CANADA - BRITISH COLUMBIA AGREEMENT

THIS AGREEMENT made this 13th day of January, 1964

BETWEEN

THE GOVERNMENT OF CANADA,
herein referred to as "Canada",

AND

THE GOVERNMENT OF BRITISH COLUMBIA,
herein referred to as "British Columbia"

WHEREAS Canada and British Columbia entered into an agreement on the 8th day of July, 1963, herein referred to as the "Main Agreement",

AND WHEREAS as contemplated by the Main Agreement negotiations with the United States of America have been completed concerning a Protocol to the Treaty and the Terms of Sale of Canada's downstream power benefits, each of which is attached hereto and herein referred to as the "Protocol" and the "Terms of Sale" respectively;

AND WHEREAS the Protocol and Terms of Sale are satisfactory to both Canada and British Columbia:

NOW THEREFORE THIS AGREEMENT FURTHER WITNESSETH:

1. Canada shall as soon as it receives the purchase price referred to in the Terms of Sale or other monies under the Treaty pay the full equivalent thereof, in Canadian dollars, to British Columbia and British Columbia shall assume the remaining obligation of Canada under Section A.3 of the Terms of Sale.

2. Notwithstanding section 3(a) of the Main Agreement British Columbia shall observe the time schedule relating to the Treaty Storages set out in the Terms of Sale.

3. British Columbia shall at all times hereafter keep Canada indemnified against all liability to

(a) the United States of America,

(b) the entity designated by the United States of America for the purposes of Article XIV of the Treaty, or

(c) the private Purchaser contemplated by the Terms of Sale, arising under

(d) the Protocol,

(e) the Terms of Sale, or
(f) any Exchange of Notes hereafter made by Canada pursuant to the Treaty and in accordance with the Main Agreement

and from and in respect of all actions, proceedings, claims, damages, costs and expenses whatsoever in relation thereto other than any liability, action, proceeding, claim, damages, costs and expenses incurred by Canada which is directly attributable to any action or failure to take action by Canada.

4. (1) Where any payment ordered by the Exchequer Court to be paid by British Columbia to Canada remains unpaid for 60 days Canada may at any time thereafter recover the amount of the payment by deduction from monies owing to British Columbia by Canada on any account.

(2) The rights given in this section are in addition to all other rights and remedies which Canada has.

5. British Columbia shall, at reasonable intervals, provide current reports to Canada on the progress of construction of the Treaty Storages.

6. This agreement is supplemental to the Main Agreement and except as specifically provided in this agreement the Main Agreement remains in full force and effect and operates according to the meaning and intent thereof.

7. This agreement binds Canada and British Columbia from the date hereof and thereafter so long as any obligation or right of either the United States of America or Canada exists under the Treaty, the Protocol or any Notes exchanged thereunder.

IN WITNESS WHEREOF THE UNDERSIGNED, DULY AUTHORIZED BY THEIR RESPECTIVE GOVERNMENTS, HAVE SIGNED AND DELIVERED THIS AGREEMENT,

For the Government of Canada on the 13th day of January, 1964

(Signed) L.B. Pearson Prime Minister

(Signed) Paul Martin Secretary of State for External Affairs

For the Government of British Columbia on the 12th day of January, 1964
| (Signed) | W.A.C. Bennett | Premier and President of the Executive Council |
| (Signed) | Ray G. Williston | Minister of Lands, Forests and Water Resources |