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Michael Galloro's halted capital pool shell, Black Sparrow Capital Corp. (BLC), will ask shareholders at a Dec. 1 meeting to approve a 1:10 rollback so it can then acquire Pure Natures Wellness Inc., doing business as Aphria, as its qualifying transaction. The target, founded by Ontario businessmen Cole Cacciavillani and John Cervini, already has a licence to grow, destroy and harvest medical marijuana under the new MMPR policy, and anticipates obtaining its production licence from Health Canada shortly.

After Black Sparrow rolls back 1:10, leaving it with 500,000 postconsolidated shares, the shell will issue 50,179,587 postconsolidated shares to the shareholders of Aphria, and then change its name to Aphria Inc. Mr. Cacciavillani will receive 9,944,444 shares and Mr. Cervini will receive 11,500,001, making them the largest shareholders.

In August, 2013, Aphria first applied to Health Canada to become a licensed producer under the new MMPR policy. In March, 2014, Health Canada granted the company a licence to acquire, produce and destroy medical marijuana at its greenhouses in Leamington, Ont., and in August, 2014, Health Canada granted Aphria a licence to harvest medical marijuana. What remains in Aphria's path to becoming a licensed producer is approval to transport and sell its product to patients or other licensed producers. Aphria claims that Health Canada will conduct its final inspection in 10 to 14 days, after which it will take another five to 10 business days for the government to grant the production licence, which is a requirement for Aphria to go public through Black Sparrow. Despite hundreds of applications from hopeful medical marijuana producers, the government has not granted a licence to operate under the new MMPR policy since last April, when OrganiGram Holdings Ltd. (OGI: \$1.11) became the 13th licensed producer. Aphria grows 40 strains of medical marijuana at its greenhouses, and anticipates obtaining a licence to produce up to 8,000 kilograms a year. It will charge between \$5 and \$12 a gram, depending on the strain.

Following the QT, Mr. Cacciavillani will become the chief operating officer and join the board, and Mr. Cervini will become the chief agronomist and join the board. They will each earn a salary of \$186,875 plus an expected bonus of \$150,000, providing Aphria obtains the coveted production licence. Mr. Cacciavillani owns the greenhouses in which Aphria grows its medical marijuana and he bills the company \$168,000 a year. He is an industrial engineer who has owned greenhouses in Leamington for 35 years. Mr. Cervini's family has operated greenhouses for 70 years, and now has operations in Southwestern Ontario, California and Mexico. It will be Mr. Cacciavillani and Mr. Cervini's first time on the board of a public company. Earlier this year, in June, they recruited Vic Neufeld to be Aphria's chief executive officer. Mr. Neufeld, who will own 671,514 shares, is a chartered accountant and the former CEO of Jamieson Laboratories Ltd., Canada's largest maker and distributor of vitamins. He worked at Jamieson for 21 years until January, 2014, when it was taken over by CCMP Capital Advisors, a large U.S. private equity firm, for more than \$300-million.

Aphria will also appoint three other directors. They are Carl Merton, the chief financial officer of Reko International Group Inc. (REK: \$1.90), Dennis Staudt, a retired partner of PricewaterhouseCoopers LLP, and Philip Waddington, a consultant and naturopathic physician. Mr. Staudt will own 60,000 shares but the other two have no positions.

In connection with closing the QT, Black Sparrow will also issue 1.8 million postconsolidated shares to Andy DeFrancesco's Delavaco Holdings Inc. for arranging the QT. Last May, Black Sparrow asked Delavaco to help find a QT, and in July Mr. DeFrancesco delivered the Aphria deal. Following the QT, Mr. Galloro and the rest of the Black Sparrow directors will resign. This is Mr. Galloro's first capital pool shell. He is an accountant at Aloe Financial Ltd. and he is also the chief financial officer of Mr. DeFrancesco's real estate company, Delavaco Residential Properties Corp. (DVO: \$0.98).

Assuming Health Canada grants Aphria a production licence, the medical marijuana company will become the 14th licensed producer, and the sixth, or possibly the seventh, to go public. The medical marijuana producers that have already listed are Bruce Linton's Tweed Marijuana Inc. (TWD: \$1.85), Marc Wayne's Bedrocan Cannabis Corp. (BED: \$0.70), Denis Arsenault's OrganiGram Holdings, Robert Gagnon's T-Bird Pharma Inc. (TPI: \$0.55) and Michael Haines's Mettrum Health Corp. (MT: \$1.51). As well, Paul Rosen's PharmaCan Capital Corp., which owns shares of two private licensed medical marijuana producers and also has a letter of intent to acquire In the Zone Produce Ltd., plans to go public later this year through Alan Rootenberg's capital pool shell, Searchtech Capital Corp. (MJN).

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