

MR. CAMERON, EXAM. BY MR. MERRICK

1 going concern. Under these terms Westray retains an
2 ownership interest in the project even in the event of a
3 default."

4 And then he goes on to point out the significance of
5 this:

6 "The pari passu clause would essentially mean that
7 the Province is entering into a joint venture with
8 Westray with the Province assuming the financial risk.
9 The provision for valuation as a going concern would mean
10 that the Province would have to write Westray another
11 cheque for 10.5 million in order to gain unencumbered
12 rights to the property after having already laid out its
13 18 million in interim financing which would never be
14 recovered." Is that a valid point?

15 A. Where does he get the 18 million?

16 Q. Well, did you understand that -- he points out to
17 you that the normal commercial manner would be for the
18 Province to have taken first security position on the
19 assets.

20 A. Um-hmm.

21 Q. Westray, using this argument that they also had put
22 money in there and, therefore, should share in the
23 security, has now added a clause that the Province could
24 acquire the assets only by buying them out at the value
25 of the project as a going concern. And then he says