



MARQUEST MUTUAL FUNDS INC.
Explorer Series Fund

ANNUAL REPORT

Year ended December 31, 2023



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Marquest Mutual Funds Inc. - Explorer Series Fund

Opinion

We have audited the financial statements of Marquest Mutual Funds Inc. - Explorer Series Fund (the "Fund"), which comprise the statement of financial position as at December 31, 2023, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable shares, and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Fund for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 6, 2023.

Other Information

Management is responsible for the other information. The other information comprises the Annual Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 30, 2024
Toronto, Ontario

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND**ANNUAL FINANCIAL STATEMENTS****STATEMENTS OF FINANCIAL POSITION (CDN \$)**

As at December 31

	2023 (\$)	2022 (\$)
Assets		
Current Assets		
Cash	833,076	539,996
Investments at fair value	4,571,385	7,821,327
Refundable taxes receivable (Note 5)	834,152	807,304
Total Assets	6,238,613	9,168,627
Liabilities		
Current Liabilities		
Management fees payable	932	1,418
Other payables and accrued expenses	101,306	125,726
Total Liabilities	102,238	127,144
Net Assets Attributable to Holders of Redeemable Shares (Note 3)	6,136,375	9,041,483
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A-Rollover	4,714,308	7,173,548
Series A-Regular	604	950
Series F	1,421,463	1,866,985
Net Assets Attributable to Holders of Redeemable Shares per Share (Note 3)		
Series A-Rollover	0.41	0.64
Series A-Regular	0.45	0.71
Series F	0.44	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

ANNUAL FINANCIAL STATEMENTS

STATEMENTS OF COMPREHENSIVE INCOME (CDN \$)

For the years ended December 31

	2023 (\$)	2022 (\$)
Income		
Dividends	7,161	-
Interest for distribution purposes	42,914	25,805
Net securities lending income (Note 7)	499	915
Other income	172	-
Net foreign exchange (loss) gain on cash	(7)	3
Net realized loss on sale of investments	(5,304,168)	(957,548)
Net change in unrealized appreciation (depreciation) on investments	2,744,122	(3,323,849)
Total Loss	(2,509,307)	(4,254,674)
Expenses (Note 4)		
Management fees	154,607	216,831
Operating fees	174,164	170,111
Transaction costs (Note 6)	83,890	55,357
Legal fees	33,708	20,952
Audit fees	46,364	55,070
Independent Review Committee fees	31,207	26,045
Custodian fees	30,943	29,034
Unitholder reporting costs	14,772	8,274
Interest charges	76	14
Total Expenses	569,731	581,688
Decrease in Net Assets Attributable to Holders of Redeemable Shares from Operations	(3,079,038)	(4,836,362)
Decrease in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series		
Series A-Rollover	(2,492,500)	(4,095,413)
Series A-Regular	(346)	(1,032)
Series F	(586,192)	(739,917)
Decrease in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Note 3)		
Series A-Rollover	(0.21)	(0.36)
Series A-Regular	(0.26)	(0.48)
Series F	(0.20)	(0.30)

The accompanying notes form an integral part of the financial statements

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

ANNUAL FINANCIAL STATEMENTS

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

For the years ended December 31,

	<u>2023 (\$)</u>	<u>2022 (\$)</u>	<u>2023 (\$)</u>	<u>2022 (\$)</u>
	Series A-Rollover		Series A-Regular	
Net Assets Attributable to Holders of Redeemable Shares, Beginning of Year	7,173,548	12,278,120	950	4,310
Decrease in Net Assets Attributable to Holders of Redeemable Shares from Operations	(2,492,500)	(4,095,413)	(346)	(1,032)
Distributions to holders of redeemable shares				
From net investment income	(1,636,376)	-	(203)	-
Total distributions to holders of redeemable shares	(1,636,376)	-	(203)	-
Redeemable Share Transactions (Note 3)				
Issuance of shares	18,701,161	19,532,283	-	-
Capitalized distributions	1,636,376	-	203	-
Redemption of shares	(18,667,901)	(20,541,442)	-	(2,328)
Net increase (decrease) from redeemable share transactions	1,669,636	(1,009,159)	203	(2,328)
Decrease in Net Assets Attributable to Holders of Redeemable Shares	(2,459,240)	(5,104,572)	(346)	(3,360)
Net Assets Attributable to Holders of Redeemable Shares, End of Year	4,714,308	7,173,548	604	950

	<u>2023 (\$)</u>	<u>2022 (\$)</u>	<u>2023 (\$)</u>	<u>2022 (\$)</u>
	Series F		Total	
Net Assets Attributable to Holders of Redeemable Shares, Beginning of Year	1,866,985	1,862,451	9,041,483	14,144,881
Decrease in Net Assets Attributable to Holders of Redeemable Shares from Operations	(586,192)	(739,917)	(3,079,038)	(4,836,362)
Distributions to holders of redeemable shares				
From net investment income	(480,113)	-	(2,116,692)	-
Total distributions to holders of redeemable shares	(480,113)	-	(2,116,692)	-
Redeemable Share Transactions (Note 3)				
Issuance of shares	4,816,073	7,669,299	23,517,234	27,201,582
Capitalized distributions	480,113	-	2,116,692	-
Redemption of shares	(4,675,403)	(6,924,848)	(23,343,304)	(27,468,618)
Net increase (decrease) from redeemable share transactions	620,783	744,451	2,290,622	(267,036)
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	(445,522)	4,534	(2,905,108)	(5,103,398)
Net Assets Attributable to Holders of Redeemable Shares, End of Year	1,421,463	1,866,985	6,136,375	9,041,483

The accompanying notes form an integral part of the financial statements

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

ANNUAL FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOW (CDN \$)

For the years ended December 31

	2023 (\$)	2022 (\$)
Cash Flows from Operating Activities		
Decrease in net assets attributable to holders of redeemable shares from operations	(3,079,038)	(4,836,362)
Adjustments for:		
Net foreign exchange loss (gain) on cash	7	(3)
Net realized loss on sale of investments	5,304,168	957,548
Net change in unrealized (appreciation) depreciation on investments	(2,744,122)	3,323,849
Purchases of investments*	(3,734,096)	(2,570,574)
Proceeds from sale and maturity of investments	11,478,437	7,458,087
Refundable taxes receivable	(26,848)	173,428
Management fees payable	(486)	(921)
Other payables and accrued expenses	(24,420)	10,187
Net Cash from Operating Activities	7,173,602	4,515,239
Cash Flows used in Financing Activities		
Issuance of shares*	16,462,789	20,867,947
Redemption of shares	(23,343,304)	(27,468,618)
Net Cash used in Financing Activities	(6,880,515)	(6,600,671)
Increase (Decrease) in Cash during the Year	293,087	(2,085,432)
Foreign exchange gain (loss) on cash	(7)	3
Cash at Beginning of Year	539,996	2,625,425
Cash at End of Year	833,076	539,996
Supplementary disclosures on cash flow from operating activities:		
Dividends received	7,161	-
Interest received	42,914	25,805
Interest paid	(76)	(14)

*Excludes in-kind transactions of \$7,054,445 and \$6,333,635 for the years ended December 31, 2023 and 2022

The accompanying notes form an integral part of the financial statements

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

ANNUAL FINANCIAL STATEMENTS

**SCHEDULE OF INVESTMENT PORTFOLIO (CDN \$)
As at December 31, 2023**

	Number of Shares, Units or Warrants	Expiry Date	Exercise Price \$	Average Cost \$	Fair Value \$
CANADIAN EQUITIES (74.50%)					
Precious Metals (39.87%)					
Abcourt Mines Inc., Warrants	5,000,000	20-07-2025	0.15	5	2,600
Abitibi Metals Corp.	750,000			150,000	487,500
American Eagle Gold Corp.	2,142,857			535,716	557,143
Arctic Star Exploration Corp., Warrants	937,500	08-04-2024	0.10	1	1
Barrick Gold Corp.	14,000			311,591	335,160
Blue Thunder Mining Inc., Warrants	1,063,829	29-12-2024	0.33	5	69
Brixton Metals Corp., Warrants	555,556	07-12-2024	0.26	-	2,311
Canada Silver Cobalt Works Inc., Warrants	2,750,000	19-10-2024	0.15	-	-
Canada Silver Cobalt Works Inc., Warrants	1,330,532	25-11-2024	0.11	1	173
Canada Silver Cobalt Works Inc., Warrants	3,400,000	01-12-2024	0.15	-	221
Canada Silver Cobalt Works Inc., Warrants	555,500	14-04-2025	0.32	1	1
Cartier Resources Inc.	1,961,000			245,125	186,295
Cascadia Minerals Ltd., Warrants	156,250	31-03-2024	0.45	-	1,493
CopAur Minerals Inc., Warrants	50,000	02-03-2024	1.30	-	-
Durango Resources Inc., Warrants	2,150,000	23-05-2024	0.10	1	2
Durango Resources Inc., Warrants	3,250,000	27-12-2024	0.18	-	-
E2Gold Inc., Warrants	2,125,000	07-07-2024	0.15	2	2
E2Gold Inc., Warrants	4,200,000	30-03-2026	0.07	-	3,822
Emergent Metals Corp., Warrants	950,000	12-12-2024	0.45	-	62
Falcon Gold Corp., Warrants	2,700,000	18-11-2024	0.25	-	-
G.E.T.T. Gold Inc.	2,970,000			74,250	14,850
Galleon Gold Corp., Warrants	318,182	25-03-2024	0.75	18	-
Goldshore Resources Inc., Warrants	166,700	06-04-2024	0.75	-	-
Granada Gold Mine Inc., Warrants	2,500,000	27-09-2025	0.20	2	3
Heritage Mining Ltd., Warrants	1,000,000	12-04-2026	0.15	-	1,300
Hudbay Minerals Inc., Warrants	81,312	23-11-2025	7.38	-	102,161
Infinity Stone Ventures Corp., Warrants	500,000	12-08-2025	0.60	1	1
K9 Gold Corp., Warrants	1,250,000	26-05-2024	0.20	-	1
Kinross Gold Corp.	35,000			272,941	280,700
Kuya Silver Corp.	106,500			28,755	26,625
Kuya Silver Corp., Warrants	500,000	21-12-2025	0.70	-	4,648
Latamark Resources Corp.	51,724			-	-
Manning Ventures Inc., Warrants	390,625	22-10-2024	0.96	1	-
Medaro Mining Corp., Warrants	1,400,000	22-11-2024	0.30	-	-
Melkior Resources Inc.	403,500			50,438	88,770
Metalex Ventures Ltd.	2,814,706			73,331	70,368
Metalex Ventures Ltd., Warrants	5,000,000	05-06-2024	0.08	-	-
Muzhu Mining Ltd., Warrants	1,250,000	19-12-2024	0.12	-	244
NewRange Gold Corp., Warrants	147,058	20-04-2024	0.72	1	-
Nordique Resources Inc., Warrants	22,500	11-02-2024	4.00	-	-
Opus One Gold Corp., Warrants	5,000,000	22-12-2024	0.05	-	650
Orford Mining Corp.	3,736,621			317,099	168,148
Pelangio Exploration Inc., Warrants	1,093,750	10-12-2024	0.24	1	1
Prosper Gold Corp., Warrants	600,000	18-11-2024	0.30	-	2,145
Q Battery Metals Corp., Warrants	3,333,334	16-06-2025	0.06	3	650
Rockridge Resources Ltd., Warrants	714,286	05-03-2024	0.22	1	1
Rockridge Resources Ltd., Warrants	750,000	10-03-2025	0.15	1	1
Rockridge Resources Ltd., Warrants	4,300,000	12-04-2026	0.15	4	1,677
Rokmaster Resources Corp., Warrants	2,700,000	05-04-2025	0.13	3	6,143
Sage Gold Inc.	2,272,727			-	-
Sitka Gold Corp., Warrants	925,926	03-03-2024	0.18	1	39,259
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	1,820
Starr Peak Exploration Ltd., Warrants	262,500	15-02-2024	1.40	-	-
Thunder Gold Corp., Warrants	5,000,000	21-12-2024	0.12	-	650
Trifecta Gold Ltd.	1			-	-
TRU Precious Metals Corp., Warrants	1,500,000	17-05-2024	0.16	-	2
TRU Precious Metals Corp., Warrants	3,850,000	21-12-2024	0.10	-	250
TRU Precious Metals Corp., Warrants	1,600,000	02-05-2026	0.08	-	3,224
Tudor Gold Corp., Warrants	41,650	06-04-2024	2.80	-	-
Vatic Ventures Corp., Warrants	1,300,000	12-12-2024	0.40	-	-
Vortex Energy Corp., Warrants	460,000	12-06-2025	0.75	-	32,860
Xmet Inc.	2,000,000			10,000	2
				2,145,785	2,446,537

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND
ANNUAL FINANCIAL STATEMENTS
SCHEDULE OF INVESTMENT PORTFOLIO (CDN \$)

As at December 31, 2023

	Number of Shares, Units or Warrants	Expiry Date	Exercise Price \$	Average Cost \$	Fair Value \$
Uranium (20.45%)					
Azincourt Energy Corp., Warrants	1,750,000	31-03-2024	0.25	2	2
Cameco Corp.	9,700			516,452	554,161
CanAlaska Uranium Ltd., Warrants	806,819	16-05-2024	0.24	-	2,989
CanAlaska Uranium Ltd., Warrants	78,125	18-07-2024	0.60	-	645
Denison Mines Corp.	233,200			497,715	541,024
Forum Energy Metals Corp.	1,000,000			120,000	125,000
Forum Energy Metals Corp., Warrants	1,800,000	21-12-2024	0.17	-	16,263
Latitude Uranium Inc., Warrants	360,000	05-04-2026	0.50	-	8,635
Purepoint Uranium Group Inc., Warrants	6,500,000	08-12-2024	0.11	-	5,070
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
Traction Uranium Corp., Warrants	1,000,000	09-12-2024	0.40	-	910
				<u>1,134,170</u>	<u>1,254,700</u>
Base Metals (9.84%)					
Argex Titanium Inc.	10,000,000			-	-
Canada Carbon Inc., Warrants	3,333,000	28-04-2028	0.40	3	18,198
Canada Carbon Inc., Warrants	4,166,650	29-09-2024	0.10	4	542
Canadian Critical Minerals Inc., Warrants	2,200,000	27-07-2024	0.09	-	-
Canadian North Resources Inc.	50,000			130,000	99,500
CAT Strategic Metals Corp., Warrants	3,055,556	26-02-2026	0.16	3	3
Churchill Resources Inc., Warrants	443,499	31-03-2024	0.48	-	-
Churchill Resources Inc., Warrants	1,700,000	30-12-2024	0.22	-	1,105
Class 1 Nickel & Technologies Ltd., Warrants	1,153,800	04-06-2024	0.85	1	1
Copper Lake Resources Ltd., Warrants	2,000,000	02-12-2025	0.15	-	130
EV Nickel Inc., Warrants	2,100,000	21-12-2024	0.21	-	209,496
First Quantum Minerals Ltd.	10,000			327,977	108,500
Garibaldi Resources Corp., Warrants	600,000	22-07-2024	0.55	1	1
Garibaldi Resources Corp., Warrants	1,250,000	02-12-2025	0.45	-	488
Garibaldi Resources Corp., Warrants	400,000	02-12-2025	0.40	-	234
Kingsview Minerals Ltd., Warrants	1,950,000	29-12-2024	0.12	-	-
Manganese X Energy Corp., Warrants	1,750,000	15-12-2024	0.32	-	341
Marvel Discovery Corp.	1,730,000			103,800	69,200
Marvel Discovery Corp., Warrants	2,850,000	12-12-2024	0.25	-	-
Metallis Resources Inc., Warrants	650,000	10-06-2025	0.33	1	1
Nickel Creek Platinum Corp., Warrants	1,184,200	10-05-2025	0.13	-	1
Nickel North Exploration Corp., Warrants	4,000,000	10-08-2024	0.08	4	4
Nine Mile Metals Ltd., Warrants	937,500	12-12-2024	0.45	-	122
Power Metals Corp., Warrants	1,000,000	20-01-2025	0.40	-	14,560
Quebec Innovative Materials Co., Warrants	3,500,000	30-12-2024	0.08	-	683
Renforth Resources Inc., Warrants	3,750,000	28-10-2024	0.06	-	488
Renforth Resources Inc., Warrants	5,500,000	22-11-2024	0.06	-	715
Silver Spruce Resources Inc.	3,624,334			163,095	54,365
St-Georges Eco-Mining Corp., Warrants	500,000	01-11-2025	0.29	-	1,658
St-Georges Eco-Mining Corp., Warrants	1,600,000	18-11-2025	0.29	-	5,512
Tartisan Nickel Corp., Warrants	1,125,000	16-05-2024	0.70	-	-
Temas Resources Corp., Warrants	250,000	31-08-2025	0.90	2	601
Temas Resources Corp., Warrants	104,166	19-12-2025	0.90	46,875	406
The Magpie Mines Inc., Private Placements*	3,771,428			850,000	-
Vanadiumcorp Resource Inc., Warrants	2,500,000	23-09-2024	0.18	3	325
West High Yield WHY Resources Ltd., Warrants	200,000	22-06-2024	0.70	-	-
West High Yield WHY Resources Ltd., Warrants	280,000	22-12-2024	0.70	-	346
York Harbour Metals Inc., Warrants	167,000	21-06-2024	1.50	-	-
Zonte Metals Inc., Warrants	4,000,000	20-12-2025	0.18	-	16,120
				<u>1,621,769</u>	<u>603,646</u>
Rare Earths (3.21%)					
Commerce Resources Corp.	800,000			118,134	108,000
Commerce Resources Corp., Warrants	625,000	25-12-2025	0.25	-	6,703
Defense Metals Corp.	400,000			88,000	78,000
Defense Metals Corp., Warrants	500,000	08-12-2024	0.32	-	4,323
				<u>206,134</u>	<u>197,026</u>

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

ANNUAL FINANCIAL STATEMENTS

SCHEDULE OF INVESTMENT PORTFOLIO (CDN \$)

As at December 31, 2023

	Number of Shares, Units or Warrants	Expiry Date	Exercise Price \$	Average Cost \$	Fair Value \$
Lithium (1.13%)					
ALX Resources Corp., Warrants	4,000,000	03-11-2025	0.08	-	3,900
ALX Resources Corp., Warrants	1,100,000	21-11-2025	0.08	-	1,144
Avalon Advanced Materials Inc., Warrants	2,000,000	14-12-2024	0.25	-	1,820
Century Lithium Corp.	40,000			80,000	19,400
Century Lithium Corp., Warrants	75,000	04-02-2024	2.65	-	-
Comet Lithium Corp., Warrants	164,285	22-12-2024	0.84	-	2,979
Lodestar Battery Metals Corp., Warrants	2,000,000	23-12-2025	0.15	-	650
Lomiko Metals Inc., Warrants	1,075,000	25-07-2024	0.10	1	1
Lomiko Metals Inc., Warrants	1,875,000	19-01-2027	0.11	-	1,463
MegaWatt Lithium and Battery Metals Corp., Warrants	200,000	22-09-2024	1.20	-	-
St-Georges Eco-Mining Corp.	378,418			50,268	37,842
St-Georges Eco-Mining Corp., Warrants	1,818,182	30-11-2024	0.65	2	-
St-Georges Eco-Mining Corp., Warrants	1,083,333	11-03-2024	0.75	2	1
				<u>130,273</u>	<u>69,200</u>
Diamonds (0.00%)					
Margaret Lake Diamonds Inc., Warrants	133,300	18-07-2024	3.00	1	-
				<u>1</u>	<u>-</u>
Graphite (0.00%)					
E-Power Resources Inc., Warrants	500,000	31-03-2025	0.60	1	163
				<u>1</u>	<u>163</u>
TOTAL CANADIAN EQUITIES				<u>5,238,133</u>	<u>4,571,272</u>
US EQUITIES (0.00%)					
Precious Metals (0.00%)					
Hecla Mining Co., Warrants	25,937	25-06-2024	7.81	2	113
				<u>2</u>	<u>113</u>
TOTAL US EQUITIES				<u>2</u>	<u>113</u>
Total cost and fair value of investments (74.50%)				<u>5,238,135</u>	<u>4,571,385</u>
Less: Transaction costs included in average cost (Note 6)				<u>(2,356)</u>	<u>-</u>
Total investments				<u>5,235,779</u>	<u>4,571,385</u>
Other Assets Less Liabilities (25.50%)				<u>1,564,990</u>	<u>1,564,990</u>
Net assets attributable to holders of redeemable shares				<u>6,800,769</u>	<u>6,136,375</u>

*These securities are subject to temporary trading restrictions.

PORTFOLIO CONCENTRATION (CDN \$)

Portfolio by Category	% of Net Assets Attributable to Holders of Redeemable Shares	
	December 31, 2023	December 31, 2022
Precious Metals	39.87%	50.64%
Uranium	20.45%	19.94%
Base Metals	9.84%	7.45%
Rare Earths	3.21%	7.81%
Lithium	1.13%	0.66%
Diamonds	-	-
Graphite	-	-
Other Assets Less Liabilities	25.50%	13.50%
Total	<u>100.00%</u>	<u>100.00%</u>

See accompanying notes.

Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

1. THE FUNDS

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”). Prior to June 27, 2023, the Corporation had two classes of mutual fund shares being the Explorer Series Fund and Flex Dividend & Income Growth Fund. The Fund 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 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 and Treasury Services.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

- a) Basis of Presentation
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements were authorized for issue by the Board of Directors of Marquest Mutual Funds Inc. on March 30, 2024.

These financial statements present the financial information of the Class as a separate reporting entity. The Manager believes that the risk of such cross class liability is remote.

Effective January 1, 2023, the Fund adopted the IAS 1 amendment with regards to disclosure of material accounting policies. This amendment did not have a material impact on these financial statements.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2023 that have a material effect on the financial statements of the Fund.

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise indicated.

- (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 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 Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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 foreign currency transactions, excluding investments, are included in the "Foreign exchange gain (loss) on cash" 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 the 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 or 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 measures all investments and derivatives at fair value through profit and loss.

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 Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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 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 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 year.

(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 withholding 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.

Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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.

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 Fund 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 Fund 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 and no fees or commission is charged by the Fund.

During the years ended December 31, 2023 and 2022, the following shares were issued (including transfers from other series) and redeemed (including transfers to other series):

December 31, 2023	Outstanding beginning of year	Shares issued*	Shares redeemed*	Outstanding end of year
Explorer Series Fund				
Series A-Rollover	11,205,134	41,608,733	(41,428,303)	11,385,564
Series A-Regular	1,332	-	-	1,332
Series F	2,801,279	10,621,286	(10,156,564)	3,266,001

December 31, 2022	Outstanding beginning of year	Shares issued*	Shares redeemed*	Outstanding end of year
Explorer Series Fund				
Series A-Rollover	12,037,868	29,646,677	(30,479,410)	11,205,134
Series A-Regular	3,740	-	(2,408)	1,332
Series F	1,776,100	11,474,202	(10,449,023)	2,801,279

* In the Explorer Series Fund 107,745 Series A-Rollover shares were transferred to Series F for the year ended December 31, 2023 (2022: 639,766)

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

For the year ended	December 31, 2023	December 31, 2022
Weighted average number of units Series A-Regular	1,332	2,133
Weighted average number of units Series A-Rollover	11,614,919	11,366,751
Weighted average number of units Series F	2,872,266	2,495,158

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 years ended December 31, 2023 and 2022.

Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

4. EXPENSES AND RELATED PARTY TRANSACTIONS (continued)

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 year ended December 31, 2023, \$3,200 (2022 – \$36,478) 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 Manager has established an IRC for the Fund. 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 shareholders 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.

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.

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.

(b) Distributions

The Corporation declared dividends on December 5, 2023, payable on December 13, 2023, in the following amounts to shareholders of record on December 12, 2023: Explorer Series Fund Series A Rollover - \$0.15254 per share, Series A Regular - \$0.13831 per share, and Series F - \$0.14559 per share.

6. BROKERAGE COMMISSIONS ON SECURITIES TRANSACTIONS

The Fund has 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 year ended December 31, 2023, the total soft dollar benefits received for the Explorer Series Fund was \$7,269. (2022 - \$0).

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

Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

7. SECURITIES LENDING INCOME

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 the 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 December 31, 2023 and 2022:

December 31, 2023	Securities on loan \$	Collateral amount \$	Collateral as percentage of securities loaned %
Explorer Series Fund	522,028	548,131	105%

December 31, 2022	Securities on loan \$	Collateral amount \$	Collateral as percentage of securities loaned %
Explorer Series Fund	59	63	107%

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.

December 31, 2023	Gross securities lending income \$	Securities lending charge \$	%	Net securities lending income \$	Withholding taxes \$	Net income received \$
Explorer Series Fund	768	269	35	499	-	499

December 31, 2022	Gross securities lending income \$	Securities lending charge \$	%	Net securities lending income \$	Withholding taxes \$	Net income received \$
Explorer Series Fund	1,408	493	35	915	-	915

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.

Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

8. FUND MERGERS

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
Marquest Mining Québec 2022-II Super Flow-Through LP - Class A	20-Oct-2023	Explorer Series Fund	A-Rollover	9,555,738	23,829,770	99.45
Marquest Mining Québec 2022-II Super Flow-Through LP - Class F	20-Oct-2023	Explorer Series Fund	F	2,467,310	5,860,593	99.62
Marquest Critical Minerals 2022 Super Flow-Through LP - Class A	27-Oct-2023	Explorer Series Fund	A-Rollover	1,446,764	3,712,508	112.95
Marquest Critical Minerals 2022 Super Flow-Through LP - Class F	27-Oct-2023	Explorer Series Fund	F	950,638	2,323,162	115.01
Marquest Advantaged Mining 2023 Super Flow-Through LP - Class A	10-Nov-2023	Explorer Series Fund	A-Rollover	674,520	1,802,084	105.20
Marquest Advantaged Mining 2023 Super Flow-Through LP - Class F	10-Nov-2023	Explorer Series Fund	F	120,122	305,110	105.94

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 year. 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 Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

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 December 31, 2023 and December 31, 2022:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
December 31, 2023				
Canadian equities	3,447,325	563,226	22,530	4,033,081
Foreign equities	-	-	-	-
Canadian warrants	-	-	538,191	538,191
Foreign warrants	-	-	113	113
Total	3,447,325	563,226	560,834	4,571,385
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
December 31, 2022				
Canadian equities	4,539,818	2,335,232	48,672	6,923,722
Foreign equities	-	-	-	-
Canadian warrants	-	-	897,606	897,606
Foreign warrants	-	-	-	-
Total	4,539,818	2,335,232	946,278	7,821,328

During the year ended December 31, 2023, \$311,028 (December 31, 2022 – \$905,804) was transferred between Level 1 and Level 2 for the Fund and \$70,005 (December 31, 2022 -\$25,956) was transferred between Level 1 and Level 3 for the Fund.

Realized and unrealized gains and losses related to Level 3 securities are included in the Statements of Comprehensive Income under “Net realized loss on sale of investments” and “Net 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 years ended December 31, 2023 and 2022:

	31-Dec-23	31-Dec-22
	\$	\$
Beginning of year	946,278	787,595
Purchases	-	101
Sales	(57,457)	-
Transfers into Level 3	70,005	25,956
Transfers out of Level 3	-	-
Net realized (loss) on sale of investments	(279,810)	(169,024)
Net change in unrealized appreciation (depreciation) on investments	(118,182)	301,648
End of year	560,834	946,278

The Fund holds 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 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 Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

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.

2023				
Security	Valuation technique	Significant unobservable input	Carrying Value as at December 31, 2023 \$	Change in Valuation \$
Equities	Market Information		22,530	n/a
Warrants	Black-Scholes Model	Liquidity Discount and Volatility	538,304	44,541
			560,834	
2022				
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-Scholes 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 December 31, 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 Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

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 December 31, 2023 and 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:

December 31, 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	4,571,385	74.5	457,139

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

(d) 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). Financial liabilities including management fees payable and other payable and accrued expenses are all current and are due within 30 days. Redeemable shares are redeemable on demand at the shareholder's option.

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.

(e) 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 and investments. 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.

(f) 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 December 31, 2023 and 2022 is shown in Fund's Schedule of Investment Portfolio.

Marquest Mutual Funds Inc. – Explorer Series Fund

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

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.

	December 31, 2023		
	Series A/Rollover	Series A/Regular	Series F
	\$	\$	\$
Transactional Net Asset Value	4,509,326	578	1,359,658
IFRS Net Assets	4,714,308	604	1,421,463
Transactional Net Asset Value per Share	0.40	0.43	0.42
IFRS Net Assets per Share	0.41	0.45	0.44

	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

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