

SARATOGA ELECTRONIC SOLUTIONS INC. ENTERS INTO LETTER OF INTENT TO ACQUIRE ABBA MEDIX CORP.

MONTREAL, QUÉBEC, September 12, 2014 – Saratoga Electronic Solutions Inc. (“Saratoga”) (TSXV: SAR.H) announced today that it has entered into a non-binding letter of intent (the “LOI”) with the shareholders of Abba Medix Corp. (“Abba Medix”), who act at arm’s length to Saratoga, which outlines the general terms and conditions of a proposed transaction pursuant to which Saratoga will acquire all of the issued and outstanding shares of Abba Medix in exchange for shares of Saratoga (the “Transaction”).

Prior to completion of the Transaction, Saratoga will file an application to have its common shares (the “Saratoga Shares”) delisted from the NEX board of the TSX Venture Exchange (the “TSXV”), and the Company intends to make an application to the Canadian Securities Exchange (the “CSE”) for the listing of the Saratoga Shares on the CSE. Trading in the Saratoga Shares will be halted as a result of this announcement. Provided that the CSE accepts the Company for listing and the Company meets the applicable listing requirements, it is anticipated that the Saratoga Shares will only resume trading upon the completion of the Transaction and the approval of the CSE. As the Transaction will only be completed following the delisting of the Saratoga Shares from the NEX board of the TSXV, the TSXV will not be reviewing the terms and conditions of the Transaction nor any materials that may be delivered to shareholders in connection therewith.

About Saratoga

Saratoga does not currently have any commercial operations. Since the earlier disposition of its automated teller machine business, Saratoga has been carrying out a review of its strategic alternatives, which review has culminated with the approval of the LOI by the existing board of directors of Saratoga comprised of Messrs. Georges A. Durst, Donald Seal, QC and Martin Fontaine.

About Abba Medix

Abba Medix is an Ontario corporation established in 2013 to capitalize on the dramatically changing rules governing medical marijuana production in Canada. On April 1, 2014, Health Canada eliminated the ability of the approximately 37,000 Canadians currently licensed to possess marijuana for medicinal use to grow their own marijuana or have it grown on their behalf. From this point forward, these users must purchase medical marijuana from commercial suppliers licensed by Health Canada.

Abba Medix filed an application with Health Canada in November of 2013 to obtain a license to produce and distribute marijuana under the federal *Marihuana for Medical Purposes Regulations* (the “License”). Abba Medix has secured a 45,000 square foot facility to support its production plan and has invested over \$1,000,000 in the first phase of the plan that includes 15,000 square feet of production space. Abba Medix will continue to build out the facility as production demand increases.

While there can be no guarantee as to the successful outcome of Abba Medix’s application for the License nor as to the timeframe within which such application will be processed by Health Canada, it is Abba Medix’s goal to create one of the most technologically advanced and secure facilities in Canada in compliance with applicable rules and regulations.

The Proposed Transaction

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 Transaction is subject to regulatory approval and standard closing conditions, including the approval of the Definitive Agreement by the directors of Saratoga and the shareholders of Abba Medix.

Under the terms of the LOI, it is expected that Saratoga will issue 32,000,000 Saratoga Shares in exchange for all of the issued and outstanding shares of Abba Medix held by the founding shareholders. Based on the foregoing, it is expected that the current holders of Saratoga Shares will hold approximately 36.6% of the outstanding Saratoga Shares following completion of the Transaction and the founding shareholders of Abba Medix will hold 63.4% of the outstanding Saratoga Shares following completion of the Transaction.

It is contemplated that Abba Medix may complete one or more private placements of its securities to investors prior to the closing of the Transaction. A further press release prior to the resumption of trading will provide additional details of any such private placements and their impact on the number of Saratoga Shares to be issued to such investors as part of the Transaction.

As of the date hereof, there are 18,461,300 Saratoga Shares outstanding.

Contemporaneously with the closing of the Transaction, the shareholders of Abba Medix shall enter into an escrow agreement pursuant to which they will be restricted from selling their Saratoga Shares for the first three years following the closing of the Transaction, with 25% of their shares being released from escrow on each of the third and fourth anniversaries of the closing of the Transaction, and the remaining 50% of their shares being released on the fifth anniversary.

In addition, upon successful completion of the Transaction, Belair Capital Markets, who has acted as financial advisor to Abba Medix, will be entitled to receive options entitling it to acquire an amount of Saratoga Shares equal to 9% of the issued and outstanding Saratoga Shares at the time of the closing of the Transaction, exercisable for a period of twelve months at a price of \$0.25 per share.

George A. Durst, a director, officer and principal shareholder of Saratoga, together with his affiliates, as well as Abdel Charmand, have each entered into agreements pursuant to which they have agreed to sell, prior to the completion of the Transaction, an aggregate of 11,000,000 Saratoga Shares to Belair Capital Partners Inc. and other purchasers designated by Belair Capital Partners Inc., for an aggregate purchase price of \$110,000.

Post-Transaction Governance

Following completion of the Transaction, it is expected that the Board of Directors of Saratoga will be comprised of 5 directors, as follows:

- two directors nominated by Saratoga, being Georges A. Durst and Richard Vallée (the “Saratoga Representatives”); and
- three directors nominated by the Abba Medix shareholders, being Ray Rasouli, Paul Cancilla and one other individual to be nominated by the founding shareholders of Abba Medix (the “Abba Medix Representatives”).

The parties will undertake to nominate the Abba Medix Representatives and the Saratoga Representatives for election to the Board of Directors of Saratoga at its subsequent shareholders' meetings at which directors are elected.

Further Information

Further details about the proposed Transaction and the combined entity will be provided in a comprehensive press release when the parties enter into the Definitive Agreement.

Forward-Looking Information

This press release contains forward-looking information based on current expectations. Statements about the delisting of the Saratoga Shares from the TSXV, the listing of the Saratoga Shares on the CSE, the issuance of permits to Abba Medix by Health Canada, the closing of the Transaction, the expected terms of the Transaction, the number of securities of Saratoga that may be issued in connection with the Transaction, the ownership ratio of Saratoga following completion of the Transaction and the parties' ability to satisfy the closing conditions and receive all necessary approvals are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Transaction will occur or that, if the Transaction does occur, it will be completed on the terms described above. The terms described above are not binding unless and until the Definitive Agreement is signed. Saratoga assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law.

Neither 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.

For further information please contact:

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