

MR. ROGERS, EXAM. BY MR. MERRICK

1 order to get Federal financing -- Federal assistance?

2 A. I believe so. And I also believe that the  
3 proponents needed an early infusion of cash, beyond their  
4 own resources, in order to continue to proceed with some  
5 level of effort before the approvals from the Federal  
6 Government finally were forthcoming.

7 Q. What effort was put into trying to see if Curragh  
8 itself could increase its own upfront, pure equity  
9 injection? Nine million on a \$127 million project  
10 appears light, to a layman.

11 A. Well, as Federal -- as a Federal Department, you  
12 can't simply go to a proponent and say, "You're not  
13 putting up enough money," if they can find on their own  
14 other ways to accomplish the same end. They would allege  
15 that the six million in deferred management fees was, in  
16 fact, a cash contribution because they were otherwise  
17 entitled to be paid those amounts from the cash flow of  
18 the mine when it was operating.

19 As regards their arrangements with Nova Scotia, that  
20 was between them and Nova Scotia, but in the final  
21 analysis they came up with the minimum equity. Even  
22 though I might have personal views that others might  
23 share, that you'd like to see more cash in from the  
24 company itself.

25 Q. How clear was it that this had to be accepted