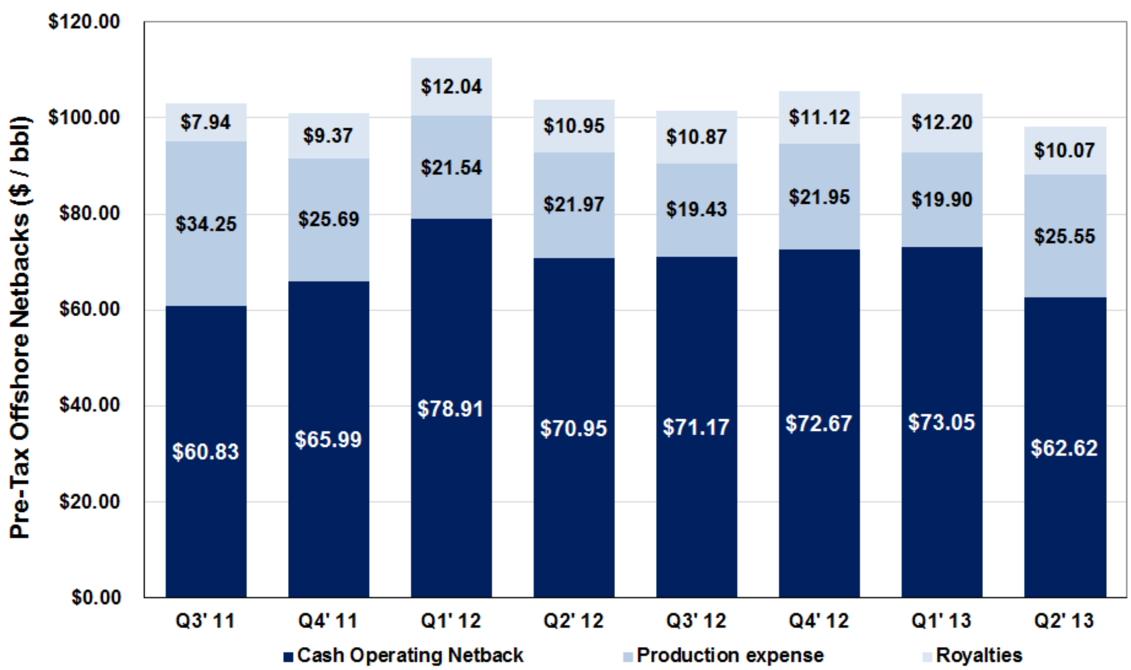
- EBITDAX for Q2 2013 was $83.3 million, 36% lower than the $130.3 million recorded in Q2 2012 mostly due to the timing of liftings during Q2 2013. The Company's inventory levels increased by 526,017 barrels (280%) over this period such that 714,132 barrels were on hand at quarter end, the revenue from which will be recognized in the third quarter.

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



Note: Bua Ban North came onstream starting in August 2011. Bua Ban South came onstream in March 2013.

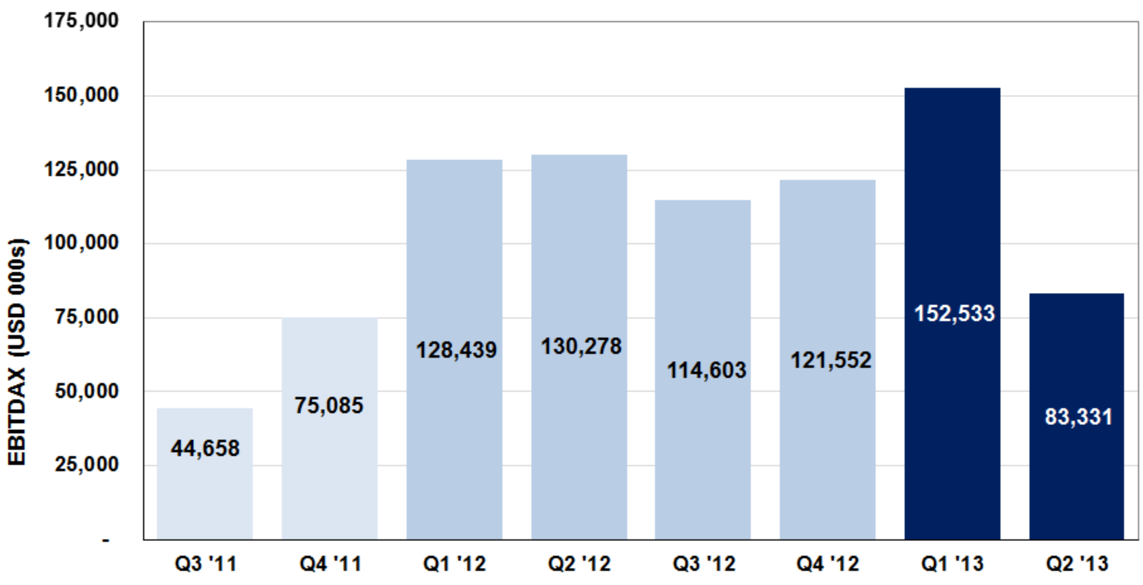
The following chart represents the Company's cash operating netback ($/bbl) for its offshore production over the past eight (8) quarters. Operating netback is based on sales volume and is a non-IFRS measure. See "Non-IFRS Measure" section within the MD&A.



EBITDAX Computation	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
Net income attributable to shareholders	**$18,905**	**$52,079**	$94,018	$40,100	$42,150	$48,135	$18,892	$19,013
Add Back:								
Unrealized (gain) loss on derivative	**(1,414)**	**(217)**	(2,507)	362	(15,892)	4,007	3,663	(15,019)
Realized loss on derivative	**17**	**-**	1,749	3,640	5,958	5,152	5,175	3,837
Interest income	**(4)**	**(27)**	(34)	(2)	(1)	(2)	(2)	(2)
Equity-based compensation	**1,461**	**2,423**	1,453	1,414	1,414	1,414	677	587
Unrealized foreign exchange loss (gain)	**943**	**(2,058)**	(837)	18	(157)	91	268	(337)
Finance expenses	**132**	**1,215**	1,574	1,940	195	1,006	1,549	913
Debt financing fees	**1,045**	**528**	1,032	501	351	281	273	258
Loss (gain) on sale of assets	**15**	**(19)**	-	(252)	-	-	-	(873)
Depletion, depreciation and accretion	**13,878**	**23,305**	16,727	14,778	18,590	20,044	22,844	13,308
Taxation	**35,123**	**75,304**	8,377	44,913	77,384	48,311	20,201	22,628
Exploration	**13,230**	**-**	-	7,191	286	-	1,545	345
EBITDAX	**$83,331**	**$152,533**	$121,552	$114,603	$130,278	$128,439	$75,085	$44,658

Note (a) EBITDAX is a non-IFRS measure.

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



Note: Q2 2013 EBITDAX was impacted by a large increase in crude oil inventory during the quarter. The Company ended the quarter with 714,132 bbl in inventory, the revenue and associated expense from which will be recognized in Q3 2013.

Operational Review

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

Oil and Gas Properties

Summary of Oil & Gas Properties	**Thailand Onshore**	**Gulf of Thailand**	**Totals**
Balance, December 31, 2011	**$47,698**	**$385,479**	**$433,177**
Additions during the period, net of disposals:			
Increase in ownership of Apico LLC	**9,250**	**-**	**9,250**
Exploration & development	**-**	**348,990**	**348,990**
Equity earnings in Apico, net of distributions	**3,967**	**-**	**3,967**
Depletion	**-**	**(71,539)**	**(71,539)**
Exploration expense	**-**	**(7,477)**	**(7,477)**
Amortization of excess basis in Apico	**(649)**	**-**	**(649)**
Balance, December 31, 2012	**$60,266**	**$655,453**	**$715,719**
Additions during the period, net of disposals:			
Exploration & development	**-**	**122,166**	**122,166**
Disposals	**-**	**(529)**	**(529)**
Equity earnings from Apico, net of distributions	**11,011**	**-**	**11,011**
Depletion	**-**	**(39,046)**	**(39,046)**
Exploration expense	**-**	**(13,230)**	**(13,230)**
Amortization of excess basis in Apico	**(402)**	**-**	**(402)**
Dividends received	**(5,069)**		**(5,069)**
Balance, June 30, 2013	**$65,806**	**$724,814**	**$790,620**

Management's Discussion and Analysis

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

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 August 8, 2012, should be read in conjunction with the accompanying unaudited consolidated financial statements as at and for the three and six months ended June 30, 2013 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 exploration and production of petroleum and natural gas properties in Southeast 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 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 as of June 30, 2013:

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 39.0% ownership of Apico LLC ("Apico"))	
Blocks EU-1 and E-5N containing the Sinphuhorm gas field	13.7%
Block L15/43 (surrounding the Sinphuhorm gas field)	39.0%
Block L27/43 (southeast of the Sinphuhorm gas field)	39.0%

The Company's ownership interests in a risk service contract awarded by Petronas, the national oil company of Malaysia, as of December 31, 2012 is as follows:

Malaysia Risk Service Contract	**Coastal's Working Interest**
Kapal, Benang, Meranti RSC	70%

Non-IFRS Measures

This report contains financial terms that are not considered measures under International Financial Reporting Standard principles ("IFRS") 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 Share-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 IFRS, and consequently are referred to as non-IFRS 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 IFRS.

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 an 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.

Average Daily Production (boe/d)	3 Months ended June 30,			6 Months ended June 30,		
	2013	2012	Change	**2013**	2012	Change
Songkhla	**3,167**	4,182	-24%	**3,341**	4,360	-23%
Bua Ban Main	**538**	1,282	-58%	**729**	1,165	-37%
Bua Ban North	**15,700**	13,887	13%	**15,529**	14,666	6%
Bua Ban South	**1,690**	-	-%	**1,179**	-	-%
Total Offshore Production	**21,095**	19,351	9%	**20,778**	20,191	3%
Sinphuhorm (via Apico)	**2,748**	2,362	16%	**2,726**	2,052	33%
Total Company	**23,843**	21,713	10%	**23,504**	22,243	6%

Second quarter offshore production increased 9% over the prior year following the addition of production from the initial exploration and appraisal wells at Bua Ban South. Bua Ban North production increased 13% year over year driven by ongoing development drilling at the field, but offset by mechanical issues at two horizontal wells drilled in the first quarter, which did not produce for the majority of the second quarter. Production from the Songkhla field declined in line with expectations. Production at the Bua Ban Main field was impacted by pump related downtime on the A-11 Miocene producer.

Onshore production increased 16% over the prior year due to continued increasing natural gas demand In Thailand.

The following table reconciles the Company's offshore inventory, production and liftings.

Crude Oil Inventory (bbls)	3 Months ended June 30,			6 Months ended June 30,		
	2013	2012	Change	**2013**	2012	Change
Inventory Beginning of Period	**188,115**	569,258	-67%	**503,594**	336,334	50%
+ Production	**1,919,625**	1,760,944	9%	**3,761,065**	3,674,703	2%
- Sales / Liftings	**1,393,608**	1,873,784	-26%	**3,550,527**	3,554,619	-
Inventory, End of Period	**714,132**	456,418	56%	**714,132**	456,418	56%

The Company's crude oil production is stored in floating storage and offloading vessels ("FSOs") moored at the production platforms. The inventory represents crude oil produced and loaded in the FSOs, but which had not yet been off-loaded for sale at the end of the period. The Company ended the quarter with 714,132 bbls in inventory, the revenue and associated expenses of which will be recognized in the third quarter. The Q2 ending inventory was an increase of 526,017 bbl since the beginning of the quarter.

Oil Sales, Average Benchmark and Realized Prices ($/bbl)	3 Months ended June 30,			6 Months ended June 30,		
	2013	2012	Change	**2013**	2012	Change
Oil Sales	**$136,904**	$194,639	-30%	**$363,704**	$383,718	-5%
Dubai (Benchmark - $/bbl)	**$100.80**	$106.19	-5%	**$104.35**	$111.28	-6%
Sales Price per bbl Sold ($/bbl)	**$98.24**	$103.87	-5%	**$102.44**	$107.95	-5%
Sales Price as a Percentage of Dubai	**97%**	98%		**98%**	97%	

Revenue in the second quarter decreased 30% year over year primarily driven by a 26% decline in lifting volumes and a corresponding 56% increase in year over year ending crude oil inventory. Commodity prices were slightly lower year over year, which also contributed to the lower revenue. For the first six months of the year, lifting volumes are in line on a year over year basis and revenues are 5% lower due to a slight decline in commodity pricing.

Malaysia risk service contract	3 Months ended June 30,			6 Months ended June 30,		
	2013	2012	Change	**2013**	2012	Change
Reimbursement of expenses	**$4,486**	$-	-	**$6,771**	$-	-
Expenses	**(4,486)**	-	-	**(6,771)**	-	-
Net expense associated with Malaysia risk service contract	**$-**	$-	-	**$-**	$-	-

The Company recognizes reimbursable expenses under its Malaysia Small Field Risk Services Contract ("SFRSC") as revenue when the expense is incurred. Reimbursable expenses and the associated revenue increased in the second quarter from the first quarter as the Company began preparing for first oil in the second half of 2013.

Royalties		3 Months ended June 30,			6 Months ended June 30,	
	2013	2012	Change	**2013**	2012	Change
Royalties	**$14,037**	$20,514	-32%	**$40,347**	$40,757	-1%
$ per bbl	**$10.07**	$10.95	-8%	**$11.36**	$11.47	-1%
Royalties as a percent of revenue	**10%**	11%		**11%**	11%	

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 sales. Q2 2013 royalty rates decreased both as a percentage of revenue and on an absolute basis due to lower lifting volumes during the quarter. Year to date royalties are in line with the same period in 2012 both on a percentage of revenue and an absolute basis.

Other income		3 Months ended June 30,			6 Months ended June 30,	
	2013	2012	Change	**2013**	2012	Change
Unrealized gain on derivative contracts	**$1,414**	$15,892	-	**$1,631**	$11,885	-
Realized loss on derivative contracts	**(17)**	(5,958)	-	**(17)**	(11,110)	-
Interest income	**4**	1	-	**31**	3	-
Foreign exchange loss	**(2,416)**	(157)	-	**(2,399)**	(1,171)	-
Other income	**$(1,015)**	$9,778	-	**$(754)**	$(393)	-

The Company has risk management contracts outstanding to hedge its exposure to interest rate and commodity price movements. These contracts were entered into as a condition of the Company's revolving credit facility. 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, as required under IFRS. Volatility in commodity pricing has translated into large swings in the Company's mark to market gains and losses.

The net derivative liability at June 30, 2013 may never be realized depending upon commodity price movements between June 30, 2013 and expiry of the final contract (September 2014).

The Company has earned negligible income on its cash balances due to the low global interest rate environment for risk-free assets and by using cash on hand as part of its capital intensive drilling program.

The foreign exchange loss is a result of the Company carrying out transactions and maintaining certain financial assets and liabilities in currencies other than the US Dollar. The primary foreign currency in which the Company transacts is Thai Baht. The Company also occasionally has transactions denominated in the Canadian Dollar, Singapore Dollar, British Pound, Malaysian Ringgit and Euro. Included within the forex loss for Q2 2013 are unrealised losses associated with cash retranslation of $1.78 million.

Production Expenses	3 Months ended June 30,			6 Months ended June 30,		
	2013	2012	Change	**2013**	2012	Change
Production expenses	**$43,485**	$39,483	10%	**$82,496**	$79,150	4%
Effect of change in inventory	**(7,884)**	1,681	-	**(3,962)**	(1,776)	-
	$35,601	$41,164	-14%	**$78,534**	$77,374	1%
$ per bbl	**$25.55**	$21.97	16%	**$22.12**	$21.77	2%

Total production expenses for the second quarter decreased year over year on an absolute basis after adjusting for the large inventory balance at the end of the second quarter. Total production expenses prior to inventory adjustment for the quarter increased primarily due to higher than typical workover activity (Q2 2013: $6.4 million vs. Q2 2012: $3.1million and Q1 2013: $2.1 million), some of which had been deferred from the first quarter. Per barrel production expenses also increased in the second quarter as the Company incurred the full fixed cost base for Bua Ban South during the Q1 start-up of the field, which was carried as part of the Q1 closing inventory balance and was not recognized until Q2 when the first lifting at Bua Ban South took place. For the six months ended June 30, 2013, year over year production expenses are in line on an absolute and a per barrel basis.

General and Administrative Expenses	3 Months ended June 30,			6 Months ended June 30,		
	2013	2012	Change	**2013**	2012	Change
Salaries and benefits	**$4,914**	$4,125	19%	**$10,311**	$9,954	4%
Professional fees	**1,376**	1,896	-27%	**2,361**	2,961	-20%
Office and general	**1,162**	629	85%	**2,123**	1,560	36%
Travel and entertainment	**817**	407	101%	**1,255**	909	38%
Total general and administrative expenses	**$8,269**	$7,057	17%	**$16,050**	$15,384	4%

Salaries and benefits have increased due to higher headcount and the opening of a business development office in the United Kingdom early in 2013.

Professional fees have decreased year over year largely due to lower tax and reserve audit fees.

Exploration	3 Months ended June 30,			6 Months ended June 30,		
	2013	2012	Change	**2013**	2012	Change
Unsuccessful exploration costs	**$13,230**	$286	-	**$13,230**	$286	-

The Q2 2013 charge relates to the write off of specific well costs associated with Songkhla M and G5/50 the results of which are deemed sub-commercial at this time.

Net profits interest	3 Months ended June 30,			6 Months ended June 30,		
	2013	2012	Change	**2013**	2012	Change
Net profits interest	**$(7)**	$869	-	**$1,919**	$869	121%

The Company has Net Profits Agreements with two parties totaling 3.5% of net profits (defined as revenue minus all operating and capital expenditures, including royalties and taxes as well as G&A expense) from the Gulf of Thailand Block G5/43 operations as determined on a quarterly basis. In Q2 2013 income, as defined under the net profits agreement, was not achieved and thus no net profit interest expense was incurred.

Finance costs

	3 Months ended June 30,			6 Months ended June 30,		
	2013	2012	Change	**2013**	2012	Change
Finance costs	**$132**	$195	-	**$1,347**	$1,201	-

Finance costs were reduced in Q2 2013 by a credit of $1.2 million in relation to the IFRS mark-to-market adjustment of the Company's outstanding warrants. After allowing for this, the underlying debt interest expense was in line with the prior quarter. Total gross debt (excluding interest) at June 30, 2013 was $100.0 million, which was unchanged from March 31, 2013. The Company's average interest rate for the quarter was 6.53% (2012: 5.29%).

Depletion and Depreciation

	3 Months ended June 30,			6 Months ended June 30,		
	2013	2012	Change	**2013**	2012	Change
Oil and gas depreciation & depletion	**$18,386**	$16,007	15%	**$39,046**	$37,494	4%
Effect of change in inventory	**(4,666)**	2,414	-	**(2,181)**	799	-
Corporate depreciation	**158**	169	-7%	**318**	341	-7%
Depletion, depreciation, amortization and impairment expense	**$13,878**	$18,590	-25%	**$37,183**	$38,634	-4%
$ per bbl	**$9.96**	$9.92	-%	**$10.47**	$10.87	-4%

The Company's second quarter and first half per barrel depletion rates were in line year over year. Total DD&A expense declined in the second quarter due to the large inventory build during the quarter. This expense will be recognized in the third quarter when the revenue from the ending inventory is recognized.

Taxes

	3 Months ended June 30,			6 Months ended June 30,		
	2013	2012	Change	**2013**	2012	Change
Current tax expense (recovery)	**$(2,062)**	$45,289	-105%	**$43,003**	$81,897	-47%
Deferred income tax charge	**37,185**	32,095	16%	**67,424**	43,798	54%
Taxes	**$35,123**	$77,384	-55%	**$110,427**	$125,695	-12%

The Company's future income tax liability primarily relates to Thai taxes. The Company became a cash taxpayer in Thailand in 2012. The current income tax expense portion reflects the Company's estimated tax liabilities under the Petroleum Income Tax Act (PITA) and the Special Remuneratory Benefit (SRB) associated with the Company's year to date results. The Company pays taxes in Thailand twice per year. An estimated payment equal to 50% of the forecasted PITA tax due for the full year is paid in Q3 of that year. The remaining PITA balance and 100% of the SRB balance are due in Q2 of the following year.

The decrease in income tax provisions is driven by the year over year decrease in the Company's revenue and pretax income.

Under IFRS, these taxes are calculated in Thai Baht (the payment currency) and then converted to US dollars.

Share of net income from Apico LLC	3 Months ended June 30, **2013**	2012	Change	6 Months ended June 30, **2013**	2012	Change
Coastal's 39.0% (2012: 39.0%) of Apico's net income	**$5,595**	$5,672	-1%	**$11,011**	$9,808	12%
Amortization of Coastal's excess basis	**(204)**	(175)	17%	**(402)**	(304)	32%
Earnings from Significantly Influenced Investee, net of taxes	**$5,391**	$5,497	-2%	**$10,609**	$9,504	12%
100% Field Production volumes (mmcf/d)	**117.7**	101.0	17%	**116.7**	87.7	33%
13.6% net to Coastal (mmcf/d)	**16.1**	13.8	17%	**15.9**	12.0	33%

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's revenue and net income have increased in Q2 2013 relative both to Q1 2013 and year ago levels due to increased natural gas demand in Thailand as well as stronger commodity pricing.

The Company acquired additional interests in Apico for amounts 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.

Net income	3 Months ended June 30, **2013**	2012	Change	6 Months ended June 30, **2013**	2012	Change
Net income and comprehensive income attributable to Coastal Energy	**$18,905**	$42,150	-55%	**$70,984**	$90,285	-21%
Basic earnings per share	**$0.17**	$0.37	-54%	**$0.62**	$0.79	-22%
Diluted earnings per share	**$0.16**	$0.36	-56%	**$0.61**	$0.76	-20%

Summary of Quarterly Results

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

	2013		2012				2011	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues and Other Income								
Oil sales	**$136,904**	$226,800	$192,241	$170,894	$194,639	$189,079	$128,929	$81,670
Royalties	**(14,037)**	(26,310)	(20,218)	(18,305)	(20,514)	(20,243)	(11,955)	(6,295)
Reimbursement of expenses under Malaysia risk service contract	**4,486**	2,285	4,099	-	-	-	-	-
Gain (loss) on derivative	**1,397**	217	758	(4,002)	9,934	(9,159)	(8,838)	11,182
Interest income	**4**	27	34	2	1	2	2	2
Other income (loss)	**(2,416)**	17	(47)	(1,122)	(157)	(1,014)	(336)	(467)
	126,338	203,036	176,867	147,467	183,903	158,665	107,802	86,092
Expenses								
Production	**35,601**	42,933	39,907	32,718	41,164	36,210	32,773	27,148
Malaysia risk service contract	**4,486**	2,285	4,099	-	-	-	-	-
Depreciation and Depletion	**13,878**	23,305	16,727	14,778	18,590	20,044	22,844	13,308
Net profits interest	**(7)**	1,926	133	39	869	-	-	-
General and Administrative	**8,269**	7,781	15,187	9,125	7,057	8,327	11,931	7,802
Exploration	**13,230**	-	-	7,191	286	-	1,545	345
Debt financing fees	**1,045**	528	1,032	501	351	281	273	258
Finance expenses	**132**	1,215	1,574	1,940	195	1,006	1,549	913
Loss (gains) on disposal of property, plant and equipment	**15**	(19)	-	(252)	-	-	-	(873)
	76,649	79,954	78,659	66,040	68,512	65,868	70,915	48,901
Taxes	**35,123**	75,304	8,377	44,913	77,384	48,311	20,201	22,628
Share of earnings from Apico LLC	**5,391**	5,218	5,069	4,537	5,497	4,007	2,563	4,436
Net income (loss) before non-controlling interests	**19,957**	52,996	94,900	41,051	43,504	48,493	19,249	18,999
Non Controlling interest	**(1,052)**	(917)	(882)	(951)	(1,354)	(358)	(357)	14
Net income (loss) attributable to Coastal Energy Company	**18,905**	52,079	94,018	40,100	42,150	48,135	18,892	19,013
EBITDAX[(a)]	$83,331	$152,533	$121,552	$114,603	$130,278	$128,439	$75,085	$44,658
Basic earnings (loss)	$0.17	$0.46	$0.83	$0.35	$0.37	$0.42	$0.17	$0.17
Diluted earnings (loss)	$0.16	$0.45	$0.80	$0.34	$0.36	$0.40	$0.16	$0.16

Note (a) EBITDAX is a non-IFRS 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 Share-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 lower sales price both year over year and sequentially.
- The Company incurred lower overall lease operating expenses from mid-2012 onwards as a consequence of acquiring previously leased production facilities.
- 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.

Cash Flow Analysis

The Company's cash and cash equivalents at June 30, 2013 were $39.0 million, a decrease of $24.9 million from $63.9 million at December 31, 2012. The Company's primary source of funds came from operations. Cash and cash equivalents were primarily used to fund property, plant and equipment expenditures of $177.0 million and income tax payments of $78.7 million. The residual was used to fund working capital.

Capital Expenditures

Capital expenditures (on an accruals basis) amounted to $61.5 million and $154.4 million for the three and six months ended June 30, 2013, compared to $52.8 million and $113.1 million for the three and six months ended June 30, 2012, respectively. The Q2 2013 expenditures relate to field development at Bua Ban North, exploration drilling at Songkhla M and G5/50, preparatory costs for the drilling of sidetrack wells at Bua Ban Main and costs associated with converting two drilling rigs into mobile production units ("MOPUs"). The following table sets forth a summary of the Company's capital expenditures incurred:

	3 Months ended June 30,		6 Months ended June 30,	
Capital Expenditures	**2013**	2012	**2013**	2012
Seismic, geological and geophysical studies	**$1,536**	$1,648	**$3,057**	$2,842
Drilling and completions	**35,406**	20,922	**89,611**	44,691
Facilities	**10,953**	20,213	**36,159**	48,350
Lease and well equipment	**12,742**	9,802	**24,533**	16,849
Administrative assets	**873**	245	**994**	370
Total Capital Expenditures	**$61,510**	$52,830	**$154,354**	$113,102

Equity Capital

Share Capital

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

On June 11, 2013, the Company announced that the TSX had accepted the Company's Notice of Intention to make a Normal Course Issuer Bid ("NCIB") to purchase some of its common shares through the TSX. The NCIB commenced on June 14, 2013 and will terminate on the earliest of the purchase of 5,680,241 common shares (5% of the common shares issued and outstanding as of May 31, 2013), the Company providing notice of termination, or June 13, 2014. Any common shares purchased pursuant to this NCIB will be cancelled by the Company.

During July 2013, the Company purchased 259,800 common shares under this NCIB at an average price of Cdn$15.30 per share. As of the date of this report, the Company had 113,345,019 common shares outstanding.

Warrants

As of December 31, 2012, the Company had 200,000 warrants outstanding exercisable at CAD $1.136 per share. During the first six months of 2013 no warrants were exercised.

Subsequent to June 30, 2013, no warrants were exercised resulting in the issuance of no common shares of the Company.

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Stock Options

During the six months ended June 30, 2013, the Company granted no stock options, had 231,594 options exercised and had no forfeitures. Subsequent to June 30, 2013, no options were exercised and no options were forfeited.

Grant Date	Number Outstanding	Remaining Contractual Life	Exercise Price	Expiry Date	Number Exercisable
Sep. 16, 2008	100,000	0.25 years	$2.16 (Cdn$2.27)	Sep. 16, 2013	100,000
Jan. 02, 2009	739,583	0.50 years	$1.28 (Cdn$1.35)	Jan. 01, 2014	739,583
Dec. 01, 2009	1,628,885	1.50 years	$4.88 (Cdn$5.13)	Nov. 30, 2014	1,628,885
Dec. 28, 2010	1,163,444	2.50 years	$5.47 (Cdn$5.75)	Dec. 27, 2015	670,748
Dec. 14, 2011	1,432,713	3.50 years	$13.36 (Cdn$14.04)	Dec. 13, 2016	407,662
	5,064,625				3,546,878

Restricted Stock Units

During the six months ended June 30, 2013, 26,800 restricted stock units ('RSUs') were settled. Over the same period no RSUs were granted nor forfeited. The following table summarizes the outstanding RSUs at June 30, 2013 and as of the date of this report:

Grant Date	Number Outstanding	Remaining Contractual Life	Grant Date Fair Value	Expiry Date
Dec. 14, 2011	137,093	1.50 years	$12.93	Dec. 14, 2014
Dec. 14, 2012	509,963	2.50 years	$19.87	Dec. 14, 2015
	647,056			

Off-Statement of Financial Position Arrangements

The Company has no off-statement of financial position arrangements.

Related Party Transaction

In Q1 2013, a related party of the primary shareholder, O.S. Wyatt, Jr., reached payout under the terms of a net profits agreement following the recovery of all capital and operating expenditures. Under the terms of this arrangement he was entitled to $1.36 million, which is based upon 2.5% of net profits from the Gulf of Thailand Block G5/43 operations for the three months ended March 31, 2013. The amounts due to this related party were paid during Q2 2013. No net profits, as defined under this agreement, were achieved in Q2 2013 and as such no payout was earned by the related party. The net profits agreement was executed in 2005 and has been previously disclosed by the Company.

Commitments and Contingencies

All the Company's commitments and contingencies are described in Note 17 to the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2013.

Subsequent Events

The Company repurchased 259,800 shares at an average price of Cdn$15.30 under the Normal Course Issuer Bid.

Critical Accounting Policies, Estimates and New Accounting Pronouncements

A detailed summary of the Company's critical accounting policies and estimates is included in Note 3 to the audited financial statements for the year ended December 31, 2012.

Risks and Uncertainties

Coastal has published its assessment of its business risks in the Risk Factor section of its Annual Information Form ("AIF") dated March 26, 2013 (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 affect 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.

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 condensed interim consolidated statement of operations and comprehensive income. 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 hedged approximately 50% of its exposure to LIBOR.

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, labor 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 have 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 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 39.0% 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 on its exposure to and management of credit risk, liquidity risk and market risk in Note 19 to the unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2013.

Certification of Disclosures in Interim Filings

In accordance with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") of the CSA, the Company's certifying officers quarterly issue a Certificate of Interim Filings ("Certification"). The Certification requires the certifying officers to state that they are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR").

The Certifications require the certifying officers to state that they designed DC&P, or caused it to be designed under their supervision, to provide reasonable assurance that (i) material information relating to Coastal Energy is made known to the certifying officers by others; (ii) information required to be disclosed in reports filed with Canadian securities regulatory authorities is recorded, processed, summarized and reported in a timely fashion. In addition, the Certifications require the certifying officers to state that they have designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements for external purposes. Due to the inherent limitations in all control systems, an evaluation of the disclosure controls can only provide reasonable assurance over the effectiveness of the controls. The disclosure controls are not expected to prevent and detect all misstatements due to error or fraud.

During the quarter ended June 30, 2013 there have been no change to the Company's ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR. The Company has procedures in place relating to DC&P and ICFR and will continue to monitor such procedures as the Company's business evolves.

Outlook

The Company plans to continue exploration and development of G5/43 for the remainder of 2013. First oil from the Company's RSC in Malaysia is also expected in the second half of 2013.

Condensed Interim Consolidated Statements of Operations and Comprehensive Income

(Unaudited) US $000's except per share amounts

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Revenues and Other Income				
Oil sales	**136,904**	194,639	**363,704**	383,718
Royalties	**(14,037)**	(20,514)	**(40,347)**	(40,757)
Oil sales, net of royalties	**122,867**	174,125	**323,357**	342,961
Reimbursement of expenses under Malaysia risk service contract	**4,486**	-	**6,771**	-
Other income (Note 12)	**(1,015)**	9,778	**(754)**	(393)
	126,338	183,903	**329,374**	342,568
Expenses				
Production	**35,601**	41,164	**78,534**	77,374
Malaysia risk service contract	**4,486**	-	**6,771**	-
Depreciation and depletion (Note 7)	**13,878**	18,590	**37,183**	38,634
Net profits interest (Note 13)	**(7)**	869	**1,919**	869
General and administrative	**8,269**	7,057	**16,050**	15,384
Exploration (Note 6)	**13,230**	286	**13,230**	286
Debt financing fees	**1,045**	351	**1,573**	632
Finance	**132**	195	**1,347**	1,201
(Gain) loss on property, plant and equipment	**15**	-	**(4)**	-
	76,649	68,512	**156,603**	134,380
Net income before income taxes, share of earnings from Apico LLC	**49,689**	115,391	**172,771**	208,188
Share of earnings from Apico LLC (Note 8)	**5,391**	5,497	**10,609**	9,504
Net income before income taxes	**55,080**	120,888	**183,380**	217,692
Income taxes (Note 15)				
Current	**(2,062)**	45,289	**43,003**	81,897
Deferred	**37,185**	32,095	**67,424**	43,798
	35,123	77,384	**110,427**	125,695
Net income and comprehensive income	**19,957**	43,504	**72,953**	91,997
Net income and total comprehensive income attributable to:				
Shareholders of Coastal Energy	**18,905**	42,150	**70,984**	90,285
Non-controlling interest	**1,052**	1,354	**1,969**	1,712
	19,957	43,504	**72,953**	91,997
Net income per share:				
Basic (Note 14)	0.17	0.37	0.62	0.79
Diluted (Note 14)	0.16	0.36	0.61	0.76

Condensed Interim Consolidated Statements of Financial Position

(Unaudited) US $000's

As at	June 30 2013	December 31, 2012
	$	$
Assets		
Current Assets		
Cash	**39,022**	63,897
Restricted cash (Note 4)	**6,442**	6,452
Accounts receivable (Note 5)	**33,897**	56,848
Derivative asset (Note 11)	**84**	132
Crude oil inventory	**21,754**	15,611
Marine fuel inventory	**5,682**	5,245
Prepaids and other current assets	**3,969**	628
Total current assets	**110,850**	148,813
Non-Current Assets		
Exploration and evaluation assets (Note 6)	**66,849**	118,350
Property, plant and equipment (Note 7)	**711,503**	560,493
Investment in Apico LLC (Note 8)	**65,806**	60,266
Deposits and other assets	**6,265**	6,271
Total non-current assets	**850,423**	745,380
Total Assets	**961,273**	894,193
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	**139,799**	217,757
Current portion of long-term debt (Note 11)	**22**	34
Current portion of derivative liabilities (Note 11)	**181**	1,372
Total current liabilities	**140,002**	219,163
Non-Current Liabilities		
Long-term debt (Note 11)	**95,933**	95,066
Non-current portion of derivative liabilities (Note 11)	**14**	502
Derivative liability - warrants (Note 10)	**2,396**	3,784
Deferred tax liabilities	**165,847**	98,423
Decommissioning liabilities	**45,599**	46,726
Total non-current liabilities	**309,789**	244,501
Shareholders' Equity (Note 14)		
Common shares	**215,141**	213,260
Contributed surplus	**22,292**	18,940
Retained earnings	**264,807**	193,877
Total Shareholders' Equity	**502,240**	426,077
Non-controlling interest	**9,242**	4,452
Total equity	**511,482**	430,529
Total liabilities and equity	**961,273**	894,193

Commitments and contingencies (Note 17)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited) US $000's

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Operating activities				
Net income	**19,957**	43,504	**72,953**	91,997
Adjustments:				
Share of earnings from Apico LLC	**(5,391)**	(5,497)	**(10,609)**	(9,504)
Unrealized gain on derivative instruments	**(1,414)**	(15,892)	**(1,631)**	(11,885)
Depletion and depreciation	**13,878**	18,590	**37,183**	38,634
Finance expense	**132**	195	**1,347**	1,201
Amortisation of debt financing fees	**339**	351	**867**	632
Share-based compensation	**1,383**	1,645	**3,867**	4,636
Deferred income taxes	**37,185**	32,095	**67,424**	43,798
Unrealized foreign exchange (gain) loss	**616**	(158)	**(404)**	(66)
Gains (losses) on disposal of property, plant and equipment	**15**	-	**(4)**	-
Exploration expense	**13,230**	286	**13,230**	286
Income taxes paid	**(71,733)**	(129)	**(78,717)**	(129)
Interest received	**8**	1	**35**	3
Interest paid	**(1,043)**	(531)	**(2,161)**	(1,252)
Dividends received from Apico LLC	**2,729**	-	**5,069**	-
	9,891	74,460	**108,449**	158,351
Change in non-cash working capital:				
Accounts receivable	**111,813**	4,306	**22,951**	(11,231)
Inventory	**(13,490)**	3,584	**(6,580)**	(1,892)
Prepaids and other current assets	**(2,412)**	(710)	**(3,341)**	38
Accounts payable and accrued liabilities	**(7,628)**	11,124	**(14,565)**	(8,233)
Current income taxes payable	**(2,062)**	45,160	**43,003**	81,768
Cash flow provided by operating activities	**96,112**	137,924	**149,917**	218,801
Financing Activities				
Issuance of common shares, net of issuance costs	**-**	1,034	**1,288**	2,026
Cash settlement of restricted stock units	**-**	-	**(156)**	-
Repurchase of shares	**-**	(15,033)	**-**	(15,033)
Borrowings under long-term debt	**-**	-	**15,000**	-
Repayment of long-term debt	**-**	-	**(15,000)**	(30,000)
Loan arrangement fees	**(12)**	(222)	**(12)**	(968)
Distributions to non-controlling interest	**(1,326)**	(1,792)	**(2,619)**	(1,792)
Contributions from non-controlling interest	**3,451**	-	**5,440**	-
Cash flow provided by (used in) financing activities	**2,113**	(16,013)	**3,941**	(45,767)
Investing Activities				
Decrease in restricted cash	**42**	18	**10**	22,054
Expenditure on property, plant and equipment	**(80,997)**	(45,698)	**(176,969)**	(90,927)
Acquisition of increased ownership interest in Apico LLC	**-**	-	**-**	(9,250)
Proceeds from disposal of property, plant and equipment	**-**	-	**533**	-
Deposits and other assets	**-**	131	**-**	131
Cash flow used in investing activities	**(80,955)**	(45,549)	**(176,426)**	(77,992)
Effect of exchange rate changes on cash	**(1,797)**	(616)	**(2,307)**	(1,391)
(Decrease) increase in cash	**15,473**	75,746	**(24,875)**	93,651
Cash - Beginning of period	**23,549**	40,900	**63,897**	22,995
Cash - End of period	**39,022**	116,646	**39,022**	116,646

Condensed Interim Consolidated Statement of Changes in Equity

(Unaudited) US $000's

	Note	Common Shares	Contributed Surplus	Retained earnings	Attributable to shareholders of Coastal Energy Company	Non-Controlling Interest	Total
		$	$	$	$	$	$
Balance as at December 31, 2011	14	211,554	16,401	17,630	245,585	5,282	250,867
Net income and total comprehensive income		-	-	90,285	90,285	1,712	91,997
Exercise of stock options		2,563	(537)	-	2,026	-	2,026
Shares repurchased and cancelled		(2,415)	-	(15,759)	(18,174)	-	(18,174)
Share-based compensation		-	2,940	-	2,940	-	2,940
Distributions declared to non-controlling interest		-	-	-	-	(1,792)	(1,792)
Balance at June 30, 2012		211,702	18,804	92,156	322,662	5,202	327,864
Net income and total comprehensive income		-	-	134,118	134,118	1,833	135,951
Exercise of stock options		1,627	(339)		1,288	-	1,288
Shares repurchased and cancelled		(69)	-	(510)	(579)	-	(579)
Stock options purchased and cancelled		-	(2,204)	(31,659)	(33,863)	-	(33,863)
Restricted stock units purchased and cancelled		-	(435)	(228)	(663)	-	(663)
Share-based compensation		-	3,114	-	3,114	-	3,114
Distributions declared to non-controlling interest		-	-	-	-	(2,583)	(2,583)
Balance as at December 31, 2012	14	213,260	18,940	193,877	426,077	4,452	430,529
Net income and total comprehensive income		-	-	52,079	52,079	917	52,996
Exercise of stock options		1,636	(348)	-	1,288	-	1,288
Restricted stock converted to common stock		245	(245)	-	-	-	-
Restricted stock settled in cash		-	(102)	(54)	(156)	-	(156)
Share-based compensation		-	2,024	-	2,024	-	2,024
Contributions from non-controlling interest		-	-	-	-	1,989	1,989
Distributions declared to non-controlling interest		-	-	-	-	(1,293)	(1,293)
Balance at March 31, 2013		215,141	20,269	245,902	481,312	6,065	487,377
Net income and total comprehensive income		-	-	18,905	18,905	1,052	19,957
Share-based compensation		-	2,023	-	2,023	-	2,023
Contributions from non-controlling interest		-	-	-	-	3,451	3,451
Distributions declared to non-controlling interest		-	-	-	-	(1,326)	(1,326)
Balance as at June 30, 2013	14	215,141	22,292	264,807	502,240	9,242	511,482

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Note 1. Reporting entity

Coastal Energy Company ("Coastal" or the "Company" or "we") is an international oil and gas exploration and development company with operations in offshore Thailand and Malaysia, and an interest in a joint venture which operates in northeastern Thailand. The Company's shares are widely held and publicly traded on the Toronto Stock Exchange (TSX) and the London Alternative Investment Market (AIM).

The Company's head office is at Walkers House, 87 Mary Street, George Town, Grand Cayman, KY1-9001, Cayman Islands. The Company is domiciled in the Cayman Islands.

Note 2. Basis of presentation

The condensed interim consolidated financial statements for Coastal Energy Company as at June 30, 2013 and for the three and six months ended June 30, 2013 and 2012 should be read in conjunction with the audited consolidated financial statements as at December 31, 2012 and December 31, 2011 and for the years ended December 31, 2012 and December 31, 2011. The condensed interim consolidated financial statements are prepared using the same accounting policies and methods of computation as disclosed in the annual consolidated financial statements with the exception of those new accounting standards disclosed in Note 3.

The condensed interim consolidated financial statements are stated in United States dollars and have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting.

The interim consolidated financial statements were approved by the Audit Committee of the Company's Board of Directors on August 8, 2013.

Note 3. Significant accounting policies

Significant accounting policies

The significant accounting policies and IFRS standards followed are unchanged from those applied by Coastal in the audited consolidated financial statements as at December 31, 2012 and December 31, 2011 and for the years ended December 31, 2012 and December 31, 2011 except as follows.

The following standards have been adopted on January 1, 2013:

- IFRS 7, "Financial Instruments: Disclosures", relates to the requirements for the offsetting of a financial asset and financial liabilities when offsetting is permitted under IFRS.

- IFRS 10 "Consolidated Financial Statements" provides additional guidance to determine whether an investee should be consolidated.

- IFRS 11, "Joint Arrangements" presents a new model for determining whether an entity should account for joint arrangements using proportionate consolidation or the equity method.

- IFRS 12, "Disclosure of Interests in Other Entities" aggregates and amends disclosure requirements included within other standards. The standard requires a company to provide disclosures about subsidiaries, joint arrangements, associates and unconsolidated structured entities. We are evaluating the impact that this standard may have on our consolidated financial statements.

- IFRS 13, “Fair Value Measurement”, provides comprehensive guidance for instances where IFRS requires fair value to be used. The standard provides guidance on determining fair value and requires disclosures about those measurements.

- IAS 19 “Employee Benefits”, improves the recognition and disclosure requirements for defined benefit plans.

- IAS 28, “Investments in Associates and Joint Ventures” establishes the accounting for investments in associates and defines how the equity method is applied when accounting for associates and joint ventures.

Accounting policy disclosures required as a result of adopting these new standards are detailed below. There has been no resulting impact on the figures previously reported by the Company.

Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its controlled subsidiaries. All subsidiary companies are wholly owned with the exception of Viking Storage Solutions (Mauritius) Limited (“VSS”) and Coastal Energy KBM Sdn. Bhd. (“KBM”), upon which non-controlling interests arise. All intercompany balances, revenues and expenses are eliminated upon consolidation.

Coastal also has a 39% (2012: 39%) interest in Apico LLC, an associate accounted for under the equity method. Apico LLC is involved in the exploration and production of gas in Northeastern Thailand.

The table below summarizes the Company’s ownership in other entities:

Name	Ownership interest	Type	Country of Incorporation
Coastal Energy Company Nevada	100%	Subsidiary	United States
Coastal Energy (UK) Company Limited	100%	Subsidiary	United Kingdom
NuCoastal (Thailand) Limited	100%	Subsidiary	Thailand
Coastal Energy Company (Khorat) Ltd	100%	Subsidiary	Cayman Islands
MOPU Holdings Limited	100%	Subsidiary	Cayman Islands
CEC International Limited	100%	Subsidiary	Cayman Islands
MOPU Holdings (Singapore) Pte. Limited	100%	Subsidiary	Singapore
CEC Services (Thailand) Limited	100%	Subsidiary	Thailand
Ocean 66 Limited	100%	Subsidiary	Mauritius
Coastal Energy KBM Sdn. Bhd.	70%	Subsidiary	Malaysia
Viking Storage Solutions (Mauritius) Limited	50%	Subsidiary	Mauritius
Apico LLC	39%	Partnership	United States

The comments below detail facts pertinent to the determination of the appropriate consolidation treatment of the aforementioned entities:

Interests in wholly owned subsidiaries
For all of the wholly owned entities, the Company can select 100% of the respective board of directors and holds 100% of the voting rights. Therefore, there are no significant restrictions on the Company’s ability to control assets or settle the liabilities of those wholly owned subsidiaries beyond those detailed in Note 4.

Interest in Coastal Energy KBM Sdn. Bhd (subsidiary)
The Company holds 70% of the shares in Coastal Energy KBM Sdn. Bhd. (‘KBM’), maintains 70% of the voting rights and is able to elect two-thirds of the board of directors with the residual relating to the non-controlling interest. The incorporation of this entity occurred in 2012 in order to administer the Company’s risk service contract in offshore Malaysia.

The non-controlling interest related to KBM for the three and six months ended June 30, 2013 was $nil and $nil, respectively (2012: $nil). The accumulated non-controlling interest was $5.43 million credit at June 30, 2013 (December 31, 2012: $0.08 million receivable).

The following table summarizes KBM's assets and liabilities:

As at	**June 30, 2013**	December 31, 2012
Current assets	**$3,718**	$4,461
Non-current assets	**17,880**	7,000
Current liabilities	**2,344**	7,121
Non-current liabilities	**-**	-

The following table summarizes KBM's revenue and net income:

	Three Months Ended June 30, 2013	**Six Months Ended, June 30, 2013**
Revenue	**$4,486**	**$6,771**
Net income	**-**	**-**

Interest in Viking Storage Solutions (Mauritius) Limited (subsidiary)
The Company holds 50% of the shares in Viking Storage Solutions (Mauritius) Limited ('VSS'), maintains 50% of the voting rights and is able to elect 50% of the board of directors, with the residual relating to the non-controlling interest. The incorporation of this entity occurred in 2009 in order to obtain external financing that would enable the construction of a single storage vessel to be used in the Company's offshore Thailand operations. This storage vessel is currently being leased under a bareboat charter to CEC International Limited, the entity which holds the Company's offshore Thailand operations. Given the nature of the bareboat charter, the Company can actively control how the storage vessel is operated.

The non-controlling interest charge related to VSS for the three and six months ended June 30, 2013 was $1.05 million and $1.97 million, respectively (2012: $1.35 million and $1.71 million respectively). The June 30, 2013 accumulated non-controlling interest is $3.81 million credit (December 31, 2012: $4.52 million credit).

The following table summarizes VSS's assets and liabilities:

As at	**June 30, 2013**	December 31, 2012
Current assets	**$3**	$5
Non-current assets	**20,480**	21,091
Current liabilities	**5**	12

The following table summarizes VSS' revenue and net income:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Revenue	**$2,766**	$2,895	**$5,721**	$5,734
Net income	**1,902**	2,316	**4,384**	3,407

Interest in Apico LLC partnership
The Company owns a 39% interest (December 31, 2012: 39%) in Apico LLC, holds 39% of the voting rights and can nominate one of the three board of director seats. Given that all 'substantial decisions' require 75% of the partners to agree and there are several combinations in which this can be achieved, all of which include the Company, the Company cannot exercise control or joint control.

For the avoidance of doubt, 'substantial decisions' would amongst other things include those concerning dividend payments, granting of additional shares, approval of budgets and dissolution of the partnership.

Further disclosures relating to information on Apico LLC are included in Note 8.

Note 4. Restricted cash

The Company has cash balances which are restricted by the Company's banking institutions. The following table summarizes the restricted cash balances:

As at	June 30, 2013	December 31, 2012
Collateral in support of corporate letter of credit (Note 17)	**$1,448**	$1,458
Restricted in support of long-term debt	**4,994**	4,994
	$6,442	$6,452

The terms of the debt facility with BNP Paribas require that cash proceeds from borrowing base assets be held in restricted accounts with the Lender. Cash may be disbursed from the restricted accounts for approved purposes as designated in the credit agreement.

Note 5. Accounts receivable

As at	June 30, 2013	December 31, 2012
Oil sales	**$200**	$34,854
Receivable under risk service contract	**10,870**	4,099
Refundable taxes (VAT)	**22,103**	16,888
Other	**724**	1,007
	$33,897	$56,848

Note 6. Exploration and evaluation assets

	Exploration and Evaluation
Cost and Net Book Value	
As at December 31, 2011	**$31,881**
Additions	93,946
Exploration expense	(7,477)
As at December 31, 2012	**118,350**
Additions	21,633
Transfers to property, plant and equipment	(59,904)
Exploration expense	(13,230)
As at June 30, 2013	**$66,849**

Exploration and evaluation assets ("E&E assets") mainly comprise property, geological survey and capitalized exploration drilling costs in respect of non-commercially assessed fields within our G5/43 concession. Management considers the E&E assets to be of an intangible nature.

During the three and six months ended June 30, 2013, the Company expensed $13.23 million of exploration costs associated with the non-commercial results arising from the wells drilled at Songkhla M and G5/50 (2012: $0.29 million and $0.29 million respectively, expensed in relation to non-commercial results at Benjarong).

Note 7. Property, plant and equipment

	Assets Under Construction	Oil & Gas Properties	Corporate and Other	Total
Cost				
As at December 31, 2011	**-**	**443,238**	**2,718**	**445,956**
Additions	50,576	226,216	1,156	277,948
Assets brought into use	(28,828)	28,828		-
Disposals	(300)	-	-	(300)
As at December 31, 2012	**$21,448**	**$698,282**	**$3,874**	**$723,604**
Additions	29,473	100,533	993	130,999
Transfers from exploration and evaluation assets	-	59,904	-	59,904
Disposals	-	(529)	-	(529)
As at June 30, 2013	**$50,921**	**$858,190**	**$4,867**	**$913,978**
Accumulated depletion, depreciation and impairment				
As at December 31, 2011	**-**	**89,640**	**1,264**	**90,904**
Depletion and depreciation	-	71,539	668	72,207
As at December 31, 2012	**-**	**161,179**	**1,932**	**163,111**
Depletion and depreciation	-	39,046	318	39,364
As at June 30, 2013	**$-**	**$200,225**	**$2,250**	**$202,475**
Carrying amount				
As at December 31, 2012	**$21,448**	**$537,103**	**$1,942**	**$560,493**
As at June 30, 2013	**$50,921**	**$657,965**	**$2,617**	**$711,503**

During the three and six months ended June 30, 2013, $3.01 million and $1.72 million of credits, respectively, associated with decommissioning liabilities are included within additions (year ended December 31, 2012: $3.83 million charge). The credit for the three months ended June 30, 2013 is due to changes in decommissioning liability estimates associated with the increase in treasury rates.

Depletion and depreciation expense recognized in property, plant and equipment for the three and six months ended June 30, 2013 was $18.54 million and $39.36 million respectively (2012: $16.18 million and $37.84 million respectively), whereas the charge for depletion and depreciation expense recognized in the consolidated statement of operations and comprehensive income was $13.88 million and $37.18 million respectively (2012: $18.59 million and $38.63 million respectively). The difference relates to an inventory adjustment for crude oil produced but not yet sold.

Assets under construction

Assets under construction relate to activities associated with converting two drilling rigs into production platforms.

Note 8. Investment in and advances to Apico LLC

The Company has a 39.0% (December 31, 2012: 39.0%) interest in Apico LLC ("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.

Apico has the following working interests in petroleum concessions located in the Khorat Plateau area in northeastern Thailand in 2013 and 2012:

Petroleum Concession	Apico's interest	Net to Coastal
Block EU-1 and E-5N in the Sinphuhorm gas field	35%	13.648%
Block L15/43 - surrounding the Sinphuhorm gas field	100%	38.994%
Block L27/43 – southeast of the Sinphuhorm gas field	100%	38.994%

The Company's investment in Apico exceeds its proportionate share of net assets of Apico ("excess basis"). This difference is related to Apico's oil and gas properties, and as a result has been allocated to Apico's oil and gas properties, and is being amortized using the units of production method. At June 30, 2013 the remaining unamortized excess basis was $19.02 million (December 31, 2012: $19.43 million).

The following table summarizes the Company's investments in and advances to Apico:

As at	**June 30, 2013**	December 31, 2012
Balance, beginning of period	**$60,266**	$47,698
Acquisition of additional interest	**-**	9,250
Share of earnings, net of taxes	**11,011**	19,759
Amortization of excess basis in Apico	**(402)**	(649)
Dividends received	**(5,069)**	(15,792)
Balance, end of period	**$65,806**	$60,266

The following table summarizes Apico LLC's assets and liabilities:

As at	**June 30, 2013**	December 31, 2012
Current assets	**$30,044**	$34,693
Non-current assets	**120,177**	118,166
Current liabilities	**27,397**	45,387
Non-current liabilities	**3,766**	2,306

The following table summarizes Apico LLC's revenue and net income:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Revenue	**$28,377**	$27,848	**$55,867**	$49,312
Expenses	**5,191**	3,693	**9,572**	7,659
Income taxes	**9,591**	9,488	**19,401**	16,380
Net income	**13,595**	14,667	**26,894**	25,273

The Company's share of Apico's commitments relating to geological studies, seismic surveys and exploratory drilling for the next 1 year is $1.37 million. There is also a bank guarantee of $0.26 million to cover customs duties.

Note 9. Accounts payable and accrued liabilities

As at	June 30, 2013	December 31, 2012
Trade payables	**$20,803**	$72,770
Accrued payables	**66,160**	56,601
Income taxes payable	**51,038**	86,752
Other	**1,798**	1,634
	$139,799	$217,757

Included within accrued payables is an accrual of $4.13 million for the fair value of vested stock appreciation rights (SARs) (December 31, 2012: $4.24 million). The Company reduced the liability by $0.51 million and increased the liability by $0.07 million for the three and six months ended June 30, 2013, respectively (2012: increase of $0.29 million and increase of $2.07 million, respectively). Of this, $0.03 million was credited to property, plant and equipment and $0.04 million was capitalized to property, plant and equipment for the three and six months ended June 30, 2013, respectively (2012: $0.06 million and $0.27million charged to property, plant and equipment, respectively).

The fair value of these instruments was determined using the Black-Scholes model based on observable market prices. The full fair value of granted SARs units at June 30, 2013 is $6.67 million (December 31, 2012: $10.45 million).

No SARs have been granted in 2013.

Note 10. Derivative liability - warrants

No warrants were issued in 2013 or 2012. The warrants outstanding at the beginning of the period were issued in connection with a debt offering exercisable at Cdn $1.136 per share equivalent and expiring January 23, 2014. During 2013 and 2012, no warrants were exercised:

	June 30, 2013		December 31, 2012	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Balance, beginning of period	**200,000**	**$1.13**	200,000	$1.11
Warrants issued	**-**	**-**	-	-
Warrants exercised	**-**	**-**	-	-
Warrants expired	**-**		-	-
Balance, end of period	**200,000**	**$1.08**	200,000	$1.13

The recorded values of the Canadian dollar denominated purchase warrants were calculated using the Black-Scholes pricing model over the remaining term of the warrants. The key inputs are as follows:

As at	June 30 2013	December 31, 2012
Risk free interest rate as per US Treasury Bonds	**0.10%**	0.16%
Share price (Canadian dollars)	**$13.73**	$19.96
Remaining term of the warrants	**0.58 years**	1.08 years
Volatility	**40%**	40%

Note 11. Long term debt

As at	June 30, 2013	December 31, 2012
Revolving debt facility	**$200,000**	$200,000
Unused portion of debt facility	**(100,000)**	(100,000)
Total debt drawn down	**100,000**	100,000
Unamortised debt issue costs	**(4,067)**	(4,934)
Carrying value of long-term	**95,933**	95,066
Current portion of long-term debt	**-**	-
Non-Current portion of long-term debt	**$95,933**	$95,066

Current portion of long-term debt shown on the statement of financial position comprises:

As at	June 30, 2013	December 31, 2012
Principal	**$-**	$-
Interest	**22**	34
	$22	$34

BNP Paribas debt facility

In the quarter ended March, 2013 the Company drew down and repaid $15.0 million under its revolving debt facility. The revolving debt facility is due to amortize through to the earlier of June 30, 2016 or the reserve tail date.

The effective interest rate for the three and six months ended June 30, 2013 was 6.53% and 7.02% respectively (2012: 5.29% and 5.73%, respectively) per annum.

As a requirement of the terms of the revolving debt facility, the Company is required to undertake commodity derivative contracts that based upon a percentage of its expected production over a rolling 18 to 24 month period.

The following is a summary of the crude oil derivative contracts outstanding at June 30, 2013:

	Notional Volumes (bbl)	Term	Average Strike Price	Fair value of asset (liability)
Long Puts				
Brent	1,504,659	Jul. 2013 –Sep. 2014	$70.00/bbl	$459
Short Calls				
Brent	1,504,659	Jul. 2013 –Sep. 2014	$125.28/bbl	(581)
Collar				
Brent	470,579	Jul. 2013 –Sep. 2014	-	(73)
Fair value of derivative assets (liabilities)				($195)

The split between the current and non-current portions of these contracts:

	June 30, 2013	December 31, 2012
Current portion	**($181)**	($1,372)
Non-current portion	**(14)**	(502)
Total fair value of derivative liabilities	**($195)**	($1,874)

The Company's crude oil derivative contracts are subject to master netting agreements with each counterparty that create a legally enforceable right to offset the related financial assets and financial liabilities.

The carrying fair value of the Company's interest rate swap derivative asset is $0.08 million as of June 30, 2013 (December 31, 2012: $0.13 million derivative asset).

Realized and unrealized gains and losses on the crude oil derivative contracts and the interest rate swap are summarized in the following table:

	Three Months ended June 30,		Six Months ended June 30,	
	2013	2012	**2013**	2012
Realized losses on crude oil price derivative contracts	**$(17)**	$(5,958)	**$(17)**	$(11,110)
Unrealized gains on crude oil price derivative contracts	**1,461**	15,927	**1,679**	11,896
Unrealized losses on interest rate swap	**(47)**	(35)	**(48)**	(11)
	$1,397	$9,934	**$1,614**	$775

Changes in fair values associated with derivative contracts are included within Other Income in the consolidated statement of operations and comprehensive income.

All derivative contracts are considered as held-for-trading using the criteria specified under IFRS.

Note 12. Other income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
Change in fair value of derivative contracts (Note 11)	**$1,397**	$9,934	**$1,614**	$775
Interest	**4**	1	**31**	3
Foreign exchange losses	**(2,416)**	(157)	**(2,399)**	(1,171)
	($1,015)	$9,778	**($754)**	($393)

Note 13. Related parties

Major Subsidiaries and Apico LLC

These condensed interim consolidated financial statements include the financial statements of Coastal Energy and all affiliated subsidiaries as at June 30, 2013 and December 31, 2012. Transactions involving the Company, its subsidiaries, its joint venture, its special purpose entity and equity investment are eliminated upon consolidation. In the opinion of management there are no material related party transactions with entities outside the consolidated group in the three months ended June 30, 2013 and 2012 except for that described below.

In the quarter ended March 31, 2013, a related party of the primary shareholder, O.S. Wyatt, Jr., reached payout under the terms of a net profits agreement following the recovery of all capital and operating expenditures. Under the terms of this arrangement he was entitled to $1.36 million, which is based upon 2.5% of net profits from the Gulf of Thailand Block G5/43 operations for the three months ended March 31, 2013. The amounts due to this related party were paid during Q2 2013. No net profits, as defined under this agreement, were achieved in Q2 2013 and as such no payout was earned by the related party. The net profits agreement was executed in 2005 and has been previously disclosed by the Company.

Note 14. Equity

Common Shares

Authorized share capital consists of 250,000,000 common shares with a par value of $0.04 each. Each share carries equal voting rights, is non-preferential and participates evenly in the event of a dividend payment or in the winding up of the Company. At June 30, 2013, 113,604,820 common shares were issued and fully paid (December 31, 2012: 113,350,350 shares).

Stock Options

The Company has a stock option plan (the "Plan") in compliance with the TSX's policy for granting stock options. Under the Plan, the number of shares reserved for issuance of options combined with restricted stock units (discussed below) may not exceed 10% of the total shares issued and outstanding. At June 30, 2013 there remained available for future issuance 5,648,801 stock options, restricted stock units (discussed below) or a combination thereof. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The vesting term of options under the Plan is determined by the Company's Board of Directors but options granted typically vest over a period of three years. Prior to the January 2009 grant, the options vested one-quarter on the date of the grant and one-quarter on each subsequent anniversary of the date of the grant. Beginning with the January 2009 grant, the options vest one-third on each subsequent anniversary of the date of grant. The maximum exercise period of options granted under the Plan is five years following the grant date. The changes in stock options were as follows:

	June 30, 2013		December 31, 2012	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance, beginning of period	**5,296,219**	**$7.16**	8,545,717	$5.79
Options exercised	**(231,594)**	**$5.15**	(3,234,978)	$3.78
Options forfeited	**-**	**-**	(14,520)	$8.20
Balance, end of period	**5,064,625**	**$6.94**	5,296,219	$7.16

For share options exercised in the six months ended June 30, 2013 the weighted average share price at the date of exercise was $21.52 (year ended December 31, 2012: $18.78).

The following table summarizes the outstanding and exercisable options at June 30, 2013:

Grant Date	Number Outstanding	Remaining Contractual Life	Exercise Price	Expiry Date	Number Exercisable
Sep. 16, 2008	100,000	0.25 years	$2.16 (Cdn$2.27)	Sep. 16, 2013	100,000
Jan. 02, 2009	739,583	0.50 years	$1.28 (Cdn$1.35)	Jan. 01, 2014	739,583
Dec. 01, 2009	1,628,885	1.50 years	$4.88 (Cdn$5.13)	Nov. 30, 2014	1,628,885
Dec. 28, 2010	1,163,444	2.50 years	$5.47 (Cdn$5.75)	Dec. 27, 2015	670,748
Dec. 14, 2011	1,432,713	3.50 years	$13.36 (Cdn$14.04)	Dec. 13, 2016	407,662
	5,064,625				3,546,878

The above options are dilutive in 2013 and 2012 and, therefore, have been taken into account in the per share calculations for those periods.

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model. No grants were made in the six months ended June 30, 2013.

For the three and six months ended June 30, 2013 the Company recorded stock option expenses of $0.42 million and $0.86 million, respectively (2012: $1.06 million and $2.12 million, respectively), of which $0.13 million and $0.26 million, respectively (2012: $0.06 million and $0.12 million, respectively) was capitalized.

Restricted Stock

The Company has a restricted stock plan (the "RS Plan") in compliance with the TSX's policy for granting restricted stock units ("RSUs"). Under the RS Plan, the number of shares reserved for issuance may, along with other stock plans, not exceed 10% of the total issued and outstanding shares of the Company. At June 30, 2013 there remained available for future issuance 5,648,801 RSUs, stock options or a combination thereof (December 31, 2012: 5,352,732). The vesting term of RSUs under the RS Plan is determined by the Company's Board of Directors. For RSUs, one-third vest on each subsequent anniversary of the date of the grant. The changes in the number of RSUs for the six months ended June 30, 2013 and for the year ended December 31, 2012 were as follows:

	2013	2012
Balance, beginning of period	**673,856**	205,628
RSUs granted	**-**	509,963
RSUs settled	**(26,800)**	(41,735)
RSUs forfeited	**-**	-
Balance, end of period	**647,056**	673,856

The following table summarizes the outstanding RSUs at June 30, 2013:

Grant Date	Number Outstanding	Remaining Contractual Life	Grant Date Fair Value	Expiry Date
Dec. 14, 2011	137,093	1.50 years	$12.93	Dec. 14, 2014
Dec. 14, 2012	509,963	2.50 years	$19.87	Dec. 14, 2015
	647,056			

The above RSUs are dilutive both in 2013 and 2012 and, therefore, have been taken into account in the per share calculations for these periods.

For the three months and six months ended June 30, 2013 the Company recorded RSU expenses of $1.60 million and $3.19 million, respectively (2012: $0.41 million and $0.82 million, respectively), of which $0.14 million and $0.28 million, respectively (2012: $0.06 million and $0.12 million, respectively) was capitalized.

Those RSUs settled in cash during the six months ended June 30, 2013 amounted to $0.16 million, with $0.10 million of accumulated stock-based compensation expense being moved from contributed surplus to retained earnings. The residual difference was recorded in retained earnings.

Contributed Surplus

This reserve is being used on an ongoing basis to record stock-based compensation expense.

Net Income per Share

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

	3 Months ended June 30,		6 Months ended June 30,	
	2013	2012	**2013**	2012
Weighted average common shares outstanding, basic	**113,604,820**	113,953,045	**113,589,485**	113,968,697
Effect of stock options and warrants	**3,273,191**	4,527,825	**3,478,715**	4,768,250
Weighted average common shares outstanding, diluted	**116,878,011**	118,480,870	**117,068,200**	118,736,947

The average market price used in the 'Effect of stock options and warrants' line in the above table was Cdn$17.52 and Cdn$19.00 for the three and six months ended June 30, 2013 (2012: Cdn$15.39 and Cdn$16.49, respectively). Upon translation to US dollars these amounts equate to $16.67 and $18.07 for the three and six months ended June 30, 2013 (2012: $15.10 and $16.18, respectively).

Note 15. Income taxes

Income taxes are comprised of the following amounts relating to current income tax expense and deferred income tax expense:

	3 Months ended		6 Months ended	
	2013	2012	**2013**	2012
Current income tax expense (recovery)				
Current year income tax expense	**5,747**	45,160	**50,694**	81,768
Adjustment in respect of prior years	**(7,809)**	129	**(7,691)**	129
Current income tax expense (recovery)	**(2,062)**	45,289	**43,003**	81,897
Deferred tax expense				
Origination and reversal of temporary differences in the current year	**26,624**	18,998	**56,863**	30,701
Adjustment in respect of prior years	**10,561**	13,097	**10,561**	13,097
Deferred tax expense	**37,185**	32,095	**67,424**	43,798
Income tax expense (recovery)	**$35,123**	$77,384	**$110,427**	$125,695

The provision for income taxes differs from the amount that would have been expected by applying statutory corporate income tax rates to income before taxes. The principal reasons for this difference are as follows:

	3 Months ended		6 Months ended	
	2013	2012	**2013**	2012
Net income before income taxes	**$55,080**	$120,888	**$183,380**	$217,692
Thailand petroleum income tax statutory rate	**50%**	50%	**50%**	50%
Expected income tax expense computed at standard rates	**27,540**	60,444	**91,690**	108,846
Add (deduct) the tax effect of :				
Tax differential in other countries	**(8,116)**	(792)	**(21,597)**	(648)
Non-taxable/deductible expenses	**143**	1,112	**(1,476)**	246
Share-based compensation	**722**	145	**1,871**	290
Valuation allowance	**29**	377	**(408)**	1,015
Tax basis revaluation	**(4,475)**	925	**2,574**	773
Special Remuneratory Benefit - Thailand	**16,528**	2,076	**34,903**	2,076
Change in estimate	**2,752**	13,097	**2,870**	13,097
Income tax expense	**35,123**	77,384	**110,427**	125,695
Consisting of:				
Current income tax expense (recovery)	**(2,062)**	45,289	**43,003**	81,897
Deferred tax expense	**37,185**	32,095	**67,424**	43,798
Income tax expense	**$35,123**	$77,384	**$110,427**	$125,695

Note 16. Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the executive officers of the Company to allocate resources to the segments and to assess their performance.

The Company's reportable and geographical segments are Offshore Malaysia, Onshore Thailand, Offshore Thailand and Other. Other activities include the Company's corporate offices outside of Thailand. The accounting policies used for the reportable segments are the same as the Company's accounting policies.

For the purposes of monitoring segment performance and allocating resources between segments, the Company's executive officers monitor the assets attributable to each segment. All assets are allocated to reportable segments. The following tables show information regarding the Company's reportable segments.

Segmented Income for the Six Months ended June 30, 2013

	Malaysia Offshore	Thailand Onshore	Thailand Offshore	Corporate and Other	Total
Net oil sales	$ -	$ -	$323,357	$ -	$ 323,357
Reimbursement of expenses under Malaysia risk service contract	6,771	-	-	-	6,771
Other Income	-	-	(2,147)	1,393	(754)
	6,771	-	321,210	1,393	329,374
Less: Expenses					
Production	-	-	$78,534	-	78,534
Malaysia risk service contract	6,771	-	-	-	6,771
Depreciation and depletion	-	-	33,106	4,077	37,183
Net profits interest	-	-	1,919	-	1,919
General and administrative	-	-	5,223	10,827	16,050
Exploration	-	-	13,230	-	13,230
Debt financing fees	-	-	-	1,573	1,573
Finance expenses	-	-	596	751	1,347
Add: Gains on disposal of property, plant and equipment	-	-	4	-	4
Add: Net income from Apico LLC	-	10,609	-	-	10,609
Net income (loss) before taxes	$-	$10,609	$188,606	($15,835)	$183,380

Segmented Capital Expenditures for the Six Months ended June 30, 2013

	Thailand Onshore	Thailand Offshore	Corporate and Other	Total
Capital expenditures	$-	$124,970	$29,384	$154,354

Segmented Income for the Six Months ended June 30, 2012

	Thailand Onshore	Thailand Offshore	Corporate and Other	Total
Net oil sales	$-	$342,961	$-	$342,961
Other Income	-	(12,249)	11,856	(393)
	-	330,712	11,856	342,568
Less: Expenses				
Production	-	77,374	-	77,374
Depreciation and depletion	-	38,083	551	38,634
Net profits interest	-	869	-	869
General and administrative	-	5,954	9,430	15,384
Exploration	-	286	-	286
Debt financing fees	-	-	632	632
Finance costs	-	394	807	1,201
Add: Net income from Apico LLC	9,504	-	-	9,504
Net income before taxes	$9,504	$207,752	$436	$217,692

Segmented Capital Expenditures for the Six Months ended June 30, 2012

	Thailand Onshore	Thailand Offshore	Corporate and Other	Total
Capital expenditures	$-	$67,193	$45,909	$113,102

Segmented Income for the Three Months ended June 30, 2013

	Malaysia Offshore	Thailand Onshore	Thailand Offshore	Corporate and Other	Total
Net oil sales	$-	$-	$122,867	$-	$ 122,867
Reimbursement of expenses under Malaysia risk service contract	4,486	-	-	-	4,486
Other Income	-	-	(2,384)	1,369	(1,015)
	4,486	-	120,483	1,369	126,338
Less: Expenses					
Production	-	-	35,601	-	35,601
Malaysia risk service contract	4,486	-	-	-	4,486
Depreciation and depletion	-	-	11,837	2,041	13,878
Net profits interest	-	-	(7)	-	(7)
General and administrative	-	-	3,250	5,019	8,269
Exploration	-	-	13,230	-	13,230
Debt financing fees	-	-	-	1,045	1,045
Finance expenses	-	-	311	(179)	132
Add: Loss on disposal of property, plant and equipment	-	-	(15)	-	(15)
Add: Net income from Apico LLC	-	5,391	-	-	5,391
Net income (loss) before taxes	$-	$5,391	$56,246	($6,557)	$55,080

Segmented Capital Expenditure for the Three Months ended June 30, 2013

	Thailand Onshore	Thailand Offshore	Corporate and Other	Total
Capital expenditures	$-	$55,407	$6,103	$61,510

Segmented Income for the Three Months ended June 30, 2012

	Thailand Onshore	Thailand Offshore	Corporate and Other	Total
Net oil sales	$-	$174,125	$-	$174,125
Other Income	-	(6,062)	15,840	9,778
	-	168,063	15,840	183,903
Less: Expenses				
Production	-	41,164	-	41,164
Depreciation and depletion	-	18,202	388	18,590
Net profits interest	-	869	-	869
General and administrative	-	2,601	4,456	7,057
Exploration	-	286	-	286
Debt financing fees	-	(156)	351	195
Finance costs	-	357	(6)	351
Add: Net income from Apico LLC	5,497	-	-	5,497
Net income before taxes	$5,497	$104,740	$10,651	$120,888

Segmented Capital Expenditure for the Three Months ended June 30, 2012

	Thailand Onshore	Thailand Offshore	Corporate and Other	Total
Capital expenditures	$-	$27,191	$25,639	$52,830

Segmented Assets as at June 30, 2013:

	Malaysia Offshore	Thailand Onshore	Thailand Offshore	Corporate and Other	Total
Investment in and advances to Apico LLC	$-	$65,806	$-	$-	$65,806
PP&E and E&E carrying amount	1,000	-	605,945	171,407	778,352
Total assets	$21,598	$65,806	$676,757	$197,112	$961,273

Segmented Assets as at December 31, 2012:

	Malaysia Offshore	Thailand Onshore	Thailand Offshore	Corporate and Other	Total
Investment in and advances to Apico LLC	$-	$60,266	$-	$-	$60,266
PP&E and E&E carrying amount	1,000	-	531,746	146,097	678,843
Total assets	$11,315	$60,266	$650,001	$172,611	$894,193

Note 17. Commitments and contingencies

Commitments and contingencies

Year	Drilling & Production Thailand	Drilling & Production Malaysia	Other	Total
2013	$46,696	$128,710	$398	$175,804
2014	5,529	125,580	417	131,526
Thereafter	-	52,873	530	53,403

Note: The column titled 'Drilling & Production Malaysia' includes obligations of the 30% non-controlling interest in Coastal Energy KBM Sdn. Bhd.

Thailand

The Company has provided a letter of credit to the Thailand Customs Department for $1.45 million as at June 30, 2013 (December 31, 2012: $1.46 million). This letter of credit is cash collateralized, has not been drawn on and remains outstanding as of June 30, 2013.

The Company has entered into various commitments primarily related to the ongoing development of its Thailand G5/43 and G5/50 property concessions, and the Kapal, Banang and Meranti Cluster ("KBM") risk service contract in Malaysia (see below). Coastal has secured equipment and work commitments in the Gulf of Thailand and Malaysia. In order to keep both the concessions and service contract, the Company has various development obligations. The Company also has operating lease agreements for office space in Thailand, Malaysia and the United States. The following table summarizes the Company's outstanding contractual obligations:

The Company's share of Apico's commitments is disclosed in Note 8.

Malaysia - Kapal, Banang, Meranti Cluster

Via its subsidiary, Coastal Energy KBM Sdn. Bhd ("Coastal Malaysia"), the Company has entered into a risk service contract ("RSC") with Petronas for the development and production of petroleum from the KBM cluster of small fields (the "KBM Cluster") offshore Peninsular Malaysia.

The Company holds a 70% interest in Coastal Malaysia, with the remaining 30% being held by Petra Energy, an unrelated third party. Coastal Malaysia is the operator of the KBM cluster fields.

Coastal Malaysia is providing the upfront development capital, undertaking the development drilling and production of the KBM Cluster. Petronas remains the owner of the project. Subject to its performance, Coastal Malaysia will recover its capital and operating expenditures and will be paid a remuneration fee, which will be adjusted by key performance indicators ("KPIs") based on the timely implementation of the agreed field development plan and budget.

The Company from time to time is involved in various claims, legal proceedings, complaints and disputes with governmental authorities and other stakeholders 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 18. 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, obligations under finance leases, amounts due to shareholders and adjusted working capital (a measurement defined as current assets less current liabilities, with current liabilities being as per the number on the face of the consolidated statement of financial position). 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:

As at	**June 30, 2013**	December 31, 2012
Total equity	**$511,482**	$430,529
Derivative liability – Warrants	**2,396**	3,784
Long-term debt drawn	**100,000**	100,000
Working capital deficit excluding long-term debt drawn	**29,152**	70,350
	$643,030	$604,663

As of June 30, 2013, the Company has utilized $100.0 million of its $200.0 million borrowing facility. Management believes it can access the equity and credit markets in the future should circumstances deem raising additional equity or debt is necessary.

The Company is in compliance with its debt covenants.

Note 19. Financial instruments and financial 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.

Fair Values

The Company's financial instruments include cash, restricted cash, derivative assets and liabilities, accounts receivable, and accounts payable and accrued liabilities. Cash, derivative assets, derivative liabilities and the derivative liability for warrants are carried at fair value. The Company considers that almost all other items (excluding long-term debt) have a carrying value that approximates their fair value due to their short-term nature. Long-term debt is carried at amortised cost.

The fair value of the Company's long-term debt as at June 30, 2013 was $96.13 million (December 2012: $96.11 million) when using the market LIBOR rate.

The Company classifies the fair value of cash, restricted cash, derivative commodity contracts and the derivative liability for warrants 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.

The Company's cash, restricted cash and derivative commodity contracts have been assessed on the fair value hierarchy described above. Cash and restricted cash are classified as Level 1.

The Company's derivative commodity contracts are classified as fair value through profit and loss, and their fair values are marked to market every quarter based on inputs from quoted market prices in the futures market on the statement of financial position date. As discussed in Note 11, these derivative instruments are solely required for debt facilities. These contracts as well as the derivative liabilities associated with warrants are classified as Level 2.

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 2013 relative to 2012.

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 restricted cash; (2) accounts receivable; (3) derivative assets. The Company has not had any credit losses in the past beyond that described below.

At June 30, 2013, the Company had $0.20 million of financial assets that were overdue (December 31, 2012: $0.20 million). This relates to the sale of surplus equipment. Management continues to work with the counterparty to resolve settlement of this balance. No allowance has been made for doubtful accounts receivable (2012: $nil).

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

As at	**June 30, 2013**	December 31, 2012
Cash	**$39,022**	$63,897
Restricted cash	**6,442**	6,452
Refundable taxes (Thailand)	**22,103**	16,888
Trade receivable	**200**	34,854
Receivable under risk service contract	**10,870**	4,099
Other accounts receivable	**724**	1,007
Derivative asset	**84**	132
	$79,445	$127,329

Revenues in both years relate to a single customer that had a credit rating of BBB+ with Standard and Poors as at June 30, 2013. The Company's trade receivables at June 30, 2013 and December 31, 2012 were less than 30 days aged and were subsequently fully collected.

Typically, the Company's maximum credit exposure to customers is revenue from one month's commodity sales. The Company's standard credit terms have been (receipt of) payment within 30 days. The Company's policy to mitigate credit risk associated with commodity sales is to establish relationships with credit worthy customers. The Company has not written off any amounts receivable in either 2013 or 2012.

The Company has pledged security (Note 11) in relation to its long-term debt.

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, derivative 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 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 June 30, 2013 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:

	June 30, 2013					December 31, 2012
	Within 1 Year	**1-2 Years**	**3-5 Years**	**There-after**	**Total**	Total
Accounts payable and accrued liabilities	**$139,799**	**$-**	**$-**	**$-**	**$139,799**	$217,757
Long-term debt principal and interest	**22**	**-**	**100,000**	**-**	**100,022**	100,034
Derivative liabilities	**181**	**14**	**-**	**-**	**195**	1,874
Derivative liability – warrants	**-**	**2,396**	**-**	**-**	**2,396**	3,784
	$140,002	**$2,410**	**$100,000**	**$-**	**$242,412**	$323,449

Market Risk

Market risk is the risk that the fair value (for assets or liabilities considered to be fair value through profit and loss 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, Malaysian Ringgit, Singapore Dollars, Australian Dollars, British Pounds, Canadian Dollars and Euros. The Company is subject to inflation in the 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 Thai Baht, Malaysian Ringgit, Singapore Dollars, Australian Dollars, British

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.

Based on the Company's net foreign currency exposures at June 30, 2013, a 10% depreciation or appreciation of the foreign currencies against the US Dollar would result in a $2.65 million (December 31, 2012: $1.23 million) increase or decrease in the Company's after-tax earnings with the same impact on comprehensive income. These exposures are attributable to quarter-end payables and receivables 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 Company's credit facility has an interest rate of LIBOR plus 350 bps. 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 are described in Note 11. The Company accounts for its borrowings under the long-term debt on an amortized cost basis. The Company had borrowings totaling $100.0 million at June 30, 2013 (December 31, 2012: $100.0 million). A 100 basis point change in interest rates at the statement of financial position date would result in a $1.0 million change in the Company's annual net income (2012: $1.0 million). The Company has entered into an interest rate swap to specifically manage interest rate risk. Further details can be found in Note 11.

The Company paid an average of 6.53% and 7.02%, respectively on its borrowings for the three and six months ended June 30, 2013 (2012: 5.29% and 5.73% respectively).

The Company earned an average of 0.04% and 0.02%, respectively on its short-term investments for the three and six months ended June 30, 2013 (2012: 0.01% and 0.01%, respectively).

(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.

A 10% decline in the reference price projection would not reduce the availability under the borrowing base at June 30, 2013.

As a requirement of the debt facilities, the Company entered into a derivative hedging agreement described in Note 11. A 10% increase in prices of Brent as of June 30, 2013 would cause an increase in the derivative liability of $2.97 million (2012: increase in liability of $10.17 million) from what is recorded on the statement of financial position. A 10% decrease in prices as of June 30, 2013 would cause a decrease in the liability of $1.68 million (2012: decrease of $7.78 million).

(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 9.

Note 20. Subsequent event

The Company repurchased 259,800 shares at an average price of C$15.30 under the Normal Course Issuer Bid.

NON-INDEPENDENT DIRECTORS

Randy L. Bartley, President and CEO

William C. Phelps, Chief Financial Officer

Andrew L. Cochran, Executive Director

INDEPENDENT DIRECTORS

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

Olivier de Montal (2) (3)
Administrator, Loze & Associés

Lloyd Barnaby Smith (3) (4)
Former British Ambassador to Thailand

Forrest E. Wylie (1) (2) (4)
Non-Executive Chairman, Buckeye Partners LP

John B. Zaozirny (1) (3)
Vice Chairman, Canaccord Genuity Corp.

Committees of the Board:
(1) Audit,
(2) Compensation,
(3) Corporate Governance and Nominating,
and (4) Reserves

SENIOR MANAGEMENT

Randy L. Bartley, President, CEO, Director

William C. Phelps, Chief Financial Officer, Director

Andrew L. Cochran, Executive Director

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

TRADING SYMBOLS

CEN on TSX
CEO on AIM

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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	Toronto Stock Exchange (Canada)
AIM	London AIM Stock Exchange (UK)

THIRD PARTY ADVISORS

Petroleum and Geological Engineers:
RPS Group, Ltd.

Auditors:
Deloitte LLP (Canada)

Legal Counselors:
Stikeman Elliott LLP (Canada & UK)
Walkers SPV Limited (Cayman Islands)
Chandler & Thong-Ek (Thailand)

Stock Registrars:
Computershare (TSX)
Capita Registrars (LSE-AIM)

Nominated Advisor (NOMAD):
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