

Meadow Fresh Mushrooms Inc.

Invitation for Offers
March 2012



TITLE AND DISCLAIMER

NOTICE TO READER

The purpose of this Invitation for Offers (the “Invitation”) is to provide a description of certain assets owned by Meadow Fresh Mushrooms Inc. (the “Company”). On January 23, 2012, PricewaterhouseCoopers Inc. (“PwCI”) was appointed Receiver (“the Receiver”) of the Company.

The information contained herein is based upon information provided by the Company and is intended solely for use by prospective purchasers of the assets described herein.

This Invitation is not all-inclusive and does not contain all of the information that a prospective purchaser of the Company may require. While the information contained herein is believed to be accurate and reliable, the Receiver does not make any representations or warranties, expressed or implied, as to the accuracy or completeness of such information or any other written or oral communication by the Company, PwCI, or any of the Company’s other advisors or agents. Prospective purchasers should, in accordance with the procedures set forth under the “Sales Process” in Appendix C of this Invitation, conduct their own investigation and analysis and form their own judgment of the data and assets described.

The Receiver, at its sole discretion, reserves the right at any time to withdraw any or all of the assets from the solicitation, terminate this solicitation or alter, add or waive terms and conditions as it deems appropriate.

Dated at Halifax, Nova Scotia this 27^h day of March, 2012.

PricewaterhouseCoopers Inc.

Receiver of Meadow Fresh Mushrooms Inc.

A handwritten signature in black ink, appearing to read 'D. Boyd', with a horizontal line underneath.

David A. Boyd, CA•CIRP
Senior Vice President

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ASSETS FOR SALE

1.1 – Land and Buildings

The Company operates from its facilities located on 2475 Dock Road, Hartsville, Prince Edward Island and owns one parcel of land measuring approximately 91 acres (based upon the assessment record).

There are three complexes on the site:

- The first complex is for the main grow area: growing, packing, shipping, and an office area.
- The second is made up of two components: a spawn injection building and a pasteurization tunnel.
- The third complex is for receiving and conditioning compost prior to the pasteurization process.

The site PID and photographs are attached in Appendix A.

Land:

The site consists of approximately 91 acres of land:

- 6 acres where the improvements and site work have taken place
- 19 acres that are cleared and cultivated
- 66 acres are wooded at various elevations

The site where the buildings are situated is very unique as much of it is protected by trees from prevailing winds from the west and protected from the north by the elevation of the land.

The parcel is essentially rectangular in shape and has over 650 feet of road frontage along the paved Dock Road. Other improvements on the site include a well and a septic waste system.

Building Complex #1 – Main Grow Area

<i>Size</i>	5,831.5 sq. ft. main building 29,150 sq. ft. grow rooms (10 rooms at 2,915 sq. ft.)
<i>Layout</i>	22' x 102' front section 20'6" x 175' arcade section 27'6" x 106' for each of ten grow room sections Building consists of a reception area, office, lunchroom, washrooms, packing area, arcade, and ten grow rooms
<i>Foundation</i>	Supported on poured concrete piers (established in the ground) with I-beam

Wall	structural steel set on top providing framing
Framing	Clear span rigid I-beam skeleton frame construction
Roof	Steel clad roof covering
Exterior	Colour fast steel siding insulated sandwich panel installed in place
Windows	None
Walls / Ceilings	Insulated steel clad walls and ceilings with exposed I-beam steel frame support
Flooring	Poured Concrete
Plumbing	The site has an onsite well for water supply, in-floor heat is in place along the perimeter walls of the grow rooms and office and packing areas
Electrical	400 amp – 600 volt entrance
Heating	In-floor heating in selected non-specified areas is to be provided from an onsite straw pelletized hot water boiler for heat and domestic hot water

Building Complex #2– Spawn Injection Building and Pasteurization Tunnel

Size	1,849 sq. ft. spawn injection section 1,386 sq. ft. pasteurization section
Layout	43' x 43' spawn injection section 21' x 66' pasteurization section
Foundation Wall	Supported on the poured concrete frost walls believed to be established below frost level
Framing	Wood frame construction spawn room Arch hoop galvanized frame Quonset style pasteurization tunnel
Roof	Steel clad roof covering spawn room Fabric over insulation pasteurization tunnel
Exterior	Coloured steel siding
Windows	None
Walls / Ceilings	Insulated steel clad walls spawn room Fabric over hoop frame pasteurization tunnel
Flooring	Poured concrete spawn room Plenum, confinement system pasteurization tunnel
Plumbing	Cooper supply and PVC waste, water supplied from an onsite well
Electrical	200 amp three phase electrical entrance
Heating	Not required due to the heat created from the materials in the pasteurization tunnel

Building Complex #3 – Compost Receiving Area

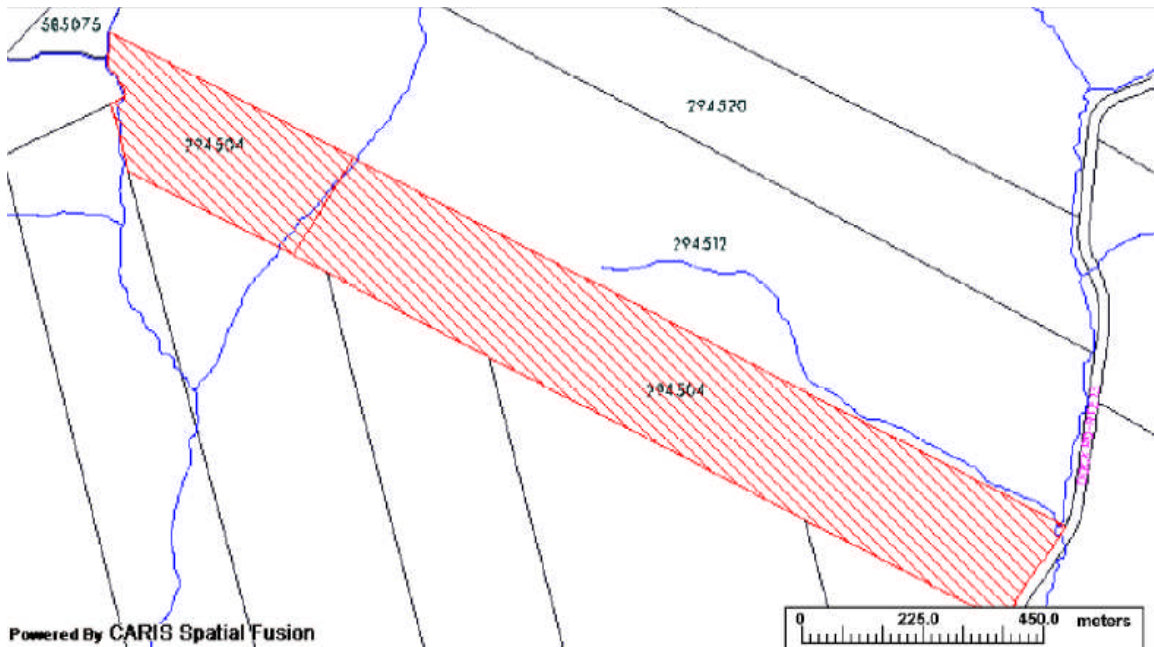
Size	4,000 sq. ft.
Layout	50' x 80'
Foundation Wall	Supported on the poured concrete frost walls believed to be established below frost level
Framing	Wood frame construction

<i>Roof</i>	Steel clad roof covering
<i>Exterior</i>	Coloured steel siding
<i>Windows</i>	None
<i>Walls / Ceilings</i>	Open stud wall
<i>Flooring</i>	Poured concrete
<i>Plumbing</i>	Cooper supply and PVC waste, water supplied from an onsite well
<i>Electrical</i>	None
<i>Heating</i>	None

1.2 – Equipment

A detailed equipment list is attached as Appendix B.

APPENDIX A – SITE AND PHOTOGRAPHS



PID#294504 – Land located at 2475 Dock Road, Hartsville, Prince Edward Island



Building Complex #1 – Main building, grow rooms, container



Building Complex #1 – Grow rooms



Building Complex #1 – Grow rooms



Building Complex #1 –Main hallway with grow rooms access on either side



Building Complex #1 – Inside a grow room



Building Complex #1 – Inside a grow room



Building Complex #1 – Walk in cooler



Building Complex #2 - Spawn injection building and pasteurization tunnel



Building Complex #2 – Inside the pasteurization tunnel



Building Complex #3 – Compost receiving area



Building Complex #3 – Inside the compost receiving area

APPENDIX B – EQUIPMENT LISTING

Description	Quantity
Picnic Table	1
Frost Free Fridge	1
4 Drawer Legal File Cabinet	2
4 Drawer Metal Desk	2
DVR Camera System With 2 Cameras	1
Earthwise Electric 2000 PSI Pressure Washer	2
Stainless Steel Table 14ft x 30in With Aluminum Storage Area	1
Stainless Steel 4ft Storage Unit On Casters	1
Kilo KRS 1000 Weight Scale	1
Digital Scale	2
Walk In Cooler 14ft x 12 ft With Compressor And Fan Unit	1
Scaffolding In Lots	1
Converted Hay Wagon	1
Campbell Hausfield 2HP Compressor	1
Wheel Barrow	3
Traymaster Compost Turner J6420 With Attached Generator	1
Christiaens Filling Hopper C979430	1
Hoving Bagging Machine J1269 (Not Working In Very Poor Condition)	1
Hoving Bag Fill Hopper & Conveyors	1
Traymaster Spawn Applicator SK22FIL4TW	1
Traymaster Casing Mixer B26032	1
Compost Probes In Lots (approx. 50)	1
Chiller Unit	1
Stalk Hopper	1
Emptying Conveyors	3
Delford SP800 Flow Pack Line	1
Aluminum Shelving In Lots	1
New Holland L255 Skidsteer (Not Working)	1
Stainless Steel Conveyors	2
Fully Reconditioned Bagging Machine With Hopper & Conveyors	1
Pasteurization Tunnel (Compost)	1
Newmac Pellet Furnace (In Container))	2
40ft Container	1
Filling Cassette With Automatic Filling Head	1
Air Handling Units With Piping	10
Misc Associated Equipment In Lots	1
Fancom 765 Control Panels And Accessories Used For Growing Room Climate Control (2 Are In England)	3
Fancom 750 Control Panel For Pasteurization Tunnel	1

APPENDIX C – SALE PROCESS

Sale Process

PwCI intend to make the Invitation available to all interested parties. Prospective purchasers are invited to submit an offer for the purchase of the assets as described within this Invitation.

The Sale Process will be managed in accordance with the following procedures established by PwCI. PwCI retain the right at any time to terminate or alter the Sale Process without compensation to any party.

Offers to Purchase

Following the review of the Invitation, prospective purchasers are asked to submit a binding offer to purchase in the form attached in Appendix E to the Halifax office of PwCI at the address noted on the form of offer. This binding offer to purchase should include the following details:

- The purchase price, based on the attached Terms & Conditions;
- A certified cheque or bank draft for 15% of the purchase price;
- The names of the financial and legal advisors and other key consultants retained by the prospective purchaser in connection with the proposed transaction.

PwCI will review the offers to purchase and select the final acquirer. PwCI intend to select the offer considered to be most favourable in terms of meeting the Receiver's objectives.

Parties that are interested in submitting an offer should be aware the Company utilizes licensed production technology from a third party. This technology is currently available for the sole use of Meadow Fresh Mushrooms Inc. without any right to sublicense or transfer the technology. The Receiver is not assigning any rights, entitlements or interest in this technology to a successful bidder. To operate the facility as it is currently operated, the prospective purchaser may need to reach an agreement with the owner of the rights to the technology in all applicable jurisdictions (patents in Canada, US, and Great Britain). Prior to submitting an offer the prospective purchaser can contact the Receiver who will provide the relevant contact information for the technology owner so that they may contact the technology owner and determine if a license to the production technology and under any applicable patents is required, and if so, can be obtained.

Prospective purchasers may obtain a more detailed description of the assets and viewing arrangements of the assets by contacting Paul Pettigrew at 902-491-7412, by email at paul.l.pettigrew@ca.pwc.com or by writing to the address below:

PricewaterhouseCoopers Inc., as
Receiver of Meadow Fresh Mushrooms Inc.
1601 Lower Water Street, Suite 400
Halifax, NS B3J 3P6

APPENDIX D – TERMS AND CONDITIONS OF SALE

VENDOR

1. PricewaterhouseCoopers Inc., in its capacity as Receiver of Meadow Fresh Mushrooms Inc. (hereinafter sometimes referred to as the “Vendor”), is offering for sale its right, title and interest in specific assets of Meadow Fresh Mushrooms Inc. described below (the “Assets”). PricewaterhouseCoopers Inc. is acting in its capacity as Receiver only and shall have no personal or corporate liability in respect of the sale of the Assets.

PROPERTY DESCRIPTION

2. The Assets offered for sale under these Terms and Conditions of Sale are all of the right, title and interest of the Meadow Fresh Mushrooms Inc. in parcels of land, building, and equipment in Hartsville, Prince Edward Island.

LICENSE PRODUCTION TECHNOLOGY

3. The Company utilizes licensed production technology from a third party. This technology is currently available for the sole use of Meadow Fresh Mushrooms Inc. without any right to sublicense or transfer the technology. The Receiver is not assigning any rights, entitlements or interest in this technology to a successful bidder. To operate the facility as it is currently operated, the prospective purchaser may need to reach an agreement with the owner of the rights to the technology in all applicable jurisdictions (patents in Canada, US, and Great Britain). Prior to submitting an offer the prospective purchaser can contact the Receiver who will provide the relevant contact information for the technology owner so that they may contact the technology owner and determine if a license to the production technology and under any applicable patents is required, and if so, can be obtained.

OFFERS

3. Every offer submitted should be in the form attached hereto as Appendix E, but may contain proposals for amending the Terms and Conditions of Sale. However, a prospective purchaser seeking to change the Terms and Conditions of Sale or offers received that are not on the attached form may, at the sole discretion of the Vendor, be rejected.
4. Offers must be submitted in a sealed envelope marked “DO NOT OPEN - OFFER TO PURCHASE - MEADOW FRESH MUSHROOMS INC.” and addressed to:

Attention: David Boyd
PricewaterhouseCoopers Inc., as
Receiver of Meadow Fresh Mushrooms Inc.
1601 Lower Water Street, Suite 400
Halifax, NS B3J 3P6

Offers will be received by the Vendor until 5:00 p.m. AST, Monday, April 30, 2012 at which time offers will be opened by the Vendor.

5. All offers must be accompanied by a certified cheque or bank draft payable to “PricewaterhouseCoopers Inc. - In Trust”, in an amount equal to 15% of the offered purchase price (“the Deposit”). If the offer is accepted, the Deposit will be applied to the purchase price on closing. The purchaser hereby agrees that the Deposit constitutes a genuine pre-estimate of damages and that the Deposit will be forfeited as liquidated damages by the purchaser to the Vendor if the offer is withdrawn at any time before notification of the acceptance of the successful offer has been given. Otherwise, the Deposit shall be returned to the purchaser if the offer is not accepted and if the offer is accepted, the Deposit will be dealt with in accordance with the Terms and Conditions of Sale.
6. In consideration of the Vendor making available the Terms and Conditions of Sale and/or in consideration of receiving and considering any offer submitted, each prospective purchaser agrees that its offer is irrevocable and cannot be retracted, withdrawn, varied or countermanded prior to acceptance or rejection thereof.
7. In the event that some of the offers submitted are substantially for the same terms and/or amounts, the Vendor may in its sole discretion call upon those prospective purchasers to submit further offers. In the event no offers are accepted by the Vendor with respect to the Parcel or any part thereof, the Vendor shall have the right to negotiate for the sale of any or all of the assets described therein with respect to such Parcel or any part thereof, with any person including any person who has previously submitted an offer for the subject Assets.
8. The Vendor, at its discretion, may waive or vary any or all of the Terms and Conditions of Sale or its advertisement, or withdraw this Request for Offers.
9. The highest or any offer shall not necessarily be accepted and the Vendor reserves the right to reject any and all offers.
10. If any offer is accepted by the Vendor, the successful purchaser shall be notified in writing of such acceptance within 5 business days of the acceptance thereof and the date of acceptance shall be deemed to be the date upon which a notice of acceptance addressed to the successful purchaser is sent by registered mail, courier or facsimile or is personally delivered at the address set forth in the offer.
11. This summary and any other documentation or material provided at any time to the purchaser has been prepared solely for the convenience of prospective purchasers

and is not warranted to be complete or accurate. Without limiting the generality of the foregoing, however, the offer does not include any assets, which are not included in the summary.

12. The obligation of the Vendor to close is conditional upon obtaining the consent of all secured creditors with interests in the Assets as of the Closing Date. In the event that the Vendor does not have such consent at the Closing Date, it may unilaterally extend the Closing Date by up to 120 days or rescind the sale by notice in writing sent to the successful purchaser at the address noted in its offer or to the successful purchaser's solicitor by pre-paid courier, facsimile transmission or e-mail. In the event that the Vendor terminates the agreement with the successful purchaser pursuant to this clause, it shall promptly return the Deposit. The successful purchaser shall only be entitled to a return of the Deposit without interest and shall not be entitled to any compensation of any kind or nature for any reason or for any loss, damage, cost or damage.

AS IS - WHERE IS

13. The Assets are being sold on an “as is, where is” basis. Without limiting the generality of the foregoing, an offer will be accepted on the basis that no representation, warranty, inducement or condition has been expressed, given or made or can be implied as to title, size, description, fitness for purpose or intended use, quantity, number, condition or quality of the Assets or in respect of any other matter or thing whatsoever, and the purchaser shall be deemed to have relied entirely upon his own inspection and investigation of the Assets.

GENERAL

14. Certified cheques or bank drafts accompanying unsuccessful offers will be returned by hand or mailed by registered mail addressed to the prospective purchaser at the address stated on the offer form on or before May 15, 2012.
15. Upon an offer being accepted, there shall be a binding agreement of purchase and sale (hereinafter referred to as the “Agreement”) which shall be constituted by:
 - (a) the offer of the successful purchaser (hereinafter referred to as the “Purchaser”);
 - (b) the Terms and Conditions of Sale;
 - (c) the acceptance of the offer.
16. The balance of the purchase price shall be due on closing, which closing shall occur on or before fifteen (15) days next after the date of acceptance (“the Closing Date”).
17. The Vendor shall remain in possession of the Assets until the purchase is completed. Title to the Assets shall not pass to the Purchaser nor shall it be entitled to possession of same until the purchase price and all other payments to be made by

the Purchaser to the Vendor have been paid in full.

18. From the date of acceptance of the offer as defined in paragraph 10 hereof, the Purchaser shall, at its own expense, have ten (10) days to examine title to the Assets and provide the Vendor with written notice of any valid objection, failing which the Purchaser shall be obliged to have conclusively accepted the title with any defects, limitations, and/or encumbrances.
19. Should any valid objection to title be made in writing within the time provided for in paragraph 18, the Vendor shall have a reasonable time to rectify and comply with the same and if the Vendor is unable or unwilling to rectify or comply with the same, the Vendor shall be at liberty to rescind the sale (notwithstanding any intermediate negotiations with respect to such objections or any attempt to rectify or comply with the same), by notice in writing served upon or mailed by registered mail, postage prepaid, addressed to the Purchaser at its address as designated in its offer, or addressed to its solicitor at his usual place of business, in which case the Agreement resulting from the acceptance of the offer shall be null and void and the Purchaser shall be entitled only to a return of the Deposit money without interest, and shall not be entitled to any compensation of any kind or nature whatsoever for any loss, damage, cost or otherwise. The foregoing shall not in any way prohibit the Vendor and the Purchaser from agreeing on an adjustment to the purchase price in respect of any valid objection to title.
20. Until the Closing Date, or other date agreed to between the Vendor and the Purchaser, all risk of loss or damage by fire or other cause or hazard to the Assets shall be in and remain at the risk of the Vendor unless the Assets are in the possession of the Purchaser prior to the Closing Date in which case the Purchaser shall maintain valid policies of insurance on the Assets in form and for such amounts as may be required by the Vendor and naming the Vendor as its interest may appear. The obligation of the Vendor to sell and of the Purchaser to purchase the Assets shall terminate in the event that prior to the Closing Date, the Assets are substantially destroyed by fire, flood, the elements, Government action, civil commotion or any other external cause beyond the control of the Vendor or its principals provided however, this provision shall not apply if the Assets are in the possession of the Purchaser prior to the Closing Date.
21. On closing, the Purchaser shall be entitled only to such deed and/or assignments as may be considered necessary by the Vendor to convey to the Purchaser the Vendor's right, title and interest in the Assets. The Vendor shall only covenant that it has done nothing to encumber the Assets being conveyed.
22. The Purchaser shall pay on the Closing Date by certified cheque or bank draft made payable to the "PricewaterhouseCoopers Inc." or its solicitors in trust:
 - (a) the balance of the purchase price,
 - (b) all applicable federal and provincial taxes arising on the sale and payable by the Purchaser, including without restriction the Provincial Sales Tax

and Goods and Services Tax. Any taxes which a Vendor is required by law to collect from the Purchaser on sale shall be paid by the Purchaser to the Vendor on closing, unless the Purchaser is exempt and provides to the Vendor the appropriate license, tax number evidencing exemption from payment of taxes, or (in the case of the Harmonized Sales Tax) a declaration or certificate in form and content acceptable to the Vendor.

23. If the Purchaser fails to comply with the terms and conditions of the Agreement, the Deposit and all other payments shall be forfeited and the Assets may be sold, and the deficiency, if any, by such resale, together with all costs, expenses and charges attending to the same or occasioned by such default, shall be paid forthwith by the Purchaser to the Vendor on demand.
24. The Vendor shall not be required to furnish or produce any declarations or other documents evidencing title to the Assets, except those, if any, in its possession. The Purchaser shall rely upon its own searches and inquiries and shall provide the Vendor with details of the searches and inquiries, if requested.
25. The Vendor shall not be liable for any failure to complete the sale if enjoined by any order by a court of competent jurisdiction or if the security under which the Vendor is acting is redeemed. In this case, the Vendor shall be liable to the Purchaser only for the return of the Deposit without interest, costs or any compensation whatsoever, and the parties shall be relieved of any further obligation with respect to the Agreement.
26. Any tendered documents or money hereunder may be made upon the Vendor or the Purchaser or their respective solicitors.
27. This Agreement sets forth the entire terms and conditions of sale and there are no representations, warranties or conditions collateral hereto affecting the purchase of the Assets.
28. Time shall be of the essence.
29. The Agreement shall be construed and enforced in accordance with the laws of Prince Edward Island.
30. In this Agreement, words importing the singular shall include the plural and vice versa and words importing gender shall include the masculine, feminine and neutral genders.
31. Neither the Agreement nor any of the rights or obligations thereunder shall be assigned by the Purchaser without the prior written consent of the Vendor. Subject to the foregoing, the Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

**PRICEWATERHOUSECOOPERS
INC.**

in its capacity as Receiver of Meadow
Fresh Mushrooms Inc.

1601 Lower Water Street, Suite 400
Halifax, Nova Scotia, B3J 3P6
Telephone: (902)491-7400
Facsimile:(902)422-1166

APPENDIX E – FORM OF OFFER

RECEIVERS' INTEREST IN SPECIFIC ASSETS OF Meadow Fresh Mushrooms Inc.

TO: PRICEWATERHOUSECOOPERS INC.,
Meadow Fresh Mushrooms Inc.

1601 Lower Water Street, Suite 400
Halifax, Nova Scotia, B3J 3P6
Attention: Mr. David Boyd, CA-CIRP

(Name of Purchaser) _____

(Address of Purchaser _____
- include Postal Code)

(Telephone Number of Purchaser) _____

TERMS & CONDITIONS

1. The total amount hereby offered, as indicated below:

Parcel 1 offer – Land, Buildings, and Equipment, en block, in Hartsville, PE
\$_____.
2. The amount of the offer is exclusive of Harmonized and Goods and Services Tax which shall be payable by the purchaser, where applicable, on assets purchased.
3. Enclosed is the Purchaser's certified cheque payable to PricewaterhouseCoopers Inc., In Trust in the amount of \$_____ representing 15% of the total amount of the offer.
4. It is acknowledged that this offer is subject to the Terms and Conditions of Sale issued by the Vendor.

DATED AT _____, this _____ day of _____ 2012.
(City or Town) (day) (month)

(Print name of Purchaser) _____

Per: _____

AUTHORIZED SIGNING OFFICER

For the information of the Vendor, the attached indicate our proposed counsel for purposes of this transaction (if none identified as yet, please so indicate):

Counsel name

Telephone number

Counsel firm name