

CONFORMED COPY

LOAN NUMBER 3062 JM

(Clarendon Alumina Production Project)

between

JAMAICA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated August 8, 1989

LOAN NUMBER 3062 JM

LOAN AGREEMENT

AGREEMENT, dated August 8, 1989, between JAMAICA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower and Alcoa Minerals of Jamaica, Inc. (hereinafter called ALCOA) are parties to an agreement made as of October 6, 1976 (hereinafter called the 1976 Agreement) which established a basis for ownership and operation of the bauxite mining and alumina refining enterprise of the Clarendon Alumina Works in Jamaica (hereinafter called CAW);

(B) CAW was owned by Jamaica Bauxite Mining Limited (hereinafter called JBM) and ALCOA as tenants in common of the assets acquired for CAW under an unincorporated joint venture;

(C) Clarendon Alumina Production Limited (hereinafter called CAP) entered into an agreement with ALCOA and JBM dated April 13, 1985, whereby CAP became entitled to operate CAW for its own

account;

(D) the Borrower and ALCOA entered into an agreement made as of March 1, 1988 (hereinafter called the 1988 Agreement) which partially supersedes the 1976 Agreement and which contemplates, among other things, the joint participation by CAP and ALCOA in a bauxite mining and alumina refining enterprise in Jamaica, including CAW;

(E) ALCOA and CAP entered into an agreement made as of March 1, 1988 (hereinafter called the Joint Venture Agreement) to continue the operations of the joint venture referred to in (B) above, under an arrangement whereby ALCOA, JBM and CAP, as tenants in common, (1) own 50%, 6% and 44%, respectively, of the assets acquired and used by ALCOA, JBM and CAP jointly in such joint venture and (2) will operate, with ALCOA also acting as operator, the enterprise referred to in (D) above on the basis of a proportionate sharing of the alumina produced by the venture and a corresponding sharing of the costs in producing that alumina (the aforesaid arrangement hereinafter called the Joint Venture);

(F) the Borrower, CAP and JBM have expressed their intention to consolidate on CAP after March 5, 1989 the tenancy in common of 50% of the JAMALCO assets used in the Joint Venture by disinteresting JBM through the acquisition by CAP of JBM's equity interest in the said assets, ALCOA has expressed its consent to such acquisition, and JBM has appointed CAP to act on its behalf on all matters connected with the Joint Venture;

(G) in the 1988 Agreement Aluminum Company of America (as the term is defined hereinafter) represented that it owns and controls ALCOA and that, until March 1, 1991 it shall continue to own, directly or indirectly, ALCOA and to control it;

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

(I) the Project will be carried out by CAP and ALCOA, as basic partners to the Joint Venture, and, as part of such assistance the Borrower will make available to CAP the proceeds of the Loan as provided in this Agreement;

(J) the Borrower has requested from the European Economic Community (EEC) a loan in an amount of ECU 28,000,000 (the EEC Loan), a part of which in an amount equivalent to \$8,500,000 will be utilized for financing part of the Project on the terms and conditions set forth in an agreement (the EEC Loan Agreement) to be entered into between the Borrower and EEC; or if the EEC Loan Agreement would not materialize, the Borrower intends to seek financing for the same purpose in an amount equivalent to \$8,500,000 from one or more alternative sources, under arrangements satisfactory to the Bank (the Alternative Arrangements);

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 and in the Project Agreement of even date herewith between the Bank and CAP;

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) "Project Agreement" means the agreement between the Bank and CAP 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;

(b) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and CAP pursuant to Section 3.01 (d) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreement and "Subsidiary Loan" means the loan made under such Agreement;

(c) "Joint Venture Investment Program" means the investment program to be carried out by the Joint Venture during fiscal years 1989 through 1991;

(d) "1988 Agreement" and "Joint Venture Agreement" mean the agreements referred to in clauses (D) and (E), respectively, of the Preamble to this Agreement and each term includes all schedules to the 1988 and Joint Venture Agreements, respectively;

(e) "Joint Venture" means the unincorporated joint venture established pursuant to the Joint Venture Agreement, sometimes also referred to as JAMALCO; and "Joint Venture's assets" means the assets acquired from time to time jointly by the partners in the Joint Venture to be used for purposes of the operation of said Joint Venture, and owned in common by said partners from time to time, all in accordance with the Joint Venture Agreement;

(f) "CAP" means Clarendon Alumina Production Limited, a company incorporated and registered in accordance with the laws of Jamaica and wholly owned by the Borrower, acting on its own behalf and, to the extent required under the circumstances, on behalf of JBM;

(g) "JBM" means Jamaica Bauxite Mining Limited, a company incorporated and registered in accordance with the laws of Jamaica and wholly owned by the Borrower, and the term includes any successor thereto as tenant in common of the JAMALCO's assets, other than CAP;

(h) "ALCOA" means Alcoa Minerals of Jamaica, Inc., a corporation organized and operating in accordance with the laws of the State of Delaware, United States of America; and the term "Aluminum Company of America" means a corporation that owns and controls ALCOA and that has been organized and is operating under the laws of the Commonwealth of Pennsylvania, United States of America;

(i) "CAP's Fiscal Year" means CAP's fiscal year commencing April 1 and ending March 31;

(j) "the Joint Venture's Fiscal Year" means the Joint Venture's fiscal year commencing January 1 and ending December 31;

(k) "Manager" means ALCOA, the partner of the Joint Venture, acting in its role of operator of the Joint Venture as provided for in the Joint Venture Agreement, or any successor thereto;

(l) "Mining Legislation" means the following acts and regulations of the Borrower: the Mining Act, the Mining Regulations 1947, the Bauxite Alumina (Special Provisions) Act, the Bauxite and Alumina Industries (Encouragement) Act, the Minerals (Vesting) Act, and the Bauxite (Production Levy) Act;

(m) "CAP's Articles" means the Memorandum and Articles of Association of CAP dated April 11, 1985 as amended to the date of

this Agreement;

(n) "Implementation Agreement" means the agreement to be entered into between the Borrower, ALCOA, CAP and JBM pursuant to the provisions of Sections 3.01 (b) of the Loan Agreement and 2.01 (b) of the Project Agreement;

(o) "Mining Lease" means the mining lease granted to the partners to the Joint Venture on May 3, 1988;

(p) "JBM's Articles" means the Memorandum and Articles of Association of JBM dated February 11, 1975 as amended to the date of this Agreement;

(q) "ALCOA's Articles" means the Certificate of Incorporation of ALCOA Minerals of Jamaica, Inc. as recorded in the Recorder's Office at Wilmington, Delaware on June 10, 1960;

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

(s) "Central Bank" means the Borrower's Bank of Jamaica.

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 the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of fifteen million dollars (\$15,000,000), 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.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in the Central 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 4 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1993 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower 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 per annum for each Interest Period equal to one-half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings for such Semester.

(c) For purposes of this Section:

(i) "Interest Period" means the six-month period com-

mencing on each date specified in Section 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.

- (ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.
- (iii) "Semester" means the first six months or the second six months of a calendar year.

Section 2.06. Interest and other charges shall be payable semiannually on January 15 and July 15 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. CAP 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 this Loan Agreement, shall cause CAP and ALCOA to carry out the Project as hereinafter provided.

(b) The Borrower shall, for purposes of paragraph (a) of this Section and without limitation or restriction of its obligations thereunder, enter into an agreement with CAP, ALCOA and JBM (the Implementation Agreement), under terms and conditions which shall have been approved by the Bank, providing, inter alia, that: (i) CAP and ALCOA as partners to the Joint Venture, and also as agent of JBM and Manager, respectively, shall carry out the Project with due diligence and efficiency and shall severally provide, promptly as needed, the funds, facilities, services and other resources required for the Project in accordance with the 1976 Agreement, the 1988 Agreement and the Joint Venture Agreement; (ii) ALCOA shall manage the Project in accordance with the 1988 Agreement, the Joint Venture Agreement and the Implementation Agreement; (iii) JBM shall maintain, in respect of the Project and until its share of the Joint Venture's assets is transferred to CAP, all its undertakings under the 1988 Agreement; and (iv) ALCOA, as partner to the Joint Venture and Manager, shall take all such action on its part as shall be required to enable CAP to discharge all of its obligations under Article II and Section 4.01 of the Project Agreement and to follow procedures for the acquisition of goods and works all as provided for in the Project Agreement and herein.

(c) Without limitation or restriction upon any of its other obligations under this Loan Agreement, the Borrower shall cause CAP to perform in accordance with the provisions of the Project Agreement all the obligations of CAP therein set forth, and shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable CAP to perform such obligations.

(d) The Borrower shall relend the proceeds of the Loan to CAP under a subsidiary loan agreement to be entered into between the Borrower and CAP, under terms and conditions which shall have been approved by the Bank and which shall include the following: (i) the Subsidiary Loan shall be denominated and repayable in dollars; (ii) CAP shall pay interest and commitment charges on the

Subsidiary Loan, mutatis mutandis, as provided for in Sections 2.04 and 2.05 of this Agreement in respect of the Loan, provided, however, that the interest rate to be paid by CAP on the amount of the Subsidiary Loan outstanding and unpaid from time to time shall be equal to 1.15 times the rate to be calculated as stipulated in Section 2.05 of this Agreement for the corresponding period; and (iii) principal of the Subsidiary Loan shall be repaid on the dates and in the amounts set forth in Schedule 3 to this Agreement and interest and commitment charges thereon shall be paid on the dates specified in Section 2.06 of this Agreement.

(e) The Borrower shall: (i) exercise its rights under the Implementation Agreement and the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Implementation Agreement or the Subsidiary Loan Agreement or any provision thereof and (ii) not take or permit to be taken any action which would prevent or interfere with the performance by (A) CAP of its obligations under the Project Agreement, the Implementation Agreement and the Subsidiary Loan Agreement or (B) ALCOA of its obligations under the Implementation Agreement.

(f) Without limitation to the provisions of paragraph (a) of this Section, the Borrower shall take, or cause to be taken, all such measures as shall be required to enable CAP to comply with the provisions of Sections 4.01, 4.02 and 4.03 of the Project Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods and works required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of the Schedule to the Project Agreement.

Section 3.03. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 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 CAP pursuant to Section 2.03 of the Project Agreement.

Section 3.04. Without limitation to the provisions of Section 9.01 of the General Conditions: (a) the Borrower shall, at the request of the Bank, exchange views with the Bank with regard to the performance of its and ALCOA's obligations under the 1976 Agreement, the 1988 Agreement and the Implementation Agreement.

(b) The Borrower shall promptly inform the Bank of any condition which interferes or threatens to interfere with the performance by the Borrower and/or ALCOA of their respective obligations under the 1976 Agreement, the 1988 Agreement and the Implementation Agreement.

ARTICLE IV

Remedies of the Bank

Section 4.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified:

(a) CAP have failed to perform any of its obligations under the Project Agreement;

(b) The Borrower, CAP, ALCOA or JBM shall have failed to perform any of their respective obligations under the Implementation Agreement;

(c) As a result of events which shall have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that CAP will be able to perform its obligations under the Project Agreement or the

Implementation Agreement or that ALCOA or JBM will be able to perform their respective obligations under the Implementation Agreement;

(d) The Mining Legislation shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower or CAP or ALCOA or JBM to perform any of their respective obligations under the Project Agreement or the Implementation Agreement;

(e) Any action for the dissolution or disestablishment of CAP or JBM or ALCOA or Aluminum Company of America or for the suspension of their operations shall have been taken;

(f) CAP shall have ceased to operate or CAP's Articles shall have been amended so as to materially and adversely affect the ability of CAP to carry out its responsibilities under the Project Agreement or the Implementation Agreement;

(g) ALCOA shall have ceased to operate or ALCOA's Articles shall have been amended so as to materially and adversely affect the ability of ALCOA to perform its obligations under the Implementation Agreement;

(h) The 1976 Agreement or the 1988 Agreement or the Joint Venture Agreement or any of the Annexes thereto shall have been suspended, terminated, repealed or amended so as to materially and adversely affect the ability of the Borrower, CAP or ALCOA or JBM to perform their respective obligations under the Loan Agreement, the Project Agreement or the Implementation Agreement, as the case may be;

(i) ALCOA shall have ceased to be the Manager and a successor satisfactory to the Bank shall have not been appointed;

(j) The Borrower or CAP shall have failed to perform any of their respective obligations under the Subsidiary Loan Agreement;

(k) An action shall have been taken for the abrogation, amendment, assignment, termination or surrender of the Mining Lease which shall materially and adversely affect the implementation of the Project;

(l) The EEC Loan Agreement or the Alternative Arrangements, if applicable, shall have failed to become effective by December 31, 1989 or such later date as the Bank may agree, or that by January 31, 1990 or a date one-month after the later date agreed upon by the Bank, the Borrower shall have not furnished the Bank evidence satisfactory to the Bank of said effectiveness; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that 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;

(m) (i) Subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project, including the EEC Loan, shall have been suspended, cancelled 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 CAP from other sources on terms and conditions consistent with the obligations of CAP under the Project Agreement; and

(n) A substantial change shall have occurred in the Borrower's alumina and bauxite sector policy set forth in the Borrower's document on the subject furnished to the Bank and dated March 3, 1989 which shall materially and adversely affect the economic viability of the Project.

Section 4.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraphs (a) or (b) or (j) or (k) or (l) of Section 4.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower;

(b) the events specified in paragraphs (d), (e), (f), (g) and (h) of Section 4.01 of this Agreement shall occur; and

(c) the event specified in paragraph (m) (i) (B) of Section 4.01 of this Agreement shall occur, subject to the proviso of paragraph (m) (ii) of that Section.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) the Subsidiary Loan Agreement has been executed on behalf of the Borrower and CAP;

(b) the Implementation Agreement has been executed on behalf of the Borrower, CAP, JBM and ALCOA;

(c) CAP has adopted the operating manual referred to in Section 3.01 (b) (i) of the Project Agreement;

(d) the EEC Loan Agreement has been approved by the EEC, or the Alternative Arrangements have been made;

(e) all necessary acts, franchises, leases, concessions, consents and approvals to be performed, given or authorized by the Borrower, its political subdivisions or agencies or by any agency or entity in order to enable CAP, JBM and ALCOA to carry out the Project have been performed, given or authorized; and

(f) CAP shall have furnished to the Bank the results of laboratory tests of air quality in the vicinity of the Joint Venture's plant showing levels of sulphur dioxide, satisfactory to the Borrower and the Bank, in such results.

Section 5.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that the Project Agreement has been duly authorized or ratified by CAP, and is legally binding upon CAP in accordance with its terms;

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

(c) that the Implementation Agreement has been duly authorized or ratified by the Borrower, CAP, JBM and ALCOA and is legally binding upon the parties thereto in accordance with its terms;

(d) that all acts, franchises, leases, concessions, consents and approvals referred to in paragraph (e) of Section 5.01 of this Agreement together with all necessary powers and rights in connection therewith, have been duly and validly performed, given or authorized; and

(e) that the 1976 Agreement, the 1988 Agreement, the Joint Venture Agreement and, if applicable, the Mining Lease, (i) have been duly authorized or ratified by, and executed and delivered on behalf of the parties hereto, (ii) constitute valid and binding obligations of the parties to such agreements; (iii) are in full force and effort; and (iv) to the extent required have been protocolized, recorded, filled and registered together with such other documents as may be necessary or proper, so as to render the same fully effective and enforceable against the parties thereto in accordance with these terms.

Section 5.03. The date November 8, 1989 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. Except as provided in Section 2.08 of this Agreement, 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 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

30 National Heroes Circle
P.O. Box 9512
Kingston, Jamaica

Telefax:

809-924-9291

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)

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.

JAMAICA

By /s/ Keith Johnson
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ S. Shahid Husain
Regional Vice President
Latin America and the Caribbean

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, vehicles and materials	6,400,000	100% of foreign expenditures
(2) Civil works	6,400,000	100% of foreign expenditures and 60% of local expenditures
(3) Unallocated	2,200,000	
TOTAL	15,000,000	

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

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made: (a) 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 \$1,500,000, may be made on account of payments made for expenditures before that date but after July 1, 1988; and

(b) unless the expenditures are part of the expenditures under the Joint Venture Investment Program for the year in question to be furnished to the Bank pursuant to the provisions of Section 2.06 of the Project Agreement and which expenditures have been approved by the Bank for financing out of the proceeds of the Loan.

SCHEDULE 2

Description of the Project

The objectives of the Project are: (a) to sustain production and increase efficiency and productivity of the operation of the Joint Venture; (b) to improve the environmental conditions related to the plant's operations; (c) to help establish CAP as an

effective Joint Venture partner; and (d) to support sound sectoral policy.

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

Part A:

Improvement of the alumina plant located in the parish of Clarendon which is part of the Joint Venture's assets, including inter alia the acquisition and utilization of cost reduction equipment, environmental control equipment and process control instrumentation.

Part B:

Development of the Joint Venture's mining infrastructure including, inter alia, construction of roads and related works to gain access to new mining areas as well as acquisition and utilization of equipment for loading and transporting bauxite.

Part C:

Acquisition and utilization of spare parts for the maintenance of mining and plant equipment.

Part D:

Construction of a conventional wet-type mud lake, additional to the two existing ones, for disposal of the red mud residue created by the extraction of alumina from bauxite ore, including earth-moving, installation of a pump station and pipes to recover caustic soda solutions.

Part E:

Evaluation of the economic and technical feasibility of using dry-stacking technology for the disposal of red mud, including inter alia, provision of: (a) consultants services; and (b) equipment.

Part F:

Resettlement of about 200 families residing in the community of Bowens to an area in the vicinity, including, inter alia, replacement of houses, churches, a school and a community center, installation of infrastructure, including roads, supply of water, sewerage and power services, as well as replacement of agricultural land, fruit-bearing trees and cemeteries.

* * * *

The Project is expected to be completed by June 30, 1993.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in dollars)*
On each January 15 and July 15	
beginning January 15, 1995 through July 15, 2006	625,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment, multiplied by:
Not more than three years before maturity	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than 11 years before maturity	0.65
More than 11 years but not more than 15 years before maturity	0.88
More than 15 years before maturity	1.00

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) and (2) 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 Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$1,000,000 to be withdrawn from the Loan Account and deposited into 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 Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

- (b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.
- (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank 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 Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

