



**MARQUEST MUTUAL FUNDS INC.**  
**Explorer Series Fund**

UNAUDITED INTERIM FINANCIAL  
STATEMENTS

Period ended June 30, 2023

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# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## UNAUDITED INTERIM FINANCIAL STATEMENTS

### STATEMENTS OF FINANCIAL POSITION (CDN \$)

As at

	June 30, 2023 (\$)	December 31, 2022 (\$)
<b>Assets</b>		
<b>Current Assets</b>		
Investments at fair value	7,099,466	7,821,327
Cash	582,101	539,996
Receivable for investments sold	31,045	-
Refundable taxes receivable (Note 5)	834,152	807,304
<b>Total Assets</b>	<b>8,546,764</b>	<b>9,168,627</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Management fees payable	1,750	1,418
Other payables and accrued expenses	85,479	125,726
<b>Total Liabilities</b>	<b>87,229</b>	<b>127,144</b>
<b>Net Assets Attributable to Holders of Redeemable Shares (Note 3)</b>	<b>8,459,535</b>	<b>9,041,483</b>
<b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>		
Series A-Rollover	6,926,629	7,173,548
Series A-Regular	950	950
Series F	1,531,956	1,866,985
<b>Net Assets Attributable to Holders of Redeemable Shares per Share (Note 3)</b>		
Series A-Rollover	0.65	0.64
Series A-Regular	0.71	0.71
Series F	0.68	0.67

Approved on behalf of the Board of Directors of Marquest Mutual Funds Inc.

"Ellen Sun"

Ellen Sun  
Director

"Andrew A. McKay"

Andrew A. McKay  
Director

*The accompanying notes form an integral part of the financial statements*

# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## UNAUDITED INTERIM FINANCIAL STATEMENTS

### STATEMENTS OF COMPREHENSIVE INCOME (CDN \$)

For the periods ended June 30

	2023 (\$)	2022 (\$)
<b>Income</b>		
Interest for distribution purposes	20,416	2
Securities lending income (Note 7)	163	390
Other income	172	-
Net realized gain (loss) on sale of investments	(2,182,020)	819,415
Net change in unrealized appreciation (depreciation) on investments	2,479,142	(4,216,477)
<b>Total Income (Loss)</b>	<b>317,873</b>	<b>(3,396,670)</b>
<b>Expenses (Note 4)</b>		
Management fees	85,806	121,954
Operating fees	77,401	68,680
Transaction costs (Note 6)	29,938	43,746
Legal fees	13,704	23,046
Audit fees	24,127	21,643
Independent Review Committee fees	11,799	6,343
Custodian fees	15,287	13,126
Unitholder reporting costs	5,365	3,185
Interest charges	14	-
<b>Total Expenses</b>	<b>263,441</b>	<b>301,723</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations</b>	<b>54,432</b>	<b>(3,698,393)</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series</b>		
Series A-Rollover	61,336	(3,151,856)
Series A-Regular	-	(885)
Series F	(6,904)	(545,652)
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Note 3)</b>		
Series A-Rollover	0.01	(0.28)
Series A-Regular	-	(0.30)
Series F	-	(0.29)

The accompanying notes form an integral part of the financial statements

# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## UNAUDITED INTERIM FINANCIAL STATEMENTS

### STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (CDN \$)

For the periods ended June 30

	<u>2023 (\$)</u>	<u>2022 (\$)</u>	<u>2023 (\$)</u>	<u>2022 (\$)</u>
	Series A-Rollover		Series A-Regular	
<b>Net Assets Attributable to Holders of Redeemable Shares, Beginning of period</b>	7,173,548	12,278,120	950	4,310
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations</b>	61,336	(3,151,856)	-	(885)
<b>Redeemable Share Transactions (Note 3)</b>				
Issuance of shares	7,023,811	6,312,162	-	-
Redemption of shares	(7,332,066)	(7,626,654)	-	(2,328)
Net increase (decrease) from redeemable share transactions	(308,255)	(1,314,492)	-	(2,328)
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares</b>	(246,919)	(4,466,348)	-	(3,213)
<b>Net Assets Attributable to Holders of Redeemable Shares, End of period</b>	6,926,629	7,811,772	950	1,097
	<u>2023 (\$)</u>	<u>2022 (\$)</u>	<u>2023 (\$)</u>	<u>2022 (\$)</u>
	Series F		Total	
<b>Net Assets Attributable to Holders of Redeemable Shares, Beginning of period</b>	1,866,985	1,862,451	9,041,483	14,144,881
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations</b>	(6,904)	(545,652)	54,432	(3,698,393)
<b>Redeemable Share Transactions (Note 3)</b>				
Issuance of shares	1,216,016	1,807,782	8,239,827	8,119,944
Redemption of shares	(1,544,141)	(1,364,370)	(8,876,207)	(8,993,352)
Net increase (decrease) from redeemable share transactions	(328,125)	443,412	(636,380)	(873,408)
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares</b>	(335,029)	(102,240)	(581,948)	(4,571,801)
<b>Net Assets Attributable to Holders of Redeemable Shares, End of period</b>	1,531,956	1,760,211	8,459,535	9,573,080

The accompanying notes form an integral part of the financial statements

# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## UNAUDITED INTERIM FINANCIAL STATEMENTS

### STATEMENTS OF CASH FLOW (CDN \$)

For the periods ended June 30

	2023 (\$)	2022 (\$)
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable shares from operations	54,432	(3,698,393)
Adjustments for:		
Net realized loss (gain) on sale of investments	2,182,020	(819,415)
Net change in unrealized depreciation (appreciation) on investments	(2,479,142)	4,216,477
Purchases of investments*	(2,928,784)	(1,612,977)
Proceeds from sale and maturity of investments	3,916,722	5,648,896
Refundable taxes receivable	(26,848)	195,667
Management fees payable	332	(1,265)
Other payables and accrued expenses	(40,247)	(29,906)
<b>Net Cash from Operating Activities</b>	<b>678,485</b>	<b>3,899,084</b>
<b>Cash Flows used in Financing Activities</b>		
Issuance of shares*	8,239,827	4,390,769
Redemption of shares	(8,876,207)	(8,993,352)
<b>Net Cash used in Financing Activities</b>	<b>(636,380)</b>	<b>(4,602,583)</b>
<b>Increase (Decrease) in Cash during the period</b>	<b>42,105</b>	<b>(703,499)</b>
<b>Cash at Beginning of period</b>	<b>539,996</b>	<b>2,625,425</b>
<b>Cash at End of period</b>	<b>582,101</b>	<b>1,921,926</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Interest received	20,416	2
Interest paid	(14)	-

\*Excludes in-kind transactions of \$2,094,341 and \$3,729,175 for the periods ended June 30, 2023 and 2022

The accompanying notes form an integral part of the financial statements

# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## UNAUDITED INTERIM FINANCIAL STATEMENTS

### SCHEDULE OF INVESTMENT PORTFOLIO (CDN \$)

As at June 30 2023

	Number of Shares, Units or Warrants	Expiry Date	Exercise Price \$	Average Cost \$	Fair Value \$
<b>CANADIAN EQUITIES (83.92%)</b>					
<b>Precious Metals (56.02%)</b>					
Abcourt Mines Inc., Class B	553,003			51,845	24,885
Abcourt Mines Inc., Warrants	5,000,000	20-07-2025	0.15	5	7,800
American Eagle Gold Corp., Warrants	2,142,857	23-12-2023	0.25	2	92,743
Arctic Star Exploration Corp., Warrants	937,500	08-04-2024	0.10	1	1
ATAC Resources Ltd., Warrants	1,562,500	31-03-2024	0.22	1	6,500
Beauce Gold Fields Inc., Warrants	892,857	10-12-2023	0.20	1	1
Benchmark Metals Inc., Warrants	75,000	09-12-2023	1.55	-	-
Benton Resources Inc., Warrants	875,000	05-11-2023	0.30	1	1
Blue Thunder Mining Inc.	553,191			13,000	27,660
Blue Thunder Mining Inc., Warrants	5,000,000	29-12-2024	0.07	5	17,875
Brascan Gold Inc., Warrants	518,867	30-12-2023	0.75	-	1
Brascan Gold Inc., Warrants	225,000	11-02-2024	0.40	-	-
Brixton Metals Corp., Warrants	2,500,000	07-12-2023	0.26	3	8,775
Brixton Metals Corp., Warrants	555,556	07-12-2024	0.26	-	9,533
BTU Metals Corp., Warrants	833,334	30-09-2023	0.15	1	1
Bullion Gold Resources Corp., Warrants	937,500	01-11-2023	0.12	-	-
Canada Silver Cobalt Works Inc., Warrants	2,750,000	19-10-2024	0.15	-	1,430
Canada Silver Cobalt Works Inc., Warrants	1,330,532	25-11-2024	0.80	1	1,903
Canada Silver Cobalt Works Inc., Warrants	555,500	14-04-2025	0.32	1	36
Cartier Resources Inc.	3,992,000			499,000	379,240
CopAur Minerals Inc., Warrants	272,728	09-11-2023	1.25	-	-
CopAur Minerals Inc., Warrants	50,000	02-03-2024	1.30	-	10
Cross River Ventures Corp., Warrants	675,676	23-12-2023	0.46	-	1
Delta Resources Ltd., Warrants	944,972	01-12-2023	0.45	1	5,590
Durango Resources Inc.	317,940			14,307	11,128
Durango Resources Inc., Warrants	2,150,000	23-05-2024	0.10	1	559
E2Gold Inc.	1,240,000			43,400	37,200
E2Gold Inc., Warrants	2,125,000	07-07-2024	0.15	2	2
Emergent Metals Corp.	599,602			163,650	59,960
Emergent Metals Corp., Warrants	250,000	16-07-2023	1.00	-	-
Equity Metals Corp., Warrants	1,388,889	09-12-2023	0.25	1	361
Equity Metals Corp., Warrants	2,666,668	21-12-2023	0.20	2	4,160
Falcon Gold Corp.	300,000			27,000	18,000
Falcon Gold Corp., Warrants	500,000	09-10-2023	0.25	1	1
G.E.T.T. Gold Inc.	10,870,000			271,750	108,700
Galleon Gold Corp., Warrants	318,182	25-03-2024	0.75	18	21
Genius Metals Inc.	1,206,667			89,952	72,400
Gold Terra Resource Corp.	2,000,000			320,000	170,000
Goldflare Exploration Inc.	913,846			69,600	63,969
GoldHaven Resources Corp., Warrants	480,769	22-11-2023	0.65	-	-
Goldseek Resources Inc., Warrants	750,000	15-12-2023	0.20	1	1
Goldshore Resources Inc., Warrants	166,700	06-04-2024	0.75	-	11
Goldstar Minerals Inc.	727,111			39,991	36,356
Granada Gold Mine Inc.	5,000,000			250,000	150,000
Granada Gold Mine Inc., Warrants	2,500,000	27-09-2023	0.20	2	3
Green Battery Minerals Inc., Warrants	2,166,667	25-11-2023	0.20	2	2
Hawkmoon Resources Corp., Warrants	1,750,000	01-12-2023	0.12	2	455
Infinity Stone Ventures Corp., Warrants	1,000,000	12-08-2025	0.30	1	65
K9 Gold Corp., Warrants	1,250,000	26-05-2024	0.20	-	1
Kirkland Lake Discoveries Corp.	237,500			47,500	40,375
Latamark Resources Corp.	51,724			-	-
Lomiko Metals Inc., Warrants	5,434,783	22-12-2023	0.11	5	5
Manning Ventures Inc.	2,125,000			138,126	37,188
Manning Ventures Inc., Warrants	1,562,500	22-10-2024	0.24	1	2
Medaro Mining Corp.	820,000			90,200	92,250
Medaro Mining Corp., Warrants	1,071,428	16-11-2023	0.90	1	1
Medaro Mining Corp., Warrants	1,400,000	22-11-2024	0.30	-	3,276
Metalex Ventures Ltd.	6,764,706			236,765	270,587
Musk Metals Corp., Warrants	1,250,000	28-07-2023	0.14	1	1
Musk Metals Corp., Warrants	795,454	08-12-2023	0.13	1	1,086
Newfoundland Discovery Corp.	287,142			116,606	10,050
NewRange Gold Corp.	247,451			44,541	22,271
NewRange Gold Corp., Warrants	882,353	20-04-2024	0.12	1	344
Nighthawk Gold Corp., Warrants	750,000	09-12-2023	1.50	1	98
Northstar Gold Corp., Warrants	1,225,806	04-08-2023	0.42	1	1
Omineca Mining & Metals Ltd., Warrants	781,250	29-12-2023	0.24	1	1
Opawica Explorations Inc., Warrants	45,455	09-12-2023	7.50	-	-
Opus One Gold Corp.	1,432,000			112,182	35,800
Orford Mining Corp.	4,074,621			345,783	611,193
Orford Mining Corp., Warrants	277,778	22-12-2023	0.26	-	397
Pelangio Exploration Inc.	2,187,500			175,000	54,688
Pelangio Exploration Inc., Warrants	1,093,750	10-12-2024	0.20	1	1
Precipitate Gold Corp., Warrants	1,250,000	30-12-2023	0.15	1	81
Q Battery Metals Corp., Warrants	3,750,000	09-11-2023	0.10	4	4
Q Battery Metals Corp., Warrants	3,333,334	16-06-2025	0.06	3	6,067
Renforth Resources Inc.	5,963,485			185,814	149,087

# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## UNAUDITED INTERIM FINANCIAL STATEMENTS

### SCHEDULE OF INVESTMENT PORTFOLIO (CDN \$)

As at June 30 2023

	Number of Shares, Units or Warrants	Expiry Date	Exercise Price \$	Average Cost \$	Fair Value \$
Renforth Resources Inc., Warrants	3,750,000	28-10-2024	0.06	-	1,706
Rockridge Resources Ltd., Warrants	750,000	10-03-2025	0.15	-	146
Rokmaster Resources Corp., Warrants	1,300,000	24-08-2023	0.25	1	169
Rokmaster Resources Corp., Warrants	1,162,791	29-12-2023	0.50	1	1
Sage Gold Inc.	2,272,727			-	-
Sitka Gold Corp., Warrants	2,426,471	23-12-2023	0.23	2	631
Sitka Gold Corp., Warrants	925,926	03-03-2024	0.18	1	2,407
Sokoman Minerals Corp.	243,478			93,729	24,348
Sphinx Resources Ltd.	2,252,769			76,485	22,528
St James Gold Corp., Warrants	208,333	30-06-2024	3.90	-	-
St James Gold Corp., Warrants	73,834	27-08-2024	4.18	-	-
St James Gold Corp., Warrants	800,000	22-07-2025	0.71	1	2,964
Starr Peak Exploration Ltd., Warrants	262,500	15-02-2024	1.40	-	1,007
Starr Peak Mining Ltd.	138,236			127,028	87,089
Surge Battery Metals Inc.	1,111,110	03-04-2024		244,444	555,554
TDG Gold Corp., Warrants	1,009,091	22-12-2023	0.75	-	1
Trifecta Gold Ltd.	1			-	-
TRU Precious Metals Corp., Private Placements*	1,600,000			80,000	38,800
TRU Precious Metals Corp., Warrants	1,500,000	17-05-2024	0.16	-	2
TRU Precious Metals Corp., Warrants	1,600,000	02-05-2026	0.08	-	3,744
Tudor Gold Corp., Warrants	41,650	06-04-2024	2.80	-	403
Vortex Energy Corp.	460,000	05-04-2024		230,000	874,552
Vortex Energy Corp., Warrants	460,000	12-06-2025	0.75	-	471,294
Xmet Inc.	2,000,000			10,000	2
				4,207,784	4,739,543

\*These securities are subject to temporary trading restrictions.  
See accompanying notes.

#### CANADIAN EQUITIES (CONT'D) (83.92%)

##### Base Metals (12.33%)

1844 Resources Inc.	2,250,000			78,750	78,750
ALX Resources Corp.	2,480,000			62,000	74,400
ALX Resources Corp., Warrants	1,190,476	08-10-2023	0.14	2	1
Argex Titanium Inc.	10,000,000			-	-
Canada Carbon Inc.	3,363,300			100,899	117,716
Canada Carbon Inc., Warrants	4,166,650	29-09-2024	0.10	4	2,708
Canada Silver Cobalt Works Inc.	798,831			67,801	39,942
Canadian Critical Minerals Inc., Warrants	2,200,000	27-07-2024	0.09	-	286
Canstar Resources Inc., Warrants	1,587,301	07-12-2023	0.42	1	2
CAT Strategic Metals Corp., Warrants	3,055,556	26-02-2026	0.16	3	2,582
Churchill Resources Inc., Warrants	443,499	31-03-2024	0.48	-	-
Class 1 Nickel & Technologies Ltd.	1,659,891			409,301	82,995
Class 1 Nickel & Technologies Ltd., Warrants	468,750	12-11-2023	1.05	-	-
Class 1 Nickel & Technologies Ltd., Warrants	1,153,800	04-06-2024	0.85	1	1
Garibaldi Resources Corp.	390,000			75,095	56,550
Garibaldi Resources Corp., Warrants	600,000	22-07-2024	0.55	1	195
Garibaldi Resources Corp., Warrants	400,000	02-12-2025	0.40	-	3,666
Graphano Energy Ltd., Warrants	468,750	23-12-2023	1.10	-	-
Happy Creek Minerals Ltd.	500,000			22,500	15,000
Happy Creek Minerals Ltd., Warrants	5,000,000	19-11-2023	0.12	5	5
Marvel Discovery Corp., Warrants	2,307,693	03-12-2023	0.25	3	2
Metallis Resources Inc., Warrants	666,666	16-10-2023	0.68	-	1
Metallis Resources Inc., Warrants	650,000	10-06-2025	0.33	1	127
Mosaic Minerals Corp., Warrants	625,000	24-11-2023	0.18	1	853
Murchison Minerals Ltd.	560,000			36,400	33,600
Murchison Minerals Ltd., Warrants	1,700,000	30-12-2023	0.18	2	2
Nickel Creek Platinum Corp., Warrants	1,184,200	10-05-2025	0.13	-	308
Nickel North Exploration Corp., Warrants	4,000,000	10-08-2024	0.08	4	4
Power Metals Corp., Warrants	1,000,000	20-01-2025	0.40	-	101,120
Rockridge Resources Ltd., Warrants	714,286	05-03-2024	0.22	1	1
Saville Resources Inc.	7,000,000			324,261	70,000
Silver Spruce Resources Inc.	3,624,334			163,095	54,365
Sirios Resources Inc.	1,583,333			95,000	87,083
St-Georges Eco-Mining Corp., Warrants	500,000	01-11-2025	0.29	-	6,143
Temas Resources Corp., Warrants	2,250,000	31-08-2025	0.10	2	89,280
The Magpie Mines Inc., Private Placements*	3,771,428			850,000	-
Vanadiumcorp Resource Inc., Warrants	2,500,000	23-09-2024	0.18	3	12,838
Vertical Exploration Inc., Warrants	5,666,667	23-12-2023	0.16	6	6
West High Yield WHY Resources Ltd.	280,000			117,600	89,600
West High Yield WHY Resources Ltd., Warrants	280,000	22-12-2024	0.70	-	3,968
York Harbour Metals Inc., Warrants	167,000	21-06-2024	1.50	-	-
Zonte Metals Inc.	251,036			56,986	18,828
				2,459,728	1,042,928

##### Lithium (8.44%)

ALX Resources Corp., Warrants	4,000,000	03-11-2025	0.08	-	7,020
Century Lithium Corp.	40,000			80,000	38,800
Century Lithium Corp., Warrants	75,000	04-02-2024	2.65	-	15



# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## UNAUDITED INTERIM FINANCIAL STATEMENTS

### SCHEDULE OF INVESTMENT PORTFOLIO (CDN \$)

As at June 30 2023

	Number of Shares, Units or Warrants	Expiry Date	Exercise Price \$	Average Cost \$	Fair Value \$
Cornet Lithium Corp.	352,953	01-04-2024		57,110	130,593
Consolidated Lithium Metals Inc.	3,870,000	02-04-2024		269,074	290,250
Lomiko Metals Inc., Warrants	1,075,000	25-07-2024	0.10	1	70
Lomiko Metals Inc., Warrants	1,875,000	19-01-2027	0.11	-	3,413
MegaWatt Lithium and Battery Metals Corp., Warrants	200,000	22-09-2024	1.20	-	26
St-Georges Eco-Mining Corp.	1,218,418			234,936	164,486
St-Georges Eco-Mining Corp., Warrants	1,818,182	30-11-2023	0.65	2	2
St-Georges Eco-Mining Corp., Warrants	1,083,333	11-03-2024	0.75	2	1
Stria Lithium Inc.	300,000			22,500	78,000
X-Terra Resources Inc., Warrants	318,181	24-12-2023	0.70	3	972
				<u>663,628</u>	<u>713,648</u>
<b>Rare Earths (6.93%)</b>					
Appia Rare Earth & Uranium Co., Warrants	295,750	17-11-2023	1.10	-	-
Commerce Resources Corp.	3,075,435			454,141	338,298
Commerce Resources Corp., Warrants	625,000	25-12-2025	0.25	-	6,013
Defense Metals Corp.	1,000,000			220,000	220,000
Defense Metals Corp., Warrants	500,000	08-12-2024	0.32	-	10,043
Imperial Mining Group Ltd.	150,455			24,303	12,036
Search Minerals Inc., Warrants	555,556	22-12-2023	0.25	-	1
				<u>698,444</u>	<u>586,391</u>
<b>Uranium (0.09%)</b>					
Azincourt Energy Corp., Warrants	1,750,000	31-03-2024	0.25	2	2
CanAlaska Uranium Ltd., Warrants	806,819	16-05-2024	0.60	-	6,555
CanAlaska Uranium Ltd., Warrants	78,125	18-07-2024	0.60	-	863
Purepoint Uranium Group Inc., Warrants	3,571,429	14-12-2023	0.20	4	4
Searchlight Resources Inc., Warrants	475,000	15-08-2024	0.15	-	-
Standard Uranium Ltd., Warrants	1,346,250	14-07-2024	0.17	1	1
				<u>7</u>	<u>7,425</u>
<b>Diamonds (0.11%)</b>					
Margaret Lake Diamonds Inc., Warrants	1,333,000	18-07-2024	0.30	1	9,531
				<u>1</u>	<u>9,531</u>
<b>TOTAL CANADIAN EQUITIES</b>				<u>8,029,592</u>	<u>7,099,466</u>
<b>Total cost and fair value of investments (83.92%)</b>				<u>8,029,592</u>	<u>7,099,466</u>
<b>Less: Transaction costs included in average cost (Note 6)</b>				<u>(752)</u>	<u>-</u>
<b>Total investments</b>				<u>8,028,840</u>	<u>7,099,466</u>
<b>Other Assets Less Liabilities (16.08%)</b>				<u>1,360,069</u>	<u>1,360,069</u>
<b>Net assets attributable to holders of redeemable units</b>				<u>9,388,909</u>	<u>8,459,535</u>

\*These securities are subject to temporary trading restrictions.

### PORTFOLIO CONCENTRATION (CDN \$)

Portfolio by Category	% of Net Assets Attributable to Holders of Redeemable Units	
	June 30, 2023	December 31, 2022
Precious Metals	56.02%	50.64%
Base Metals	12.33%	19.94%
Lithium	8.44%	7.45%
Rare Earths	6.93%	7.81%
Uranium	0.09%	0.66%
Diamonds	0.11%	0.00%
Other Assets Less Liabilities	16.08%	13.50%
Total	<u>100.00%</u>	<u>100.00%</u>

See accompanying notes.

# Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)  
For the period ended June 30, 2023

## 1. THE FUND

Marquest Mutual Funds Inc. (the “Corporation”) is an open-ended mutual fund corporation incorporated by articles of incorporation under the laws of Ontario on September 24, 2004. In addition to ten common shares issued upon incorporation, the Corporation has one Class of mutual fund shares – Explorer Series Fund (the Fund). The Fund’s registered office is located at 161 Bay Street, Suite 4010, Toronto, Ontario, M5J 2S1. The Fund invests in Canadian securities, Canadian fixed income securities, Canadian short-term debt securities and derivatives. All the Fund’s equity investments (other than those with restriction to resale and warrants) are listed and traded on stock exchange markets in Canada.

The investment objective of the Explorer Series Fund is to provide long-term growth by investing primarily in equity securities of Canadian mineral exploration and mining companies.

Marquest Asset Management Inc. is the manager (the “Manager”) of the Fund. The Fund’s investment activities and administration are managed by the Manager. The Fund’s custodian is RBC Investor Services Trust.

The Fund’s commencement dates of operations are as follows:

Name of Fund	Series A-Rollover	Series A-Regular	Series F
Explorer Series Fund	15-Jan-05	27-Nov-07	27-Nov-07

The interim Statements of Financial Position are as at June 30, 2023 and December 31, 2022. The interim Statements of Comprehensive Income (Loss), Changes in Net Assets Attributable to Holders of Redeemable Shares, and Cash Flows are for the six-month periods ended June 30, 2023 and 2022. Throughout this document, references to the period or periods refer to the reporting periods described here.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Presentation

These interim financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”) as published by the International Accounting Standards Board (“IASB”) and as required by Canadian securities legislation and the Canadian Accounting Standards Board.

These financial statements were authorized for issue by the Board of Directors of Marquest Mutual Funds Inc. on August 25, 2023.

### (b) Significant Accounting Judgments, Estimates and Assumptions

The preparation of these financial statements requires the Manager 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 income and expenses during the reporting periods. Actual outcomes could differ from these estimates. Significant estimates include the assessment of recoverability of Refundable Dividend Taxes on Hand (RDTOH), valuation of investments and derivatives, and significant judgments include the determination of functional currency, classification and measurement of investments and classification of the Fund as an investment entity. The impacts of such estimates 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 Fund holds financial instruments that are not quoted in active markets, including derivatives. Fair values may be determined using reputable pricing vendors (for derivatives) or indicated prices from market makers/brokers. Broker quotes 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 is 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) 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. To assess the significance, the Fund performs sensitivity analysis of these estimates to the fair value of the Fund’s holdings (see Note 10).

#### Classification and measurement of investments

The Manager has assessed the business models of the Fund and has determined that the Fund’s portfolio of financial assets and financial liabilities is managed, and performance is evaluated on a fair value basis in accordance with the Fund’s risk management and investment strategies; therefore, classification and measurement of investments is Fair value through profit and loss (FVTPL).

# Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)  
For the period ended June 30, 2023

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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(c) Functional and Presentation Currency

These financial statements are presented in Canadian dollars (CAD), which is the Fund's functional currency. The Fund's subscriptions and redemptions are denominated in Canadian dollars (CAD).

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on each valuation date. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. The effects of exchange rate fluctuations on investments and foreign currency transactions are included in the "Foreign exchange gain (loss)" in the Statements of Comprehensive Income.

(d) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for investments, which are measured at fair value in the Statements of Financial Position.

(e) Financial Instruments

Recognition and derecognition

All financial instruments are recognized at fair value upon initial recognition when a fund becomes a party to the contractual requirements of the financial instruments. A financial asset is derecognized when the right to receive cash flows from the asset has expired if the Fund has substantially transferred all risk and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Classification and measurement

In classifying and measuring financial instruments held by the Fund, the manager is required to assess the Fund's business model, the manner in which all financial assets and financial liabilities are managed and performance evaluated as a group on a fair value basis and the contractual cash flow characteristics of these financial instruments. The Fund's portfolio of financial assets is managed and evaluated on a fair value basis. Consequently, the fund classifies and measure all investments and derivatives at Fair value through profit and loss (FVTPL).

All other assets and liabilities are subsequently measured at amortized cost in accordance with IFRS 9, Financial Instruments (IFRS 9).

The Fund classifies each financial instrument into one of the three fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1 - for unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - for inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities, either directly (i.e. derived from prices); or indirectly (i.e. derived from prices); and

Level 3 – for inputs that are based on unobservable market data.

If inputs of different levels are used to measure an asset or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or changes in circumstances giving rise to the transfer.

All fair value measurements are recurring. For financial instruments whose fair values approximate their carrying values, given their short term nature, the carrying values of financial instruments measured at amortized costs approximate their fair values. Financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

The models used to determine fair value measurements included in the financial statements of the Fund's including Level 3 measurements, if any, are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The Manager considers and reviews the appropriateness of the valuation models, the valuation results, as well as any adjustments to the prices or estimates used by these models. At each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements.

The breakdown into the three-level hierarchy is provided in Note 10.

# Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)  
For the period ended June 30, 2023

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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(e) Financial Instruments (continued)

Fair Value measurement

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 (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Fixed income securities are valued at the bid price on the reporting date. Investments in underlying funds are valued at the net asset value per share of each underlying fund reported by the underlying funds manager as of the close of regular trading on the Toronto Stock Exchange. Unlisted warrants are valued using the Black-Scholes option valuation model. The model factors in the time value of money and the volatility inputs significant to such valuation. For purposes of determining Transactional Net Asset Value, as defined in Note 11, unlisted warrants are valued at their intrinsic value.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Fund uses a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other models commonly used by market participants, which make the maximum use of observable inputs. Refer to Note 10 for further information about the Fund's fair value measurements.

(f) Redeemable Participating Shares

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities. They are measured at the redeemable amount.

The value at which shares are issued or redeemed is the net asset value per share. Net asset value per share for each series is calculated at the end of each day on which the Fund's Manager is open for business ("valuation day") by dividing the net asset value ("Transactional NAV" as defined in Note 11) of each series by its outstanding shares. The net asset value of each series is computed by calculating the value of the series' proportionate share of the Fund's assets less the series' proportionate share of the Fund's common liabilities and less series-specific liabilities. Expenses directly attributable to a series are charged to that series, while common Fund expenses are allocated to each series in a reasonable manner as determined by the Manager. Other income and realized and unrealized gains and losses are allocated to each series of the Fund based on that series' pro rata share of total net asset value of that Fund. Amounts received on the issuance of shares and amounts paid on the redemption of shares are included on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares. Distributions on redeemable shares are presented as an expense within the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares.

(g) Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share

Increase (decrease) in net assets attributable to holders of redeemable shares from operations per share is based on the increase (decrease) in net assets attributable to holders of redeemable shares from operations attributable to each series of the Fund divided by the weighted average number of shares of that series outstanding during the period.

(h) Income Recognition

Dividend Income

Dividend income is recognized in the Statements of Comprehensive Income on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend gross of withheld tax.

Interest for distribution purposes

Interest for distribution purposes as disclosed in the Statements of Comprehensive Income on debt securities at FVTPL is recognized on an accrual basis and represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities, except for zero coupon bonds, which are amortized on a straight-line basis.

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) Distributions to Shareholders

Distributions are recorded by the Fund on the business day immediately following the record date.

(j) Transaction Costs

Transaction costs are expensed and are included in "Transaction costs" in the Statements of Comprehensive Income. 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.

## Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)  
For the period ended June 30, 2023

### 3. REDEEMABLE PARTICIPATING SHARES

The Fund is authorized to issue an unlimited number of shares as follows:

Name of Fund	Series available
Explorer Series Fund	A-Rollover, A-Regular, F

Series A-Rollover is used by the Company when there is a rollover of Limited Partnership units. Dealers cannot directly purchase this series. There is no Initial sales charge.

Series A-Regular have an initial sales charge of up to 5% which may be charged by the broker or dealer, no fees or commission is charged by the Fund.

Series F is used by the Company when there is a rollover of Limited Partnership units. There is an initial sales charge of up to 2%, which may be charged by the broker or dealer, no fees, or commission is charged by the Fund.

During the periods ended June 30, 2023 and 2022, the following shares were issued (including transfers from other series) and redeemed (including transfers to other series):

June 30, 2023	Outstanding beginning of period	Shares issued*	Shares redeemed*	Outstanding end of period
Explorer Series Fund				
Series A-Rollover	11,205,134	12,264,385	(12,746,208)	10,723,311
Series A-Regular	1,332	-	-	1,332
Series F	2,801,279	2,029,449	(2,562,098)	2,268,630

June 30, 2022	Outstanding beginning of period	Shares issued*	Shares redeemed*	Outstanding end of period
Explorer Series Fund				
Series A-Rollover	12,037,868	7,715,638	(9,126,490)	10,627,016
Series A-Regular	3,740	-	(2,408)	1,332
Series F	1,776,100	2,116,772	(1,577,398)	2,315,474

\* In the Explorer Series Fund, zero Series A-Rollover shares were transferred to Series F for the period ended June 30, 2023 (2022: 19,229)

The weighted average number of units outstanding during the period used to calculate the increase (decrease) in NAV from operations per Unit is as follows:

For the period ended	June 30, 2023	June 30, 2022
Weighted average number of units Series A-Regular	1,332	2,942
Weighted average number of units Series A-Rollover	11,167,310	11,227,591
Weighted average number of units Series F	2,651,166	1,894,293

### 4. EXPENSES AND RELATED PARTY TRANSACTIONS

The following summarizes the annual management fee for the Fund. 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 weekly basis.

	Series A/Rollover and Regular	Series F
Explorer Series Fund	2.0%	1.0%

The Fund is dependent on the Manager for administration and management of all matters relating to their operations.

The Fund bears all of its own expenses relating to its operation and the carrying on of its business. These items include legal and audit fees, interest, and administrative costs relating to the issue and redemption of shares as well as the cost of financial and other reports and compliance with all applicable laws, regulations and policies. Commissions paid on security transactions are shown as "Transaction costs" in the Statements of Comprehensive Income.

The Manager has at its discretion, the ability to absorb certain expenses associated with the Fund. No fees were absorbed during the periods ended June 30, 2023 and 2022.

Included in each of the Fund's expenses in the Statements of Comprehensive Income is the corresponding component of sales tax. The Harmonized Sales Tax (HST) combines the GST rate of 5% with the Provincial Sales Tax of certain provinces. Each Fund's HST rate is calculated using the proportionate investment holding by the unitholder's provincial residency as at September 30 of the prior year. HST rates are determined for expenses attributable to a Fund's individual class/series, where applicable.

From time to time, the Manager may earn fees and commissions on securities transactions in which the Fund participates. The fees and commissions are based on standard agreements at market prices. For the period ended June 30, 2023, \$3,200 (2022 – \$9,150) was received by the Manager in related fees and commissions under the standing instructions given by the Independent Review Committee ("IRC").

In accordance with National Instrument 81-107, *Independent Review Committee for Investment Funds*, the Fund Manager has established an IRC for all of the Funds. The mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest, which the Manager is subject to when managing the Fund. The IRC reports annually to unitholders of the Fund 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 Fund. These amounts are recorded in the Statements of Comprehensive Income.

# Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)  
For the period ended June 30, 2023

## 5. TAXATION AND DISTRIBUTIONS

### (a) Taxation of Open-End Mutual Fund Corporations

Under the *Income Tax Act* (Canada), the Corporation qualifies as a mutual fund corporation and computes its net income (loss) and net capital gains (losses) for income tax purposes as a single entity. A mutual fund corporation is subject to a special 38 1/3% tax on taxable dividends received from corporations resident in Canada and to tax at normal corporate rates on other income and net taxable realized capital gains for the year. The special 38 1/3% tax is refundable on payments of taxable dividends to shareholders at the rate of \$1 for each \$2.61 of such dividend paid. The refundable dividend taxes asset on hand recognized by the Fund reflects the anticipation of the Manager to declare a taxable dividend to the Fund's shareholders in due course. All the tax on net taxable realized capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders.

The Corporation has stated its intention that income taxes and refundable capital gains taxes payable by the Corporation will be borne by one or more funds in a manner to be chosen by the board of directors of the corporation, in its sole discretion, in order to obtain a refund of taxes payable by the corporation as a whole. While the Corporation is taxed as a single legal entity, the individual mutual fund share series recognize, for accounting purposes, the impact of current and future taxes based on the net income (loss) and increase (decrease) in net assets from realized and unrealized gains (losses), respectively, of each series. The mutual fund share series offsets the future tax liability for refundable taxes payable with the refund expected upon payment of capital gains or ordinary dividends or upon redemption of shares. As a result, the future tax liability for refundable taxes payable is eliminated. The mutual fund share series with negative taxable income does not recognize a tax asset for unused tax losses as future utilization is not probable and a full valuation allowance has been recorded. Further, unused tax losses of one mutual fund share series may be used to offset taxable income of another series. Therefore, where a mutual fund share series has positive net taxable income, the current tax liability has been offset with the utilization of unused tax losses from other series to the extent possible. Any residual taxable income would be refundable upon payment of capital gains or ordinary dividends by the Corporation.

Explorer Series Fund holds a balance of RDTOH of \$834,152 on a gross basis as of June 30, 2023. As at June 30, 2023 the fund had sufficient net assets to declare a dividend of \$2,176,238 which would allow the Fund to recover the entire RDTOH balance.

## 6. BROKERAGE COMMISSIONS ON SECURITIES TRANSACTIONS

Certain Funds have incurred brokerage commissions, a portion of which may have been received by the Fund's investment advisers in the form of investment or research services. For the period ended June 30, 2023, the total soft dollar benefits received for the Explorer Series Fund was \$0 (2022 – \$0).

No soft dollar services were included in the transaction costs on the Statements of Comprehensive Income.

## 7. SECURITIES LENDING TRANSACTIONS

The Fund has entered into a securities lending program with their custodian, RBC Investor and Treasury Services. The aggregate fair value of all securities loaned by a Fund cannot exceed 50% of the assets of the Fund. The Fund receives collateral of at least 102% of the value of the securities on loan. Collateral may comprise cash and/or securities.

The aggregate fair value of securities loaned and collateral held under securities lending transactions at June 30, 2023 and 2022:

June 30, 2023	Securities on loan \$	Collateral amount \$	Collateral as percentage
			of securities loaned %
Explorer Series Fund	9,295	9,761	105%

  

June 30, 2022	Securities on loan \$	Collateral amount \$	Collateral as percentage
			of securities loaned %
Explorer Series Fund	536	564	105%

Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge that the Fund's custodian, RBC Investor Services Trust, is entitled to receive.

June 30, 2023	Gross securities	Securities	Net securities	Withholding	Net income
	lending income \$	lending charge \$ %	lending income \$	taxes \$	received \$
Explorer Series Fund	251	88 35	163	-	163

  

June 30, 2022	Gross securities	Securities	Net securities	Withholding	Net income
	lending income \$	lending charge \$ %	lending income \$	taxes \$	received \$
Explorer Series Fund	599	209 35	390	-	390

# Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)  
For the period ended June 30, 2023

## 8. FUND MERGERS

The acquisition method of accounting was adopted for the merger of mutual funds whereby the continuing fund is the acquiring fund and the terminated fund is the acquired fund. This identification was based on aspects of the continuing fund such as investment objectives and portfolio composition.

Effective as of the close of business, as set out below, the continuing funds acquired the portfolio assets of the corresponding terminated funds in exchange for shares in the continuing fund. The value of the shares of the continuing fund issued in connection with these mergers was equal to the fair value of the investments transferred from the respective terminated fund.

Terminating fund	Merger date	Continuing fund	Series	Net assets acquired \$	Shares issued	Exchange ratio %
Marquest Mining Québec 2021-I Super Flow-Through LP - Class A	13-May-2022	Explorer Series Fund	A-Rollover	5,638,726	6,892,465	47.79
Marquest Mining Québec 2021-I Super Flow-Through LP - Class F	13-May-2022	Explorer Series Fund	F	1,240,022	1,467,829	48.11
Marquest Mining 2021-I Super Flow-Through LP - Class A	13-May-2022	Explorer Series Fund	A-Rollover	673,436	823,171	56.81
Marquest Mining 2021-I Super Flow-Through LP - Class F	13-May-2022	Explorer Series Fund	F	102,079	120,832	56.46
Marquest Mining 2021-II Super Flow-Through LP - Class A	14-Oct-2022	Explorer Series Fund	A-Rollover	1,584,000	2,607,407	61.09
Marquest Mining 2021-II Super Flow-Through LP - Class F	14-Oct-2022	Explorer Series Fund	F	1,360,347	2,158,254	64.25
Marquest Mining Québec 2021-II Super Flow-Through LP - Class A	21-Oct-2022	Explorer Series Fund	A-Rollover	10,857,408	18,035,562	55.96
Marquest Mining Québec 2021-II Super Flow-Through LP - Class F	21-Oct-2022	Explorer Series Fund	F	3,974,002	6,359,421	57.13
Marquest Advantaged Mining 2022 Super Flow-Through LP - Class A	14-Nov-2022	Explorer Series Fund	A-Rollover	778,767	1,288,070	59.91
Marquest Advantaged Mining 2022 Super Flow-Through LP - Class F	14-Nov-2022	Explorer Series Fund	F	468,128	745,427	61.10
Marquest Mining Québec 2022-I Super Flow-Through LP - Class A	19-May-2023	Explorer Series Fund	A-Rollover	7,023,809	12,264,377	91.72
Marquest Mining Québec 2022-I Super Flow-Through LP - Class F	19-May-2023	Explorer Series Fund	F	1,206,526	2,015,243	85.83

As a result of the mergers, in accordance with the *Income Tax Act* (Canada), all unrealized losses and certain elected unrealized gains of the terminating funds' portfolios were realized on the merger date. The financial statements of the continuing funds do not include the operating results of the terminated funds prior to the merger date.

## 9. CAPITAL MANAGEMENT DISCLOSURES

Shares issued and outstanding represent the capital of the Fund. The Fund has no restrictions or specific capital requirements and is authorized to issue an unlimited number of redeemable, transferable shares of each Series available. Restrictions and specific requirements on capital for each fund Series are only applicable for minimum subscriptions. The Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares and note 3 outline the relevant changes in each of the Fund's shares for the period. In accordance with the Fund's investment objectives, portfolio management of the Fund's capital will encompass appropriate investing of subscriptions and the maintenance of sufficient liquidity levels for capital redemptions.

## 10. FINANCIAL INSTRUMENTS

### (a) Fair Value

Financial instruments of the Fund include investments at fair value. There are no significant differences between the carrying values of these financial instruments and their fair values due to their short term nature. Investments are carried at their fair values as described below.

- I. Securities listed upon a recognized public stock exchange are valued at their close price 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. Securities that are restricted or limited by law (including by investment letter, escrow provisions or other representation, undertaking or agreement) will be subject to temporary trading restrictions and cannot be sold until the applicable holding period expires. The fair value of those securities for the duration of the holding period shall be the reported market value of the same class of shares of that security which is not subject to a restriction based on reported quotations in common use less an appropriate discount.

## Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)  
For the period ended June 30, 2023

### 10. FINANCIAL INSTRUMENTS (continued)

(a) Fair Value (continued)

The following tables present the Fund's financial instruments measured at fair value classified by the fair value hierarchy set out in IFRS 13, *Fair Value Measurements* as of June 30, 2023 and December 31, 2022:

	Level 1	Level 2	Level 3	Total
<b>June 30, 2023</b>	\$	\$	\$	\$
Explorer Series Fund	3,544,475	2,415,815	1,139,176	7,099,466
<b>December 31, 2022</b>	\$	\$	\$	\$
Explorer Series Fund	4,539,818	2,335,232	946,278	7,821,328

During the period ended June 30, 2023, \$847,160 (December 31, 2022 – \$905,804) was transferred between Level 1 and Level 2 for the Explorer Series Fund and \$172,065 (December 31, 2022 -\$25,956) was transferred between Level 1 and Level 3 for the Explorer Series Fund. Any change in the valuation methodology may result in transfers in and out of a level.

Realized and unrealized gains and losses related to Level 3 securities are included in the Statements of Comprehensive Income under "Net realized gain (loss) on the sale of investments including foreign exchange gain (loss)" and "Change in unrealized appreciation (depreciation) on investments" respectively. Transfers in and out of Level 3 are due to the changes in the observability of market data, such as a recent new transaction or due to the passage of time, respectively. The following table summarizes the changes in Level 3 securities for the six-month period ended June 30, 2023 and twelve-month period ended December 31, 2022:

	June 30, 2023	December 31, 2022
	\$	\$
Beginning of period	946,278	787,595
Purchases	44,535	101
Sales	-	-
Transfers into Level 3	144,406	25,956
Transfers out of Level 3	-	-
Net realized gain (loss) on sale of investments	-	(169,024)
Net change in unrealized appreciation (depreciation) in value	3,957	301,648
End of period	1,139,176	946,278

Certain Funds hold Level 3 securities in which there is uncertainty in estimating the fair value stemming from current financial issues and lack of market quotations. Level 3 requires significant unobservable data such as volatility and discount rates in its determination of fair value. The Explorer Series Fund holds halted equity investments classified as Level 3.

The fair value of the level 3 securities during the year are calculated using a key number of valuation techniques and unobservable inputs, which may include financial analysis of the company's financial statements, financial disclosures, non-listed transaction prices, analysis of underlying commodity or sector prices and overall prevailing market and economic conditions.



# Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)  
For the period ended June 30, 2023

## 10. FINANCIAL INSTRUMENTS (continued)

### (a) Fair Value (continued)

Below is a summary of the valuation techniques and significant unobservable inputs used in the fair value measurement of level 3 financial instruments. The significant unobservable inputs used in the valuation of Level 3 Financial instruments can vary considerably over time depending on company specific factors and economic or market conditions. Below illustrates the potential impact on the Fund if the significant unobservable inputs used in the valuation techniques had increased or decreased by 10%. Securities where the reasonable possible shift in the significant unobservable inputs did not result in a material impact on the Fund are indicated below as n/a.

Explorer Series Fund				
Security	Valuation technique	Significant unobservable input	Carrying Value as at June 30, 2023	Change in Valuation
			\$	\$
Equities	Market Information		216,860	n/a
Warrants	Black-Sholes Model	Liquidity Discount and Historical Volatility	922,316	120,121
			1,139,176	

Explorer Series Fund				
Security	Valuation technique	Significant unobservable input	Carrying Value as at December 31, 2022	Change in Valuation
			\$	\$
Equities	Market Information		48,530	n/a
Warrants	Black-Sholes Model	Liquidity Discount and Volatility	897,748	125,744
			946,278	

### (b) Risk Management and Disclosures

Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the Fund's investments and Fund's performance.

The Fund's investment activities expose them to a variety of financial risks. The Schedule of Investment Portfolios presents the securities held by the Fund as at June 30, 2023, and groups the securities by asset type, geographic region and/or market segment. Significant risks that are relevant to the Fund are discussed below. The sensitivity analyses shown in the notes below may differ from actual trading, and the differences could be material.

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

### (c) Market Risk

#### Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The fund is not exposed to foreign exchange risk.

#### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund is not exposed to interest rate risk.

# Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)  
For the period ended June 30, 2023

## 10. FINANCIAL INSTRUMENTS (continued)

### (c) Market Risk (continued)

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk). The investments of the Fund 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 Fund is equivalent to the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits, and the Fund's market price risk is managed through diversification of the investment portfolio.

The Fund is indirectly exposed to price risk of the underlying funds/securities.

The most significant exposure to other price risk arises from the Fund's investments in equity securities. As of June 30, 2023 and December 31, 2022, had the prices of the securities raised or lowered by 10%, with all other variables held constant, net assets attributable to holders of redeemable shares would have increased or decreased respectively as follows:

June 30, 2023	Fair value of Investments in equity securities \$	% of net assets attributable to holders of redeemable shares %	Potential impact on net assets attributable to holders of redeemable shares \$
Explorer Series Fund	7,099,466	83.9	709,947

  

December 31, 2022	Fair value of Investments in equity securities \$	% of net assets attributable to holders of redeemable shares %	Potential impact on net assets attributable to holders of redeemable shares \$
Explorer Series Fund	7,821,328	86.5	782,133

### (ii) Liquidity Risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Fund 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 Fund 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. Additionally for net asset value purposes, in accordance with securities regulation, the Fund must maintain at least 85% of their assets in liquid investments (i.e. investments that are traded in an active market including management fees payable, other payable and accrued expenses and payable on redemption of redeemable shares. These financial liabilities are all current and are due within 30 days. Redeemable shares are redeemable on demand at the shareholder's option. However, management does not expect that all of the shares will be redeemed immediately as holders of these instruments typically retain them for a longer period.

Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. On a weekly basis, quantitative monitoring measures are used to screen the Fund's portfolio for securities that may be considered for potential reclassification as illiquid. In addition, the Fund aims to retain sufficient cash to maintain liquidity. Accordingly, the Fund's liquidity risk is considered minimal.

### (iii) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's exposure to credit risk includes cash, investments, dividends receivable and receivables for investment securities sold. The Fund reduces its credit risk associated with cash by maintaining its primary bank accounts at large international financial institutions. 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. The Fund does not have a significant exposure to credit risk.

### (iv) Concentration Risk

Portfolio concentration risk is the risk of loss in the total value of the portfolio investments of the Fund 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, 2023 and December 31, 2022 is shown in Fund's Schedule of Investment Portfolio.

## Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)  
For the period ended June 30, 2023

### 11. IFRS NET ASSETS VERSUS TRANSACTIONAL NET ASSET VALUE

The Fund's accounting policies for measuring the fair value of their investments and derivatives are identical to those used in measuring their net asset value for transactions with unitholder in accordance with Part 14 of National Instrument 81-106 Investment Funds for Continuous Disclosure ("NI 81-106"), except when the Fund holds unlisted warrants, as described above. A comparison of the net assets per unit in accordance with IFRS ("IFRS Net Assets") and the net asset value calculated in accordance with NI 81-106 ("Transactional Net Asset Value") is presented in the tables below.

June 30, 2023

	Series A/Rollover	Series A/Regular	Series F
Transactional Net Asset Value	\$ 6,743,450	\$ 925	\$ 1,491,444
IFRS Net Assets	\$ 6,926,629	\$ 950	\$ 1,531,956
Transactional Net Asset Value per Share	\$ 0.63	\$ 0.69	\$ 0.66
IFRS Net Assets per Share	\$ 0.65	\$ 0.71	\$ 0.68

December 31, 2022

	Series A/Rollover	Series A/Regular	Series F
Transactional Net Asset Value	\$ 6,702,026	\$ 888	\$ 1,744,270
IFRS Net Assets	\$ 7,173,548	\$ 950	\$ 1,866,985
Transactional Net Asset Value per Share	\$ 0.60	\$ 0.67	\$ 0.62
IFRS Net Assets per Share	\$ 0.64	\$ 0.71	\$ 0.67

**TORONTO**

161 Bay Street  
Suite 4010  
Toronto, ON M5J 2S1  
Phone 416.777.7350 Toll  
Free 1.877.777.1541

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)