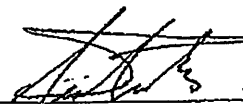


PROVINCE OF BRITISH COLUMBIA
ORDER OF LIEUTENANT GOVERNOR IN COUNCIL

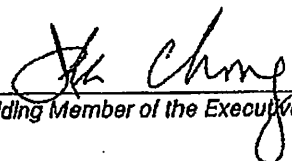
Order In Council No. 567, Approved and Ordered JUL 19 2012


Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that

- (a) the minister is authorized to execute, on behalf of the government, an agreement, substantially in the form attached, further amending the agreement dated December 29, 1950 between the government and the Aluminum Company of Canada, Limited, now Rio Tinto Alcan Inc. (the "2012 Amendment"), and
- (b) concurrently with the execution and delivery of the 2012 Amendment, Rio Tinto Alcan Inc. is granted, and the minister is authorized to issue,
 - (i) an amended Final Water Licence substantially in the form attached to the 2012 Amendment as Schedule A, and
 - (ii) an amended Permit Authorizing the Occupation of Crown Land substantially in the form attached to the 2012 Amendment as Schedule B.


Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: Industrial Development Act, R.S.B.C. 1996, c. 220, sections 1 and 2

Other: OICs 2883/50; 2572/87; 977/97

July 19, 2012

page 1 of 11

Resub O/481/2012/14

**2012 AMENDMENT TO THE 1950 AGREEMENT
(2012 Amendment)**

This Agreement made the 19 day of July, 2012,

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
BRITISH COLUMBIA**, represented by Minister of Jobs, Tourism
and Innovation, Minister responsible for the *Industrial
Development Act*

(respectively called the "Province" and the "Minister")

OF THE FIRST PART

AND:

RIO TINTO ALCAN INC., is a Canadian company having
headquarters located at 1188 Sherbrooke Street West, Montréal,
Québec, H3A 3G2 (resulting from the amalgamation of Alcan
Aluminium Limited and Rio Tinto Canada Holdings Inc.)

("RTA")

OF THE SECOND PART

WHEREAS:

A. Pursuant to the *Industrial Development Act*, R.S.B.C.1996, c.220, (the "Act") and Order in Council No. 2883 dated 29 December 1950 made under the authority of the Act, the Province entered into an agreement with Alcan Aluminum Limited ("Alcan") dated 29 December 1950 (the "1950 Agreement") pursuant to which the Province granted Alcan certain rights, including without limitation those rights represented by Conditional Water Licence No. 19847 and Permit to Occupy Crown Lands No. 3449 both dated 29 December 1950 to develop the hydroelectric power potential of the Nechako and the Nanika Rivers in British Columbia;

B. Pursuant to an agreement, (the "1987 Settlement Agreement") dated 14 September 1987 between Alcan, the Province and Her Majesty the Queen in Right of Canada, Alcan agreed to abandon in part rights granted under the 1950 Agreement, *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 2 of the Act and Order-in-Council No. 2572 dated 24 December 1987, the 1950 Agreement was amended by an agreement dated 29 December 1987 (the "1987 Amendment"), between the Province and Alcan;

D. Pursuant to an agreement dated 5 August 1997 (the "BC/Alcan 1997 Agreement"), Alcan and the Province settled Alcan's claim for loss described in B.C. Supreme Court Action No. C970386;

E. Pursuant to the BC/Alcan 1997 Agreement, sections 1 and 2 of the Act, and Order-in-Council No. 0997 dated 4 August 1997, the 1950 Agreement was further amended by the 1997 Amendment (Schedule 3A of the BC/Alcan 1997 Agreement) and Alcan was issued Final Water Licence 102324 ("FWL 102324") and Amended Permit No. 3449 Authorizing the Occupation of Crown land ("Amended Permit No. 3449");

F. In 2008 Alcan was amalgamated with Rio Tinto Canada Holdings Inc. and the ensuing company was renamed Rio Tinto Alcan Inc.

G. RTA applied under the *Industrial Development Act* to:

(a) authorize construction to complete the partially completed second Kemano Tunnel ("Tunnel 2") and Intake and connect those new Works to the existing Kemano Tunnel ("Tunnel 1") and Kemano Powerhouse, as detailed in the Environmental Impact Assessment Report ("EIA Report") dated June 2011, previously filed with the Province; and

(b) further amend the 1950 Agreement (as amended in 1987 and 1997) to include the new Works, upon completion, as Works authorized under an amended FWL 102324.

The new Works would be operated in combination with the existing Works within the water rights and range of operation currently authorized by FWL 102324, which limits the maximum rate of water diversion and use to 170 cubic-metres per second.

H. The entering into of this Agreement by the Province, and its execution by the responsible Minister, has been duly authorized by Order-in-Council No. 567 dated 19th July 2012.

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

1. Definitions

For the purposes of this Agreement:

- (a) "1950 Agreement" means the 1950 Agreement, as amended by the 1987 Amendment and the 1997 Amendment.
- (b) "EIA Report" means the June 2011 Environmental Impact Assessment Report that RTA filed with the Comptroller of Water Rights;

- (c) "Connection" means the physical works that will connect Tunnel 1 to Tunnel 2;
- (d) "Intake" means the water intake structure on the Tahtsa Lake portion of the Nechako Reservoir that will permit the intake of water from the Nechako Reservoir into Tunnel 2;
- (e) "Tunnel 1" means the original water intake tunnel built in the 1950's that currently supplies water to the generators at the Kemano Powerhouse; and
- (f) "Tunnel 2" means the second water intake tunnel at the Kemano Powerhouse that was partially constructed as part of the Kemano Completion Project following the 1987 Settlement Agreement.

2. Amendment to the 1950 Agreement

- 2.1 The 1950 Agreement is hereby amended to authorize the completion of Tunnel 2, the Intake, the Connection and all related incidental works (as detailed in the EIA Report) for use with the existing authorized generation Works at the Kemano Powerhouse. No other new works (including, but not limited to, the addition of new penstocks and related generators) are authorized by this Agreement.
- 2.2 Upon completion, Tunnel 2, the Intake, the Connection and all related incidental works are authorized Works for the purposes of the 1950 Agreement and FWL 102324.
- 2.3 The existing authorized Works and the new Works authorized by this Agreement will only be used in a manner consistent with FWL 102324.

3. RTA's Final Water Licence

- 3.1 The rights identified in FWL 102324 represent the full extent of the water rights granted to RTA under the 1950 Agreement. No additional water rights are granted by this Agreement.
- 3.2 Subject to section 3.1 of this Agreement, the Works authorized in clause (h) of FWL 102324 will hereafter include Tunnel 2, the Intake, the Connection and all related incidental works.
- 3.3 Before commencing construction of the Works described in section 2.1 of this Agreement, RTA must at its own expense and to the satisfaction of the Comptroller of Water Rights ("Comptroller"):
 - (a) retain a professional engineer registered in the province of British Columbia (the "Independent Engineer") who will provide services to the Comptroller for the regulation of construction of the Works, including:
 - i. review of plans and design drawings for the Works to be constructed;


- ii. submission of a report, signed and sealed by the Independent Engineer, to the Comptroller that confirms that the plans and design drawings for the Works to be constructed are consistent with the criteria for the design and operation of the Works, including for the management and mitigation of construction related environmental impacts.
 - (b) submit the following:
 - i. plans that show the general arrangement of the Works;
 - ii. criteria for the design of the Works;
 - iii. criteria for the operation of the Works;
 - iv. schedule for the construction of the Works; and
 - v. an environmental management plan for the management and mitigation of construction impacts.
 - (c) obtain Leave to Commence Construction (LCC) in writing from the Comptroller.
- 3.4 Before undertaking construction of any of the Works for which the LCC is issued under section 3.3 (c) of this Agreement, RTA must:
- (a) ensure that the design drawings for the works to be constructed are signed and sealed by a professional engineer registered in the province of British Columbia (the "Design Engineer");
 - (b) ensure that a professional engineer registered in the province of British Columbia (the "Construction Engineer") supervises the construction of the Works; and
 - (c) obtain a letter from the Independent Engineer that the actual construction of the Works may proceed.
- 3.5 RTA agrees that it will observe and comply with the limitations imposed by the 1950 Agreement (as amended by this Agreement) and, for greater certainty, by FWL 102324 and the Amended Permit, upon any rights under the Water Act R.S.B.C. 1948, c.361, conferred pursuant to the 1950 Agreement (as amended by this Agreement).
- 3.6 The Province hereby authorizes the responsible Minister to issue under the Act the Amended FWL 102324 and the Amended Permit No.3449 to RTA in the forms attached (Schedule A and Schedule B).
4. **Miscellaneous**
- 4.1 If any provision of this Agreement is invalid or unenforceable, such provision will be severable and the remainder of this Agreement, and the 1950 Agreement and all rights of RTA granted pursuant thereto, will remain in full force and effect.
- 4.2 This Agreement further amends the 1950 Agreement, and these agreements will henceforth be read together and have effect as though all the provisions in the 1950

Agreement, as amended by this Agreement, were contained, *mutatis mutandis*, in one instrument.

- 4.3 The 1950 Agreement, as amended by this Agreement, continues in full force and effect and the Province and RTA each acknowledge that they are bound by the terms and conditions of the 1950 Agreement, as amended by this Agreement.
- 4.4 The Province and RTA each hereby ratify and confirm the terms and conditions of the 1950 Agreement, as amended by this Agreement, and agree to take whatever further steps are necessary to give effect to the 1950 Agreement, as amended by this Agreement, and to this Agreement.

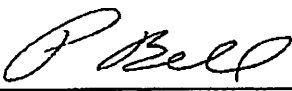
IN WITNESS WHEREOF the Province and RTA have each executed this Agreement by their authorized representative, duly empowered to execute this Agreement as of the day and year first above written and from which date this Agreement takes effect.

SIGNED on behalf of HER MAJESTY
the QUEEN in right of the PROVINCE
of BRITISH COLUMBIA, as represented
by the Minister of Jobs, Tourism
and Innovation, in the presence of:



(Signature of Witness)

TESINDAR PARNAR
(Name of Witness)

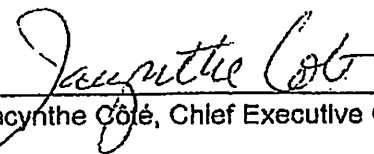
HER MAJESTY the QUEEN in right
of the PROVINCE of BRITISH COLUMBIA

PER: 
Minister of Jobs, Tourism and Innovation
responsible for Industrial Development Act

RIO TINTO ALCAN INC.


(Signature of Witness)

EVELYN DE ROSE
(Name of Witness)

PER: 
Jacynthe Cole, Chief Executive Officer



Province of British Columbia
Industrial Development Act

Amended FINAL WATER LICENCE

RIO TINTO ALCAN INC. ("RTA") (formerly 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 Licence shall have precedence is 3 August 1949.
- (d) The purposes for which this Licence is issued are storage and power as set forth in an Agreement between the Government of British Columbia and the Licensee, dated 29 December 1950, as amended on 29 December 1987, and August 5, 1997, and further amended on July 19, 2012, (the "1950 Agreement, as amended").
- (e)
 - (1) The maximum quantity of water which may be stored is 23,850 cubic-hectometres, of which 7100 cubic-hectometres are live storage.
 - (2) The maximum rate of diversion and use for power purpose is 170 cubic-metres per second.
- (f) The works may be operated to divert and use water for power purpose throughout the whole year. The works may be operated to collect water into storage throughout the whole year.
- (g) This Licence is appurtenant to the land required for the powerhouse indicated on Exhibit "A".
- (h) The works authorized under this Licence are those described in the 1950 Agreement, as amended.

Schedule A

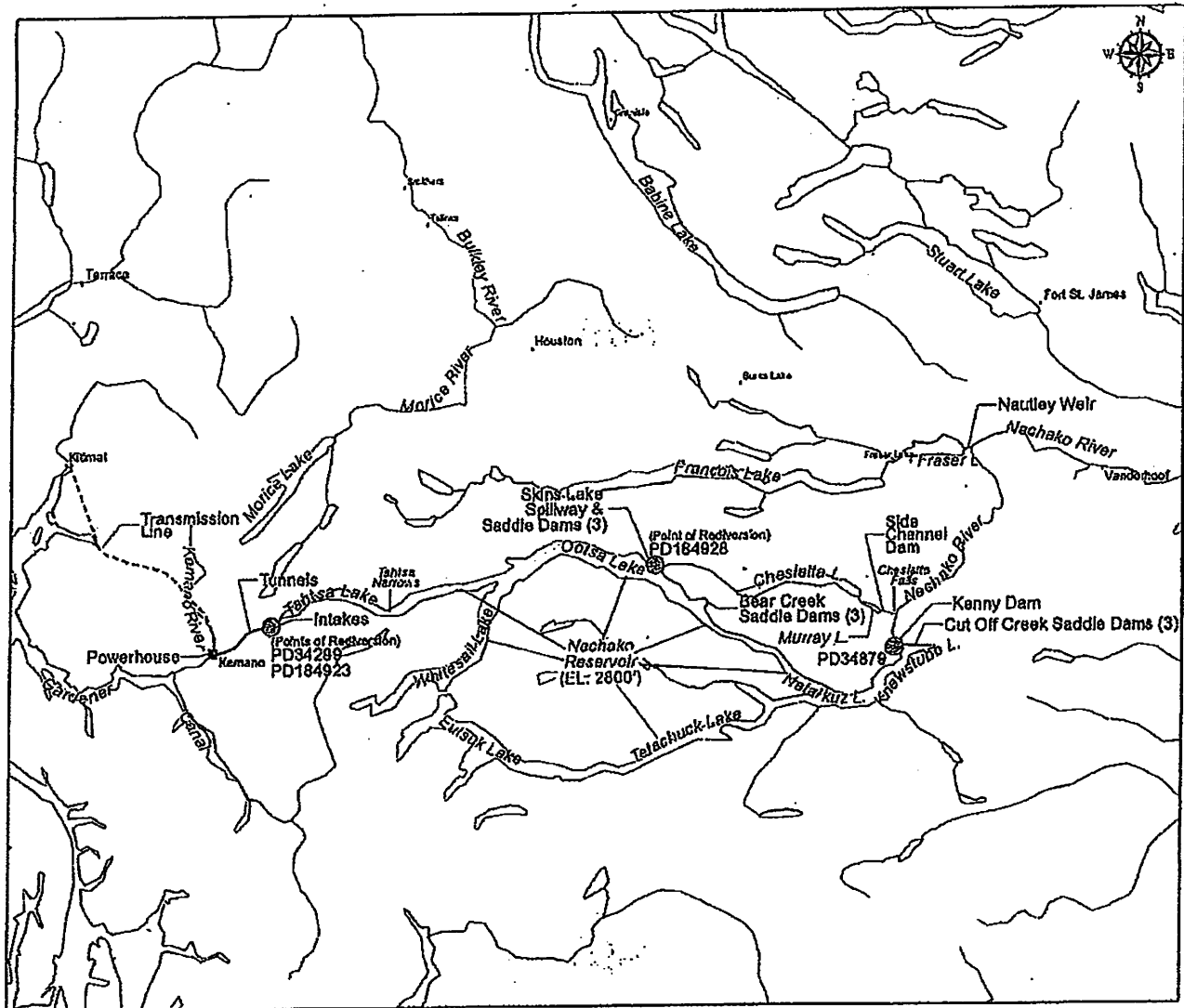
- (i) This Licence is issued in accordance with the terms of the 1950 Agreement, as amended, and supersedes Amended Conditional Water Licence No. 19847.
- (j) At no time will this Licence be cancelled, nor the quantity of water that the Licensee is authorized to store, divert and use be reduced below the quantity set forth in this Licence, except in the case of default by RTA in the performance of its obligations under sections 5 and 6 of the 1950 Agreement, as amended.
- (k) In order to provide flows necessary for the protection of sockeye and chinook salmon, the Licensee is authorized to make releases into the Nechako River in accordance with the "Short Term Annual Water Allocation" as defined in the 1987 Settlement Agreement dated 14 September 1987 among Her Majesty The Queen in Right of Canada, Her Majesty The Queen in Right of the Province of British Columbia and the Licensee.

July 19th 2012
Date Amended

P. Bell
Minister of Jobs, Tourism and
Innovation and Minister responsible
for the *Industrial Development Act*

File: 0179602

Final Licence No.: F102324



WATER DISTRICT: Prince Rupert, Hazelton, Prince George
PRECINCT: Kitimat, Burns Lake, Vanderhoof
LAND DISTRICT: Range 4 Coast, Range 5 Coast

Signature: P. Beep

Date: July 19th, 2012

Scale 1:1,750,000
Point of Diversion

F.L. 102324
File 0179802



Province of British Columbia
Industrial Development Act

Amended PERMIT AUTHORIZING THE OCCUPATION OF CROWN LAND

RIO TINTO ALCAN INC. (formerly ALCAN ALUMINIUM LIMITED) of Montreal, P.Q., being the holder of Amended Final Water Licence No. 102324 authorizing the storage, diversion and use of the water of the Nechako River and tributaries is hereby authorized to occupy by and in connection with flooding those Crown Lands lying below the 859.54 metre (2,820 feet) contour around and adjacent to the storage reservoir above Kenney Dam tributary to the Nechako River, as shown in 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 Amended Final Water Licence No. 102324 those Crown Lands designated in an Agreement between the Government of British Columbia and the Licensee dated 29 December 1950, as amended on 29 December 1987, August 5, 1997, and as further amended on July 19, 2012 (in this Amended Permit collectively called the "Agreement"), the total having an area of 53,384 hectares (131,915 acres).

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 Agreement.

This Amended Permit is appurtenant to the land to which Amended Final Water Licence No. 102324 is appurtenant.

The conditions relative to the rights granted under this Amended Permit are in accordance with the terms of the Agreement, to which this Amended Permit is to be attached and forms a part thereof.

Amended the 19th day of July, 2012.

Witness
my hand and

Minister of Jobs, Tourism and
Innovation and Minister responsible
for the *Industrial Development Act*

File: 0179602

Amended Permit No. 3449



SCHEDULE B

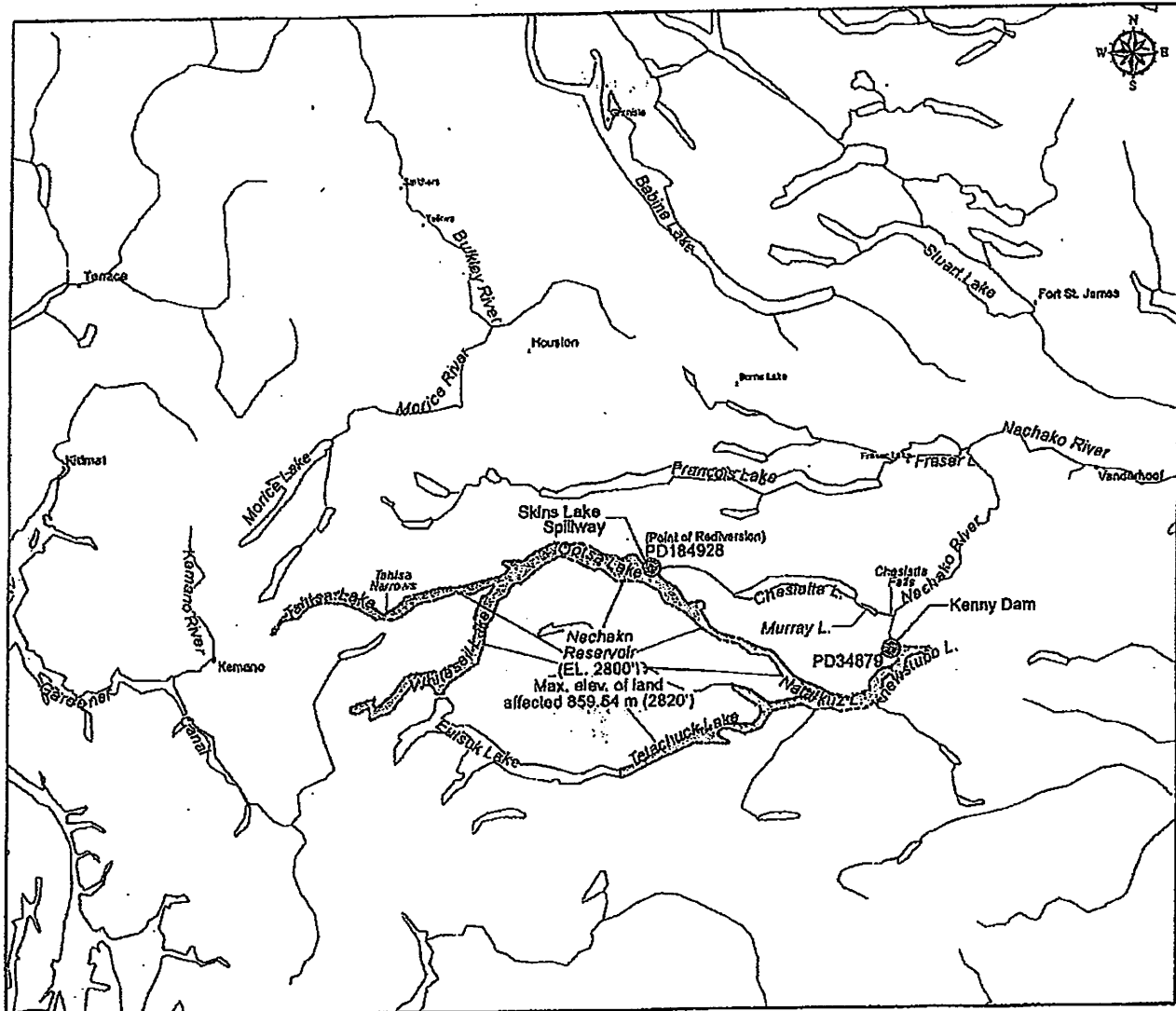


EXHIBIT "A"

WATER DISTRICT: Hazelton
PRECINCT: Burns Lake
LAND DISTRICT: Range 4 Coast

Signature: P. Bell

Date: July 19th, 2012

LEGEND:

Scale 1:1,750,000

Point of Diversion

Permit over Crown Land

P.C.L. 3449 for F.L. 102324
File 0179602