

FEC RESOURCES INC.
Condensed Interim Financial Statements

For the three months ended March 31, 2024
(Expressed in United States Dollars)
Unaudited

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL
STATEMENTS**

The accompanying unaudited condensed financial statements for FEC have been prepared by management in accordance with International Financial Reporting Standards. These financial statements, which are the responsibility of management are unaudited and have not been reviewed by the Company's auditors. The Company's Audit Committee and Board of Directors has reviewed and approved these interim financial statements.

The Company's independent auditor has not performed a review of these interim condensed financial statements in accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators.

FEC RESOURCES INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
Expressed in United States Dollars
UNAUDITED

As at:	March 31	December 31
	2024	2023
ASSETS		
Current assets		
Cash	\$ 34,607	\$ 7,406
Prepaid expenses	4,955	9,236
	<u>\$ 39,562</u>	<u>16,642</u>
Non-current assets		
Investment in Forum Energy Limited (Note 9)	2,461,931	2,461,931
Total assets	<u>\$ 2,501,493</u>	<u>\$ 2,478,573</u>
LIABILITIES		
Current liabilities		
Trade and accrued payables	\$ 27,869	\$ 17,049
Short term loan (Note 6)	735,359	678,155
	<u>763,228</u>	<u>695,204</u>
Shareholders' Equity		
Share capital (Note 5)	17,620,625	17,620,625
Contributed surplus (Note 5)	3,058,063	3,058,063
Deficit	(18,940,423)	(18,895,319)
Total shareholders' equity	<u>1,738,265</u>	<u>1,783,369</u>
Total liabilities and equity	<u>\$ 2,501,493</u>	<u>\$ 2,478,573</u>

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

"Daniel Carlos"

Director

"Paul Wallace"

Director

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

FEC RESOURCES INC.
CONDENSED STATEMENTS OF COMPREHENSIVE LOSS
Expressed in United States Dollars
UNAUDITED

	Three Month Period Ended	
	March 31, 2024	March 31, 2023
General and administration expenses		
General and administration (Note 7)	\$ 31,186	\$ 43,952
Operating loss	(31,186)	(43,952)
Interest expense (Note 6)	(13,918)	(5,462)
Net and Comprehensive loss	\$ (45,104)	\$ (49,414)
 Earnings (loss) per common share		
- Basic and diluted	\$ 0.00	\$ 0.00

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

FEC RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
Expressed In United States Dollars
UNAUDITED

For the three months ended March 31, 2024

	Share capital	Contributed surplus	Deficit	Total
Balance December 31, 2023	\$17,620,625	\$3,058,063	\$(18,895,319)	\$ 1,783,369
Total comprehensive loss for the period	-	-	(45,104)	(45,104)
Balance March 31, 2024	\$17,620,625	\$3,058,063	\$(18,940,423)	\$ 1,738,265

For the three months ended March 31, 2023

	Share capital	Contributed surplus	Deficit	Total
Balance December 31, 2022	\$17,620,625	\$3,058,063	\$(18,703,524)	\$ 1,975,164
Total comprehensive loss for the period	-	-	(49,414)	(49,414)
Balance March 31, 2023	\$17,620,625	\$3,058,063	\$(18,752,938)	\$ 1,925,750

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

FEC RESOURCES INC.
CONDENSED STATEMENTS OF CASH FLOWS
Expressed in United States Dollars
UNAUDITED

	For the three months ended	
	March 31	March 31
	2024	2023
<hr/>		
Cash provided by (used in)		
OPERATING ACTIVITIES		
Net loss for the period	\$ (45,104)	\$ (49,414)
Changes in working capital related to operating activities		
Prepaid expenses	4,281	3,786
Accrued interest expense	13,918	5,462
Accounts payable and accrued liabilities	10,820	39,208
Net cash used in operating activities	<u>(16,085)</u>	<u>(958)</u>
FINANCING ACTIVITY		
Loan from PXP Energy Corporation	43,286	-
Net cash provided by financing activity	<u>43,286</u>	<u>-</u>
Net (decrease) increase in cash	27,201	(958)
Cash – beginning of the period	7,406	13,068
Cash – end of the period	<u>\$ 34,607</u>	<u>\$ 12,110</u>

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

FEC RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
March 31, 2024
(Stated in United States Dollars)

Note 1 Corporate Information

FEC Resources Inc. (“FEC” or the “Company”) was incorporated under the laws of Alberta, Canada and is a holding Company with an interest in Forum Energy Limited (“FEL”). The Company is listed in the United States on the OTC Pink (“OTC Pink”), having the symbol FECOF.

As at March 31, 2024, the Company has a 6.8% interest in FEL. (Note 8).

The principal address of the Company is Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5. The Company’s ultimate parent company is PXP Energy Corporation (“PXP”) with a registered office at 2/F LaunchPad, Reliance corner Sheridan Streets, Mandaluyong City 1550, Metro Manila, Philippines.

Note 2 Basis of Preparation

a) Statement of Compliance

These condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and have been prepared using the same accounting policies and methods as were used for the Company’s Annual Financial Statements for the year ended December 31, 2023. These condensed interim financial statements should be read in conjunction with the Company’s annual financial statements dated December 31, 2023.

The condensed interim financial statements were authorized for issue by the Board of Directors on May 10, 2024.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value described in the applicable notes and are presented in United States dollars, which is also the Company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

FEC RESOURCES INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
March 31, 2024
(Stated in United States Dollars)

Note 2

Basis of Preparation (continued)

c) Nature of Operations and Going Concern

As a holding company with an interest in FEL, the Company's business is indirectly subject to risks inherent in oil and gas exploration and development operations. In addition, there are risks associated with FEL's stage of operations and the foreign jurisdiction in which it or FEL may operate or invest. The Company has identified certain risks pertinent to its investment including: exploration and reserve risks, uncertainty of reserve estimates, ability to exploit successful discoveries, drilling and operating risks, title to properties, costs and availability of materials and services, capital markets and the requirement for additional capital, market perception, loss of or changes to production sharing, joint venture or related agreements, economic, political and sovereign risks, possibility of less developed legal systems, corporate and regulatory formalities, environmental regulation, reliance on strategic relationships, market risk, competition, dependence on key personnel, volatility of future oil and gas prices and foreign currency risk. The Company has an accumulated deficit since inception of \$18,940,423.

Management considers that the current economic environment is difficult and the outlook for holding companies investing in oil and gas exploration companies presents significant challenges in terms of raising funds through issuance of shares. To the extent necessary, the Company has relied on its ability to raise funds via dispositions of quantities of its shareholdings in FEL to PXP under terms that are consistent with the best interests of shareholders, in order to finance its operations. The Company has been successful in disposing quantities of its shareholdings in FEL in previous fiscal years. However, there can be no assurance the Company will continue to be able to dispose of quantities of its shares in FEL under suitable terms. Currently management has no plans to sell any additional FEL shares.

Since the delisting of FEL from the London Stock Exchange, there is no liquidity via a public market for the FEL shares. As the Company is wholly reliant on the information disclosed by PXP concerning the business of FEL, the Company may not be able to obtain information necessary to facilitate a wider sales process. The continuation of the Company is dependent upon its ability to raise funds via dispositions of quantities of its shareholdings in FEL to PXP under terms that are consistent with the best interests of shareholders, or obtain loans from PXP. Also, the Company may issue new shares to PXP and/or other third parties.

Management has concluded that the combination of these circumstances gives rise to a material uncertainty that casts substantial doubt on the ability of the Company to continue as a going concern; therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

FEC RESOURCES INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
March 31, 2024
(Stated in United States Dollars)

Note 3 Summary of Material Accounting Policies and Critical Accounts Estimates and Judgments

These interim condensed financial statements have been prepared using the same accounting policies and methods of computation as the annual financial statements for the year ended December 31, 2023. In addition, these interim condensed financial statements have been prepared using the same critical accounting estimates and judgments as the annual financial statements for the year ended December 31, 2023. Accordingly, the interim condensed financial statements should be read in conjunction with the financial statements for the year ended December 31, 2023.

Note 4 Standards, Amendments and Interpretations

The Company has prepared its financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). IFRS represents standards and interpretations approved by the IASB and are comprised of IFRS, International Accounting Standards ("IAS's"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC's") and the former Standing Interpretations Committee ("SIC's"). The financial statements have been prepared in accordance with IFRS standards and interpretations effective as of March 31, 2024.

Note 5 Share Capital

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value; and

The Company is authorized to issue an unlimited number of Class A and Class B preferred convertible redeemable voting shares without par value.

Issued:

Common Shares	Number	Amount
Balance March 31, 2024 and December 31, 2023	861,082,371	\$ 17,620,625

No preferred shares have been issued since the Company's inception.

FEC RESOURCES INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
March 31, 2024
(Stated in United States Dollars)

Note 5 Share Capital (continued)

b) Nature and Purpose of Equity and Reserves

Contributed Surplus is used to recognize the value of stock option grants prior to exercise.

Deficit is used to record the Company's change in deficit from earnings and losses from period to period.

Note 6 Related Party Transactions and Balances

The Company considers its officers (CEO and CFO) and directors to be key management. Key management are those persons having authority and responsibility for planning, directing, and controlling activities, directly or indirectly, of the Company.

- (i) During the quarter ended March 31, 2024, general and administrative expenses included key management personnel compensation totaling \$12,000 (2023: \$12,000).
- (ii) As at March 31, 2024, the outstanding PXP Loan balance was \$735,359 (December 31, 2023 - \$678,155), which included accrued interest of \$57,153. Total interest expense for the quarter was \$13,918.

Note 7 General and Administrative Expenses

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Professional fees	\$ 3,430	\$ 3,996
Bank charges	279	(578)
Listing and filing fees	937	12,486
Office and miscellaneous	4,684	6,056
Consulting (Note 6)	21,601	21,867
Foreign exchange	255	125
	<u>\$ 31,186</u>	<u>\$ 43,952</u>

FEC RESOURCES INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
March 31, 2024
(Stated in United States Dollars)

Note 8 Loss Per Share

Weighted Average Number of Common Shares

	March 31, 2024	March 31, 2023
Weighted average number of common shares (basic and diluted)	861,082,371	861,082,371

Note 9 Investment in FEP

i) Investment in FEP

The investment in FEP is summarized as follows:

Balance March 31, 2024 and December 31, 2023	8,206,638	\$	2,461,931
	shares		

As at March 31, 2024, the Company's interest in FEP was 6.80% (December 31, 2023: 6.80%).

FEL's assets consist of interests in various petroleum service contracts (SC) in the Philippines, the most significant of which in terms of Prospective Resources is SC 72. On March 2, 2015, the Philippine Department of Energy ("DOE") granted a force majeure on SC 72 because the contract area falls within the territorial disputed area of the West Philippine Sea. Under the terms of the force majeure, all exploration work at SC 72 was immediately suspended until the DOE notified PXP that it could re-commence exploration. On October 16, 2020, FEL received a letter from the DOE lifting the force majeure and directing FEL to resume exploration activities on SC 72. On April 11, 2022, force majeure was once again declared on SC 72 as a result of FEL not receiving clearance from Security, Justice and Peace Coordinating Cluster to proceed after preparations for drilling were underway.

Determination of fair value

The investment in FEL represents an investment in a private company for which there is no active market and for which there are no publicly available quoted market prices.

The Company has classified its investment in FEL as Level 2 in the fair value hierarchy.

For purposes of determining fair value of the investment in FEL, the Company considered valuation techniques described in IFRS 13 – Fair Value Measurement. In respect of the investment in FEL, management considered the fair value of \$2,461,931 to be indicative of the fair value of the investment in FEL as there have been no changes in the circumstances that would change management's assessment of fair value. The fair value of the investment is consistent with the implied value based on the price of the December 21, 2023 shares for debt settlement, which is a Level 2 input.

FEC RESOURCES INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Stated in United States Dollars)

Note 10

Segmental Reporting

The Company has one reportable operating segment which is primarily the business of exploration and development of oil and gas and other mineral related opportunities, through companies in which the Company invests.