



MARQUEST MUTUAL FUNDS, INC.
EXPLORER SERIES FUND

INTERIM MANAGEMENT
REPORT OF FUND PERFORMANCE
Period ended June 30, 2021

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2021

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 ("MRFP") 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 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 Operation¹

For the six months ended June 30, 2021 the Fund's Series A/Rollover shares gained 41.0%. By comparison, the return for the S&P/TSX Metals & Mining Index declined 18.0% and the S&P/TSX Composite Index was up 7.2%. The Fund's return is after the deduction of fees and expenses, while the benchmarks and broad based index returns do not include any similar 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 strong return was due to a number of strong performing holdings that included significant warrant positions. In addition, the Manager realized profits in a rising market. The gold and silver sectors were relatively weak during the period as the gold price traded in a sideways pattern. The S&P/TSX Gold Index declined 26.0% during the period. Copper prices rose significantly in the period and, as a result, copper stocks performed well with the S&P/TSX Composite Index - Copper gaining 68.2%. As at June 30, 2021, the sector weightings of the portfolio were 50.7% precious metals, 26.0% base metals, 0.1% energy, and 17.3% cash.

As at June 30, 2021, the Fund's total NAV was \$15,669,750, an increase of 33.69% since the prior year end (December 2020: \$11,721,344). The change is primarily due to net realized gain on sale of investments of \$5,826,988 partially offset by net change in unrealized depreciation of \$1,003,330, management fees of \$160,925, and net redemptions of \$710,127.

During the 6 month period, sales and redemptions were as follows: Series A Rollover \$8,881,183 and \$9,999,213 respectively (June 2020: \$5,045,289 and \$6,427,088); Series A Regular \$42,980 and \$36,694 respectively (June 2020: \$0 and \$4,984) and Series F \$2,198,281 and \$1,796,664 respectively (June 2020: \$656,636 and \$626,142).

Sales and redemptions of Series A Rollover shares and Series F shares are attributable to the rollover of Marquest Mining Québec 2020-I Super Flow-Through Limited Partnership. For more details, please see the "Related Party Transactions" section of the MRFP.

¹ All references to net assets or net asset value in this section refer to Transactional NAV as defined in the Financial Highlights section, which may differ from Net Assets reported under International Financial Reporting Standards ("IFRS")

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Recent Developments

The global economic recovery is well established due in major part to the massive fiscal and monetary stimulus initiatives undertaken by government authorities. In addition, the prospects of the reopening of the economy as the vaccination process advances in the next few months will further stimulate economic activity. Demand for metals commodities is also being accelerated by the trend to a greener economy. Electrification of automobiles and other applications have created additional demand outside the traditional metals markets.

The supply/demand for metals commodities remains tight due to the recovery in demand and the modest inventories available. The recovery of the supply side of the equation will remain a challenge for several years due to the lack of investment in the mining industry over the past ten years. In addition, mining companies have been high grading their mine production in recent years and thereby reducing their capacity to increase production to meet the recovery in demand.

In the past several years there has been a significant consolidation in the mining exploration sector which has resulted in the acquisition of high quality exploration assets by experienced management teams. This should improve the prospects of success of the mining sector.

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 is automatically renewed annually for one year terms, unless terminated by either party on at least 60 days prior notice. The Management Agreement may be terminated by either party if the other party is in material default of the performance of any of its duties under the Management Agreement and such default has not been remedied, or if the other party goes into liquidation, bankruptcy or ceases to hold appropriate regulatory approvals. The Manager may also be removed by an extraordinary resolution of unitholders. Management fees are paid by the Fund as set out under "Management Fees" below.

During the period, \$160,925 (2020 - \$71,940) 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, 2021.

| Terminating fund | Merger Date | Continuing fund | Series | Net Assets Acquired | Shares Issued | Exchange ratio |
|---|-------------|----------------------|------------|---------------------|---------------|----------------|
| Marquest Mining Québec 2020-I Super Flow Through LP – Class A | 5/14/2021 | Explorer Series Fund | A-Rollover | \$8,881,180 | 7,074,382 | 84.7536 |
| Marquest Mining Québec 2020-I Super Flow Through LP – Class F | 5/14/2021 | Explorer Series Fund | F | \$1,247,791 | 978,430 | 85.6019 |

From time to time, the Manager may earn fees and commissions on securities transactions in which the Fund participates. For the period ended June 30, 2021, \$0 (2020 – \$2,625) was received by the Manager in related fees and commissions under the standing instructions given by the Independent Review Committee ("IRC").

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Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help 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⁾ | | | | | | |
| | 2021* | 2020 | 2019 | 2018 | 2017 | 2016 |
| Net assets, beginning of the year ⁽²⁾ | 0.89 | 0.40 | 0.43 | 0.59 | 0.49 | 0.31 |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | - | - | - | - | - | - |
| Total expenses (excluding distributions) | (0.03) | (0.04) | (0.03) | (0.03) | (0.03) | (0.03) |
| Realized gains (losses) for the year | 0.47 | 0.23 | (0.02) | (0.10) | 0.08 | (0.13) |
| Unrealized gains (losses) for the year | (0.07) | 0.26 | 0.01 | (0.02) | 0.04 | 0.27 |
| Total increase (decrease) from operations ⁽²⁾ | 0.37 | 0.45 | (0.04) | (0.15) | 0.09 | 0.11 |
| 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 | 1.24 | 0.89 | 0.40 | 0.43 | 0.59 | 0.49 |

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 ended June 30, 2021.

**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⁾ | | | | | | |
| | 2021* | 2020 | 2019 | 2018 | 2017 | 2016 |
| Net assets, beginning of the year ⁽²⁾ | 0.97 | 0.43 | 0.47 | 0.64 | 0.53 | 0.35 |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | - | - | - | - | - | - |
| Total expenses (excluding distributions) | (0.04) | (0.04) | (0.03) | (0.03) | (0.03) | (0.04) |
| Realized gains (losses) for the year | 0.46 | - | (0.01) | (0.12) | 0.11 | (0.09) |
| Unrealized gains (losses) for the year | (0.14) | 0.38 | 0.02 | (0.03) | 0.02 | 0.34 |
| Total increase (decrease) from operations ⁽²⁾ | 0.28 | 0.34 | (0.02) | (0.18) | 0.10 | 0.21 |
| 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 | 1.41 | 0.97 | 0.43 | 0.47 | 0.64 | 0.53 |

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 ended June 30, 2021.

**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⁾ | | | | | | |
| | 2021* | 2020 | 2019 | 2018 | 2017 | 2016 |
| Net assets, beginning of the year ⁽²⁾ | 0.90 | 0.40 | 0.43 | 0.58 | 0.47 | 0.31 |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | - | - | - | - | - | - |
| Total expenses (excluding distributions) | (0.02) | (0.03) | (0.02) | (0.02) | (0.02) | (0.02) |
| Realized gains (losses) for the year | 0.37 | 0.16 | (0.08) | (0.10) | 0.09 | (0.05) |
| Unrealized gains (losses) for the year | (0.05) | 0.39 | (0.03) | (0.03) | 0.07 | 0.25 |
| Total increase (decrease) from operations ⁽²⁾ | 0.30 | 0.52 | (0.13) | (0.15) | 0.14 | 0.18 |
| 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 | 1.26 | 0.90 | 0.40 | 0.43 | 0.58 | 0.47 |

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 ended June 30, 2021.

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

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Financial Highlights (continued)

| Ratios and Supplemental Data | | | | | | | |
|--|--------------|-------------|-------------|-------------|-------------|-------------|--|
| Series A-Rollover** | 2021* | 2020 | 2019 | 2018 | 2017 | 2016 | |
| Total net asset value (000's) ⁽¹⁾ | \$ 13,997 | \$ 10,778 | \$ 6,958 | \$ 9,353 | \$ 15,656 | \$ 9,837 | |
| Number of shares outstanding ⁽¹⁾ | 11,359,367 | 12,332,219 | 17,274,341 | 21,657,036 | 26,586,916 | 20,222,379 | |
| Management expense ratio ⁽²⁾ | 4.50% | 6.03% | 5.94% | 4.14% | 3.74% | 4.40% | |
| Management expense ratio before waivers or absorption ⁽⁵⁾ | 4.50% | 6.03% | 5.94% | 4.14% | 3.74% | 4.40% | |
| Trading expense ratio ⁽³⁾ | 0.95% | 0.02% | 1.22% | 1.06% | 1.58% | 2.86% | |
| Portfolio turnover rate ⁽⁴⁾ | 82.29% | 186.66% | 237.54% | 243.96% | 271.56% | 393.41% | |
| Net asset value per share ⁽¹⁾ | \$ 1.23 | \$ 0.87 | \$ 0.40 | \$ 0.43 | \$ 0.59 | \$ 0.49 | |
| Series A-Regular*** | 2021* | 2020 | 2019 | 2018 | 2017 | 2016 | |
| Total net asset value (000's) ⁽¹⁾ | \$ 27 | \$ 14 | \$ 6 | \$ 8 | \$ 12 | \$ 8 | |
| Number of shares outstanding ⁽¹⁾ | 19,643 | 14,687 | 14,098 | 18,269 | 18,846 | 15,586 | |
| Management expense ratio ⁽²⁾ | 4.52% | 6.45% | 5.97% | 4.22% | 3.78% | 5.07% | |
| Management expense ratio before waivers or absorption ⁽⁵⁾ | 4.52% | 6.45% | 5.97% | 4.22% | 3.78% | 5.07% | |
| Trading expense ratio ⁽³⁾ | 0.95% | 0.02% | 1.22% | 1.06% | 1.58% | 2.86% | |
| Portfolio turnover rate ⁽⁴⁾ | 82.29% | 186.66% | 237.54% | 243.96% | 271.56% | 393.41% | |
| Net asset value per share ⁽¹⁾ | \$ 1.39 | \$ 0.95 | \$ 0.43 | \$ 0.47 | \$ 0.64 | \$ 0.53 | |
| Series F**** | 2021* | 2020 | 2019 | 2018 | 2017 | 2016 | |
| Total net asset value (000's) ⁽¹⁾ | \$ 1,645 | \$ 930 | \$ 72 | \$ 783 | \$ 1,485 | \$ 8 | |
| Number of shares outstanding ⁽¹⁾ | 1,312,129 | 1,049,179 | 180,810 | 1,837,483 | 2,554,848 | 16,099 | |
| Management expense ratio ⁽²⁾ | 3.22% | 3.86% | 4.32% | 3.07% | 2.89% | 3.11% | |
| Management expense ratio before waivers or absorption ⁽⁵⁾ | 3.22% | 3.86% | 4.32% | 3.07% | 2.89% | 3.11% | |
| Trading expense ratio ⁽³⁾ | 0.95% | 0.02% | 1.22% | 1.06% | 1.58% | 2.86% | |
| Portfolio turnover rate ⁽⁴⁾ | 82.29% | 186.66% | 237.54% | 243.96% | 271.56% | 393.41% | |
| Net asset value per share ⁽¹⁾ | \$ 1.25 | \$ 0.89 | \$ 0.40 | \$ 0.43 | \$ 0.58 | \$ 0.47 | |

Notes:

⁽¹⁾ The information is provided as at December 31st of the year shown, except where otherwise noted. 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⁾ 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 ended June 30, 2021.

**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% | 18.58% | 81.42% |
| Series A/Regular Shares | 2.00% | 22.68% | 77.32% |
| Series F Shares | 1.00% | 0.00% | 100.00% |

There are no performance fees or incentive fees paid by the Fund.

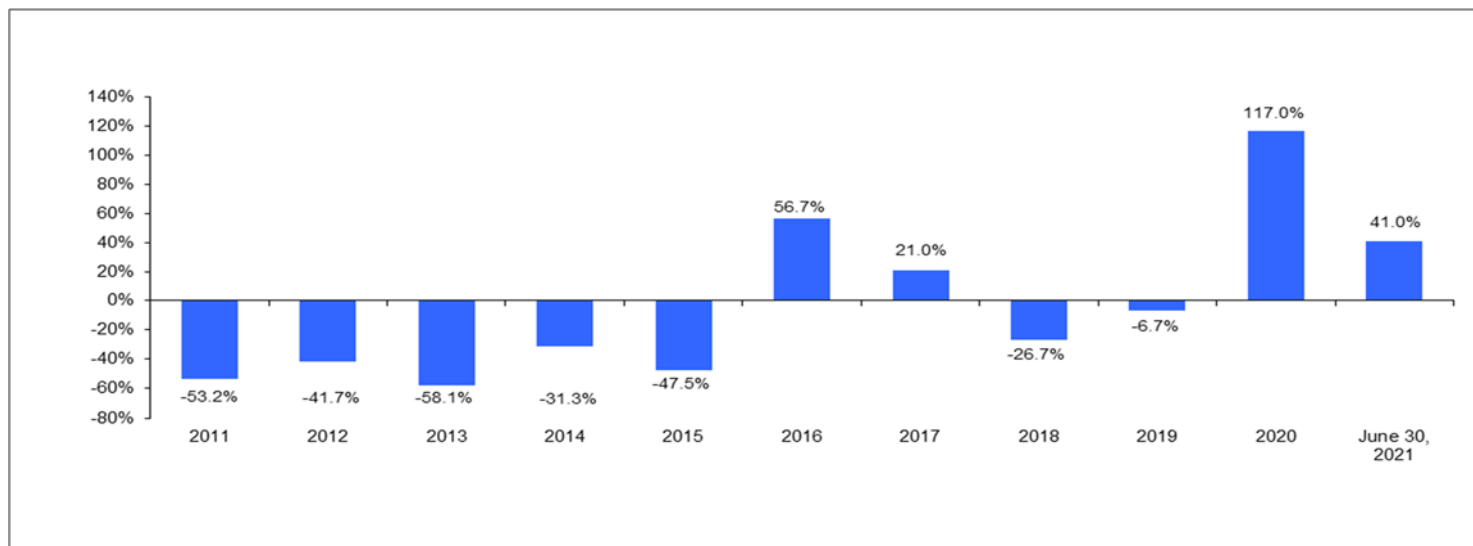
Past Performance

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 or period.

Series A Rollover

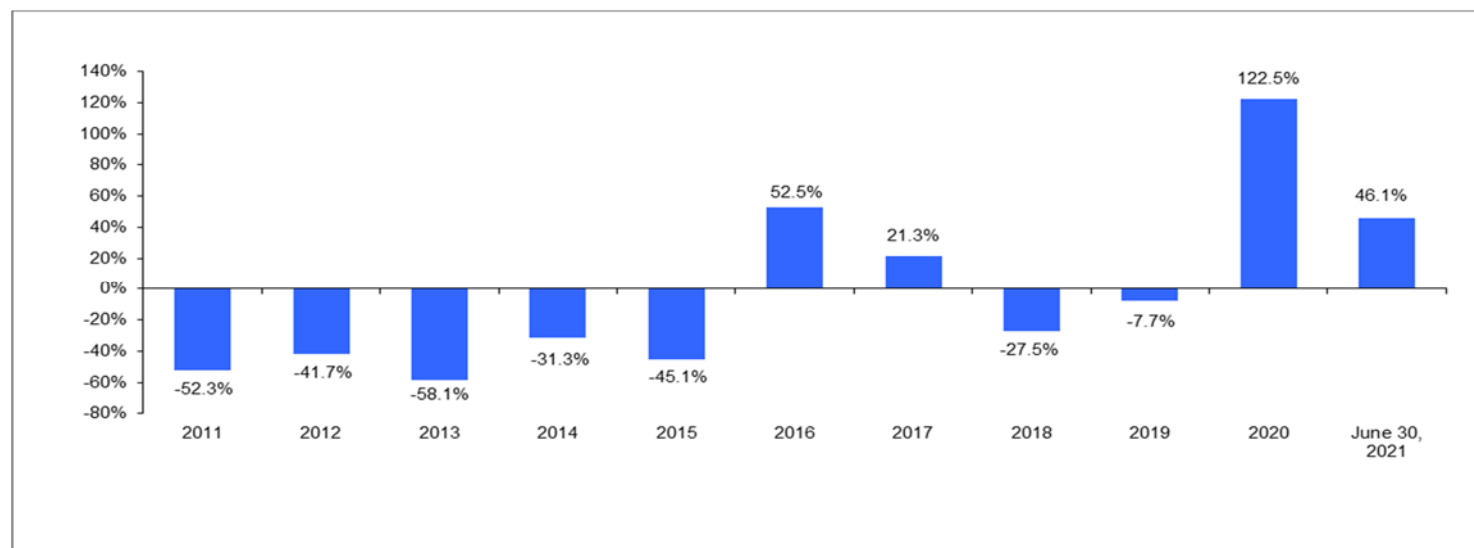


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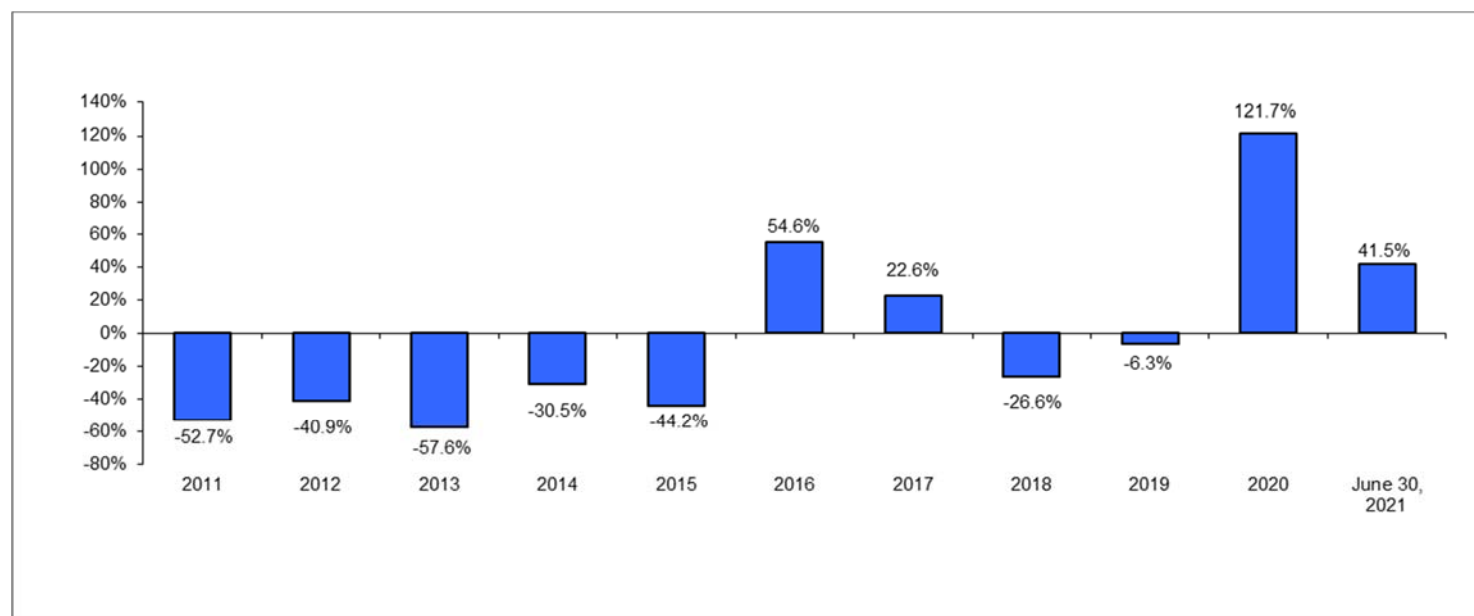
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Past Performance (continued)

Series A Regular



Series F



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Summary of Investment portfolio as at June 30, 2021

Total Net Asset Value*: \$ 15,669,750

Portfolio Allocation

| | % of Fund's Net Asset Value* |
|--------------------------------|---------------------------------|
| Precious Metals | 50.66% |
| Base Metals | 26.03% |
| Cash | 17.31% |
| Energy | 0.10% |
| Net Other Assets (Liabilities) | 5.90% |
| | <hr/> 100.00% |

Top 25 Holdings

| | % of Fund's Net Asset Value* |
|------------------------------------|---------------------------------|
| 1 Cash | 17.31% |
| 2 Seahawk Gold Corp. | 7.94% |
| 3 Starr Peak Mining Ltd. | 7.88% |
| 4 Laurion Mineral Exploration Inc. | 5.41% |
| 5 Sokoman Minerals Corp. | 4.73% |
| 6 St-Georges Eco-Mining Corp. | 3.93% |
| 7 Dore Copper Mining Corp. | 3.76% |
| 8 Galleon Gold Corp. | 3.65% |
| 9 Beauce Gold Fields Inc. | 2.86% |
| 10 Renforth Resources Inc. | 2.56% |
| 11 Pershimex Resources Corp. | 2.45% |
| 12 American Creek Resources Ltd. | 2.13% |
| 13 Avidian Gold Corp. | 1.83% |
| 14 Goldseek Resources Inc. | 1.77% |
| 15 Purepoint Uranium Group Inc. | 1.77% |
| 16 QC Copper and Gold Inc. | 1.63% |
| 17 Emgold Mining Corp. | 1.53% |
| 18 Vision Lithium Inc. | 1.48% |
| 19 Canada Silver Cobalt Works Inc. | 1.46% |
| 20 Opus One Gold Corp. | 1.39% |
| 21 Engold Mines Ltd. | 1.21% |
| 22 Black Tusk Resources Inc. | 1.15% |
| 23 Braveheart Resources Inc. | 1.04% |
| 24 Appia Energy Corp. | 1.01% |
| 25 Zonte Metals Inc. | 1.00% |
| | <hr/> 82.88% |

* This refers to Transactional NAV.

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, 2021. 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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