

LOAN NUMBER 3172 JO

Loan Agreement

(Integrated Phosphate Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

JORDAN PHOSPHATE MINES CO., LTD

Dated July 27, 1993

LOAN NUMBER 3172 JO

LOAN AGREEMENT

AGREEMENT, dated July 27, 1990, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and JORDAN PHOSPHATE MINES CO., LTD. (the Borrower).

WHEREAS (A) the Hashemite Kingdom of Jordan (the Guarantor) and the Borrower, having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, have requested the Bank to assist in the financing of the Project;

(B) by an agreement (the Guarantee Agreement) of even date herewith between the Guarantor and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Loan and to undertake such other obligations as set forth in the Guarantee Agreement;

(C) the Borrower has contracted from the Kuwait Fund for Arab Economic Development (the Kuwait Fund) and the Arab Fund for Economic and Social Development (the Arab Fund) loans in various currencies in an aggregate amount equivalent to approximately fifty-four million four hundred thousand dollars (\$54,400,000), to assist in financing Parts A (1) and B (2) of the Project on the terms and conditions set forth in agreements entered into between the Borrower and each of the Kuwait Fund and the Arab Fund, respectively;

(D) the Borrower intends to contract from the Kuwait Fund an additional loan in various currencies in an aggregate amount equivalent to approximately eight million one hundred fifty thousand dollars (\$8,150,000), to assist in financing Part A (2) of the Project on the terms and conditions set forth in an agreement (the Kuwait Fund Cofinancing Agreement) to be entered into between the Borrower and the Kuwait Fund;

(E) the Borrower intends to contract from the Arab Fund an additional loan in various currencies in an aggregate amount equivalent to approximately eight million one hundred fifty thousand dollars (\$8,150,000), to assist in financing Part A (2) of the Project on the terms and conditions set forth in an agreement (the Arab Fund Cofinancing Agreement) to be entered into between the Borrower and the Arab Fund;

(F) the Borrower intends to contract from the Islamic Development Bank (IDB) a loan in various currencies in an aggregate amount equivalent to approximately eleven million dollars (\$11,000,000) to, inter alia, assist in financing Parts A (1) and B (2) of the Project on the terms and conditions set forth in an agreement to be entered into between the Borrower and IDB; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (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) "Articles of Association" means the Articles of Association of the Borrower dated March 8, 1949, as amended to the date of this Agreement;

(b) "By-laws" means the By-laws of the Borrower dated April 29, 1987, as amended to the date of this Agreement;

(c) "Beneficiation Plant" means the Borrower's Shidiya phosphate beneficiation plant to be constructed pursuant to Part A (1) of the Project in the Shidiya phosphate deposit (including the Shidiya Mine) located in the south of the Hashemite Kingdom of Jordan approximately 50 kilometers south-east of the city of Ma'an and 120 kilometers north-east of the port of Aqaba;

(d) "Fertilizer Plant" means the Borrower's fertilizer plant located 6 kilometers south-east of the port of Aqaba of the Hashemite Kingdom of Jordan;

(e) "Investment Plan" means the Borrower's five (5) year investment plan for the Borrower's planned future investments in respect of its mining and fertilizer operations and finances;

(f) "Fiscal Year", means the twelve-month period corresponding to any of the Borrower's fiscal years, which period coincides with the period January 1 to December 31 of each year; and

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

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement,

various currencies that shall have an aggregate value equivalent to the amount of twenty-five million dollars (\$25,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan and in respect of interest and other charges on the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in a bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1995, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ($1/2$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower and the Guarantor of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding

Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower and the Guarantor of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on June 1 and December 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Section 2.08. The Borrower shall pay to the Guarantor a guarantee fee annually on December 1 on the amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to ten percent (10%) of the amount of interest payable in accordance with Section 2.05 of this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. The Borrower shall: (i) establish, under terms of reference satisfactory to the Bank, and thereafter maintain, in a form and with functions satisfactory to the Bank, a Project Supervision and Cost Control Unit with the responsibility for the overall day-to-day supervision and cost control of carrying out Part A (1) (i) of the Project; and (ii) ensure that the said unit is staffed with personnel in numbers and with qualifications and experience satisfactory to the Bank.

Section 3.03. In order to assist the Borrower in the supervision of the rehabilitation works and services to be carried out under Part A (2) of the Project, the Borrower shall enter into a Project Management Services Agreement with an engineering company acceptable to the Bank, for the supervision of said rehabilitation, on terms and conditions acceptable to the Bank.

Section 3.04. Except as the Bank shall otherwise agree, procurement of the goods and services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

ARTICLE IV

Management and Operations of the Borrower

Section 4.01. The Borrower shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, engineering and mining practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 4.02. (a) The Borrower shall at all times operate and maintain its facilities (including the Beneficiation Plant and the Fertilizer Plant), machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with: (i) sound administrative, engineering and financial practices; and (ii) environmental and occupational health and safety standards acceptable to the Bank.

(b) Without limitation or restriction to the provisions of Section 4.02 (a) of this Agreement, the Borrower shall at all times enforce and monitor the environmental and occupational health and safety standards at the Beneficiation Plant and the Fertilizer Plant, and ensure that said standards shall at all times be maintained in a manner acceptable to the Bank.

Section 4.03. The Borrower shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 4.04. The Borrower shall at all times take all measures necessary to maintain its corporate existence, to carry on its operations and to acquire, maintain and renew all such rights, powers, privileges, franchises and interests in land and water as shall be necessary or useful for its operations or the carrying out of the Project.

Section 4.05. Except in the normal course of its business, the Borrower shall not, without the Bank's prior consent, sell, lease, transfer or otherwise dispose of any of its property or assets (including the Shidiya Mine, the Beneficiation Plant and the Fertilizer Plant) required for the efficient conduct of its business or the carrying out of the Project.

ARTICLE V

Financial Covenants

Section 5.01. (a) The Borrower shall maintain separate records and accounts (including separate records and accounts for each of the Beneficiation Plant and the Fertilizer Plant) adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) The Borrower shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts for the Special Account for each Fiscal Year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year, (A) certified copies of its financial statements for such year as so audited, and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records, accounts and financial statements as well as the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain, in accordance with paragraph (a) of this

Section, records and accounts reflecting such expenditures;

- (ii) retain, until at least one (1) year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 5.02. (a) Except as the Bank may otherwise agree, the Borrower shall not incur any debt after December 31, 1989, unless the net revenues of the Borrower for the Fiscal Year immediately preceding the date of such occurrence, or for a later twelve-month period ended prior to the date of such occurrence, whichever is the greater, shall be at least 1.5 times the estimated maximum debt service requirements of the Borrower for any succeeding Fiscal Year on all debt of the Borrower, including the debt to be incurred.

(b) Except as the Bank shall otherwise agree, the Borrower shall not incur any debt after December 31, 1989, if after the incurrence of such debt the ratio of debt to equity shall be greater than 60 to 40.

(c) For purposes of this Section:

- (i) The term "debt" means any indebtedness of the Borrower maturing by its terms more than one (1) year after the date on which it is originally incurred.
- (ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
- (iii) The term "net revenues" means the difference between:
 - (A) the sum of revenues from all sources related to operations adjusted to take account of the Borrower's prices in effect at the time of the incurrence of debt, even though they were not in effect during the twelve-month period to which such revenues relate and net nonoperating income; and
 - (B) the sum of all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, of the non-cash operating charges and interest and other charges on debt.
- (iv) The term "net non-operating income" means the difference between:
 - (A) revenues from all sources other than those related to operations; and

- (B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.
- (v) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.
- (vi) The term "equity" means the sum of the total unimpaired paid-up capital, retained earnings and reserves of the Borrower not allocated to cover specific liabilities.
- (vii) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

Section 5.03. (a) Except as the Bank shall otherwise agree, the Borrower shall maintain, for each of its Fiscal Years after its Fiscal Year ending on December 31, 1989, a ratio of total working expenses to total operating revenues not higher than 0.8.

(b) Before June 30 in each of its Fiscal Years, the Borrower shall, on the basis of forecasts prepared by the Borrower and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (a) in respect of such year and the next following Fiscal Year, and shall furnish to the Bank the results of such review upon its completion.

(c) If any such review shows that the Borrower would not meet the requirements set forth in paragraph (a) for the Borrower's Fiscal Years covered by such review, the Borrower shall promptly take all necessary measures in order to meet such requirements.

(d) For the purposes of this Section:

- (i) The term "total working expenses" means all expenses related to operations, including administration, adequate maintenance, taxes other than income taxes (if any), but excluding interest, other charges on debt, and depreciation.
- (ii) The term "total operating revenues" means revenues from all sources related to operations.

Section 5.04. The Borrower shall, in each Fiscal Year commencing the Fiscal Year ending December 31, 1990, update the Investment Plan and provide the Bank with a copy of the said plan and each update together with a complete set of financial projections for the Bank's review and comment at least six (6) months before the commencement of each corresponding Fiscal Year.

ARTICLE VI

Remedies of the Bank

Section 6.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified:

(a) The Articles of Association or the By-laws shall have been amended, suspended, abrogated or waived as to, in the opinion of the Bank, affect materially and adversely the operations or financial condition of the Borrower or its ability to carry out the Project or to perform any of its obligations under this Agreement.

- (b) (i) Subject to subparagraph (ii) of this paragraph:
- (A) the right of the Borrower to withdraw the proceeds of any loan made to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or
 - (B) any such loan shall have become due and payable prior to the agreed maturity thereof.
- (ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 6.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) The event specified in paragraph (a) of Section 6.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower.

(b) The event specified in subparagraph (b) (i) (B) of Section 6.01 of this Agreement shall occur, subject to the proviso of subparagraph (b) (ii) of that Section.

ARTICLE VII

Effective Date; Termination

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) that all conditions precedent to the effectiveness of the Kuwait Cofinancing Agreement, or the Borrower's right to make withdrawals thereunder, except only the effectiveness of this Agreement, shall have been fulfilled;

(b) that all conditions precedent to the effectiveness of the Arab Fund Cofinancing Agreement, or the Borrower's right to make withdrawals thereunder, except only the effectiveness of this Agreement, shall have been fulfilled; and

(c) the Borrower shall have established the Project Supervision and Cost Control Unit referred to in Section 3.02 of this Agreement pursuant to the provisions thereof.

Section 7.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of

Section 12.04 of the General Conditions.

ARTICLE VIII

Representative of the Borrower; Addresses

Section 8.01. The Managing Director of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the

purposes of Section 11.01 of the General Conditions:

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

440098 (ITT),
248423 (RCA) or
64145 (WUI)

For the Borrower:

Jordan Phosphate Mines Co., Ltd.
P.O. Box 30
Amman
Hashemite Kingdom of Jordan

Cable address:Telex:

PHOSPHATE
Amman

21223, 22475
FOSFAT JO

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.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Ram K. Chopra
Acting Regional Vice President
Europe, Middle East and North Africa

JORDAN PHOSPHATE MINES CO., LTD.

By /s/ Hussein A. Hammani
Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Goods and services:		

(i) For Part A (1) of the Project	17,800,000	100% of foreign expenditures, 100% of local expenditures (ex- factory cost) and 90% of local expenditures for other items pro- cured locally
(ii) For Part A (2) of the Project	3,000,000	100% of foreign expenditures (ex-factory cost)
(2)Unallocated	4,200,000	
TOTAL	25,000,000 =====	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Guarantor for goods or services supplied from the territory of any country other than that of the Guarantor; and

(b) the term "local expenditures" means expenditures in the currency of the Guarantor or for goods or services supplied from the territory of the Guarantor.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

- (i) payments made for expenditures prior to the date of this Agreement; and
- (ii) payments made for expenditures in respect of category (1) (ii) of the table in paragraph 1 of Schedule 1 to this Agreement, unless the Borrower shall have entered into the Project Management Services Agreement referred to in Section 3.03 of this Agreement pursuant to the provisions thereof.

SCHEDULE 2

Description of the Project

The objectives of the Project are: (i) to develop the Borrower's phosphate Beneficiation Plant facilities in order to expand the Borrower's capacity to produce and export phosphate ore; and (ii) to rehabilitate the Borrower's Fertilizer Plant in order to expand the Borrower's capacity to produce and export phosphate fertilizer.

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

Part A: Production

(1) (i) The construction and commissioning of the Beneficiation Plant with an output capacity of 1.5 mtpy consisting of, inter alia: a dry screening plant, washing plant, flotation plant, dryers and inter-connecting belt conveyor systems; and (ii) the construction of facilities, including phosphate ore handling facilities, storage, reclaim and loading facilities; and

(2) The rehabilitation and expansion of the Fertilizer Plant.

Part B: Infrastructure

(1) Expansion and development of the Borrower's Shidiya Mine

housing and related facilities; and

(2) Construction and installation of the following supporting infrastructure facilities in respect of the Beneficiation Plant and Shidiya Mine housing and related facilities referred to in Parts A (1) and B (1) of the Project, respectively: (i) power distribution and telecommunications facilities; (ii) water supply, pipeline and pumping facilities; (iii) workshops; (iv) warehouses and storage facilities; and (v) administrative offices.

* * * *

The Project is expected to be completed by June 30, 1995.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each June 1 and December 1 beginning June 1, 1995 through June 1, 2006	1,040,000
On December 1, 2006	1,080,000

