

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: 500-11-022700-047

SUPERIOR COURT

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

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

EAUX VIVES HARRICANA INC.

-and-

EVH U.S.A. INC.;

-and-

LES SOURCES PERIGNY INC.

Petitioners

-and-

RSM RICHTER INC.

Monitor

**MOTION FOR THE EXTENSION OF TIME
FOR THE FILING OF THE PLAN OF ARRANGEMENT
(Article 11(4) of the *Companies' Creditors Arrangement Act*)**

**TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN
COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF MONTREAL,
PETITIONERS RESPECTFULLY SUBMIT THAT:**

INTRODUCTION

1. Petitioners are seeking an extension of the Initial Order (as defined below) for a period of ninety-one (91) days, expiring on Monday, May 30, 2005 (the “**Extended Period**”) in order, *inter alia*, to:
 - (a) complete the transaction contemplated in the Offer (as defined below) and approved by this Honourable Court;
 - (b) present a plan of arrangement to their creditors;
 - (c) call and hold a meeting of their creditors to approve the plan of arrangement to be presented to them;
 - (d) seek the Court’s approval of the plan of arrangement to be presented to their creditors.

BACKGROUND

Eaux Vives Harricana Inc.

2. Eaux Vives Harricana INC. (“**EVH INC.**”), is a legal person, duly constituted under the laws of Quebec;
3. EVH INC. is in the business of harnessing, bottling, distributing and marketing bottled water;

EVH U.S.A. Inc.

4. EVH U.S.A. INC. (“**EVH U.S.A.**”), is a legal person, duly constituted under the laws of Delaware, U.S.A.;
5. EVH U.S.A. solely acts as a marketing, sales and distributing agent for EVH INC. and has no customers other than EVH INC.;
6. As such, EVH U.S.A. is dependent upon EVH INC., which explains the present joint filing;

Les Sources Périgny Inc.

7. Les Sources Périgny Inc. ("**Sources Périgny**") is a legal person, duly constituted under the laws of Quebec;
8. Sources Périgny is a wholly-owned subsidiary of EVH INC.;
9. While Sources Périgny is a distinct legal entity from EVH INC., it has no cash other than EVH INC.'s and its assets and liabilities cannot be disassociated from EVH INC.'s assets and liabilities, which explains the joint filing herein;

The CCAA Proceedings

10. EVH INC., EVH U.S.A. and Sources Périgny (collectively, "**EVH**", and which may from time to time be referred to herein as EVH INC. or EVH U.S.A. or Sources Périgny) are currently unable to meet their liabilities generally as they become due and have sought the issuance of an order under the CCAA, as more fully appears from the Court's record;
11. Indeed, on March 19, 2004, EVH filed a Motion for the Issuance of an Initial Order (the "**Initial Motion**"), the whole as more fully appears from the Court record;
12. As per the terms of the order rendered by the Honourable Rolland J. (as he then was) dated March 19, 2004 (the "**Initial Order**"), the remedies provided for by the CCAA are applicable to EVH;
13. The Initial Order granted EVH, amongst other things, a stay of proceedings for thirty (30) days, allowed for the filing of a plan of arrangement, appointed RSM Richter Inc. as Monitor and granted other reliefs, as more fully appears from the Court record;
14. Within ten (10) days from the Initial Order and in accordance with same, the Monitor sent a copy of it to every known creditor of EVH;
15. On April 15, 2004, pursuant to a Motion for Extension of Time for the Filing of the Plan of Arrangement (the "**First Motion for Extension**"), the Honourable Rolland J. (as he then was) rendered an order extending and amending the Initial Order until Tuesday, June 2, 2004, as appears from the Court's record;
16. On June 1, 2004, pursuant to another Motion for Extension of Time for the Filing of the Plan of Arrangement (the "**Second Motion for Extension**"), the Honourable Rolland J.

(as he then was) rendered an Order extending and amending the Initial Order until Tuesday, August 31, 2004, as appears from the Court's record;

17. On August 30, 2004, pursuant to another Motion for Extension of Time for the filing of the Plan of Arrangement (the "**Third Motion for Extension**"), the Honourable Rolland J. (as he then was) rendered an Order extending and amending the Initial Order until Friday, October 15, 2004 (inclusively), as appears from the Court's record;
18. On October 14, 2004, pursuant to another Motion for Extension of Time for the Filing of the Plan of Arrangement (the "**Fourth Motion for Extension**"), the Honourable Rolland C.J.S.C. rendered an Order extending and amending the Initial Order until Tuesday, December 14, 2004 (inclusively), as appears from the Court's record;
19. On December 14, 2004, pursuant to another Motion for Extension of Time for the Filing of the Plan of Arrangement (the "**Fifth Motion for Extension**"), the Honourable Rolland C.J.S.C. rendered an Order extending and amending the Initial Order until Monday, February 28, 2004 (inclusively), as appears from the Court's record;
20. Since the issuance of the Initial Order by this Honourable Court on March 19, 2004, EVH continues to act in good faith and with due diligence;
21. EVH respectfully refers this Court to the Motion for the Issuance of an Initial Order (the "**Initial Motion**") dated March 19, 2004, to the Fifth Motion for Extension and to the Amended Motion with respect to the Sale of Assets and the Appointment of an Interim Receiver dated February 21, 2005 (the "**Motion for Approval of Sale**"), in the Court's record which provide the Court with the complete background of this matter;

The Operations since the Initial Order

22. Shortly after the rendering of the Initial Order, EVH laid-off seven (7) employees in order to reduce its expenses, in accordance with its forecasts. In addition, two (2) employees, including the plant manager Réjean Parent, since departed for personal reasons. Mr. Parent's supervisory functions are currently occupied by Ms. Julie Cadorette. EVH currently has three employees, including one, on a part-time basis;
23. After the rendering of the Initial Order, EVH's inventory continued to be sold, and receivables to be collected. As of now, the sale of the remaining inventory under EVH's control is now finalized and the recoverable receivables have been collected;

24. In addition, EVH obtained DIP Financing, as explained further below;
25. The employees of EVH who worked during that period have been fully paid;
26. EVH has paid its suppliers, or made arrangements, for services rendered or goods provided after the rendering of the Initial Order;
27. As of today, all payments to the Crown (as defined in the Initial Motion) are current;
28. Since the rendering of the Initial Order, EVH has honoured its ongoing obligations;
29. EVH has taken, and will continue to take, all the available measures and steps required in order to maximize the payment to its creditors;
30. EVH has already filed its internal financial statements in support of the Initial Motion;
31. EVH files in support thereto, as **Exhibit R-1**, its latest cash flow forecast;
32. EVH has prepared Exhibit R-1 to the best of its knowledge, given the information available;

Financial Situation Since the Initial Order

33. As stated earlier, the employees, the suppliers and the others creditors with claim that arose after the Initial Order have been paid. In addition, the Crown's claims are current;
34. EVH is not in breach of any of its obligations towards any third party for the period beginning after the Initial Order;
35. The sale of the inventory under EVH's control has been finalized and EVH has collected its recoverable account receivables;

Sale of EVH's Assets

36. As stated in the Initial Motion, the Motion for Extension and the Motion for Approval of Sale, EVH concluded that it was in the best interest of its creditors to terminate its operations and to sell all of its assets;
37. On January 21, 2005, pursuant to the second sale process set up by EVH, the Monitor and Scotia, EVH accepted an offer from Quebec Waters Inc. ("**Quebec Waters**"), which

offer was amended by a letter agreement on February 4, 2005 and further amended on February 18, 2005 (collectively, the “Offer”);

38. EVH respectfully refers the Court to its Motion for Approval of Sale in the Court’s record which provides the Court with the complete background of the sale processes and the particulars of the Offer;
39. On February 23, 2005, this Court approved the transaction contemplated in the Offer, as it appears from this Court’s record;

Debtor In Possession Financing

40. Given the limited revenues generated from the sale of the remaining inventory and the collection of the residual accounts receivables, and the fact that EVH INC. has ceased to operate, additional funds became necessary;
41. On June 10, 2004, EVH and Royal Bank Asset Based Finance, a division of Royal Bank of Canada (the “**DIP Lender**”) concluded a DIP Financing Agreement providing for an advance of up to \$3,578,000 (the “**DIP Financing Agreement**”), as it appears from the Court’s record;
42. On June 15, 2004, the Honourable Rolland J. (as he then was) rendered an Order approving the DIP Financing Agreement, as it appears from the Court’s record;
43. Since the approval of the DIP Financing Agreement, EVH has been using the DIP Financing provided by the Royal Bank of Canada to finance its funding requirements;
44. Furthermore, pursuant to the Offer, an amount of CDN\$100,000 per month will be made available in short order by Quebec Waters to EVH to cover operational expenses other than professional fees. Copy of a letter from counsel to Quebec Waters confirming that the first such payment of \$100,000 shall be deposited in the trust account of the Monitor is communicated herewith as **Exhibit R-2**;
45. Pursuant to the Order of this Court dated February 23, 2005, the Monitor must reimburse the DIP Loan upon (i) the issuance of the Certificate (as defined in the February 23 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 the Assets (with the exclusion of any charge filed or to be filed

on such Assets by Quebec Waters and/or its lenders in connection with the contemplated transaction);

EXTENSION OF THE ORDER ISSUED UNDER THE CCAA

46. EVH has, since the issuance of the Initial Order, acted in good faith towards its employees, creditors and customers and has done everything in its power in order to maximize the payment to its creditors;
47. EVH is now seeking a further extension of the Initial Order for a period of ninety-one (91) days, expiring on Monday, May 30, 2005 (inclusively) (the “**Extended Period**”) in order, *inter alia*, to:
 - (a) complete the transaction contemplated in the Offer and approved by this Honorable Court;
 - (b) present a plan of arrangement to its creditors;
 - (c) call and hold a meeting of its creditors to approve the plan of arrangement to be presented to it;
 - (d) seek the Court’s approval of the plan of arrangement to be presented to its creditors;
48. Given the above, EVH hereby seeks that an order be rendered under the CCAA extending the time for the filing of plan of arrangement which will be submitted to all of its creditors and maintaining the stay of proceedings and the various orders rendered, the whole for the length of the Extended Period;

THE MONITOR

49. EVH asks this Court to confirm the appointment of RSM Richter Inc., (Mr. Yves Vincent, C.A., C.I.R.P. being the officer responsible for the administration), to act as Monitor in conformity with the provisions of the CCAA and the order to be rendered herein;
50. In addition to any power or obligation provided for by the CCAA, EVH hereby requests this Court to grant the same powers and impose the same obligations upon the Monitor as in the Initial Order;

CONCLUSIONS SOUGHT

51. Given the fact that, as described in this Motion, the circumstances are such that an order should be rendered, and given the fact that EVH has acted and is acting in good faith and with due diligence, Petitioner respectfully submits that this motion should be granted as per its conclusions;
52. Indeed, an extension of the Initial Order during the Extended Period would be appropriate and for the best interest of EVH and its creditors;
53. It is in the best interests of EVH's employees, creditors and customers that the present Motion be granted as per its conclusions. Should the present Motion be granted as per its conclusions, EVH's creditors shall suffer no prejudice;
54. Considering the situation, EVH respectfully submits that the service of a notice of presentation of the present petition is not necessary and would not serve the interests of its creditors and/or of justice in general. In addition, no purported creditors, other than Robbie Manufacturing Inc. and Goodgoll Curtis Inc., have asked to be served with this Motion, or any motion made by EVH;
55. The present Petition is well-founded in fact and in law;

THEREFORE, PETITIONERS PRAY THIS HONOURABLE COURT TO:

GRANT the present "Motion for the Extension of time for the filing of the plan of arrangement" (the "**Motion**");

GRANT the remedies and relief sought by Petitioners, Eaux Vives Harricana Inc. ("**EVH INC.**"), EVH U.S.A., Inc. ("**EVH U.S.A.**") and Les Sources Périgny Inc. ("**Sources Périgny**") (collectively, "**EVH**" which may from time to time refer to EVH INC. and/or EVH U.S.A. and/or Sources Périgny);

EXEMPT EVH from the service of this Motion and of any notice or delay of presentation;

DECLARE that EVH INC., EVH U.S.A. and Sources Périgny are debtor companies within the meaning of Section 2 of the *Companies Creditors Arrangement Act* ("**CCAA**")

and that said Act applies to them, as affiliated debtor companies in accordance with Section 3 of the CCAA;

DECLARE that EVH INC., EVH U.S.A. and Sources Périgny have acted and are acting in good faith and with due diligence and that, as appears from the Motion, the circumstances are such that the Order sought herein should be rendered (the “**Order**”);

DECLARE that the allegations of EVH, and the affidavit in support thereof, are sufficient at this stage to grant the relief sought by EVH;

EXTEND the Initial Order rendered on March 19, 2004 by the Honourable Rolland J., (as he then was) as amended and extended, and the stay of proceedings included therein until **Monday, May 30, 2005 (inclusively)**;

ORDER provisional execution of the Order, notwithstanding any appeal and without the necessity of furnishing any security;

THE WHOLE, without costs except in case of contestation, and then, with costs against any opposing party(ies).

Montreal, February 24, 2005

(S) DAVIES WARD PHILLIPS & VINEBERG LLP

DAVIES WARD PHILLIPS & VINEBERG LLP
Attorneys for Petitioners

TRUE COPY

Steve Ward

Phillips & Vineberg

DAVIES WARD PHILLIPS & VINEBERG LLP

CANADA

PROVINCE DE QUÉBEC
DISTRICT DE MONTREAL

No: 500-11-022700-047

COUR SUPÉRIEURE

DANS L'AFFAIRE DE
L'ARRANGEMENT DE:

EAUX VIVES HARRICANA INC.

-et-

EVH U.S.A. INC.

-et-

LES SOURCES PÉRIGNY INC.

Requérantes

-et-

RSM RICHTER INC.

Contrôleur

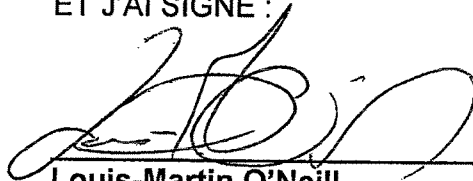
CERTIFICAT D'AUTHENTICITÉ

Je, soussigné, **Louis-Martin O'Neill**, avocat, pratiquant ma profession au cabinet de Davies Ward Phillips & Vineberg s.r.l., ayant sa place d'affaires au 1501 avenue McGill College, 26e étage, en la ville de Montréal, province de Québec, déclare solennellement ce qui suit :

1. Le 24 février 2005 à 3:29 p.m., Davies Ward Phillips & Vineberg s.r.l. a reçu un affidavit daté du 24 février 2005 et signé par monsieur Mark Mangelsdorf;
2. La copie de l'affidavit jointe à la présente est une copie conforme de l'affidavit reçu de Mark Mangelsdorf, résidant et domicilié au 304 Loring Avenue, Pelham, State of New-York, 10803. Le numéro de télécopieur est le (914) 738-1683.

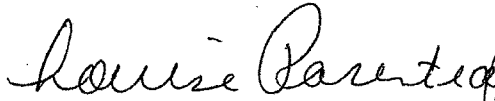
3. Tous les faits allégués aux présentes sont vrais.

ET J'AI SIGNÉ :



Louis-Martin O'Neill

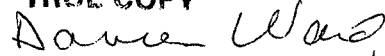
DÉCLARÉ SOLENNELLEMENT devant moi
à Montréal, le 24 février 2005

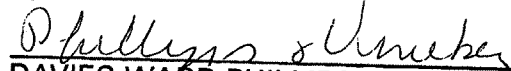


COMMISSAIRE À L'ASSERMENTATION



TRUE COPY





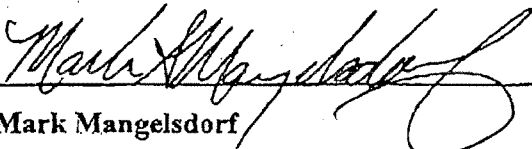
DAVIES WARD PHILLIPS & VINEBERG LLP

AFFIDAVIT

I, the undersigned, Mark Mangelsdorf, domiciled and residing at 304 Loring Avenue, Pelham, State of New-York, 10803 solemnly declare the following:

1. I am the Vice-President and General Manager of Eaux Vives Harricana Inc. and EVH U.S.A. Inc.;
2. I have taken cognizance of the present Motion for the extension of time for the filing of the plan of arrangement;
3. All the facts alleged in the present Motion are true.

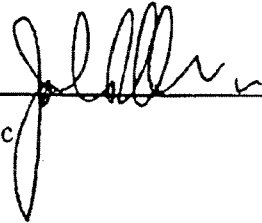
AND I HAVE SIGNED



 Mark Mangelsdorf

SWORN TO BEFORE ME AT New Rochelle, New York, U.S.A.

the 24th day of February 2005



 Notary Public

TRUE COPY

 DAVIES WARD PHILLIPS & VINEBERG-LLP

JOHN R. PELLICCIO, JR.
 Notary Public, State of New York
 No. 01PE5051450
 Qualified in Westchester County
 Commission Expires Nov. 8, 2005

 2/24/05

NOTICE OF PRESENTATION

RSM RICHTER INC.
c/o **Mr. Yves Vincent**
2 Place Alexis-Nihon
3500, de Maisonneuve Blvd. West
22nd Floor
Montreal, Quebec H3Z 3C2

ROBBIE MANUFACTURING INC.
c/o: **Me Christopher Besant**
CASSELS BROCK
2100 Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

MILLER THOMSON POULIOT
c/o **Mr. Stéphane Hébert**
1155 René Lévesque blvd. W., 31 Floor
Montreal, Quebec H3B 3S6

GOODGOLL CURTIS INC.
c/o: **Me Barry Landy**
SPIEGEL SOHMER
5 Place Ville Marie, suite 1203
Montreal, Quebec H3B 2G2

OGILVY RENAULT
c/o: **Me Sylvain Rigaud**
1981 McGill College Avenue, suite 1100
Montreal, Quebec H3A 3C1

TAKE NOTICE that the present Motion for the extension of time for the filing of the plan of arrangement will be presented on Friday, **February 25, 2005**, at 8:45 or so soon thereafter as Counsel may be heard, at Montreal Courthouse located at 1 Notre-Dame Street East in Montreal, in a room 16.11.

MONTREAL, February 24, 2005

(S) DAVIES WARD PHILLIPS & VINEBERG LLP

DAVIES WARD PHILLIPS & VINEBERG LLP
Attorneys for Petitioners

TRUE COPY

name used
Phillips & Vineberg

DAVIES WARD PHILLIPS & VINEBERG LLP

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: 500-11-022700-047

SUPERIOR COURT

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-and-

EVH U.S.A. INC.;

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LES SOURCES PERIGNY INC.

Petitioners

-and-

RSM RICHTER INC.

Monitor

LIST OF EXHIBITS
Motion for the Extension of Time
For the Filing of the Plan of arrangement

- EXHIBIT R-1: Cash flow forecast
EXHIBIT R-2: Letter from counsel to Quebec Waters

MONTREAL, February 24, 2005

(S) DAVIES WARD PHILLIPS & VINEBERG LLP

DAVIES WARD PHILLIPS & VINEBERG LLP
Attorneys for Petitioners

TRUE COPY

Glenn Ward
Phillips & Vineberg

DAVIES WARD PHILLIPS & VINEBERG LLP

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 most 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 ounce 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.

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 23, 2005	Feb 23 - Mar 1	MARCH 2005	APRIL 2005	MAY 2005
OPENING BALANCE		180,119	175,528	169,141	18,831,878	15,368,618
INFLOWS						
Proceed of sale of EVH's assets				19,000,000		
Funding from Other				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		304		542	542	-
Payroll (employees)		4,384		9,495	8,330	-
Payroll (social benefit)		4,099		6,647	4,431	-
Sun Life (group insurance)		383				-
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)		27,628		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
RSM Richter	2			103,719	75,000	100,000
Samson Belair Dalotie & Touche					65,000	
Legal advisor to Monitor					6,000	6,000
Scotia Capital	3				undetermined	
Subtotal				153,719	281,000	206,000
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		16		50,425		-
St-Mathieu taxes				141,999		-
Miscellaneous Can			1,000	1,000	1,000	1,000
Subtotal		16	2,000	184,324	2,000	1,000
Total Canada Outflows		52,004	21,869	425,283	3,434,260	206,000
USA Outflows (Canadian \$ @ \$1.31 exchange rate)						
Personnel Expenses						
USA (payroll & taxes)				29,000	29,000	29,000
USA Farmhand						
Subtotal		29,020		29,000	29,000	29,000
Operating Expenses						
USA Boothcrafter						
USA National Testing Laboratory						
USA Phone						
Subtotal						
Professional Fees						
USA CPA Bob berteson and Ass.						
Subtotal						
Other Expenses						
USA Miscellaneous						
Subtotal						
Total USA Outflows		29,020		29,000	29,000	29,000
TOTAL OUTFLOWS		81,024	21,869	454,283	3,463,260	235,000
CLOSING BALANCE		175,528	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 professional 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 Mayden
February 24, 2005

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

Feb 21 - Mar 1

Notes	January 2005	Feb 22 - Mar 1	MARCH 2005	APRIL 2005	MAY 2005
OPENING BALANCE	18,155,818	17,028	182,741	18,251,878	18,255,818
INFLOWS					
Proceed of sale of EV's assets			16,000,000		
Funding from Ottawa			100,000		
From government	78,438				
Cap Financing		15,184		17,000	
TOTAL INFLOWS	78,438	15,184	16,100,000	17,000	
CASH OUTFLOWS					
Canada Outflows:					
Personal Expense					
Expense report	40	50	200	200	
Life Insurance plan	364		842	842	
Payroll (employees)	4,385		5,005	5,305	
Payroll (social benefits)	4,083		8,847	4,431	
Bus Life (group insurance)	200				
Subtotal	9,072	50	14,894	11,888	
Operating Expenses					
Bell		480	450		
Dicom		85	85		
Fedex	75		73		
Gas metropolitan			3,000		
Home Heating (Bi-Monthly)	599	110	460		
Hydro-Quebec (electricity)	27,824		20,000		
Internet		200	200		
Mobile (security agency)	18,100	3,388	15,448		
OFFICE Supplies		200	200		
Telephone (subscriptions)	6,000		2,440		
Subtotal	38,119	4,283	23,326		
Professional Fee					
Davis, Ward Phillips & Vineberg			60,000	125,000	100,000
RSMaticler	2		183,719	74,000	100,000
Baron, Baker, Doloff & Touche				60,000	
Legal adviser to Scotiabank				5,000	5,000
Scotiabank Capital					
Subtotal			183,719	264,000	205,000
Dis financial costs					
Dis reimbursement				3,135,757	
Interest		14,884	16,000		
Unused Line Fee					
Monitoring fees		1,000	1,000		
Legal costs	531			5,000	
Acceptance Fee					
Subtotal	531	15,884	17,000	3,140,757	
Other Expenses					
Government (Opinion & Quebec (capital tax))					
Permits		1,000	1,000	1,000	
Revenue Québec					
School taxes	16		20,485		
St-Hubert taxes			181,000		
Miscellaneous City		1,000	1,000		1,000
Subtotal	16	2,000	193,485	1,000	1,000
TOTAL Canada Outflows	9,072	31,818	288,533	3,147,867	206,000
USA Outflows (Canadian \$ at \$1.31 exchange rate)					
Personal Expenses					
USA Payroll & taxes					
USA Payroll	29,000		29,000	29,000	29,000
Subtotal	29,000		29,000	29,000	29,000
Operating Expenses					
USA Gasoline					
USA National Tasting Laboratory					
USA Phone					
Subtotal					
Professional Fee					
USA CPA Ron Pearson and Ass.					
Subtotal					
Other Expenses					
USA Miscellaneous					
Subtotal					
Total USA Outflows	29,000		29,000	29,000	29,000
TOTAL OUTFLOWS	38,119	31,818	317,533	3,176,867	235,000
CLOSING BALANCE	18,117,700	14,210	16,905,208	15,075,011	18,020,818

Note 1: Cap Financing
 The interest and charges relating to the CFC financing facility are accrued and therefore we are presenting the respective receipt and disbursement as if it was assumed by RBC to EVH and then reimbursed by EVH to RBC.

Note 2: Professional fees - RSM Ristater
 Included \$183,719 accrued professional fees for period November 1, 2004 to January 28, 2005

Note 3: Scotiabank Capital
 Scotiabank's success fee, which is yet to be determined, is payable upon completion of the sale transaction of the Company to its assets.

Mark A. Manly
 February 24, 2005

No. 500-11-022700-047

S U P E R I O R C O U R T

District of Montreal

IN THE MATTER OF THE ARRANGEMENT OF :

EAUX VIVES HARRICANA INC.

-and-

EVH U.S.A. INC.

-and-

LES SOURCES PÉRIGNY INC.

-and-

RSM RICHTER INC.

Petitioners

Monitor

EXHIBIT R-1

DAVIES

Attorneys for Petitioners
Per: Mtre. Louis-Martin O'Neill
Dir 514 841 6547
O/F 107428

DAVIES WARD PHILLIPS & VINEBERG S.ENCRL S.R.L.

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Général/E-mail: general@adeskylestage.com

BY TELECOPIER

February 24, 2005

Mr. Yves Vincent, CA
RSM Richter Inc.
2, Place Alexis Nihon
Montreal, Quebec H3Z 3C2

Re: Quebec Waters, Inc. - Eaux Vives Harricana Inc. (EVH)

Dear Colleague,

We acknowledge receipt of yours of February 24th, 2005.

Please, be advised that the cheque of \$100,000.00 made payable to RSM Richter Inc. as Interim Receiver with regard to the offer to purchase, dated January 21, 2005, as amended from Quebec Waters, Inc., shall be deposited with you by February 25th, 2005.

We trust the whole to be satisfactory and remain,

Yours truly,

ADESKY LESAGE



Per: Kenneth S. Adessky
Ksa/cr

No. 500-11-022700-047

S U P E R I O R C O U R T
District of Montreal

IN THE MATTER OF THE ARRANGEMENT OF :

EAUX VIVES HARRICANA INC.

-and-

EVH U.S.A. INC.

-and-

LES SOURCES PÉRIGNY INC.

-and-

RSM RICHTER INC.

Petitioners

Monitor

EXHIBIT R-2



Attorneys for Petitioners
Per: M^{re}. Louis-Martin O'Neill
Dir 514 841 6547
O/F 107428

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