

MARQUEST MUTUAL FUNDS, INC.
EXPLORER SERIES FUND

SEMI-ANNUAL MANAGEMENT
REPORT OF FUND PERFORMANCE
Period ended June 30, 2018

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2018

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, 2018, the Fund's total NAV was \$14,051,509, a decrease of 18.08% since the prior year end (December 2017: \$17,153,022). The change is primarily due to net realized loss on sale of investments of \$348,121, net unrealized depreciation of investments of \$1,939,939, net redemptions of \$501,069, management fees of \$165,024 and operating fees of \$73,067.

During the period, sales and redemptions were as follows: Series A Rollover \$17,498,628 and \$17,631,811 respectively (June 2017: \$8,337,000 and \$8,867,795); Series A Regular \$0 and \$169 respectively (June 2017: \$1,091 and \$0) and Series F \$71,417 and \$439,134 respectively (June 2017: \$3,757 and \$3,661).

Sales and redemptions of Series A rollover shares are attributable to the rollover of Marquest 2017-I Mining Super Flow-Through Limited Partnership – National Class and Marquest 2017-I Mining Super Flow-Through Limited Partnership – Québec Class. For more details please see the "Related Party Transactions" section of the MRFP.

Over the past six months, the Fund's Series A/Rollover shares declined 17.29%. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of the other classes, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index gained 0.42% in the first six months of 2018. The resource sectors had mixed performance over the period. The energy sector was relatively strong with the S&P/TSX Capped Energy Index up 2.80% supported by the gains in crude oil pricing. The mining area was on the other hand weak with the S&P/TSX Capped Diversified Metals & Mining Index and the S&P/TSX Global Gold Index declining 7.90% and 1.10% respectively.

During the first six months of 2018 the Fund held a significant position in the Precious Metals and Base Metals sectors which contributed to the weak performance over the period. The fund maintained a relatively large cash position during the first six months of the year in order to accommodate redemptions resulting from a flow through roll over in May. At mid-year the Fund had 28.45% in short term securities.

Recent Developments

While global GDP remains relatively robust, the nagging uncertainty of trade negotiations is having a damping impact on the prospect of future growth in the emerging economies and most importantly China. Any change in China's economy will have a direct impact on commodity pricing due to their relatively large portion of global demand. Raising interest rates by the US Federal Reserve is another important factor in gauging the growth prospects for the global economy. For now demand for raw materials is strong and inventories are well matched to current demand which should continue to support firm prices.

Corporate Class Series termination

Effective September 28, 2018, Marquest Mutual Fund Inc. – Energy Series Fund will be terminated.

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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, \$165,024 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, 2018.

Terminating fund	Merger Date	Continuing fund	Series	Net Assets Acquired	Shares Issued	Exchange ratio
Marquest 2017-I Mining Super Flow Through LP - National Class	5/4/2018	Explorer Series Fund	A-Rollover	\$8,574,577	16,672,325	27.5275
Marquest 2017-I Mining Super Flow Through LP - Québec Class	5/4/2018	Explorer Series Fund	A-Rollover	\$8,924,051	17,351,839	19.2147

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 \$29,312 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⁾						
	2018*	2017	2016	2015	2014	2013
Net assets, beginning of the year ⁽²⁾	0.59	0.49	0.31	0.59	0.86	2.01
Increase (decrease) from operations:						
Total revenue	-	-	-	-	0.01	0.01
Total expenses (excluding distributions)	(0.01)	(0.03)	(0.03)	(0.04)	(0.05)	(0.07)
Realized gains (losses) for the year	(0.01)	0.08	(0.13)	(0.53)	(0.29)	(0.72)
Unrealized gains (losses) for the year	(0.07)	0.04	0.27	0.28	0.06	(0.32)
Total increase (decrease) from operations ⁽²⁾	(0.09)	0.09	0.11	(0.29)	(0.27)	(1.10)
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	0.49	0.59	0.49	0.31	0.59	0.86

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, 2018.

**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⁾						
	2018*	2017	2016	2015	2014	2013
Net assets, beginning of the year ⁽²⁾	0.64	0.53	0.35	0.63	0.92	2.14
Increase (decrease) from operations:						
Total revenue	-	-	-	-	0.01	0.01
Total expenses (excluding distributions)	(0.02)	(0.03)	(0.04)	(0.05)	(0.06)	(0.08)
Realized gains (losses) for the year	(0.02)	0.11	(0.09)	(0.56)	(0.33)	(0.79)
Unrealized gains (losses) for the year	(0.07)	0.02	0.34	0.32	0.14	(0.31)
Total increase (decrease) from operations ⁽²⁾	(0.11)	0.10	0.21	(0.29)	(0.24)	(1.17)
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	0.53	0.64	0.53	0.35	0.63	0.92

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, 2018.

**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⁾						
	2018*	2017	2016	2015	2014	2013
Net assets, beginning of the year ⁽²⁾	0.58	0.47	0.31	0.55	0.79	1.82
Increase (decrease) from operations:						
Total revenue	-	-	-	-	0.01	0.01
Total expenses (excluding distributions)	(0.01)	(0.02)	(0.02)	(0.04)	(0.04)	(0.07)
Realized gains (losses) for the year	(0.01)	0.09	(0.05)	(0.57)	(0.28)	(0.75)
Unrealized gains (losses) for the year	(0.07)	0.07	0.25	0.35	0.07	(0.31)
Total increase (decrease) from operations ⁽²⁾	(0.09)	0.14	0.18	(0.26)	(0.24)	(1.13)
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	0.48	0.58	0.47	0.31	0.55	0.79

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, 2018.

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

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Financial Highlights (continued)

Ratios and Supplemental Data						
	2018*	2017	2016	2015	2014	2013
Series A-Rollover**						
Total net asset value (000's) ⁽¹⁾	\$ 13,114	\$ 15,656	\$ 9,837	\$ 5,400	\$ 12,630	\$ 17,249
Number of shares outstanding ⁽¹⁾	26,924,350	26,586,916	20,222,379	17,390,822	21,368,364	19,984,646
Management expense ratio ⁽²⁾	3.93%	3.74%	4.40%	6.26%	5.14%	5.44%
Management expense ratio before waivers or absorption ⁽⁵⁾	3.93%	3.74%	4.40%	6.26%	5.14%	5.44%
Trading expense ratio ⁽³⁾	1.04%	1.58%	2.86%	1.32%	1.32%	1.15%
Portfolio turnover rate ⁽⁴⁾	127.27%	271.56%	393.41%	282.70%	176.96%	130.60%
Net asset value per share ⁽¹⁾	\$ 0.49	\$ 0.59	\$ 0.49	\$ 0.31	\$ 0.59	\$ 0.86
Series A-Regular***						
Total net asset value (000's) ⁽¹⁾	\$ 10	\$ 12	\$ 8	\$ 6	\$ 16	\$ 30
Number of shares outstanding ⁽¹⁾	18,574	18,846	15,586	18,153	24,749	32,115
Management expense ratio ⁽²⁾	4.02%	3.78%	5.07%	6.02%	5.07%	5.53%
Management expense ratio before waivers or absorption ⁽⁵⁾	4.02%	3.78%	5.07%	6.02%	5.07%	5.53%
Trading expense ratio ⁽³⁾	1.04%	1.58%	2.86%	1.32%	1.32%	1.18%
Portfolio turnover rate ⁽⁴⁾	127.27%	271.56%	393.41%	282.70%	176.96%	130.60%
Net asset value per share ⁽¹⁾	\$ 0.53	\$ 0.64	\$ 0.53	\$ 0.35	\$ 0.63	\$ 0.92
Series F****						
Total net asset value (000's) ⁽¹⁾	\$ 927	\$ 1,485	\$ 8	\$ 4	\$ 2	\$ 2
Number of shares outstanding ⁽¹⁾	1,919,298	2,554,848	16,099	14,297	2,950	2,950
Management expense ratio ⁽²⁾	2.89%	2.89%	3.11%	6.32%	3.98%	5.04%
Management expense ratio before waivers or absorption ⁽⁵⁾	2.89%	2.89%	3.11%	6.32%	3.98%	5.04%
Trading expense ratio ⁽³⁾	1.04%	1.58%	2.86%	1.32%	1.32%	1.43%
Portfolio turnover rate ⁽⁴⁾	127.27%	271.56%	393.41%	282.70%	176.96%	130.60%
Net asset value per share ⁽¹⁾	\$ 0.48	\$ 0.58	\$ 0.47	\$ 0.31	\$ 0.55	\$ 0.79

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, 2018.

**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 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%	19.75%	80.25%
Series A/Regular Shares	2.00%	21.92%	78.08%
Series F Shares	1.00%	0.00%	100.00%

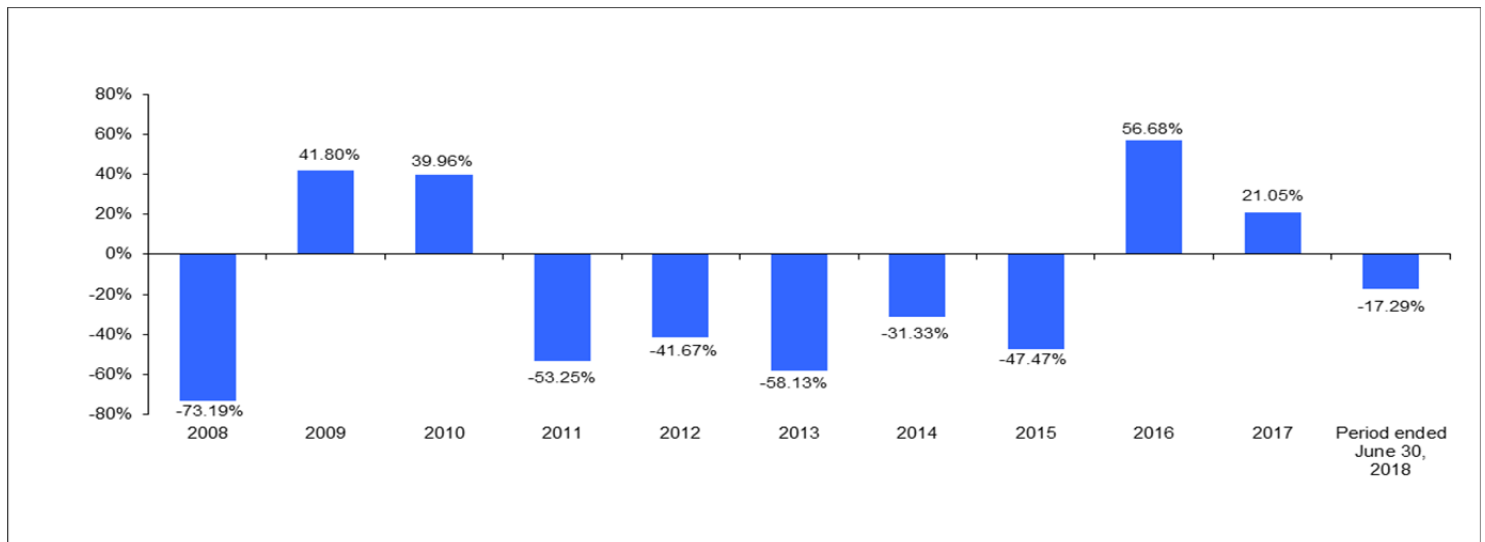
Past Performance

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 series of units are mainly attributable to management fees charged to each series.

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



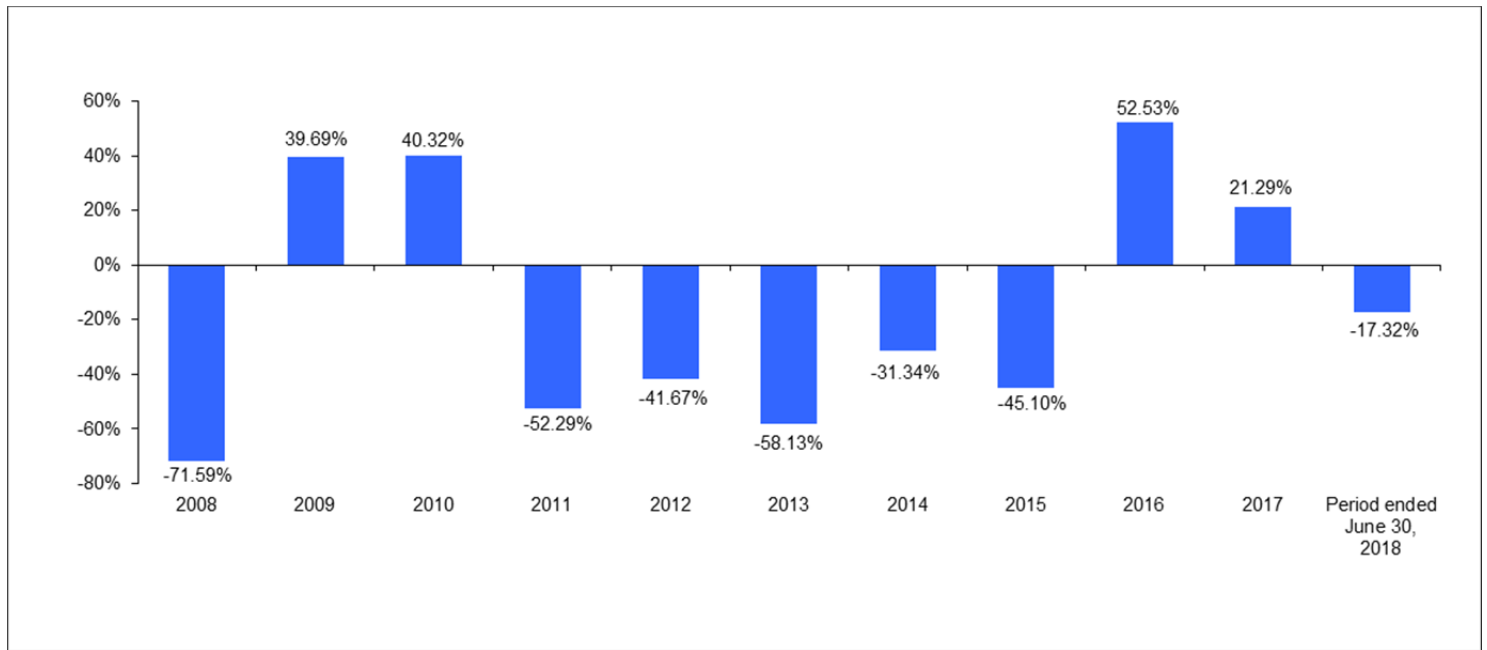
*Inception date for Series A Rollover shares was January 5, 2005.

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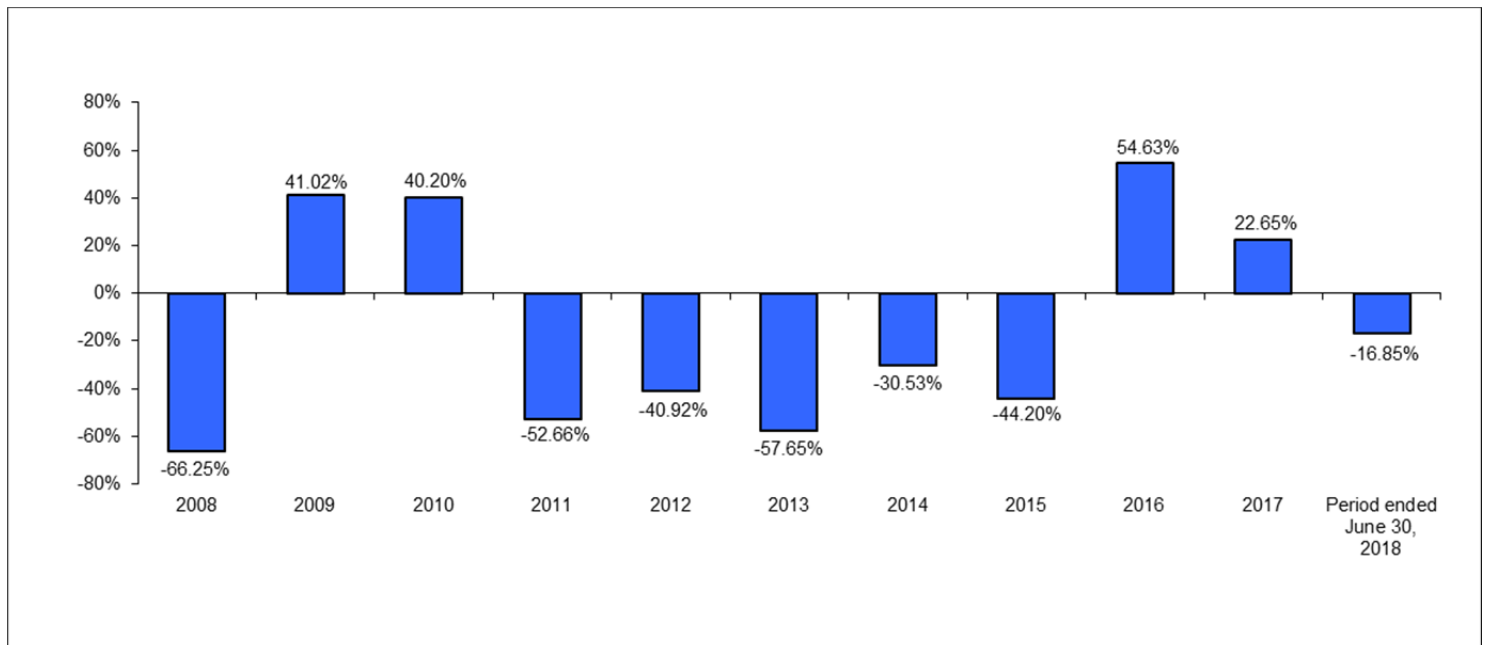
Past Performance (continued)

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, 2018

Total Net Asset Value: \$ 14,051,509

Portfolio Allocation

	% of Fund's Net Asset Value
Precious Metals	35.07%
Cash	28.45%
Base Metals	25.16%
Net Other Assets (Liabilities)	6.99%
Energy	4.33%
	<hr/> 100.00%

Top 25 Holdings

	% of Fund's Net Asset Value
1 Cash	28.45%
2 Garibaldi Resources Corp.	4.60%
3 Explor Resources Inc.	4.59%
4 Wallbridge Mining Company Ltd.	4.16%
5 Power Metals Corp.	3.67%
6 Gowest Gold Ltd.	3.59%
7 Rockhaven Resources Ltd.	2.87%
8 Globex Mining Enterprises Inc.	2.66%
9 Nemaska Lithium Inc.	2.66%
10 IsoEnergy Ltd.	2.49%
11 Juggernaut Exploration Ltd.	2.44%
12 Marathon Gold Corp.	2.24%
13 Metallic Minerals Corp.	2.22%
14 Yorbeau Resources Inc.	2.15%
15 Corvus Gold Inc.	1.84%
16 Golden Dawn Minerals Inc.	1.83%
17 Galway Metals Inc.	1.81%
18 Banyan Gold Corp.	1.66%
19 Focus Graphite Inc.	1.30%
20 Star Diamond Corp.	1.20%
21 Great Lakes Graphite Inc.	1.18%
22 Appia Energy Corp.	1.16%
23 Cantex Mine Development Corp.	0.98%
24 Fieldex Exploration Inc.	0.92%
25 North American Nickel Inc.	0.90%
	<hr/> 83.57%

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, 2018. 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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