

MR. CAMERON, EXAM. BY MR. MERRICK

1 sell the production from the mine. The company
2 repeatedly assures us through negotiations that the take-
3 or-pay contract would never be used, and it was simply
4 for securing bank financing."

5 Q. Yes, all right. Now let's go back to the memorandum
6 on February the 20th which is at page 81.

7 A. Eighty-one.

8 Q. And that's the memo from Mr. Robar to --

9 A. Uh-huh.

10 Q. -- Mr. MacNeil? And he talks about a whole variety
11 of things dealing with the take-or-pay agreement.

12 And if you turn over to page 83, item four down at
13 the bottom of the page, he says there, "In my review of
14 the Westray files, I came across a report prepared by a
15 consultant discussing the sale of coal to New Brunswick."
16 I take it that may have been the consultant you were
17 referring to a few minutes ago.

18 "It was his opinion that Westray would be
19 competitive in this market if they could deliver coal at
20 a price of about \$66 a tonne. It has been estimated that
21 delivery costs would be in the range of \$16 per tonne;
22 therefore, Westray would receive a railhead price of \$50
23 a tonne. Assuming direct variable costs of \$11 a tonne,
24 a sale to New Brunswick at this price would provide a
25 \$39-a-tonne contribution to profit."