Black Sparrow Capital Corp.
(a Capital Pool Company)

Unaudited Condensed Interim Financial Statements

For the three and nine months ended May 31, 2014

(Expressed in Canadian Dollars)

Management's Responsibility for Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Black Sparrow Capital Corp. (the "Company" or "BSCC") are the responsibility of management.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

“Michael Galloro”
Michael Galloro
Chief Executive Officer

“Wally Rudensky”
Wally Rudensky
Director

Toronto, Canada

July 29, 2014

Black Sparrow Capital Corp.
(a Capital Pool Company)

Unaudited Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	As at May 31 2014	As at August 31 2013 (Audited)
Assets		
Current		
Cash (note 3)	**$ 7,275**	$ 10,276
Short term investment	**260,000**	285,000
Amounts receivable	**4,067**	2,294
	$ 271,342	$ 297,570
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 108,400**	$ 11,000
Shareholders' Equity		
Share capital (note 4)	**360,934**	360,934
Warrants (note 4)	**-**	20,988
Contributed surplus (note 4)	**65,659**	44,671
Deficit	**(263,651)**	(140,023)
	162,942	286,570
	$ 271,342	$ 297,570

Approved by the Board

"Michael Galloro"
Director

"Wally Rudensky"
Director

See accompanying notes, which are an integral part of these financial statements

Black Sparrow Capital Corp.
(a Capital Pool Company)

Unaudited Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Nine months ended May 31, 2014	Nine months ended May 31, 2013	**Three months ended May 31, 2014**	Three months ended May 31, 2013
Operating expenses				
Audit and accounting fees	**$ 380**	$ 14,725	**$ 185**	$ 3,500
Legal fees	**92,135**	9,994	**53,026**	-
Office and general	**33,541**	13,913	**15,435**	1,162
	126,056	38,632	**68,646**	4,662
Interest income	**2,428**	2,522	**798**	882
Net loss and comprehensive loss	**$ (123,628)**	$ (36,110)	**$ (67,848)**	$ (3,780)
Loss per share – basic and diluted (note 8)	**$ (0.031)**	$ (0.009)	**$ (0.017)**	$ (0.001)

See accompanying notes, which are an integral part of these financial statements

Black Sparrow Capital Corp.

(a Capital Pool Company)

Unaudited Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Warrants	Contributed surplus	Accumulated deficit	Total
Balance at August 31, 2012	6,000,000	$ 360,934	$ 20,988	$ 44,671	$ (95,758)	$ 330,835
Net loss and comprehensive loss for the period	-	-	-	-	(36,110)	(36,110)
Balance at May 31, 2013	6,000,000	$ 360,934	$ 20,988	$ 44,671	$ (131,868)	$ 294,725
Balance at August 31, 2013	6,000,000	$ 360,934	$ 20,988	$ 44,671	$ (140,023)	$ 286,570
Expiry of warrants	-	-	(20,988)	20,988	-	-
Cancellation of shares (note 1)	(1,000,000)	-	-	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(123,628)	(123,628)
Balance at May 31, 2014	**5,000,000**	**$ 360,934**	**$ -**	**$ 65,659**	**$ (263,651)**	**$ 162,942**

See accompanying notes, which are an integral part of these financial statements

Black Sparrow Capital Corp.

(a Capital Pool Company)

Unaudited Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

	Nine months ended May 31, 2014	Nine months ended May 31, 2013
Cash flow from (used in)		
Operating activities		
Net loss and comprehensive loss	**$ (123,628)**	$ (36,110)
Changes in non-cash working capital items:		
Amounts receivable	**(1,773)**	1,872
Accounts payable and accrued liabilities	**97,400**	(8,000)
	(28,001)	(42,238)
Investing activities		
Purchase of short term investment	**(260,000)**	(295,000)
Redemption of short term investment	**285,000**	315,000
	25,000	20,000
Increase (decrease) in cash during period	**(3,001)**	(22,238)
Cash, beginning of the period	**10,276**	23,670
Cash, end of the period	**$ 7,275**	$ 1,432

See accompanying notes, which are an integral part of these financial statements

1. Incorporation and Nature of Operations

Black Sparrow Capital Corp. (the "Company" or “Black Sparrow”) was incorporated under the Business Corporations Act (Alberta) on June 22, 2011 and is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange Inc. (the "Exchange"). The Company has no significant assets other than cash and a short-term investment and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in Exchange policy 2.4.

There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading. The Company was unable to complete the Qualifying Transaction by December 20, 2013 and was granted an extension to April 15, 2014. The Company was unable to meet this deadline date. See note 9.

The Company’s common shares commenced trading on the Exchange on December 22, 2011, under the trading symbol “BLC.P”. On April 23, 2014, the Company approved the cancellation of 1,000,000 escrowed shares and the transfer of the Company’s listing to NEX, a separate board of the Exchange, at the open of trading on April 24, 2014. The trading symbol for the Company changed from “BLC.P” to “BLC.H”. Black Sparrow continues to pursue and evaluate other businesses and assets sufficient to meet the listing. Black Sparrow has applied for trading re-instatement with the NEX.

The head office, principal address and records office of the Company are located at 520 3rd Avenue S.W., Suite 1900, Calgary, AB, Canada, T2P 0R3.

These financial statements of the Company were approved by the Board of Directors on July 29, 2014.

2. Basis of Presentation and Significant Accounting Policies

Statement of Compliance

These unaudited condensed interim financial statements present the Company’s financial results of operations and financial position under IFRS as at and for the three and nine months ended May 31, 2014.The Company’s unaudited condensed interim financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements do not include all notes normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended August 31, 2013 which has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

These unaudited condensed interim financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended August 31, 2013.

2. Basis of Presentation and Significant Accounting Policies (continued)

Basis of Presentation

The unaudited condensed interim financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

The unaudited condensed interim financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Significant assumptions that management has made that would result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to but are not limited to inputs used in the valuation of warrants and options.

Changes in Accounting Standards

On September 1, 2013, the Company adopted the following new standards, amendments to standards and interpretations which are effective for periods beginning on or after January 1, 2013:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosures of Interests in Other Entities

IFRS 13 – Fair Value Measurement

The adoption of these accounting standards had no impact on the financial statements previously filed by the Company. As a result, no reconciliations are provided for the adoption of these new standards.

(Expressed in Canadian Dollars)

3. Cash Restriction

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4. As at August 31, 2013 and May 31, 2014, the Company had exceeded this limit. The impact of this violation is not known and is ultimately dependent on the Exchange.

4. Share Capital, Warrants and Stock Options

Share Capital:

Authorized: an unlimited number of common shares

Issued and Outstanding:

	Number of shares	Value
Balance at June 22, 2011	-	$ -
Issued for cash (a)	2,000,000	100,000
Balance at August 31, 2011	2,000,000	100,000
Issued for cash, net of issuance costs (b)	4,000,000	260,934
Balance at August 31, 2012 and 2013 and May 31, 2013	6,000,000	$ 360,934
Cancellation of shares (note 1)	(1,000,000)	-
Balance at May 31, 2014	**5,000,000**	**$ 360,934**

(Expressed in Canadian Dollars)

4. Share Capital, Warrants and Stock Options (continued)

Warrants:

	Number of warrants		Value		Weighted average exercise price
Balance at August 31, 2011	-	$	-	$	-
Warrants issued (b)	400,000		20,988		0.10
Balance at August 31, 2012 and 2013 and May 31, 2013	400,000	$	20,988	$	0.10
Warrants expired	(400,000)		(20,988)		0.10
Balance at May 31, 2014	-	$	-	$	-

(a) On June 22, 2011, the Company issued 2,000,000 common shares at $0.05 per share for gross proceeds of $100,000, which are subject to a CPC Escrow Agreement. Under the terms of the CPC Escrow Agreement, 10% of the escrowed Common Shares will be released from escrow upon completion of the Qualifying Transaction by the Company and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

Outstanding ordinary shares that are contingently returnable (including escrow shares) are not treated as outstanding and are excluded from the calculation of basic earnings per share until the date the shares are no longer subject to recall.

(b) On December 20, 2011 the Company successfully completed its initial public offering (the "Offering") of 4,000,000 common shares at a price of $0.10 per common share for gross proceeds of $400,000 with PI Financial Corp. ("PI Financial") as agent.

(Expressed in Canadian Dollars)

4. Share Capital, Warrants and Stock Options (continued)

Warrants: (continued)

In connection with the Offering on December 20, 2011, the Company granted warrants to PI Financial to acquire an aggregate of 400,000 warrants, at an exercise price of $0.10 per common share, expiring 24 months from the date the common shares are listed on the Exchange. PI Financial also received a cash commission equal to 10% of the gross proceeds of the Offering.

Cash transaction costs of $118,078 and the fair value of the agent's warrants of $20,988 attributable to the common shares issued were applied against the $400,000 of proceeds received. In the absence of a reliable measurement of the agent services provided, the services have been measured at the fair value of the agents' warrants issued. These warrants expired on December 20, 2013.

Regarding the 4,000,000 common shares issued pursuant to the Offering, 15,000 of these shares were issued to non-arm's length subscribers, as a result, these shares are being held in escrow.

The fair value of all the Company's warrants was estimated using the Black-Scholes option pricing model using the following assumptions:

Volatility [1]	100.0%
Risk-free interest rate	0.88%
Expected life (years)	2
Dividend yield	Nil
Stock Price	$ 0.10
Fair value	$ 0.05

(1) As historical volatility of the Company's common shares is not available, expected volatility is based on the historical performance of the common shares of other similar companies.

Share-based Payments:

The Company has an incentive stock option plan (the "Plan") in place under which it is authorized to grant options to officers, directors, employees and consultants. Under the terms of the Plan, the number of shares subject to an option granted to any one participant shall be determined by the Board, but no one participant shall be granted an option which exceeds the maximum number permitted by the Exchange. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued and outstanding common shares of the Company. Options granted under the Plan will have a term not to exceed 5 years, have an exercise price not less than the discounted market price and may be subject to vesting terms as determined by the Board of Directors.

(Expressed in Canadian Dollars)

4. Share Capital, Warrants and Stock Options (continued)

Share-based Payments: (continued)

	Number of options	Weighted average exercise price
Balance at August 31, 2011	-	$ -
Granted	600,000	0.10
Balance at August 31, 2012 and 2013 and May 31, 2013 and 2014	**600,000**	**$ 0.10**

Issuance date	Exercise price	Outstanding options	Vested options	Remaining life (years)	Expiry date
December 20, 2011	$ 0.10	600,000[1]	600,000	2.56	December 20, 2016

(1) These options are exercisable only upon completion of the Company's Qualifying Transaction unless the optionee agrees to deposit the shares acquired into escrow.

On December 20, 2011, the Company granted stock options to acquire an aggregate of 600,000 common shares at an exercise price of $0.10 per option to directors and officers of the Company, which expire 5 years from the date of grant. These stock options vested upon grant and were estimated to have a fair value of $44,671.

The fair value of all the Company's stock options was estimated using the Black-Scholes option pricing model using the following assumptions:

Volatility [2]	100.0%
Risk-free interest rate	1.24%
Expected life (years)	5
Dividend yield	Nil
Forfeiture rate	Nil
Stock Price	$ 0.10
Fair value	$ 0.07

(2) As historical volatility of the Company's common shares is not available, expected volatility is based on the historical performance of the common shares of other similar companies.

(Expressed in Canadian Dollars)

5. Transactions with Related Parties

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Transactions with related parties are in the normal course of business and are measured at fair value.

Included in legal fee expense is $53,026 (May 31, 2013 – $Nil) of fees paid to a law firm in which a partner of this law firm is a director of the Company.

6. Financial Instruments and Risk Management

The Company is exposed through its operations to the following financial risks:

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash, short-term investment and amounts receivables are exposed to credit risk. Management believes the credit risk on cash, short-term investment and amounts receivable is small because the counterparties are highly rated financial institutions.

The aging of amounts receivable is as follows:

	As at May 31 2014	As at August 31 2013 (Audited)
Amounts receivable		
0 – 60 days	**$ 4,067**	$ 2,294

6. Financial Instruments and Risk Management (continued)

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term maturity of its financial instruments.

Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payables are generally current and due within 90 days of the balance sheet date. The Company ensures that it has sufficient capital to meet short-term financial obligations after taking into account its obligations and cash on hand.

As at May 31, 2014, the Company has accounts payable and accrued liabilities of $108,400 due within three months and has cash and a short-term liquid investment totaling $267,275 to meet its current obligations. As a result, the Company has minimal liquidity risk.

Fair value:

It is management's opinion that the fair value of cash, short-term investment, amounts receivable and accounts payable and accrued liabilities approximates their carrying value due to the relatively short-term maturities of these instruments.

7. Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares, contributed surplus and deficit, in the definition of capital. At May 31, 2014, the Company has total equity of $162,942 (August 31, 2013 - $286,570).

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in note 3.

There has been no change with respect to the overall capital risk management strategy during the period ended May 31, 2014.

(Expressed in Canadian Dollars)

8. Loss per Share

	Nine months ended May 31, 2014	Nine months ended May 31,2013	**Three months ended May 31, 2014**	Three months ended May 31, 2013
Numerator:				
Net loss and comprehensive loss for the period	**$ (123,628)**	$ (36,110)	**$ (67,848)**	$ (3,780)
Denominator:				
Weighted average number of common shares	**3,985,000**	3,985,000	**3,985,000**	3,985,000
Basic and diluted loss per share	**$ (0.031)**	$ (0.009)	**$ (0.017)**	$ (0.001)

The basic and dilutive loss per share are the same as stock options and share purchase warrants were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

9. Termination of Proposed Qualifying Transaction

On December 19, 2013, the Company entered into a letter of intent dated December 4, 2013 with Messrs. Darrin and David Hicks (the "Vendors"), where under the Company shall enter into an option agreement ("Option Agreement") with the Vendors to acquire a 100% undivided interest (the "Option") in and to the 'Little River Property' in the Coast of Bays area of Newfoundland.

The Company intended for the Little River Property to serve as its 'Qualifying Property' for purposes of its 'Qualifying Transaction' as such terms is defined in the policies of the Exchange. The proposed Qualifying Transaction was an arm's length transaction not subject to shareholder approval, and upon completion thereof it was expected that the Company would be a Tier 2 mining issuer.

On May 1, 2014, the Company announced the termination of its proposed Qualifying Transaction involving the Little River project.

10. Subsequent Event

On June 26, 2014, the Company entered into a non-binding letter of intent (the “LOI”) with Pure Natures Wellness Inc. doing business as Aphria (“Aphria”), which outlines the general terms and conditions of a proposed transaction pursuant to which a direct new wholly-owned subsidiary of Black Sparrow will amalgamate with Aphria, resulting in Black Sparrow owning all of the issued and outstanding securities of Aphria. Holders of shares of Aphria will receive shares of Black Sparrow on the basis of one Black Sparrow share for each Aphria share, pursuant to the amalgamation on the terms, and subject to the conditions contained in the Definitive Agreement (as defined below) (the “Proposed Transaction”). The LOI was negotiated at arm’s length and is effective as of June 26, 2014.

Aphria, based in Leamington, Ontario, is in the business of producing and supplying medical marijuana pursuant to the *Marihuana for Medical Purposes Regulations* (the “Regulations”). It is expected that, prior to the closing of the Proposed Transaction, Aphria will have received its final license from Health Canada designating Aphria as a “licensed producer” pursuant to the Regulations.

The transaction terms outlined in the LOI are non-binding on the parties and the LOI is expected to be superseded by a definitive agreement (the “Definitive Agreement”) to be signed between the parties. The Proposed Transaction is subject to regulatory approval, including the approval of the TSXV, and the satisfaction of customary closing conditions, including the approval of the Definitive Agreement and the Proposed Transaction by the directors of each of Black Sparrow and Aphria and completion of due diligence investigations to the satisfaction of each of Black Sparrow and Aphria, as well as the conditions described below. The definitive legal structure for the Proposed Transaction will be determined after the parties have considered all applicable tax, corporate and securities law, and accounting efficiencies.

Trading in the common shares of Black Sparrow was halted as a result of this announcement and will remain halted until the resumption of trading is approved by the TSXV.

Further details about the Proposed Transaction and the resulting issuer will be provided in a comprehensive press release when the parties enter into a Definitive Agreement and in the disclosure document to be prepared and filed in respect of the Proposed Transaction.