

MR. CAMERON, EXAM. BY MR. MERRICK

1 If we look at the pay scenario under the take-or-pay
2 agreement, Westray would receive \$73 a tonne, less \$11
3 tonne direct variable costs, giving a contribution to
4 profit of \$62 a tonne. The difference between the two
5 options is \$23 a tonne. Total difference in cash
6 contribution to Westray is \$6,325,000."

7 Then he goes on to point out, "Westray has the
8 option of not invoking the take-or-pay agreement if they
9 determine that they can obtain a reasonable price for the
10 coal. Whether the above case would be considered
11 reasonable is not known, and whether Westray would want
12 all or part of the differential is not known."

13 He is apparently reporting on the contingency that
14 if Westray decided to try to exercise the option under
15 that kind of scenario, that there may be an obligation of
16 \$6,325,000?

17 A. I disagree with that.

18 Q. What do disagree with in that analysis?

19 A. I go back to the first part you read, and it said
20 that they could deliver coal at a price about \$66 a
21 tonne.

22 Q. Yes.

23 A. I am convinced they could. And that's -- and that's
24 -- and that would be world price. They would have to
25 show us they couldn't sell it for world price, and this