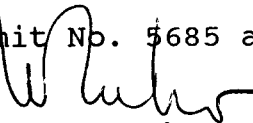


PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENVIRONMENT, LANDS AND PARKS
WATER MANAGEMENT BRANCH

PERMIT UNDER THE WATER ACT AUTHORIZING THE OCCUPATION OF CROWN LAND

The holder of Conditional Water Licence 103981, being Skeena Cellulose Inc. at the date of issue of the said licence, whose licence authorizes the storage of water from Prudhomme, Diana and Rainbow Lakes is hereby authorized to occupy Crown Land by flooding constructing, maintaining and operating thereon the works authorized under the said licence and any licence which may be issued in substitution thereof.

- (a) The Crown land which is authorized to be occupied under this permit is a portion of Lot 131, 972, 2226, 2224, 2225, 5901, 5902, 5246, 5900, 5245, 5244, 596, 4012, 4010 and Unsurveyed Crown Land, Range 5, Coast District, the location of which is shown approximately on the plan attached to the said water licence.
- (b) The approximate dimensions of the Crown Land authorized to be occupied under this permit are:
 - flooding - 1005.76 acres
 - damsites - 7.80 acres
- (c) The permittee may cut and remove from the said Crown Land any timber necessary to permit construction and maintenance of the said works (and clearing of the said lands which may be flooded). Prior to the cutting, destruction or flooding of any timber, the permittee shall apply for and obtain a licence to cut timber from the District Manager and the amount of stumpage, royalty and (or) compensation payable to the Crown in respect of trees, including merchantable or young growth, cut, removed, damaged, or destroyed by the permittee, shall be the sum or sums fixed by the Forest Service of the Province of British Columbia.
- (d) This permit is appurtenant to the land, mine or undertaking to which the aforesaid water licence is appurtenant.
- (e) This permit shall become void if the water licence with respect to which the permit is issued should terminate, be abandoned or cancelled, or amended so as to render this permit unnecessary.
- (f) This permit is issued and accepted on the understanding that the permittee shall indemnify and save harmless the Government of the Province of British Columbia for all loss, damage to works, cost or expense suffered by the permittee by reason of the Crown Land or any portion thereof being submerged or damaged by erosion or otherwise affected by flooding.
- (g) The holder of this permit shall not be entitled to compensation if the Crown grants permits to other persons to occupy the land affected by this permit.
- (h) In the event of a dispute at any time with respect to the area or boundaries of the land affected by this permit, the holder shall, at his own expense, have the said land surveyed by a duly qualified surveyor.
- (i) This permit replaces Permit No. 5685 and 2975.


W.H. Dreher, P. Eng.
Regional Water Manager
duly authorized representative
of the Minister of Environment,
Lands and Parks