



## Abba Medix Group Enters into Definitive Agreement to Acquire Redecan Pharm for \$11,000,000 CDN in Cash and Shares

Toronto, Ontario, May 7, 2015– Abba Medix Group Inc. (CSE: ABA) (“Abba” or the “Company”), formerly Saratoga Electronic Solutions Inc., is pleased to report it has entered into a definitive Share Purchase Agreement (the “Agreement”) to acquire all the issued and outstanding shares of 9037136 Canada Inc., a private company operating and known as Redecan Pharm (“Redecan”), from Mr. Richard Redekop (“Redekop”). The Agreement was made following the entering into of a Letter of Intent the Company reported April 6, 2015.

### **Summary of Redecan**

Redecan is focused on developing premium quality medical marijuana products and Redekop is a licensed producer and seller, able to cultivate marijuana under the Marihuana for Medical Purposes Regulations (“MMPR”) in Canada. Redekop obtained a medical marijuana license to undertake the production of medical marijuana in July 2014 and in March 2015 was awarded a full production and sales license. Redekop (also operating under the name Redecan Pharm), is currently listed as one of the seventeen persons in Canada to obtain such a license to date. Redekop has applied to Health Canada to transfer and assign his MMPR license to Redecan. If such transfer is approved, the principal focus of Redecan will be the production of medical marijuana from its fully secured, 15,000 square-foot greenhouse production facility in Niagara, Ontario.

### **Summary of the Transaction**

Under the terms of the share purchase transaction (the “Transaction”), Abba shall pay to Redekop an aggregate consideration of approximately CDN \$11,000,000, in cash and shares of the Company. Abba agreed to acquire all of the shares of Redecan for a purchase price consisting of CDN \$8,000,000 plus 6,000,000 shares of Abba with a deemed notional value of CDN \$0.50 per share, for a total deemed value of CDN \$11,000,000. The consideration payable is subject to decrease for any liabilities and indebtedness of Redecan outstanding as of March 12, 2015, and for any decrease in Redecan’s working capital as a result of medical marijuana sales after March 12, 2015. The consideration payable is subject to increase for expenses incurred by Redecan for the purpose of leasehold improvements to the production facility after January 31, 2015, and for any GST/HST input tax credits relating to the operation of the business up to January 31, 2015.

The Transaction is conditional upon regulatory approval, including approval of the transfer of the MMPR license from Redekop to Redecan and any required third party consents.

Closing of the Transaction is expected to be at a mutually agreed date no later than June 12, 2015, subject to extension if Health Canada has not approved the transfer of the MMPR license

by Redekop to Redecan by that date. On closing, Abba will pay to Redekop, CDN \$3,000,000 in cash and issue a promissory note in the amount of CDN \$5,000,000 bearing interest of 4% to be paid as follows: CDN \$2,000,000 plus 4% per annum interest six months after closing; CDN \$2,000,000 plus 4% per annum interest twelve months after closing; and \$1,000,000 plus 4% per annum interest fifteen months after closing. In addition, Abba will issue to Redekop on closing 6,000,000 common shares representing 8.92% of Abba's issued and outstanding capital stock (not including any outstanding warrants or any additional shares issued after the date of the Agreement).

As of the changeover date, deemed the close of business on March 12, 2015, Redekop's licensed business has been and will continue to be operated for the benefit of Abba.

On closing Abba will also deliver a share pledge agreement as security for its promissory note and pursuant to that agreement Abba will not a) deal with Redecan's MMPR Consent b) change the existing MMPR designations of Redecan's employees until all amounts owing have been paid or without written consent.

Effective March 12, 2015 and continuing post-closing, management shall continue to provide their services pursuant to employment agreements with Redecan which, inter alia, make provision for performance-based incentive bonus based on the profits earned by the existing production facilities of Redecan.

Pursuant to the Transaction, Redekop, or his designate, has been invited to have a position on Abba's Board of Directors, subject to any requirements of the CSE. In addition, and subject to receiving any required consent from Health Canada and any other necessary consent, the new Board of Directors of Redecan will be restructured to provide for five (5) directors, three (3) of whom will be nominated by Abba and two (2) of whom will be nominated by Redekop.

Commenting on the transaction, Mr. Ahmad Ray Rasouli, CEO of Abba stated, "We are very pleased to announce this vital transaction. Working with Richard and his team at Redecan these last few months we recognized their commitment to excellence in the medical marijuana field. We are delighted to have the opportunity to continue to work with Richard and his team to build a national, Canadian medical marijuana brand we can all be proud of."

#### **About Abba Medix Group Inc.**

Abba Medix Group Inc. ("Abba") (CSE: ABA), formerly Saratoga Electronic Solutions Inc., is the parent company to Abba Medix Corp. which was established in August 2013 to capitalize on the dramatically changing rules governing medical marijuana production in Canada. Abba submitted its initial application under the MMPR licensing program in November of 2013. Abba's 19,000 sq. ft. Pickering, Ontario growing facility, with an output capacity of 115 kg per month, is complete and ready for Health Canada inspection. It is currently awaiting approval from Health Canada to produce medical cannabis. For more information please visit [www.abbamedix.com](http://www.abbamedix.com).

### **Cautionary Statements Regarding Forward-Looking Information**

Certain statements within this press release relating to the Company constitute “forward-looking statements”, within the meaning of applicable securities laws, including without limitation, statements regarding future estimates, business plans and / or objectives, sales programs, forecasts and projections, assumptions, expectations, and/or beliefs of future performance, are "forward-looking statements". Such "forward-looking statements" involve known and unknown risks and uncertainties that could cause actual and future events to differ materially from those anticipated in such statements. Forward-looking statements include, but are not limited to, statements with respect to commercial operations, including production and / or sales of medical marijuana, quantities of future medical marijuana production, anticipated revenues in connection with such sales, the overall projected size of the market, completion and / or expansion of production facilities, and other information that is based on forecasts of future results, estimates of production not yet determinable, and other key management assumptions. Actual results may differ materially from those expressed or implied by such forward-looking statements and involve risk and uncertainties relating to the Company's historical experience with regulatory changes, timeliness of government approvals for the granting of permits and licenses, changes in medical marijuana prices, actual operating performance of facilities, and other uninsured risks. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law. Further, there can be no assurance that Abba Medix’s medical marijuana license application will be approved by Health Canada, or that any prospective projects in the industry will be successfully completed. Neither the CSE nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

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