

STATEMENT OF FINANCIAL POSITION

StoneCastle Cannabis Growth Fund
(the "Fund")

As at March 22, 2018

Independent Auditor's Report

To the Unitholders of
StoneCastle Cannabis Growth Fund

We have audited the accompanying financial statement of StoneCastle Cannabis Growth Fund, which comprise the statement of financial position as at March 22, 2018 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

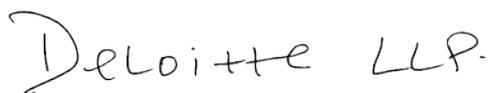
Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement present fairly, in all material respects, the financial position of StoneCastle Cannabis Growth Fund as at March 22, 2018 in accordance with International Financial Reporting Standards.



StoneCastle Cannabis Growth Fund
STATEMENT OF FINANCIAL POSITION
As at **March 22, 2018**

ASSETS	
Cash (Note 3)	\$ <u>10</u>
Net Assets Attributable to Unitholders	\$ <u>10</u>

NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER SERIES

Series A Units	\$ 10
Series F Units	\$ 0

UNITS OUTSTANDING

Series A Units	<u> </u>
Series F Units	<u> 0</u>

NET ASSETS PER UNIT ATTRIBUTABLE TO UNITHOLDERS

Series A Units	\$ 10.00
Series F Units	\$ 0.00

(see accompanying notes)

Approved on behalf of the board of directors of Spartan Fund Management Inc., as manager and trustee,
on March 22, 2018.

(signed) "Gary Ostoich"

Gary Ostoich
Director

(signed) "Brent Channell"

Brent Channell
Director

StoneCastle Cannabis Growth Fund

Notes to Financial Statement

March 22, 2018

1. ORGANIZATION

The Fund is a unit trust established under the laws of the Province of Ontario on February 28, 2018 under a master declaration of trust dated April 23, 2014, as amended on February 28, 2018. The registered office of Spartan Fund Management Inc. (the "**Manager**"), the manager and trustee of the Fund, is 100 Wellington Street West, Suite 2101, TD Centre, Toronto, Ontario M5K 1J3.

2. SIGNIFICANT ACCOUNTING POLICIES

This financial statement has been prepared in accordance with International Financial Reporting Standards ("IFRS"). The following is summary of the significant policies.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash in bank.

Financial instruments

All financial instruments are initially measured at fair value. Financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in increase (decrease) in net assets from operations and comprehensive income (loss). All other financial instruments are subsequently measured at amortized cost.

Cash

Cash as represented on the statement of financial position is cash held by the Manager.

3. SECURITIES ISSUED AND OUTSTANDING

An unlimited number of series of units may be issued.

On February 28, 2018, 1 Series A unit of the Fund was issued to the Manager at \$10.00 per Series A unit for aggregate cash consideration of \$10.00.

Pursuant to policies of the Canadian securities regulatory authorities, the Manager will not issue units, other than to the Manager, until subscriptions of not less than \$500,000 have been received by the Fund from third-party investors, and the Manager, as initial investor, cannot redeem its investment in the unit of the Fund until \$500,000 has been invested by third-party investors in units of the Fund.

This financial statement has been prepared in connection with the simplified prospectus filing requirements of the Canadian securities regulatory authorities to qualify units of the Fund for public distribution.

4. MANAGEMENT FEES

The Fund will pay management fees to the Manager, which are accrued daily and paid monthly. The Fund has a maximum management fee of 2.00% for the Series A units, 1.25% for the Series D units and 1.00% for the Series F units.

The Fund has not paid any management fees to the Manager as it was established on February 28, 2018.

6. INCENTIVE FEE

The Fund will pay a quarterly incentive fee to the Manager, subject to applicable taxes including HST, equal to a percentage of the daily net asset value of the applicable Series of the Fund. Such percentage will be equal to 20% of the difference by which the return in the net asset value of the applicable Series of the Fund from January 1 to March 30, April 1 to June 30, July 1 to September 30 and October 1 to December 31 exceeds the percentage return of the North American Marijuana Index, which is an index calculated and published by Solactive AG (or any successor index to such index) for the same period.

If the performance of a Series of the Fund in any year is less than the performance of the index described above (the "Deficiency"), then no incentive fee will be payable in any subsequent year until the performance of the applicable series of the Fund, on a cumulative basis calculated from the first of such subsequent years has exceeded the amount of the Deficiency.