

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, EAUX VIVES HARRICANA INC. AND EVH U.S.A. INC.,  
RESPECTFULLY SUBMIT THAT:**

**INTRODUCTION**

1. Petitioners are seeking an extension of the Initial Order (as defined below) for a period of sixty (60) days, expiring on Tuesday, December 14, 2004 (the "Extended Period") in order, *inter alia*, to complete a transaction with respect to their assets and present a plan of arrangement to its creditors;

*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 dissociated from EVH INC.'s assets and liabilities, which explains the present joint filing;

**THE CCAA PROCEEDINGS**

10. EVH INC. and EVH U.S.A. (collectively, "**EVH**", which may from time to time refer to EVH INC. and/or EVH U.S.A. and/or Sources Périgny) are currently unable to meet their liabilities generally as they become due and have sought the issuance of an initial order under the CCAA, as more fully appears from the Court 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 Mr. Justice François Rolland, 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**"), Mr. Justice François

- 3 -

Rolland 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**"), Mr. Justice François Rolland 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**"), Mr. Justice François Rolland rendered an Order extending and amending the Initial Order until Friday, October 15, 2004 (inclusively), as appears from the Court's record;
18. EVH hereby reiterates any and all of the allegations of the Initial Motion, the First Motion for Extension, the Second Motion for Extension and the Third Motion for Extension;
19. EVH is now seeking a further extension of the Initial Order for a period of sixty (60) days, expiring on Tuesday, December 14, 2004 (the "**Extended Period**") in order, *inter alia*, to complete a transaction with respect to its assets and present a plan of arrangement to its creditors;

#### **THE OPERATIONS SINCE THE INITIAL ORDER**

20. After the rendering of the Initial Order, EVH maintained for a while the operations it then had and took all the necessary steps in order to continue such operations;
21. 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;
22. 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;
23. In addition, efforts to conclude a transaction and obtain DIP Financing continued and were successful, as explained further below;
24. The employees of EVH that worked during that period have been fully paid;
25. EVH has paid its suppliers, or made arrangements, for services rendered or goods provided after the rendering of the Initial Order;

- 4 -

26. As of today, all payments to the Crown (as defined in the Initial Motion) are current;
27. Since the rendering of the Initial Order, EVH has honoured its ongoing obligations;
28. EVH has taken, and will continue to take, all the available measures and steps required in order to maximize the payment to its creditors;
29. EVH has already filed its internal financial statement in support of the Initial Motion;
30. EVH files in support thereto, as **Exhibit R-1**, its latest cash flow forecast;
31. EVH has prepared Exhibit R-1 to the best of its knowledge, given the information available;

#### **FINANCIAL SITUATION SINCE THE INITIAL ORDER**

32. 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;
33. EVH is not in breach of any of its obligations towards any third party for the period beginning after the Initial Order;
34. The sale of the inventory under EVH's control has been finalized and EVH has collected its recoverable account receivables;

#### **SALE OF EVH OR ITS ASSETS**

35. As stated in the Initial Motion, EVH concluded that it was in the best interest of its creditors to terminate its operations and to sell all of its assets or otherwise conclude a transaction;
36. Scotia Capital Inc. ("**Scotia**") was retained to find a buyer;
37. Scotia discussed the possibility of the purchase of the assets with over 60 prospective purchasers including North American and international beverage companies, bottled water companies, bottled water industry participants, financial buyers and distressed asset purchasers and liquidators;
38. Between April 6, 2004 and June 16, 2004 in excess of 30 parties received information packages from Scotia;
39. During the same time period as aforesaid, 14 parties executed confidentiality agreements and out of such 14 parties 9 visited the data room established for the sale process, in order to examine the books, records and other documents

- 5 -

- regarding the Petitioners therein contained and 7 such parties conducted site visits of EVH Inc.'s plant;
40. Scotia has informed EVH that it is of the opinion that the public disclosure of the identity of any of the aforementioned parties would be prejudicial to the process. The Monitor has informed EVH that it agrees with the foregoing assessment;
  41. On or about June 3, 2004 upon the recommendation of Scotia, EVH and Scotia extended the delay within which offers were to be filed to June 23, 2004;
  42. A total of 4 formal offers were received by Scotia through the aforementioned process;
  43. Further to the receipt of the offers and pursuant to the recommendation of Scotia, EVH has had discussions with the offeror it felt would provide the best purchase price;
  44. On July 30, 2004, the offeror submitted a revised offer, which was accepted by EVH (the "July 30 Offer");
  45. Some unexpected problems have been encountered since the acceptance of the July 30 Offer. 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;
  46. EVH and the Monitor believe that it is necessary to explore other options in order to attempt to complete a transaction;
  47. In that context, there are few alternatives available;
  48. One of the said alternative is to launch a new sale process and to canvass, once again, the market;
  49. For this reason, a new sale process is currently being set up in collaboration with Scotia, the DIP Lender (Royal Bank of Canada) and the Monitor;
  50. In addition, it has to be mentioned that since the termination of the negotiations with the offeror, who defaulted on the July 30 offer, EVH has been approached by at least three potential purchasers interested to acquire its assets;
  51. This alternative is currently being explored, as it may result in a faster conclusion of the process;
  52. EVH believes and expects that a transaction could be concluded prior to the end of January 2005;
  53. The purchase price from any such transaction will be distributed in accordance with the plan of arrangement to be filed;

54. Subject to the transaction being completed in the expected time frame, EVH expects to be in a position to submit a plan of arrangement to its creditors before the end of February 2005;

#### **DEBTOR IN POSSESSION FINANCING**

55. 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;
56. On June 9, 2004, in order to meet EVH's urgent need of money pending the completion of a financing agreement, EVH and Parmalat Canada Limited (the "Temporary DIP Lender") concluded a Temporary DIP Financing Agreement providing for an advance of up to \$100,000 (the "Temporary DIP Financing Agreement"), as it appears from the Court's record;
57. On June 10, 2004, Mr. Justice François Rolland rendered an Order approving the Temporary DIP Lender, as it appears from the Court's record;
58. 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;
59. On June 15, 2004, Mr. Justice François Rolland rendered an Order approving the DIP Financing Agreement, as it appears from the Court's record;
60. 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 funds requirements;
61. The advances provided in connection with the Temporary DIP Financing Agreement have now been entirely reimbursed to the Temporary DIP Lender;

#### **EXTENSION OF THE ORDER ISSUED UNDER THE CCAA**

62. 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;
63. EVH is confident that a transaction will be concluded and that it will file a plan of arrangement;
64. EVH and the Monitor intend to call a Meeting of all EVH's creditors to approve the plan to be filed;
65. 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

- 7 -

all of its creditors and maintain the stay of proceedings and the various orders rendered, the whole for the length of the Extended Period;

### **THE MONITOR**

66. 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;
67. In addition to any power or obligation provided for by the CCAA, EVH hereby requests this Honourable Court to grant the same powers and impose the same obligations upon the Monitor as in the Initial Order;

### **CONCLUSIONS SOUGHT**

68. 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 petition should be granted as per its conclusions;
69. Indeed, an extension of the Initial Order during the Extended Period would be appropriate and for the best interest of EVH and its creditors;
70. 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;
71. 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;
72. 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;

- 8 -

**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 reliefs sought by EVH;

**EXTEND** the Initial Order rendered on March 19, 2004 by Mr. Justice François Rolland, as amended and extended, and the stay of proceedings included therein until **Tuesday, December 14, 2004 inclusively**;

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

**THE WHOLE**, without costs.

Montreal, October 13, 2004

*(S) Davies Ward Phillips & Vineberg LLP*

---

**DAVIES WARD PHILLIPS & VINEBERG LLP**  
Attorneys for Petitioners

TRUE COPY

*Walter Chang*  
*Phillips & Vineberg*  
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 Wallington, New-Jersey, U.S.A.  
the 13th day of October 2004

---

Notary Public

- 10 -

**NOTICE OF PRESENTATION**

RICHTER & ASSOCIÉS 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

POULIOT MERCURE  
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 Thursday, **October 14, 2004**, at 9:30 or so soon thereafter as Counsel may be heard, at Montreal Courthouse located at 1 Notre-Dame Street East in Montreal, room 15.07.

MONTREAL, October 13, 2004

*(S) Davies Ward Phillips & Vineberg L L P*

---

DAVIES WARD PHILLIPS & VINEBERG LLP  
Attorneys for Petitioners

TRUE COPY

*Davies Ward*  
*Phillips & Vineberg*  
DAVIES WARD PHILLIPS & VINEBERG LLP

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-

**RMS 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;

MONTREAL, October 13, 2004

*(S) Davies Ward Phillips & Vineberg LLP*

**DAVIES WARD PHILLIPS & VINEBERG LLP**  
Attorneys for Petitioners

TRUE COPY  
*Blaine Ward*  
*Phillips & Vineberg*  
DAVIES WARD PHILLIPS & VINEBERG LLP

# Cash flow projections

For the period ending December 14th, 2004

	OCTOBER Budget	NOVEMBER	DECEMBER
<b>OPENING BALANCE</b>	<b>342,221</b>	<b>299,116</b>	<b>285,699</b>
<b>INFLOWS</b>			
From receivables USA			
From receivables CND			
From government			
Dip Financing	600,000	200,000	300,000
<b>TOTAL INFLOWS</b>	<b>600,000</b>	<b>200,000</b>	<b>300,000</b>
<b>CASH OUTFLOWS</b>			
<b>Canada Outflows:</b>			
<b>Personnel Expenses</b>			
Expense report	200	200	200
London Life retirement plan	148	148	148
Payroll (employees)	10,655	6,530	6,530
Payroll (social benefit)	4,744	4,549	4,431
Sun Life (group insurance)	200		
Subtotal	<b>17,148</b>	<b>11,270</b>	<b>11,509</b>
<b>Operating Expenses</b>			
Bell	450	450	450
Dicom	86	86	86
Fedex	75	75	75
Gaz metropolitain	3,000	3,000	3,000
House keeping (St-Mathieu)	550	440	440
Hydro-Québec (electricity)	20,000	20,300	30,000
Informetika	200	200	200
Livingston (FDA)			
Maheu & Maheu extermination	190	190	
Mirado (security agency)	17,000	17,000	17,000
OFFICE Supplies	200	200	200
Parmalat Dairy			
Parmalat Canada (Umbrella Insurance Policy)			
Télébec (telephone)	2,440	2,440	2,440
Subtotal	<b>44,181</b>	<b>44,981</b>	<b>53,891</b>
<b>Professional Fees</b>			
Davies, Ward Phillips & Vineberg	130,000	50,000	150,000
RSMRichter	100,000	75,000	100,000
Samson Belair Deloitte & Touche	82,000		
Legal advisor to Monitor	10,000	5,000	20,000
Scolia Capital**			
Subtotal	<b>332,000</b>	<b>130,000</b>	<b>270,000</b>
<b>Dip financial costs</b>			
Interests	17,500	18,687	20,417
Unused Line Fee	241	158	36
Monitoring fees	1,000	1,000	1,000
Legal costs			
Acceptance Fee			
Subtotal	<b>18,741</b>	<b>19,824</b>	<b>21,449</b>
<b>Other Expenses</b>			
Government Canada & Québec (capital tax)	32,254	32,254	
Permits	1,000	1,000	1,000
Révenue Québec			
School taxes			
St-Mathieu taxes	25,000	25,000	25,000
Miscellaneous Can	4,000	4,000	4,000
Subtotal	<b>62,254</b>	<b>62,254</b>	<b>30,000</b>
<b>Total Canada Outflows</b>	<b>474,331</b>	<b>267,368</b>	<b>366,243</b>
<b>USA Outflows (Canadian \$ @ \$1.31 exchange rate)</b>			
<b>Personnel Expenses</b>			
USA payroll & taxes			
USA Farmland	68,775	46,860	46,860
Subtotal	<b>68,775</b>	<b>46,860</b>	<b>46,860</b>
<b>Operating Expenses</b>			
USA Boothcraft			
USA National Testing Laboratory			
USA Phone			
Subtotal			
<b>Professional Fees</b>			
USA CPA Bob berleson and Ass.			
Subtotal			
<b>Other Expenses</b>			
USA Miscellaneous			
Subtotal			
<b>Total USA Outflows</b>	<b>68,775</b>	<b>46,860</b>	<b>46,860</b>
<b>TOTAL OUTFLOWS</b>	<b>543,106</b>	<b>314,228</b>	<b>413,103</b>
<b>CLOSING BALANCE</b>	<b>299,116</b>	<b>185,899</b>	<b>153,206</b>

\*\*Note : Scolia Capital's success fees are payable upon completion of the sale transaction of the Company

**EAUX VIVES HARRICANA INC.**  
**Cash flow projections**  
 For the period ending December 14th, 2004

	OCTOBER 2004	NOVEMBER 2004	DECEMBER 2004
<b>OPENING BALANCE</b>	302,774	287,411	287,411
<b>INFLOWS</b>			
Plant received USA			202,000
Plant received GND			202,000
Plant government	202,000	202,000	202,000
<b>Out Flows</b>			
<b>TOTAL INFLOWS</b>	202,000	202,000	404,000
<b>CASH OUTFLOWS</b>			
<b>Canada Outflows</b>			
Personal Expenses			
Capital Asset	200	200	200
Union Life Insurance Plan	1,160	1,160	1,160
Payroll (Employees)	11,880	11,880	11,880
Payroll (Contractors)	4,711	4,711	4,711
Plan Life (Group Insurance)	200	200	200
<b>Subtotal</b>	17,151	17,151	17,151
<b>Operating Expenses</b>			
Gas	450	450	450
Oil	76	76	76
Water	28	28	28
Gas (transportation)	3,000	3,000	3,000
Water (building (S)-Maintenance)	400	400	400
Hydro-Québec (variable)	20,000	20,000	20,000
Information	200	200	200
Language (UDA)	100	100	100
Utilities & Other (Utilities)	17,000	17,000	17,000
Mobile (contract agency)	200	200	200
Office Supplies	200	200	200
Printer Ink			
Travel (Contract (Landed Insurance Policy))	2,140	2,140	2,140
Travel (Miscellaneous)	44,481	44,481	44,481
<b>Subtotal</b>	48,481	48,481	48,481
<b>Professional Fees</b>			
Dexter, Ward Phillips & Venberg	100,000	100,000	100,000
RESEARCH	100,000	100,000	100,000
Demers Bull, Delisle & Touche	22,000	22,000	22,000
Legal Advisor to Mayor	10,000	10,000	10,000
Stora Consulting			
<b>Subtotal</b>	222,000	222,000	222,000
<b>USA Financials</b>			
Interest	17,500	17,500	17,500
Unpaid Life Plan	200	200	200
Identifying fees	1,000	1,000	1,000
Light work			
Accounting Fee			
<b>Subtotal</b>	18,700	18,700	18,700
<b>Other Expenses</b>			
Government Canada & Québec (initial fee)	10,264	10,264	10,264
Patents	1,000	1,000	1,000
Personal Outflow			
Account fees	20,000	20,000	20,000
Bank (initial fees)	1,000	1,000	1,000
International Call			
<b>Subtotal</b>	32,264	32,264	32,264
<b>Total Cash Outflows</b>	208,392	208,392	208,392
<b>CASH CARRIED (Canadian \$) (31.3% exchange rate)</b>	194,382	189,019	189,019
<b>Personal Expenses</b>			
USA (payroll taxes)	1,160	1,160	1,160
USA Payroll	2,000	2,000	2,000
Quizzes			
<b>Operating Expenses</b>			
USA (Bank/credit)			
USA (initial Testing Laboratory)			
USA papers			
<b>Subtotal</b>	3,160	3,160	3,160
<b>Professional Fees</b>			
USA (CFA fees before and Ass.)			
<b>Subtotal</b>			
<b>Other Expenses</b>			
USA (initial work)			
<b>Subtotal</b>			
<b>Total USA Outflows</b>	3,160	3,160	3,160
<b>TOTAL CASH FLOWS</b>	191,220	186,259	185,859
<b>CLOSING BALANCE</b>	49,162	42,760	41,160

*Mark H. Byrd*

\*Note: Stora Capital's success fees are payable upon completion of the sale transaction of the Company

SENT BY: HP LASERJET 3150;  
10/12/04 17:08 FAX 514 934 3304

914 788 1683;  
RSM RICHTER INC.

OCT-12-04 5:48PM;

PAGE 2/5  
@UNZ/008

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL  
NO DE COUR : 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 Maisonneuve  
West, 22<sup>nd</sup> Floor, in the City of Montreal, Province of  
Quebec, 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 13<sup>th</sup> day of October 2004, consisting of a statement of projected cash receipts and disbursements, including notes thereto, covering the period from the 1st day of October 2004 to the 31st day of December, 2004.

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.

SENT BY: HP LASERJET 3150;  
10/12/04 17:08 FAX 514 934 3504

914 788 1883;  
RSM RICHTER INC.

OCT-12-04 5:46PM;

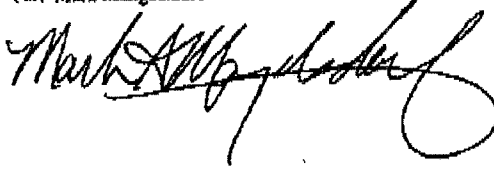
PAGE 3/5  
0003/005

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 13<sup>th</sup> day of October, 2004.

EAUX VIVES HARRICANA INC. & EVH U.S.A. INC. & LES SOURCES PÉRIGNY INC.

Per: Mark Mangelsdorf



10/12/04 17:09 FAX 514 934 3504

RSX RICHTER INC.

@005/005

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

Notes and Assumptions to Projected Cash Flow  
for the Period October 1, 2004 to December 31, 2004

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 is no longer production at the plant and 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 book and records.

Note 3: Assumptions

Inflows

Dip financing                      The company entered into a Dip financing agreement in the month of June 2004. The advance forecasted are in respect of said agreement.

Outflows

Personnel Expenses:              Salaries are payable bi-weekly, including benefits.

Operating Expenses:              Cost of utilities and other minor expenses required to secure facilities.

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

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



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-  
Petitioners

RSM RICHTER INC.

Monitor

EXHIBIT R-1  
(MOTION FOR THE EXTENSION OF TIME FOR THE FILING  
OF THE PLAN OF ARRANGEMENT)

Me Louis-Martin O'Neill  
Davies Ward Phillips & Vineberg LLP  
1501 McGill College Avenue, 26<sup>th</sup> Floor  
Montréal, Québec H3A 3N9  
Tel. 514.841.6400 Fax 514.841.6499

BP-0181

O/F 88345-107428

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.

Petitioners

-and-

RSM RICHTER INC.

Monitor

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

COPY FOR:

RICHTER & ASSOCIÉS INC.

c/o Mr. Yves Vincent

2 Place Alexis-Nihon

3500, de Maisonneuve Blvd. West

22nd Floor

Montréal, Québec H3Z 3C2

Me Louis-Martin O'Neill

Davies Ward Phillips & Vineberg LLP

1501 McGill College Avenue, 26<sup>th</sup> Floor

Montréal, Québec H3A 3N9

Tel. 514.841.6400 Fax 514.841.6499

BP-0181

O/F 88345-107428