

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
COURT NO. : 500-11-022700-047

SUPERIOR COURT

(Sitting as Tribunal designated under the
Companies' Creditors Arrangement Act)

IN THE MATTER OF THE PLAN OF ARRANGEMENT OF:

Eaux Vives Harricana Inc., legal person duly constituted under the laws of Québec, having its head office at 11 Chemin des Sablières, Saint-Mathieu-d'Harricana, Province of Québec, District of Abitibi, JOY 1M0;

- and -

EVH U.S.A. Inc., legal person, duly constituted under the laws of Delaware, U.S.A., having a place of business at 17821 East 17th Street, Suite 193, Tustin, California, 92780, U.S.A.;

- and -

Les Sources Périgny Inc., legal person duly constituted under the laws of Québec, having its head office at 11 Chemin des Sablières, Saint-Mathieu-d'Harricana, Province of Québec, District of Abitibi, JOY 1M0;

Debtors

- and -

RSM Richter Inc., a body politic and corporate, duly incorporated according to law, having a place of business at 2 Place Alexis-Nihon, 3500 de Maisonneuve Blvd. West, 22nd Floor, in the City of Montréal, Province of Québec, H3Z 3C2;

Monitor

SIXTH REPORT OF THE DESIGNATED MONITOR ON THE STATE OF DEBTORS' FINANCIAL AFFAIRS (February 24, 2004)

I. INTRODUCTION

1. On March 19, 2004, Eaux Vives Harricana Inc. ("EVH INC."), EVH U.S.A. Inc. ("EVH USA") and Les Sources Périgny Inc. ("Sources Périgny") (collectively "Debtors" or "EVH") filed with the Québec Superior Court, a "Motion for the Issuance of an Initial Order" pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA"). On that same date, the Honourable Justice François Rolland issued an Initial Order (hereinafter the "Initial Order"), *inter alia* appointing RSM Richter Inc. (formerly known as Richter & Associés Inc.) as monitor (the "Monitor");

2. Debtors have filed to date five (5) motions for the extension of time for the filing of the Plan of Arrangement which have all been granted in the past. The last Order rendered was on December 14, 2004, extending the Initial Order rendered on March 19, 2004, as amended and extended, and the stay of proceedings included therein until Monday, February 28, 2004;
3. This sixth report of the Monitor is to report and inform the Court of the following:
 - Activities of the Monitor;
 - Current operations;
 - Current financial situation;
 - Debtor in possession financing;
 - Sale of EVH's assets;
 - Plan of Arrangement to be filed;
 - Motion for the extension of time for the filing of the plan of Arrangement;
4. We hereby inform the Court that the Monitor has not conducted an audit or investigation of the books and records or the receipts and disbursements of Debtors and that, accordingly, it cannot render an opinion regarding the accuracy or completeness of the information contained herein. The present information emanates from the books and records that have been made available to the Monitor, as well as from discussions with the management of Debtors.

II. ACTIVITIES OF THE MONITOR

- **Communication**

5. The Monitor has replied on a timely basis, to all queries from creditors;
6. The Monitor deployed efforts to ensure that any affected parties would have access to the relevant available information on a timely manner. This included amongst others the posting of all relevant documentary information on the Monitor's website (i.e. www.rsmrichter.com);

- **Monitoring**

7. The Monitor has maintained its procedures to insure a proper monitoring of the receipts and disbursements, as provided by the CCAA;
8. The Monitor has assisted the Debtors' Management in dealing with any important issues that have arisen since the rendering of the Initial Order;
9. The Monitor has been reporting weekly to Royal Bank of Canada ("RBC") as required under the DIP Financing Agreement;

- **Marketing Process**

10. The Monitor was involved in the marketing process and assisted EVH in dealing with the offers submitted for the purchase of assets and submitted on February 23, 2005 a report on same which included the Monitor's conclusion and recommendation.

III. CURRENT OPERATIONS

- **Activities**

11. The activities at the plant of EVH have been suspended since February 13, 2004. Since then EVH completed the sale of its remaining inventory and collected its residual accounts receivable in Canada and in the United States. At the present time, all the remaining inventory has been sold and all of the recoverable accounts receivable have been collected. Therefore, the activities since the issuing of our fifth Monitor's report have consisted of the safeguarding of the facilities located in Saint-Mathieu d'Harricana, maintaining the plant in good state and participating in the marketing process for the sale of its assets. This situation will not change until the sale of assets is completed;

- **Employees**

12. As forecasted, only three (3) employees remain in Saint-Mathieu d'Harricana, including one (1) on a part-time basis. All of the American employees were terminated in May 2004 and since June 2004 the Vice-President and General Manager is on a working severance;

- **Facilities**

13. The Laval sales office has been permanently closed and the furniture and equipment were transferred to the plant in Saint-Mathieu d'Harricana. The lease has been cancelled. The USA sales offices were also closed;
14. Sources Périgny is a distinct legal entity from EVH INC. and is a wholly-owned subsidiary of EVH INC. EVH advised the Monitor that the assets of Sources Périgny are not dissociated from EVH's in its normal ongoing operations. Presently, these assets are subject to the same safeguard measures as those of EVH. The assets of Sources Périgny were offered in the sale process and the liabilities, if any, may be compromised in the Plan of Arrangement to be filed by the Debtors.

IV. CURRENT FINANCIAL SITUATION

• Funding

15. Since the Initial Order, Debtors have collected the recoverable accounts receivable. As previously mentioned, the remaining inventory has been sold, except for the merchandise in public warehouses being withheld by the warehouse owners in Canada. These initial proceeds thereof were used to cover the Debtors' past-filing expenses;
16. In view of the fact that EVH is no longer in operation and that the sale of the remaining inventory as well as the collection of the residual accounts receivable are completed, EVH could not cover its current expenses without obtaining DIP financing. The DIP financing is provided by the Royal Bank Asset Based Finance, for up to \$3,578,000, (as authorized by the Court on June 15, 2004), to support the current limited activities. To date, \$3,000,000 has been drawn on the DIP credit facility;

• Cash Flow Projections

17. Included as **Appendix A** of this report is a summary of Debtors' cash flow forecast for the period February 23, 2005 to May 31, 2005;

The Debtors had filed with the "Motion for the Extension of Time for the Filing of the Plan of Arrangement" on December 14, 2004 a cash-flow statement covering the period from December 1, 2004 to February 28, 2005. We submit below a summary comparison of projected and actual results as at February 22, 2005:

(in \$)	Projected December 1, 2004 to February 22, 2005	Actual December 1, 2004 to February 22, 2005	Variances
Receipts	1,000,000	658,525	(341,475) ⁽¹⁾
Disbursements	<u>1,044,469</u>	<u>633,08</u>	<u>(411,389)</u> ⁽²⁾
Variances	(44,469)	25,445	69,914 ⁽³⁾
Opening bank balance	<u>150,081</u>	<u>150,081</u>	—
Closing bank balance	<u>105,612</u>	<u>175,526</u>	<u>69,914</u> ⁽³⁾

Notes:

- 1) The unfavorable variance of \$341,475 of the receipts is due to a timing issue to request advances pursuant to the DIP facility, however compensated by the unprojected receipt of sales taxes input credits;
- 2) The overall favorable variance of \$411,389 in the disbursements is explained by:
- a) Personnel expenses: Favorable variance of \$12,795 due to timing issues;
 - b) Operating expenses: Favorable variance of \$25,184 due, in part, to timing issues and also permanent savings;
 - c) Professional fees: Favorable variance of \$316,262 due to timing issues;
 - d) DIP financing costs: Unfavorable variance of \$9,609 due to legal costs ;
 - e) Other expenses: Favorable variance of \$72,480 due to timing issues;
 - f) USA expenses: Unfavorable variance of \$5,723 due to exchange rates to convert Canadian currency to the US currency;
- 3) The resulting favorable cash flow variance is \$69,914.

- **Post-Filing Obligations**

18. Debtors have been paying the post-filing obligations as they become due. In addition, the Crown's claims are current. Certain expenses, interest charges and professional fees have yet to be billed to the Company and as such have not been paid.

V. DEBTOR IN POSSESSION FINANCING

19. Debtors have completed the sale of the remaining inventory and the collection of the residual accounts receivable. There are no commercial activities that may generate funds for the Company. The only activity for the coming months relates to the safeguard of the facilities;
20. The Debtors cannot generate the additional funds required to cover ongoing expenses during the period required to complete the sale transaction (refer to **Section VI** hereof);
21. With the assistance of the Monitor, on June 10, 2004, EVH and Royal Bank Asset Based Finance, a division of RBC, concluded a DIP Financing Agreement providing for an advance up to \$3,578,000. On June 15, 2004, the Honourable Justice François Rolland rendered an Order approving the DIP Financing Agreement;
22. To date, EVH has drawn \$3,000,000 from the \$3,578,000 available DIP financing and RBC has accrued to date approximately \$119,000 of interest and charges relating to same;
23. Furthermore, under the terms of their offer to purchase, Quebec Waters, Inc. will provide an amount of \$100,000 per month to cover operating expenses;
24. EVH's cash flow projections for the period ending May 31, 2005 indicate that the funds made available by RBC's second stage financing facility and by Quebec Waters, Inc., as well as the proceeds of the sale of EVH's assets will be sufficient to support the costs relating to the safeguard of assets and the completion of the asset sale;
25. EVH is in compliance with the terms of the DIP financing agreement;
26. A portion of the proceeds from the sale of EVH's assets will be used to reimburse the DIP financing advances made by RBC.

VI. SALE OF EVH'S ASSETS

27. EVH concluded in early 2004 that it was in the best interest of EVH and its creditors to terminate its operations and sell all of its assets. EVH retained the services of Scotia Capital Inc. ("Scotia") to market its assets and find a buyer;

- **Initial Marketing Process**

28. Scotia advised the Monitor that the results of the initial marketing process can be summarized as follows:
- a) They discussed the possibility of the purchase of the assets with over sixty (60) prospective parties, including North American and international beverage companies, bottled water companies, bottled water industry participants, financial buyers and distressed asset purchasers and liquidators;
 - b) Between April 6, 2004 and June 16, 2004, more than thirty (30) parties received the information packages from Scotia;
 - c) During the same time period, fourteen (14) parties executed confidentiality agreements and, out of such fourteen (14) parties, nine (9) visited the data room established for the sale process in order to examine the books, records and other documents regarding EVH therein contained, and seven (7) such parties conducted site visits of EVH's plant;
 - d) A total of four (4) formal offers were received on or before June 23, 2004 by Scotia pursuant the aforementioned marketing process;
 - e) Further to the receipt of the offers and pursuant to the recommendation of Scotia, EVH had discussions and negotiations with the retained offeror in order to obtain the most favorable offer;
29. We are further advised by the representatives of EVH that:
- a) On July 30, 2004, an offeror, pursuant to the initial marketing process, submitted a revised offer, which was accepted by EVH;
 - b) Some unexpected financing problems have been encountered by the offeror;
 - c) Despite a demand letter and further communications, the offeror did not comply with its obligations pursuant to the offer, and EVH had no choice but to terminate the negotiations with the offeror and to pursue other options;

- **Second Marketing Process**

30. As a result of the failure to close the contemplated sale transaction, throughout the months of October and November 2004, Scotia and EVH re-established communications with all those parties that had been identified as potential buyers;
31. After having examined the alternatives available and due to the fact that interested parties had manifested their interest to acquire EVH's assets, EVH decided, in collaboration with the Monitor and Scotia, to launch a new sale process and, as such, to canvass, once again, the market in order to attempt to complete a transaction;

32. The highlights of the second marketing process initiated by Scotia, EVH and the Monitor can be summarized as follow:

- a) The delay to submit offers was set to November 30, 2004;
- b) Several new parties, as well as those previously contacted, were canvassed by either EVH, Scotia or the Monitor;
- c) The Monitor, EVH and Scotia have dealt with six (6) interested parties and potential buyers;
- d) The most favorable offer was not retained since the offeror was unable to make a deposit to secure its undertaking under the offer as well as to provide the proof of availability of funds to complete the transaction;

- **Extension of Marketing Process**

33. The initial intention of the Monitor, EVH and Scotia was to make a final decision regarding the offers received by December 20, 2004. However, in the interests of fairness to the parties remaining in the process and with a view of concluding a transaction, it appeared that it would be beneficial to pursue such discussions through January 2005. The interested parties were advised by a letter sent on December 22, 2004 that it was the Monitor's intention to deal with those offerors who would submit an acceptable offer in form and substance by January 21, 2005;

34. A total of four (4) offers and two (2) letters of interest were submitted to the Monitor on or before January 21, 2005;

- **Acceptance of an Offer**

35. After having reviewed the offers, the Monitor and EVH, with the assistance of Scotia, came to the conclusion that the offer presented by Quebec Waters, Inc. was the best offer, and moreover, the only offer capable of ensuring the interests of EVH's creditors. Furthermore, the purchase price offered by Quebec Waters, Inc. was greater than that provided for in any other offer received;

36. Contrary to the other offers or expressions of interest received on January 21, 2005, the Quebec Waters Inc. offer did not contain any onerous condition and allowed for the completion of a transaction in a short delay;

37. Further to discussions and a period of negotiations, on February 3, 2005, the Monitor sent a letter to Quebec Waters, Inc. by which it set forth certain required improved terms and amendments to the offer dated January 21, 2005 and stipulating that should Quebec Waters, Inc. agree to such terms and amendments and fulfill the conditions therein set forth, then the offer would be deemed to be accepted subject to approval of the board of directors of EVH and the Superior Court;

38. On February 4, 2005, Quebec Waters, Inc. accepted the terms of the said letter agreement which was further amended by letter of amendment dated February 17, 2005 (collectively with the January 21 offer, the "Offer");

39. On February 23, 2005, the Honourable Chief Justice François Rolland, from the Québec Superior Court, rendered an Order approving the sale transaction of EVH's assets to Quebec Waters, Inc., as provided for in their offer dated January 21, 2005, as amended;
40. The closing of the contemplated transaction is to take place no later than thirty (30) days following the above mentioned judgment date;
41. The sale proceeds are to be remitted to RSM Richter Inc. ("Richter"), as Interim Receiver;
42. The Order dated February 23, 2005 provides for (i) the issuance by Richter of the Certificate (as defined in the Order) confirming the transaction is completed to its satisfaction and the purchase price is paid; and (ii) radiation of all hypothecs, liens, charges and any other encumbrances or security registered against EVH's assets (with the exclusion of any charge filed or to be filed on such assets by Quebec Waters, Inc. and/or its lenders in connection with the contemplated transaction).

VII. PLAN OF ARRANGEMENT TO BE FILED

43. As part of EVH's process to finalize the terms and conditions of its Plan of Arrangement the following steps must be completed:
 - a) Update books and records and finalized list of creditors;
 - b) Analyze the proofs of claims received to identify any differences and, as such, deal with creditors' claims, with the objective to resolve issues and come to an agreement as to amounts owed by the Debtors to creditors, the whole subject to the Claim Bar Date of July 30, 2004;
 - c) Complete the sale transaction to Québec Waters, Inc.;
 - d) Deposit the proceeds of sale with Richter, which will be used to satisfy the financial terms of the Plan of Arrangement;
 - e) Reimburse the DIP financing to RBC;
44. The filing of a Plan of Arrangement by the Debtors to their creditors will occur following the closing of the contemplated sale transaction with Quebec Waters, inc.

VIII. MOTION FOR THE EXTENSION OF TIME FOR THE FILING OF THE PLAN OF ARRANGEMENT

45. Pursuant to the Extension Order rendered on December 14, 2004, the stay period expires on February 28, 2005. Debtors are now seeking an extension of the stay period to Monday, May 30, 2005, inclusively;
46. An extension of the stay period is necessary for Debtors to complete a sale transaction with respect to its assets, as provided for in the Order dated February 23, 2005;

47. The conclusion of the contemplated sale should enable Debtors to finalize the terms of the Plan of Arrangement to be filed;
48. During this reference period, Debtors will rely on the DIP financing presently in place, as well as additional funding made available by Quebec Waters, Inc., to support the safeguard measures;
49. The cash flow projections for the period February 23, 2005 to May 31, 2005 indicate that Debtors will have sufficient funds to support their current obligations.

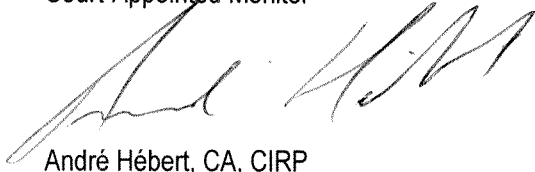
IX. MONITOR'S RECOMMENDATION

50. Based on our review of the information provided to us, as previously discussed in this Report, as well as our assessment of Debtors' good faith in dealing with its affairs, the Monitor recommends that Debtors' request for an extension of time for the filing of the Plan of Arrangement to May 30, 2005 be granted.

All of which is respectively submitted by RSM Richter Inc. in its capacity as Court-Appointed Monitor of EAUX VIVES HARRICANA INC., EVH U.S.A. INC. and LES SOURCES PÉRIGNY INC.

DATED AT MONTREAL, this 24th day of February, 2005.

RSM Richter Inc.
Court-Appointed Monitor



André Hébert, CA, CIRP

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
COURT NO. : 500-11-022700-047

SUPERIOR COURT

(Sitting as Tribunal designated under the
Companies' Creditors Arrangement Act)

**IN THE MATTER OF THE PLAN OF
ARRANGEMENT OF:**

Eaux Vives Harricana Inc., legal person duly constituted under the laws of Québec, having its head office at 11 Chemin des Sablières, Saint-Mathieu-d'Harricana, Province of Québec, District of Abitibi, JOY 1M0;

- and -

EVH U.S.A. Inc., legal person, duly constituted under the laws of Delaware, U.S.A., having a place of business at 17821 East 17th Street, Suite 193, Tustin, California, 92780, U.S.A.;

- and -

Les Sources Périgny Inc., legal person duly constituted under the laws of Québec, having its head office at 11 Chemin des Sablières, Saint-Mathieu-d'Harricana, Province of Québec, District of Abitibi, JOY 1M0;

Debtors

- and -

RSM Richter Inc., a body politic and corporate, duly incorporated according to law, having a place of business at 2 Place Alexis-Nihon, 3500 de Maisonneuve Blvd. West, 22nd Floor, in the City of Montréal, Province of Québec, H3Z 3C2;

Monitor

MONITOR'S REPORT ON CASH-FLOW STATEMENT

The attached Statement of Projected Cash-Flow of the above-named Debtors as of the 24th day of February, 2005, consisting of a statement of projected cash receipts and disbursements, including notes thereto, covering the period from the 23rd day of February 2005 to the 31st day of May 2005, has been prepared by the Management of Eaux Vives Harricana Inc., EVH U.S.A. Inc. and Les Sources Périgny Inc. (collectively "EVH") for the purpose described in **Note 1**, using probable and hypothetical assumptions set out in **Note 3**.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the Management and employees of EVH. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by Management for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

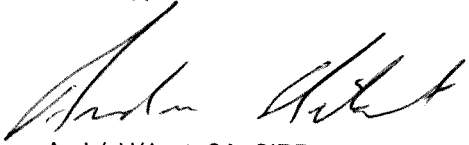
- (a) The hypothetical assumptions are not consistent with the purpose of the projection;
- (b) As at the date of this Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) The projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in **Note 1** and readers are cautioned that it may not be appropriate for other purposes.

DATED AT MONTRÉAL, Province of Québec, this 24th day of February, 2005.

RSM Richter Inc.
Court-Appointed Monitor

A handwritten signature in black ink, appearing to read 'André Hébert', written in a cursive style.

André Hébert, CA, CIRP

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
COURT NO. : 500-11-022700-047

SUPERIOR COURT

*(Sitting as Tribunal designated under the
Companies' Creditors Arrangement Act)*

**IN THE MATTER OF THE PLAN OF
ARRANGEMENT OF:**

Eaux Vives Harricana Inc., legal person duly constituted under the laws of Québec, having its head office at 11 Chemin des Sablières, Saint-Mathieu-d'Harricana, Province of Québec, District of Abitibi, JOY 1M0;

- and -

EVH U.S.A. Inc., legal person, duly constituted under the laws of Delaware, U.S.A., having a place of business at 17821 East 17th Street, Suite 193, Tustin, California, 92780, U.S.A.;

- and -

Les Sources Périgny Inc., legal person duly constituted under the laws of Québec, having its head office at 11 Chemin des Sablières, Saint-Mathieu-d'Harricana, Province of Québec, District of Abitibi, JOY 1M0;

Debtors

- and -

RSM Richter Inc., a body politic and corporate, duly incorporated according to law, having a place of business at 2 Place Alexis-Nihon, 3500 de Maisonneuve Blvd. West, 22nd Floor, in the City of Montréal, Province of Québec, H3Z 3C2;

Monitor

REPORT ON CASH-FLOW STATEMENT BY THE PERSON MAKING THE PROPOSAL

The Management of Eaux Vives Harricana Inc., EVH U.S.A. Inc. and Les Sources Périgny Inc. (collectively "EVH") has developed the assumptions and prepared the attached statement of projected cash-flow of the insolvent person, as of the 24th day of February 2005, consisting of a statement of projected cash receipts and disbursements, including notes thereto, covering the period from the 23rd day of February 2005 to the 31st day of May 2005.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions have been disclosed in Note 3.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented and variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in Note 3. Consequently, readers are cautioned that it may not be appropriate for other purposes.

DATED AT MONTRÉAL, Province of Québec, this 24th day of February, 2005.

Eaux Vives Harricana Inc., EVH U.S.A. Inc. and Les Sources Périgny Inc.

Per: Mark Mangelsdorf

Mark Mangelsdorf
February 24, 2005

Eaux Vives HARRICANA INC.
Cash flow projections (Sixth extension February 25, 2004)
 For the period ending May 31, 2005

Feb 22 - Mar 1

	Notes	2005 FEBRUARY 22	Feb 22 - Mar 1 2005	MARCH 2005	APRIL 2005	MAY 2005
OPENING BALANCE		196,828	178,888	188,141	18,891,878	13,348,818
INFLOWS						
Proceed of sale of EVH's assets				18,000,000		
Funding from Offeror				100,000		
From government		78,432				
Dip Financing	1		15,454	17,000		
TOTAL INFLOWS		78,432	15,454	197,000		
CASH OUTFLOWS						
Canada Outflows:						
Personnel Expenses						
Expense report		40	50	200	200	-
London Life retirement plan		304		942	642	-
Payroll (employee)		4,388		8,485	8,390	-
Payroll (social benefit)		4,085		8,847	4,431	-
Sun Life (group insurance)		703				-
Subtotal		9,410	50	18,674	11,663	-
Operating Expenses						
Bell			480	450	-	-
Dicom			86	58	-	-
Fedex				79	-	-
Gas metropolitan		75		3,000	-	-
House heating (St-Mathieu)		330	110	440	-	-
Hydro-Quebec (electricity)		27,897		20,000	-	-
Interriskia			200	200	-	-
Mixalo (security agency)		73,100	3,280	16,448	-	-
OFFICE Supplies			200	200	-	-
Télébec (telephones)		1,000		2,440	-	-
Subtotal		73,111	4,338	43,338	-	-
Professional Fees						
Davies, Ward Phillips & Vreberg				60,000	135,000	100,000
RSM Richter				103,719	76,800	100,000
Baron Belair Deloitte & Touche	2				60,000	
Legal adviser to Meritor					5,000	5,000
Scott Capital	3				undetermined	
Subtotal				163,719	286,800	205,000
Dip financial costs						
Dip reimbursement					3,135,757	
Interest			14,484	16,000		
Unused Line Fee						
Monitoring fees			1,000	1,000		
Legal costs		631			5,000	
Acceptance Fee						
Subtotal		631	15,484	17,000	3,140,757	
Other Expenses						
Government Canada & Québec (capital tax)						
Permits			1,000	1,000	1,000	-
Revenue Québec						
School taxes		18		50,485		
St-Mathieu taxes				141,890		
Miscellaneous Can		1,000		1,000	1,000	1,000
Subtotal		18	1,000	194,375	2,000	1,000
Total Canada Outflows		82,044	21,868	428,368	3,484,367	206,000
USA Outflows (Canadian \$ @ \$1.31 exchange rate)						
Personnel Expenses						
USA payroll & taxes						
USA Payroll		88,020		29,000	78,000	29,000
Subtotal		88,020		29,000	78,000	29,000
Operating Expenses						
USA Bookkeeper						
USA National Tasting Laboratory						
USA Phone						
Subtotal						
Professional Fees						
USA CPA Bob Wolfson and Ass.						
Subtotal						
Other Expenses						
USA Miscellaneous						
Subtotal						
Total USA Outflows		88,020		29,000	78,000	29,000
TOTAL OUTFLOWS		170,064	21,868	457,368	3,562,367	235,000
CLOSING BALANCE		116,764	157,020	140,773	15,329,511	13,113,818

Note 1: Dip Financing

The interests and charges relating to the DIP financing facility are accrued and therefore we are presenting the respective receipt and disbursement as if it was advanced by RBC to EVH and then reimbursed by EVH to RBC.

Note 2: Professional fees - RSM Richter

Included \$103,719 accrued professional fees for period November 1, 2004 to January 26, 2005

Note 3: Scott Capital

Scott Capital's success fee, which is yet to be determined, is payable upon completion of the sale transaction of the Company or its assets.

Mark A. Manly
 February 24, 2005

EAUX VIVES HARRICANA INC.

Cash flow projections (Sixth extension February 25, 2004)

For the period ending May 31, 2005

Feb 23 - Mar 1

	Notes	Actual FEBRUARY 22, 2005	Feb 23 - Mar 1	MARCH 2005	APRIL 2005	MAY 2005
OPENING BALANCE		180,119	175,526	169,141	18,831,878	15,368,618
INFLOWS						
Proceed of sale of EVH's assets				19,000,000		
Funding from Offeror				100,000		
From government		76,432				
Dip Financing	1		15,484	17,000		
TOTAL INFLOWS		76,432	15,484	19,117,000	-	-
CASH OUTFLOWS						
Canada Outflows:						
Personnel Expenses						
Expense report		43	50	200	200	-
London Life retirement plan		364		542	542	-
Payroll (employees)		4,384		9,495	6,330	-
Payroll (social benefit)		4,093		6,647	4,431	-
Sun Life (group insurance)		363				-
Subtotal		9,247	50	16,884	11,503	-
Operating Expenses						
Bell			450	450	-	-
Dicom			86	86	-	-
Fedex		75		75	-	-
Gaz métropolitain				3,000	-	-
House keeping (St-Mathieu)		330	110	440	-	-
Hydro-Québec (electricity)		27,528		20,000	-	-
Informatika			200	200	-	-
Mirado (security agency)		13,158	3,289	16,445	-	-
OFFICE Supplies			200	200	-	-
Télébec (telephone)		1,020		2,440	-	-
Subtotal		42,111	4,335	43,336	-	-
Professional Fees						
Davies, Ward Phillips & Vineberg				50,000	135,000	100,000
RSMRichter	2			103,719	75,000	100,000
Samson Belair Deloitte & Touche					65,000	
Legal advisor to Monitor					5,000	5,000
Scotia Capital	3				undetermined	
Subtotal		-	-	153,719	280,000	205,000
Dip financial costs						
Dip reimbursement					3,135,757	
Interests			14,484	16,000		
Unused Line Fee						
Monitoring fees			1,000	1,000		
Legal costs		631			5,000	
Acceptance Fee						
Subtotal		631	15,484	17,000	3,140,757	-
Other Expenses						
Government Canada & Québec (capital tax)						
Permits			1,000	1,000	1,000	-
Revenue Québec			-	-	-	-
School taxes		16	-	50,425	-	-
St-Mathieu taxes			-	141,899	-	-
Miscellaneous Can			1,000	1,000	1,000	1,000
Subtotal		16	2,000	194,324	2,000	1,000
Total Canada Outflows		52,004	21,869	425,263	3,434,260	206,000
USA Outflows (Canadian \$ @ \$1.31 exchange rate)						
Personnel Expenses						
USA (payroll & taxes)		29,020		29,000	29,000	29,000
USA Farmland		29,020		29,000	29,000	29,000
Subtotal		58,040	-	58,000	58,000	58,000
Operating Expenses						
USA Boothcrafter						
USA National Testing Laboratory						
USA Phone						
Subtotal		-	-	-	-	-
Professional Fees						
USA CPA Bob berleson and Ass.						
Subtotal		-	-	-	-	-
Other Expenses						
USA Miscellaneous						
Subtotal		-	-	-	-	-
Total USA Outflows		58,040	-	58,000	58,000	58,000
TOTAL OUTFLOWS		81,025	21,869	454,263	3,463,260	235,000
CLOSING BALANCE		175,526	169,141	18,831,878	15,368,618	15,133,618

Note 1: Dip Financing

The interests and charges relating to the DIP financing facility are accrued and therefore we are presenting the respective receipt and disbursement as if it was advanced by RBC to EVH and then reimbursed by EVH to RBC.

Note 2: Professional fees - RSM Richter

Included \$103,719 accrued professional fees for period November 1, 2004 to January 28, 2005

Note 3: Scotia Capital

Scotia Capital's success fee, which is yet to be determined, is payable upon completion of the sale transaction of the Company or its assets.

Eaux Vives Harricana Inc., EVH U.S.A. Inc. and Les Sources Périgny Inc.

NOTES AND ASSUMPTIONS TO THE PROJECTED CASH FLOW FOR THE PERIOD FEBRUARY 23, 2005 TO MAY 31, 2005

Note 1: General

The attached Cash Flow has been prepared by Management for the sole purpose of assessing the cash requirements of the Company for the period. As the Cash Flow is based upon various assumptions relating to events and circumstances, variances will exist and said variances may be material.

Notes 2: Activities

There has been no production at the plant since February 2004. The sale process of the remaining inventory as well as the collection of the accounts receivable are completed. The Company's main activities are to safeguard asset and maintain its book and records.

On February 23, 2005, the honourable Chief Justice François Rolland from the Quebec Superior Court granted an order approving the sale of certain assets. This transaction shall be concluded within 30 days of this order enabling EVH to file its plan of arrangement.

Note 3: Assumptions

Inflows

Proceed of sale of EVH's Assets: The sale price for the sale of EVH's assets is payable upon closing of the sale transaction which must occur within 30 days of Court approval.

Funding from Offeror: The offer to the purchase EVH's assets provides for the funding of the operational costs up to \$100,000 per month.

Dip financing: The Company entered into a Dip financing agreement with RBC Bank in the month of June 2004. The advances forecasted are in respect of said agreement or the result of the interests and charges accrued on said DIP financing facility.

Outflows

Personnel Expenses: Salaries are payable bi-weekly, including benefits. It is expected that once the sale transaction of all the assets is concluded, the personnel expenses will be nominal if any.

Operating Expenses: Cost of utilities and other minor expenses required to continue the safeguard of the facilities.

Professional fees: Estimate of the fees for professionals services relating to the restructuring.

Dip financial costs: The interests and charges relating to the DIP financing facility are accrued and therefore the respective inflows and outflows are presented as if disbursed by the lender and reimbursed by EVH. Upon closing of the sale transaction of EVH's assets, the proceed will be used to reimburse the amounts advanced, the accrued interests and charges in respect of the DIP financing facility provided by RBC Bank.

Other Expenses: Various expenses relating to ongoing agreements, payable according to terms agreed upon.

Mark Mayhew
February 24, 2005