



**MARQUEST 2016-II MINING
SUPER FLOW-THROUGH
LIMITED PARTNERSHIP**

NATIONAL CLASS

MARQUEST 2016-II MINING SUPER FLOW –THROUGH LIMITED PARTNERSHIP - MARQUEST 2016-II NATIONAL CLASS

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2017

A NOTE ON FORWARD-LOOKING STATEMENTS

This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions. Such information has been included to assist readers with assessing recent developments in the Partnership's operating climate and possible future developments that may affect Partnership performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.

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This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the Marquest 2016-II Mining Super Flow-Through Limited Partnership – National Class (the “Partnership”). You can get a copy of the interim financial statement at your request, and at no cost, from the manager Marquest Asset Management Inc. (the “Manager”) by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at www.marquest.ca or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the Marquest 2016-II Mining Super Flow-Through Limited Partnership - National Class proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

The Partnership

Marquest 2016-II Mining Super Flow-Through Limited Partnership is a limited partnership established under the laws of the Province of Ontario with two classes of units – National Class Limited Partnership Units (the “National Class”) and Québec Class Limited Partnership Units. Each class of limited partnership units is a separate non-redeemable investment fund for securities laws purposes and has its own investment portfolio and investment objectives. The National Class investment portfolio is intended for investors in all provinces of Canada. The National Class was first offered on September 29, 2016 and issued 1,121,020 units for gross proceeds of \$11,210,200 during its offering period.

Results of Operations

As at June 30, 2017 the Partnership's total NAV was \$8,830,673, an increase of 14.01% since the prior year end (December 2016: \$7,745,682). The change is due to net unrealized appreciation on investments of \$1,274,059, partially offset by net realized loss on sale of investments of \$81,464 and management fees of \$98,706.

Recent Developments

The investment environment is well entrenched in the late stages of the economic cycle where interest rates rise, employment conditions are tight, commodity prices are firm and cyclical stocks outperform. The Canadian equity market tends to perform well in this market environment due to our resource based economy.

The Portfolio Manager remains of the view that the mining sector is in the early stages of a recovery. The recent improvement in global growth will expand the demand for metals commodities which will tighten the already balanced supply/demand environment. Stronger commodity pricing together with cost improvements in the industry over the past few years should support stronger cash flow and earnings in the mining industry.

Related Party Transactions

MQ 2016-II SD Limited Partnership (the General Partner) is the general partner of the Partnership. The General Partner has the responsibility for the management of the ongoing business, investment and administrative affairs of the Partnership, but has delegated the direction of the day-to-day business, operations and affairs of the Partnership to the Portfolio Manager. The Partnership is responsible for paying management fees to the General Partner equal to 2% of the NAV of the Partnership's assets.

During the period, \$98,706 in management fees (including HST) was charged by the General Partner.

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Financial Highlights

The following tables show selected key financial information about the National Class and are intended to help you understand the National Class financial performance for the past year and the most recent interim period. The information is derived from the National Class unaudited interim and audited annual financial statements.

Marquest 2016-II Mining Super Flow-Through Limited Partnership - Marquest 2016-II National Class** Net Assets per Unit (\$) ⁽¹⁾		
	2017*	2016
Net assets, beginning of the year ⁽²⁾	6.91	10.00
Increase (decrease) from operations:		
Total revenue	0.02	-
Total expenses	(0.12)	(0.08)
Realized gains (losses) for the year	(0.07)	-
Unrealized gains (losses) for the year	1.14	(2.32)
Total increase (decrease) from operations ⁽²⁾	0.97	(2.40)
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total annual distributions ⁽³⁾	-	-
Net assets at December 31st of year shown	7.88	6.91

Notes:

⁽¹⁾ This information is derived from the National Class audited annual and unaudited interim financial statements. The net assets attributable to partners per unit presented in the financial statements may differ from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to financial statements, if applicable.

⁽²⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

⁽³⁾ Distributions were paid in cash or re-invested in additional units of the National Class.

*The financial information is for the six-month period ending June 30, 2017.

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Financial Highlights (continued)

Ratios and Supplemental Data		
	2017*	2016
Total net asset value (000's) ⁽¹⁾	\$ 8,831	\$ 7,746
Number of units outstanding ⁽¹⁾	1,121,020	1,121,020
Management expense ratio ⁽²⁾	3.11%	41.87%
Management expense ratio before waivers or absorption ⁽⁵⁾	3.11%	41.87%
Trading expense ratio ⁽³⁾	0.01%	-
Portfolio turnover rate ⁽⁴⁾	-	-
Net asset value per share ⁽¹⁾	\$7.88	\$6.91

Notes:

⁽¹⁾ The information is provided as at December 31st of the year shown.

⁽²⁾ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Excluding issuance costs, the management expense ratio for the period ended June 30, 2017 was 3.11% .

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

⁽⁴⁾ The National Class portfolio turnover rate indicates how actively the National Class portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the National Class buying and selling all of the securities in its portfolio once in the course of the year. The higher the National Class portfolio turnover rate in a year, the greater the trading costs payable by the National Class in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the National Class.

⁽⁵⁾ Waivers and absorption of certain expenses associated with the National Class are at the Manager's discretion and may be terminated at any time.

*The financial information is for the six-month period ending June 30, 2017.

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Past Performance

In accordance with National Instrument 81-106, performance data for the Partnership will be shown after the Partnership has been operational for at least 12 consecutive months.

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Summary of Investment portfolio as at June 30, 2017

Total Net Asset Value: \$ 8,830,673

Portfolio Allocation

	% of Partnership's Net Asset Value
Precious Metals	62.68%
Base Metals	27.07%
Energy	8.03%
Cash	2.70%
Net other assets (liabilities)	-0.48%
	<hr/> 100.00%

Top 25 Holdings

	% of Partnership's Net Asset Value
1 Shore Gold Inc.	16.21%
2 Noront Resources Ltd.	13.78%
3 Gowest Gold Ltd	12.46%
4 IsoEnergy Ltd.	8.03%
5 Granada Gold Mine Inc	7.75%
6 Encanto Potash Corp.	7.36%
7 Victoria Gold Corp.	6.88%
8 Golden Dawn Minerals Inc.	6.58%
9 Metallic Minerals Corp.	5.44%
10 Avalon Advanced Materials Inc.	3.60%
11 Prosper Gold Corp	3.16%
12 Cash	2.71%
13 Explor Resources Inc	2.33%
14 Great Lakes Graphite Inc	2.33%
15 HPQ Silicon Resources Inc	1.54%
16 Castle Silver Resources Inc.	0.32%
	<hr/> 100.48%

The investments and percentages shown may change from time to time due to the ongoing portfolio transactions of the National Class. The weightings of the positions are calculated based on the total net asset value of the National Class as at June 30, 2017. The National Class does not hold short positions. To obtain a copy of the most recent annual report, semi-annual report, quarterly report or simplified prospectus of the National Class, please contact a member of our client services team or visit our website at www.marquest.ca or SEDAR at www.sedar.com.

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