



MARQUEST MUTUAL FUNDS INC.
EXPLORER SERIES FUND

SEMI-ANNUAL MANAGEMENT
REPORT OF FUND PERFORMANCE
Period ended June 30, 2017

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

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 Fund's operating climate and possible future developments that may affect Fund 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 Mutual Funds Inc. Explorer Series Fund (the "Fund"). You can get a copy of the interim financial statements at your request, and at no cost, from Marquest Asset Management Inc. (the "Manager") by calling 1-877-777-1541, 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 Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Results of Operations

As at June 30, 2017, the Fund's total NAV was \$10,081,304, an increase of 2.31% since the prior year end (December 2016: \$9,853,304). The change is primarily due to net realized gain on sale of investments of \$1,075,292. This was partially offset by unrealized depreciation on investments, management fees, transaction costs, operating fees, custodian fees and net redemptions of \$60,008, \$134,013, \$100,274, \$49,685, \$12,199 and \$469,908 respectively.

During the period, sales and redemptions were as follows: Series A Rollover \$8,337,000 and \$8,867,795 respectively (June 2016: \$15,102,372 and \$14,250,142); Series A Regular \$1,091 and \$0 respectively (June 2016: \$0 and \$2,439) and Series F \$3,757 and \$3,661 respectively (June 2016: \$4,060 and \$3,554).

Sales and redemptions of Series A rollover shares are attributable to the rollover of Marquest 2016 – I Mining Super Flow Through LP National and Québec Class. For more details please see the "Related Party Transactions" section of the MRFP.

The Canadian equity market declined 0.7% in the first six months of 2017 underperforming other world markets due in most part to the weakness in the energy and materials sectors following relatively strong results in 2016. The S&P/TSX Capped Energy Sector Index and the S&P/TSX Capped Materials Index declined 22.1% and 1.32% respectively. Meanwhile the S&P 500 Index and the MSCI World Index gained 7.8% and 9.4% in the first half of 2017. The main reason for the strong results in global equities was the synchronized reacceleration in global growth and the positive impact on corporate earnings.

The Class A Units of the Fund gained 7.8% in the first half of 2017 significantly outperforming the S&P/TSX Capped Diversified Metals & Mining Index which declined 1.2% over the same period. The portfolio manager took profits in several holdings and raised cash in the Fund following strong returns early in the first quarter. At mid-year, the Fund held 22.3% in short term securities.

The Portfolio Manager believes the correction in metals stocks during the quarter was a consolidation of the strong gains in 2016 and will set the stage for an improvement in results as the demand for metal commodities continues to advance due to improving global growth.

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.

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Related Party Transactions

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement does not have a fixed termination date. The Management Agreement may be terminated on 60 days' notice by the Manager if the Fund is not in breach or default of its obligations under the Management Agreement or on 30 days' notice if the Fund is in breach or default of its obligations. The Manager may only be removed by the Fund if a certain specified events of default have occurred or by an extraordinary resolution of unitholders. Management fees are paid by the Fund as set out under "Management Fees" below.

During the period, \$134,013 in management fees (including HST) was paid to the Manager.

The table below summarizes the rollover transactions into the Fund for the period ended June 30, 2017.

Terminating fund	Merger Date	Continuing fund	Series	Net Assets Acquired	Shares Issued	Exchange ratio
Marquest 2016-I Mining Super Flow Through LP – National Class	02/24/2017	Explorer Series Fund	A-Rollover	\$4,271,046	7,057,248	13.830418
Marquest 2016-I Mining Super Flow Through LP – Québec Class	02/24/2017	Explorer Series Fund	A Rollover	\$4,065,974	6,718,397	11.203678

During the period the Explorer Series Fund purchased securities pursuant to distributions where Marquest Capital Markets, a division of Marquest Asset Management Inc. acted as a finder/agent. Marquest Capital Markets received customary advisory fees of \$17,408 in respect of such distributions as a result of purchases made by the fund and other arm's length third parties. The purchases were conducted in accordance with standing instructions provided by the Fund's Independent Review Committee.

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Financial Highlights

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

Marquest Mutual Funds Inc. - Explorer Series Fund (Series A-Rollover)**						
Net Assets per Share (\$) ⁽¹⁾						
	2017*	2016	2015	2014	2013	2012
Net assets, beginning of the year ⁽²⁾	0.49	0.31	0.59	0.86	2.01	3.37
Increase (decrease) from operations:						
Total revenue	-	-	-	0.01	0.01	0.02
Total expenses (excluding distributions)	(0.01)	(0.03)	(0.04)	(0.05)	(0.07)	(0.14)
Realized gains (losses) for the year	0.05	(0.13)	(0.53)	(0.29)	(0.72)	(2.37)
Unrealized gains (losses) for the year	-	0.27	0.28	0.06	(0.32)	0.97
Total increase (decrease) from operations ⁽²⁾	0.04	0.11	(0.29)	(0.27)	(1.10)	(1.50)
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions ⁽³⁾	-	-	-	-	-	-
Net assets at December 31st of year shown	0.52	0.49	0.31	0.59	0.86	1.94

Notes:

⁽¹⁾ This information is derived from the Fund's audited annual and unaudited interim financial statements. Periods beginning on or after January 1, 2013 follow International Financial Reporting Standards (IFRS) and prior to January 1, 2013 follow Canadian Generally Accepted Accounting Principles (Canadian GAAP). The net assets attributable to holders of redeemable units 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 Fund, or both.

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

**Series A-Rollover shares were first issued on January 15, 2005.

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Financial Highlights (continued)

Marquest Mutual Funds Inc. - Explorer Series Fund (Series A-Regular)**						
Net Assets per Share (\$) ⁽¹⁾						
	2017*	2016	2015	2014	2013	2012
Net assets, beginning of the year ⁽²⁾	0.53	0.35	0.63	0.92	2.14	3.60
Increase (decrease) from operations:						
Total revenue	-	-	-	0.01	0.01	0.03
Total expenses (excluding distributions)	(0.02)	(0.04)	(0.05)	(0.06)	(0.08)	(0.19)
Realized gains (losses) for the year	0.05	(0.09)	(0.56)	(0.33)	(0.79)	(3.37)
Unrealized gains (losses) for the year	-	0.34	0.32	0.14	(0.31)	1.37
Total increase (decrease) from operations ⁽²⁾	0.03	0.21	(0.29)	(0.24)	(1.17)	(2.13)
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions ⁽³⁾	-	-	-	-	-	-
Net assets at December 31st of year shown	0.57	0.53	0.35	0.63	0.92	2.07

Notes:

⁽¹⁾ This information is derived from the Fund's audited annual and unaudited interim financial statements. Periods beginning on or after January 1, 2013 follow International Financial Reporting Standards (IFRS) and prior to January 1, 2013 follow Canadian Generally Accepted Accounting Principles (Canadian GAAP). The net assets attributable to holders of redeemable units 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 Fund, or both.

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

**Series A-Regular shares were first issued on November 27, 2007

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Financial Highlights (continued)

Marquest Mutual Funds Inc. - Explorer Series Fund (Series F)**						
Net Assets per Share (\$) ⁽¹⁾						
	2017*	2016	2015	2014	2013	2012
Net assets, beginning of the year ⁽²⁾	0.47	0.31	0.55	0.79	1.82	3.02
Increase (decrease) from operations:						
Total revenue	-	-	-	0.01	0.01	0.02
Total expenses (excluding distributions)	(0.01)	(0.02)	(0.04)	(0.04)	(0.07)	(0.12)
Realized gains (losses) for the year	0.05	(0.05)	(0.57)	(0.28)	(0.75)	(2.00)
Unrealized gains (losses) for the year	(0.01)	0.25	0.35	0.07	(0.31)	0.81
Total increase (decrease) from operations ⁽²⁾	0.03	0.18	(0.26)	(0.24)	(1.13)	(1.26)
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions ⁽³⁾	-	-	-	-	-	-
Net assets at December 31st of year shown	0.51	0.47	0.31	0.55	0.79	1.76

Notes:

⁽¹⁾ This information is derived from the Fund's audited annual and unaudited interim financial statements. Periods beginning on or after January 1, 2013 follow International Financial Reporting Standards (IFRS) and prior to January 1, 2013 follow Canadian Generally Accepted Accounting Principles (Canadian GAAP). The net assets attributable to holders of redeemable units 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 Fund, or both.

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

**Series F units were first issued on November 27, 2007.

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Financial Highlights (continued)

Ratios and Supplemental Data						
Series A-Rollover**	2017*	2016	2015	2014	2013	2012
Total net asset value (000's) ⁽¹⁾	\$ 10,063	\$ 9,837	\$ 5,400	\$ 12,630	\$ 17,249	\$ 39,857
Number of shares outstanding ⁽¹⁾	19,186,866	20,222,379	17,390,822	21,368,364	19,984,646	19,845,614
Management expense ratio ⁽²⁾	3.53%	4.40%	6.26%	5.14%	5.44%	3.80%
Management expense ratio before waivers or absorption ⁽⁵⁾	3.53%	4.40%	6.26%	5.14%	5.44%	4.79%
Trading expense ratio ⁽³⁾	1.69%	2.86%	1.32%	1.32%	1.15%	1.00%
Portfolio turnover rate ⁽⁴⁾	111.64%	393.41%	282.70%	176.96%	130.60%	108.70%
Net asset value per share ⁽¹⁾	\$ 0.52	\$ 0.49	\$ 0.31	\$ 0.59	\$ 0.86	\$2.01
Series A-Regular***	2017*	2016	2015	2014	2013	2012
Total net asset value (000's) ⁽¹⁾	\$ 10	\$ 8	\$ 6	\$ 16	\$ 30	\$ 39
Number of shares outstanding ⁽¹⁾	17,261	15,586	18,153	24,749	32,115	18,347
Management expense ratio ⁽²⁾	3.55%	5.07%	6.02%	5.07%	5.53%	4.30%
Management expense ratio before waivers or absorption ⁽⁵⁾	3.55%	5.07%	6.02%	5.07%	5.53%	5.58%
Trading expense ratio ⁽³⁾	1.69%	2.86%	1.32%	1.32%	1.18%	1.40%
Portfolio turnover rate ⁽⁴⁾	111.64%	393.41%	282.70%	176.96%	130.60%	108.70%
Net asset value per share ⁽¹⁾	\$ 0.57	\$ 0.53	\$ 0.35	\$ 0.63	\$ 0.92	\$2.14
Series F****	2017*	2016	2015	2014	2013	2012
Total net asset value (000's) ⁽¹⁾	\$ 8	\$ 8	\$ 4	\$ 2	\$ 2	\$ 1
Number of shares outstanding ⁽¹⁾	15,836	16,099	14,297	2,950	2,950	592
Management expense ratio ⁽²⁾	2.42%	3.11%	6.32%	3.98%	5.04%	2.60%
Management expense ratio before waivers or absorption ⁽⁵⁾	2.42%	3.11%	6.32%	3.98%	5.04%	3.49%
Trading expense ratio ⁽³⁾	1.69%	2.86%	1.32%	1.32%	1.43%	0.00%
Portfolio turnover rate ⁽⁴⁾	111.64%	393.41%	282.70%	176.96%	130.60%	108.70%
Net asset value per share ⁽¹⁾	\$ 0.51	\$ 0.47	\$ 0.31	\$ 0.55	\$ 0.79	\$ 1.82

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.

⁽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 Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund 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 a Fund.

⁽⁵⁾ Waivers and absorption of certain expenses associated with the Fund 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.

**Series A-Rollover units were first issued on January 15, 2005.

***Series A-Regular units were first issued on November 27, 2007.

****Series F units were first issued on November 27, 2007.

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Management and Performance Fees

The Management fees for each applicable series are calculated daily and are based on the Fund's ending total NAV per series; cumulative daily totals are then paid on a monthly basis. The Manager uses these management fees to pay sales and trailing commissions to registered dealers on the distribution of the Fund shares, as well as for the general investment management expenses.

	Maximum Annual Management Fee Rate (%)	As a percentage of Management fees	
		Sales & Trailer Commissions (%)	Investment Advisory and Portfolio Management Services (%)
Series A /Rollover Shares	2.00%	19.53%	80.47%
Series A/Regular Shares	2.00%	22.06%	77.94%
Series F Shares	1.00%	0.00%	100.00%

There are no performance fees or incentive fees in the case of the Fund.

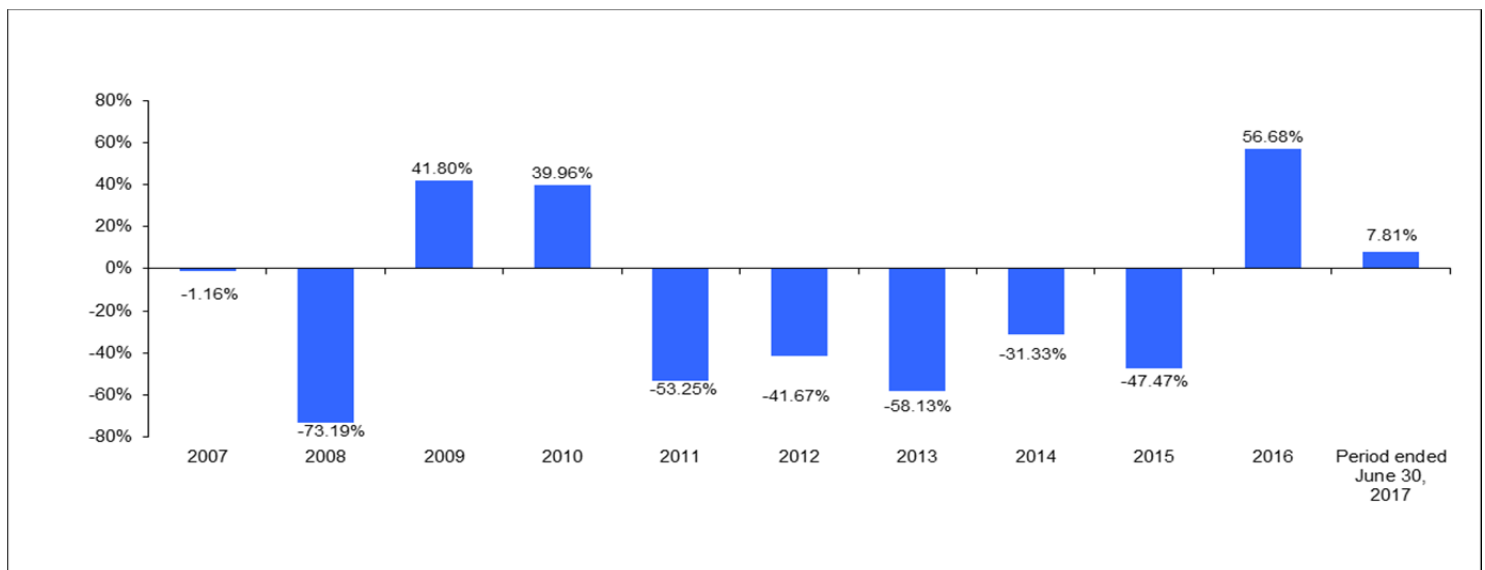
Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between classes of units are mainly attributable to management fees charged to each class.

Year-by-Year Returns

The following bar charts show the Fund's annual Series A Rollover, Series A Regular and Series F shares performance for each of the periods shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

Series A Rollover



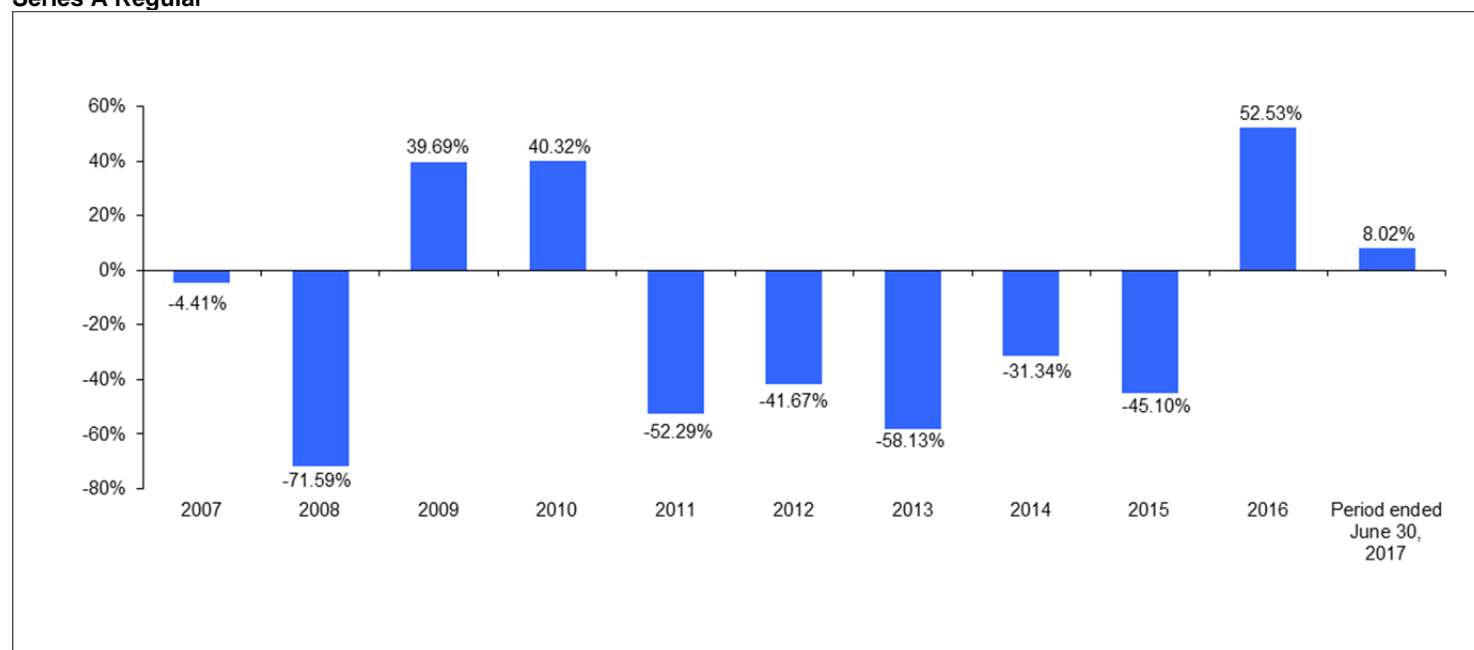
*Inception date for Series A Rollover shares was January 5, 2005.

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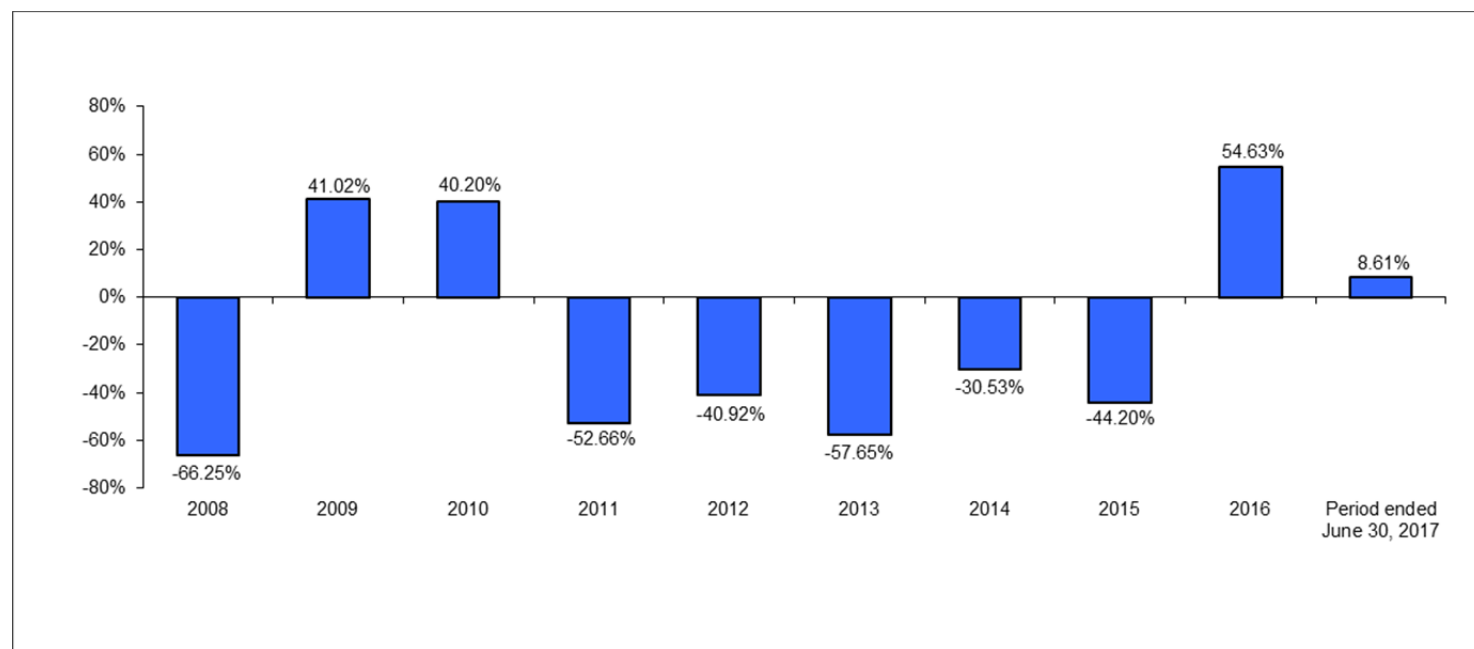
Past Performance (continued)

Series A Regular



*Inception date for Series A Regular shares was November 27, 2007.

Series F



*Inception date for Series F shares was November 27, 2007.

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Summary of Investment portfolio as at June 30, 2017

Total Net Asset Value: \$ 10,081,304

Portfolio Allocation

	% of Fund's Net Asset Value
Base Metals	44.47%
Precious Metals	30.54%
Cash	20.32%
Energy	4.55%
Net Other Assets (Liabilities)	0.12%
	<hr/> 100.00%

Top 25 Holdings

	% of Fund's Net Asset Value
1 Cash	20.32%
2 Harte Gold Corp.	4.80%
3 Metanor Resources Inc.	4.06%
4 Colorado Resources Ltd.	3.82%
5 Rockhaven Resources Ltd.	3.65%
6 Strategic Metals Ltd.	3.41%
7 Atac Resources Ltd Com	3.37%
8 Power Metals Corp.	3.07%
9 NexGen Energy Ltd.	2.85%
10 Altair Resources Inc.	2.77%
11 Arizona Mining Inc.	2.75%
12 HudBay Minerals Inc.	2.75%
13 Trevali Mining Corp.	2.71%
14 Fortune Minerals Ltd.	2.48%
15 Golden Predator Mining Corp.	2.34%
16 Canada Zinc Metals Corp.	2.31%
17 Granada Gold Mine Inc.	2.28%
18 Canada Carbon Inc.	2.22%
19 North American Nickel Inc.	2.13%
20 Trigon Metals Inc.	2.12%
21 Wallbridge Mining Company Ltd.	1.99%
22 Copper Fox Metals Inc.	1.91%
23 Balmoral Resources Ltd.	1.73%
24 Tantalex Resources Corp.	1.73%
25 Appia Energy Corp.	1.70%
	<hr/> 85.27%

The investments and percentages shown may change from time to time due to the ongoing portfolio transactions of the Fund. The weightings of the positions are calculated based on the total net asset value of the Fund as at June 30, 2017. The Fund 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 Fund, 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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