MARQUEST 2016-II MINING SUPER FLOW-THROUGH LIMITED PARTNERSHIP

SEMI-ANNUAL REPORT

Period ended June 30, 2017

MARQUEST
ASSET MANAGEMENT INC.

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Notice to Unitholders

Unaudited Semi-Annual Financial Statements

The accompanying semi-annual financial statements have not been reviewed by the external auditors of the Partnership. The external auditors will be auditing the annual financial statements of the Partnership in accordance with International Financial Reporting Standards.

STATEMENTS OF FINANCIAL POSITION (CDN $)

As at,

	June 30, 2017 ($)	December 31, 2016 ($)
Assets		
Current Assets		
Investments at fair value	8,634,340	7,509,423
Cash	239,019	412,087
	8,873,359	7,921,510
Liabilities (Note 2)		
Current Liabilities		
Management fees payable	16,662	14,428
Other payables and accrued expenses	26,024	161,400
	42,686	175,828
Net assets attributable to partners	8,830,673	7,745,682
Number of partnership units outstanding	1,121,020	1,121,020
Net assets attributable to partners per unit	7.88	6.91

The accompanying notes form an integral part of the financial statements

On behalf of the General Partner, MQ 2016-II SD Limited Partnership.
by its general partner, Marquest FT Inc.

"Gerry L. Brockelsby"
Gerry L. Brockelsby
Director

"Andrew A. McKay"
Andrew A. McKay
Director

STATEMENTS OF COMPREHENSIVE INCOME (CDN $)

For the six-month period ended June 30, 2017

	2017 ($)
Income	
Dividends	25,781
Net realized gain (loss) on sale of investments, including foreign exchange gain (loss)	(81,464)
Change in net unrealized appreciation (depreciation) on investments	1,274,059
Total Income (loss)	1,218,376
Expenses	
Management fees (note 3)	98,706
Transaction costs (Note 4)	500
Operating fees	7,325
Audit fees	5,435
Custodian fees	22,497
Independent review committee fees	459
Unitholder reporting costs	(1,437)
Total Expenses	133,485
Increase in net assets attributable to partners from operations	1,084,891
Increase in net assets attributable to partners from operations per unit	0.97

The accompanying notes form an integral part of the financial statements

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

INTERIM UNAUDITED FINANCIAL STATEMENTS | June 30, 2017

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS (CDN $)

For the six-month period ended June 30, 2017

	2017 ($)
Net assets attributable to partners, beginning of period	7,745,682
Operations:	
Increase in net assets attributable to partners from operations	1,084,891
Partners' transactions	
Proceeds from issuance of partnership units issued	-
Agents' fees and issue expenses (note 3)	100
Net increase in net assets from Partners' transactions	100
Net assets attributable to partners at end of period	8,830,673

The accompanying notes form an integral part of the financial statements

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

MARQUEST 2016-II NATIONAL CLASS

STATEMENTS OF CASH FLOW (CDN $)

For the six-month period ended June 30, 2017

	2017 ($)
Cash flows from (used in) operating activities	
Increase in net assets attributable to partners from operations	1,084,891
Adjustments for:	
Net realized gain (loss) on sale of investments, including foreign exchange gain (loss)	81,464
Change in net unrealized appreciation (depreciation) on investments	(1,274,059)
Purchases of investments	(25,781)
Proceeds from sale and maturity of investments	93,459
Management fees payable	2,234
Other payables and accrued expenses	(135,376)
Net cash from (used in) operating activities	(173,168)
Cash flows from (used in) financing activities	
Payment of issue expenses	100
Net cash from (used in) financing activities	100
Foreign exchange loss(gain) on cash	-
Net increase/(decrease) in cash	(173,068)
Cash (bank indebtedness) at beginning of period	412,087
Cash (bank indebtedness) at end of period	239,019
Supplementary disclosures on cash flow from operating activities:	
Dividends received	-
Foreign taxes paid	-
Interest received	-
Interest paid	-

The accompanying notes form an integral part of the financial statements

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

MARQUEST 2016-II NATIONAL CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS

SCHEDULE OF INVESTMENT PORTFOLIO (CDN $)

As at June 30, 2016

Number of Shares, Units or Warrants		Expiry Date	Strike Price ($)	Average Cost ($)	Fair Value ($)
	CANADIAN EQUITIES (97.78%)				
	Precious Metal (62.68%)				
67,846	Castle Silver Resources Inc.			16,283	17,301
67,846	Castle Silver Resources Inc., Warrants	15/09/2017	0.10	9,498	10,516
2,941,176	Explor Resources Inc			250,000	205,882
1,875,000	Golden Dawn Minerals Inc.			600,000	581,250
1,875,000	Golden Dawn Minerals Inc., Warrants	16/11/2018	0.40	-	2
5,000,000	Gowest Gold Ltd			1,000,000	1,100,000
10,526,316	Granada Gold Mine Inc			1,000,000	684,211
10,526,316	Granada Gold Mine Inc., Warrants	28/10/2018	0.14	-	11
1,136,364	HPQ Silicon Resources Inc			250,000	136,364
568,182	HPQ Silicon Resources Inc., Warrants	31/10/2018	0.30	-	-
1,500,000	Metalllic Minerals Corp.			750,000	480,000
1,643,079	Prosper Gold Corp., Warrants			575,078	279,323
1,071,428	Prosper Gold Corp., Warrants	01/11/2019	0.55	-	-
4,545,454	Shore Gold Inc.			1,000,000	1,431,818
1,048,000	Victoria Gold Corp.			917,000	607,840
				6,367,859	5,534,518
	Base Metal (27.07%)				
2,272,727	Avalon Advanced Materials Inc.			500,000	318,182
10,000,000	Encanto Potash Corp.			850,000	650,000
2,941,176	Great Lakes Graphite Inc.			250,000	205,882
3,333,333	Noront Resources Ltd.			1,000,000	1,216,667
				2,600,000	2,390,731
	Energy (8.03%)				
909,091	IsoEnergy Ltd.			1,000,000	709,091
	Total Investments (97.78%)			9,967,859	8,634,340
	Other Assets less Liabilities (net) (2.22%)			196,333	196,333
	Net assets attributable to partners			10,164,192	8,830,673

PORTFOLIO CONCENTRATION (CDN $)

	% of Net Assets Attributable to Partners	
Portfolio by Category	**June 30, 2017**	**December 31, 2016**
Precious Metals	62.68%	58.50%
Base Metals	27.07%	38.45%
Energy	8.03%	-
Other Assets Less Liabilities	2.22%	3.05%
Total	100.00%	100.00%

See accompanying notes which are an integral part of these financial statements

MARQUEST 2016-II MINING SUPER FLOW-THROUGH LIMITED PARTNERSHIP - MARQUEST 2016-II QUÉBEC CLASS

INTERIM UNAUDITED FINANCIAL STATEMENTS | June 30, 2017

STATEMENTS OF FINANCIAL POSITION (CDN $)

As at,

	June 30, 2017	December 31, 2016 ($)
Assets		
Current Assets		
Investments at fair value	7,707,100	7,612,451
Cash	152,545	411,103
	7,859,645	8,023,554
Liabilities (Note 2)		
Current Liabilities		
Management fees payable	14,753	14,621
Other payables and accrued expenses	26,046	161,196
	40,799	175,817
Net assets attributable to partners	7,818,846	7,847,737
Number of partnership units outstanding	1,118,932	1,118,932
Net assets attributable to partners per unit	6.99	7.01

The accompanying notes form an integral part of the financial statements

On behalf of the General Partner, MQ 2016-II SD Limited Partnership.
by its general partner, Marquest FT Inc.

"Gerry L. Brockelsby"
Gerry L. Brockelsby
Director

"Andrew A. McKay"
Andrew A. McKay
Director

MARQUEST 2016-II MINING SUPER FLOW-THROUGH LIMITED PARTNERSHIP - MARQUEST 2016-II QUÉBEC CLASS

STATEMENTS OF COMPREHENSIVE INCOME (CDN $)

For the six-month period ended June 30, 2017

	2017 ($)
Income	
Dividends	25,781
Net realized gain (loss) on sale of investments, including foreign exchange gain (loss)	(5,279)
Change in net unrealized appreciation (depreciation) on investments	84,678
Total Income (loss)	105,180
Expenses	
Management fees (note 3)	99,029
Transaction costs (Note 4)	105
Operating fees	7,473
Audit fees	5,435
Custodian fees	23,068
Independent review committee fees	451
Unitholder reporting costs	(1,390)
Total Expenses	134,171
Decrease in net assets attributable to partners from operations	(28,991)
Decrease in net assets attributable to partners from operations per unit	(0.03)

The accompanying notes form an integral part of the financial statements

MARQUEST 2016-II MINING SUPER FLOW-THROUGH LIMITED PARTNERSHIP - MARQUEST 2016-II QUÉBEC CLASS

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS (CDN $)

For the six-month period ended June 30, 2017

	2017 ($)
Net assets attributable to partners, beginning of period	7,847,737
Operations:	
Decrease in net assets attributable to partners from operations	(28,991)
Partners' transactions	
Proceeds from issuance of partnership units issued	-
Agents' fees and issue expenses (note 3)	100
Net increase in net assets from Partners' transactions	100
Net assets attributable to partners at end of period	7,818,846
	-

The accompanying notes form an integral part of the financial statements

MARQUEST 2016-II MINING SUPER FLOW-THROUGH LIMITED PARTNERSHIP - MARQUEST 2016-II QUÉBEC CLASS

STATEMENTS OF CASH FLOW (CDN $)

For the six-month period ended June 30, 2017

	2017 ($)
Cash flows from (used in) operating activities	
Decrease in net assets attributable to partners from operations	(28,991)
Adjustments for:	
Net realized gain (loss) on sale of investments, including foreign exchange gain (loss)	5,279
Change in net unrealized appreciation (depreciation) on investments	(84,678)
Purchases of investments	(25,781)
Proceeds from sale and maturity of investments	10,531
Management fees payable	132
Other payables and accrued expenses	(135,150)
Net cash from (used in) operating activities	(258,658)
Cash flows from (used in) financing activities	
Payment of agents' fees	-
Payment of issue expenses	100
Net cash from (used in) financing activities	100
Foreign exchange loss(gain) on cash	-
Net increase/(decrease) in cash	(258,558)
Cash (bank indebtedness) at beginning of period	411,103
Cash (bank indebtedness) at end of period	152,545
Supplementary disclosures on cash flow from operating activities:	
Dividends received	-
Foreign taxes paid	-
Interest received	-
Interest paid	-
	-

The accompanying notes form an integral part of the financial statements

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

MARQUEST 2016-II QUÉBEC CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2017

Number of Shares, Units or Warrants		Expiry Date	Strike Price ($)	Average Cost ($)	Fair Value ($)
	CANADIAN EQUITIES (98.57%)				
	Precious Metal (49.98%)				
555,555	Berkwood Resources Ltd.			500,000	166,667
67,846	Castle Silver Resources Inc.			16,283	17,301
67,846	Castle Silver Resources Inc., Warrants	15/09/2017	0.10	9,498	10,516
8,435,294	Explor Resources Inc.			717,000	590,471
556,025	Falco Resources Ltd.			711,712	556,025
1,125,000	Golden Dawn Minerals Inc.			360,000	348,750
1,125,000	Golden Dawn Minerals Inc., Warrants	16/11/2018	0.40	-	1
2,000,000	Gowest Gold Ltd			400,000	440,000
10,526,315	Granada Gold Mine Inc			1,000,000	684,210
10,526,315	Granada Gold Mine Inc., Warrants	28/10/2018	0.14	-	11
4,545,454	HPQ Silicon Resources Inc., Warrants			1,000,000	545,454
2,272,727	HPQ Silicon Resources Inc., Warrants	31/10/2018	0.30	-	2
2,777,777	Khalkos Exploration Inc.			500,000	263,889
272,455	Shore Gold Inc.			59,940	85,823
342,857	Victoria Gold Corp.			300,000	198,857
				5,574,433	3,907,977
	Base Metal (43.42%)				
2,272,727	Avalon Advanced Materials Inc.			500,000	318,182
3,931,652	Clean Commodities Corp.			334,190	206,412
10,588,235	Encanto Potash Corp.			900,000	688,235
7,000,000	Focus Graphite Inc.			700,000	560,000
2,941,176	Great Lakes Graphite Inc.			250,000	205,882
3,333,333	Noront Resources Ltd.			1,000,000	1,216,667
4,980,000	Saint Jean Carbon Inc.			249,000	199,200
				3,933,190	3,394,578
	Energy (5.17%)				
454,545	IsoEnergy Ltd.			500,000	354,545
1,538,461	Uracan Resources Ltd.			100,000	50,000
				600,000	404,545
	Total Investments (98.57%)			10,107,623	7,707,100
	Other Assets less Liabilities (net) (1.43%)			111,746	111,746
	Net assets attributable to partners			10,219,369	7,818,846

PORTFOLIO CONCENTRATION (CDN $)

	% of Net Assets Attributable to Partners	
Portfolio by Category	**June 30, 2017**	**December 31, 2016**
Base Metals	49.98%	52.53%
Precious Metals	43.42%	43.30%
Energy	5.17%	1.17%
Other Assets Less Liabilities	1.43%	3.00%
Total	100.00%	100.00%

See accompanying notes which are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2017

1. FORMATION AND BUSINESS OF PARTNERSHIP

Marquest 2016-II Mining Super Flow-Through Limited Partnership (the "Partnership") was formed as a limited partnership under the laws of the Province of Ontario on July 13, 2016.

The Partnerships' registered office is 161 Bay Street, Suite 4420, P.O. Box 204, Toronto, Ontario M5J 2S1.

The Partnership has two classes of limited partnership units, the Marquest 2016-II National Class (the "National Class") and Marquest 2016-II Québec Class (the "National Class" together with the "Québec Class" the "Funds" and, individually, a "Fund"). In 2016, the Partnership issued 1,121,020 National Class units at a price of $10 per unit for gross proceeds of $11,210,200 and 1,118,932 Québec Class units at an issue price of $10 per unit for gross proceeds of $11,189,320. Each Class of limited partnership units (collectively, the "Units") is a separate non-redeemable investment fund for securities laws purposes and will have its own investment portfolio and investment objectives.

The principal purpose of the Partnership is to invest in flow-through shares of resource sector issuers in accordance with the terms of the limited partnership agreement. The Partnership commenced operations on September 29, 2016.

The general partner of the Partnership is MQ 2016-II SD Limited Partnership (the "General Partner") which acted as a promoter and manager of the Partnership in connection with the offering of units of the Partnership.

As at June 30, 2017 the General Partner held no units in the Partnership.

To provide for potential liquidity and long-term capital growth of capital, on or before August 15, 2018, the General Partner is authorized to implement a mutual fund rollover transaction in which the assets of the Partnership will be transferred to a mutual fund, on a tax deferred basis, in exchange for shares of a mutual fund, following which such shares of the mutual fund will be distributed to the limited partners, pro rata, on a tax deferred basis.

The General Partner's Board of Directors has approved these financial statements on August 25, 2017.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of annual financial statements as published by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee and as required by Canadian securities legislation and the Canadian Accounting Standards Board.

These financial statements have been prepared on a historical cost basis except for investments in securities which are measured at fair value.

(b) Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires the Partnership to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. Significant estimates include the valuation of investments and derivatives and significant judgements include the designation of investments as FVTPL and classification of the Partnership as an investment entity. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

The Partnership may hold financial instruments that are not quoted in active markets. Fair values may be determined using reputable pricing vendors or indicated prices from market makers/brokers. Broker quotes as obtained from pricing sources may be indicative and not executable or binding. Securities not listed upon a recognized public stock exchange, or securities for which a last sale or closing price are unavailable or securities for which market quotations are, in the Manager's opinion, inaccurate, unreliable or not reflective of all available material information, are valued at their estimated fair value, determined by using appropriate and accepted industry valuation techniques including valuation models. The estimated fair value of a security determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's) and volatility. Changes in assumption about these factors could affect the reported fair value of financial instruments and the level where the instruments are disclosed in the fair value hierarchy.

(c) Functional currency

The financial statements have been presented in Canadian dollars, which is the Partnership's functional currency.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments

The Partnership recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Partnership commits to purchase or sell the asset.

The Partnership classifies its financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Financial assets and liabilities at fair value through profit or loss (FVTPL)

The category of financial assets and liabilities at fair value through the profit or loss is sub-divided into:

• Financial assets and liabilities held for trading: financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. The Partnership’s policy is not to apply hedge accounting.

• Financial instruments designated as at fair value through profit or loss upon initial recognition. These include the Partnership’s portfolio investments, financial assets and liabilities which are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis.

Financial assets and financial liabilities at fair value through profit or loss are recorded initially in the Statement of Financial Position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. In circumstances where the close price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value. All transaction costs for such instruments are recognised directly in profit or loss.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include discounted cash flow analysis and option pricing models, which considers factors such as the market value of the underlying security, strike price, volatility and terms of the warrants.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the ‘financial assets or financial liabilities at fair value through profit or loss’ category are presented in the statement of comprehensive income within other net change in unrealized appreciation (depreciation) in value of investments in the period in which they arise. Interest and dividend earned or paid on these instruments are recorded separately in interest for distribution or expense and dividend revenue or expense.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables are measured at amortized cost. Transaction costs are included in the initial carrying amount of the asset.

Other financial liabilities

This category includes all financial liabilities, other than those classified at fair value through profit or loss. Financial liabilities classified as other financial liabilities are subsequently measured at amortized cost. Transaction costs are included in the initial carrying amount of the liability.

Classification of these financial instruments is as follows:

Investments at fair value	FVTPL
Cash	FVTPL
Management fees payable	Other financial liabilities
Other payables and accrued expenses	Other financial liabilities

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

The breakdown of the Partnership fair value of financial instruments into the three-level hierarchy is provided in Note 8.

Financial assets are de-recognized when the rights to receive cash flows from the investments have expired or the Partnership has transferred substantially all risks and rewards of ownership. The Partnership derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. On de-recognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognized in statement of comprehensive income.

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Partnership would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or adverse changes in the payment status of the borrowers.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

(e) Cash

Cash in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

For the purpose of the statement of cash flows, cash consist of cash as defined above, net of outstanding bank overdrafts, when applicable.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Valuation of partnership units

Net asset value per unit is calculated on the last business day of each month by dividing the net asset value ("Transactional NAV") by the number of outstanding units. The net asset value is computed by subtracting the aggregate amount of the Partnership's liabilities from the aggregate amount of the Partnership's assets. Amounts received on the issuance of units are included on the Statement of Changes in Financial Position.

(g) Increase/decrease in net assets attributable to Partners from operations per unit

Increase/decrease in net assets attributable to Partners from operations per unit is based on the increase/decrease in net assets attributable to Partners divided by the number of units outstanding at the end of the period.

(h) Investment income recognition

Realized and unrealized gains and losses

Realized gains and losses on sale of investments, and unrealized appreciation and depreciation on investments, are calculated on an average cost basis.

(i) Valuation of investments

I. Securities listed upon a recognized public stock exchange are valued at their close prices on the valuation date. In circumstances where the close price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.
II. Securities not listed upon a recognized public stock exchange, or securities for which a close price, last sale or bid price are unavailable or securities for which market quotations are, in the Manager's opinion, inaccurate, unreliable or not reflective of all available material information, are valued at their estimated fair value, determined by using appropriate and accepted industry valuation techniques including valuation models. The estimated fair value of a security determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the estimated fair value of a security may be determined using valuation techniques that are not supported by observable market data.
III. Short-term notes, treasury bills and bonds are valued at the average close quotations from recognized investment dealers.
IV. Warrants which do not have a quoted close price are carried at the difference between the exercise price and the quoted close price of the underlying security if the exercise price is lower than the quoted close price. If the exercise price of the underlying security is higher than the quoted close price, then the fair value of the warrant is deemed to be zero.

(j) Investment transactions

Investment transactions are accounted for on the date the order to buy or sell is executed.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Transaction costs

Transaction costs are expensed and are included in “Transaction costs” in the Statement of Comprehensive Loss. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers, and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

(l) Net income and loss

All income, gains, proceeds, losses, expenditures, tax credits, related costs or deductions of the Partnership properly allocable to the Partners for the Tax Act shall be allocated among the Partners as follows at the end of each fiscal year:

a) the Limited Partners of record at the end of the financial year will be entitled to 99.99% of the net income or net loss of the Partnership which will be allocated among the Limited Partners prorata; and
b) the General Partner will be entitled to 0.01% of the net income or net loss of the Partnership.

These financial statements include only the assets, liabilities and operations of the Partnership and do not include other assets, liabilities, revenues or expenses, including income taxes, of the Limited Partners.

3. EXPENSES AND RELATED PARTY TRANSACTIONS

Management Fees

In consideration for the Manager’s services and pursuant to the terms of the Management Agreement, the Partnership pays the General Partner an annual management fee equal to 2% of their Net Asset Value, calculated and paid monthly in arrears. During the period ended June 30, 2017, management fees, including HST for the National Class and the Québec Class amounted to $98,706 and $99,029 respectively.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2017

3. EXPENSES AND RELATED PARTY TRANSACTIONS (CONTINUED)

Incentive Bonus and Issuance Cost

On or before the dissolution of the Partnership or implementation of one of the liquidity alternatives, an incentive bonus will be payable by the Partnership to the General Partner calculated as 20% of the amount by which:

(i) the sum of

a) the Net Asset Value per Unit as of that date; and
b) all distributions per Unit on or before that date, plus appreciation on such distributions at the rate of 12% per annum, compounded annually, from the date of distribution

exceeds

(ii) the sum of $10.00 plus appreciation thereon at the rate of 12% per annum, compounded annually, from the Closing date.

The General partner received $ nil of the 0.01% entitlement of the net income of the Partnership.

The Partnership paid agent fees, a sales commission equal to 5.75% of the selling price for each Unit for which subscriptions are accepted by the General Partner and initial expense of the offering up to 2% of the gross proceeds.

4. BROKERAGE COMMISSIONS ON SECURITIES TRANSACTIONS

The Partnership may incur brokerage commissions, a portion of which may have been received by the Partnership’s investment advisers in the form of investment and research services. For the period ended June 30, 2017 the total soft dollars benefits received was $ nil.

5. INCOME TAXES

No provision for income taxes has been recorded in these financial statements as the earnings or loss of the Partnership is allocated to the limited partners and the General Partner, who are responsible for any income taxes applicable thereto.

The Partnership's investments in flow-through shares have a nil tax basis as the exploration and development expenditures incurred by the investee have been flowed out to the limited partners.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2017

6. PARTNER'S CAPITAL AND CAPITAL MANAGEMENT

The Partnerships are authorized to issue an unlimited number of units. Each unit subjects the holder thereof to the same obligations and entitles such holder to the same rights as the holder of any other unit, including the right to one vote at all meetings of the Limited Partners and to equal participation in any distribution made by the Partnerships. The Partnership is a limited life fund and the Partnership interest represents a contractual obligation to deliver cash or another financial instrument. Therefore, the Partnership units are classified as financial liabilities.

Units are not redeemable by the Limited Partners.

Capital Management

The Partnerships' capital represents the net assets of the Partnerships and is comprised of issued units net of agents' fee and issue expenses, ongoing expenses of the Partnership will be satisfied by investment income earned and the sale of investments as necessary. The Manager utilizes the partners' capital in accordance with the Partnerships' investment objectives, strategies and restrictions, as outlined in each Partnership's prospectus. As at June 30, 2017, the Partnership was not subject to externally imposed capital requirements.

7. RECONCILIATION OF NET ASSET VALUE

In accordance with Canadian securities regulations, a reconciliation between the net asset value and the net assets of an investment Partnership is required for financial reporting periods.

For investments that are traded in an active market where quoted prices are readily and regularly available, IFRS 13, Fair Value Measurements requires that for an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy, rather than the use of closing sale prices currently used for the purpose of determining net asset value. The Partnership uses last traded close price unless the close price falls outside the bid-ask spread. As at June 30, 2017, there were no differences between the net asset value per unit and the net asset per unit of the Partnership.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2017

8. FINANCIAL INSTRUMENTS AND RISK DISCLOSURES

Fair value

Financial instruments of the Partnership include cash, investments, management fees payable and other payables and accrued expenses. There are no significant differences between the carrying values of these financial instruments and their fair value due to their short term nature. Investments are carried at their fair values as described in note 2.

The following tables present the Funds' financial instruments (except cash) measured at fair value classified by the fair value hierarchy set out in IFRS 13 Fair value Measurements as of June 30, 2017 and December 31, 2016:

June 30, 2017	Level 1 $	Level 2 $	Level 3 $	Totals $
National Class	8,634,340	-	-	8,634,340
Quebec Class	7,707,100	-	-	7,707,100

December 31, 2016	Level 1 $	Level 2 $	Level 3 $	Totals $
National Class	7,509,423	-	-	7,509,423
Quebec Class	7,612,451	-	-	7,612,451

Warrants have been classified as Level 1 and have no fair market value. All other investments are classified as Level 1. There were no transfers between levels during the period.

Level 3 securities generally include investment of private companies. During the period ended June 30, 2017 and December 31, 2016, there were no Level 3 securities.

Risk management and disclosures

The Partnership's investment activities expose it to a variety of financial risks. Significant risks that are relevant to the Partnership are discussed below. The sensitivity analyses shown in the notes below may differ from actual trading, and the difference could be material.

The General Partner seeks to minimize potential adverse effects of these risks on the Partnership's performance by employing professional, experienced portfolio advisers, daily monitoring of the Partnership's positions and market events; by diversifying the investment portfolios within the constraints of the investment objectives. To assist in managing risks, the General Partner also uses internal guidelines that identify the target exposure for each type of risk, maintains a governance structure that oversees the Partnership's investment activities and monitors compliance with the Partnership's stated investment strategies and securities regulations.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2017

8. FINANCIAL INSTRUMENTS AND RISK DISCLOSURES (continued)

Equity and other price risk

Equity and other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange risk). The investments of the Partnership are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Partnership is equivalent to the fair value of the financial instruments. The General Partner moderates this risk through a careful selection of securities within specified limits and the Partnership's market price risk is managed through diversification of the investment portfolio within the constraints of the Partnership's investment objectives.

The most significant exposure to equity and other price risk arises from its investments in equity securities. As of June 30, 2017 and December 31, 2016 had the prices on the respective stock exchanges for these securities raised or lowered by 10%, with all other variables held constant, Net Assets per partnership unit would have increased or decreased respectively as follows:

June 30, 2017	Net Assets per Partnership Unit	+10%	-10%
National Class	$7.88	$8.67	$7.09
Québec Class	$6.99	$7.69	$6.29

December 31, 2016	Net Assets per Partnership Unit	+10%	-10%
National Class	$6.91	$7.60	$6.22
Québec Class	$7.01	$7.71	$6.31

Liquidity Risk

The Partnership may invest in securities, which are not actively traded on a stock exchange. The fair values of these securities may not be indicative of what the Partnership could realize on the immediate sale as it may take a significant amount of time to liquidate positions without causing a significant negative impact on the fair value. There can be no assurance that an active trading market for these securities will exist at all times, or that the prices at which these securities trade accurately reflect their values. In addition, the Partnership has financial liabilities outstanding including accrued liabilities. These financial liabilities are all current and are due within 12 months.

At June 30, 2017, 0.00% of the National Class and 0.00% of the Québec Class investments are subject to hold periods expiring in 2017.

At December 31, 2016, 100.00% of the National Class and 93.50% of the Québec Class investments are subject to hold periods expiring in 2017.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2017

8. FINANCIAL INSTRUMENTS AND RISK DISCLOSURES (continued)

Equity and other price risk (continued)

Credit Risk

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Substantially all of the assets of the Partnership are held by the custodian, RBC Investor and Treasury Services. Bankruptcy or insolvency of the custodian may cause the Partnership's right with respect to securities held by the custodian to be delayed or limited. The Partnership manages this risk by monitoring the credit quality and financial position of the custodian. If the credit quality or the financial position deteriorates unacceptably, the General Partner will act to move the Partnership's securities holdings to another custodian. Other than outlined above there was no significant concentration of credit risk to a counterparty as at June 30, 2017.

Concentration Risk

Portfolio concentration risk is the risk of loss in the total value of the portfolio investments of the Partnership due to an over-concentration of investments in a particular instrument, sector or country. A summary of the Portfolio's concentration risk by industry sector as at June 30, 2017 is shown in Partnership's Schedule of Investment Portfolio.

9. INDEPENDENT REVIEW COMMITTEE (IRC)

In accordance with National Instrument 81-107, Independent Review Committee for Investment Funds, the Manager has established an IRC for the Partnerships. The mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Partnerships. The IRC reports annually to unitholders of the Funds on its activities, and the annual report is available on or after December 31 in each year. The Manager charges compensation paid to the IRC members and the costs of the ongoing administration of the IRC to the Partnerships. These amounts are recorded in the Statements of Comprehensive Income.

10. FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS 9 Financial Instruments was issued in final form in July 2014 by the IASB and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The General Partner is currently assessing the impact of adopting the IFRS 9 on the Partnership's financial statements.

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