

COASTAL CARIBBEAN OILS & MINERALS LTD

Form 10-Q

July 24, 2014

[Table of Contents](#)

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-04668

COASTAL CARIBBEAN OILS & MINERALS, LTD.

(Exact name of registrant as specified in its charter)

BERMUDA
(State or other jurisdiction of
incorporation or organization)

NONE
(I.R.S. Employer
Identification No.)

Clarendon House, Church Street, Hamilton, Bermuda
(Address of principal executive offices)
(850) 576-5982

HM 11
(Zip Code)

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the issuer's single class of common stock as of July 23, 2014 was 95,504,951.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

March 31, 2012

Table of Contents

	Page
<u>PART I - FINANCIAL INFORMATION</u>	
ITEM 1 <u>Financial Statements</u>	
<u>Consolidated balance sheets at March 31, 2012 and December 31, 2011</u>	3
<u>Consolidated statements of operations for the three month periods ended March 31, 2012 and 2011 and for the period from January 31, 1953 (inception) to March 31, 2012</u>	4
<u>Consolidated statements of cash flows for the three month periods ended March 31, 2012 and 2011 and for the period from January 31, 1953 (inception) to March 31, 2012</u>	5
<u>Notes to consolidated financial statements</u>	6
ITEM 2 <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	11
ITEM 3 <u>Quantitative and Qualitative Disclosure About Market Risk</u>	15
ITEM 4 <u>Controls and Procedures</u>	15
<u>PART II - OTHER INFORMATION</u>	
ITEM 1 <u>Legal Proceedings</u>	17
ITEM 5 <u>Other Information</u>	17
ITEM 6 <u>Exhibits</u>	19
<u>Signatures</u>	20

Table of Contents**COASTAL CARIBBEAN OILS & MINERALS, LTD.****FORM 10-Q****PART I - FINANCIAL INFORMATION****ITEM 1 - Financial Statements****CONSOLIDATED BALANCE SHEETS**

(Expressed in U.S. dollars)

(A Bermuda Corporation)

A Development Stage Company

	March 31 2012 (Unaudited)	December 31 2011 (Note)
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,440	\$ 7,384
Total current assets	3,440	7,384
Certificates of deposit - Restricted	86,318	86,318
Total Assets	\$ 89,758	\$ 93,702
Liabilities and Shareholders Equity (Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 243,139	\$ 235,073
Amounts due to related parties	1,179,500	1,134,922
Total current liabilities	1,422,639	1,369,995
Shareholders' equity (deficit)		
Common stock, par value \$.12 per share:		
Authorized - 250,000,000 shares		
Outstanding - 75,133,824 and 75,133,824 shares, respectively	9,016,059	9,016,059
Discount on common stock	(2,184,293)	(2,184,293)
Capital in excess of par value	32,139,311	32,139,311
	38,971,077	38,971,077
Deficit accumulated during the development stage	(40,303,958)	(40,247,370)

Total shareholders equity (deficit)	(1,332,881)	(1,276,293)
Total liabilities and shareholders equity (deficit)	\$ 89,758	\$ 93,702

Note: The balance sheet at December 31, 2011 has been derived from
the audited consolidated financial statements at that date.

See accompanying notes.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

ITEM 1 - Financial Statements (Continued)

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. dollars)

(A Bermuda Corporation)

A Development Stage Company

(Unaudited)

	Three months ended		For the
	March 31,		period from
	2012	2011	Jan. 31, 1953
			(inception)
			to March 31,
			2012
Interest and other income	\$	\$	\$
		81	3,985,523
Gain on settlement			8,124,016
		81	12,109,539
Expenses:			
Legal fees and costs			17,688,104
Administrative expenses	20,272	48,676	11,321,674
Salaries	31,250	31,250	4,677,681
Shareholder communications	5,066	300	4,188,043
Goodwill impairment			801,823
Write off of unproved properties			9,523,271
Exploration costs			188,218
Lawsuit judgments			1,941,916

Minority interests			(632,974)
Other			364,865
Contractual services			2,350,876
	56,588	80,226	52,413,497
Net loss	\$ (56,588)	\$ (80,145)	
Deficit accumulated during the development stage			\$ (40,303,958)
Average number of shares outstanding (basic & diluted)	75,133,824	70,661,604	
Net loss per share (basic & diluted)	\$ (.00)	\$ (.00)	

See accompanying notes.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

ITEM 1 - Financial Statements (Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

(A Bermuda Corporation)

A Development Stage Company

(Unaudited)

	Three months ended		For the period from
	March 31,		Jan. 31, 1953
	2012	2011	(inception)
			To
			March 31, 2012
Operating activities:			
Net loss	\$ (56,588)	\$ (80,145)	\$ (40,303,958)
Adjustments to reconcile net loss to net cash used in operating activities:			
Gain on settlement			(8,124,016)
Goodwill impairment			801,823
Minority interest			(602,949)
Depreciation		629	12,973
Write off of unproved properties			9,491,990
Common stock issued for services			119,500
Compensation recognized for stock option grant			75,000
Recoveries from previously written off properties			252,173
Net change in:			
Accounts payable and accrued liabilities	52,644	77,154	1,428,675
Net cash used in operating activities	(3,944)	(2,362)	(36,848,789)

Investing activities:

Additions to oil, gas, and mineral properties net of assets acquired for common stock and reimbursements	(3,500)	(6,652,219)
Well drilling costs	(3,335)	(1,285,992)
Sale of unproved nonoperating interests		512,595
Net proceeds from settlement		8,124,016
Proceeds from relinquishment of surface rights		246,733
Purchase of certificate of deposit	(81)	(140,973)
Redemption of CDs		54,655
Purchase of minority interest in CPC		(801,823)
Purchase of fixed assets		(74,623)
Net cash used in investing activities	(6,916)	(17,631)

Financing activities:

Notes payable proceeds		184,988
Repayment of loans		(159,988)
Sale of common stock net of expenses		31,413,111
Shares issued upon exercise of options		891,749
Sale of shares by subsidiary		820,000
Sale of subsidiary shares		3,720,000
Net cash provided by financing activities		36,869,860

Net increase (decrease) in cash and cash equivalents	(3,944)	(9,278)	3,440
Cash and cash equivalents at beginning of period	7,384	17,043	
Cash and cash equivalents at end of period	\$ 3,440	\$ 7,765	\$ 3,440

See accompanying notes.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

March 31, 2012

ITEM 1 **Financial Statements** (Continued)

Note 1. Basis of Presentation

The accompanying unaudited consolidated financial statements include Coastal Caribbean Oils & Minerals, Ltd. (the Company) and its wholly owned subsidiary, Coastal Petroleum Company (Coastal Petroleum) and have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature. Operating results for the three month period ended March 31, 2012, are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

Effects of Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09 (Revenue from Contracts with Customers (Topic 606)), which requires an entity to recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance addresses in particular contracts with more than one performance obligation as well as the accounting for some costs to obtain or fulfill a contract with a customer and provides for additional disclosures with respect to revenues and cash flows arising from contracts with customers. With respect to public entities, this update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and early adoption is not permitted. We believe that our implementation of this guidance will have no material impact on our consolidated financial statements.

Note 2. Going Concern

The Company has no recurring revenues, had recurring losses since 2006 and prior to 2005, and has a deficit accumulated during the development stage. The Company's current cash position is not adequate to fund existing operations or exploration and development. The Company has an agreement in place with a director pursuant to which the director may further fund the Company to continue operations and exploration. There is no assurance that the Company will be able to obtain any funding, that sufficient funding can be obtained, or that the Company will be able to raise necessary funds.

These situations raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities, which may result from the outcome of this uncertainty.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

March 31, 2012

ITEM 1 Financial Statements (Continued)

Note 3. Net loss per share

Net loss per share is based upon the weighted average number of common and common equivalent shares outstanding during the period. The Company's basic and diluted calculations of earnings per share (EPS) are the same because the exercise of options is not assumed in calculating diluted EPS, as the result would be anti-dilutive. The Company has included common shares to be issued to Robert J. Angerer, Sr. for advances made through March 31, 2012.

Note 4. Unproved Oil, Gas and Mineral Properties

In December 2011, the Company determined that its leases and capitalized development costs were impaired due to the time remaining under some of the leases, the Company being unable to establish quantifiable production on the leases, and in the case of less prospective leases, for nonpayment of lease rentals, and recorded an impairment charge of \$2,832,519.

Montana Leases

The Company had a presence in Valley County, Montana, where it held leases covering approximately 32,313 net acres, which were the remaining unexpired leases from those leases the Company acquired in three separate acquisitions between July 2005 and February 2006. Subsequent to 2011, these leases expired due to the expiration of the time remaining under some of the leases, the Company being unable to establish quantifiable production on the leases, and in the case of less prospective leases, for nonpayment of lease rentals, and an impairment charge of \$2,832,519 was recorded.

North Dakota Leases

In July 2005, the Company acquired leases to the deeper rights in approximately 21,688 net acres in and near Slope County, North Dakota. Subsequent to 2011, these leases expired due to the expiration of the time remaining under some of the leases, the Company being unable to establish quantifiable production on the leases, and in the case of less prospective leases, for nonpayment of lease rentals.

Note 5. Income Taxes

For the three month periods ending March 31, 2012 and 2011, the Company reported a loss for both financial statement reporting and income tax purposes. The Company has provided a 100% valuation allowance on its deferred

tax asset as a result of its net operating loss carryforwards. The Company had approximately \$9,441,000 in net operating loss carryforwards at December 31, 2011.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

March 31, 2012

ITEM 1 **Financial Statements** (Continued)

Note 6. **Related Party Transactions**

See Note 8 also.

Services

Through May 2009, the Company paid a monthly retainer to the law firm of Angerer & Angerer which had been litigation counsel to the Company for more than twenty-five years and also served the Company in that capacity as well as others including general counsel services, management services, public relations, shareholder relations and representing the Company before state and federal agencies for permitting. The principals of the law firm included two individuals who are collectively shareholders, officers and a director of the Company. No amounts were paid or accrued in the three month periods ending March 31, 2012 or 2011. The Company owes \$150,000 to Angerer & Angerer at March 31, 2012.

The Company expensed \$0 and \$3,494 for legal fees by the law firm of Iglar & Dougherty, P.A., during the three months ended March 31, 2012 and 2011, respectively. The Company owed Iglar & Dougherty, P.A. \$8,000 at March 31, 2012. Mr. Herbert D. Haughton, a shareholder of Iglar & Dougherty, P.A., was elected a director of Coastal Caribbean and of Coastal Petroleum in December 2005. These legal fees were paid subsequent to March 31, 2012.

The Company has been accruing compensation and related benefits to its president and CEO. During the three months ended March 31, 2012 and 2011, the Company accrued compensation and retirement benefits of \$38,328. At March 31, 2012, the Company owes compensation and related benefits to its president and CEO of \$593,750 and \$160,750, respectively.

The Company has also been accruing directors' fees. During the three months ended March 31, 2012, the Company accrued \$6,250 of fees to directors. At March 31, 2012, the Company owes \$275,000 in directors' fees.

Note 7. **Certificates of Deposit - Restricted**

The Company has pledged certificates of deposit for pollution bond requirements under three previous well permits.

Note 8. **Stock Transactions**

Beginning in 2010, the Company has entered into various agreements to sell and sold restricted shares of its common stock for cash or in return for payment of certain Company expenses that have allowed the Company to pay lease rentals and other administrative costs necessary to keep the Company viable through the current period.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

March 31, 2012

ITEM 1 Financial Statements (Continued)

Note 8. **Stock Transactions** (Continued)

On May 20, 2011, the Company entered into an agreement with Robert J. Angerer, Sr., for the sale of 857,142 restricted and unregistered shares of common stock of the Company for \$60,000, in order to cover certain Company expenses. Mr. Angerer also exercised an option under the agreement for 142,857 shares of common stock for \$10,000. The Company plans to issue Mr. Angerer a total of 999,999 restricted and unregistered shares of common stock for investments made under this agreement. This agreement has concluded.

Then in October 2011, in order to fund immediate cash needs at that time, the Company entered into another agreement with Robert J. Angerer, Sr., for an immediate infusion of \$30,000 cash and the commitment to spend \$130,000 in operational costs to complete the Federal 1-19A well. The agreement also provided options for Mr. Angerer to provide additional funding. In return, the Company will issue 4,444,444 restricted and unregistered shares of common stock to Mr. Angerer. Under this agreement, Mr. Angerer provided a total of \$90,000 in cash to the Company; he provided \$55,000 in 2011 and an additional \$35,000 through August of 2012. Mr. Angerer also paid directly \$70,000 for expenses related to the Federal 1-19A well. The Company plans to issue Mr. Angerer a total of 4,444,444 restricted and unregistered shares of common stock for investments made under this agreement. The agreement was completed and all other options under the agreement expired. During 2011, 3,472,221 shares have been reflected as issued under the October 2011 agreement; and at March 31, 2012, 972,223 shares remain to be issued to Mr. Angerer.

In September 2012, the Company entered into a new agreement with Robert J. Angerer, Sr., to provide additional funding in return for shares of restricted and unregistered shares of common stock of the Company at \$.03 per share. Mr. Angerer agreed to provide up to \$1,000,000 to perform a nitrogen fracturing operation on the Federal 1-19A well, to abandon two existing wells, to pay existing liabilities, and to allow the Company to cure its delinquent legal and regulatory filings. In conjunction with this agreement, the Company entered into a separation agreement with Phillip W. Ware. Mr. Angerer completed the nitrogen fracturing operation on the Federal 1-19A well at a cost of \$171,501 in 2012. The Company plans to issue 3,564,705 shares of restricted and unregistered shares of common stock to Mr. Angerer for 2012. In 2013, Mr. Angerer paid \$60,000 to the Company in order for the Company to pay legal compliance costs and paid \$343,988 of existing liabilities of the Company. In February 2014, Mr. Angerer paid \$30,500 for regulatory compliance costs on behalf of the Company. The Company plans to issue Mr. Angerer 15,834,199 shares of restricted and unregistered shares of common stock in exchange for the funds paid into the Company during 2013 and through June 30, 2014, pursuant to the 2012 agreement.

As of the date of this report, the Company plans to issue Mr. Angerer 24,843,347 shares of restricted and unregistered shares of common stock in exchange for the funds paid into the Company through the various agreements described above that were entered into and performed from 2011 through June 30, 2014.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

March 31, 2012

ITEM 1 Financial Statements (Continued)

Note 9. Commitments, Contingencies and Subsequent Events

See Note 8 regarding subsequent stock transactions.

Subsequent to 2011, the Company's property leases expired due to the expiration of the time remaining under some of the leases, the Company being unable to establish quantifiable production on the leases, and in the case of less prospective leases, for nonpayment of lease rental payments.

The Company is delinquent in filing its periodic reports required under the Securities Exchange Act of 1934 due to lack of funding. The Company is currently preparing its delinquent reports and plans to file all delinquent reports in 2014. The previous inaction to bring the Company's filings current may result in de-registration of the Company with the Securities Exchange Commission (SEC). Loss of this status may limit the Company's ability to access capital markets. The Company is working to file the delinquent reports, but there is no assurance that the Company will be able to file its delinquent reports.

In September 2012, the Company entered into a separation agreement and release with Phillip Ware, formerly the CEO and President of the Company, in connection with the September 2012 agreement with Robert J. Angerer, Sr. as disclosed in Note 8. Mr. Ware agreed that his existing options for 450,000 shares of common stock would expire within 90 days of the termination date, which was February 28, 2013. The options were not exercised and have expired. The Company agreed to pay Mr. Ware \$200,000 and issued him an option to purchase 1,000,000 shares of restricted and unregistered shares of common stock for \$.03 per share. This option expires on December 31, 2017. The Company has not paid Mr. Ware or issued the stock option as of July 23, 2014. Mr. Ware resigned from the Company effective February 28, 2013.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

March 31, 2012

ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations
Forward Looking Statements

Statements included in Management's Discussion and Analysis of Financial Condition and Results of Operations, which are not historical in nature, are intended to be forward looking statements. The Company cautions readers that forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward looking statements. Among the risks and uncertainties are: the uncertainty of securing additional funding through the sale of shares of Coastal Petroleum and/or Coastal Caribbean; changes in the income tax laws relating to tax loss carry forwards; the failure of the Company's test wells to locate oil or gas reserves or the failure to locate oil or gas reserves which are economically feasible to recover; reductions in world wide oil or gas prices; adverse weather conditions; or mechanical failures of equipment used to explore the Company's leases.

Critical Accounting Policies

The Company follows the full cost method of accounting for its oil and gas properties. All costs associated with property acquisition, exploration and development activities whether successful or unsuccessful are capitalized

The capitalized costs are subject to a ceiling test which basically limits such costs to the aggregate of the estimated present value discounted at a 10% rate of future net revenues from proved reserves, based on current economic and operating conditions, plus the lower of cost or fair market value of unproved properties.

The Company assesses whether its unproved properties are impaired on a periodic basis. This assessment is based upon work completed on the properties to date, the expiration date of its leases and technical data from the properties and adjacent areas.

General

We are an independent oil and gas exploration company. The Company's future growth will be driven primarily by exploration and development activities. Our business strategy is to increase shareholder value by acquiring and drilling reasonably priced prospects that have good potential, with the goal of shaping the Company into a highly productive independent oil and gas firm. We will continue to seek high quality exploration projects with potential for providing long-term drilling inventories that generate high returns.

During 2010 and 2011, we were primarily focused on and engaged in raising capital to fund the Company so that we could recommence the exploration of our leases in Montana and North Dakota. Due to the recession and the fragile state of the country's financial market, capital was a scarce commodity to obtain. Ultimately, no outside parties were able to provide the capital necessary to begin exploration. During 2012 and 2013, the Company's own exploration

efforts in Montana and North Dakota did not result in any quantifiable success and the leases have expired. Except for a few reclamation projects, we do not plan any further operations or expenditures on the former drilling program in Montana and North Dakota if the

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

March 31, 2012

ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

U.S. Bureau of Land Management (BLM) prevails on the claim that the lease with the Federal 1-19A well has expired. The combination of: no parties being located that were interested in working with the Company; and the state of the economy; left the Company with no other viable alternative other than to sell shares of its common stock to raise capital necessary to remain a viable public company, as described in Note 8 to the consolidated financial statements.

The Company has been sustained only through the purchases of stock by the Chairman of the Board of Directors, Robert J. Angerer, Sr. The funds that Mr. Angerer has provided allowed for the abandonment expenditures and payment of operating costs to keep the Company viable. On January 14, 2010, Robert J. Angerer, Sr., the chairman of the board of directors and vice president of the Company at the time, entered into a letter agreement for the funding of immediate cash needs and granting Mr. Angerer an option to fund the Company's and Coastal's future obligations. Under the agreement, Mr. Angerer provided compensation to the Company including \$300,000 cash and the forgiveness of \$150,000 of legal fees owed to his law firm, Angerer & Angerer, forgiveness of \$21,500 in director fees owed to him and credit of \$240,000 to him for the completion of the Company's purchase of leases on which there is a Red River oil and gas development prospect. In return, Mr. Angerer was issued 14,400,000 Rule 144 restricted shares of the Company's common stock and provided an option to further fund the Company. Mr. Angerer exercised the one extension granted him to extend the time to exercise the first option for three months in exchange for the payment of \$50,000. The remaining options expired unexercised.

Simultaneous with the January 14, 2010, transaction, Mr. Angerer resigned as the Vice President of both the Company and its subsidiary, but has remained as a Director and the Chairman of the Board of Directors for both.

During the fourth quarter of 2010, the Company drilled an exploratory gas well on its Valley County, Montana Leases to test multiple zones potentially containing natural gas. The well was logged and cased and the results and information gathered from the well were evaluated in order to provide an assessment of the potential for natural gas production from the several target horizons drilled through at this location. The information gathered was presented to the lessor, the BLM, but the BLM considered the information insufficient to show economic quantities of gas necessary to maintain the leases and has stated that it will issue a final order finding that the leases had expired under their terms. The Company is considering an appeal of this determination.

In North Dakota, we held the working interest on approximately 400 net acres in Slope County, however, due to lack of funds and no entity to partner with, we were not able to explore those leases prior to them expiring. Other leases that we previously held in North Dakota expired during the first quarter of 2012, because we were not able to raise the capital needed to fund drilling exploratory wells to test the Lodgepole Reef prospects on the leases.

Mr. Angerer has undertaken, pursuant to his most recent agreement, to bring the Company to a debt free operating position over the next twelve months. In addition, in light of recent technological advances in horizontal drilling and hydraulic fracturing methods,

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

March 31, 2012

ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

consultants are currently assessing certain areas to determine whether they are prospective for oil and gas in sufficient quantities and properties to allow the use of horizontal drilling and fracking. If, after their assessment, the consultants identify certain areas as prospective, the Company intends to seek another entity to work with to acquire leases over and to test the prospective areas for oil and gas. At this point the areas being assessed are confidential and may or may not result in the identification of any prospective areas.

Liquidity and Capital Resources

Liquidity

As more fully described in Note 2 to the consolidated financial statements, we have no significant assets or recurring revenues, have experienced recurring losses and have a deficit accumulated during the development stage. We, along with various other related parties, settled several lawsuits in 2005, which were filed by the Company, our subsidiary Coastal Petroleum Company and other related parties against the State of Florida. All of these lawsuits were related to the State's actions limiting our ability to commence development activities through our subsidiary. The cost of that litigation was substantial. We leased mineral rights in Montana and North Dakota but the last of those leases expired under their terms in 2012 with the exception of the BLM contested lease. Management believes its efforts to obtain funding will allow the Company to move forward to explore and develop profitable oil and gas operations, although there is no assurance these efforts will be successful. These situations raise substantial doubt about our ability to continue as a going concern. Our consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities, which may result from the outcome of these uncertainties.

At March 31, 2012, we have approximately \$3,000 in cash compared to approximately \$7,000 at December 31, 2011. Our current liabilities exceed our current assets by approximately \$1,333,000 at March 31, 2012. We suspended payments to our directors, general legal counsel, and employee since the second quarter of 2007 through March 31, 2012, and have accrued \$1,423,000 in expenses as of March 31, 2012. We expect to continue to suspend payments to most of these parties indefinitely until sufficient funding can be secured to resume exploration operations and cover normal operating expenses.

Capital Resources

Beginning in 2010, the Company has entered into various agreements to sell and sold restricted shares of its common stock for cash or in return for payment of certain Company expenses that have allowed the Company to pay lease rentals and other administrative costs necessary to keep the Company viable through the current period.

On May 20, 2011, the Company entered into an agreement with Robert J. Angerer, Sr., for the sale of 857,142 restricted and unregistered shares of common stock of the Company for \$60,000, in order to cover certain Company expenses. Mr. Angerer also exercised an option under the agreement for 142,857 shares of common stock for \$10,000. The Company plans to issue Mr. Angerer a total of 999,999 restricted and unregistered shares of common stock for investments made under this agreement. This agreement has concluded.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

March 31, 2012

ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Then in October 2011, in order to fund immediate cash needs at that time, the Company entered into another agreement with Robert J. Angerer, Sr., for an immediate infusion of \$30,000 cash and the commitment to spend \$130,000 in operational costs to complete the Federal 1-19A well. The agreement also provided options for Mr. Angerer to provide additional funding. In return, the Company will issue 4,444,444 restricted and unregistered shares of common stock to Mr. Angerer. Under this agreement, Mr. Angerer provided a total of \$90,000 in cash to the Company; he provided \$55,000 in 2011 and an additional \$35,000 through August of 2012. Mr. Angerer also paid directly \$70,000 for expenses related to the Federal 1-19A well. The Company plans to issue Mr. Angerer a total of 4,444,444 restricted and unregistered shares of common stock for investments made under this agreement. The agreement was completed and all other options under the agreement expired. During 2011, 3,472,221 shares have been reflected as issued under the October 2011 agreement; and at March 31, 2012, 972,223 shares remain to be issued to Mr. Angerer.

In September 2012, the Company entered into a new agreement with Robert J. Angerer, Sr., to provide additional funding in return for shares of restricted and unregistered shares of common stock of the Company at \$.03 per share. Mr. Angerer agreed to provide up to \$1,000,000 to perform a nitrogen fracturing operation on the Federal 1-19A well, to abandon two existing wells, to pay existing liabilities, and to allow the Company to cure its delinquent legal and regulatory filings. In conjunction with this agreement, the Company entered into a separation agreement with Phillip W. Ware. Mr. Angerer completed the nitrogen fracturing operation on the Federal 1-19A well at a cost of \$171,501 in 2012. The Company plans to issue 3,564,705 shares of restricted and unregistered shares of common stock to Mr. Angerer for 2012. In 2013, Mr. Angerer paid \$60,000 to the Company in order for the Company to pay legal compliance costs and paid \$343,988 of existing liabilities of the Company. In February 2014, Mr. Angerer paid \$30,500 for regulatory compliance costs on behalf of the Company. The Company plans to issue Mr. Angerer 15,834,199 shares of restricted and unregistered shares of common stock in exchange for the funds paid into the Company during 2013 and through June 30, 2014, pursuant to the 2012 agreement.

As of the date of this report, the Company plans to issue Mr. Angerer 24,843,347 shares of restricted and unregistered shares of common stock in exchange for the funds paid into the Company through the various agreements described above that were entered and performed from 2011 through June 30, 2014.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

March 31, 2012

ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Results of Operations

Three months ended March 31, 2012 vs. March 31, 2011

We conducted limited operational activities in the first quarter of 2012 and did not conduct drilling activities in the first quarter of 2012 or 2011. We suspended substantially all of our efforts since 2011 due to lack of funding. Our expenses are primarily administrative and our 2012 expenses remained consistent with 2011 amounts. Our president, Philip Ware resigned effective February 28, 2013.

ITEM 3 Quantitative and Qualitative Disclosure About Market Risk

The Company does not have any significant exposure to market risk as there were no investments in marketable securities at March 31, 2012.

ITEM 4 Controls and Procedures

a. Management's report on internal control over financial reporting.

We maintain controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Our Chief Executive Officer and Principal Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 (the Exchange Act) Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this quarterly report, has concluded that our disclosure controls and procedures are effective based on his evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

b. Changes in internal controls. The Company made no changes in its internal control over financial reporting that occurred during the Company's first fiscal quarter that has materially affected, or which is reasonably likely to materially affect the Company's internal control over financial reporting.

- c. **Limitations on the Effectiveness of Controls** Our management, including our Chief Executive and Principal Financial Officer, does not expect that our disclosure controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART I - FINANCIAL INFORMATION

March 31, 2012

ITEM 4 Controls and Procedures (Continued)

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART II - OTHER INFORMATION

March 31, 2012

ITEM 1 Legal Proceedings

The Company is aware of a claim of lien relating to the Evaline well (for approximately \$10,400), and another relating to the Federal 1-19A well (for approximately \$33,200). We have also stipulated with surveyors in North Dakota for approximately \$40,000 in order to avoid suit over work conducted there.

In the second quarter of 2011, the drilling contractor on the Company's Federal 1-19A well in Montana, filed suit against Coastal Petroleum in Houston, Texas, for breach of contract seeking damages of approximately \$98,000. Coastal Petroleum filed a motion to dismiss the claim for lack of jurisdiction and improper venue. The case was voluntarily nonsuited and refiled in Montana. Ultimately, the case was settled for \$70,000, paid for by Mr. Angerer, Sr. and the case was resolved.

As of the date of this report, to the best knowledge of our management, there are no material litigation matters pending or threatened against us.

ITEM 5 Other Information

The Internal Revenue Code of 1986, as amended, provides special rules for distributions received by U.S. holders on stock of a passive foreign investment company (PFIC), as well as amounts received from the sale or other disposition of PFIC stock. Under the PFIC rules, a non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either (1) at least 75 percent of its gross income is passive income or (2) at least 50 percent of the gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income.

The Company believes that it may be classified as a PFIC for the year 2012, because it derives the majority of its gross income from the relatively small amount of interest the Company receives. The determination of whether the Company will be considered a PFIC for United States federal income tax purposes is an annual determination that cannot be made until the close of the fiscal year. Also, how the Company was classified in prior years does not affect how it will be classified in the current year.

If, for any taxable year, the Company's passive income or assets that produce passive income exceed levels provided by U.S. law, the Company would be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. For the years 1987 through 2004 and in 2006, Coastal Caribbean's passive income and assets that produce passive income exceeded those levels and for those years Coastal Caribbean constituted a PFIC. If Coastal Caribbean is a PFIC for any taxable year, then the Company's U.S. shareholders potentially would be subject to adverse U.S. tax consequences of holding and disposing of shares of our common stock for that year and for future tax years. Any gain from the sale of, and certain distributions with respect to, shares of the Company's common stock, would cause a U.S. holder to become liable for U.S. federal income tax under section 1291 of the Internal Revenue Code (the interest

charge regime). The tax is computed by allocating the

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART II - OTHER INFORMATION

March 31, 2012

ITEM 5 Other Information (Continued)

amount of the gain on the sale or the amount of the distribution, as the case may be, to each day in the U.S. shareholder's holding period. To the extent that the amount is allocated to a year, other than the year of the disposition or distribution, in which the corporation was treated as a PFIC with respect to the U.S. holder, the income will be taxed as ordinary income at the highest rate in effect for that year, plus an interest charge.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART II - OTHER INFORMATION

March 31, 2012

ITEM 6 Exhibits

- 31.1 Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definitions Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

Table of Contents

COASTAL CARIBBEAN OILS & MINERALS, LTD.

FORM 10-Q

PART II - OTHER INFORMATION

March 31, 2012

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COASTAL CARIBBEAN OILS & MINERALS, LTD.

Registrant

Date: July 24, 2014

By /s/ Robert J Angerer, Sr.
Robert J Angerer, Sr.,
Chief Executive Officer,
President and Principal Financial Officer