

MR. ROGERS, EXAM. BY MR. MERRICK

1 indeed, that contract -- if the circumstances should come
2 into being that Westray could exercise that contract?

3 A. I'll answer the question by saying there's no doubt
4 in my mind that the Province was committed to take-or-pay
5 for that coal and there was no way out of that contract.

6 Q. All right. Now let me take you to the next page,
7 and this is the next development that I just wanted to
8 have recorded. At the bottom of the third page of the
9 memo, it's stamped page 111. It says, "Curragh had hoped
10 to raise cash through the issue of debentures, but has
11 withdrawn the offering on the advice of its investor
12 broker, Nesbitt Thompson, Morgan Stanley.

13 Morgan Stanley has now been engaged to explore all
14 options available to raise the necessary funds and the
15 sale of all or part of Westray has been confirmed as a
16 possible solution. Your approval as Minister of I.S.T.C.
17 would be required for such a sale."

18 And then you go on to refer to the fact, "The
19 possibility of such a sale has resulted in public attacks
20 on Premier Cameron by the opposition who are demanding
21 that the Provincial \$12 million loan and the take-or-pay
22 contract be retrieved in any such sale. The Premier has
23 stated that any new owner will not receive the benefit of
24 the take-or-pay contract. The effect on Westray's
25 profitability and hence the risk associated with the