



MARQUEST MUTUAL FUNDS, INC.
EXPLORER SERIES FUND

INTERIM MANAGEMENT REPORT OF
FUND PERFORMANCE

Period ended June 30, 2019

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

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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 1-888-964-3533, by writing to us at 27th Floor, 161 Bay Street, 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, 2019, the Fund’s total NAV was \$7,796,150, a decrease of 23.15% since the prior year end (December 2018: \$10,144,593). The change is primarily due net redemptions of \$2,217,418.

During the period, sales and redemptions were as follows: Series A Rollover \$5,464,049 and \$6,920,107 respectively (June 2018: \$17,498,628 and \$17,631,811); Series A Regular \$0 and \$2,108 respectively (June 2018: \$0 and \$169) and Series F \$8,606 and \$767,858 respectively (June 2018: \$71,417 and \$439,134).

Sales and redemptions of Series A rollover shares are attributable to the rollover of Marquest Mining 2018 - I Super Flow Through LP and Marquest Mining Québec 2018 - I Super Flow Through LP. For more details, please see the “Related Party Transactions” section of the MRFP.

During the first six months of 2019 the Fund’s Series A/Rollover shares returned negative 0.3%. This compared to the return for the S&P/TSX global Mining Index of 17.2% and the S&P/TSX Global Gold Index of 18.0%. The Fund’s return is after the deduction of fees and expenses, while the benchmarks and board based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The portfolio’s relatively large weighting in small capitalization mining stocks which significantly underperformed was the major reason for the relatively weak results during the period. Capital funding in the resource sector remains anemic particularly in the smaller cap areas of the market.

Recent Developments

The equity markets rallied strongly from the deeply oversold conditions of late December 2018 as concerns of an economic slowdown subsided. Interest rates also added fuel to the equity rally as rates across the yield curve declined and the yield curve flattened. During the first six months of the year, US 10 year yields declined 66 bp to 2.01% while one month Treasury bills declined 32 bp to 2.18%. The best performing groups in the first half of the year were information technology, health care and industrials.

With concerns regarding economic growth waning interest rates are likely to once again to be trending higher which at a minimum should stall the equity rally. Given the potential for a reversal in yields together with a further improvement in economic growth expectations the cycle sectors would likely be the most favoured areas of the equity market in the next stage of the market cycle. Investors will have to reassess their positions, which will likely cause a shift in relative performance in favour of the cyclical sectors. This environment should support an improving trend in commodity prices and therefore provide a positive backdrop for the mining sector.

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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, \$94,310 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, 2019.

Terminating fund	Merger Date	Continuing fund	Series	Net Assets Acquired	Shares Issued	Exchange ratio
Marquest Mining 2018-I Super Flow Through LP	4/12/2019	Explorer Series Fund	A-Rollover	\$1,009,070	2,319,702	125.7973
Marquest Mining Québec 2018-I Super Flow Through LP	4/12/2019	Explorer Series Fund	A-Rollover	\$4,454,980	10,241,334	137.4860

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 \$6,966 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⁾						
	2019*	2018	2017	2016	2015	2014
Net assets, beginning of the year ⁽²⁾	0.43	0.59	0.49	0.31	0.59	0.86
Increase (decrease) from operations:						
Total revenue	-	-	-	-	-	0.01
Total expenses (excluding distributions)	(0.02)	(0.03)	(0.03)	(0.03)	(0.04)	(0.05)
Realized gains (losses) for the year	0.03	(0.10)	0.08	(0.13)	(0.53)	(0.29)
Unrealized gains (losses) for the year	(0.02)	(0.02)	0.04	0.27	0.28	0.06
Total increase (decrease) from operations ⁽²⁾	(0.01)	(0.15)	0.09	0.11	(0.29)	(0.27)
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	0.43	0.43	0.59	0.49	0.31	0.59

Notes:

⁽¹⁾ This information is derived from the Fund's audited annual and unaudited interim financial statements. 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, 2019.

**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⁾						
	2019*	2018	2017	2016	2015	2014
Net assets, beginning of the year ⁽²⁾	0.47	0.64	0.53	0.35	0.63	0.92
Increase (decrease) from operations:						
Total revenue	-	-	-	-	-	0.01
Total expenses (excluding distributions)	(0.02)	(0.03)	(0.03)	(0.04)	(0.05)	(0.06)
Realized gains (losses) for the year	0.04	(0.12)	0.11	(0.09)	(0.56)	(0.33)
Unrealized gains (losses) for the year	(0.01)	(0.03)	0.02	0.34	0.32	0.14
Total increase (decrease) from operations ⁽²⁾	0.01	(0.18)	0.10	0.21	(0.29)	(0.24)
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	0.46	0.47	0.64	0.53	0.35	0.63

Notes:

⁽¹⁾ This information is derived from the Fund's audited annual and unaudited interim financial statements. 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, 2019.

**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⁾						
	2019*	2018	2017	2016	2015	2014
Net assets, beginning of the year ⁽²⁾	0.43	0.58	0.47	0.31	0.55	0.79
Increase (decrease) from operations:						
Total revenue	-	-	-	-	-	0.01
Total expenses (excluding distributions)	(0.01)	(0.02)	(0.02)	(0.02)	(0.04)	(0.04)
Realized gains (losses) for the year	0.04	(0.10)	0.09	(0.05)	(0.57)	(0.28)
Unrealized gains (losses) for the year	0.01	(0.03)	0.07	0.25	0.35	0.07
Total increase (decrease) from operations ⁽²⁾	0.04	(0.15)	0.14	0.18	(0.26)	(0.24)
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	0.42	0.43	0.58	0.47	0.31	0.55

Notes:

⁽¹⁾ This information is derived from the Fund's audited annual and unaudited interim financial statements. 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, 2019.

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

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Financial Highlights (continued)

Ratios and Supplemental Data						
Series A-Rollover**	2019*	2018	2017	2016	2015	2014
Total net asset value (000's) ⁽¹⁾	\$ 7,759	\$ 9,353	\$ 15,656	\$ 9,837	\$ 5,400	\$ 12,630
Number of shares outstanding ⁽¹⁾	18,015,623	21,657,036	26,586,916	20,222,379	17,390,822	21,368,364
Management expense ratio ⁽²⁾	5.79%	4.14%	3.74%	4.40%	6.26%	5.14%
Management expense ratio before waivers or absorption ⁽⁵⁾	5.79%	4.14%	3.74%	4.40%	6.26%	5.14%
Trading expense ratio ⁽³⁾	1.50%	1.06%	1.58%	2.86%	1.32%	1.32%
Portfolio turnover rate ⁽⁴⁾	116.66%	243.96%	271.56%	393.41%	282.70%	176.96%
Net asset value per share ⁽¹⁾	\$ 0.43	\$ 0.43	\$ 0.59	\$ 0.49	\$0.31	\$0.59
Series A-Regular***	2019*	2018	2017	2016	2015	2014
Total net asset value (000's) ⁽¹⁾	\$ 6	\$ 8	\$ 12	\$ 8	\$ 6	\$ 16
Number of shares outstanding ⁽¹⁾	14,098	18,269	18,846	15,586	18,153	24,749
Management expense ratio ⁽²⁾	5.77%	4.22%	3.78%	5.07%	6.02%	5.07%
Management expense ratio before waivers or absorption ⁽⁵⁾	5.77%	4.22%	3.78%	5.07%	6.02%	5.07%
Trading expense ratio ⁽³⁾	1.50%	1.06%	1.58%	2.86%	1.32%	1.32%
Portfolio turnover rate ⁽⁴⁾	116.66%	243.96%	271.56%	393.41%	282.70%	176.96%
Net asset value per share ⁽¹⁾	\$ 0.46	\$ 0.47	\$ 0.64	\$ 0.53	\$0.35	\$0.63
Series F****	2019*	2018	2017	2016	2015	2014
Total net asset value (000's) ⁽¹⁾	\$ 30	\$ 783	\$ 1,485	\$ 8	\$ 4	\$ 2
Number of shares outstanding ⁽¹⁾	71,872	1,837,483	2,554,848	16,099	14,297	2,950
Management expense ratio ⁽²⁾	4.30%	3.07%	2.89%	3.11%	6.32%	3.98%
Management expense ratio before waivers or absorption ⁽⁵⁾	4.30%	3.07%	2.89%	3.11%	6.32%	3.98%
Trading expense ratio ⁽³⁾	1.50%	1.06%	1.58%	2.86%	1.32%	1.32%
Portfolio turnover rate ⁽⁴⁾	116.66%	243.96%	271.56%	393.41%	282.70%	176.96%
Net asset value per share ⁽¹⁾	\$ 0.42	\$ 0.43	\$ 0.58	\$ 0.47	\$ 0.31	\$ 0.55

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, 2019.

**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%	20.03%	79.97%
Series A/Regular Shares	2.00%	22.36%	77.64%
Series F Shares	1.00%	0.00%	100.00%

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

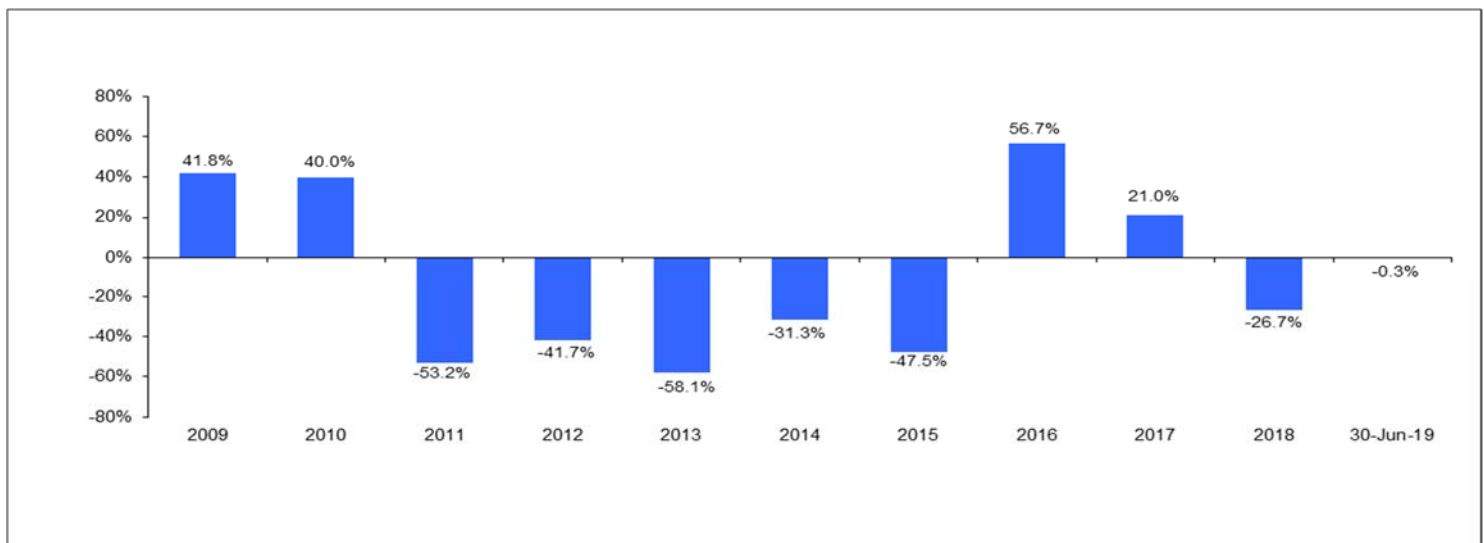
Past Performance

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 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

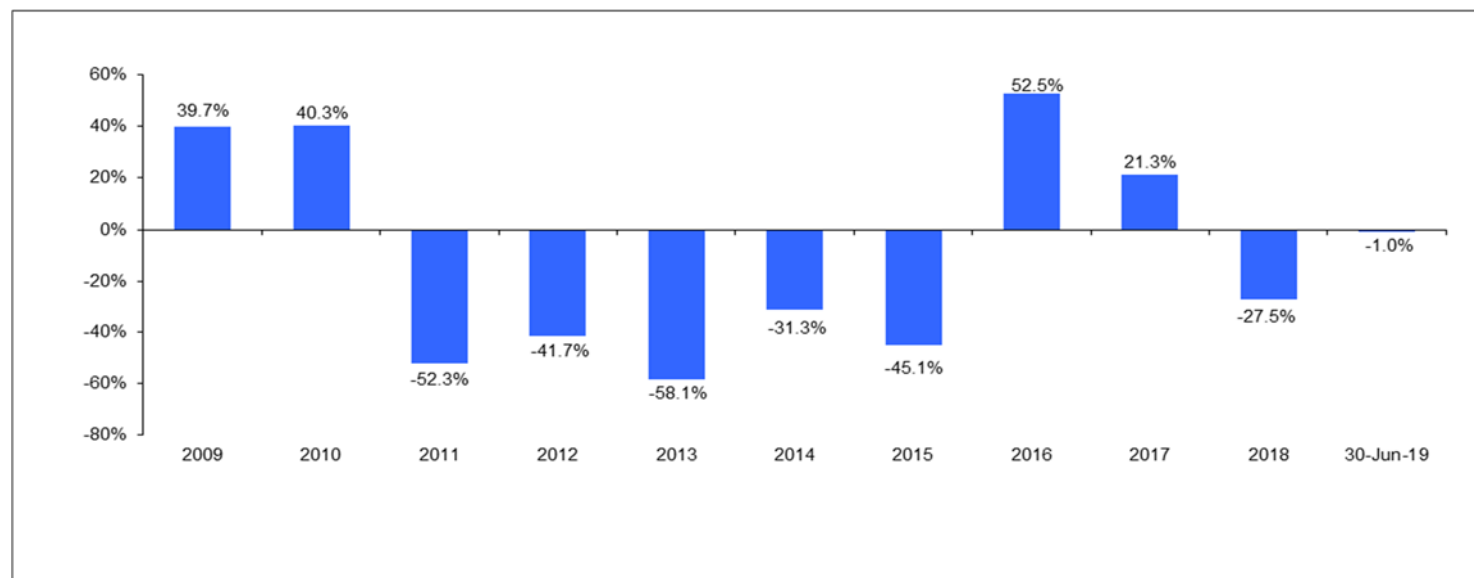


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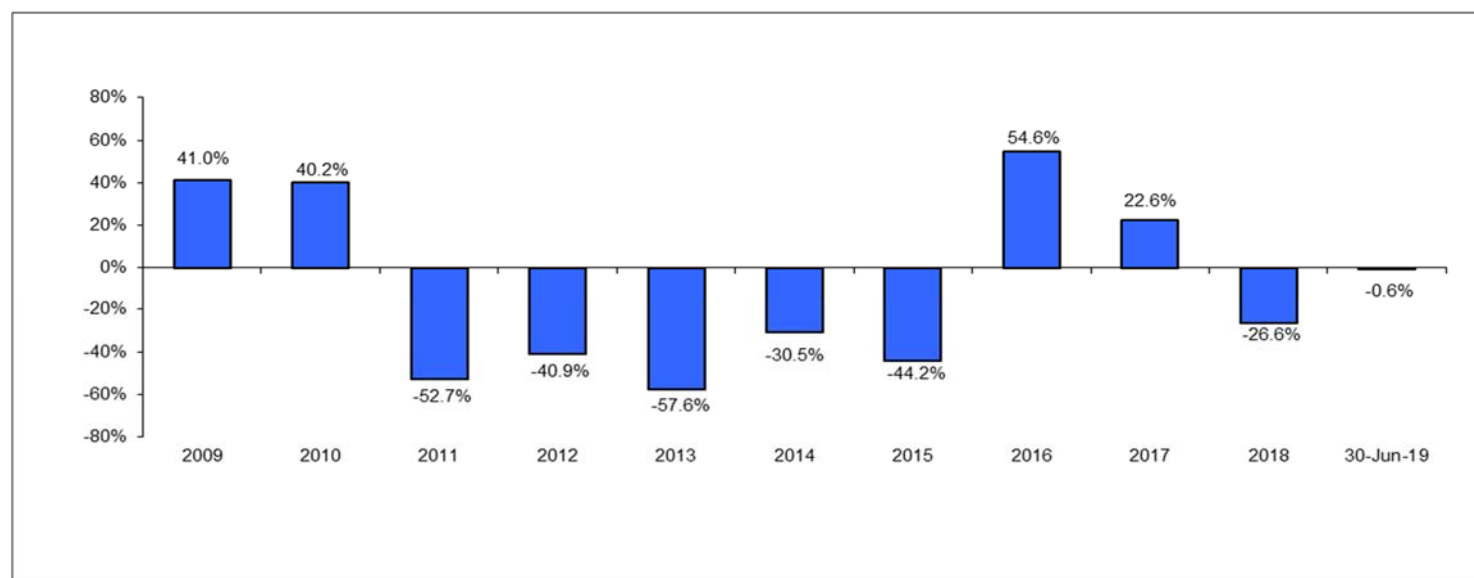
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Past Performance (continued)

Series A Regular



Series F



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Summary of Investment portfolio as at June 30, 2019

Total Net Asset Value: \$ 7,796,150

Portfolio Allocation

	% of Fund's Net Asset Value
Precious Metals	56.79%
Base Metals	18.46%
Net Other Assets (Liabilities)	14.22%
Cash	9.89%
Energy	0.64%
	<hr/> 100.00%

Top 25 Holdings

	% of Fund's Net Asset Value
1 Cash	9.89%
2 Galway Metals Inc.	8.31%
3 Goliath Resources Ltd.	5.60%
4 Metallic Minerals Corp.	4.51%
5 Rockcliff Metals Corp.	4.12%
6 Orford Mining Corp.	4.04%
7 Seahawk Ventures Inc.	3.28%
8 Signature Resources Ltd.	3.00%
9 Saville Resources Inc.	2.60%
10 North American Palladium Ltd.	2.50%
11 First Quantum Minerals Ltd.	2.45%
12 Explor Resources Inc.	2.44%
13 Lundin Gold Inc.	2.40%
14 Stelmine Canada Ltd.	2.26%
15 Torex Gold Resources Inc.	2.25%
16 Hudbay Minerals Inc.	2.24%
17 Group Ten Metals Inc.	2.16%
18 Auxico Resources Canada Inc.	2.09%
19 Juggernaut Exploration Ltd.	1.98%
20 Laurion Mineral Exploration Inc.	1.82%
21 Stratabound Minerals Corp.	1.59%
22 Sirios Resources Inc.	1.55%
23 Chibougamau Independent Mines Inc.	1.54%
24 QMX Gold Corp.	1.53%
25 Melkior Resources Inc.	1.32%
	<hr/> 77.47%

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, 2019. 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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