



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

ANNUAL REPORT

Year ended December 31, 2025

## 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 statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the years 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, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### *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 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 the 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 IFRS Accounting Standards as issued by the IASB, 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.

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, 2026  
Toronto, Ontario

**MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND**

**ANNUAL FINANCIAL STATEMENTS**

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

As at December 31,

	2025 (\$)	2024 (\$)
<b>Assets</b>		
<b>Current Assets</b>		
Cash	227,173	478,008
Investments at fair value through profit and loss	11,055,177	5,553,217
Accrued dividend receivable	570	660
Other receivable	1,000	-
Refundable taxes receivable (Note 5)	14,247	22,753
Prepaid fees	1,814	-
<b>Total Assets</b>	<b>11,299,981</b>	<b>6,054,638</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Management fees payable	1,202	2,516
Other payables and accrued expenses	129,276	108,078
<b>Total Liabilities</b>	<b>130,478</b>	<b>110,594</b>
<b>Net Assets Attributable to Holders of Redeemable Shares (Note 3)</b>	<b>11,169,503</b>	<b>5,944,044</b>
<b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>		
Series A-Rollover	9,407,359	4,813,832
Series A-Regular	1,634	742
Series F	1,760,510	1,129,470
<b>Net Assets Attributable to Holders of Redeemable Shares per Share (Note 3)</b>		
Series A-Rollover	1.15	0.52
Series A-Regular	1.21	0.55
Series F	1.23	0.55

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

"Ellen Sun"  
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 Ellen Sun  
 Director

"Andrew A. McKay"  
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 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,

	<b>2025 (\$)</b>	<b>2024 (\$)</b>
<b>Income</b>		
Dividends	35,441	37,077
Interest for distribution purposes	10,747	20,547
Net securities lending income (Note 7)	-	876
Other income	10,338	889
Net foreign exchange (loss) on cash	(26)	(144)
Net realized gain on sale of investments	1,518,321	2,071,543
Net change in unrealized appreciation(depreciation) on investments	5,171,998	(416,632)
<b>Total Income</b>	<b>6,746,819</b>	<b>1,714,156</b>
<b>Expenses (Note 4)</b>		
Management fees	159,891	130,023
Operating fees	167,398	170,025
Transaction costs (Note 6)	58,528	67,998
Legal fees	53,052	97,993
Audit fees	50,025	48,634
Independent Review Committee fees	32,585	33,256
Custodian fees	24,594	36,060
Unitholder reporting costs	20,586	15,113
Interest charges	56	1,042
Foreign taxes withheld (Note 5)	-	889
<b>Total Expenses</b>	<b>566,715</b>	<b>601,033</b>
<b>Increase in Net Assets Attributable to Holders of Redeemable Shares from Operations</b>	<b>6,180,104</b>	<b>1,113,123</b>
<b>Increase in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series</b>		
Series A-Rollover	5,257,735	846,692
Series A-Regular	892	138
Series F	921,477	266,293
<b>Increase in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Note 3)</b>		
Series A-Rollover	0.59	0.08
Series A-Regular	0.66	0.10
Series F	0.62	0.11

*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>2025 (\$)</u>	<u>2024 (\$)</u>	<u>2025 (\$)</u>	<u>2024 (\$)</u>
	Series A-Rollover		Series A-Regular	
<b>Net Assets Attributable to Holders of Redeemable Shares, Beginning of Year</b>	4,813,832	4,714,308	742	604
<b>Increase in Net Assets Attributable to Holders of Redeemable Shares from Operations</b>	5,257,735	846,692	892	138
<b>Distributions to holders of redeemable shares</b>				
From net investment income	(30,751)	(47,237)	(5)	(7)
Total distributions to holders of redeemable shares	(30,751)	(47,237)	(5)	(7)
<b>Redeemable Share Transactions (Note 3)</b>				
Issuance of shares	17,317,077	16,537,297	-	-
Capitalized distributions	30,301	46,769	5	7
Redemption of shares	(17,980,835)	(17,283,997)	-	-
Net (decrease) from redeemable share transactions	(633,457)	(699,931)	5	7
<b>Net Increase in Net Assets Attributable to Holders of Redeemable Shares</b>	4,593,527	99,524	892	138
<b>Net Assets Attributable to Holders of Redeemable Shares, End of Year</b>	9,407,359	4,813,832	1,634	742

	<u>2025 (\$)</u>	<u>2024 (\$)</u>	<u>2025 (\$)</u>	<u>2024 (\$)</u>
	Series F		Total	
<b>Net Assets Attributable to Holders of Redeemable Shares, Beginning of Year</b>	1,129,470	1,421,463	5,944,044	6,136,375
<b>Increase in Net Assets Attributable to Holders of Redeemable Shares from Operations</b>	921,477	266,293	6,180,104	1,113,123
<b>Distributions to holders of redeemable shares</b>				
From net investment income	(5,908)	(11,133)	(36,664)	(58,377)
Total distributions to holders of redeemable shares	(5,908)	(11,133)	(36,664)	(58,377)
<b>Redeemable Share Transactions (Note 3)</b>				
Issuance of shares	3,610,583	3,192,332	20,927,660	19,729,629
Capitalized distributions	5,744	10,884	36,050	57,660
Redemption of shares	(3,900,856)	(3,750,369)	(21,881,691)	(21,034,366)
Net Increase (Decrease) from redeemable share transactions	(284,529)	(547,153)	(917,981)	(1,247,077)
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares</b>	631,040	(291,993)	5,225,459	(192,331)
<b>Net Assets Attributable to Holders of Redeemable Shares, End of Year</b>	1,760,510	1,129,470	11,169,503	5,944,044

*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,

	2025 (\$)	2024 (\$)
<b>Cash Flows from Operating Activities</b>		
Increase in net assets attributable to holders of redeemable shares from operations	6,180,104	1,113,123
Adjustments for:		
Net foreign exchange loss on cash	26	144
Net realized (gain) on sale of investments	(1,518,321)	(2,071,543)
Net change in unrealized (appreciation) depreciation on investments	(5,171,998)	416,632
Purchases of investments*	(4,055,296)	(5,132,636)
Proceeds from sale and maturity of investments	15,164,088	20,714,008
Accrued dividend receivable	90	(660)
Accrued other receivable	(1,000)	-
Refundable taxes receivable	8,506	811,399
Prepaid fees	(1,814)	-
Management fees payable	(1,314)	1,584
Other payables and accrued expenses	21,198	6,772
<b>Net Cash from Operating Activities</b>	<b>10,624,269</b>	<b>15,858,823</b>
<b>Cash Flows used in Financing Activities</b>		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(614)	(717)
Issuance of shares*	11,007,227	4,821,336
Redemption of shares	(21,881,691)	(21,034,366)
<b>Net Cash used in Financing Activities</b>	<b>(10,875,078)</b>	<b>(16,213,747)</b>
<b>(Decrease) in Cash during the Year</b>	<b>(250,809)</b>	<b>(354,924)</b>
Net foreign exchange (loss) on cash	(26)	(144)
<b>Cash at Beginning of year</b>	<b>478,008</b>	<b>833,076</b>
<b>Cash at End of year</b>	<b>227,173</b>	<b>478,008</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	35,531	36,417
Foreign taxes paid	-	(889)
Interest received	9,747	20,547
Interest paid	(56)	(1,042)

\*Excludes in-kind transactions of \$9,920,433 and \$14,908,293 for the periods ended December 31, 2025 and 2024, respectively.

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 2025**

	Number of Shares, Units or Warrants	Expiry Date	Exercise Price \$	Average Cost \$	Fair Value \$
<b>CANADIAN EQUITIES (98.98%)</b>					
<b>Precious Metals (56.83%)</b>					
Agnico Eagle Mines Ltd.	1,860			370,572	432,935
B2Gold Corp.	57,212			356,294	353,570
Barrick Mining Corp.	9,300			370,576	556,047
Canadian Gold Resources Ltd., Warrants	700,000	18-11-2026	0.40	1	1,502
E2Gold Inc., Warrants	4,200,000	30-03-2026	0.07	-	-
Eldorado Gold Corp.	10,230			253,929	504,646
Emperor Metals Inc.	1,000,000			140,000	175,000
Equity Metals Corp., Warrants	310,000	16-08-2026	0.20	13,950	37,994
Gold Mountain Mining Corp.	13,244,000			-	-
Heritage Mining Ltd., Warrants	1,000,000	12-04-2026	0.15	-	-
Heritage Mining Ltd., Warrants	2,000,000	19-06-2026	0.15	-	-
IAMGOLD Corp.	28,053			231,563	635,400
Juggernaut Exploration Ltd.	450,000			540,000	729,000
Kinross Gold Corp.	13,020			372,023	503,353
LaFleur Minerals Inc., Warrants	2,175,000	20-12-2026	0.55	65,250	167,529
Lomiko Metals Inc., Warrants	187,500	19-01-2027	1.10	-	-
Lomiko Metals Inc., Warrants	375,000	12-11-2027	0.20	-	2,413
Opawica Explorations Inc., Warrants	1,000,000	20-12-2026	0.40	-	138
Opus One Gold Corp., Warrants	2,000,000	20-12-2027	0.10	-	17,290
OR Royalties Inc.	7,440			150,137	361,733
Pan American Silver Corp.	3,720			161,172	264,715
Pirate Gold Corp.	1,250,000			150,000	287,500
Q-Gold Resources Ltd., Warrants	1,100,000	13-12-2026	0.20	27,500	56,232
Sitka Gold Corp.	600,000			216,000	582,000
Sun Summit Minerals Corp., Warrants	1,000,000	24-07-2026	0.25	1	1,040
Sun Summit Minerals Corp., Warrants	1,350,000	20-12-2026	0.15	20,250	18,164
Tower Resources Ltd., Warrants	3,400,000	03-07-2026	0.18	3	153,408
Trident Resources Corp., Warrants	161,250	12-04-2026	1.87	4	54,128
TRU Precious Metals Corp., Warrants	1,600,000	02-05-2026	0.08	-	1,040
Wheaton Precious Metals Corp.	2,790			345,403	450,194
				<u>3,784,628</u>	<u>6,346,971</u>
<b>Base Metals (32.73%)</b>					
Brixton Metals Corp., Warrants	5,500,000	22-11-2026	0.12	-	2,860
Capstone Copper Corp.	29,760			304,541	410,093
CAT Strategic Metals Corp., Warrants	3,055,556	28-02-2026	0.16	3	-
Class 1 Nickel & Technologies Ltd.	2,000,000			100,000	220,000
Coniagas Battery Metals Inc., Warrants	116,330	26-02-2026	0.40	-	-
Decade Resources Ltd., Warrants	6,000,000	03-12-2026	0.08	-	5,460
Falcon Gold Corp., Warrants	4,500,000	20-11-2026	0.08	-	-
First Quantum Minerals Ltd.	15,376			413,386	565,837
Fortune Minerals Ltd.	2,000,000			140,000	170,000
Gold Strike Resources Corp., Warrants	328,571	12-06-2027	0.84	-	13,604
Hudbay Minerals Inc.	18,600			316,479	506,850
Ivanhoe Mines Ltd.	18,600			287,624	290,346
Lundin Mining Corp.	23,250			432,024	685,875
Manganese X Energy Corp.	994,000			149,100	139,160
Murchison Minerals Ltd., Warrants	312,500	03-12-2026	1.00	-	914
Niobay Metals Inc., Warrants	3,150,000	27-07-2026	0.12	3	51,912
Power Metals Corp.	250,000			100,000	205,000
Prospect Ridge Resources Corp., Warrants	1,100,000	24-07-2026	0.30	1	1,001
PTX Metals Inc.	612,100			61,210	76,513
Scandium Canada Ltd.	500,000			50,000	80,000
Scandium Canada Ltd., Warrants	2,500,000	27-07-2026	0.10	3	180,200
Silverco Mining Ltd., Warrants	7,500	23-12-2026	25.00	-	607
St-Georges Eco-Mining Corp., Warrants	2,200,000	26-06-2026	0.30	-	-
St-Georges Eco-Mining Corp., Warrants	500,000	01-11-2027	0.29	-	1,060
St-Georges Eco-Mining Corp., Warrants	1,600,000	18-11-2027	0.29	-	3,068
St-Georges Eco-Mining Corp., Warrants	5,000,000	23-11-2028	0.18	-	33,475
Troy Minerals Inc., Warrants	750,000	16-07-2026	0.45	1	-
Vizsla Copper Corp., Warrants	1,800,000	19-06-2026	0.16	2	12,414
				<u>2,354,377</u>	<u>3,656,249</u>

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

As at December 31 2025

	Number of Shares, Units or Warrants	Expiry Date	Exercise Price \$	Average Cost \$	Fair Value \$
<b>CANADIAN EQUITIES (CONT'D) (98.98%)</b>					
<b>Uranium (7.03%)</b>					
Atha Energy Corp., Warrants	99,684	05-04-2026	1.81	-	-
Azincourt Energy Corp., Warrants	12,000,000	21-12-2026	0.05	-	-
Cameco Corp.	2,980			334,407	374,526
CanAlaska Uranium Ltd.	300,000			180,000	177,000
Greenridge Exploration Inc., Warrants	650,000	19-12-2027	1.15	-	6,549
NexGen Energy Ltd.	17,670			207,877	223,172
Nexus Uranium Corp., Warrants	106,667	11-06-2026	4.00	-	548
Nexus Uranium Corp., Warrants	50,000	25-06-2026	6.00	1	16
Standard Uranium Ltd., Warrants	1,000,000	10-12-2026	0.15	-	2,990
				<u>722,285</u>	<u>784,801</u>
<b>Lithium (1.39%)</b>					
Consolidated Lithium Metals Inc., Warrants	8,000,000	30-10-2026	0.05	8	38,480
Metal Energy Corp., Warrants	700,000	18-12-2026	0.50	-	116,984
				<u>8</u>	<u>155,464</u>
<b>Graphite (0.74%)</b>					
Canada Carbon Inc.	4,974,400			74,616	74,616
Canada Carbon Inc., Warrants	3,333,000	28-04-2028	0.40	3	-
First Can Graph, Warrants	250,000	25-07-2026	1.00	-	260
Jinhua Capital Corp.	300,000			30,000	7,500
				<u>104,619</u>	<u>82,376</u>
<b>Rare Earths (0.26%)</b>					
Defense Unit Corp., Warrants	350,000	21-05-2028	0.20	-	29,316
				<u>-</u>	<u>29,316</u>
<b>TOTAL CANADIAN EQUITIES</b>				<u>6,965,917</u>	<u>11,055,177</u>
<b>Total cost and fair value of investments (98.98%)</b>				6,965,917	11,055,177
<b>Less: Transaction costs included in average cost (Note 6)</b>				(1,712)	
<b>Total investments</b>				<u>6,964,205</u>	<u>11,055,177</u>
<b>Other Assets Less Liabilities (1.02%)</b>				114,326	114,326
<b>Net assets attributable to holders of redeemable units</b>				<u>7,078,531</u>	<u>11,169,503</u>

**PORTFOLIO CONCENTRATION (CDN \$)**

Portfolio by Category	% of Net Assets Attributable to Holders of Redeemable Units	
	December 31, 2025	December 31, 2024
Precious Metals	56.83%	69.87%
Base Metals	32.73%	9.02%
Uranium	7.03%	9.43%
Lithium	1.39%	0.62%
Graphite	0.74%	-
Rare Earths	0.26%	-
Oil and Gas	-	4.48%
Other Assets Less Liabilities	1.02%	6.58%
Total	<u>100.00%</u>	<u>100.00%</u>

## MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2025 and 2024

### 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") with three series. The Fund's registered office is located at 161 Bay Street, Suite 2460, 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 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

### 2. MATERIAL ACCOUNTING POLICY INFORMATION

#### a) Basis of Presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

The Fund qualifies as an investment entity as it meets the following definition of an investment entity outlined in IFRS 10, Consolidated Financial Statements (IFRS 10):

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services.
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measures and evaluates the performance of substantially all of its investments on a fair value through profit or loss.

These financial statements were authorized for issue by the Board of Directors of Marquest Mutual Funds Inc. on March 30, 2026.

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.

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 warrants, and significant judgments include the 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. Fair values may be determined using reputable pricing vendors 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. Specifically, the Fund utilizes the Black-Scholes model for standard warrant valuations and Monte Carlo simulations for instruments with acceleration clauses. 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).

## MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2025 and 2024

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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).

(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 "Net 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 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 measure all investments and derivatives at 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 Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2025 and 2024

### 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 valuation model or Monte Carlo simulations (for warrants with acceleration clauses). 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 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 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, 2025 and 2024

### 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.

(k) New standards, amendments and interpretations effective after January 1, 2025 and that have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2025, and have not been early adopted in preparing these financial statements.

The Fund's assessment of the impact of these new standards and amendments is set out below:

i) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after January 1, 2026)

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. Among other amendments, the IASB clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

ii) IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027)

The IASB issued the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- the requirement to determine the most useful structured summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Fund is currently still assessing the effect of the forthcoming standard and amendments.

No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.

### 3. REDEEMABLE 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, no fees, or commission is charged by the Fund.

During the years ended December 31, 2025 and 2024, the following shares were issued (including transfers from other series) and redeemed (including transfers to other series):

	Outstanding beginning of year	Shares issued*	Shares redeemed*	Dividends reinvested	Outstanding end of year
<b>December 31, 2025</b>					
Series A-Rollover	9,211,379	20,450,119	(21,490,870)	28,976	8,199,604
Series A-Regular	1,345	-	-	5	1,350
Series F	2,044,911	3,819,496	(4,432,187)	4,974	1,437,194
<b>December 31, 2024</b>					
Series A-Rollover	11,385,564	27,235,718	(29,494,422)	84,519	9,211,379
Series A-Regular	1,332	-	-	13	1,345
Series F	3,266,001	4,905,284	(6,145,012)	18,638	2,044,911

## MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2025 and 2024

### 3. REDEEMABLE PARTICIPATING SHARES (continued)

\* In the Explorer Series Fund, 0 Series A-Rollover shares were transferred to Series F for the year ended December 31, 2025 (2024: 0)

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, 2025	December 31, 2024
Weighted average number of units Series A-Regular	1,345	1,333
Weighted average number of units Series A-Rollover	8,915,984	10,176,283
Weighted average number of units Series F	1,492,876	2,422,716

### 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, 2025 and 2024.

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, 2025, \$0 (2024 – \$13,776) 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 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 4, 2025, payable on December 15, 2025, in the following amounts to shareholders of record on December 12, 2025: Explorer Series Fund Series A Rollover - \$0.00374 per share, Series A Regular - \$0.00395 per share, and Series F - \$0.00399 per share.

## MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2025 and 2024

### 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, 2025, the total soft dollar benefits received for the Explorer Series Fund was \$35,117 (2024 – \$40,799).

### 7. SECURITIES LENDING TRANSACTIONS

The Fund had entered into a securities lending program with their custodian, RBC Investor Services Trust. The aggregate fair value of all securities loaned by the Fund could not exceed 50% of the assets of the Fund. The Fund received collateral of at least 102% of the value of the securities on loan. Collateral may comprise cash and/or securities. The securities lending program was terminated on May 27, 2024.

The aggregate fair value of securities loaned and collateral held under securities lending transactions at December 31, 2025 and 2024 is as follows:

December 31, 2025	Securities on loan	Collateral amount	Collateral as percentage of securities loaned
	\$	\$	%
Explorer Series Fund	-	-	-

December 31, 2024	Securities on loan	Collateral amount	Collateral as percentage of securities loaned
	\$	\$	%
Explorer Series Fund	-	-	-

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, 2025	Gross securities lending income	Securities lending charge		Net securities lending income	Withholding taxes	Net income received
	\$	\$	%	\$	\$	\$
Explorer Series Fund	-	-	-	-	-	-

December 31, 2024	Gross securities lending income	Securities lending charge		Net securities lending income	Withholding taxes	Net income received
	\$	\$	%	\$	\$	\$
Explorer Series Fund	1,361	476	35	885	9	876

### 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 2023-I Super Flow-Through LP - Class A	17-May-2024	Explorer Series Fund	A-Rollover	3,988,422	7,438,311	70.45
Marquest Mining Québec 2023-I Super Flow-Through LP - Class F	17-May-2024	Explorer Series Fund	F	483,622	854,304	68.90
Marquest Mining Québec 2023-II Super Flow-Through LP - Class A	18-Oct-2024	Explorer Series Fund	A-Rollover	11,533,278	18,162,642	81.09
Marquest Mining Québec 2023-II Super Flow-Through LP - Class F	18-Oct-2024	Explorer Series Fund	F	2,431,535	3,626,451	82.12
Marquest Critical Minerals 2023 Super Flow-Through LP - Class A	25-Oct-2024	Explorer Series Fund	A-Rollover	1,011,912	1,634,753	69.89
Marquest Critical Minerals 2023 Super Flow-Through LP - Class F	25-Oct-2024	Explorer Series Fund	F	277,177	424,533	70.17
Marquest Mining Québec 2024-I Super Flow-Through LP - Class A	16-May-2025	Explorer Series Fund	A-Rollover	4,435,532	7,584,698	83.98
Marquest Mining Québec 2024-I Super Flow-Through LP - Class F	16-May-2025	Explorer Series Fund	F	650,880	1,048,623	83.16
Marquest Mining Québec 2024-II Super Flow-Through LP - Class A	24-Oct-2025	Explorer Series Fund	A-Rollover	10,682,936	10,671,198	58.99
Marquest Mining Québec 2024-II Super Flow-Through LP - Class F	24-Oct-2025	Explorer Series Fund	F	2,645,284	2,477,554	58.77
Marquest Critical Minerals 2024 Super Flow-Through LP - Class A	31-Oct-2025	Explorer Series Fund	A-Rollover	2,198,609	2,194,221	95.82
Marquest Critical Minerals 2024 Super Flow-Through LP - Class F	31-Oct-2025	Explorer Series Fund	F	288,301	269,743	94.98

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.

**MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND**

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2025 and 2024

**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.

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, 2025 and December 31, 2024:

	Level 1	Level 2	Level 3	Total
<b>December 31, 2025</b>	\$	\$	\$	\$
Canadian equities	9,960,465	-	82,116	10,042,581
Canadian warrants	-	-	1,012,596	1,012,596
	9,960,465	-	1,094,712	11,055,177
<b>December 31, 2024</b>	\$	\$	\$	\$
Canadian equities	4,883,037	376,726	56,279	5,316,042
Canadian warrants	-	-	237,175	237,175
Total	4,883,037	376,726	293,454	5,553,217

During the year ended December 31, 2025, \$0 (December 31, 2024 – \$80,000) was transferred from Level 2 to Level 1 for the Explorer Series Fund, \$0 (December 31, 2024 – \$109,590) was transferred from Level 1 to Level 2 for the Explorer Series Fund, \$74,616 (December 31, 2024 – \$18,750) was transferred from Level 2 to Level 3 for the Explorer Series Fund and \$0 (December 31, 2024 – \$0) was transferred from Level 3 to Level 2 for the Explorer Series Fund.

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" 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, 2025 and 2024:

	December 31, 2025	December 31, 2024
	\$	\$
Beginning of year	293,454	560,834
Sales	(46,230)	(30)
Transfers into Level 3	42,706	-
Transfers out of Level 3	-	(10,384)
Net realized gain (loss) on sale of investments	(1,008,613)	-
Net change in unrealized appreciation on investments	1,813,395	(256,966)
End of year	1,094,712	293,454

**MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND**

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2025 and 2024

**10. FINANCIAL INSTRUMENTS (continued)****(a) Fair Value (continued)**

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 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 and overall prevailing market and economic conditions.

For the year ended December 31, 2025, the Fund expanded its valuation techniques for warrants. While standard warrants continue to be valued using the Black-Scholes Model, those containing acceleration clauses are valued using Monte Carlo Simulations to better reflect the complexity of their exercise features. Key unobservable inputs for these models include volatility assumptions, expected term or life and liquidity discounts.

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.

2025				
Security	Valuation technique	Significant unobservable input	Carrying Value as at December 31, 2025	Change in Valuation
			\$	\$
Equities	Market Information		82,116	n/a
Warrants	Black-Scholes Model	Liquidity Discount and Volatility	625,865	19,368
	Monte Carlo Simulation	Liquidity Discount and Volatility	386,731	31,774
			1,094,712	
2024				
Security	Valuation technique	Significant unobservable input	Carrying Value as at December 31, 2024	Change in Valuation
			\$	\$
Equities	Market Information		56,279	n/a
Warrants	Black-Scholes Model	Liquidity Discount and Volatility	237,175	14,031
	Monte Carlo Simulation	Liquidity Discount and Volatility	-	-
			293,454	

**(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, 2025, 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 significantly exposed to foreign exchange risk as it primarily invests in Canadian securities; however, minimal exposure may arise from cash balances or income received in foreign currencies.

**MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND**

Notes to Financial Statements (expressed in Canadian dollars)

For the years ended December 31, 2025 and 2024

**10. FINANCIAL INSTRUMENTS (continued)****(c) Market Risk (continued)***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.

*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, 2025 and 2024, 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:

<b>December 31, 2025</b>	<b>Fair value of Investments in equity securities \$</b>	<b>% of net assets attributable to holders of redeemable shares %</b>	<b>Potential impact on net assets attributable to holders of redeemable shares \$</b>
Explorer Series Fund	11,055,177	99.0	1,105,518

  

<b>December 31, 2024</b>	<b>Fair value of Investments in equity securities \$</b>	<b>% of net assets attributable to holders of redeemable shares %</b>	<b>Potential impact on net assets attributable to holders of redeemable shares \$</b>
Explorer Series Fund	5,553,217	93.4	555,322

**(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 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.

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, investments, accrued dividends receivable. 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, 2025 and 2024 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, 2025 and 2024

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

The Fund's accounting policies for measuring the fair value of their investments 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.

	<b>December 31, 2025</b>		
	<b>Series A/Rollover</b>	<b>Series A/Regular</b>	<b>Series F</b>
Transactional Net Asset Value	9,095,656	1,580	1,702,179
IFRS Net Assets	9,407,359	1,634	1,760,510
Transactional Net Asset Value per Share	1.11	1.17	1.18
IFRS Net Assets per Share	1.15	1.21	1.23

	<b>December 31, 2024</b>		
	<b>Series A/Rollover</b>	<b>Series A/Regular</b>	<b>Series F</b>
Transactional Net Asset Value	4,666,319	719	1,094,860
IFRS Net Assets	4,813,832	742	1,129,470
Transactional Net Asset Value per Share	0.51	0.53	0.54
IFRS Net Assets per Share	0.52	0.55	0.55

**12. SUBSEQUENT EVENTS**

Management has evaluated all subsequent events through the date the financial statements were authorized for issuance and determined that there were no additional items requiring adjustment or disclosure.

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