

CONFORMED COPY

CREDIT NUMBER 1729-GUA

Development Credit Agreement

(Bauxite Industry Technical Assistance Project)

between

GUYANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 16, 1990

CREDIT NUMBER 1729-GUA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 16, 1990 between GUYANA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having given to the Association a statement dated November 7, 1985, describing its policies regarding rehabilitation of the Guyana bauxite industry (hereinafter called the "Policy Statement"); and

(B) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project; and

(C) the Project will be carried out by Guyana Mining Enterprise Ltd. (GUYMINE) with the assistance of the Borrower and of Bauxite Industry Development Company Ltd. (BIDCO) and, as part of such assistance, the Borrower will make available to BIDCO and GUYMINE the proceeds of the Credit as provided in this Agreement;

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement, and in the Project Agreement of even date herewith between the Association and BIDCO and GUYMINE;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The General Conditions Applicable to Development Credit Agreements of the Association, dated January 1, 1985, (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "BIDCO" means Bauxite Industry Development Company Ltd., an entity organized under the Companies Act of Guyana and operating under its Memorandum and Articles of Association, dated February 3, 1976;

(b) "GUYMINE" means Guyana Mining Enterprise Ltd., an entity organized under the Companies Act of Guyana and operating under its Memorandum and Articles of Association, dated October 30, 1977;

(c) "Project Agreement" means the agreement between the Association and BIDCO and GUYMINE of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(d) "BIDCO Subsidiary Agreement" means the agreement to be entered into between the Borrower and BIDCO pursuant to Sections 3.01 (b) of this Agreement, as the same may be amended from time to time; "BIDCO Subsidiary Loan" means the loan provided for in the BIDCO Subsidiary Agreement; and "BIDCO Capital Contribution" means the equity capital contribution provided for in the BIDCO Subsidiary Agreement;

(e) "GUYMINE Subsidiary Agreements" means the agreement to be entered into between BIDCO and GUYMINE pursuant to Section 3.01 (d) of this Agreement and 4.01 (a) of the Project Agreement, as the same may be amended from time to time; "GUYMINE Subsidiary Loan" means the loan provided for in the GUYMINE Subsidiary Agreement; and "GUYMINE Capital Contribution" means the equity capital contribution provided for in the GUYMINE Subsidiary Agreement;

(f) "Subsidiary Agreements" means the BIDCO Subsidiary Agreement and the GUYMINE Subsidiary Agreement referred to collectively;

(g) "Subsidiary Loans" means the BIDCO Subsidiary Loan and the GUYMINE Subsidiary Loan referred to collectively;

(h) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(i) "Guyana Dollars" means the currency of the Borrower; and

(j) "Action Plan" means the action plan set forth in Schedule 5 to this Agreement as such Schedule may be amended from time to time by agreement between the Association, the Borrower, BIDCO and GUYMINE.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in

various currencies equivalent to 6,600,000 Special Drawing Rights (SDR 6.6 million).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and the Association, for expenditures made or, if the Association shall so agree, to be made in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a Special Account in its Central Bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.03. The closing date shall be June 30, 1993 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge at the rate of one-half of one percent (1/2 of 1%) per annum on the principal amount of the Credit not withdrawn from time to time. The commitment charge shall accrue from a date sixty days after the date of the Development Credit Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or shall be cancelled.

(b) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn all outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on March 1 and September 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semiannual installments payable on each March 1 and September 1, commencing September 1, 1996 and ending March 1, 2036. Each installment to and including the installment payable on March 1, 2006 shall be one-half of one percent (1/2 of 1%) of such principal amount, and each installment thereafter shall be one and one-half percent (1-1/2%) of such principal amount.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.09. BIDCO is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and to this end, without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, shall cause BIDCO and GUYMINE to perform, in accordance with the provisions of the Project Agreement and the Action Plan, all the obligations of BIDCO and GUYMINE therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable BIDCO and GUYMINE to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall enter into the BIDCO Subsidiary Agreement with BIDCO, under terms and conditions which shall have been approved by the Association which shall include, inter alia, those set forth in Schedule 4 to this agreement for: (i) relending an amount equivalent to SDR 5,000,000 out of the proceeds of the Credit to BIDCO, and (ii) making available to BIDCO, an amount equivalent to SDR 1,600,000 out of the proceeds of the Credit as equity capital contribution.

(c) The Borrower shall exercise its rights under the BIDCO Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the BIDCO Subsidiary agreement or any provision thereof.

(d) The Borrower shall: (i) cause BIDCO and GUYMINE to enter into the GUYMINE Subsidiary agreement, under terms and conditions which shall have been approved by the Association and shall include, inter alia, those set forth in Schedule 4 to this Agreement, and in Section 4.01 (a) of the Project Agreement; (ii) cause BIDCO and GUYMINE to perform in accordance with the provisions of the GUYMINE Subsidiary Agreement all the obligations of BIDCO and GUYMINE therein set forth; and (iii) shall take or cause to be taken all action, including the issuance of necessary authorizations, to enable BIDCO and GUYMINE to perform such obligations.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of the Schedule to the Project Agreement.

Section 3.03. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by GUYMINE pursuant to Section 2.03 of the Project Agreement.

Section 3.04. Without limitation upon the provisions of paragraph (a) of Section 3.01 of this Agreement, the Borrower shall: (i) provide the additional financing required to carry out the Resuscitation Programme set forth in the Borrower's Policy Statement in its entirety in the form of common equity; (ii) cause the 1984 issue of eight percent (8%) preference shares by GUYMINE to be converted into common equity; and (iii) take the measures necessary to carry out the financial restructuring of the bauxite industry in Guyana (hereinafter referred to as the bauxite industry), as agreed between the Borrower and the association.

Section 3.05. The Borrower shall, consistent with its Policy Statement:

(a) not countenance counter trade transactions which will undermine the viability of the bauxite industry, including the maintenance of the bauxite industry's ability to meet all of its expenditures, and in particular, its foreign exchange cost expenditures, including debt;

(b) ensure that the bauxite industry will have sufficient foreign exchange to maintain its facilities and avoid either physical deterioration or significant losses in efficiency, while keeping appropriate business constraints;

(c) ensure that no counter trade transactions undertaken by the bauxite industry infringes the conditions stated in parts (a) and (b) of this Section; and

(d) ensure that the bauxite industry will have access to its foreign exchange revenues without time limitations, subject only to reasonable requirements of the Borrower, and access to Guyana Dollars, in order to meet all or part of the bauxite industry's local expenses.

ARTICLE IV

Other Covenants

Section 4.01. The Borrower shall, or shall cause its Central Bank to: (i) have the Special Account for each fiscal year audited in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association; (ii) furnish to the Association as soon as available, but in any case not later than four months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and (iii) furnish to the Association monthly certified statements of the Special Account and all such other information concerning such Account and the audit thereof as the Association shall from time to time reasonably request.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the commitments described in the Policy Statement, or a significant part of such statement, will be carried out by the Borrower or at the Borrower's direction.

(b) BIDCO or GUYMINE shall have failed to perform any of their respective obligations under the Project Agreement.

(c) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that BIDCO or GUYMINE will be able to perform their respective obligations under the Project Agreement.

(d) The Companies Act of Guyana, the BIDCO Articles of Association, or the GUYMINE Articles of Association shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of BIDCO or GUYMINE to perform any of their respective obligations under the Project Agreement.

(e) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of BIDCO or GUYMINE or for the suspension of their respective operations.

Section 5.02. For the purposes of Section 7.0I (d) of the General Conditions the following additional events of acceleration are specified:

(a) The event specified in paragraph (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower; and

(b) The events specified in paragraphs (d) and (e) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) The execution and delivery of the Project Agreement on behalf of BIDCO and GUYMINE has been duly authorized or ratified by all necessary corporate entities and all necessary governmental actions have been taken;

(b) The BIDCO Subsidiary Agreement has been duly executed on behalf of the Borrower and BIDCO;

(c) The GUYMINE Subsidiary Agreement has been duly executed behalf of on BIDCO and GUYMINE; and

(d) All actions by the Borrower and corporate actions by BIDCO and GUYMINE required to provide the BIDCO Capital Contribution by the Borrower to BIDCO, and the GUYMINE Capital Contribution by BIDCO to GUYMINE, have been taken in terms satisfactory to the Association.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) That the Project Agreement has been dully authorized or ratified by BIDCO and GUYMINE, and is legally binding upon BIDCO and GUYMINE in accordance with its terms;

(b) That the BIDCO Subsidiary Agreement has been duly authorized or ratified by the Borrower and BIDCO and is legally binding upon the Borrower and BIDCO in accordance with its terms;

(c) That the GUYMINE Subsidiary Agreement has been duly authorized or ratified by BIDCO and GUYMINE and is legally binding upon BIDCO and GUYMINE in accordance with its terms; and

(d) That all actions required to provide the BIDCO Capital Contribution and GUYMINE Capital Contribution as capital contributions to BIDCO and GUYMINE, pursuant to the Subsidiary Agreements, respectively, have been taken.

Section 6.03. The date October 16, 1990 is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.04. The obligations of the Borrower under Articles III and IV of this Agreement shall cease and determine on the date on which this Agreement shall terminate or on the date twenty years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 Of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
Main Street
Georgetown, Guyana

Cable address:

MINFIN
Georgetown, Guyana

Telex:

GY 3038

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INDEVAS
Washington, D.C.

Telex:

197688 (TRT)
248423 (RCA)
64145 (WUI) or
82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States, of America, as of the day and year first above written.

GUYANA

By /s/ Cedric H. Grant

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Armeane M. Choksi

Acting Regional Vice President
Latin America and the Caribbean

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Goods	3,750,000	100% of foreign expenditures
(2) Consultants' services	1,900,000	100% of foreign expenditures
(3) Unallocated	950,000	
TOTAL	SDR 6,600,000	

2. For the purposes of this Schedule the term foreign expenditures means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of

\$3,000,000, may be made on account of payments made for eligible Project expenditures before that date but after April 1, 1985.

SCHEDULE 2

Description of the Project

The main objectives of the Project are: (i) to provide a basis for assessing the medium and long term economic and financial viability of the Borrower's bauxite industry; and (ii) to assist in preparing a proposal for a full scale rehabilitation project.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Product Development Program for GUYMINE

1. Carrying out a bauxite market study addressing, inter alia, the issues of submarket, optimal product specifications, pricing, volumes, substitution and competitive risk.
2. Developing a pilot plant with a capacity of about 8 tons per day of new refractory products, including acquisition and utilization of equipment.

Part B: Cost Control Program for GUYMINE

Developing a cost control program including, inter alia:

1. The definition, designing, testing, and full implementation of a modern cost control system fully integrated with the GUYMINE's accounting system;
2. The development of a process control system to monitor product flows and operating conditions of the Linden and Everton bauxite processing plants, including acquisition and utilization of equipment; and
3. The rehabilitation of conveyor structures of the bauxite processing plants.

Part C: Technical Assistance

Provision of technical assistance to assist GUYMINE and BIDCO in the following areas:

1. Market research, intelligence, technical support and strategy, including training of GUYMINE and BIDCO staff;
2. Market development, including development of: (i) new products; and (ii) new applications of existing products;
3. Improvement of operations and maintenance in the Linden and Berbice divisions, including training of GUYMINE staff; and
4. Project implementation assistance.

Part D: Alternative Fuel Study

Carrying out of a study of alternative fuels to be used by the bauxite processing plant and associated power generating facilities.

* * *

The Project is expected to be completed by December 31, 1992.

SCHEDULE 3

Special Account

1. For the purposes of this Schedule:

(a) the term eligible Categories means categories of items to be financed out of the proceeds of the Credit as set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term eligible expenditures means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$300,000 to be withdrawn from the Credit Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to the Association that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account may be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) The Borrower shall furnish to the Association requests for replenishment of the Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. Each such deposit shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or at the time of such request, such documents and other evidence as the Association shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Association when either of the following situations first arises:

(i) the Association shall have determined that all further withdrawals can be made directly by the Borrower from the Credit Account in accordance with the provisions of paragraph (a) of Section 2.02 of this Agreement; or

(ii) the total unwithdrawn amount of the Credit allocated to eligible Categories for the Project, minus the amount of any outstanding qualified agreement to reimburse made by the Association and of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for the Project shall follow such procedures as the

Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice have been or will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule, or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Association deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. No further deposit by the Association into the Special Account shall be made until the Borrower has made such deposit or refund.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount for crediting to the Credit Account.

SCHEDULE 4

Terms and Conditions of the Subsidiary Agreements

1. The following relending terms and conditions shall be observed in respect of the proceeds of the Credit to be relented by the Borrower to BIDCO pursuant to Section 3.01 (b) of this Agreement and by BIDCO to GUYMINE pursuant to Section 3.01 (d) of this Agreement and Section 4.01 (a) of the Project Agreement:

(i) The Subsidiary Loans shall be denominated in dollars and repaid in Guyana Dollars.

(ii) BIDCO and GUYMINE shall repay the Subsidiary Loans to the Borrower and BIDCO, respectively, over a period of fifteen years, including therein three years grace period.

(iii) BIDCO and GUYMINE shall pay interest at a fixed rate of eight and twenty-three hundredths of one percent (8.23%) on the principal amount of the BIDCO Subsidiary Loan and the GUYMINE Subsidiary Loan, respectively, withdrawn and outstanding from time to time.

2. The Borrower shall make the BIDCO Capital Contribution pursuant to Section 3.01 (b) of this Agreement, and BIDCO shall make the GUYMINE Capital Contribution pursuant to Section 3.01 (d) of this Agreement, on terms and conditions acceptable to the Association.

SCHEDULE 5

Action Plan

Unless otherwise specified, BIDCO and GUYMINE shall take the following actions as part of the implementation of the Project:

1. Marketing

1.1 (a) carry out a study of the Bauxite Marketing Unit, a part of BIDCO, in relation to the Bauxite Production Unit, a part of GUYMINE with assistance from consultants in order to determine:

(i) organizational changes necessary to improve the marketing of GUYMINE's products (hereinafter "products");

(ii) the best organizational and physical location of marketing functions for products; and

(iii) optimal organizational structure and staffing necessary to achieve

industry objectives for marketing and production as those objectives have been set forth in the Policy Statement;

(b) By December 31, 1990, discuss with the Association the results of such study; and

(c) Implement thereafter the recommendations of such study as agreed to by the Association.

1.2 (a) carry out a study of bauxite product pricing practices with assistance from consultants in order to determine:

(i) the merits of pricing products in the currency of the buyer in at least three major markets, including Europe, the United States and Japan; and

(ii) with respect to the European market, whether the preferable currency may be individual country currency or European Currency Units;

(b) By October 31, 1990, discuss with the Association the results of the study; and

(c) Implement thereafter the recommendations of such study as agreed to by the Association.

1.3 Take all actions necessary to comply with the provisions of Section 3.05 of this Agreement and refrain from taking any actions contrary to the provisions of said Section.

1.4 (a) Complete a study of: (i) the merits of establishing product stockpiles and the steps required to establish any such stockpiles in Europe and Japan; and (ii) the potential for expansion of product stockpiles in the United States with assistance from consultants;

(b) By October 31, 1990, discuss with the Association the results of the study; and

(c) Implement thereafter the recommendations as agreed to by the Association.

1.5 (a) Complete an analysis, acceptable to the Association, of the market potential for GUYCOR 93 with assistance from consultants;

(b) Review and discuss the results of the market potential analysis with the Association; and

(c) Finalize, by December 31, 1993, design of the GUYCOR 93 Product Development Facility, utilizing the market potential analysis and comments of the Association thereon.

1.6 (a) Prepare a market analysis and strategy proposal for each product line with consultants;

(b) Review and discuss the proposal with the Borrower and the Association by October 31, 1990; and

(c) Implement the proposal as the same may have been revised after discussion with the Borrower and the Association, by December 31, 1990.

2. Cost and Other Control Systems

2.1 GUYMINE shall redesign its accounting system, including related systems for maintenance, inventory control, fixed asset management and procurement, by June 30, 1991.

2.2 A cost control system ("system") designed in conjunction with consultants shall be implemented by GUYMINE and fully operational by June 30, 1992.

2.3 GUYMINE shall: (i) continue to have monthly cost control review meetings at the management level at Linden and Berbice operations; and (ii) continue to have cost control review meetings on a monthly basis at the foreman level at Linden and Berbice operations.

2.4 GUYMINE shall within its annual plan, starting with the 1991 annual plan, establish cost control and quality control targets and specify accountability for such targets at the superintendent and higher levels of management.

2.5 GUYMINE shall: (a) develop an industry incentive scheme taking into account cost and quality performance; and (b) implement the same by December 31, 1992.

2.6 GUYMINE shall continue the communications meetings already established, including:

(a) quarterly communications meetings with foremen, general foremen and project supervisory personnel at Linden and Berbice operations;

(b) quarterly review meetings of superintendents and higher levels of management; and

(c) divisional feedback meetings for non-management employees which shall be monitored by the Industrial Relations Department of GUYMINE.

3. Management and Organization

3.1 GUYMINE shall complete the implementation of a reorganization of the management structure, satisfactory to the Association, to shorten lines of command, streamline the management structure and improve efficiency of operations, by October 31, 1990.

3.2 GUYMINE shall: (a) conduct a study of its work force, including the clerical, industrial, management and supervisory personnel to determine and recommend appropriate levels of staffing, including, but not limited to, recommendations for reductions in staff if necessary; (b) after discussion with, and comments by, the Association, develop by March 31, 1991 purpose an action plan to implement such recommendations; and (c) implement the same thereafter.

3.3 The Project Implementation Unit described in Section 2.01 (b) of the Project Agreement shall be maintained with personnel and functions satisfactory to the Association, including at least the following:

(i) direct reporting to the Chief Executive Officer of GUYMINE; and

(ii) preparation of a program for personnel training and of methods and procedures for a potential full scale rehabilitation Project

3.4 (a) complete a study and make recommendations regarding the transfer from GUYMINE to BIDCO and other entities of the provision of community services; (b) discuss the recommendations of the study with the Association, by October 31, 1990; and (c) thereafter implement the recommendations on a timetable acceptable to the Association.

3.5 A management by objectives program shall be further developed for the bauxite industry to include by October 31, 1990, non-management employees.

4. Technical

4.1 Present to the Association a report assessing dragline stripping operations at Rwakwani, including cost and efficiency comparisons, proposals for improvement, and recommendations regarding transfer of a second dragline to Kwakwani; (b) discuss the report with the Association by October 31, 1990; and (c) implement the same thereafter.

4.2 (a) Present to the Association a report assessing the feasibility of

installing new high cutting-strength bucket wheels for existing excavators, including capital and operating cost

estimates; (b) discuss the report with the Association by June 30, 1991; and (c) implement the same, as appropriate, thereafter.

4.3 (a) GUYMINE shall present to the Association the results of two studies of potential mining practice improvements at (1) the Linden mines and (2) the Kwakwani mines;

(b) Such studies shall include quantifying specific proposals for reducing stripping costs, including, but not limited to, potential increases in the height of main dragline benches, improvements in scraper operating practices, straightening of mining faces and other proposals compatible with the continued use of present equipment;

(c) Discuss the results of the studies with the Association by October 31, 1991; and

(d) Implement the same, as appropriate, thereafter.

4.4 (a) Present to the Association a program for the improvement of process and material flows, including a timetable for implementation, at the Linden and Everton bauxite plants; (b)

discuss the program with the Association by June 30, 1991; and (c) implement the same, as appropriate, thereafter.

5. Alumina Plant

(a) GUYMINE shall minimize the expenses of maintaining the alumina plant by: (i) determining the real cost of maintaining the alumina plant by means of an internal audit; and (ii) conducting a study in order to recommend means of reducing maintenance costs to a minimum, consistent with preservation of assets;

(b) The results of such study shall be discussed with the Association in December 31, 1990 and implementation of such recommendations acceptable to the Association, shall begin by April 1, 1990; and

(c) GUYMINE shall: (i) continue to study, with assistance from consultants, the feasibility of rehabilitating and recommissioning the Alumina Plant; and (ii) upon completion of the study, discuss the results thereof with the Association.

6. Alternative Fuel Study

6.1 GUYMINE shall: (i) complete, by December 31, 1991, a study of alternative fuel use for the bauxite processing plant and associated power generating facilities, with assistance from consultants; and (ii) by March 31, 1992, discuss with the Association the results of such study.

