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Leader Mining International Inc.

810, 400 – Fifth Avenue S.W., Calgary, Alberta, T2P 0L6

May 22, 2003

BC Hydro & Power Authority
333 Dunsmuir Street
Vancouver, BC V6B 5R3

Attention: Mr. Larry Bell, Chairman & CEO

Subject: Hat Creek Coal Deposits

Dear Mr. Bell:

I have received a copy of the correspondence from Mr. Terry Parsons, of your office, re: Hat Creek Disposition Project – Reclamation Plan Update.

It is very disturbing to see BC Hydro's plans to abandon the Hat Creek Coal Deposits that can support a 2,000 MW power generating plant for many decades.

BC Hydro's decision to abandon the Hat Creek coal deposits will mean a loss of wealth of technical information generated over years of test works at an expense of tens of millions of dollars. This is a very substantial loss to the province of British Columbia, as well as to the BC residents.

You are aware of Leader Mining's plan to develop the Cogburn Magnesium Project in British Columbia, which is designed to consume in excess of 250MW power on an annual basis. In my July 24, 2002 letter, I had expressed an interest to option the Hat Creek coal deposits from BC Hydro for a timely evaluation and development of a 2,000 MW coal-fired, power generating plant. In your response, you had ignored my proposal and had responded that BC Hydro does not intend to develop the Hat Creek deposits in the foreseeable future.

Leader Mining has plans to work with substantial players in the coal business and that one of the first orders of business would be further bulk sampling and new combustion tests to determine boiler, turbine, and generator designs in view of the improvements in these technologies since BC Hydro conducted their testing several years ago.

In view of the foregoing, Leader Mining proposes that BC Hydro either option or sell the Hat Creek deposits to Leader Mining, and allow five years for development of the Hat Creek coal deposits; failing such development, the Hat Creek deposits can be reclaimed under your current reclamation plan. This arrangement allows a serious evaluation of a tremendous coal resource, which could be a very significant power contributor to the further industrial developments in the province of British Columbia.

I urge you to give it a serious consideration, and allow Leader Mining to pursue its goals in British Columbia for the benefit of the province and Leader shareholders.

Should you wish to hold a meeting to further discuss a potential arrangement between BC Hydro and Leader Mining, please advise.

I look forward to hearing from you.

Yours truly,

Leader Mining International Inc.

Original signed by:

Jasi Nikhanj
President & CEO

cc: Honourable Gordon Campbell – Premier, British Columbia
Honourable Richard Neufeld – Minister of Energy and Mines
Honourable Gary Collins – Minister of Finance
Honourable Rick Thorpe – Minister of Competition, Science and Enterprise
Honourable Joyce Murray – Minister of Water, Land and Air Protection
Honourable Stan Hagen – Minister of Sustainable Resource Management