

AGREEMENT OF STOCK PURCHASE AND SALE

BY AND AMONG

SILVERADO FOODS, INC.

MOM'S BEST SERVICES, INC.

and

THE PARTIES LISTED ON EXHIBIT A ATTACHED HERETO

Dated as of August 14, 1998

AGREEMENT OF STOCK PURCHASE AND SALE

THIS AGREEMENT OF STOCK PURCHASE AND SALE (this "*Agreement*"), made and entered into as of this 14th day of August, 1998, by and among SILVERADO FOODS, INC., an Oklahoma corporation ("*Parent*"), MOM'S BEST SERVICES, INC., a Florida corporation and a wholly owned subsidiary of Parent ("*Existing Sub*"), and the entities set forth on Exhibit A attached hereto, as such Exhibit A may be amended from time to time prior to the Closing by Swander Pace Capital Fund, L.P. ("*Buyers*"). Terms defined herein are used in the attached Schedules and Exhibits as so defined unless otherwise defined therein.

WHEREAS, the parties hereto desire and intend to effect a recapitalization of Existing Sub on terms and subject to conditions set forth herein.

WHEREAS, after the date hereof, immediately upon the satisfaction or waiver of certain conditions set forth herein, and immediately prior to the consummation of the Repurchase (as hereafter defined), Parent shall have contributed the assets and properties Related to the Business (as hereafter defined) to Existing Sub, such Contributed Assets (as hereafter defined) constituting substantially all of Parent's assets, and, in exchange, Existing Sub shall have issued shares of its capital stock to Parent and shall have assumed certain specified liabilities, as set forth herein (the "*Contribution*").

WHEREAS, immediately after the Contribution and immediately prior to the Closing (as hereafter defined), Existing Sub shall repurchase certain shares of Existing Sub owned by Parent as set forth herein (the "*Repurchase*") and immediately thereafter, Buyers shall purchase from Parent 90% of the shares of Existing Sub then outstanding.

WHEREAS, Parent, Existing Sub and Buyers desire to enter into this Agreement pursuant to which Parent will sell to Buyers, and Buyers will purchase from Parent, in the amounts set forth opposite the names of each Buyers on Exhibit A, certain shares of the capital stock of Existing Sub on the terms and conditions set forth herein, and in connection therewith, to enter into the Ancillary Documents (as hereafter defined).

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, each of the parties hereto agrees as follows:

ARTICLE 1

DEFINITIONS

1.1 **Certain Definitions.** For all purposes of this Agreement, the following terms have the respective meanings set forth below:

5.14 Intellectual Property.

(a) Schedule 2.2(d) sets forth, with respect to each trademark included in the Intellectual Property Rights, (i) an identification of such Intellectual Property Right, and (ii) the names of the jurisdictions covered by the applicable registration or application. Schedule 5.11 identifies each Intellectual Property Right licensed to or by Parent by or to any Person, and identifies the License Agreement under which such Intellectual Property Right is being licensed to or by Parent. Parent has and, as of the Closing Date, Existing Sub will have, (1) good and valid title to all of the Intellectual Property Rights identified in Schedule 2.2(d), free and clear of all Encumbrances, (2) the right to use, transfer, license or encumber such Intellectual Property Rights and (3) a valid right to use all Intellectual Property Rights identified in Schedule 5.11. Neither Parent nor, as of the Closing, Existing Sub, is obligated to make any payment to any Person for the use of any Intellectual Property Right, nor is Parent or, as of the Closing, Existing Sub subject to any restriction related thereto, except pursuant to the License Agreements specified in Schedule 5.11.

(b) Parent has used reasonable efforts to employ measures and precautions necessary to protect and maintain the confidentiality and secrecy of all Intellectual Property Rights (except Intellectual Property Rights whose value would be unimpaired by public disclosure). Parent has not (other than to employees of Parent, or consultants or independent contractors pursuant to confidentiality agreements, or pursuant to License Agreements identified in Schedule 5.11) disclosed or delivered to any Person, or permitted the disclosure or delivery to any Person of, (i) the source code, or any portion or aspect of the source code, of any Intellectual Property Right, or (ii) the object code, or any portion or aspect of the object code, of any Intellectual Property Right.

(c) All trademarks and other rights included in Intellectual Property Rights and held by Parent or, as of the Closing, Existing Sub are valid and subsisting. There are no patents, registered copyrights, service marks or copyrights which are held by Parent or Existing Sub and which are Related to the Business. None of the Intellectual Property Rights currently infringes or conflicts with any Intellectual Property Right owned or used by any other Person. Neither Parent nor Existing Sub is infringing, misappropriating or making any unlawful use of, and neither Parent nor Existing Sub has at any time infringed, misappropriated or made any unlawful use of, any Intellectual Property Right owned or used by any other Person, nor is Parent aware of any grounds for any bona fide claim thereof. Neither Parent nor Existing Sub has received any notice or other communication (in writing or otherwise) of any actual, alleged, possible or potential infringement, misappropriation or unlawful use of any Intellectual Property Right owned or used by any other Person. To the best knowledge of Parent, no other Person is infringing, misappropriating or making any unlawful use of, and no Intellectual Property Right owned or used by any other Person infringes or conflicts with, any Intellectual Property Right. Neither Parent nor Existing Sub has entered into any agreement to indemnify any other Person against any charge of infringement of any Intellectual Property Right, other than indemnification provisions contained in License Agreements as designated in Schedule 5.11.

(d) The Intellectual Property Rights contributed by Parent to Existing Sub pursuant to Section 2.2(d) and identified in Schedule 2.2(d) constitute all the Intellectual Property Rights used by Parent and Existing Sub to conduct the Business in the manner in which

the Business is being conducted. Parent has not and, as of the Closing Date, Existing Sub, will have not licensed any of the Intellectual Property Rights to any Person on an exclusive basis or pursuant to any agreement or arrangement which restricts the ability of Existing Sub or any other Person to use or license any Intellectual Property Right.

5.15 Permits, Licenses, Etc. Parent and, as of the Closing Date, Existing Sub, possesses all Permits required by any Law or Authority for the conduct of the Business as conducted as of the date hereof, all of such Permits are in full force and effect, and Parent has, and as of the Closing Date, Existing Sub, will have materially complied with at all times and is in compliance in all material respects with all Permits. Schedule 5.15 sets forth a complete and accurate list of all such Permits. Except as otherwise indicated on Schedule 5.15, all of the Permits to be assigned to Existing Sub hereunder shall be assigned as of the Closing Date to Existing Sub and neither such assignment nor any of the transactions contemplated under this Agreement requires the consent of any Authority or any other Person. No suspension, termination, modification or cancellation of any Permit is pending, or to the best of Parent's knowledge, after due inquiry, threatened, and Parent has no reason to believe, after due inquiry, that any Authority or any other Person intends to cancel, suspend, modify or terminate any of such Permits or that valid grounds for any cancellation, suspension, modification or termination currently exist and no proceeding is pending, or to the best of Parent's knowledge, after due inquiry, threatened with respect to any alleged failure to hold all Permits required to conduct the Business. No event has occurred or circumstance exists that may (with or without notice or lapse of time) constitute or result directly or indirectly in a violation of or a failure to comply with any term or requirement of any Permit listed or required to be listed in Part 5.15 of the Disclosure Schedule, or result directly or indirectly in the revocation, withdrawal, suspension, cancellation or termination of, or any modification to, any such Permit. Neither Parent nor Existing Sub has received, at any time since January 1, 1997, any notice or other communication (whether oral or written) from any Authority or any other person or entity regarding any actual, alleged, possible, or potential violation of or failure to comply with any term or requirement of any Permit.

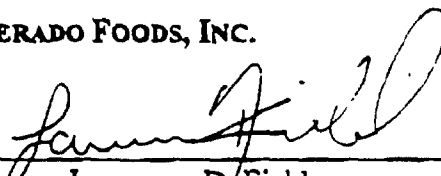
5.16 Compliance with Laws. The Business has been at all times and is being conducted in compliance with all Laws in all material respects. No investigation is pending or, to the best of Parent's knowledge, after due inquiry, threatened by any Authority with respect to any violation of any Law by Parent or Existing Sub in connection with the Business. No "bulk sales" law is applicable to the transactions contemplated hereby.

5.17 Existing Sub and the Business.

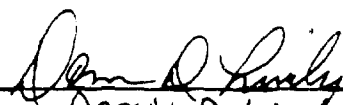
(a) Prior to the Contribution, Existing Sub owned no assets, had no Subsidiaries and had no liabilities of any kind, character or nature whatsoever, whether known or unknown, accrued, absolute, contingent determined, determinable or otherwise and did not engage in any conduct of any business since July 1, 1993. As of the Closing Date, Existing Sub will own only the Contributed Assets and other than the Assumed Liabilities and the liability pursuant to the Debt Financing (including liability for Buyer's Expenses), Existing Sub will have no other liabilities of any kind, character or nature whatsoever, whether known or unknown, accrued, absolute, contingent, determined, determinable or otherwise.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement of Stock Purchase and Sale to be executed on its behalf as of the date first above written.

SILVERADO FOODS, INC.

By: 
Name: Lawrence D. Field
Title: Chairman of the Board of Directors

MOM'S BEST SERVICES, INC.

By: 
Name: Dawn D. Lively
Title: VPE CFO

SWANDER PACE CAPITAL FUND, L.P.
By Swander Pace Capital LLC,
its General Partner

By: _____
Name: _____
Title: Managing Director

SPC GP FUND, LLC

By: _____
Name: _____
Title: _____

SPC EXECUTIVE ADVISORS FUND, LLC

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement of Stock Purchase and Sale to be executed on its behalf as of the date first above written.

SILVERADO FOODS, INC.

By: _____
Name: Lawrence D. Field
Title: Chairman of the Board of Directors

MOM'S BEST SERVICES, INC.

By: _____
Name: _____
Title: _____

SWANDER PACE CAPITAL FUND, L.P.
By Swander Pace Capital LLC,
its General Partner

By: Andrew Decker
Name: Andrew Decker
Title: Managing Director

SPC GP FUND, LLC

By: Andrew Decker
Name: _____
Title: Managing Director

SPC EXECUTIVE ADVISORS FUND, LLC

By: Andrew Decker
Name: _____
Title: Managing Director

INTELLECTUAL PROPERTY RIGHTSTrademarks Registrations

<u>Mark</u>	<u>Jurisdiction</u>	<u>Registration Number</u>	<u>Registration Date</u>
Nonni's	U.S.	1,727,905	10/27/92
Café Biscotti	U.S.	1,852,533	9/6/94
Bistro Biscotti	U.S.	1,869,831	12/27/94

Trademark Applications

<u>Mark</u>	<u>Jurisdiction</u>	<u>Application Date</u>	
Nonni's Authentic Italian Family Recipe (and Design)	U.S.	03/03/98	2,222,870

ORGANIZATION AND GOOD STANDING

1. Mom's Best Services, Inc. – Qualified in Florida only.