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OFFICIAL  
DOCUMENTS

LOAN NUMBER 1762 CO

# Loan Agreement

(Cerro Matoso Nickel Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

and

CERRO MATOSO S.A.

Dated

*December 20*, 1979

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LOAN AGREEMENT

AGREEMENT, dated *December 20*, 1979, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and CERKO MATOSO S.A. (hereinafter called the Borrower).

WHEREAS (A) Empresa Colombiana de Níquel Limitada (hereinafter called ECONIQUEL), a mixed economy company (Sociedad de economía mixta) organized and existing under the laws of the Guarantor, and Compañía de Níquel Colombiano, S.A. (hereinafter called CONICOL), a corporation organized and existing under the laws of the State of Delaware, United States of America, hold title to the mining concession in the jurisdiction of the Municipality of Montelíbano, Department of Córdoba, defined in Contrato No. 866 of March 30, 1963 and in Contrato Adicional of July 22, 1970, both as contained in Escritura Pública No. 7790 of November 26, 1970, executed in the Seventh Notarial Office of Bogotá (such mining concession hereinafter called the Concession, and Escritura Pública No. 7790 of November 26, 1970, Contrato No. 866 of March 30, 1963 and Contrato Adicional of July 22, 1970, hereinafter called collectively the Concession Documents);

(B) ECONIQUEL and CONICOL are parties to a joint venture agreement signed on July 22, 1970 for the joint exploitation of the Concession (hereinafter called the Joint Venture);

(C) by Escritura Pública No. 1250 of March 12, 1979, executed in the Seventh Notarial Office of Bogotá, the Borrower was incorporated, substantially all of its capital stock being held by ECONIQUEL, CONICOL and Billiton Overseas Limited (hereinafter called BILLITON) a corporation organized and existing under the laws of England;

(D) the Borrower, ECONIQUEL, BILLITON and CONICOL have entered into an agreement dated December 4, 1979, (hereinafter called the Shareholders' Agreement) pursuant to which each of ECONIQUEL, BILLITON and CONICOL has undertaken certain obligations with respect to the Borrower;

(E) Instituto de Fomento Industrial (hereinafter called IFI) a mixed economy company (Sociedad de economía mixta) organized and existing under the laws of the Guarantor, The Shell Petroleum Company Limited (hereinafter called SHELL) a corporation

organized and existing under the laws of England and The Hanna Mining Company (hereinafter called HANNA) a corporation organized and existing under the laws of the State of Delaware, United States of America have entered into an agreement, dated December 4, 1979, (hereinafter called the Sponsors' Agreement) pursuant to which each of IFI, SHELL and HANNA, has undertaken to guarantee certain obligations of its Shareholders with respect to the Borrower;

(F) ECONIQUEL and CONICOL will assign to the Borrower their rights under the Concession (hereinafter called the Concession Assignment);

(G) the Borrower has requested the Bank to assist in the financing of the Project described in Schedule 2 to this Agreement by making the Loan as hereinafter provided;

(H) the Borrower has arranged or is arranging to finance the cost of the Project not financed hereunder or under the Sponsors' and Shareholders' Agreement referred to in Recital (Q) below from the proceeds of certain loans to be received by the Borrower, namely, (a) a loan of not less than one hundred and twenty million dollars (\$120,000,000) principal amount from a group of commercial banks with The Chase Manhattan Bank (National Association) as agent (hereinafter called the Chase Loan and the agreement providing for the Chase Loan being hereinafter called the Chase Loan Agreement), and (b) a loan of not less than twenty-five million six hundred thousand dollars (\$25,600,000) principal amount from the Export-Import Bank of the United States and one or more commercial banks (hereinafter called the EXIM Loan, and the agreements providing for the EXIM Loan being hereinafter called the EXIM Loan Agreement);

(I) Overseas Bechtel, Incorporated, a corporation organized and existing under the laws of the State of Nevada, United States of America and Bechtel Intercontinental Corporation, a corporation organized and existing under the laws of the Republic of Panama (hereinafter collectively called Bechtel), have entered on May 9, 1979 into two separate agreements with the Borrower for the provision by Bechtel of services in respect of engineering, design, purchasing and construction management, inside and outside Colombia, required for the construction and completion of the Project (hereinafter collectively called the Engineering Agreements);

(J) HANNA and Hanna International Corporation, a corporation organized and existing under the laws of the State of Delaware, United States of America, will enter into two separate agreements with the Borrower for the provision by HANNA and Hanna International Corporation of administrative and technical consulting services inside and outside Colombia (hereinafter collectively called the Technical Services Agreements);

(K) the Borrower and ECONIQUEL will enter into an agreement regarding the establishment and operation of a technical committee for assisting ECONIQUEL in the manner set forth therein (hereinafter called the Technical Committee Agreement);

(L) the Borrower will enter into an agreement with Empresa Colombiana de Petróleos - ECOPETROL (hereinafter called the Gas Agreement) under the terms of which ECOPETROL will supply the natural gas required for the operation of the facilities included in the Project;

(M) the Borrower will enter into an agreement with Corporación Eléctrica de la Costa Atlántica - CORELCA (hereinafter called the Power Agreement) under the terms of which CORELCA will supply the electricity required for the operation of the facilities included in the Project;

(N) the Borrower will enter into a long-term sales contract with Billiton Metals and Ores International B.V., a corporation organized and existing under the laws of The Kingdom of the Netherlands (hereinafter called the Sales Agreement), pursuant to which substantially all of the available production of the plant included in the Project is to be purchased;

(O) the Guarantor by agreement of even date herewith between the Guarantor and the Bank (hereinafter called the Guarantee Agreement), in consideration of the Bank's entering into the Loan Agreement with the Borrower and of the Borrower constituting in favor of the Guarantor a counter-guarantee satisfactory to the Guarantor, has agreed to guarantee repayment of the principal of the Loan and payment of interest and other charges thereon;

(P) the Guarantor, the Bank, the Borrower and the parties providing the Chase Loan and the EXIM Loan will make arrangements, including the constitution in favor of the Guarantor of the counter-guarantee referred to in Recital (O) above (hereinafter called the Security Arrangements) to secure the payment of the principal of, and interest and other charges on, the Loan, the Chase Loan, the EXIM Loan and, to the extent applicable, the guarantee of payment of the Loan given by the Guarantor, and

to regulate the administration and enforcement of any security created pursuant to such arrangements;

(Q) the Bank, ECONIQUEL, BILLITON, CONICOL, IFI, SHELL and HANNA in an agreement of even date herewith (hereinafter called the Sponsors' and Shareholders' Agreement) have undertaken certain obligations in respect of the Project; and

(R) the Bank, on the basis inter alia of the foregoing, has agreed to make a loan to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated March 15, 1974, with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 5 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions).

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

(a) "Basic Statutes" means the estatutos of the Borrower as contained in Escritura Pública No. 1250 of March 12, 1979, the Shareholders' Agreement referred to in Recital (D) to this Agreement, the Sponsors' Agreement referred to in Recital (E) to this Agreement and the Technical Committee Agreement referred to in Recital (K) to this Agreement, all supplementing such estatutos;

(b) "Listed Documents" means collectively the following (including any instruments, supplements and amendments thereto):

- (i) the Concession;
- (ii) the Concession Documents;
- (iii) the Concession Assignment;
- (iv) the Chase Loan Agreement;
- (v) the EXIM Loan Agreement;
- (vi) the Engineering Agreements;
- (vii) the Technical Services Agreements;
- (viii) the Technical Committee Agreement;
- (ix) the Gas Agreement;
- (x) the Power Agreement;
- (xi) the Sales Agreement; and
- (xii) the Security Arrangements;

(c) "Sponsors" means collectively IFI, SHELL and HANNA;

(d) "Shareholders" means collectively ECONIQUEL, BILLITON and CONICOL;

(e) "Completion Date" means the completion date of the Project which shall be the date as of which the Bank is satisfied with evidence provided by the Borrower that all of the following conditions have been met: (i) physical construction of all of the facilities included in the Project has been completed; (ii) for a continuous period of twelve months, the mine and plant facilities included in the Project have been operated at an average of at least eighty per cent (80%) of the Effective Production Capacity (as such term is defined in paragraph (f) below), provided, however, that during any continuous period of ninety days within such twelve month period, such percentage has been not less than ninety per cent (90%) of such Effective Production Capacity; (iii) the Borrower has a ratio of Current Assets to Current Liabilities of not less than 1.4 to 1; and (iv) for a continuous period of twelve months, the Borrower has serviced all debt with funds from internal sources of the Borrower. For purposes of this paragraph, the term "funds from internal sources" shall mean net profit after taxes or payments in lieu of taxes plus (A) interest and other charges on debt, and (B) non-cash expenses, including depreciation, amortization and depletion allowances, and provisions for employee benefits. For purposes of this paragraph, the evidence required to indicate the satisfaction of the conditions set forth above shall consist of the following certificates, each to be in form and substance satisfactory to the Bank: (1) as to completion of physical construction of Parts A, B, C and E of the Project, a certificate from the engineering consultants referred to in Section 3.02 of this Agreement; (2) as to completion of physical construction of Part D of the Project, a certificate from the

General Manager of the Borrower; (3) as to the matters set forth in sub-paragraph (ii) above, a certificate from the General Manager of the Borrower; and (4) as to the matters set forth in sub-paragraphs (iii) and (iv) above, certificates from the independent auditors referred to in Section 5.02 of this Agreement. Each certificate received by the Bank pursuant to this paragraph shall be deemed to be satisfactory in form and substance to the Bank (X) in the case of each certificate referred to in clauses (1), (2) and (3) above, sixty (60) days after delivery thereof, and (Y) in the case of each certificate referred to in clause (4) above, thirty (30) days after delivery thereof, unless the Bank shall, within such sixty-day or thirty-day period, as the case may be, have advised the Borrower in writing that the Bank does not agree with any fact or facts recited in such certificate and shall in such advice specify the fact or facts with which the Bank so disagrees. The Borrower shall give the Bank at least sixty (60) days advance notice of the date upon which it expects to deliver the certificate referred to in clause (2) above and at least thirty (30) days advance notice of the date upon which it expects to deliver the certificates referred to in clause (4) above.

(f) "Effective Production Capacity" means (i) for any continuous period of twelve months, output from the mine and plant facilities included in the Project of not less than 49,813,000 pounds of nickel contained in ferronickel, and (ii) for any continuous period of ninety days within the aforesaid twelve-month period, output from the mine and plant facilities included in the Project of not less than 12,283,000 pounds of nickel contained in ferronickel, such ferronickel in each case meeting the specifications set forth in the Sales Agreement;

(g) "Current Assets" means cash, accounts receivable due within twelve months, inventories, prepaid expenses properly chargeable to operating expenses within the next twelve months following the date in which such prepaid expenses were made and all other assets which could, in the ordinary course of business, be converted into cash within twelve months;

(h) "Current Liabilities" means accounts payable within twelve months, customer advances, income taxes, bonuses and all other liabilities (including debt) which will become due and payable, or could under circumstances then existing be called for payment pursuant to their terms, within twelve months;

(i) "debt" means all debt of the Borrower including debt of others guaranteed by the Borrower, maturing by its terms more than

one year after the date on which it is originally incurred; debt shall be deemed to be incurred: (i) under a contract, loan agreement or other instrument providing for such debt or for the modification of its terms of payment, on the date, and to the extent, the amount of such debt has become outstanding pursuant to such contract, agreement or instrument; and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into but only to the extent that the guaranteed debt is outstanding; provided, however, that for the purposes of this definition an amount constituting the final payment in a contract for the purchase of goods, equipment or services which is intended to secure full performance by the vendor of its obligations under such contract shall not be deemed to be a debt incurred by the Borrower until the date upon which such goods or equipment are delivered to the Borrower or such services have been performed for the Borrower by such vendor;

(j) "equity" means the total paid-in capital, reserves and retained earnings of the Borrower, determined in accordance with sound accounting practices;

(k) "Subsidiary" means any company of which at least a majority of the outstanding voting stock is owned, or which is effectively controlled, by the Borrower or by one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries; and

(l) "pesos" and "Col.\$" mean the currency of the Guarantor.

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to eighty million dollars (\$80,000,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan 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 Bank, 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 and to be financed out of the proceeds of the Loan.



Section 2.03. Except as the Bank shall otherwise agree, procurement of the goods to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 2.04. The Closing Date shall be June 30, 1983 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of seven and nine-tenths per cent (7.90%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. The Borrower shall pay to the Guarantor in dollars a guarantee fee of two and one-tenth per cent (2.10%) per annum on the equivalent in dollars of the principal amount of the Loan from time to time outstanding, such equivalent to be calculated at the exchange rates between dollars and the several currencies disbursed by the Bank prevailing on the date of each disbursement from the Loan Account; provided, however, that the amounts paid by the Borrower on account of such fee shall be not less than one per cent (1%) per annum of the equivalent in dollars of the several currencies owed to the Bank, such equivalent to be calculated at the exchange rates between dollars and such several currencies prevailing on each of the dates established in Section 2.08 of this Agreement.

Section 2.08. Interest, the guarantee fee referred to in Section 2.07 of this Agreement and other charges shall be payable semiannually on February 15 and August 15 in each year.

Section 2.09. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

### ARTICLE III

#### Execution of the Project

Section 3.01. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, business, mining, engineering and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 3.02. In order to assist the Borrower in the engineering, design, procurement, and supervision of construction, included in the Project, the Borrower shall employ engineering consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank and the Borrower.

Section 3.03. (a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(b) Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively for the Project.

Section 3.04. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications, reports, contract documents and construction and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Bank shall reasonably request.

(b) The Borrower: (i) shall maintain records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Loan, and to disclose their use in the Project; (ii) shall enable the Bank's accredited representatives to visit the facilities and construction sites included in the Project and to examine the goods financed out of the proceeds of the Loan and any relevant records and documents; and (iii) shall furnish to the Bank at

regular intervals all such information as the Bank shall reasonably request concerning the Project, its cost and, where appropriate, the benefits to be derived from it, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

(c) Promptly after completion of the physical construction of all the facilities included in the Project, but in any event not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the performance by the Borrower and the Bank of their respective obligations under the Loan Agreement, the accomplishment of the purposes of the Loan, and, to the extent known to the Borrower, the performance by the Sponsors and the Shareholders of their respective obligations under the Sponsors' and Shareholders' Agreement.

(d) The Borrower shall enable the Bank's accredited representatives to examine all plants, installations, sites, works, buildings, property and equipment of the Borrower and any relevant records and documents.

Section 3.05. The Borrower shall, jointly with the Guarantor: (i) take, or cause to be taken, all action to ensure that the Borrower is provided, as from a date not later than six months before the operation of the Project begins, with such supplies of electricity as shall be required by the Borrower for the efficient operation of the Project; and (ii) if there is reasonable cause to believe that permanent supplies of electricity will not be available to the Borrower by the time mentioned in (i) hereof, promptly make, or cause to be made, interim arrangements, satisfactory to the Bank, for providing the Borrower with the electricity required by the Borrower for the efficient operation of the Project.

#### ARTICLE IV

##### Management and Operations of the Borrower

Section 4.01. The Borrower shall at all times manage its affairs, maintain its financial position, plan any future expansion and carry on its operations in accordance with appropriate

administrative, business, financial, engineering and mining practices under the supervision of experienced and competent management.

Section 4.02. In order to assist the Borrower in the operation of the Project, the Borrower shall employ technical advisors whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank and the Borrower.

Section 4.03. (a) The Borrower shall at all times take all steps necessary to maintain its corporate existence and right to carry on operations, including, without limitation, the Project, and shall, except as the Bank may otherwise agree, take all steps necessary to acquire and to retain such land, interest in land and properties and to acquire, maintain and renew such concessions (including the Concession), licenses, consents, franchises or other rights as may, from time to time, be necessary or useful for the construction and efficient operation of the facilities included in the Project and the conduct of its business.

(b) The Borrower shall maintain, renew and repair its facilities, equipment and property as required for their efficient operation.

(c) Except as the Bank shall otherwise agree, the Borrower shall not sell, lease, transfer or otherwise dispose of any of its property or assets which shall be required for the efficient operation of its business, including the Project.

Section 4.04. The Borrower shall take out and maintain with responsible insurers, insurance satisfactory to the Bank against such risks, in such amounts and in such currencies as shall be consistent with sound practice of similar companies under similar circumstances.

Section 4.05. The Borrower shall take all action as shall be required to ensure that the execution and operation of the Project are carried out with due regard to ecological and environmental factors, such action to include, if necessary, land reclamation.

Section 4.06. (a) The Borrower shall duly perform its obligations under the Listed Documents and shall not, without the prior consent of the Bank, take or concur in any action in respect thereof which would materially and adversely affect the rights of the Bank or the carrying out or operation of the Project or which would have the effect of assigning, revoking, suspending, abrogating, amending or waiving, in whole or in part, in any

respect which would materially and adversely affect the rights of the Bank or the carrying out or operation of the Project, any one of such Listed Documents. The Borrower shall promptly inform the Bank of any action taken by it or in which it shall have concurred which, in the Borrower's judgment, would materially but not adversely affect the rights of the Bank or the carrying out or operation of the Project.

(b) The Borrower shall exchange views with the Bank in respect of any arbitration or other proceeding for the settlement of disputes contemplated or undertaken pursuant to the provisions of any of the Listed Documents. The Borrower shall promptly advise the Bank of any such arbitration or proceeding contemplated or undertaken and shall give the Bank all such information as the Bank shall reasonably request to enable the Bank, if it so desires, to make its views thereon known to the Borrower.

Section 4.07. The Borrower shall, with the participation of Servicio Nacional de Aprendizaje of the Guarantor, or such other entity as shall be acceptable to the Bank, and Hanna International Corporation, prepare and carry out a program, satisfactory to the Bank, for the training of the operating and maintenance personnel of the Borrower.

## ARTICLE V

### Other Covenants

Section 5.01. The Borrower shall maintain records adequate to reflect in accordance with consistently maintained appropriate accounting practices its operations and financial condition.

Section 5.02. The Borrower shall: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) 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 four 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 the accounts and financial statements of the Borrower

and the audit thereof as the Bank shall from time to time reasonably request.

Section 5.03. (a) The Borrower represents that at the date of this Agreement no liens (other than liens created under, or permitted by, any of the Listed Documents) exist on any of its assets as security for any debt.

(b) The Borrower undertakes that, except as the Bank shall otherwise agree: (i) if the Borrower shall create any lien (other than liens created or permitted pursuant to the Chase Loan Agreement with the exception of liens created or permitted pursuant to the Security Arrangements) on any of its assets as security for any debt, such lien will equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan, and in the creation of any such lien express provision will be made to that effect, at no cost to the Bank; and (ii) if any statutory lien (other than liens created or permitted pursuant to the Chase Loan Agreement with the exception of liens created or permitted pursuant to the Security Arrangements) shall be created on any assets of the Borrower as security for any debt, the Borrower shall grant, at no cost to the Bank, an equivalent lien satisfactory to the Bank to secure the payment of the principal of, and interest and other charges on, the Loan; provided, however, that the foregoing provisions of this paragraph shall not apply to: (A) any lien created on assets, at the time of purchase thereof, solely as security for the payment of the purchase price of such assets; or (B) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

Section 5.04. Except as the Bank shall otherwise agree, if the Borrower shall prepay part, or all, of the principal amount outstanding of the Chase Loan, the EXIM Loan or any other debt of the Borrower, the Borrower shall repay in advance of maturity a proportionate part, or all, as the case may be, of the principal amount outstanding of the Loan.

Section 5.05. (a) Except as the Bank shall otherwise agree, the Borrower shall: (i) prior to the Effective Date, take all such action as shall be necessary to cause the paid-in capital of the Borrower to reach an amount in pesos equivalent to not less than thirty-five million dollars (\$35,000,000); (ii) after the Effective Date and until the paid-in capital of the Borrower reaches an amount in pesos equivalent to seventy-five million dollars (\$75,000,000), not incur any debt if, after incurring such

debt, (A) the aggregate debt of the Borrower shall exceed the equivalent of seventy-five million dollars (\$75,000,000), or (B) the ratio of debt to equity shall be greater than 50 to 50; (iii) after the paid-in capital of the Borrower reaches an amount in pesos equivalent to seventy-five million dollars (\$75,000,000), not incur any debt if, after incurring such debt, (A) the aggregate debt of the Borrower shall exceed the equivalent of two hundred million dollars (\$200,000,000) or (B) the ratio of debt to equity shall be greater than 73 to 27; (iv) after the aggregate debt of the Borrower reaches the equivalent of two hundred million dollars (\$200,000,000), not incur any additional debt until the paid-in capital of the Borrower reaches an amount in pesos equivalent to one hundred seven million five hundred thousand dollars (\$107,500,000); (v) after the paid-in capital of the Borrower reaches an amount in pesos equivalent to one hundred seven million five hundred thousand dollars (\$107,500,000), not incur any additional debt which causes the aggregate debt of the Borrower to exceed the equivalent of two hundred million dollars (\$200,000,000), unless, together with the debt proposed to be incurred, the paid-in capital of the Borrower is increased by an amount in pesos equivalent to the amount of such additional debt, until (A) the paid-in capital of the Borrower reaches an amount in pesos equivalent to one hundred thirty-two million five hundred thousand dollars (\$132,500,000) and (B) the aggregate debt of the Borrower reaches the equivalent of two hundred twenty-five million six hundred thousand dollars (\$225,600,000); and (vi) thereafter, and until the earlier of (A) the Completion Date or (B) the date on which the paid-in capital of the Borrower reaches an amount in pesos equivalent to two hundred million dollars (\$200,000,000), not incur any debt in excess of the equivalent of two hundred twenty-five million six hundred thousand dollars (\$225,600,000).

(b) After the earlier of the dates referred to in subparagraph (vi) of paragraph (a) above, the Borrower shall not incur any debt if, after incurring such debt, the ratio of debt to equity shall be greater than 60 to 40.

(c) For purposes of sub-paragraphs (i) and (ii) of paragraph (a) of this Section, any debt incurred by the Borrower with any of the Shareholders for the purpose of acquiring therefrom any assets of the Joint Venture shall be excluded from the Borrower's debt and be counted as part of the Borrower's paid-in capital, provided that such debt is payable only through the exchange of such debt for a like value in ordinary shares of the capital stock of the Borrower.

(d) For purposes of paragraphs (a) and (b) of this Section, the value of paid-in capital and debt of the Borrower, and the ratio of debt to equity of the Borrower shall be determined in accordance with a method or methods satisfactory to the Bank.

Section 5.06. The Borrower shall not, without the prior consent of the Bank, declare or pay any dividend on account of any of its shares, or repurchase any of its shares of stock for cash, or make any other cash payments or advances to its shareholders if:

(a) the amount of such declaration, payment, repurchase or advance shall exceed the Borrower's net profits after taxes less transfer to reserves; or

(b) after such declaration, payment, repurchase or advance, the Borrower's ratio of Current Assets to Current Liabilities shall be less than 1.3 to 1; or

(c) after such declaration, payment, repurchase or advance, the Borrower's ratio of debt to equity shall exceed 60 to 40, such ratio to be determined in accordance with a method satisfactory to the Bank; or

(d) there is an existing default in the payment of the principal of, or interest and other charges on, any debt of the Borrower.

Section 5.07. Unless the Bank shall otherwise agree, until three years after the Completion Date, the Borrower shall not make, or commit itself to make, in any one fiscal year, any capital expenditure (other than an expenditure required for the carrying out of the Project or to repair or replace any facilities included in the Project) if the sum of such expenditure and all other capital expenditures (excluding those required for the carrying out of the Project or to repair or replace any facilities included in the Project) made or to be made in such fiscal year exceed or will exceed an amount equivalent to ten million dollars (\$10,000,000).

Section 5.08. (a) The Borrower shall take all action necessary or advisable on its part to enable the Sponsors and the Shareholders to fulfill their obligations under the Sponsors' and Shareholders' Agreement.



(b) If the carrying out of the Project is hindered or delayed because sufficient funds are not available to the Borrower therefor, the Borrower shall promptly take all action available to it against ECONIQUEL, BILLITON, CONICOL, IFI, SHELL or HANNA, as the case may be, in order to obtain the necessary funds for the efficient and timely carrying out of the Project.

## ARTICLE VI

### Remedies of the Bank

Section 6.01. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified pursuant to paragraph (k) thereof:

(a) any party to any of the Listed Documents (other than a party to the Chase Loan Agreement or the EXIM Loan Agreement) shall have failed to perform any of its obligations, covenants or agreements thereunder and such failure to perform shall have, in the reasonable judgment of the Bank, a significant adverse effect on the rights of the Bank, or the carrying out or operation of the Project, or the carrying on of the business of the Borrower;

(b) ECONIQUEL, BILLITON, CONICOL, IFI, SHELL or HANNA shall have failed to perform in any material respect any of their respective obligations under the Sponsors' and Shareholders' Agreement;

(c) a proceeding to enforce the security constituted by any lien created under the Security Arrangements or pursuant to Section 5.03 of this Agreement shall have been commenced;

(d) the Basic Statutes, or any provision thereof, shall have been amended, revoked, suspended, abrogated, terminated, waived or assigned, in whole or in part, in any material respect (other than to provide for increases in the authorized capital of the Borrower), without the prior agreement of the Bank;

(e) the Borrower shall have established any Subsidiary without the prior agreement of the Bank;

(f) the Concession shall have been amended, revoked, suspended, abrogated, terminated, waived, assigned or in any way encumbered without the prior agreement of the Bank or shall have become inoperative; and

(g) (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, cancelled or terminated in whole or in part, other than through the voluntary action of the Borrower, pursuant to the terms of the agreement providing therefor, or

(B) any such loan shall, as a result of acceleration, have become due and payable prior to the agreed maturity thereof.

Section 6.02. For the purposes of Section 7.01 of the General Conditions, the following events are specified pursuant to paragraph (h) thereof, namely, that any events specified in paragraphs (a), (b), (c), (d), (e), (f) and (g)(B) of Section 6.01 of this Agreement shall occur.

#### ARTICLE VII

##### Effective Date; Termination

Section 7.01. 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 Listed Documents, in form and substance satisfactory to the Bank, have been duly executed and authorized or ratified by all necessary governmental and corporate action and are in full force and effect, and have been protocolized, recorded, filed 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 Borrower in accordance with their terms;

(b) all necessary acts, consents and approvals to be performed or given by the Guarantor, its political subdivisions or agencies or by any agency of any political subdivision in order to authorize the Borrower to start carrying out the Project have been performed or given;

(c) the paid-in capital of the Borrower has reached the amount provided for in Section 5.05 (a) (i) of this Agreement;

(d) the execution and delivery of the Sponsors' and Shareholders' Agreement on behalf of ECONIQUEL, BILLITON, CONICOL, IFI, SHELL and HANNA have been duly authorized or ratified by all necessary governmental and corporate action;

(e) the parties providing the Chase Loan and the EXIM Loan have notified the Bank that all conditions precedent to the first disbursement of the Chase Loan and the EXIM Loan have been fulfilled, subject only to the effectiveness of this Agreement if such be the case; and

(f) the condition of the Borrower as represented or warranted to the Bank at the date of this Agreement has undergone no material adverse change between such date and the date agreed upon between the Bank and the Borrower for purposes of this paragraph.

Section 7.02. 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 Borrower is duly organized and existing under the laws of Colombia and has full power and authority to carry out and operate the Project, to own the assets and properties and to carry on the business which it owns and carries on and proposes to own and carry on; that all acts, franchises, concessions (including the Concession), consents and approvals necessary to start carrying out the Project have been duly and validly performed or given; and that all easements, licenses, consents, franchises or other rights or privileges as may be necessary or useful to start carrying out the Project have been duly obtained or that the arrangements for the acquisition thereof are valid and binding obligations of the parties thereto;

(b) that each of the Listed Documents, in form and substance satisfactory to the Bank (i) has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto, (ii) constitutes valid and binding obligations of the parties thereto in accordance with its terms, (iii) is in full force and effect, and (iv) to the extent required, has been duly protocolized, recorded, filed 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 Borrower in accordance with its terms;

(c) that all acts, consents and approvals referred to in paragraph (b) of Section 7.01 of this Agreement, together with all necessary powers and rights in connection therewith, have been duly and validly performed, given or authorized; and

(d) that the Sponsors' and Shareholders' Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, ECONIQUEL, BILLITON, CONICOL, IFI, SHELL, and HANNA, and constitutes a valid and binding obligation of such parties.

Section 7.03. The date *April 22, 1980*, is hereby specified for the purpose of Section 12.04 of the General Conditions.

#### ARTICLE VIII

##### Addresses

Section 8.01. 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:

Cerro Matoso S.A.  
Apartado Aéreo 6823  
Bogotá, D.E.  
Colombia

Telex:

396-041216-  
CEMSA-CO

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, 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/ Nicolás Ardito Barletta*  
Regional Vice President  
Latin America and the Caribbean

CERRO MATOSO S.A.

By */s/ Charles Thomas Ogryzlo*  
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:

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Plant equipment	24,500,000 )	
	)	100% of foreign
	)	expenditures or
(2) Dryer, kiln and furnace	21,300,000 )	90% of the ex-
	)	factory cost of
	)	locally manu-
	)	factured goods
	)	
(3) Bulk materials, including re- factories	15,500,000 )	
(4) Engineering con- sultants' ser- vices in Colombia	11,100,000	100% of foreign expenditures
(5) Gas pipeline	2,200,000	100% of foreign expenditures
(6) Unallocated	5,400,000	
	<hr/>	
TOTAL	80,000,000	
	<hr/> <hr/>	

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

3. The disbursement percentages have been calculated in compliance with the policy of the Bank that no proceeds of the Loan shall be disbursed on account of payments for taxes levied by, or in the territory of, the Guarantor on goods or services, or on the importation, manufacture, procurement or supply thereof; to that end, if the amount of any such taxes levied on or in respect of any item to be financed out of the proceeds of the Loan decreases or increases, the Bank may, by notice to the Borrower, increase or decrease the disbursement percentage then applicable to such item as required to be consistent with the aforementioned policy of the Bank.

4. 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 two million dollars (\$2,000,000) may be made in respect of Category (2) on account of payments made for expenditures before that date but after August 1, 1979.

5. Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in paragraph 1 above, if the Bank has reasonably estimated that the amount of the Loan then allocated to any Category will be insufficient to finance the agreed percentage of all expenditures in that Category, the Bank may by notice to the Borrower: (i) reallocate, at the request of the Borrower, to such Category, to the extent required to meet the estimated shortfall, proceeds of the Loan which are then allocated to another Category and which in the opinion of the Bank are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

6. If the Bank shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in this Agreement, no expenditures for such item shall be financed out of the proceeds of the Loan and the Bank may, without in any way restricting or limiting any other right, power or remedy of the Bank under the Loan Agreement, by notice to the Borrower, cancel such amount of the Loan as, in the Bank's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Loan.

## SCHEDULE 2

### Description of the Project

The Project is the construction and start-up of facilities (including the acquisition and installation of equipment pertaining thereto) designed for the mining and metallurgical processing of lateritic nickel ores from the Cerro Matoso reserve located in the jurisdiction of the Municipality of Montelíbano, Department of Córdoba, Colombia, to produce about twenty thousand metric tons per annum of nickel in the form of ferronickel.

The Project consists of the following:

- Part A. Construction of facilities for open-pit mining, and provision and utilization of equipment to drill, blast, excavate and transport ore and waste material.
- Part B. Construction of facilities for coarse-crushing, stock-piling and blending of ore.
- Part C. Construction of a plant for the processing of ore, including facilities for the: (i) drying, fine crushing and screening of ore; (ii) preparation of the ore-coal mixture; and (iii) calcination and smelting of ore, and refining of crude ferronickel.
- Part D.
  - (a) Construction of related on-site facilities, including shops, warehouses, medical facilities, utilities, laboratories and offices.
  - (b) Construction of related off-site facilities, including river loading and unloading facilities, an access road and other infrastructure improvements.
  - (c) Construction of a townsite and provision of adequate and sufficient housing for the Borrower's employees, by means of the construction of housing units and the carrying out of a credit program, satisfactory to the Bank, for assisting certain of the Borrower's employees in the purchase of such housing units or in the construction of additional housing units on such townsite.



Part E.            Construction of a pipeline to provide the Borrower  
with an adequate supply of natural gas.

\*

\*

\*

Physical construction of all the facilities included in  
the Project is expected to be completed by June 30, 1982.

SCHEDULE 3

Amortization Schedule

<u>Date Payment Due</u>	<u>Payment of Principal (expressed in dollars)*</u>
On each February 15 and August 15 beginning February 15, 1984, and ending on August 15, 1993	4,000,000

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\* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

### Premiums on Prepayment

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions:

<u>Time of Prepayment</u>	<u>Premium</u>
Not more than three years before maturity	1.70%
More than three years but not more than six years before maturity	3.40%
More than six years but not more than ten years before maturity	5.65%
More than ten years but not more than twelve years before maturity	6.75%
More than twelve years before maturity	7.90%

#### SCHEDULE 4

##### Procurement

###### A. International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in the "Guidelines for Procurement under World Bank Loans and IDA Credits" published by the Bank in March 1977 (hereinafter called the Guidelines), on the basis of international competitive bidding as described in Part A of the Guidelines.

2. For goods to be procured on the basis of international competitive bidding, and in addition to the requirements of paragraph 1.2 of the Guidelines, the Borrower shall prepare and forward to the Bank as soon as possible, and in any event not later than sixty days prior to the date of availability to the public of the first tender documents relating thereto, a general procurement notice, in such form and detail and containing such information as the Bank shall reasonably request; the Bank will arrange for the publication of such notice in order to provide timely notification to prospective bidders of the opportunity to bid for the goods in question. The Borrower shall provide the necessary information to update such notice annually so long as any goods remain to be procured on the basis of international competitive bidding.

3. For the purpose of evaluation and comparison of bids for the supply of goods to be procured on the basis of international competitive bidding, (i) bidders shall be required to state in their bid the c.i.f. (port of entry) price for imported goods, or the ex-factory price for domestically manufactured goods; (ii) customs duties and other import taxes on imported goods, and sales and similar taxes on domestically supplied goods, shall be excluded; and (iii) the cost to the Borrower of inland freight and other expenditures incidental to the delivery of goods to the place of their use or installation shall be included.

###### B. Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A of this Schedule, goods manufactured in Colombia may be granted a margin of preference in accordance with, and subject to, the following provisions:

1. All bidding documents for the procurement of goods shall clearly indicate any preference which will be granted, the information required to establish the eligibility of a bid for such preference and the following methods and stages that will be followed in the evaluation and comparison of bids.

2. After evaluation, responsive bids will be classified in one of the following three groups:

- (1) Group A: bids offering goods manufactured in Colombia if the bidder shall have established to the satisfaction of the Borrower and the Bank that the manufacturing cost of such goods includes a value added in Colombia equal to at least 20% of the ex-factory bid price of such goods.
- (2) Group B: all other bids offering goods manufactured in Colombia.
- (3) Group C: bids offering any other goods.

3. All evaluated bids in each group shall be first compared among themselves, excluding any customs duties and other import taxes on goods to be imported and any sales or similar taxes on goods to be supplied domestically, to determine the lowest evaluated bid of each group. Such lowest evaluated bids shall then be compared with each other, and if, as a result of this comparison, a bid from group A or group B is the lowest, it shall be selected for the award.

4. If, as a result of the comparison under paragraph 3 above, the lowest bid is a bid from group C, all group C bids shall be further compared with the lowest evaluated bid from group A after adding to the evaluated bid price of the imported goods offered in each group C bid, for the purpose of this further comparison only, an amount equal to: (i) the amount of customs duties and other import taxes which a non-exempt importer would have to pay for the importation of the goods offered in such group C bid; or (ii) 15% of the c.i.f. bid price of such goods if said customs duties and taxes exceed 15% of such price. If the group A bid in such further comparison is the lowest, it shall be selected for the award; if not, the bid from group C which as a result of the comparison under paragraph 3 is the lowest evaluated bid shall be selected.

C. Other Procurement Procedures

1. The Borrower may, in accordance with Part B of the Guidelines, procure the electric furnace package by means of a negotiated contract after solicitation of quotations from international suppliers experienced in the design of electric smelting furnaces of the type required for the Project, provided that: (i) unless the Bank shall otherwise agree, the cost of the proprietary part of such package (including engineering) does not exceed the equivalent of \$4,100,000; and (ii) the remainder of such package is procured by the supplier thereof on the basis of international competition under procedures satisfactory to the Bank and the Borrower.

2. The Borrower may, in accordance with Part B of the Guidelines, procure by means of international shopping such miscellaneous equipment items estimated to cost not more than the equivalent of \$250,000 each, as shall be agreed by the Bank, up to an aggregate amount not exceeding the equivalent of \$2,400,000.

D. Review of Procurement Decisions by the Bank

1. Review of invitations to bid and of proposed awards and final contracts:

With respect to all contracts estimated to cost the equivalent of \$250,000 or more:

(a) Before bids are invited, the Borrower shall furnish to the Bank, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedures as the Bank shall reasonably request. Any further modification to the bidding documents shall require the Bank's concurrence before it is issued to the prospective bidders.

(b) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Bank of the name of the bidder to which it intends to award the contract and shall furnish to the Bank, in sufficient time for its review, a detailed report, by the consultants referred to in Section 3.02 of this Agreement, on the evaluation and comparison of the bids received, together with the recommendations for

award of the said consultants and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the intended award would be inconsistent with the Guidelines or this Schedule, promptly inform the Borrower and state the reasons for such determination.

(c) The terms and conditions of the contract shall not, without the Bank's concurrence, materially differ from those on which bids were asked.

(d) Two conformed copies of the contract shall be furnished to the Bank promptly after its execution and prior to the delivery to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract.

2. With respect to each contract not governed by the preceding paragraph, the Borrower shall furnish to the Bank, promptly after its execution and prior to the delivery to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract, two conformed copies of such contract, together with the analysis of the respective bids, recommendations for award and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the award of the contract was not consistent with the Guidelines or this Schedule, promptly inform the Borrower and state the reasons for such determination.

3. Before agreeing to any material modification or waiver of the terms and conditions of a contract, or granting an extension of the stipulated time for performance of such contract, or issuing any change order under such contract (except in cases of extreme urgency) which would increase the cost of the contract by more than 20% of the original price, the Borrower shall inform the Bank of the proposed modification, waiver, extension or change order and the reasons therefor. The Bank, if it determines that the proposal would be inconsistent with the provisions of this Agreement, shall promptly inform the Borrower and state the reasons for its determination.

## **SCHEDULE 5**

### **Modifications of General Conditions**

For the purposes of this Agreement, the provisions of the General Conditions are modified as follows:

(a) By the addition of the words "the Sponsors' and Shareholders' Agreement, the Security Arrangements" after the words "the Loan Agreement" in Section 6.06.

(b) By the addition of the words "the Sponsors' and Shareholders' Agreement" after the words "The Loan Agreement" in paragraph (b) of Section 8.01.

(c) By the deletion of paragraph (b) of Section 10.04 and the substitution therefor of the following:

"(b) The parties to such arbitration shall be the Bank, the Borrower and the Guarantor."

(d) By the deletion of paragraph (c) of Section 10.04 and the substitution therefor of the following:

"(c) The Arbitral Tribunal shall consist of five arbitrators appointed as follows: two arbitrators shall be appointed by the Bank; one arbitrator shall be appointed by the Borrower; one arbitrator shall be appointed by the Guarantor; and the fifth arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by him, by the Secretary-General of the United Nations. If any party shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator."

(e) By the deletion of paragraph (d) of Section 10.04 and the substitution therefor of the following:



"(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other parties. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration and the nature of the relief sought and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty days after such notice, the other parties shall notify all parties to the arbitration of the name of the arbitrator appointed by such other parties."

(f) By the deletion of paragraph (j) of Section 10.04 and the substitution therefor of the following:

"(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Loan Agreement and Guarantee Agreement or any claim by any such party against any other such party arising thereunder; provided, however, that nothing herein shall be deemed to preclude any of the said parties from exercising, or instituting any legal or equitable action to enforce, any right or claim arising out of or pursuant to any lien created under any of the Listed Documents or pursuant to Section 5.03 of this Agreement, and submission to arbitration hereunder shall not be deemed to be a condition precedent or in any way to prejudice such exercise or other enforcement of any such right or claim, and provided further, that nothing herein shall be deemed to preclude arbitration or court proceedings under any other agreement involving the parties hereto."

(g) By the deletion of Section 11.03 and the substitution therefor of the following:

"Section 11.03. Action on behalf of the Borrower or Guarantor. Any action required or permitted to be taken, and any documents required or permitted to be executed, pursuant to the Loan Agreement or the Guarantee Agreement, on behalf of the Borrower or the Guarantor, may be taken or executed by the representative of the Borrower, or the representative of the Guarantor designated in the Guarantee Agreement, for the purposes of this Section, respectively, or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of the Loan Agreement or the Guarantee Agreement may be agreed to on behalf of the Borrower

or the Guarantor by written instrument executed on behalf of the Borrower or the Guarantor by such representative or any person thereunto authorized in writing by him; provided that such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Loan Agreement or of the Guarantor under the Guarantee Agreement."

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**CERTIFICATE**

I hereby certify that the foregoing is a true copy of the original in the archives of the International Bank for Reconstruction and Development.

In witness whereof I have signed this Certificate and affixed the Seal of the Bank thereunto this 20th day of Dec., 1979.

S. H. Ch.  
FOR SECRETARY