COASTAL ENERGY COMPANY
ANNUAL INFORMATION FORM

For the Year Ended December 31, 2009

Dated April 16, 2010

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Abbreviations

Oil and Natural Gas Liquids		Natural Gas	
bbl	Barrel	mcf	thousand cubic feet
bbls	Barrels	mmcf	million cubic feet
bbls/d	barrels per day	mcf/d	thousand cubic feet per day
bopd	barrels of oil per day	mmcf/d	million cubic feet per day
mstb	1,000 stock tank barrels	mmbtu	million British Thermal Units
		bcf	billion cubic feet; 1 bcf = 0.83 million tons of oil equivalent
NGLs	natural gas liquids	m	Thousand
stb	stock tank barrels	mm	Million

Other

API	American Petroleum Institute
^{o}API	an indication of the specific gravity of crude oil measured on the API gravity scale
Barrel	a volume equivalent to 158.9874 liters (US 42 gallons) at a temperature of 15.56 degrees centigrade (60 degrees Fahrenheit) and at one atmosphere of pressure
BOE	barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices)
BOE/d	barrel of oil equivalent per day
cubic feet	a volume measuring one foot high by one foot long by one foot deep
m^3	cubic meter, a volume measuring one meter high by one meter long by one meter deep
km^2	square kilometers
MBOE	1,000 barrels of oil equivalent
MMBOE	million barrels of oil equivalent
$000s	thousands of dollars
WTI	West Texas Intermediate, the reference price paid in US dollars at Cushing, Oklahoma for crude oil of standard grade

Conversions

To Convert From	To	Multiply by
mcf	cubic meters	28.174
cubic meters	cubic feet	35.494
bbls	cubic meters	0.159
cubic meters	bbls oil	6.290
feet	Meters	0.305
meters	Feet	3.291
miles	Kilometers	1.609
kilometers	Miles	0.621

Glossary of Technical Terms

The following defined terms have the respective meanings set out below:

2-D seismic program 2-Dimensional seismic reflection data acquired in accordance with a predefined program and measured in line kilometers

2-D seismic data 2-Dimensional seismic reflection data that has been digitally processed

2P Proved + Probable

3-D seismic data 3-Dimensional seismic reflection data that has been digitally processed

3P Proved + Probable + Possible

Anticline a geological structure consisting of convex folded rocks

Appraisal wells wells drilled after successful exploration wells to gain further information on newly discovered oil or gas reserves

Carbonate reservoir sedimentary rocks such as limestone that are composed primarily of carbonate minerals that have the ability to contain and hold hydrocarbons

Condensate light hydrocarbons that are gaseous subsurface, but condense into a liquid similar to light crude oil at surface temperature and pressure; an NGL

Development well a well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive

Exploratory well a well drilled to find a new field or to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir

Gas Field a hydrocarbon accumulation that is predominately gas

Hydrocarbons a chemical compound fundamental for petroleum formulation that consists entirely of carbon and hydrogen

Production assets assets that are producing oil and/or gas in commercial quantities

Royalties a payment to the government or others, usually expressed as a percentage of total hydrocarbon production

Secondary reservoir a rock formation that is considered to contain hydrocarbons but in quantities less than the main producing reservoir

Tertiary basin a geological basin of tertiary age

Unitization the process by which a hydrocarbon field straddles several concessions is developed or produced under the co-operation of the various concessionaires

Reserve Definitions

Contingent resource Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent Resources are further classified in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterized by their economic status.

Prospective resource Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be subclassified based on project maturity.

Proved reserves Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable reserves Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved + probable reserves.

Possible reserves	Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved + probable + possible reserves.
Reserves	Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified according to the level of certainty associated with the estimates and may be subclassified based on development and production status.

Certain Definitions

In this Annual Information Form, the following words and phrases have the related meanings, unless the context otherwise requires:

"AIF"	this Annual Information Form
"AIM"	the Alternative Investment Market of the London Stock Exchange plc
"APICO"	APICO LLC and its subsidiaries. APICO LLC is a United States limited liability company which holds certain working interests in onshore Thailand, and in which the Company holds a 36.1% interest.
"Company"	Coastal Energy Company. The Company is a Cayman Islands corporation, formerly known as PetroWorld Corp.
"Concession"	an area of the surface and/or subsurface to which exploration rights have been granted by the relevant government authority
"Concessionaire"	an individual, company or other entity to which exploration or exploitation rights have been granted
"COGE Handbook"	the Canadian Oil and Gas Evaluation Handbook prepared jointly by The Society of Petroleum Evaluation engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum
"Consolidation"	Effective November 7, 2007 the Company effected a reverse stock split of its Common Shares with a conversion ratio of one share new for every four old shares. Unless otherwise stated, all references to the Common Shares of the Company prior to this date have been restated to give effect to this share consolidation.
"Common Shares"	the common shares of a nominal or par value of $0.04 in the capital of the Company
"Huddleston Report"	the report of Huddleston & Co., Inc. dated March 17, 2010, evaluating the crude oil, natural gas liquids and natural gas reserves of the Company as at December 31, 2009
"NI 51-101	National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities
"NuCoastal"	NuCoastal (Thailand) Limited, a company incorporated under the laws of Thailand
"PCA"	a petroleum concession agreement granted by the Kingdom of Thailand Ministry of Energy under which a Concessionaire may explore, develop and produce hydrocarbons
"Reverse Takeover"	the September 25, 2006 acquisition by the Company of all the outstanding stock of NuCoastal, which was accounted for as a Reverse Takeover
"TSX-V"	the TSX Venture Exchange in Canada

Certain other terms used herein but not defined herein are defined in NI 51-101 and, unless the content otherwise requires, shall have the same meaning herein as in NI 51-101.

Exchange Rate Data

Dollar amounts expressed herein are in United States dollars (***US$***), Canadian dollars (***C$***), and British pounds (***£***). Exchange rates on December 31, 2009 and April 16, 2010 were:

	December 31, 2009	April 16, 2009
US$1.00	C$1.0466	C$1.0148
US$1.00	£0.6165	£0.6496
C$1.00	US$0.9555	US$0.9854
C$1.00	£0.5911	£0.6402

Preliminary Notes

Date of Information

Unless otherwise indicated, all information contained in this Annual Information Form ("***AIF***") of (the Company is as of December 31, 2009**.** References to the Company include Coastal Energy Company and its subsidiaries and affiliates.

Financial Information

All financial information in this AIF is prepared in accordance with Canadian generally accepted accounting principles ("***Canadian GAAP***"). All dollar amounts are expressed in United States dollars (US$) unless otherwise indicated.

On October 30, 2007, the shareholders of the Company approved a reduction in the issued authorized shares of the Company's common stock (the "***Consolidation***") through a reverse stock split with a conversion ratio of one new share for every four old shares. The Company kept its stock symbol on the AIM exchange as "***CEO***" following the consolidation; however as a result of the consolidation, the Company's trading symbol on the TSX-V changed to "***CEN***." The Consolidation and symbol change were effective on November 7, 2007. All information related to common shares in this AIF for the current and prior period has been restated to give effect to the Consolidation, unless otherwise stated.

Forward-looking Information

This AIF contains certain forward-looking information and forward-looking statements as defined in applicable securities laws. These statements relate to the Company's expected future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "can", "may", "expect", "believe", "plan", "continue", "estimate", "project", "predict", "potential", "should" and similar expressions is intended to identify forward-looking statements. These statements include, but are not limited to, future capital expenditures, future financial resources, future oil and gas well activity, future hydrocarbon prices, outcome of specific events, and trends in the oil and gas industry. These statements are derived from certain assumptions and analyses made by the Company based on its experience and interpretation of historical trends, current conditions and expected future developments, and other factors that it believes are appropriate in the circumstances. These statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations implied in such statements, such as prevailing economic conditions; commodity prices; sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel; dependence on major customers; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; regional competition; and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this AIF are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. Events or circumstances could cause actual results to differ materially from those implied by forward-looking statements made in this AIF. The reader should also carefully consider the matters discussed in section 3.4 ("***Risk Factors***") of this AIF. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

Item 1 Corporate Structure

1.1 Name, Address and Incorporation

The Company was incorporated as "***Action Ventures Ltd***." on May 26, 2004 under the laws of the Cayman Islands. On November 10, 2004, the Company changed its name to "***PetroWorld Corp***" and on September 27, 2006, the Company changed its name to "***Coastal Energy Company***" upon completion of the Reverse Takeover. The Company's registered office is located at Walker House, 87 Mary Street, P.O. Box 908GT, KY1-9001, George Town, Grand Cayman, BWI.

The Company has one class of shares, being common shares with nominal or par value of US$0.04 per share (each a "***Common Share***"). The Common Shares trade on the AIM under the trading symbol "***CEO***" and on the TSX-V under the trading symbol "***CEN***". The Company is a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario.

1.2 Inter-corporate Relationships

As of December 31, 2009, the Company directly owned the following seven (7) wholly-owned subsidiaries:

- Coastal Energy Company Nevada - incorporated in the United States under the laws of the State of Nevada;
- Coastal Energy (UK) Company Limited - incorporated under the laws of the United Kingdom;
- NuCoastal (Thailand) Limited - incorporated under the laws of the Kingdom of Thailand;
- Coastal Energy Company (Khorat) Ltd. - incorporated under the laws of the Cayman Islands;
- CEC Equipment, Ltd. – incorporated under the laws of the Cayman Islands;
- CEC International, Ltd. – incorporated under the laws of the Cayman Islands; and
- Ocean 66 Ltd. - incorporated under the laws of the Republic of Mauritius.

The Company owns 50% of Viking Storage Solutions (Mauritius) Limited ("VSSM"), a Mauritius corporation. VSSM owns a floating storage and offloading vessel (FSO) which has been chartered to the Company for use at its Bua Ban field in the Gulf of Thailand. Under Canadian GAAP, the Company consolidates VSSM pro rata for financial reporting purposes.

In addition, the Company owns 36.1% of APICO, which owns a 35% working interest in the Sinphuhorm gas field onshore Thailand. The Company has one of three seats on the APICO Board of Directors. Under Canadian GAAP, the Company accounts for this interest under the equity method of accounting as opposed to accounting for APICO using a pro rata consolidation.

Item 2 General Development of the Business

The Company is an independent oil and gas exploration, development and production company, with assets offshore and onshore Thailand. As of December 31, 2009 and April 16, 2010, the Company had a market capitalization of US$548 million and US$440 million, respectively.

Due to the significance of the Reverse Takeover of NuCoastal by the Company, the brief histories of both the Company and NuCoastal, and descriptions of events that have influenced the general development of both companies over the past seven years, are provided below.

2.1 NuCoastal (prior to the Reverse Takeover)

On April 21, 2003, NuCoastal was incorporated in Thailand as a private company.

On July 17, 2003, NuCoastal was granted PCA No. 7/2546/64 covering Block G5/43 in the Gulf of Thailand, which initially covered approximately 17,110 square kilometers off the east coast of Thailand (the "Concession Area"). See Item 3 "Description of Business – 3.2 Thailand Properties".

On December 15, 2003, NuCoastal acquired a 25.5% interest in APICO. See Item 3 "Description of Business – 3.2 Thailand Properties".

2.2 The Company (prior to the Reverse Takeover)

On June 15, 2005, the Company acquired a 50% working interest in the PCA covering Block G5/43 in the Gulf of Thailand pursuant to a farm-out agreement (the "Farm-out Agreement") with NuCoastal. Upon completion of the

Reverse Takeover by NuCoastal effective September 25, 2006, the Company reconsolidated its 100% ownership interest in the Block. See Item 3 "Description of Business – 3.2 Thailand Properties".

On July 20, 2005, the Company closed a brokered private placement offering (the "***2005 Placement***") of 18,750,000 units (each a "***Unit***") at a price of 35 pence per Unit (then US$0.64 per Unit), each Unit consisting of one Common Share and one-half of a Common Share purchase warrant (all share amounts are pre-Consolidation), each warrant entitling the holder to purchase one share at a price of 70 pence per Common Share for a period of five years ending July 20, 2010. Part of the proceeds of the 2005 Placement was used to repay a £2.3 million (US$4.3 million) loan facility from parties unrelated and related to the Company.

On August 31, 2005, the Company announced that it (as a 50% owner and non-operator), together with NuCoastal (the operator and other 50% owner), had completed a three well appraisal drilling program on the Bua Ban Field, located in Block G5/43 in the Gulf of Thailand,

On March 30, 2006, the Company and NuCoastal entered into a letter of intent to merge both companies' assets in Thailand, with the Company agreeing to purchase all issued and outstanding shares of NuCoastal. NuCoastal's sole shareholder was Oscar S. Wyatt, Jr. of Houston, Texas. Upon announcement of this transaction, trading of the Company's shares on AIM and TSX-V was halted. In view of the size of the NuCoastal acquisition in relation to the Company, under the AIM Rules, the Company was required to apply for the re-admission of the Common Shares outstanding prior to the issue of new shares in connection with such acquisition and the Offering (as defined below) and to apply for admission of the new shares.

2.3 Coastal Energy Company (the Reverse Takeover and thereafter)

On September 25, 2006, the following events occurred:

- The Company acquired all of the issued and outstanding shares of NuCoastal from its sole shareholder in consideration for the issuance of 37,915,830 Common Shares, pursuant to the Reverse Takeover. The Reverse Takeover resulted in control of the Company passing to the holder of the NuCoastal shares. The Reverse Takeover was completed for a total value of $33.8 million in stock. In accordance with Canadian GAAP, this transaction has been accounted for as a reverse takeover, with NuCoastal being identified as the acquirer for accounting purposes.

- The Company acquired 106,278 shares (representing a 10.63% interest) of APICO from PH Gas L.P. ("PHG") for consideration of 9,104,890 Common Shares of the Company, increasing the Company's interest in APICO to 36.1%. This transaction is referred to as the "***APICO Acquisition***" throughout this AIF.

- The Company completed a public offering (the "***2006 Offering***") of 15,750,000 Common Shares, at a price of $2.32 (C$2.60) per share, raising gross proceeds of approximately $35.8 million (C$40.0 million). Included within the 15,750,000 Common Shares, the Company issued 853,750 and 1,181,500 Common Shares to NuCoastal's shareholder and PHG, respectively, in consideration for approximately $2.0 million and $2.7 million of funds that had been advanced to APICO by NuCoastal's shareholder and PHG, respectively. The Company issued a further 375,000 Common Shares at the same price upon exercise of the over-allotment option for gross proceeds of $0.9 million (C$1.0 million.) Net proceeds of the 2006 Offering were $29.2 million.

On September 27, 2006, as part of the Reverse Takeover, the Company changed its name from "PetroWorld Corp." to "Coastal Energy Company."

On November 30, 2006, the Company announced that production had commenced from the Sinphuhorm gas field located in northeast Thailand. Sinphuhorm will supply the Nam Phong power plant with over 500 billion cubic feet of gas, plus condensate, under a 15-year gas sales agreement with PTT Public Company Limited.

On July 3, 2007, the Company announced that it had entered into a $50 million borrowing base credit facility arranged by Sumitomo Mitsui Banking Corporation Europe Limited.

On October 30, 2007, the shareholders of the Company approved the Consolidation, resulting in a reduction of the Company's issued and authorized Common Shares through a reverse stock split with a conversion ratio of one new share for every four old shares. The Consolidation was effective on November 7, 2007 and resulted in the change of the Company's stock symbol on the TSX-V exchange to "CEN." The Company's stock symbol on the AIM exchange remains "CEO." The Company's ISIN number was changed to KY G224041189 to reflect this change.

On December 19, 2007, the Company was awarded PCA No. 9/2550/85 covering Block G5/50 in the Gulf of Thailand, an area within the northern part of the previously awarded Block G5/43 concession.

On January 8, 2008, the Company completed a public offering of 16,445,000 new Common Shares (including the over-allotment option of 2,145,000 Common Shares) of the Company at a price of $3.50 (C$3.50) per Common Share, raising gross proceeds of $57.6 million (C$57.6 million). Proceeds of this offering, net of issuance costs of $3.1 million, were $54.5 million.

In June 2008, the Company received Thai Government approval of the Production Area Application for the development of its Songkhla field in the Gulf of Thailand. The Approval covers an extended area of 75 square km which includes not only the Songkhla field, but numerous surrounding satellite structures. The extended production area is significant because it enable the Company to fully exploit the prospects without the need to apply for additional Government approvals.

On November 13, 2008, the Company announced that it received Thai Government approval of its Environmental Impact Assessment ("***EIA***") for the 75 square kilometer Songkhla production area in the Gulf of Thailand.

In the fourth quarter of 2008 the Company drilled three wells on the Songkhla A oil field in the Gulf of Thailand. Two of the wells encountered oil in the Lower Oligocene primary reservoir. The third encountered oil in the Eocene reservoir. Production facilities were installed at Songkhla A in February 2009 and production commenced at that time.

On January 22, 2009, the Company announced that it had received Thai Government approval of its 282 square kilometer production area application for the Bua Ban field. The production license is in effect for 20 years, or until production ceases. The Bua Ban production license covers the Bua Ban field and nine identified satellite prospects.

On January 23, 2009, the Company completed a $10 million offering of 15% senior unsecured notes maturing January 23, 2010. The Company issued warrants for two million common shares with a strike price of Cdn $1.136 expiring January 23, 2014 as part of this offering. The Company redeemed all outstanding notes in December 2009.

On March 3, 2009, the Company announced the first platform production of oil from its Songkhla A Field.

On May 28, 2009, the Company completed a public offering of 5,000,000 common shares of the Company at a price of $2.87 (Cdn $3.20) per common share, raising gross proceeds of $14.5 million (Cdn $16.0 million). Proceeds net of issuance costs of approximately $0.9 million were $13.6 million. On June 17, 2009, the Underwriters of the May 2009 offering exercised the over-allotment option they were granted in connection with the offering. The Underwriters purchased an additional 750,000 common shares of the Company at a price of $2.83 (Cdn $3.20) per share, raising gross proceeds of $2.1 million (Cdn $2.4 million). Proceeds net of issuance costs of approximately $0.3 million were $1.8 million.

On November 5, 2009, the Company completed an offering of 6,900,000 common shares (including the over-allotment option of 900,000 common shares) of the Company at a price of $4.70 (Cdn $5.00) per common share, raising gross proceeds of $32.4 million (Cdn $34.5 million). Proceeds of the offering, net of issuance costs of approximately $1.7 million, were $30.7 million.

The Company drilled two additional development wells at Songkhla A during the fourth quarter of 2009. Both wells encountered oil in the Lower Oligocene primary reservoir and were tied into existing production facilities. Three water injection wells were also drilled at Songkhla A to eliminate water disposal expenses and help to increase ultimate recovery from the reservoir.

In February 2010 the Company completed installation of production facilities on the Bua Ban oil field in the Gulf of Thailand. Having permanent facilities in place will help expedite the development of Bua Ban, which is expected to begin mid-2010. The Company also received government approval of its environmental impact assessment (EIA) for the Bua Ban field, which allows it to proceed with development.

During Q1 2010, the Company drilled three exploration wells on its Songkhla B prospect. Two of the three wells encountered oil; however, not in quantities large enough to justify standalone development. Management believes that it might be possible to reach the Songkhla B structure with a horizontal well from Songkhla A.

Item 3 Description of Business

3.1 General

The Company believes that over the next several years, the oil and gas sector will be a focus of capital investment and expanded opportunities for development based on growing demand and higher hydrocarbon prices. The Company's strategy is to invest in opportunities in oil and gas related industries. These investments might include acquisitions of interests in proved oil and gas properties and/or exploration prospects, or acquisitions of interests in companies in oil and gas related industries.

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

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

Production commenced from the Sinphuhorm gas field onshore Thailand (Coastal 12.6% working interest) on November 30, 2006. As of March 31, 2010, Sinphuhorm is producing in excess of 100 mmcf/d of natural gas and over 500 bbl/d of condensate.

The Company has drilled five wells (four development and one exploration) on the Songkhla A field of Block G5/43, all of which have proved successful. Production from the Songkhla A field commenced in February 2009.

Except as disclosed in this AIF, no insider of the Company has held an interest in any of the Company's properties in the past three years.

At December 31, 2009, the Company had offices in George Town, Cayman Islands; Bangkok, Thailand, and Houston, Texas, USA. At year end the Company had 44 employees and 16 full-time contractors.

3.2 Thailand Properties

(a) Offshore Thailand Properties

Block G5/43 – under PCA No. 7/2546/64

NuCoastal acquired 100% working interest in Block G5/43 in the Gulf of Thailand via PCA No. 7/2546/64 dated July 17, 2003. Pursuant to the Farm-out Agreement dated June 15, 2005, the Company earned a 50% working interest in the PCA. As a result of the Reverse Takeover, the Company now owns 100% of the working interest in Block G5/43.

Block G5/43 currently encompasses an area of approximately 4,467 square kilometers off the eastern coast of Thailand and covers four tertiary basins. Water depths in Block G5/43 range up to 30 meters. Under the terms of the Concession, the Company relinquished approximately 8,615 square kilometers of G5/43 back to the Kingdom of Thailand in July 2007 and a further 4,028 square kilometers in July 2009. Company management used available seismic and technical data to determine the less prospective acreage which was relinquished. As a result, under full cost accounting, the Company incurred no financial impact related to this relinquishment.

The Songkhla A-01 and A-03 development wells were drilled in the fourth quarter of 2008 and both encountered oil in the Lower Oligocene primary reservoir. The Songkhla A-07 exploration well was also drilled in Q4 2008 and encountered oil in the deeper Eocene reservoir. All three wells were completed in Q4 2008. The installation of dedicated production facilities in February 2009 enabled full production operations to commence.

The Company re-commenced its development drilling program at Songkhla A in September 2009. The Company drilled two development wells (A-04 and A-08) and three injection wells (A-02, A-05 and A-06) in the fourth quarter of 2009. Both development wells encountered oil in the Lower Oligocene reservoir. The Company's offshore production from Songkhla A averaged 5,509 bbl/d in the fourth quarter of 2009 and 5,534 bbl/d for the full year. During the first quarter of 2010 the Company completed the workover operations on certain wells at Songkhla A and Coastal's production averaged approximately 7,100 bbl/d. Production at Songkhla A as of the date of this report is approximately 9,500 bbl/d.

As of December 31, 2009, the Songkhla oil field has 2P reserves (gross working interest before royalties) of approximately 11.1 mmbbl (9.8 mmbbl in the Lower Oligocene structure and 1.3 mmbbl in the Eocene structure) and the Bua Ban field has 2P oil reserves (gross working interest before royalties) of 21.8 mmbbls.

In the third quarter of 2005, three successful wells were drilled by the Company on the Bua Ban oil field ("Bua Ban"). The three well program encountered the Lower Oligocene reservoir with estimated net pay ranging from 66-77 feet and a confirmed oil column of 577-724 feet.

The Company has continued to conduct geological and development engineering studies on its assets in the G5/43 block in the Gulf of Thailand; including interpretation of the 330 square kilometers of 3-D seismic which covers the western half of the Songkhla basin. The area covered by the 2007 seismic acquisition includes the Bua Ban oil field as well as the Benjarong prospect, both of which the Company is expecting to develop over the next 6-12 months. When combined with the results of reprocessing the existing seismic data, the Company has quality seismic data over the entire Songkhla basin and allows for greater clarity in geological evaluations. The Company is presently awaiting Seismic EIA approval prior to commencing a 2-D seismic shoot in the northern half of G5/43 which contains the Ko Kra basin.

The Company has received approval of its Production Area Application ("***PAA***") and Environmental Impact Assessment ("***EIA***") for the Songkhla field, which will allow it to proceed developing numerous satellite structures which have been identified within the 75 square kilometer area on Songkhla without further government approval. The PAA and EIA cover the Songkhla Main field as well as numerous satellite structures.

The Company received PAA approval for the Bua Ban Field and surrounding prospects, including Benjarong in 2009 and EIA approval in the first quarter of 2010. Approval of the PAAs allows Coastal to hold the acreage for 20 years.

The PCA permits the Company to conduct petroleum exploration in the Concession Area for an initial period of six years (the "***PCA Term***"). The PCA requires NuCoastal as holder of the PCA to incur the following expenditures in connection with the Concession Area during the following periods:

G5/43 PCA Expenditure Obligations (satisfied)

First Obligation Period (for three years):		
First Year (2003-04)	Seismic reprocessing	US$ 125,000
	Geological studies	US$ 150,000
Second Year (2004-05)	Geological studies	US$ 150,000
	Drill two wells	US$1,500,000
Third Year (2005-06)	Geological studies	US$ 100,000
Total		US$2,025,000
Second Obligation Period (for three years): (2006 - 09)		
Geological studies		US$ 200,000
3-D seismic survey, processing		US$1,250,000
Drill one well		US$ 750,000
Total		US$2,200,000
Third Obligation Period (for three years): (2010 – 12)		
Geological studies		US$ 100,000
Drill two wells		US$5,000.000
Total		US$5,100,000

The Company has extended the exploration period beyond the PCA Term by applying and being approved for a Third Obligation Period. The Company has met the expenditure requirements for both the First and Second Obligation periods

The Company has been granted approval for two production licenses on G5/43. The Songkhla PAA was approved in June 2006 and covers an area of 75 square kilometers containing the Songkhla field and satellite structures. The Bua Ban PAA was approved in January 2009 and covers a 280 square kilometer area encompassing the Bua Ban and Benjarong fields and up to nine identified satellite structures.

The Company may also apply for petroleum production period of 20 years at the end of the petroleum exploration period. Application for extensions of the production period may be made six months prior to its expiration. The PCA provides for the payment of various fees in connection with petroleum production from the Concession Area, including royalties ranging from 5% to 15% of the value of petroleum sold or disposed of during a month, the amount of such royalties depending on the volume of all types of petroleum produced.

In 2005, prior to the merger of Petroworld Corporation and NuCoastal (Thailand) Limited (with the combined companies being renamed Coastal Energy Company), one of the merged companies executed net profits agreements ("NPA") with two outside consultants, in return for those consultants' services relating to the acquisition of the Petroleum Concession Agreement No. 7/2546/64, Block G5/43 (the "PCA"). Coastal's resultant contractual obligations under those NPA calls for its payment of a certain percentage of the future "net profits" (defined generally as being revenue realized versus costs incurred) earned under the terms of the PCA. In 2009, the parties to the NPA resolved a lingering dispute concerning the size of the percentages that are to be applied to future earnings attributable to G5/43 operations, once Coastal enters into a "profit-making" mode. The agreed burdens have been recognized as being: (a) 2.5% (.025) of G5/43 net profits with respect to a NPA executed with Elk Petroleum Thailand, LLC, and (b) an additional 1% (.01) of G5/43 net profits with respect to a separate NPA executed with Auldana Advisors Corporation.

Block G5/50 – under PCA No. 9/2550/85

Coastal acquired 100% working interest in Block G5/50 in the Gulf of Thailand via PCA No. 9/2550/85 dated December 19, 2007. Block G5/50 encompasses an area of approximately 554 square kilometers off the east coast of Thailand within the boundaries of the Company's Block G5/43. Water depths in Block G5/50 range up to 30 meters.

The PCA permits the Company to conduct petroleum exploration in the Concession Area for an initial period of six years (the "***PCA Term***"). The PCA requires NuCoastal as holder of the PCA to incur the following expenditures in connection with the Concession Area during the following periods:

G5/50 PCA Expenditure Obligations

First Obligation Period (for three years):

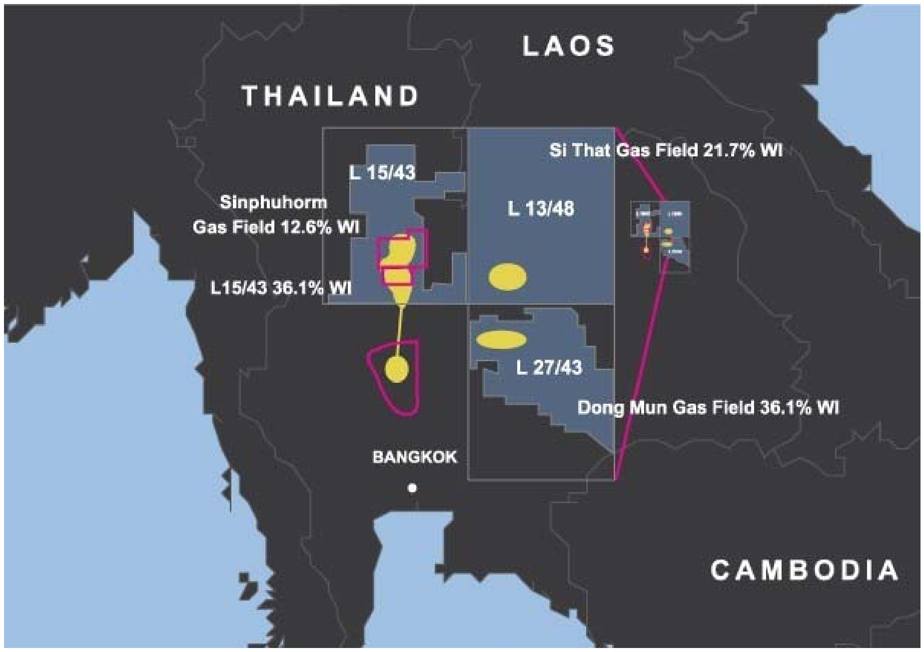
First Year (2008)	Seismic reprocessing	US$ 25,000
	Geological studies	US$ 250,000
	Incidental costs	US$ 100,000
Second Year (2009)	Geological studies	US$ 250,000
	2-D seismic survey	US$ 500,000
	Incidental costs	US$ 100,000
Third Year (2010)	Geological studies	US$ 100,000
	Drill one well	US$2,500,000
	Incidental costs	US$ 100,000
Total		US$4,075,000

Second Obligation Period (for three years): (2011-13)

Geological studies	US$ 500,000
3-D seismic survey, processing	US$1,750,000
Incidental costs	US$ 200,000
Total	US$2,450,000

The Company may extend the exploration period beyond the PCA Term by applying for a Third Obligation Period six months before the end of the Second Obligation Period. The obligations relating to the Third Obligation Period will be negotiated and agreed at the time of such extension. The Company may also apply for petroleum production for a period of 20 years at the end of the petroleum exploration period. Application for extensions of the production period may be made six months prior to its expiration. The PCA provides for the payment of various fees in connection with petroleum production from the Concession Area, including royalties ranging from 5% to 15% of the value of petroleum sold or disposed of during a month, the amount of such royalties depending on the volume of all types of petroleum produced.

Onshore Thailand Properties



Upon closing of the Reverse Takeover and the PH Gas Acquisition, the Company now holds a consolidated interest in APICO of 36.1%. The below net interest figures are a result of the Company's ownership in APICO.

Blocks EU-1 and E5-N (Sinphuhorm Gas Field)

The Company holds a net 12.6% working interest in Blocks EU-1 and E5-N, containing the Sinphuhorm gas field ("Sinphuhorm") located in northeast Thailand.

Production at the Sinphuhorm gas field commenced on November 30, 2006 and will supply the Nam Phong power plant with over 500 billion cubic feet of gas, plus condensate, under a 15 year Gas Sales Agreement with PTT Public Company Limited. Coastal's net interest of 12.6% is held through its equity investment in APICO which holds a 35% interest in Sinphuhorm. The other partners in the field include Hess Corporation (Operator - 35%), PTTEP (20%) and ExxonMobil (10%). Three wells at Sinphuhorm were collectively delivering in excess of 100 mmcf/d to the Nam Phong power plant as of March 31, 2010. The field was also producing in excess of 500 bbls of condensate per day. Sinphuhorm has 2P gas reserves of 128.4 billion cubic feet ("bcf") and 676 mbbls of condensate net to Coastal (before royalties).

Exploration Blocks (L27/43, L13/48 & L15/43)

Coastal holds a net 36.1% working interest in Block L27/43 (operated by APICO), which is located southeast of the L15/43 concession, which contains the Dong Mun gas field. The Phu Kheng-1 well was drilled in 2009 and subsequently tested in March 2010. The hydraulic fracturing test did not result in a discovery of commercial quantities of natural gas.

Coastal also holds a net 21.7% working interest in Block L13/48 (operated by APICO), which is located 40km east of the Sinphuhorm gas field. The L13 concession contains holds the Si That discovery which tested gas in both the Si That 1 & 2 wells. The Si That-3 well was drilled in 2009 and tested in 2010. The test did not result in a commercial discovery.

Tthe Company has a net 36.1% working interest in Block L15/43 (operated by APICO), which surrounds the Sinphuhorm gas field. The South Sinphuhorm-1 appraisal well on the southern extension of the Sinphuhorm gas field was tested in May 2008. The SPH-1 well tested gas at rates, after acid stimulation that would not support commercial production from this location.

(c) Evaluation of Gulf of Thailand and Onshore Properties as at December 31, 2009

The complete reserve data for the Company follow in Section 3.4 for the Company's Gulf of Thailand properties and Appendix C for the onshore properties, which are accounted for under the equity method of accounting. The following schedules are consolidated as if the Company directly owned the onshore properties.

Consolidated Reserves Data – Forecast Prices and Costs

	Light and Medium Crude Oil		**Natural Gas**		**Natural Gas Liquids**		**Totals**	
Reserve Category	**Gross** (mbbl)	**Net** (mbbl)	**Gross** (bcf)	**Net** (bcf)	**Gross** (mbbl)	**Net** (mbbl)	**Gross** (mboe)	**Net** (mboe)
Proved:								
Offshore Developed Producing	5,191	4,807	-	-	-	-	5,191	4,807
Onshore Developed Producing	-	-	46.2	40.9	243	215	7,946	7,032
Offshore Developed Nonproducing	2,794	2,586	-	-	-	-	2,794	2,586
Offshore Undeveloped	7,183	6,597	-	-	-	-	7,183	6,597
Total Proved – 1P	15,169	13,992	46.2	40.9	243	215	23,114	21,022
Offshore Undeveloped	17,701	15,676	-	-	-	-	17,701	15,676
Onshore Undeveloped	-	-	80.8	71.5	425	376	13,888	12,290
Total Probable	17,701	15,676	80.8	71.5	425	376	31,589	27,967
Total Proved Plus Probable – 2P	32,870	29,668	127.0	112.4	668	591	54,703	48,990

Consolidated Net Present Value of Future Net Revenues - Forecast Prices and Costs

	Net Present Value of Future Net Revenue, $ Millions									
	Before Income Taxes, Discounted at					**After Income Taxes, Discounted at**				
Reserves Category	**0%**	**5%**	**10%**	**15%**	**20%**	**0%**	**5%**	**10%**	**15%**	**20%**
Proved										
Offshore Developed Producing	221.6	205.4	191.0	178.3	167.0	157.5	149.5	142.2	135.5	129.4
Onshore Developed Producing	270.0	201.3	154.6	122.1	99.1	181.0	137.4	107.4	86.3	71.1
Offshore Developed Nonproducing	185.8	168.0	152.7	139.5	128.1	124.7	115.3	107.2	100.0	93.7
Offshore Undeveloped	339.0	300.1	265.6	235.0	207.8	117.6	106.5	95.9	85.9	76.7
Total Proved – 1P	1,016.5	874.8	763.9	674.9	602.1	580.9	508.7	452.6	407.7	370.9
Offshore Undeveloped	1,126.9	973.9	845.5	737.4	645.9	276.8	253.3	231.9	212.7	195.3
Onshore Undeveloped	562.6	275.1	144.7	82.4	50.9	363.2	180.2	96.1	55.4	34.8
Total Probable	1,689.5	1,249.0	990.2	819.8	696.8	640.0	433.5	328.0	268.1	230.1
Total Proved Plus Probable – 2P	2,705.9	2,123.8	1,754.1	1,494.7	1,299.0	1,220.9	942.2	780.6	675.8	601.0

3.3 Discontinued Operations

The Company has no material discontinued operations.

3.4 Reserves and Other Oil and Gas Information

Huddleston & Co., Inc. ("***Huddleston***"), qualified independent petroleum engineers of Houston, Texas, USA prepared a Reserves Assessment and Economic Evaluation effective December 31, 2009 with respect to Coastal's oil and natural gas properties which is contained in a report dated March 17, 2010 (the "***Huddleston Report***"). Huddleston has confirmed to the Company's Reserve Committee of its Board of Directors that the Huddleston Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserves definitions contained in NI 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

In preparing its report, Huddleston obtained basic information from Coastal, which included land data, well and accounting information, reservoir and geological studies, estimates of on-stream dates for certain properties, contract information, current hydrocarbon product prices, operating cost data, estimates of future capital expenditures and financial data. Other engineering, geological or economic data required to conduct the evaluation and upon which the Huddleston Report is based, were obtained from public records, other operators and from Huddleston's non-confidential files. The extent and character of ownership and the accuracy of all factual data supplied for the independent evaluation, from all sources, was accepted by Huddleston.

For the purposes of understanding the reserves and future net revenue data presented from Huddleston's Report it is important to understand each of the following:

- All evaluations of future net cash flow are stated prior to any provision for interest costs or general and administrative costs but after the deduction of estimated royalties, production cost, transportation and marketing costs, development costs, future capital expenditures and well abandonment costs for wells to which reserves have been assigned. It should not be assumed that the estimated future net cash flow shown below is representative of the fair market value of the Company's properties. There is no assurance that such price and cost assumptions will be attained and variances could be material.

- The recovery and reserve estimates of natural gas, crude oil and condensate reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual gas, crude oil and condensate reserves may be greater than or less than the estimates provided herein.

- Columns and rows may not add up in the following tables due to rounding.

The following tables are a summary of the Company's working interest share of revenues, net revenues after royalties, and present worth values as at December 31, 2009 in US dollars. The reserves are reported using forecast prices and costs. The tables summarize the data contained in the Huddleston Report.

The Huddleston Report is based on certain factual data supplied by the Company and Huddleston's opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to Coastal's petroleum properties and contracts (except for certain information residing in the public domain) were supplied by Coastal to Huddleston and accepted without any further investigation. Huddleston accepted this data as presented and neither title searches nor field inspections were conducted.

The term "***boes***" may be misleading, particularly if used in isolation. In accordance with National Instrument 51-101, a boe conversion ratio of 6 mcf: 1 bbl has been used which is based on energy equivalency conversion method primarily applicable to the burner tip and does not represent a value equivalency at the wellhead.

Estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenues for all properties, due to the effects of aggregation.

The Reserves Committee of the Company's Board of Directors reviews the qualifications and appointment of the independent qualified reserves evaluator. The Committee also reviews the procedures for providing information to the evaluator. All booked reserves are based upon annual evaluation by the independent qualified reserves evaluator.

__Gulf of Thailand Reserves Data – Forecast Prices and Costs__

The following table summarizes the reserves evaluated at December 31, 2009 using forecast prices and costs.

	Light and Medium Crude Oil		Natural Gas		Natural Gas Liquids		Totals	
Reserve Category	**Gross** (mbbl)	**Net** (mbbl)	**Gross** (bcf)	**Net** (bcf)	**Gross** (mbbl)	**Net** (mbbl)	**Gross** (mboe)	**Net** (mboe)
Proved:								
Developed Producing	5,191	4,807	-	-	-	-	5,191	4,807
Developed Nonproducing	2,794	2,587					2,794	2,587
Undeveloped	7,183	6,597					7,183	6,597
Total Proved	15,169	13,992	-	-	-	-	15,169	13,992
Total Probable	17,701	15,676	-	-	-	-	17,701	15,676
Total Proved Plus Probable	32,870	29,668	-	-	-	-	32,870	29,668

__Gulf of Thailand Net Present Value of Future Net Revenues - Forecast Prices and Costs__

The following table summarizes the net present value of future net revenues attributable to reserves evaluated at December 31, 2009 for the forecast prices and costs case. The net present values are reported before income tax and after income tax and have been discounted using rates of 0 percent, 5 percent, 10 percent, 15 percent and 20 percent.

	Net Present Value of Future Net Revenue, $ Millions									
	Before Income Taxes, Discounted at					After Income Taxes, Discounted at				
Reserves Category	**0%**	**5%**	**10%**	**15%**	**20%**	**0%**	**5%**	**10%**	**15%**	**20%**
Proved										
Developed Producing	221.6	205.4	191.0	178.3	167.0	157.5	149.5	142.2	135.5	129.4
Developed Nonproducing	185.8	168.0	152.7	139.5	128.1	124.7	115.3	107.2	100.0	93.7
Undeveloped	339.0	300.1	265.6	235.0	207.8	117.6	106.5	95.9	85.9	76.7
Total Proved	746.4	673.5	609.3	552.8	503.0	399.9	371.3	345.2	321.4	299.8
Total Probable	1,126.9	973.9	845.5	737.4	645.9	276.8	253.3	231.9	212.7	195.3
Total Proved Plus Probable	1,873.3	1,647.4	1,454.8	1,290.2	1,148.9	676.7	624.6	577.1	534.0	495.1

__Gulf of Thailand Future Net Revenue – Forecast Prices and Costs__

The following table summarizes the total undiscounted future net revenue evaluated at December 31, 2009 using forecast prices and costs.

Reserve Category ($ millions)	**Revenues**	**Royalties**	**Operating Costs**	**Development Costs**	**Well Abandonment Costs**	**Future Net Revenue Before Income Taxes**	**Income Taxes**	**Future Net Revenue After Income Taxes**
Proved	1,186.0	91.5	231.8	107.9	8.4	746.4	346.5	399.9
Proved Plus Probable	2,614.4	253.3	297.1	175.0	18.7	1,873.3	1,196.6	676.7

__Gulf of Thailand Future Net Revenue by Production Group – Forecast Prices and Costs__

The following table summarizes the net present value of future net revenue by production group evaluated at December 31, 2009 using forecast prices and costs, discounted at 10 percent.

Reserve Category	**Production Group**	**Future Net Revenue Before Income Taxes** (discounted at 10%) ($ millions)
Proved	Light and Medium Crude Oil	609.3
Proved Plus Probable	Light and Medium Crude Oil	1,454.8

Summary of Pricing and Inflation Rate Assumptions

Summaries of the December 31, 2009 pricing and inflation rate assumptions used to determine "forecast" oil prices, as used in the evaluation by Huddleston are as follows:

Forecast Prices and Costs

Period	Year	**WTI Spot Oil Price** ($/bbl)	**Brent Spot Oil Price** ($/bbl)	**Gulf of Thailand Crude Oil Price** ($/bbl)	**Inflation Rate** (%/year)
1	2010	80.00	78.50	72.59	-
2	2011	83.00	81.50	76.59	5.5%
3	2012	86.00	84.50	79.59	3.9%
4	2013	89.00	87.50	82.59	3.8%
5	2014	92.00	90.50	85.59	3.6%
6	2015	93.84	92.34	87.43	2.1%
7	2016	95.72	94.22	89.31	2.2%
8	2017	97.64	96.14	91.23	2.1%
9	2018	99.59	98.09	93.18	2.1%
10	2019	101.58	100.08	95.17	2.1%
	Thereafter	+2%/yr	+2%/yr	+2%/yr	2%

Gulf of Thailand Reserves and Future Net Revenue Reconciliations

In its 2008 AIF, the Company reported reserves based on Huddleston's Report dated April 14, 2009. The following tables reconcile reserves reported therein with the reserves reported in the Huddleston Report.

Gulf of Thailand Reconciliation of Net Reserves, by Principal Product Type using Forecast Prices and Costs

The following table sets forth the reconciliation of the Company's net reserves by principal product type for the year ended December 31, 2009 using forecast prices and costs. Net reserves include working interest reserves after royalties.

	Light & Medium Crude Oil (mbbl)			**Natural Gas** (bcf)			**Condensate** (mbbl)		
	Proved	Probable	Total	Proved	Probable	Total	Proved	Probable	Total
December 31, 2008	16,203	20,970	37,173	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Revisions	-599	-5,294	-5,894	-	-	-	-	-	-
Less Production	1,612	-	1,612	-	-	-	-	-	-
December 31, 2009	**13,992**	**15,676**	**29,667**	**-**	**-**	**-**	**-**	**-**	**-**

3.5 Risk Factors

Prospective investors should be aware that an investment in the Company involves a high degree of risk and should only be made by those with the necessary expertise to appraise the investment. The following are considered by the Company's Board of Directors (the "***Directors***") to be the main risk factors which could have a material adverse effect on the business, financial condition, results or future operations of the Company and which are material to making investment decisions in respect of the Common Shares and should be read in conjunction with the other information contained in this AIF. The following list is not intended to be exhaustive, but it should be considered carefully by prospective investors in evaluating whether to make an investment in the Company. Additional risks and uncertainties not presently known to the Directors or which they reasonably believe to be immaterial may also have an adverse effect on the Company.

An investment in the Company is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise there from (which may be equal to the whole amount invested).

There can be no certainty that the Company will be able to successfully implement the strategy set out in this AIF. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives.

Investment risk

Although the Company's Common Shares began publicly trading at the time of its admission to the AIM (the "***Admission***"), they are not be listed on the Official List of the UK Listing Authority (the "***Official List***"). An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed.

The market price of the Common Shares may be volatile and may fluctuate, and investors may therefore be unable to recover their original investment. This volatility could be attributable to various facts and events, including the performance of the Company's operations, developments in the Company's business, regulatory or economic changes affecting the Company's operations, the market price of oil and gas, large purchases or sales of shares, liquidity (or absence of liquidity in the shares) in the Common Shares, currency fluctuations or changes in market sentiment toward the Common Shares. In addition, the Company's operating performance and prospects from time to time may be below the expectations of market analysts and investors.

Accordingly, the market price of the Common Shares may not reflect the underlying value of the Company's net assets, and the price at which investors may dispose of their Common Shares at any point in time may be influenced by a number of factors, some of which may be outside the Company's control.

Exploration risks

The business of exploration for oil and gas involves a high degree of risk. A small percentage of properties that are explored are ultimately developed into producing oil and gas fields.

Substantial expenditure is required to establish the presence of oil and gas reserves through seismic surveys and drilling. There can be no guarantee or assurance that exploration on the concessions in which the Company currently holds interests, or on other concession areas that may be acquired in the future, will lead to the discovery of hydrocarbon resources or, if hydrocarbons are discovered, that commercial quantities can be economically exploited.

The evaluation (for example through seismic surveys) and drilling of exploration targets may be curtailed, delayed or cancelled by the unavailability or prevailing cost of drilling rigs or technical contractors, mechanical difficulties, adverse weather and ocean conditions, environmental issues, compliance with government requirements or technical hazards, such as unusual or unexpected formations or pressures. Drilling may result in unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some hydrocarbons, are not sufficiently productive to economically justify commercial development. Furthermore, the successful completion of a well does not assure a profit on investment or the recovery of drilling, completion and operating costs.

Exploration costs

The proposed exploration expenditure to be undertaken by the Company is based on certain assumptions with respect to the method and timing of exploration. By nature, these estimates and assumptions are subject to significant uncertainties and the actual costs may therefore materially differ from estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

Commercial risks

Even if the Company recovers quantities of oil or gas, there is a risk it will not achieve a commercial return. The Company may not be able to transport the oil or gas to commercially viable markets at a reasonable cost or may not be able to sell the oil or gas to customers at a price and quantity which would exceed its operating and other costs.

Ability to exploit successful discoveries or complete projects

It may not always be possible for the Company to participate in the exploitation of any successful discoveries which may be made in any areas in which it has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied.

The Company's current projects are, and future projects will be, subject to approval of governmental authorities and, as a result, the Company has limited control over the nature and timing of exploration and development of oil and gas properties or the manner in which operations are conducted on such properties.

Operating risks

Industry operating risks include the risk of fire, explosions, storm damage, blow-outs, pipe or equipment failure, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gases, the occurrence of any of which could result in substantial losses to the Company due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Damages occurring as a result of such risks may give rise to claims against the Company or lost or deferred revenue, which may not be covered, in whole or part, by insurance.

Limited operating history

Although the Directors have experience in the acquisition, development, operation and sale of assets similar to those assets acquired and intended to be acquired by the Company, the Company does not have a sustained operating history (i) upon which it is possible to evaluate its likely performance or (ii) which is sufficient to give confidence that the Company will succeed as a business enterprise. Investors should be aware of the difficulties normally encountered by small oil and gas companies and the high rate of failure of such enterprises.

Operating losses

The Company has incurred losses since inception, although the Company began receiving direct revenue from production in late 2008, which increased substantially in 2009, and it has earnings from its interest in APICO, which is accounted for under the equity method of accounting. Since the Company may invest in other unproved properties, it is possible that the Company will not generate revenue sufficient to pay the ongoing expenses of these future investments. Should the Company, at some point in the future, find itself unable to generate sufficient revenue from the operations of its properties to cover its expenses, without further funding the Company may be forced to discontinue operations, in which case any purchasers of the Common Shares would lose their investment.

Resource and reserve estimates

Although oil and gas has been discovered in commercial quantities in the areas in which the Company holds interests, hydrocarbon resource and reserve estimates are expressions of judgment based on knowledge, experience and industry practice. They are, therefore, imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Estimates that were reasonable when made may change significantly when new information from additional drilling and analysis becomes available. This may result in alterations to development and production plans which may, in turn, adversely affect operations. Estimates of the possible hydrocarbon resources that might be hosted in undeveloped prospects license areas in which the Company holds interests should not be taken to imply that any hydrocarbon resources are present in these structures.

Economic and price risks

Changes in the general economic climate in which the Company operates may adversely affect its financial performance and the value of its exploration assets. In particular, the current and expected future prices of oil and gas can change rapidly and significantly and this can have a substantial effect on the value of the Company's production and exploration assets and the potential future revenue and profits that might be earned from the successful development of those assets. The marketability of any oil and gas discovered will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, proximity and capacity of oil and gas pipelines and processing equipment and government regulations including regulations relating to taxation, royalties, allowable production, local and export markets for oil and gas production, and environmental protection.

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. International oil prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and natural gas prices and, in particular a material decline in the price of oil or natural gas, may have a materially adverse effect on the Company's business, financial condition and results of current operations. Additionally, oil and gas prices could affect the viability of exploring and/or developing the Company's interests.

Risks related to Thailand

- ***Political and economic conditions in Thailand will have a direct impact on the business of the Company****:* The Company will be subject to a political, economic, legal and regulatory environment in Thailand that differs in certain significant respects from that prevailing in certain other countries with economies that are more developed than Thailand's economy. The results of operations of the Company and those of most of its customers may be influenced in part by the political situation in Thailand and the general state of the Thai economy. The political situation in Thailand has been unstable from time to time in the past. Future political and economic instability in Thailand could have an adverse effect on the Company's business and operations and those of its principal customers. The Thai government has frequently intervened in Thailand's economy and occasionally made significant changes in policy. The government's actions to control inflation and affect other policies have included, among other things, wage and price controls, capital controls and limits on imports. The business, financial condition and results of operations of the Company may be harmed by changes in policies involving petroleum products, tariffs, exchange controls, tax policies and other matters.

- ***The consequences of terrorist attacks could adversely affect the Company****:* The terrorist attacks in the United States on September 11, 2001 disrupted securities markets worldwide, have adversely affected economic conditions in the United States and elsewhere and have resulted in increased political and economic uncertainty worldwide. Further terrorist actions in Bali and Jakarta, Indonesia, and terrorist activity throughout Southeast Asia, including Thailand, have also increased political and economic uncertainty in Southeast Asia. In addition, the ongoing military operations and presence in Iraq which began in the early part of 2003 have further disrupted the world financial markets and worldwide economic activity from time to time. Political or economic developments related to these crises could adversely affect the Thai economy and could have an adverse effect on the financial condition and results of operations of the Company.

Environmental risks

The Company's operations are subject to the environmental risks inherent in the oil and gas exploration and production industry. The Company is subject to environmental laws and regulations in connection with all of its operations. Although the Company intends to comply in all material respects with all applicable environmental laws and regulations, there are certain risks inherent in its activities, such as accidental spills, leakages or other circumstances, which could potentially subject the Company to extensive liability.

Furthermore, the Company may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

Foreign exchange and interest rate risk

The Company operates internationally and therefore is exposed to the effects of changes in currency exchange rates. The majority of the Company's expenditures are denominated in United States dollars, Thai baht, British pounds and Canadian dollars. The Company is subject to inflation in the countries in which it operates and fluctuations in the rates of currency exchange between the United States dollar and these other currencies The Company does not currently use financial instruments or derivatives to hedge these currency risks.

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

Competition

The Company will compete with other companies, including major oil and gas exploration and production companies. Some of these companies have greater financial and other resources than the Company, including substantial global refining and downstream processing and marketing operations. As a result, such companies may be in a better position to compete for future business opportunities, and there can be no assurance that the Company can compete effectively with these companies.

Title and payment obligations

The concessions in which the Company has or may acquire an interest will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each concession is usually at the discretion of the relevant government authority. If a concession is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any hydrocarbon resources on that concession area.

The Company's PCAs and other contracts with governments and government bodies to explore and develop the properties are subject to specific requirements and obligations. If the Company fails to satisfy such requirements and obligations and there is a material breach of such contracts, such contracts could, under certain circumstances, be terminated. The termination of any of the Company's contracts granting rights in respect to the properties would have a material adverse effect on the Company, including the Company's financial position.

Reliance on management and key personnel

The Company's business is dependent on recruiting and retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The success of the Company is, and will continue to be to a significant extent, dependent on the expertise and experience of its Directors and senior management and the loss of one or more of these individuals could have a material adverse effect on the Company.

APICO financial reporting

The Company accounts for its 36.1% investment in APICO under the equity method whereby it records its share of APICO's earnings as earnings from a significantly influenced investee. APICO is required to provide the partners its financial statements under the Operating Agreement on a timely basis. While the Company has one of three seats on the APICO Board of Directors, 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.

Retention of key business relationships

The Company relies on strategic relationships with other entities such as joint venture farm-in parties and also on good relationships with regulatory and governmental departments. While the Directors have no reason to believe otherwise, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be formed successfully, and the Company could be affected adversely by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts could have an adverse impact on the Company, its business, operating results and prospects.

Joint venture party and contractor risks

From time to time, the Company may participate with other companies in the acquisition, exploration and development of natural resource properties, thereby allowing for its participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one particular program. A particular partner company may assign all or a portion of its interest in a particular program to another company due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the Directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. This risk may change depending on the financial position and identity of its partner companies. In addition, the Company is exposed to various risks related to its farm-in partners, joint venture parties and contractors that may adversely affect its proposed activities and licence interests, including:

(i) being unable to secure farm-in partners on acceptable terms to help fund the drilling of future wells on any of its prospects in order to meet exploration commitments;

(ii) financial failure, non-compliance with obligations or default by a participant in any joint venture or farm-in arrangement to which it is, or may become, a party;

(iii) insolvency or other managerial failure by any of the contractors used by any joint venture or farm-in partner in its exploration activities; and

(iv) insolvency or other managerial failure by any of the other service providers used by any joint venture or farm-in party for any activity.

Insurance

The Company currently insures the risks it considers appropriate for the Company's needs and for its circumstances. However, insurance coverage may not be available for every risk faced by the Company. Although the Company believes that it, APICO, and the operator(s) of any joint venture in which it may participate, should carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances the Company's or the operator's insurance policy(ies) may not cover or be adequate to cover the consequences of such events. In addition, the Company may be subject to liability for pollution, blow-outs or other hazards against which the Company or the operator may elect not to insure because of high premium costs or other reasons. The occurrence of an event that is not covered, or partially covered, by insurance could have a material adverse effect on the business, financial condition and results of operations of the Company. There is a risk that insurance premiums may increase to a level where the Company considers it is unreasonable or not in its best interest to maintain insurance coverage or not to a level of coverage which is in accordance with industry practice. In addition, the Company may, following a cost-benefit analysis, elect not to insure certain risks on the grounds that the amount of premium payable for that risk is excessive when compared to the potential benefit to the Company of the insurance coverage.

Economic, political, judicial, administrative, taxation or other regulatory factors

The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Company operates and holds its major assets. The Company may operate and acquire assets in non-OECD (Organization for Economic Co-operation and Development) countries and in countries which may have a higher level of perceived or actual political risk than OECD countries.

Future litigation

The Company may be subject to litigation arising out of its operations although there currently are no such lawsuits. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of such litigation may materially impact the Company's business, results of operations or financial condition. While the Company assesses the merits of each lawsuit and defends itself accordingly, it may be required to incur significant expense or devote significant financial resources to defending itself against such litigation. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Company's business.

Future capital needs and funding

Further funding may be required by the Company to support its activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain finance may adversely affect the business and financial condition of the Company and, consequently, its performance. In addition to equity and debt sources of capital, the Company may finance development by farming out or otherwise reducing its level of participation in interests it holds. This could substantially dilute the Company's interest in the concession areas concerned.

Taxation

Any change in the tax status of the Company or the tax applicable to capital gains or dividends of shareholders or other changes in taxation legislation or its interpretation, could (i) affect the value of the investments held by the Company; (ii) affect the Company's ability to provide returns to shareholders; and/or (iii) alter the post-tax returns to shareholders. Statements in this AIF concerning the taxation of the Company and its investors are based upon current tax law and practice which is subject to change.

Item 4 Dividends

The Company has not paid dividends since incorporation, and the Board of Directors does not anticipate paying dividends in the near future. The Board of Directors will reconsider the Company's dividend policy as and when the Company is in a position to pay dividends. The declaration and payment of dividends will depend on the results of the Company's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant by the Board of Directors at the time.

Item 5 Description of Capital Structure

The authorized share capital of the Company is US$10,000,000 divided into 250,000,000 Common Shares of nominal or par value of US$0.04 each, of which 109,512,791 Common Shares are issued and outstanding as of April 16, 2010. Each member of the Company is entitled to one vote for each Common Share held by such member. Each member is also entitled to dividends which may be declared by the Board of Directors and to share in the Company's assets upon dissolution or winding up of the Company.

Item 6 Market for Securities

The Company was listed on the TSX-V on September 16, 2005, and traded on the TSX-V under the symbol "***PWD".*** Effective October 4, 2006, the trading symbol was changed to "***CEO***" to reflect the Company's name change to Coastal Energy Company. Effective November 7, 2007, the Company's trading symbol was changed to "***CEN***" as a result of the Consolidation.

The Company was listed on the AIM Market of the London Stock Exchange on January 25, 2005, and traded on AIM under the symbol "***PWC***". Trading on AIM was halted on March 31, 2006 and resumed on September 25, 2006. Effective October 4, 2006, the Company's AIM trading symbol changed to "***CEO***" to reflect the Company's name change.

The monthly high and low trading prices and aggregate trading volume for the Company's Common Shares on the TSX-V and AIM exchanges for the 12 months ended December 31, 2008 are in the table below.

Common Share Trading Price Range & Aggregate Volume

	Toronto Stock Exchange – TSX-V			**London Stock Exchange - AIM**		
	High (C$)	**Low (C$)**	**Volume**	**High (£)**	**Low (£)**	**Volume**
2009						
January	1.650	1.460	3,246,900	93.900	78.800	44,300
February	1.690	1.300	1,200,600	91.200	82.000	36,300
March	2.600	1.360	3,645,500	144.50	86.500	183,200
April	3.370	2.250	4,593,200	178.000	126.500	80,800
May	3.600	2.600	4,047,700	200.000	160.000	69,100
June	3.180	2.410	4,801,700	172.000	145.000	111,000
July	3.260	2.120	5,149,000	189.120	130.500	92,900
August	4.050	3.010	4,197,100	319.130	172.500	80,800
September	4.850	3.570	3,692,500	274.000	179.230	195,500
October	5.400	4.110	7,777,500	315.000	255.000	299,400
November	5.350	4.600	7,755,500	299.080	270.000	141,700
December	6.150	5.120	3,364,200	355.000	295.100	327,200

Item 7 Directors and Officers

7.1 Name, Occupation and Security Holding

The following information is provided for each Director and executive officer of the Company as of the date of the Annual information Form.

Directors

Name and Municipality of Residence	Date of Appointment	Principal Occupation for Past Five Years
Randy L. Bartley (5) Sugar Land, Texas, USA	February 6, 2008	Chief Executive Officer and President of the Company; Prior to February 2008, Founding partner and COO of Erskine Energy LLC
C. Robert Black (1)(2)(4) Horseshoe Bay, Texas, USA	September 25, 2006	Retired in May 1999; prior thereto, senior executive with Texaco, Inc.
Bernard de Combret (1)(2)(3)(4) Geneva, Switzerland	September 25, 2006	Board Chairman, International consultant in 2002; prior thereto, Deputy Chairman of Total Fina Elf S.A.
Olivier de Montal (2) Paris, France	September 25, 2006	Administrator of Olympia Capital Holding, ODM Finance, Loze & Associés and Compagnie des Produits de Gascogne, Advisor to the LVMH Group and Chief Executive Officer of ODM Development
Lloyd Barnaby Smith (2)(4) Richmond, United Kingdom	September 25, 2006	United Kingdom ambassador to Thailand from February 2000 to July 2003
Forrest Wylie (1)(3)(4) Houston Texas, USA	September 25, 2006	Chairman of the Board, President & CEO of Buckeye Partners, LP. Vice Chairman of Pacific Energy Partners LP; President and Chief Financial Officer of NuCoastal May 2002 to March 2005; prior thereto, Senior Vice President of Natural Gas Trading for both Coastal Corporation and its successor El Paso Merchant Energy, L.P.
John Zaozirny (1)(3) Calgary, Alberta, Canada	June 28, 2005	Vice-Chairman of Canaccord Capital Corporation

Notes:
[(1)] Member of the Audit Committee
[(2)] Member of the Compensation Committee
[(3)] Member of the Corporate Governance & Nominating Committee
[(4)] Member of the Reserves Committee
[(5)] In July 2008, Mr. Bartley settled a civil claim brought against several former employees of El Paso Corporation by the United States Securities and Exchange Commission. The claim was settled with no admission of wrongdoing by Mr. Bartley and payment by him of a US$40,000 fine. No restrictions were placed on Mr. Bartley relating to service as an officer or director of a US public company.

The Directors of the Company are elected at the annual general meeting of the Shareholders, subject to the right of the Board at any time and from time to time to appoint a person as Director, either as a result of a casual vacancy or as an additional Director, subject to the maximum number (if any) imposed on the Company by ordinary resolution of its Shareholders. Directors hold office until their successor in office are duly elected or appointed, until they are removed by ordinary resolution or until they resign.

Senior Management

Name and Municipality of Residence	Office	Date of Appointment	Principal Occupation for Past 5 Years
Bernard de Combret Geneva, Switzerland	Chairman of the Board	December 19, 2008 (Board member since 2006)	International consultant in 2002; prior thereto, Deputy Chairman of Total Fina Elf S.A.
Randy L. Bartley Sugar Land, Texas, USA	Chief Executive Officer & President	February 6, 2008	Founding partner and COO of Erskine Energy LLC
William C. Phelps [(1)] Houston, Texas, USA	Chief Financial Officer	September 25, 2006	Chief Financial Officer of NuCoastal Corporation.
John M. Griffith Houston, Texas, USA	VP, Thailand Operations	February 23, 2008	Drilling Manager for Erskine Energy LLC

As at April 16, 2009, the Directors and executive officers of the Company beneficially owned, directly or indirectly, or exercised control or direction over an aggregate of 4,558,975 ordinary shares, representing approximately 4.16% of the Company's 109,512,791 issued and outstanding Common Shares.

As part of the Reverse Takeover, discussed in Item 2.3 above, the Common Shares issued to Mr. Wyatt which now aggregate 33,669,580 or approximately 30.74% are subject to the Voting Agreement and the voting rights attached thereto are exercised by the Company's seven (7) outside directors at the date of the Reverse Takeover (the "***Attorneys***"). Each of the seven Attorneys will continue to exercise Mr. Wyatt's voting rights under the Voting Agreement even if they cease to serve as Directors of the Company. During 2009, one of these Attorneys retired as a Company Director.

7.2 Conflicts of Interest

Please see the discussion at Item 10 with respect to potential conflicts of interest.

Item 8 Legal Proceedings

Neither the Company nor its properties are subject to any legal proceedings, nor are any such proceedings known by the Company to be contemplated.

Item 9 Interest of Management and Others in Material Transactions

As discussed in Item 2.3 above, the Company issued 37,915,831 shares of common stock to Oscar S. Wyatt, Jr. in consideration for all the issued and outstanding shares of NuCoastal. The Company issued an additional 853,750 shares of common stock to Mr. Wyatt in consideration of funds advanced to APICO. As discussed in Item 7 above, these 38,769,581 shares were placed in escrow and are subject to the Voting Agreement, discussed in item 8 above.

On November 30, 2006, Mr. Wyatt transferred 5,000,000 Common Shares to Thailand Venture, LP, a limited partnership in which Mr. Wyatt is a general partner and holds a 50% interest. Forrest Wylie, a Company director, and William Phelps, the Chief Financial Officer, each hold a 25% interest in the partnership. On October 29, 2009, it was announced that his partnership was dissolved and the shares were distributed to the partners pursuant to the partnerships plan of liquidation. As a result of this and other transactions, as of April 16, 2010, Mr. Wyatt holds 33,669,580 shares of common stock representing 30.74% of the issued and outstanding shares of the Company.

Effective September 25, 2006, the Company assumed a note payable to NuCoastal's shareholder for $4.6 million. The original note was unsecured, accrued interest at 4% and was set to mature on July 20, 2007. In January 2007, the note and its accrued interest were renegotiated to accrue interest at 4.5% per annum and mature on July 20, 2008. In July 2008, the note was renegotiated to mature on December 31, 2008 and the accrued interest through September 30, 2007 of $411,000 was paid to the shareholder in July 2008. Effective November 20, 2008 the note payable balance was renegotiated to mature on March 31, 2009 at an interest rate of 7% per annum. At each quarter end during 2009 the note was renegotiated such that it fell due at the subsequent quarter end. The interest rate at each renegotiation in 2009 was set at 12% per annum. Effective December 31, 2009 all accrued interest was paid and the note payable balance was renegotiated to mature on March 31, 2010. During Q1 2010, the Company paid $1.75 million in principal and accrued interest on the amount due to the shareholder leaving a balance as of April 16, 2010 of $3.54 million.

On December 30, 2008, the Company entered into an unsecured loan agreement in the amount of US $2 million bearing interest at 15% per annum and maturing on June 30, 2009. This loan was funded by an entity controlled by the Company's primary shareholder, O. S. Wyatt, Jr. As of December 31, 2009 the amount of the loan had been repaid in full.

On January 6, 2009, the Company entered into an unsecured loan agreement in the amount of US $1 million bearing interest at 15% per annum and maturing on June 30, 2009. This loan was funded by a related party of the Company's primary shareholder, O. S. Wyatt, Jr. As of December 31, 2009 the amount of the loan had been repaid in full.

Item 10 Transfer Agents and Registrars

The registrar and transfer agent for the Common Shares in Canada is

Computershare
3rd Floor
510 Burrard Street
Vancouver, BC V6C 3B9

The registrar and transfer agent for the Common Shares in the United Kingdom is

Capita Registrars
The Registry
34 Beckenham Road
Beckenham, Kent, BR3 4TU, United Kingdom.

Item 11 Material Contracts

Other than the contracts entered into in the ordinary course of business, the following are the contracts that are material to the Company entered into within the most recently completed financial year or before the most recently completed financial year, but which are still in effect:

Revolving Credit Facility

On June 26, 2007, the Company entered into a $50 million revolving credit facility (the "***Facility***") secured by the Company's investment in APICO with a final maturity date of December 31, 2013. The Facility, arranged and managed by Sumitomo Mitsui Banking Corporation Europe Limited ("***SMBC***"), consists of a $42.5 million senior loan and a $7.5 million junior loan. The Facility is in the form of a borrowing base loan and its availability is subject to redetermination every quarter. As of March 31, 2010, the Company had $37.1 million drawn on this facility.

Offshore concession

The Company owns 100% of Block G5/43 in the Gulf of Thailand via PCA No. 7/2546/64 dated July 17, 2003. Details of this PCA can be found in Section 3.2 of this AIF.

On December 19, 2007, the Company was granted Petroleum Concession No. 9/2550/85 by the Kingdom of Thailand Ministry of Energy. This concession covers Block G5/50 in the Gulf of Thailand for an initial term of six (6) years. Details of this PCA can be found in Section 3.2 of this AIF.

Item 12 Interests of Experts

The Huddleston Report was prepared by John P. Krawtz, Registered Professional Engineer in the State of Texas. To the Company's knowledge, Mr. Krawtz has no registered or beneficial interests, direct or indirect, in any securities or other property of the Company

The auditors of the Company are Deloitte & Touche LLP, Chartered Accountants, Calgary, Alberta. Deloitte & Touche LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Item 13 Audit Committee Information

Under Multilateral Instrument 52-110 "*Audit Committees*" (MI 52-110"), the Company is required to include in its AIF the disclosure required under Form 52-110F2 with respect to its Audit Committee, including the text of its Audit Committee mandate, the composition of the Audit Committee and the fees paid to the external auditor. Accordingly, the Company provides the following disclosure with respect to its audit committee**.**

Audit Committee Mandate

A copy of the Company's Audit Committee mandate, in full, is attached as Appendix "D".

Composition of Audit Committee

The Company's Audit Committee is comprised of C. Robert Black, Bernard de Combret, Forrest Wylie and John Zaozirny, all of whom are financially literate; as such term is defined in MI 52-110. All four committee members are independent; as such term is defined in MI 52-110. The Audit Committee is chaired by Mr. Zaozirny.

Relevant Education and Experience

C. Robert Black (Age 74)

C. Robert Black is a non-executive director of the Company. Mr. Black spent 41 years with Texaco, Inc. until his retirement in May 1999. At Texaco he held various roles, including President of the Worldwide Exploration and Production division and Senior Vice President in the office of the Chairman of Texaco. Mr. Black was also a member of Texaco's Executive Council, which has the responsibility for setting corporate strategies and priorities, and also served as Texaco's Corporate Compliance Officer. Mr. Black holds a Bachelor of Science (Petrochemical Engineering) degree from Texas Tech University, and serves as Chairman of the Board of Regents of Texas Tech University.

Bernard de Combret (Age 67)

Mr. de Combret is former Deputy Chairman of the Executive Committee of Total. Following senior positions in both the Ministry of Foreign Affairs and the Ministry of Finance in France, he spent over 20 years with Elf and then Total. During his industry career, Mr. de Combret built the trading organization of Elf and then Total and was CEO of the Refining and Marketing group. In 2000, he became Deputy Chairman of Total and Chief Executive for Transport and Trading Division and for Gas and Power Division. Mr. de Combret retired from Total in 2002. Mr. de Combret is currently a Non-Executive Director of Petrofac Ltd, Winstar Resources Ltd and Toreador Resources Corporation. He is also a member of the International Advisory Board of Banco Santander and a member of the Advisory Board of Reech AiM Partners LLP. Mr. de Combret graduated from Ecole Polytechnique and Ecole Nationale d'Administration (ENA), Paris.

Forrest Wylie (Age 47)

Forrest E. Wylie is a non-executive director of the Company. He was elected Vice Chairman of Pacific Energy Partners LP board of directors in March 2005. Mr. Wylie was President and Chief Financial Officer of NuCoastal between May 2002 and March 2005. Prior to joining NuCoastal, Mr. Wylie served as Senior Vice President, Natural Gas Trading, for both the Coastal Corporation and its successor, El Paso Merchant Energy, L.P. Mr. Wylie also held senior positions at Engage Energy, LLC, Transocean, Inc. and American Exploration Company. Mr. Wylie holds a Bachelor of Business Administration from the University of Houston and a Master of Business Administration degree from the University of Texas at Austin.

John Zaozirny (Age 62)

John Zaozirny is a non-executive director of the Company. He is Vice-Chairman of Canaccord Capital Corporation. Previously, Mr. Zaozirny was Alberta's Minister of Energy and Natural Resources from 1982 to 1986. Mr. Zaozirny holds numerous positions as a director and advisor to several corporations and income trusts, some of which include: Bankers Petroleum Ltd., Canadian Oils Sands Trust, Fording Canadian Coal Trust, Pengrowth Energy Trust and Provident Energy Ltd.

The Company's Audit Committee mandate requires the Audit Committee to pre-approve all non-audit engagements to be provided by the Company's external auditor.

As an issuer listed on the TSX Venture Exchange, the Company is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of MI 52-110 and relies upon the exemption contained in section 6.1 of that instrument.

External Audit Fees by Category

Deloitte & Touche LLP has served as the Company's external auditor since November 30, 2004. The following table lists the audit fees paid to Deloitte & Touche LLP, by category, for the fiscal years ending December 31, 2009 and 2008:

($ thousands)	2009	2008
Audit Fees	284	255
Audit-Related Fees	192	85
Tax Fees	27	64
All Other Fees		-
Total	**503**	**404**

Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual financial statements or services provided in connection with statutory and regulatory filings or engagements and the review of the Company's interim financial statements.

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual and interim financial statements and are not reported under the audit fees item above.

Item 14 Additional Information

Additional information, including directors' and officers' remuneration, principal holders of the Company's securities and securities authorized for issue under equity compensation plans, is contained in the Company's management information circular dated as of June 20, 2008. Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the year ended December 31, 2009.

This and other information relating to the Company may be found under the Company’s profile on SEDAR at www.sedar.com.

Appendix A – Report on Reserves Data by Independent Qualified Reserve Evaluator

FORM 51-101 F2
REPORT ON RESERVES DATA BY
INDEPENDENT QUALIFIED RESERVES EVALUATOR

To the Board of Directors of Coastal Energy Company (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2009. The reserves data consist of the following:

   (a) (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2009 using forecast prices and costs; and

   (ii) the related estimated net revenue, and

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "*COGE Handbook*") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year-ended December 31, 2009, and identifies the respective portions thereof that we have evaluated and reported on to the Company's Board of Directors:

FORM 51-101 F2
REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR
Page Two

Independent Qualified Reserves Evaluator	Description and Preparation Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate) Evaluated Total[1]
Huddleston & Co., Inc.	Coastal Energy Company in the Offshore Block G5-43 and in the Onshore Blocks EN5/EU1, Thailand, December 31, 2009	Gulf of Thailand Thailand	US $1,454,849,670 US $ 299,215,410 US $1,754,065,080

'This amount should be the amount disclosed by the reporting issuer in its statement of reserves data filed under item 1 of section 2.1 of NI 51-101, as its future net revenue (before deducting future income tax expenses) attributable to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent (required by section 2 of Item 2.2 of Form 51-101Fl).

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook. We express no opinion on the reserves data that we reviewed but did not evaluate.

6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

(signed John P Krawtz)
John P Krawtz, P.E.
Huddleston & Co., Inc.
Houston, Texas, USA
March 17, 2010

Appendix B – Form 51-101F3 Report of Management and Directors on Reserves Data and Other Information

Management of Coastal Energy Company (the "***Company***") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which consist of the following:

(a) (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2009 using forecast prices and costs; and

(ii) the related estimated future net revenue; and

(b) (i) proved oil and gas reserves estimated as at December 31, 2009 using constant prices and costs; and

(ii) the related estimated future net revenue.

An independent qualified reserves evaluator has evaluated and reviewed the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Board of Directors of the Company has

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has approved

(a) the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;

(b) the filing of the report of the independent qualified reserves evaluator on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

April 16, 2010

(signed) Randy L. Bartley
Chief Executive Officer

(signed) William C. Phelps
Chief Financial Officer

(signed)Bernard de Combret
Director

(signed) Forrest E. Wylie
Director

Appendix C – National Instrument 51-101 Equity Investment Disclosure

The following is a summary of APICO's reserves and future net revenue as of December 31, 2009 and the costs incurred by APICO during the year ended December 31, 2009 multiplied by 36.1 percent, being Coastal's equity interest in APICO as of December 31, 2009. APICO's reserves were independently evaluated by Huddleston & Co., Inc. The evaluation was prepared by Huddleston & Co., Inc. in accordance with standards contained in the COGE Handbook and the reserves definitions contained in NI 51-101. The pricing used in the forecast and constant price evaluations is set forth in the notes to the tables. All of the reserves assigned to APICO are located in onshore Thailand.

The information contained in this APPENDIX C has been derived by Huddleston & Co., Inc. solely at the request of Coastal.

Coastal accounts for its investment in APICO using the equity method of accounting. As a result, pursuant to NI 51-101, Coastal is required to disclose the following information separately from its own reserves data and other oil and gas information.

Onshore Reserves Data – Forecast Prices and Costs

The following table summarizes the reserves evaluated at December 31, 2009 using forecast prices and costs.

Reserve Category	Light and Medium Crude Oil Gross (mbbl)	Light and Medium Crude Oil Net (mbbl)	Natural Gas Gross (bcf)	Natural Gas Net (bcf)	Natural Gas Liquids Gross (mbbl)	Natural Gas Liquids Net (mbbl)	Totals Gross (mboe)	Totals Net (mboe)
Proved:								
Developed Producing	-	-	46.2	40.9	243	215	7,946	7,032
Undeveloped	-	-	-	-	-	-	-	-
Total Proved	-	-	46.2	40.9	243	215	7,946	7,032
Total Probable	-	-	80.8	71.5	425	376	13,888	12,290
Total Proved Plus Probable	-	-	127.0	112.4	668	591	21,834	19,322

Onshore Net Present Value of Future Net Revenues - Forecast Prices and Costs

The following table summarizes the net present value of future net revenues attributable to reserves evaluated at December 31, 2009 for the forecast prices and costs case. The net present values are reported before income tax and after income tax and have been discounted using rates of 0 percent, 5 percent, 10 percent, 15 percent and 20 percent.

	Net Present Value of Future Net Revenue, $ Millions									
	Before Income Taxes, Discounted at					After Income Taxes, Discounted at				
Reserves Category	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
Proved										
Developed Producing	270.0	201.3	154.6	121.1	99.1	181.0	137.4	107.4	86.3	71.1
Undeveloped	-	-	-	-	-	-	-	-	-	-
Total Proved	270.0	201.3	154.6	121.1	99.1	181.0	137.4	107.4	86.3	71.1
Total Probable	562.6	275.1	144.7	82.4	50.9	363.2	180.2	96.1	55.5	34.8
Total Proved Plus Probable	832.6	476.4	299.2	204.5	150.0	544.2	317.6	203.5	141.8	105.9

Onshore Future Net Revenue – Forecast Prices and Costs

The following table summarizes the total undiscounted future net revenue evaluated at December 31, 2009 using forecast prices and costs.

Reserve Category ($ millions)	Revenues	Royalties	Operating Costs	Development Costs	Well Abandonment Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
Proved	345.3	43.2	22.3	9.0	0.7	270.0	89.1	181.0
Proved Plus Probable	1,020.4	127.5	45.9	13.5	0.8	832.6	288.4	544.2

Onshore Future Net Revenue by Production Group – Forecast Prices and Costs

The following table summarizes the net present value of future net revenue by production group evaluated at December 31, 2009 using forecast prices and costs, discounted at 10 percent.

Reserve Category	Production Group	Future Net Revenue Before Income Taxes (discounted at 10%) ($ millions)
Proved	Natural gas and Condensate	154.6
Proved Plus Probable	Natural gas and Condensate	299.2

Summary of Pricing and Inflation Rate Assumptions

Summaries of the December 31, 2009 pricing and inflation rate assumptions used in the evaluation by Huddleston are as follows:

Forecast Prices and Costs

Pd	Year	WTI Spot Oil Price ($/bbl)	Brent Spot Oil Price ($/bbl)	Estimated NWS Price ($/bbl)	Thailand Onshore Crude Oil Price ($/bbl)	Spot HSFO 108 CST ($/bbl)	Thailand Onshore Gas Price [1] ($/Mcf)	Inflation Rate (%/year)
1	2010	80.00	78.50	72.49	69.09	67.19	6.67	---
2	2011	83.00	81.50	75.49	71.95	70.19	6.92	3.7%
3	2012	86.00	84.50	78.49	74.80	73.19	6.39	-7.7%
4	2013	89.00	87.50	81.49	77.66	76.19	6.61	3.4%
5	2014	92.00	90.50	84.49	80.52	79.19	6.83	3.3%
6	2015	93.84	92.34	86.33	82.28	81.03	6.97	2.0%
7	2016	95.72	94.22	88.21	84.07	82.91	6.98	0.1%
8	2017	97.64	96.14	90.13	85.90	84.83	7.12	2.0%
9	2018	99.59	98.09	92.08	87.76	86.78	7.26	2.0%
10	2019	101.58	100.08	94.07	89.65	88.77	7.40	1.9%
	Thereafter	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	2%

Note 1 – Onshore gas prices have been adjusted by a BTU factor of 986.952 btu/scf and are shown as $/mcf

Onshore Reserves and Future Net Revenue Reconciliations

In its 2008 AIF, the Company reported reserves based on Huddleston's Report dated April 14, 2009. The following tables reconcile reserves reported therein with the reserves reported in the Huddleston Report.

Onshore Reconciliation of Net Reserves, by Principal Product Type using Forecast Prices and Costs

The following table sets forth the reconciliation of the Company's net reserves by principal product type for the year ended December 31, 2009 using forecast prices and costs. Net reserves include working interest reserves after royalties.

	Light & Medium Crude Oil (mbbl)			**Natural Gas** (bcf)			**Condensate** (mbbl)		
	Proved	Probable	Total	Proved	Probable	Total	Proved	Probable	Total
December 31, 2008	-	-	-	43.1	62.0	105.1	230.0	331.0	561.0
Acquisitions	-	-	-	-	-	-	-	-	-
Revisions	-	-	-	1.2	9.5	10.7	2.8	45.0	47.8
Less Production	-	-	-	(3.4)	-	(3.4)	(18.1)	-	(18.1)
December 31, 2009	**-**	**-**	**-**	**40.9**	**71.5**	**112.4**	**215.0**	**376.0**	**591.0**

Appendix D – Audit Committee Mandate

Coastal Energy Company (the "Company")
AUDIT COMMITTEE (the "Committee")
Terms of Reference

1. Constitution

The Committee was constituted at a full meeting of the board of directors (the "**Board**") held on 31 January 2007 in accordance with the Articles of Association of the Company. These Terms of Reference were also adopted by the Board on 31 January 2007

2. Purpose

2.1 The purposes of the Committee are:

2.1.1 to give the Board critical and independent advice on the integrity of the Company's financial statements and to provide a forum at which any shareholder of the Company or other interested person, such as the Company's auditors, can discuss financial matters concerning the Company;

2.1.2 to be available on an ad hoc basis to consider and resolve any financial problems relating to the Company raised by individual shareholders;

2.1.3 to ensure that a thorough and detailed review is carried out by independent non-executive directors of audit matters before approval by the Board; and

2.1.4 to investigate audit matters with full access to information and the resources to do so.

2.2 Should disagreements arise between the Board and the Company's auditors, the Committee is not the final arbiter and will act merely as a forum to facilitate discussion between these two bodies.

3. Authority

3.1 The Committee is authorized by the Board to investigate and undertake any activity within these Terms of Reference. It is authorized to seek any information it requires from any employee or director of the Company or of any of its subsidiary companies, and all such employees or directors will be directed to co-operate with any request made by the Committee.

3.2 If the Committee considers it necessary so to do, it is authorized by the Board to obtain external legal or other independent professional advice to assist it in the performance of its duties, to secure the services of outsiders with relevant experience and expertise and to invite those persons to attend meetings of the Committee. The cost of obtaining any advice or service will be paid by the Company within the limits authorized by the Board. The chairman of the Board will be informed before any external advice or service is sought and consulted about the Committee's proposals relating thereto.

4. Composition

4.1 The members of the Committee shall be appointed by the Board, on the recommendation of the Corporate Governance and Nominating Committee, in consultation with the chairman of the Corporate Governance and Nominating Committee. The Committee shall consist exclusively of independent non-executive directors of the Company (for this purpose an independent non-executive director is one who neither has involvement in the day to day running of the Company nor holds an executive appointment with another company on which one of the other directors is also an executive director of the Company).

4.2 The Committee shall be comprised of not less than three (3) members appointed by the Board from time to time and at least one member shall have specialist financial knowledge. The remaining members should be committed, trained, skilled and with sufficient understanding of the issues to be dealt with.

4.3 The chairman of the Committee will be appointed by the Board.

4.4 The chairman and/or chief executive officer of the Company shall when appropriate be invited to attend meetings in order to make proposals as necessary.

4.5 The Committee may invite other individuals such as the finance director and head of internal audit (if any such, or similar, appointments exist) to attend all or part of any meeting as and when appropriate.

4.6 Appointments to the Committee shall be for a period of up to three (3) years, which may be extended for two (2) further three-year periods, provided the members of the Committee remain independent non-executive directors.

4.7 The Company secretary shall be the secretary of the Committee, provided such person is not a member of the Company's finance staff.

5. Meetings and Voting

5.1 The Committee shall meet at least four (4) times each year at locations agreed by the members of the Committee and in conjunction with the Company's external auditors to approve the interim and annual accounts.

5.2 The Company's external auditors, the chief executive or the finance director may at any time request a meeting of the Committee if they consider it necessary to do so. If the external auditors request a meeting, the meeting should be held without the executive Board members present.

5.3 The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5.4 Except as provided at paragraph 5.6, any director of the Company has the right to attend and speak but not vote at any meeting of the Committee.

5.5 Each member of the Committee has one vote on all matters to be determined by the Committee. In the event of a deadlock the chairman of the Committee has the casting vote.

5.6 No executive director of the Company may be present at a meeting of the committee in which such executive director has a direct personal interest in the matter or matters being discussed.

6. Duties

6.1 The Committee shall monitor the integrity of the financial statements of the Company, including reviewing its annual and interim reports, the associated management's discussion & analysis ("MD&A"), preliminary results and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain and:

6.1.1 For interim financial statements and associated MD&A, and any results or other formal announcement related to the interim reports, the Committee has been empowered to act on behalf of the full Board of Directors and the Committee Chairman shall sign as approving the interim financial statements on behalf of the Chairman of the Board of Directors.

6.1.2 For annual financial statements, the Committee shall make recommendations on all related documents to the Board of Directors when appropriate for the Board's approval.

6.1.3 The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

6.2 The Committee shall review and challenge where necessary:

6.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company and its subsidiary companies;

6.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

6.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;

6.2.4 the clarity of disclosure in the Company's financial reports and the context in which statements are made; and

6.2.5 all material information presented with the financial statements, such as the business review and any corporate governance statement (insofar as it relates to the audit and risk management).

6.3 The Committee shall:

6.3.1 keep under review the effectiveness of the Company's internal controls and risk management systems; and

6.3.2 review and approve the statements to be included in the annual report concerning internal controls and risk management.

6.4 The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

6.5 The Committee shall:

6.5.1 consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

6.5.2 oversee the relationship with the external auditor including but not limited to:

(a) approval of their remuneration, whether fees for audit or non-audit services, and that the level of fees is appropriate to enable an adequate audit to be conducted;

(b) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

(c) assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;

(d) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company, other than in the ordinary course of business;

(e) agreeing with the board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;

(f) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;

(g) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process;

6.5.3 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage;

6.5.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

6.5.5 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

(a) a discussion of any major issues which arose during the audit;

(b) any accounting and audit judgments; and

(c) levels of errors identified during the audit;

6.5.6 review any representation letter(s) requested by the external auditor before they are signed by management;

6.5.7 review the management letter and management's response to the auditor's findings and recommendations; and

6.5.8 develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

6.6 The Committee shall:

6.6.1 give due consideration to applicable laws and regulations, the provisions of the Combined Code, the QCA Corporate Governance Guidelines for AIM companies, the requirements of the London Stock Exchange's rules for AIM companies and the requirements of the Toronto Stock Exchange for TSX-V companies; and

6.6.2 oversee any investigation of activities which are within these Terms of Reference and act as a court of the last resort.

7. Reporting

7.1 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no late than seven (7) days before the date of the meeting. Any supporting papers shall be sent to each attendee as appropriate, at the same time.

7.2 The chairman of the Committee shall attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities.

7.3 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the name of those present and in attendance.

7.4 Minutes of the Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

7.5 The Committee shall produce an annual report of its activities, which will form part of the Company's annual report and ensure each year that it is put to the shareholders for approval at the annual general meeting.

8. Other

8.1 The Committee shall, at least once a year, review its own performance, constitution and these Terms of Reference to ensure that it is operating at maximum effectiveness and shall recommend any changes it considers necessary to the Board for approval.

8.2 The recommendations of the Committee minutes must be approved by the Board before they can be implemented.

8.3 These Terms of Reference may be amended or modified by the Board.

Appendix E – Additional Reserves Disclosure

Additional Disclosure from the Competent Person's Report
Prepared by Huddleston & Co., April 14, 2009

SUMMARY TABLE OF ASSETS
COASTAL ENERGY LICENSES AND WORKING INTERESTS - THAILAND

Asset	License Number	Operator	Coastal Interest	Status	License Expiration Date	License Area (km^2)	Comments
E5N Onshore Thailand	2/2522/17	Hess	12.6%	Production	May 19, 2029	39	Sinphuhorm Gas Field – currently producing as of late November 2006. Average 2008 production was about 83.1 MMcf of gas per day from the combined EU1/E5N asset area
EU1 Onshore Thailand	2/2524/19	Hess	12.6%	Production	May 19, 2029	193	Sinphuhorm Gas Field – currently producing as of late November 2006. Average 2008 production was about 83.1 MMcf of gas per day from the combined EU1/E5N asset area
L 15/43 Onshore Thailand	9/2546/63	APICO	36.1%	Exploration	September 24, 2009	3,701	Block surrounds the Sinphuhorm Gas Field
L 27/43 Onshore Thailand	9/2546/63	APICO	36.1%	Exploration	September 24, 2009	3,948	Located southeast of the Sinphuhorm Gas Field
L 13/48 Onshore Thailand	4/2549/72	APICO	21.7%	Exploration	December 6, 2012	3,934	Located East of the Sinphuhorm Gas Field
G5/43 Offshore Thailand	Petroleum Concession Agreement (PCA) No. 7/2546/64	NuCoastal (Thailand) Limited	100%	Production and Under Development	July 16, 2009	4,467	Songkhla Oil Fields producing in early 2009. Bua Ban Oil Field scheduled to begin producing mid-2010
G5/50 Offshore Thailand	Petroleum Concession Agreement (PCA) No. 9/2550/85	NuCoastal (Thailand) Limited	100%	Exploration	December 18, 2013	554	Located in the Ko Kra Basin within the northern boundaries of Block G5/43

SUMMARY OF RESERVES AND RESOURCES BY STATUS

	Gross			Net			Operator
	Proved	**Proved + Probable**	**Proved + Probable + Possible**	**Proved**	**Proved + Probable**	**Proved + Probable + Possible**	
Oil & Liquids Reserves per Asset (mbbl)							
Offshore Block G5/43							
Bua Ban Oil Field	7,183	21,800	27,800	6,597	19,576	24,886	NuCoastal (Thailand) Limited
Songkhla Oligocene Oil Field	7,808	9,797	11,486	7,229	8,9749	10,442	NuCoastal (Thailand) Limited
Songkhla Eocene Oil Field	178	1,273	5,631	165	1,118	4,971	NuCoastal (Thailand) Limited
Total Offshore Block G5/43	15,169	32,870	48,396	13,992	29,668	43,299	
Onshore Blocks EU1/E5N							
Sinphuhorm Gas Field (PNK)	1,945	5,344	5,344	215	591	591	Hess
Total Oil & Condensate	**17,114**	**38,214**	**53,740**	**14,207**	**30,259**	**43,890**	
Gas Reserves per Asset (bcf)							
Onshore Blocks EU1/E5N							
Sinphuhorm Gas Field (PNK)	369.8	1,016.0	1,016.0	40.9	112.4	112.4	Hess
Total Gas	**369.8**	**1,016.0**	**1,016.0**	**40.9**	**112.4**	**112.4**	
Grand Total (mboe)	**78,739**	**207,543**	**223,063**	**21,024**	**48,990**	**62,621**	

Notes:
"Operator" is the name of the company that operates the asset
"Gross" are 100% of the reserves and/or resources attributable to the license whilst "Net" are those attributable to Coastal Energy (before royalties)

Bbl – barrels
Bcf – billion cubic feet
Boe- barrel of oil equivalent (calculated using the ratio 6 mcf = 1 bbl)

SUMMARY OF CONTINGENT RESOURCES

Gross Resources and Coastal Energy Net Interest Resources

As of December 31, 2008

License Area Prospect (Reservoir)	Gross			Net to Coastal Energy			Geologic Risk Factor [1]	Operator
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Oil & Liquids Contingent Resources per Asset (mbbl)								
Offshore Block G5/43								
Benjarong (Eocene)	3,412	7,560	17,447	3,071	6,701	15,352	30%	Coastal
Songkhla SW (Lwr Oligocene)	500	1,518	3,569	468	1,367	3,212	30%	Coastal
Total Offshore Block G5/43	**3,912**	**9,079**	**21,016**	**3,539**	**8,067**	**18,564**		
Onshore Blocks EU1/E5N								
Sinphuhorm (PNK)	685	2,773	27,299	76	3060	3,010	50%	Hess
Sinphuhorm (HHL)	**34**	**592**	**2,565**	**4**	**65**	**283**	50%	Hess
Total Onshore Blocks EU1/E5N	**719**	**3,365**	**29,864**	**79**	**371**	**3,293**		
Onshore Block L 15/43								
Sinphuhorm (PNK)	54	195	4,183	17	62	1,321	30%	Hess
Sinphuhorm (HHL)	0	6	200	0	2	63	30%	Hess
Total Onshore Block L 15/43	**54**	**201**	**4,383**	**17**	**63**	**1,384**		
Total Oil & Condensate	**4,685**	**12,645**	**55,263**	**3,635**	**8,502**	**23,241**		
Gas Reserves per Asset (bcf)								
Onshore Blocks EU1/E5N								
Sinphuhorm (PNK)	131.2	528.1	5,190.9	14.5	58.2	572.3	50%	Hess
Sinphuhorm (HHL)	7.2	126.7	549.2	0.8	14.0	60.5	50%	Hess
Total Onshore Blocks EU1/E5N	**138.4**	**654.8**	**5,740.1**	**15.3**	**72.2**	**632.8**		
Onshore Block L 15/43								
Sinphuhorm (PNK)	10.2	37.1	795.3	3.2	11.7	251.2	30%	APICO
Sinphuhorm (HHL)	0.0	1.3	42.8	0	0.4	13.5	30%	APICO
Total Onshore Block L 15/43	**10.2**	**38.4**	**838.1**	**3.2**	**12.1**	**264.7**		
Onshore Block L 13/48								
Si That (PNK)	79.1	435.5	1,132.4	15.0	82.7	215.0	30%	APICO
Total Onshore Block L 13/48	**79.1**	**435.5**	**1,132.4**	**15.0**	**82.7**	**215.0**		
Onshore Block L 27/43								
Dong Mun (PNK)	75.4	144.7	426.3	23.8	45.7	134.7	30%	APICO
Dong Mun (Phu Kheng)	850.0	1,360.0	2,125.1	268.5	429.6	671.3	30%	APICO
Total Onshore Block L 27/43	**925.4**	**1,504.7**	**2,551.4**	**292.3**	**475.3**	**806.0**		
Total Gas	**1,153.1**	**2,633.4**	**10,262.0**	**325.8**	**642.3**	**1,918.6**		
Grand Total (mboe)	**196,867.9**	**451,544.8**	**1,765,596.4**	**57,938.2**	**115,554.9**	**342,999.3**		

Notes:
"Operator" is the name of the company that operates the asset
"Gross" are 100% of the reserves and/or resources attributable to the license whilst "Net" are those attributable to Coastal Energy (before royalties)

1. Geologic risk factor for Prospective Resources means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This is the chance or probability of Prospective Resources maturing into Contingent Resources
2. BOE = Barrel Oil Equivalents at 6 Mcf per barrel (MBOE = 1,000 BOE)

SUMMARY OF PROSPECTIVE RESOURCES

Gross Resources and Coastal Energy Net Interest Resources

As of December 31, 2008

License Area Prospect (Reservoir)	Gross			Net to Coastal Energy			Geologic Risk Factor [1]	Operator
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Oil & Condensate (Mbbl)								
Offshore Block G5/43:								
WFT-A (Lwr Oligocene)	3,624	22,487	88,960	3,262	19,767	77,930	5%	Coastal
WFT-B (Lwr Oligocene)	453	2,813	11,128	408	2,473	9,748	5%	Coastal
WFT-C (Lwr Oligocene)	1,798	11,158	44,140	1,618	9,808	38,668	5%	Coastal
WFT-D (Lwr Oligocene)	940	5,832	23,072	846	5,127	20,212	5%	Coastal
WFT-E (Lwr Oligocene)	5,882	36,493	144,369	5,294	32,079	126,470	5%	Coastal
Songkhla North (Oligocene)	2,041	3,062	40,083	1,837	2,756	3,675	10%	Coastal
Songkhla West-1 (Oligocene)	4,417	9,925	8,833	3,975	5,963	7,950	10%	Coastal
Songkhla West-2 (Oligocene)	4,148	6,222	8,296	3,7338	5,600	7,466	10%	Coastal
Songkhla B (Oligocene)	1,318	1,978	2,637	1,187	1,780	2,373	10%	Coastal
Songkhla South (Oligocene)	1,326	1,988	2,651	1,193	1,790	2,386	10%	Coastal
Subtotal Offshore Block G5/43	25,948	98,658	338,170	23,353	87,140	296,879		
Total for Oil & Condensate	**25,948**	**98,658**	**338,170**	**23,353**	**87,140**	**296,879**		
Gas (Bcf)								
Onshore Blocks EU1/E5N: Sinphuhorm (Si That)	8.9	55.4	136.4	1.0	6.1	15.0	5%	Hess
Onshore Block L15/43: Sinphuhorm (Si That)	0.0	2.1	44.4	0.0	0.7	14.0	5%	APICO
Onshore Block L27/43								
SE Dong Mun (PNK)	20.0	76.9	433.2	6.3	24.3	136.8	2%	APICO
Total for Gas	**28.9**	**134.4**	**614.0**	**7.3**	**31.1**	**165.9**		
Grand Total (mboe)[2]	**30,764**	**121,058**	**440,504**	**24,569**	**92,317**	**324,529**		

Source: Huddleston & Co., Inc.

Notes: *"Operator" is the name of the company that operates the asset*

"Gross" are 100% of the reserves and/or resources attributable to the license whilst "Net" are those attributable to Coastal Energy (before royalties)

1. Geologic risk factor for Prospective Resources means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This is the chance or probability of Prospective Resources maturing into Contingent Resources
2. BOE = Barrel Oil Equivalents at 6 Mcf per barrel (MBOE = 1,000 BOE)