

EXCELSIOR ENERGY ANNOUNCES CANDIDATE SITE FOR MESABA ENERGY PROJECT

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FOR IMMEDIATE RELEASE

Excelsior Energy Inc., a Minnesota company developing the Mesaba Energy Project, an Integrated Gasification Combined Cycle (“IGCC”) baseload electric power facility to be located on Minnesota’s Iron Range, today announced it has secured rights to a candidate site in Itasca County. The Project will entail one or more 500 to 600 Megawatt (MW) units located on up to three sites. When placed in-service, the initial unit of the Project will be the cleanest coal-fueled power plant in the world.

Excelsior has secured a site option from RGGS, a land and mineral management company, for the site located north of the cities of Taconite and Bovey, and east of County Highway 7. The site, which can accommodate multiple generating units, encompasses more than 1,000 acres to provide buffer zone between the plant facilities and nearby communities. Water supply would potentially come from abandoned mining pits in the area, and the plant development has the potential to assist local communities to better manage rising water levels in area pits.

Excelsior continues to negotiate for additional candidate sites for the Project in St. Louis County, and plans to make the final site decision for the first Mesaba IGCC unit on or before August 15, 2005. Once selected, the preferred site is subject to approval by the Minnesota Environmental Quality Board (MEQB) as part of their normal review of such projects. The overall Project is also subject to approval by the Minnesota Public Utilities Commission.

Commenting on the recent momentum of the Mesaba Project, Tom Micheletti, Excelsior Co-CEO said, “Securing another candidate site is an important milestone in the ongoing development of our project. Through the efforts of the Legislature, the Governor, the Iron Range Resources agency, Senator Coleman, Congressman Oberstar and the Minnesota Congressional delegation, Minnesota is leading the way to using abundant, domestic sources of coal to meet the nation’s growing energy needs over the next 5 to 15 years, and doing it with dramatically improved environmental performance.”

Each Mesaba unit will cost more than \$1 Billion to build, providing 1,000 construction jobs during the four-year construction process. Ongoing operation of each unit will provide about 100 jobs for the highly-skilled workforce of the Iron Range region.

More information concerning Excelsior Energy and the Mesaba Energy Project is available at excelsiorenergy.com.

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