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Black Sparrow Capital Corp. and Pure Natures Wellness Inc. C.O.B. as Aphria Complete Subscription Receipt Financing and Enter Into Definitive Agreement to Complete Qualifying Transaction

TORONTO, ONTARIO--(Marketwired - July 31, 2014) - Black Sparrow Capital Corp. ("**Black Sparrow**" or the "**Company**") (NEX BOARD:BLC.H) is pleased to announce that it has entered into a definitive arm's length transaction agreement (the "**Agreement**") dated July 31, 2014 with Pure Natures Wellness Inc. carrying on business as Aphria ("**Aphria**") whereby Aphria will amalgamate with a new and direct wholly-owned subsidiary of Black Sparrow ("**Subco**") to become a direct, wholly-owned subsidiary of Black Sparrow (the "**Business Combination**"). Upon completion of the Business Combination, Black Sparrow will remain as the resulting issuer (the "**Resulting Issuer**"). It is proposed that the Business Combination will constitute the Qualifying Transaction of Black Sparrow under the policies of the TSX Venture Exchange (the "**Exchange**"). Black Sparrow and Aphria are also pleased to announce that Aphria has completed an equity private placement (the "**Private Placement**") financing of 11,500,000 subscription receipts (the "**Subscription Receipts**") of Aphria at a price of \$1.10 per Subscription Receipt for gross proceeds of \$12,650,000, pursuant to an agency agreement (the "**Agency Agreement**") dated July 31, 2014, between Aphria, Black Sparrow, Subco and Clarus Securities Inc. ("**Clarus**") and PI Financial Corp. (together with Clarus, the "**Agents**"). This news release updates the terms of the Private Placement that were previously announced in a news release of Black Sparrow dated June 26, 2014.

Assuming completion of the Business Combination, it is expected that the Resulting Issuer will satisfy the original listing requirements of the Exchange for a Tier 1 Industrial Issuer and will combine its business with Aphria under the new name "Aphria Inc." (the "**Name Change**"). Completion of the Qualifying Transaction is subject to certain conditions including the approval of Black Sparrow's and Aphria's shareholders and is expected to close in the fourth quarter of this year. Black Sparrow and Aphria anticipate filing a joint management information circular (the "**Circular**") detailing the Qualifying Transaction and related matters in the near future to be mailed to their respective shareholders.

About the Parties

Aphria, a privately-owned company incorporated under the laws of the Province of Ontario and based in Leamington, Ontario, is in the business of producing and supplying medical marijuana pursuant to the *Marihuana for Medical Purposes Regulations* (the "**MMPR**"). Under the MMPR, Health Canada is responsible for the oversight of commercial medical marijuana growers such as Aphria. It is expected that, prior to the closing of the Business Combination, Aphria will have

received its final license (the "**License**") from Health Canada designating Aphria as a "licensed producer" pursuant to the MMPR.

Aphria began operations in 2013 with the intention of providing patients with high quality medical marijuana at a cost that is accessible to all patients under the MMPR. Under the MMPR and the previous regulatory regime, Aphria has grown and harvested 12 crops of medical marijuana, and has acquired and tested over 40 different strains in that time. Aphria's License is expected to cover a 30,000 square foot operating space, including 22,000 square feet of production space across two greenhouses. Aphria's greenhouses are located within a larger 450,000 square foot greenhouse facility, located on a 40-acre parcel of land in Leamington, Ontario. To date Aphria has only grown medical marijuana for the purposes of testing and experimenting with different strains and techniques, but once the License is received Aphria intends to sell its products to patients under the MMPR as well as to explore the viability of selling seedlings, plant materials and other related products to other "licensed producers". Black Sparrow is a capital pool company listed on the NEX board of the Exchange and the Proposed Transaction would constitute the Company's qualifying transaction under Exchange Policy 2.4 - *Capital Pool Companies*. Trading in the common shares of Black Sparrow (the "**Black Sparrow Shares**") were halted on June 26, 2014 and will remain halted until the resumption of trading is approved by the Exchange.

Private Placement

Each Subscription Receipt issued under the Private Placement entitles the holder thereof, upon deemed exercise following satisfaction of the Escrow Release Conditions (as defined below) in accordance with the terms of a subscription receipt agreement dated July 31, 2014 between Aphria, Clarus and Valiant Trust Company, to receive one common share (a "**Subscription Share**") and one common share purchase warrant (a "**Subscription Warrant**") of Aphria and, upon completion of the Business Combination, the Resulting Issuer. Each Subscription Warrant will entitle the holder thereof to purchase one Subscription Share at a price of \$1.50 for a period of 5 years following the satisfaction of the Escrow Release Conditions. The gross proceeds from the Private Placement, less the Agents' commission, fees, and estimated costs and expenses in respect of the Private Placement, will be held in escrow pending the satisfaction of: (i) all conditions precedent to the Business Combination being satisfied or waived in accordance with the terms of the Agreement; and (ii) the receipt of conditional approval from the Exchange to list the Resulting Issuer Shares (as defined below) on the Exchange (collectively, the "**Escrow Release Conditions**").

Upon satisfaction of the Escrow Release Conditions, the Subscription Receipts will be deemed to be exercised, for no additional consideration, for the Subscription Shares and Subscription Warrants of Aphria and, upon completion of the Business Combination, the Resulting Issuer. In the event the Business Combination does not occur on or before December 15, 2014, the gross proceeds of the Private Placement shall be returned to the purchasers pro rata without any deduction or interest and the Subscription Receipts shall be automatically cancelled without any further action by the holders thereof.

Pursuant to the Agency Agreement, Aphria has paid to the Agents, along with the reasonable expenses of the Agents, a cash commission equal to seven percent (7%) of the gross proceeds raised in the Private Placement, excluding the proceeds raised in connection with the sale of Subscription Receipts to certain purchasers introduced to the Agents by Aphria (each a

"**President's List Purchaser**"). In addition, the Agents received compensation options ("**Compensation Options**") entitling them to subscribe for the number of Subscription Shares and Subscription Warrants as is equal to seven percent (7%) of the aggregate number of Subscription Receipts sold pursuant to the Private Placement, excluding those Subscription Receipts sold to President's List Purchasers. Each Compensation Option shall be exercisable at a price of \$1.10 for a period of 24 months commencing upon satisfaction of the Escrow Release Conditions. The net proceeds raised pursuant to the Private Placement will be used by the Resulting Issuer for future capital expenditures as set out in the strategic plan of the Resulting Issuer and for general corporate and working capital purposes upon completion of the Business Combination.

Business Combination

In connection with the Business Combination, Black Sparrow has formed Subco, a new, direct, wholly-owned subsidiary of Black Sparrow incorporated under the laws of Ontario. Subject to the terms of the Agreement, Subco will amalgamate (the "**Amalgamation**") with Aphria and the amalgamated corporation ("**Amalco**") will continue as under the name "Pure Natures Wellness Inc." in exchange for 50,981,855 common shares of the Resulting Issuer. Amalco will be a direct wholly-owned subsidiary of the Resulting Issuer. All of the property and assets of each of Subco and Aphria will become the property and assets of Amalco, and Amalco will be liable for all of the liabilities and obligations of each of Subco and Aphria. The transaction is not a Non-Arm's Length Qualifying Transaction (as such term is defined by the Exchange) under the policies of the Exchange.

As of the date hereof, (i) Black Sparrow has 5,000,000 Black Sparrow Shares outstanding; and (ii) Aphria has 38,679,587 common shares (the "**Aphria Shares**"), 5,791,460 common share purchase warrants (the "**Aphria Warrants**") and 2,600,000 options (the "**Aphria Options**") outstanding. In addition, pursuant to the Private Placement, Aphria will issue an additional 12,302,268 Aphria Shares and 12,302,268 Aphria Warrants, assuming the Agents exercise the Compensation Options, immediately prior to the Amalgamation.

Pursuant to the terms of the Agreement, and based on the foregoing, Black Sparrow will: (i) subject to the receipt of all regulatory approvals, including the approval of its shareholders to certain items of special business and the Exchange, reorganize its share structure such that it will have only 2,300,000 common shares issued and outstanding following the issuance of any finder's fee compensation and immediately prior to the issuance of the Consideration Shares (as defined below) (the "**Consolidation**"); (ii) combine with Aphria pursuant to the Agreement such that all of the issued and outstanding securities of Aphria will be acquired, and as consideration, Black Sparrow will issue, on a one-for-one basis, approximately 50,981,855 Black Sparrow Shares (the "**Consideration Shares**", in exchange for the then issued and outstanding Aphria Shares (which for greater certainty includes the Aphria Shares to be issued under the Private Placement and upon the exercise of the Compensation Options); and (iii) issue convertible securities of Black Sparrow in exchange for the then issued and outstanding convertible securities of Aphria with substantially the same terms with appropriate adjustments (the "**Replacement Convertible Securities**").

The table below outlines the number and terms of the Replacement Convertible Securities of the Resulting Issuer:

Type of Security	Number	Conversion Price	Expiration / Description
Warrants			
Aphria Warrants ⁽¹⁾	5,173,127	\$1.20	June 3, 2016
Aphria Warrants	618,333	\$0.60	June 3, 2019
Subscription Warrants ⁽²⁾	12,302,268	\$1.50	Expire 5 years from the date of issuance.
Options			
Aphria Options	2,600,000	\$0.60	June 2, 2019

(1) In the event that Aphria has not: (a) obtained the License on or prior to November 30, 2014 and/or (b) the Resulting Issuer Shares are not traded or otherwise approved for trading by applicable regulatory authorities on the Exchange on or prior to January 1, 2015, Aphria will be required to issue an aggregate of approximately 1,034,625 Aphria Shares and 517,312 Aphria Warrants to subscribers of a previously completed equity private placement financing.

(2) Assumes that the Agents have exercised the Compensation Options.

Following the completion of the Business Combination there will be 53,281,855 (calculated on a non-diluted basis) and 73,975,583 (calculated on a fully-diluted basis) common shares of the Resulting Issuer (the "**Resulting Issuer Shares**").

It is expected that following completion of the Business Combination, and after giving effect to the Private Placement, the current holders of Black Sparrow Shares will hold approximately 4.3% of the outstanding Resulting Issuer Shares and the then current holders of Aphria Shares will hold approximately 95.7% of the Resulting Issuer Shares, each calculated on a non-diluted basis.

Summary Financial Information

The selected unaudited financial information for Aphria, reflecting the financial information for the year ended April 30, 2013 and the 10 month period ended February 28, 2014 is as follows:

Financial Information	February 28, 2014	April 30, 2013
Assets	92,469	14,970
Liabilities	1,482,035	623,804
Operating expenses and net loss	783,222	608,844

In June 2014, Aphria raised approximately \$6.2 million through an equity private placement financing. As at June 30, 2014, Aphria has incurred over \$1.5 million in capital expenditures in preparation for the final requirements for the License.

Resulting Issuer

The following table sets forth the pro forma capitalization of the Resulting Issuer after giving effect to the Business Combination:

Equity

Shares held by Aphria shareholders

Shares held by current Black Sparrow shareholders
Shares to be issued with respect to the Private Placement
Shares underlying options and warrants
Total (fully-diluted)

Board of Directors and Management

Subject to Exchange approval, on completion of the Business Combination, the management team and the board of directors of the Resulting Issuer will include the persons identified below. Prior to the Business Combination, Black Sparrow and Aphria intend to identify an additional independent director who will serve as a director of the Resulting Issuer.

Vic Neufeld - President, Chief Executive Officer and Director

Vic Neufeld is the President and Chief Executive Officer of Aphria. Vic is the former CEO of Jamieson Laboratories ("Jamieson") Canada's largest manufacturer and distributor of natural vitamins, minerals, concentrated food supplements, herbs and botanical medicines. Vic brings 15 years of experience as a chartered accountant and partner with Ernst & Young and 21 years as CEO of Jamieson. During his tenure with Jamieson, the company went from \$20 million in annual sales to over \$250 million and expanded the company's distribution network to over 40 countries, building Jamieson to a globally recognized brand name. Vic, a native of Leamington, Ontario, earned a Bachelor's degree from the University of Windsor and MBA from the University of Windsor and is CPA.

John Cervini - Chief Agronomist Officer and Director

John Cervini, Aphria's co-Chair and founder, comes from fourth generation growers in southwestern Ontario with hydroponic agricultural experience. Together with his father and brother, John helped established Lakeside Produce, one of North America's leading sales and marketing companies selling fresh produce from Canada to multinational retailers throughout North America. John is a leading innovator in greenhouse growing technology and has also overseen greenhouse expansion to Carpinteria, California and Guadalajara, Mexico. John's focus on improved efficiencies, healthier quality and the latest research studies made him a driving force in creating an industry leading food safety program before any sector wide standards or mandate. John understands the need and importance of product safety, product traceability and standardized industry procedures. John is the founding chair of the Ontario Greenhouse Marketing Association remains involved in the industry as part of the Ontario Greenhouse Vegetable Growers Association.

Cole Cacciavillani - Chief Operating Officer and Director

Cole Cacciavillani, Aphria's co-chair and founder, is an industrial engineer with 35 years of experience in the agricultural and greenhouse industry. Cole has accumulated expertise gained over generations of how to best utilize nature's light and organic properties combined with proprietary growing techniques and technologies produces a superior, safe and cost effective product. Cole sits on a number of charitable and associative boards including serving as: Chairman of the Board for Leamington Memorial District Hospital as well as serving on the Hospital's Foundation Board. Cole is a part of The Ontario Greenhouse Alliance; serves on the board of The Agricultural Institute of Ontario, Police Services Board, F.V. Energy Co-op, and the Leamington Economic Development Committee. Currently he serves as Co-Chair of Fundraising for the Erie Shores Campus Hospice. Cole's dedication to his community has

received much recognition, including: the Queen Elizabeth II Diamond Jubilee Medal, which is awarded to honour significant contributions and achievements by Canadians. Ontario's greenhouse industry recognized Cole's leadership and vision as the founding Chair of the industry organization with its first service award. Recently Cole was awarded the St. Clair alumni distinction award based on the success he pursued within the community.

Jonathan Leong - Chief Financial Officer

Jonathan Leong has been involved in a number of public and private market transactions, including business acquisitions and reverse take-overs, for both domestic and international entities. Mr. Leong is a Chartered Professional Accountant, Chartered Accountant and Chartered Business Valuator with experience working in a variety of financial reporting, audit, advisory, M&A and valuation engagements. Mr. Leong articulated with Grant Thornton LLP and obtained his Master of Accounting from the University of Waterloo.

Gary Leong - Chief Scientific Officer

Gary Leong, Aphria's Chief Scientific Officer has a personal background with quality assurance, quality control, quality system audits, international and domestic regulatory affairs and product research and development. Gary currently is the president of Neutra Solutions Inc. located in Surrey, British Columbia. Prior to that he was the Chief Scientific Officer at Jamieson. He began at Jamieson in the year 2000 as the Vice President of Scientific and Technical Affairs. He also held the position of Quality Control Manager at Boehringer Ingelheim Consumer Products: Quest Vitamins, and Development Officer at Atomic Energy of Canada: Radiochemical Company. Gary's educational background began with a Bachelor's of Science in Chemistry and has taken him most recently to an MBA in Quality Management from City University of Bellevue Washington. Gary is currently affiliated with The Life Sciences Working Team of Windsor-Essex Economic Development Corporation. In the past he was a member of the Natural Health Products Directorate Program Advisory Committee and a board member of the Ontario Ginseng Innovation and Research Consortium.

Dennis Staudt - Director

Dennis Staudt, Director, has over 35 years' experience providing business advice to private companies in Southwestern Ontario, having spent most of his career with PricewaterhouseCoopers LLP ("PwC"), including 22 years as a partner in the Audit and Assurance Group. Prior to being admitted to partnership, Dennis spent almost two years with PwC Germany in their Duesseldorf office. Following his retirement from PwC in 2012, Dennis continues to provide business advisory services to a number of private companies, primarily in the manufacturing and greenhouse sectors. He is also Vice-President of Staudt Farms Limited, a family owned farming operation in Leamington, Ontario. Dennis graduated from the University of Windsor in 1977 with a Bachelor of Commerce Degree. He obtained his Chartered Account (Ontario) designation in 1979 and his Certified Public Accountant (Illinois) designation in 1998. Dennis is also Advisory Board Member at the University of Windsor Centre for Executive and Professional Education. Dennis is Past Chair of the Leamington District Memorial Hospital Foundation, the Art Gallery of Windsor and the Art Gallery of Windsor Foundation. He also previously served on the Board of Governors of the University of Windsor and taught as a Sessional Lecturer in Accounting.

Significant Shareholders and Relationships

Messrs. Cacciavillani and Cervini have taken the initiative of founding and organizing Aphria. Upon completion of the Business Combination, Messrs. Cacciavillani and Cervini are expected to own or control directly or indirectly, approximately 24.9% and 21.6%, respectively, of the outstanding Resulting Issuer Shares. Messrs. Cacciavillani and Cervini are both residents of the Province of Ontario.

Michael Galloro is a director of Black Sparrow and a principal of Aloe Financial Inc. ("Aloe") which provides financial services to Aphria pursuant to a financial management agreement. Neither Aloe nor Mr. Galloro have any interest in the business or assets of Aphria. Delavaco Holdings Inc. ("Delavaco") and Aphria are parties to an advisory services agreement whereby Delavaco provided certain advisory services to Aphria. Delavaco has also provided Black Sparrow certain advisory services and will receive Black Sparrow Shares as compensation for such services prior to the completion of the Business Combination. Delavaco will hold less than 5.6% of the issued and outstanding Resulting Issuer Shares upon completion of the Business Combination.

Conditions of Completion

Completion of the Business Combination is subject to a number of conditions, including, but not limited to, Exchange acceptance. Where applicable, the Business Combination cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed, or at all.

Other conditions to completion of the Business Combination include, but are not limited to:

- Preparation and filing the Circular outlining the definitive terms of the Business Combination in accordance with the rules of the Exchange;
- The approval of Aphria shareholders of the Amalgamation, the approval of Black Sparrow shareholders of the Name Change and the Consolidation, and other matters to be more fully described in the Circular, and the approval and acceptance of the Exchange;
- The Resulting Issuer being in compliance with the initial listing requirements of the Exchange; and
- Receipt by Aphria of the License.

Sponsorship

Sponsorship of a Qualifying Transaction of a capital pool company is required by the Exchange, unless an exemption from the sponsorship requirement is available. On the basis of conducting a brokered concurrent financing in excess of \$500,000 with the Agents, Black Sparrow intends to, with the support of Clarus, apply to the Exchange for an exemption from the sponsorship requirement under section 3.4(a)(ii) of Exchange Policy 2.2 - *Sponsorship and Sponsorship Requirements*. There is no assurance that the Company will be able to obtain such an exemption.

Further Information

Information contained herein pertaining to Aphria and the proposed members of management and the board of directors of the Resulting Issuer has been furnished to Black Sparrow by Aphria.

Further details about the Qualifying Transaction and the Resulting Issuer will be provided in the disclosure document to be prepared and filed in respect of the Business Combination. Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative. The Exchange has in no way passed upon the merits of the Business Combination and has neither approved nor disapproved the contents of this press release.

Cautionary Statements

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Corporation's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, this release contains forward-looking information relating to the completion of the Business Combination, the number of securities of Black Sparrow that may be issued in connection with the Business Combination, the ownership of Black Sparrow following the Business Combination, the Private Placement, shareholder approval and the parties' ability to satisfy closing conditions and receive necessary approvals. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Corporation. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Business Combination will occur, or that if the Business Combination does occur, it will be completed on the terms described above.

The forward-looking information contained in this release is made as of the date hereof and neither the Company nor Aphria is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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