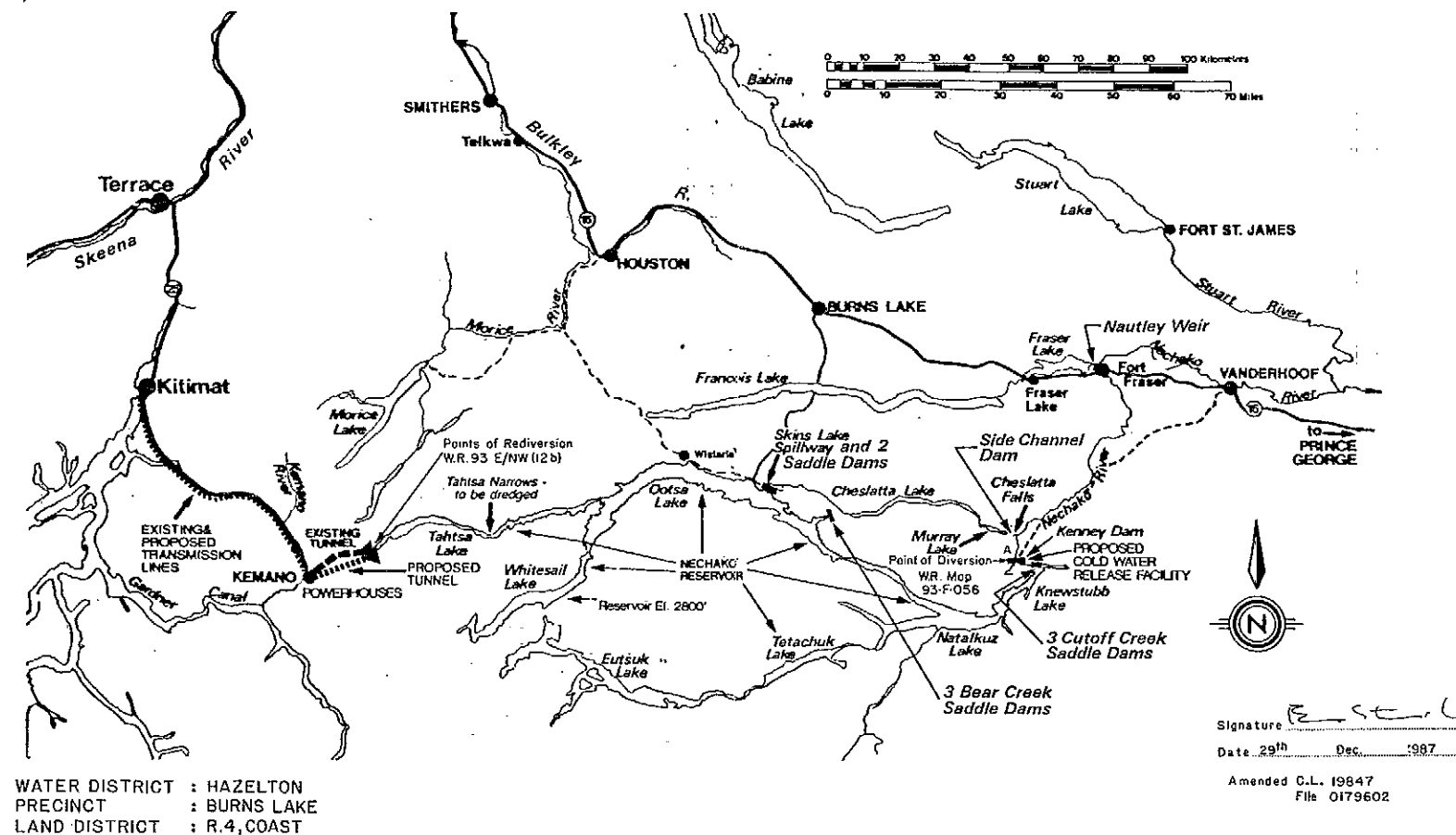




Province of British Columbia

EXHIBIT "A"



CONDITIONAL LICENCE

THE ALUMINUM COMPANY OF CANADA, LIMITED of Montreal, P.Q., is

hereby licenced and authorized to store, divert and use water and to construct, maintain and operate works as follows:-

- (a) The sources of water supply are the Nechako River above Grand Canyon and all the streams and lakes tributary thereto, Skins Lake, and the Nanika River and all the streams and lakes tributary thereto except the tributaries which join the said river more than two miles below Kidprice Lake.
- (b) The points of storage, diversion and use, and the extent of the storage reservoirs are approximately as shown on plan marked Exhibit "A" which is attached hereto and forms part hereof.
- (c) The date from which this licence shall have precedence is 3rd August, 1949.
- (d) The purposes for which the water is to be used are storage and power as set forth in an Agreement between the Government and the Licensee dated December 29, 1950.
- (e) The maximum quantity of water which may be stored is 35,000,000 acre feet. The maximum rate of diversion is 9,500 cubic feet per second.
- (f) The period of the year during which the water may be stored, diverted and used is the whole year.
- (g) The land upon which the water is to be used and to which this licence is appurtenant is that land which is required for the power houses referred to in the said Agreement and indicated on the said plan marked Exhibit "A".
- (h) The works authorized to be constructed are the works referred to in the said Agreement and indicated on the said plan marked Exhibit "A".
- (i) The construction of the said works shall be commenced and carried on in accordance with the terms set forth in the said Agreement.
- (j) The licensee shall furnish simultaneously to the Department of Fisheries of the Government of Canada, the Game Commission of the Government of British Columbia and the Comptroller of Water Rights copies of the plans and specifications of all works proposed to be constructed and shall not commence the construction of any works until the plans and specifications thereof have been approved by the said Comptroller.
- (k) The Licensee shall not store, divert or use any water in any reservoir to be created under this licence until the plans for the construction of such works have been submitted to the Comptroller and approved by him.
- (l) This licence is issued in accordance with the terms of the said Agreement between the Government and the Licensee, dated 29th December, 1950 and is to be attached thereto and form a part thereof.

AMENDED 29.12.87

ENTERED ON
Map No. 14, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

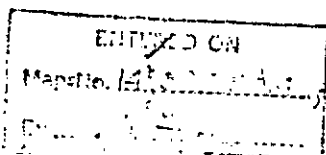
Comptroller of Water Rights.

108447

THE ALUMINUM COMPANY OF CANADA, LIMITED of Montreal, P.Q., is

hereby licenced and authorized to store, divert and use water and to construct, maintain and operate works as follows:-

- (a) The sources of water supply are the Nechako River above Grand Canyon and all the streams and lakes tributary thereto, Skins Lake, and the Nanika River and all the streams and lakes tributary thereto except the tributaries which join the said river more than two miles below Kidprice Lake.
- (b) The points of storage, diversion and use, and the extent of the storage reservoirs are approximately as shown on plan marked Exhibit "A" which is attached hereto and forms part hereof.
- (c) The date from which this licence shall have precedence is 3rd August, 1949.
- (d) The purposes for which the water is to be used are storage and power as set forth in an Agreement between the Government and the Licensee dated December 29, 1950.
- (e) The maximum quantity of water which may be stored is 35,000,000 acre feet. The maximum rate of diversion is 9,500 cubic feet per second.
- (f) The period of the year during which the water may be stored, diverted and used is the whole year.
- (g) The land upon which the water is to be used and to which this licence is appurtenant is that land which is required for the power houses referred to in the said Agreement and indicated on the said plan marked Exhibit "A".
- (h) The works authorized to be constructed are the works referred to in the said Agreement and indicated on the said plan marked Exhibit "A".
- (i) The construction of the said works shall be commenced and carried on in accordance with the terms set forth in the said Agreement.
- (j) The licensee shall furnish simultaneously to the Department of Fisheries of the Government of Canada, the Game Commission of the Government of British Columbia and the Comptroller of Water Rights copies of the plans and specifications of all works proposed to be constructed and shall not commence the construction of any works until the plans and specifications thereof have been approved by the said Comptroller.
- (k) The Licensee shall not store, divert or use any water in any reservoir to be created under this licence until the plans for the construction of such works have been submitted to the Comptroller and approved by him.
- (l) This licence is issued in accordance with the terms of the said Agreement between the Government and the Licensee, dated 29th December, 1950 and is to be attached thereto and form a part thereof.



Comptroller of Water Rights.

19844

P.C.

THIS AGREEMENT made the 29th day of December A.D. 1950

BETWEEN:

HIS MAJESTY THE KING in right of the Province of British Columbia
(hereinafter called the GOVERNMENT), represented herein by the
Minister of Lands and Forests of the said Province (hereinafter
called the MINISTER) duly authorized by Order-in-Council No. 2883
under the authority of the "Industrial Development Act".

OF THE FIRST PART:

AND

ALUMINUM COMPANY OF CANADA, LIMITED, a Company incorporated under
the laws of Canada, having its Head Office in the City of Montreal
in the Province of Quebec and duly registered in the Province of
British Columbia, having an office in the City of Vancouver, Brit-
ish Columbia (hereinafter called ALCAN) and represented herein by
its proper officers duly authorized by resolution of its Board of
Directors dated 22nd December 1950.

OF THE SECOND PART.

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WITNESSETH THAT:

WHEREAS the prosperity of British Columbia depends on the development of its natural resources, the expansion of its industry and the establishment of new centres of population within the Province, and

WHEREAS the remote unrecorded waters hereinafter referred to as the Eutsuk and Tahtsa water power are natural resources capable of producing great quantities of electric power, and

WHEREAS the GOVERNMENT is unwilling to provide and risk the very large sums of money required to develop those water powers to produce power for which no market now exists, or can be foreseen except through the construction of facilities for the production of aluminum in the vicinity, and

WHEREAS the GOVERNMENT desires ALCAN to investigate the possibilities of the said water powers for aluminum production, to develop the natural resources of the Province and to establish an economically sound and prosperous business in the Province, and

WHEREAS ALCAN is willing to consider the construction of a large aluminum plant including the required power development at a location where it will have assurance that it may continue to import its raw materials, generate low-cost electric power to process such materials and export aluminum at sufficiently low prices to compete with aluminum and other materials in distant and protected markets with a reasonable expectation of adequate reward for the risks inherent in the business, and

WHEREAS ALCAN has financed and established and is operating large plants in prosperous communities for the generation and use of great quantities of electric power to process imported ore into aluminum, which is largely sold abroad, and

WHEREAS the construction of such an aluminum plant at or near the site of the said water power would accomplish, without investment by or risk to the GOVERNMENT, the development of power, the establishment of a permanent industry, and the beginning of a new centre of popula-

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tion, and

WHEREAS His Majesty, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, has authorized the Lieutenant-Governor-in-Council to make, and the Minister to execute, an agreement to advance that end, on such terms as the Lieutenant-Governor-in-Council deems advisable and in the best interest of the Province.

NOW THEREFORE in consideration of these premises and of the mutual covenants, provisions and conditions hereinafter set forth and pursuant to the powers conferred upon the Lieutenant-Governor-in-Council by the "Industrial Development Act", the parties hereto agree as follows:

1. Licence and Permit

The GOVERNMENT grants to ALCAN the right, and a licence or licences and a permit or permits under the "Water Act", to store and to use by diversion and otherwise, those unrecorded waters called the Eutsuk and Tahtsa water power and to occupy all Crown Lands pertinent to the full development and operation of the said water power which is identified and described in the forms entitled "Conditional Water Licence" and "Permit Authorizing the Occupation of Crown Land" appended hereto and made a part hereof.

ALCAN may in due course submit to the GOVERNMENT detailed plans and descriptions prepared by a qualified land surveyor showing exactly the Crown Lands required by ALCAN for flooding and, or, other purposes in respect of the Works (as hereinafter defined in Section 3 hereof) and the parties hereto will forthwith execute a supplementary agreement identifying such plans and descriptions which agreement and plans and descriptions shall be appended hereto and made a part hereof.

The GOVERNMENT hereby authorizes the Comptroller of Water Rights and the Minister to issue under the "Water Act", subject to the provision of Section 14 hereof, the said licence or licences and permit or permits, and will from time to time execute and deliver or cause to be executed and delivered any and all further instruments that ALCAN

E. J. H.
F. C. W.

P. C. W.

may reasonably request to confirm or implement the rights, licences and permits hereby granted.

2. Cancellation of Licence and Permit

If ALCAN commences construction of the Works (hereinafter defined) before 1st June 1953, and installs at the Works generating equipment having a capacity of not less than 400,000 horsepower before 1st January 1963, ALCAN'S rights hereunder (including ALCAN'S rights under the said licence or licences and permit or permits in respect of the aforesaid water power) may not be reduced prior to 1st January, 1983 for any cause other than default by ALCAN in the performance of its obligations under Sections 4, 5 and 6 hereof. If, on 1st January 1983, the generating equipment installed at the Works has a capacity of 750,000 horsepower or more ALCAN'S said rights may not be reduced prior to 31st December 1999, for any cause other than default by ALCAN as aforesaid. On 31st December 1999, a final licence will be issued to ALCAN based on the generating capacity then installed at the Works. At no time will the said licence or licences and permit or permits be cancelled or the quantity of water that ALCAN is authorized to store, divert and use or the area of Crown Lands ALCAN is authorized to occupy be reduced below the quantity and area required for the full utilization of the then installed generating equipment except in case of default by ALCAN as aforesaid.

If ALCAN, by reason of business or other conditions, should request extensions of the periods specified in connection with the construction of the Works, the Minister may grant such extensions to the extent that he shall consider them reasonable.

* If before the installation at the Works of generating equipment having a capacity of not less than 750,000 horsepower ALCAN or any of its subsidiaries should begin construction elsewhere of a comparable aluminum plant having an annual capacity of 225,000 tons or more and a power development adequate to furnish the requirements of such plant or if Aluminium Limited (if then affiliated with ALCAN) or any of its then subsidiaries should begin construction of such a project

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in Canada, the said rights and the licence or licences and permit or permits granted hereunder may be reduced to the extent that such rights are not required for the full utilisation of the then installed generating equipment.

If the GOVERNMENT should at any time reduce ALCAN'S said rights hereunder, on account of the portion withdrawn the GOVERNMENT will include in any licence or permit thereafter granted to anyone other than ALCAN a provision for the payment to ALCAN of equitable compensation for any benefit derived from the construction and operation of the Works by ALCAN.

3. Sale of Crown Lands

Notwithstanding Sections 46 or 57 of the "Land Act", the GOVERNMENT will, from time to time, when required by ALCAN, sell and convey, in fee simple, to ALCAN such Crown Lands as may be needed for the Works which are hereby defined as "all dams, canals, tunnels, aqueducts, penstocks, raceways, protection works, powerhouses, spillways, wharfs, docks, townsites, hydraulic structures, roadways, railways, cableways, pipe lines, flumes, transmission lines and all other structures, waste dumps and other facilities capable of or useful in connection with diverting, storing, measuring, conserving, conveying or using the water of the Eutsuk and Tahtsa water power and producing, measuring, transmitting or using the power to be generated thereby and plant sites, wharfs, docks, townsites, roadways, railways, conveyors and all other structures, waste dumps and other facilities capable of or useful in connection with producing aluminum and other materials by using power generated by the said water power".

Such sales shall be made at prices not in excess of the present minimum prices specified in Section 47 of the "Land Act". No stumpage or royalty will be exacted on timber which is damaged, destroyed, or removed in connection with the construction or operation of the structures and facilities enumerated in this section, and which is not used or otherwise gainfully disposed of by ALCAN.

On all such lands and lands to be flooded by the Works the GOVERN-

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THE GOVERNMENT agrees to maintain a reserve against staking under the "Mineral Act", "Placer Mining Act" and the "Petroleum and Natural Gas Act" and specifically the reserve placed by Orders-in-Council Nos. 413 and 414 of 6th March 1950 and to refrain from alienating any such lands until completion of construction and/or flooding affecting any portion thereof. During such period ALCAN shall have prior right to locate and record claims to any mineral discovered by reason of the development of the said water power. Subsequent to completion of development of any part of the Works the GOVERNMENT will maintain adequate reserves for the protection of that part of the said Works against encroachment.

The GOVERNMENT will permit ALCAN to occupy and to flood such Crown Lands as may be required for the construction and the operation of the Works but shall not be obligated to sell to ALCAN any Crown Lands that are required only for the purpose of flooding by ALCAN on the rental terms set forth in Section 6 hereof.

Roads built by ALCAN to provide access to and between the various sites of the Works constitute part of the Works and Crown Lands required for such roads may be purchased by ALCAN as is provided in Section 3 hereof. However, ALCAN may in specific cases requested by ALCAN and subject to approval by the Minister of Public Works improve existing roads, including supplementing them by the construction of new roads without any charges by the GOVERNMENT even when Crown Lands are involved and without assuming the obligations of ownership of such improvements.

Any road constructed by ALCAN and located on its own property, excepting roads used entirely in connection with the operation of the Works, may be declared a public road when such action is considered by the Minister of Public Works to be in the public interest. However, in such event the GOVERNMENT will assume the maintenance of the road and ALCAN will convey to the GOVERNMENT the land occupied by such road without compensation.

4. Initial Rentals

ALCAN has paid to the Minister the sum of \$20,000 receipt of which is hereby acknowledged and the Minister will, in lieu of further

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rentals or other charges during the period prior to the generation of power at the Works, except evidence that ALCAN has made expenditures on engineering studies of British Columbia water powers and the designs and specifications for the Works at an average rate from 1st June 1948, of not less than \$40,000 per year up to an aggregate amount of at least \$750,000. ALCAN will deliver to the GOVERNMENT the reports and plans produced by the said engineering studies if and when the said licence or licences and permit or permits are surrendered or cancelled.

5. Rentals for Power Generated

ALCAN will pay the GOVERNMENT in respect of all hydro-electric energy generated by ALCAN at the Works the following annual rentals:

(i) in respect of all hydro-electric energy used by ALCAN and its subsidiaries (defined as companies controlled by ALCAN) engaged in processes contributory to the production of aluminum or sold as secondary power (i.e., energy for the production of steam or otherwise in direct competition with fuel) ALCAN will pay an annual rental per horsepower year equal to one and two-thirds times the average price per pound (f.o.b. British Columbia smelter) realized by ALCAN on aluminum produced in British Columbia and sold by ALCAN during the previous calendar year;

(ii) in respect of all other hydro-electric energy generated at the Works ALCAN will pay an annual rental based on the rental rates paid by others in the Province for the generation of electric energy for similar purposes, taking location and other relevant factors into consideration;

Provided, however, that the annual rentals for the first year and subsequently shall in no event be less than 25 cents per horsepower year in respect of any hydro-electric energy generated at the Works.

6. Rentals for Lands Flooded

ALCAN will, commencing with the generation of power at the Works, pay the GOVERNMENT an annual rental in respect of Crown Lands flooded by the said Works except when occupied by some party unrelated to ALCAN at the rate of 10 cents per acre of such lands; provided, however, that such rental shall be increased if and to the extent that two-thirds of

E. J. K.
[Signature]

[Signature]

the average price of aluminum (determined in accordance with the provision of Section 5 hereof) is in excess of 10 cents per pound.

7. Removal of Timber

The GOVERNMENT may at its expense remove any timber on lands to be flooded in connection with the Works if and to the extent that such removal will not delay ALCAN in making beneficial use of the water. ALCAN will not be required to remove timber from land flooded or to be flooded except as hereinafter specified. No stumpage or royalty will be exacted on timber which is flooded or which is not used or otherwise gainfully disposed of by ALCAN.

On the lands which are to be flooded ALCAN will clear and make usable to low water level all public road and trail ends, water trails between lakes and such other areas as the GOVERNMENT may direct up to a total cost for all clearing by ALCAN not to exceed \$250,000. ALCAN will re-establish wharfs, landings, docks and other public approaches, or public facilities that exist and are in use at the time of this agreement and will keep the water approaches to such facilities clear of debris, and maintain navigability between them to the extent now enjoyed.

8. Incorporation of Townsites

Whenever the Minister of Municipal Affairs or ALCAN shall so request or upon a petition under the provisions of the Municipalities Incorporation Act, the GOVERNMENT will incorporate into one or more city or district or village municipalities all townsites or other centres of population developed or to be developed in connection with the Works. Also the GOVERNMENT, with the consent of the Legislature, will incorporate into one or more "Industrial Townships" such areas of land as ALCAN may designate, and specifically those areas or tracts of land which will be owned by ALCAN and which will include the dams, tunnels, transmission lines, roads and all other portions of the Works.

9. Sale of Power by ALCAN

In order that the promotion and development of the district and of other industries in the vicinity of the Works may be encouraged,

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ALCAN may sell to others electric energy generated at the WORKS and shall not by reason of such sales be deemed a public utility within the meaning of the "Public Utilities Act". However, the terms of sales to persons other than ALCAN'S own subsidiaries, employees and tenants shall be subject to the jurisdiction of the Public Utilities Commission, but said Commission shall have no authority to require ALCAN to furnish service other than retail distribution and small power service to any one in the absence of an undertaking so to do on the part of ALCAN or to require ALCAN to extend any service that it shall have undertaken to furnish.

10. Taxes

The rentals payable by ALCAN pursuant to Sections 4, 5 and 6 hereof shall be in lieu of all taxes and other charges of any nature whatsoever imposed by or under the authority of the GOVERNMENT on or in respect of the Works or the lands appurtenant thereto including flooded land, or the operation of the Works or the electric energy generated thereat except a) Provincial Land and Provincial School Taxes on the value of lands and improvements owned by ALCAN which are not then within the boundaries of an organized municipality or a said "Industrial Township"; b) Taxes imposed by a municipality on property owned by ALCAN; c) Provincial Land and Provincial School taxes on the unimproved value of lands owned by ALCAN in an "Industrial Township" within which ALCAN will provide required public services to Provincial standards; and d) Franchise and Income Taxes, use and consumption taxes (except on electric energy generated and used by ALCAN or its subsidiaries engaged in processes contributory to the production of aluminum) and taxes of a similar nature generally applicable to corporations doing business in the Province.

The GOVERNMENT will not impose or authorize discriminatory taxes or charges of any nature whatsoever on or in respect of the Works, the operation or the products of the Works, or the conduct of the business incident thereto.

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11. Dependability of Power Supply

It is recognized that ALCAN is a party to this Agreement solely with the expectation that it will have the continuing use of a large quantity of low cost electric energy to be employed according to its needs for the production of aluminum, the cost of such energy being in large part predetermined by the amount of the carrying charges on its investment in the portion of the Works producing the said energy.

It is, therefore, agreed that ALCAN will not be required or compelled to supply to the GOVERNMENT or to anyone else any of the power generated at the Works, except as provided in Section 9 hereof.

12. Force Majeure

If by reason of any event not reasonably within its control, ALCAN shall be delayed in the commencement or prosecution of the construction of the Works, the dates specified in Section 2 hereof shall be extended by the period of such delay or delays.

13. Sale, mortgage, etc.

Nothing in this Agreement shall be deemed to restrict or impair the right of ALCAN to sell, mortgage, convey, lease or otherwise dispose of or transfer, in whole or in part, the works, any associated property owned by ALCAN or the rights and privileges that ALCAN has under this Agreement and all licences, permits and other instruments that have been or may be delivered for the purpose of confirming or implementing the same; provided, however, that with the exception of town lots such sale, mortgage, conveyance, lease or other disposition or transfer shall be made expressly subject to the terms of this Agreement, and provided further that, without the consent of the Minister, no such sale, mortgage, conveyance, lease or transfer shall be made prior to 1st January 1963, except to a subsidiary or an affiliate of ALCAN or to a trustee or otherwise as an incident to the financing of the construction of the Works by ALCAN or a subsidiary or an affiliate of ALCAN.

14. Application of Statutes

The present provisions of the "Water Act" shall be applicable to

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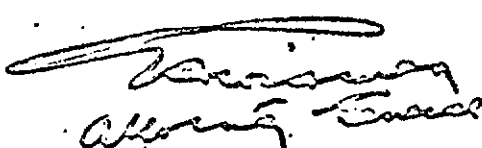
this Agreement and to the said licence or licences and permit or permits hereby granted to the extent that such provisions are pertinent and not in conflict with the terms of this Agreement, or of the said licence or licences and permit or permits. Any provision of this Agreement or of said licence or licences and permit or permits that is in conflict with any present or future statute of general application shall not be invalidated by reason of such conflict.

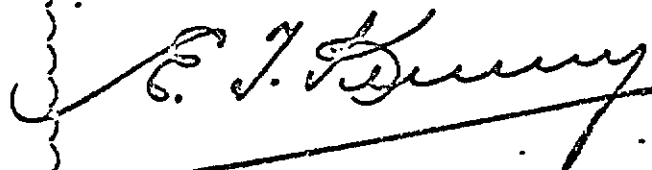
15. Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of ALCAN.

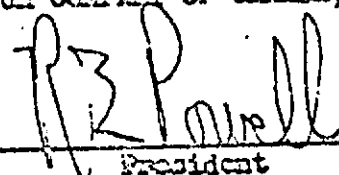
IN WITNESS WHEREOF the Minister of Lands and Forests has hereunto set his hand and seal, and ALCAN has hereunto caused its Corporate seal to be affixed and this Agreement to be signed by its President and Secretary as of the day and year first above written.

SIGNED, SEEALED AND DELIVERED
By the Minister of Lands and
Forests in the Presence of


Minister of Lands and Forests


E. J. Henry

ALUMINUM COMPANY OF CANADA, LIMITED


R. Z. Powell
President


Secretary

THE PROVINCE OF BRITISH COLUMBIA
INDUSTRIAL DEVELOPMENT ACT

AMENDED
CONDITIONAL WATER LICENCE

ALCAN ALUMINIUM LIMITED of Montreal, P.Q., is hereby authorized to store, divert and use water and to construct, maintain and operate works as follows:-

- (a) The sources of water supply are the Nechako River above Grand Canyon and all the streams and lakes tributary thereto.
- (b) The points of storage, diversion and use, and the extent of the Nechako reservoir, are approximately as shown on the plan marked Exhibit "A" which is attached hereto and forms part hereof.
- (c) The date from which this Amended Licence shall have precedence is 3 August 1949.
- (d) The purposes for which the water is to be used are storage and power as set forth in an Agreement between the Government and the Licensee dated 29 December 1950, hereinafter referred to as the "1950 Agreement", together with an amendment thereto, dated 29 December 1987.
- (e) The maximum quantity of water which may be stored is a total of 23 850 cubic-hectometres, of which 7100 cubic-hectometres are live storage. The maximum rate of diversion and use through the power facilities is 269 cubic-metres per second.
- (f) The period of the year during which the water may be stored, diverted and used is the whole year.
- (g) The land upon which the water is to be used and to which this Amended Licence is appurtenant is the land required for the powerhouses indicated on Exhibit "A".
- (h) The works authorized to be constructed are those described in the 1950 Agreement, as amended, together with those described in a further agreement, dated 14 September 1987, (referred to herein as the "Settlement Agreement") between:

Her Majesty in Right of Canada, represented by The Minister of Fisheries and Oceans,

Her Majesty the Queen in Right of The Province of British Columbia, represented by the Minister of Energy, Mines and Petroleum Resources; and

The Licensee.

- (i) The construction of the said works has been commenced and further construction shall be carried on in accordance with the terms set forth in the 1950 Agreement, as amended, and the Settlement Agreement.
- (j) The Licensee shall furnish simultaneously, to the Department of Fisheries and Oceans of the Government of Canada and to the Comptroller of Water Rights, copies of the plans and specifications of all further works proposed to be constructed and shall not commence the construction of any works until the plans and specifications thereof have been approved by the Comptroller.
- (k) The Licensee shall not commence operation of any works, yet to be constructed, until authorised in writing by the Comptroller.
- (l) This Amended Licence is issued in accordance with the terms of the 1950 Agreement, as amended, to which it is to be attached and form a part thereof.
- (m) In order to provide flows necessary for the protection of sockeye and chinook salmon, the Licensee is authorized to make releases into the natural channel of the Nechako River, in accordance with the Settlement Agreement.


Minister of Environment and Parks

File 0179602

Date Amended: 29 December 1987

Licence No. 19847

British Columbia

To accompany Conditional Licence 19847 Over
 HAY ELTON & Partners Right of Way and No. 344B
 FOR PRINCE RUPERT WATER DISTRICTS

NOTE:
 ELEVATIONS ON THIS PLAN ARE APPROXIMATELY
 ON THE MEAN SEA LEVEL DATUM OF THE GEODETIC
 SURVEY OF CANADA, AND ARE REFERRED TO A BENCHMARK
 AT 0078 LANE, SET BY THE DISTRICT ENGINEER
 IN 1950. ELEVATIONS ARE NOT ASSIGNED TO BE
 AT THE BENCHMARK, KNOWN AS 0078 LANE AND ASSIGNED TO BE
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 AT THE BENCHMARK, KNOWN AS 0078 LANE AND ASSIGNED TO BE

COAST LAND DISTRICT
 RANGE 4

Signature *[Signature]*
 Date 29th Dec. 1950

CL. 19847
 File. 0179602

P A R K

T W E E D S M U R

EXHIBIT "A"

ALCAN-BRITISH COLUMBIA
 NECHAKO-KITIMAT PROJECT
 CANYON TO KITIMAT
 KEY PLAN

SCALE 0 5 10 MILES

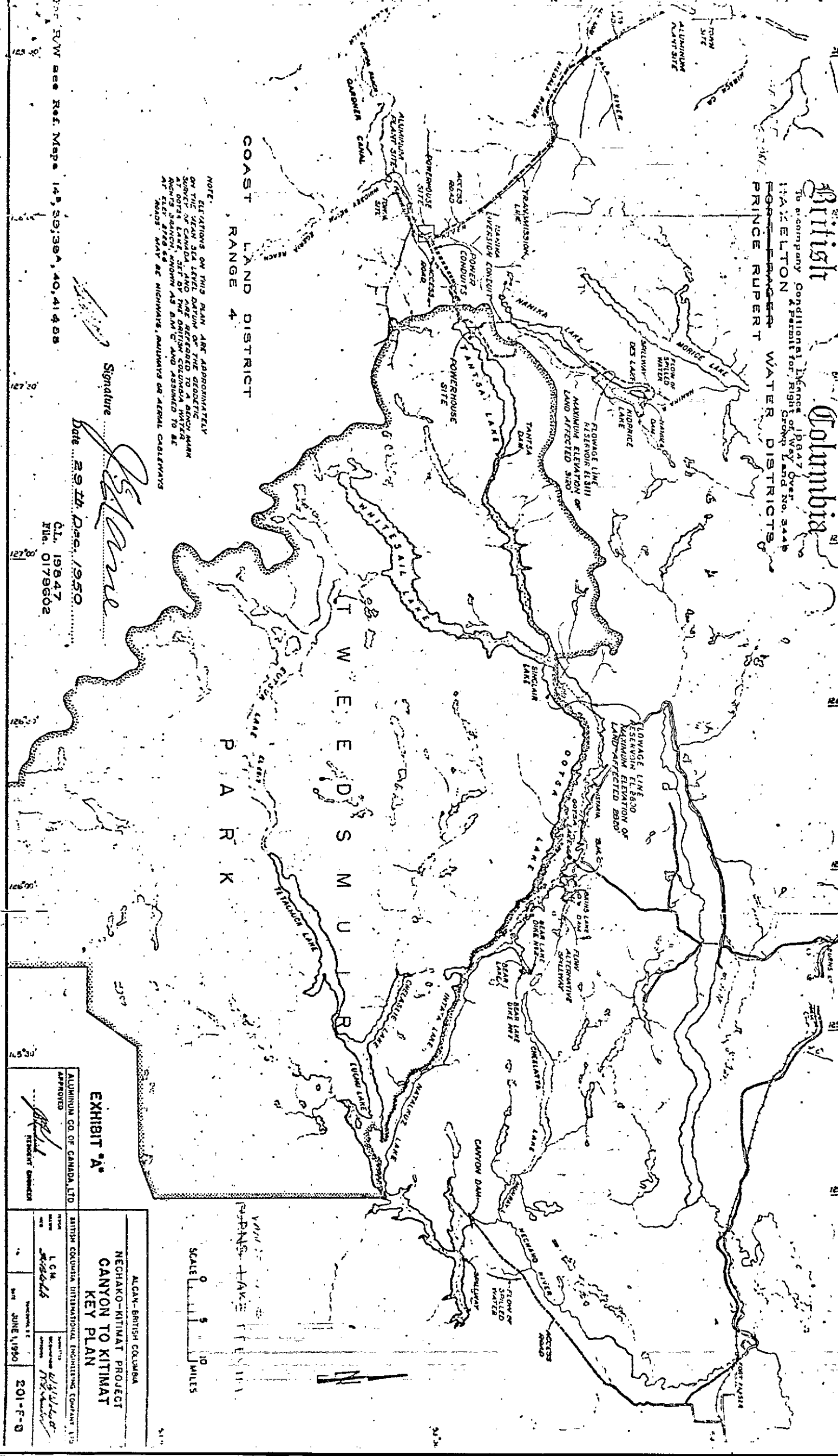
APPROVED

ALUMINUM CO. OF CANADA, LTD.

BRITISH COLUMBIA INTERNATIONAL ENGINEERING COMPANY LTD.

DATE JUNE 1, 1950

201-F-B



THE OCCUPATION OF CROWN LAND.


THE ALUMINUM COMPANY OF CANADA, LIMITED, of Montreal, Quebec, being the holder of Conditional Water Licence No. 19847 authorizing the storage, diversion and use of the water of the Nechako River, Skins Lake and Nanika River and their tributaries is hereby authorized to occupy by and in connection with flooding those Crown Lands lying below the 2820 foot (referred to a bench-mark in Ootsa Village established by the Water Rights Branch of the Department of Lands and Forests of British Columbia) contour around and adjacent to the storage reservoir tributary to the Nechako River and Skins Lake, and below the 3120 foot (referred to the above mentioned bench-mark) contour around and adjacent to the storage reservoir tributary to the Nanika River as shown on Exhibit "A" attached hereto and forming part hereof, and to occupy by and in connection with the construction, maintenance and operation of the works referred to in the said conditional licence those Crown Lands designated in an Agreement between the Government and the Licensee dated the 29th December, 1950, the total having an area of some 300 square miles the exact area and description to be determined as stated in the said agreement.

The Licensee is authorized to use or destroy the timber on the said lands by submerging it or otherwise in accordance with the terms and conditions of the said Agreement.

This permit is appurtenant to the land to which the aforesaid Conditional Water Licence is appurtenant.

The conditions relative to the rights granted under this permit are in accordance with the terms of the said Agreement made between the Government and the Licensee dated the 29th December, 1950 to which this permit is to be attached and form a part thereof.

Issued the 29th day of December, 1950.


Deputy Minister of Lands.

File 0179602

Permit No. 2249.

AMENDMENT AGREEMENT

1987. THIS AGREEMENT made this 29th day of December 1987 ,

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
BRITISH COLUMBIA, represented by the Minister of
Environment and Parks

(hereinafter called the "Government" and the "Minister"
respectively)

OF THE FIRST PART

AND:

ALCAN ALUMINIUM LIMITED, (formerly Aluminum Company of
Canada, Limited), a Canada Corporation

(hereinafter called "Alcan")

OF THE SECOND PART

WHEREAS:

A. Pursuant to the Industrial Development Act, R.S.B.C. 1979, c. 193, (the "Act") and Order-in-Council number 2883 dated December 29, 1950 made under the authority of the Act, the Government entered into an agreement with Alcan dated December 29, 1950 (the "1950 Agreement") pursuant to which the Government granted to Alcan certain rights, including without limitation those rights represented by Conditional Water Licence number 19847 (the "Licence") and Permit to Occupy Crown Lands number 3449 (the "Permit") both dated December 29, 1950, to develop the hydro-electric power potential of the Nechako and the Nanika Rivers in British Columbia;

B. Pursuant to an agreement (the "Settlement Agreement") dated September 14, 1987 between Alcan, the Government and Her Majesty the Queen in Right of Canada (the "Federal Crown"), Alcan has agreed to abandon in part rights granted under the 1950 Agreement in order, inter alia, to protect the sockeye and chinook salmon in the Nechako and Nanika Rivers and to facilitate the expansion of permanent industries in British Columbia;

C. Pursuant to section 1 of the Act, an agreement shall provide for the protection of fish that would be injuriously affected, if considered advisable by the Lieutenant Governor in Council;

D. Pursuant to section 2 of the Act, the 1950 Agreement may be amended if considered advisable by the Lieutenant Governor in Council;

E. To provide for, inter alia, the protection of the sockeye and chinook salmon in the Nechako and Nanika Rivers, the Government and Alcan are prepared to amend the 1950 Agreement, the Licence and the Permit to have Alcan abandon in perpetuity all of its rights to store, divert and use water from the Nanika River and to construct, maintain and operate works of any nature on the Nanika River, and to permit the Government to grant to the Federal Crown the right to use for fishery conservation purposes certain of the waters in the Nechako River, as set out herein; and

F. The entering into this Agreement by the Government, and the execution of the same by the Minister, has been duly authorized by Order-in-Council number 2572 dated December 24, 1987.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements hereinafter set forth (the receipt and sufficiency of which is hereby acknowledged), the Government and Alcan hereby covenant and agree as follows:

1. Abandonment of Rights over the Nanika River

1.1 Alcan hereby abandons, in perpetuity, all of its rights to store, divert and use water from the Nanika River and to construct, maintain and operate works of any nature on the Nanika River, including those rights to store, divert and use water from the Nanika River and to construct, maintain and operate works of any nature on the Nanika River granted by the Government to Alcan in the first paragraph of Section 1 of the 1950 Agreement and by the Licence and the Permit.

2. Amendments to the 1950 Agreement

2.1 The 1950 Agreement is hereby amended as follows:

2.1(a) The rights under the Act granted by the Government to Alcan in the first paragraph of section 1 of the 1950 Agreement, including those rights represented by the Licence and the Permit, are hereby amended such that Alcan shall be entitled to store and to use by diversion or otherwise those waters (which are comprised of a portion of the waters described in the first paragraph of Section 1 of the 1950 Agreement as the Eutsuk and Tahsta water power), and to occupy those Crown lands, identified and described in the forms entitled "Amended Conditional Water Licence" and "Amended Permit Authorizing Occupation of Crown Land" appended hereto and made a part hereof as Schedules "A" and "B" (respectively the "Amended Licence" and "Amended Permit"), on the terms and conditions provided therein and in the 1950 Agreement, as amended hereby. The Government hereby authorizes the Minister to issue under the Act the Amended Licence and Amended Permit to Alcan.

2.1(b) The Government hereby grants to the Federal Crown the right to use for fishery conservation purposes those waters in the Nechako River identified and described in the form of licence entitled "Conditional Water Licence" appended hereto and made a part hereof as Schedule "C", on the terms and conditions provided therein. The Government hereby authorizes the Minister to issue under the Act the said Conditional Water Licence to the Federal Crown.

3. Alcan's Water Licence

3.1 Alcan agrees that it shall observe and comply with the limitations imposed by this Agreement upon any rights under the Water Act, R.S.B.C. 1948, c. 361, which have been conferred on Alcan pursuant to the 1950 Agreement, except to the extent permitted or described in the Settlement Agreement.

4. Miscellaneous Provisions

4.1 If any provision of this Agreement is invalid or unenforceable, such provision shall be severable and the remainder of this Agreement, and the 1950 Agreement and all rights of Alcan granted pursuant thereto, shall remain in full force and effect.

4.2 This Agreement amends the 1950 Agreement, and this Agreement and the 1950 Agreement shall henceforth be read together and have effect as though all the provisions in the 1950 Agreement and in this Agreement were contained, mutatis mutandis, in one instrument. In particular, a reference in the 1950 Agreement to the Licence or the Permit shall be deemed to be a reference to the Amended Licence or the Amended Permit, as the case may be.

4.3 The 1950 Agreement, as amended hereby, shall continue in full force and effect and the Government and Alcan each acknowledge that they are bound by the terms and conditions of the 1950 Agreement, as amended hereby.

4.4 The Government and Alcan each hereby ratify and confirm the terms and conditions of the 1950 Agreement, as amended hereby, and agree to take whatever further steps are necessary in order to give full force and effect to the 1950 Agreement, as amended hereby, and to this Agreement.

IN WITNESS WHEREOF the Government and Alcan have each executed this Agreement, each being duly authorized and empowered to execute this Agreement, as of the day and year above written.

HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH
COLUMBIA

WITNESS:

Per: B. Strachan
Honourable Bruce Strachan
Minister of Environment and
Parks

David J. J. J. J.
Name
1009 Broughton Ave
Address
Vancouver, B.C.

WITNESS:
Kennith A. Melloquist
Name
KENNITH A. MELLOQUIST
Address Barister & Solicitor
2800-650 W. GEORGIA ST.
VANCOUVER, B.C. V6B 4R7

ALCAN ALUMINIUM LIMITED,
by its attorney-in-fact

G. J. J. J.

CHAPTER 188

Industrial Development Act

Preamble.

Whereas the prosperity of the Province depends on the development of its water-power sites and other natural resources, the expansion of its industry, and the establishment of new centres of population within its boundaries:

And whereas it is consequently in the best interest of the Province that the establishment of new industries and the expansion of existing industries that require the development of water-power sites be encouraged to the fullest possible extent:

And whereas the establishment in presently undeveloped sections of the Province of any permanent industry and in particular of an aluminium industry, which requires for its operations substantial quantities of electric power, involves extensive and costly preliminary investigations and engineering studies and the expenditure on the construction of hydro-electric works and industrial plants and facilities of very large sums of money over an extended period of years:

And whereas, in order to facilitate the establishment or expansion in the Province of such permanent industries, it is advisable that the Lieutenant-Governor in Council be empowered to make agreements respecting the use of natural resources:

Now, therefore, Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, enacts as follows:—

Title.

1. This Act may be cited as the *Industrial Development Act*. 1949, c. 31, s. 1.

Interpretation.

2. "Minister" means the Minister of Lands and Forests or such other Minister as may be designated from time to time by Order in Council. 1949, c. 31, s. 2.

Powers vested in Lieut.-Governor in Council.

3. (1) Notwithstanding any law to the contrary, the Lieutenant-Governor in Council may do any of the following things:—

- (a) Sell or lease on such terms and for such price or rental as he deems advisable to any person who proposes to establish or expand an aluminium industry in the Province any Crown land or interest therein, and also on such terms and for such price or rental as he deems advisable grant a licence to any such person to store or use any unrecorded water in the Province:
- (b) Make such other arrangements regarding the future operations of such industry as he may deem to be in the best interest of the Province:
- (c) Make with such person such arrangements as he may deem advisable regarding any future taking by any public authority

of the hydro-electric development and works and facilities made and constructed by such person, including arrangements as to the manner and extent of such taking, the determination of the compensation payable in connection therewith, and the conditions governing the future supply of electric power from the development so taken:

(d) Authorize the Minister to execute any agreement for the above purposes.

(2) Subsection (1) shall not be construed so as to authorize the Lieutenant-Governor in Council to grant to any such person financial assistance by way of loans, subsidies, or in any other manner.

(3) Any agreement entered into under this Act shall provide for such protection as may be considered advisable by the Lieutenant-Governor in Council of any fisheries that would be injuriously affected. 1949, c. 31, s. 3.

Amendment
of agree-
ments.

4. Any agreement made pursuant to this Act may from time to time be amended or extended if deemed advisable by the Lieutenant-Governor in Council if the subject-matter of such amendment or extension could lawfully have been incorporated in the original agreement at the time it was made. 1949, c. 31, s. 4.

Incorporation
of industrial
township.

5. Where, in any agreement made under section 3, provision is made for the incorporation of an industrial township, the Lieutenant-Governor in Council may incorporate the area of the Province covered by the agreement into an industrial township, and thereupon the taxes payable thereafter in respect of the land and improvements in the area so incorporated shall, notwithstanding the provisions of any other Act, be as provided for in the agreement. 1951, c. 40, s. 2.

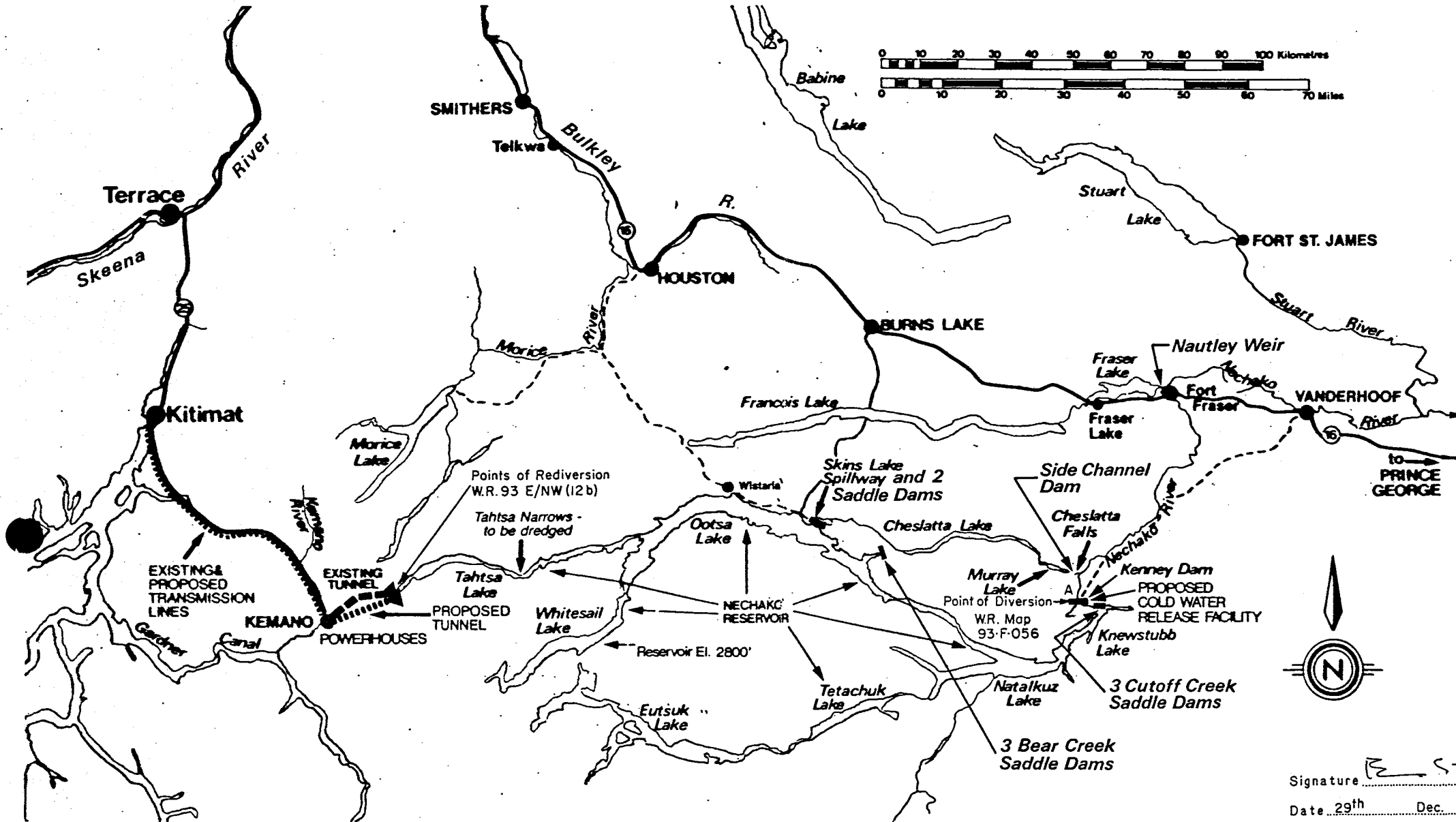
Regulations
for township.

6. The Lieutenant-Governor in Council may make such rules and regulations as he deems necessary and expedient for the administration and conduct of the affairs of an industrial township, but the rules and regulations shall not be inconsistent with the terms of an agreement made under section 3 relating to the industrial township. 1951, c. 40, s. 2.



EXHIBIT "A"

Province of British Columbia



WATER DISTRICT : HAZELTON
PRECINCT : BURNS LAKE
LAND DISTRICT : R.4, COAST

Signature *[Signature]*

Date 29th Dec. 1987

Amended C.L. 19847
File 0179602