

MR. ROGERS, EXAM. BY MR. MERRICK

1 potential buyers outside the province. "The concept of  
2 the take-or-pay contract was to assist the Company to  
3 arrange financing with their bankers, and it is not  
4 anticipated it will ever be exercised." Had you run  
5 across that position before, that the Provincial  
6 Government was taking the position that we may have  
7 signed this deal, but never -- it will never be enforced  
8 against us?

9 A. Yes.

10 Q. How specific were they on that? An agreement is an  
11 agreement.

12 A. But their conviction was -- and Tom Merriam had  
13 verbally covered this point with me, as had Minister  
14 Cameron -- that this was such attractive coal with such  
15 low-sulphur content, that there would be markets all over  
16 the world for it, and that there would be no question  
17 that it could be disposed of very readily.

18 Q. Did you accept that?

19 A. No. I did not because this coal entering world  
20 markets would be entering world markets at highly  
21 subsidized levels. And, as such, we would be in  
22 contravention of both GATT and the U.S./Canada Free Trade  
23 Agreement. So we would certainly find very quickly  
24 responses from the markets in which this coal was  
25 endeavoured to be marketed in, from coal producers in