

Excelsior Energy Inc.

294 Grove Lane East · Suite 260 · Wayzata, MN 55391
Phone: 952-404-4103 · Fax: 952-404-4104

November 5, 2003

Mr. Michael J. Larson
Energy Director
Iron Range Resources and Rehabilitation Agency
P.O. Box 441
Eveleth, MN 55734

Dear Mike,

Attached is our final accounting for the first tranche of the loan under the Debenture Agreement between Excelsior Energy Inc. and Iron Range Resources.

The loan proceeds, totaling \$500,000, were used to reimburse the following invoiced project costs:

1. Engineering and environmental services	\$ 76,299.77
2. Verification of project economics and load forecasts	115,204.81
3. Transmission analysis and development	49,747.67
4. Project development services	78,244.07
5. Payroll and State/Federal withholding	126,809.32
6. Office, travel and administrative expense	56,601.50
7. Legal fees	9,978.50
8. Accounting/tax services	1,397.50
 TOTAL	 \$514,283.14

Please contact me should you have questions. Thank you.

Sincerely,

Thomas Micheletti
Excelsior Energy Inc.
Principal

Attachment

EXCELSIOR ENERGY INC.
FINAL ACCOUNTING FOR INITIAL IRR FUNDING

PAID TO	AMOUNT
Acres Management Consulting	49,747.67
Browers Consulting LLC	10,885.68
Ceteris, Inc.	53,523.68
Chadbourne and Park	8,380.00
Faegre & Benson	1,598.50
Freeberg and Freeberg/ LeClair Accounting Service	1,397.50
HDR Engineering	17,346.05
ICF Resources	107,004.81
Nazar Massouh Financial Analysis	8,200.00
Miscellaneous Office, Travel & Admin.	56,601.50
Payroll	87,355.18
S E H	8,953.72
Science Applications Int'l Corp	50,000.00
Sherner Power Consulting	13,834.71
State and Federal Withholding	39,454.14
TOTAL	514,283.14

EXCELSIOR ENERGY, INC.
FINAL ACCOUNTING FOR INITIAL IRR FUNDING

Mesaba Energy Project			
Reimbursable Project Expenses – 2002-2003			
Supporting disbursement of initial \$500,000 loan by IRRRB			
Paid to	Description	Check No.	Amount
Acres Management Consulting	Transmission Studies, Analysis and Development	1109, 1118, 1132, 1144	\$49,747.67
Browsers Consulting LLC	Engineering and Project Consulting	1152, 1157, 1160	\$10,885.68
Ceteris, Inc.	Project Development and Consulting Services	1115, 1125, 1130, 1146, 1150, 1167, 1175	\$53,523.68
Chadbourne and Park	Legal Services	1134, 1143, 1156	\$8,380.00
Faegre & Benson	Legal Fees	1025, 1026, 1059	\$1,598.50
Freeberg and Freeberg LeClair Accounting Service	Tax and accounting services	1091, 1092, 1116	\$1,397.50
HDR Engineering	Site Analysis, Engineering and Environmental Services	1074, 1082, 1097, 1112, 1135, 1168	\$17,346.05
ICF Resources	Project Economics, Load Forecasting, Transmission Analysis	1007, 1045, 1076	\$107,004.81
Nazar Massouh	Preparation of Project Financial Model	1085	\$8,200.00
Miscellaneous	Office, Travel and Administrative Expenses	1002, 1003, 1005, 1006, 1009, 1012, 1014, 1015, 1017, 1022, 1023, 1028, 1030, 1031, 1032, 1033, 1036, 1037, 1039, 1041, 1048, 1053-8, 1060, 1061, 1063-6, 1069, 1071-3, 1077-80, 1084, 1086, 1088, 1089, 1093-5, 1098-9, 1101-4, 1107-8, 1110-1, 1113, 1119, 1120-1, 1123, 1127-29, 1131, 1133, 1137-42, 1147-49, 1153, 1155, 1158-59, 1164, 1166, 1172-73	\$56,601.50

EXCELSIOR ENERGY, INC.
FINAL ACCOUNTING FOR INITIAL IRR FUNDING

Mesaba Energy Project			
Reimbursable Project Expenses – 2002-2003			
Supporting disbursement of initial \$500,000 loan by IRRRB			
Paid to	Description	Check No.	Amount
Payroll	Salaries of Employees	1068, 1081, 1100, 1010, 1011, 1013, 1020, 1021, 1038, 1042, 1043, 1044	\$87,355.18
SEH	Site Engineering and Environmental Analysis	1169	\$8,953.72
Science Applications Int'l. Corp.	Engineering and Environmental Services	1001, 1008, 1016	\$50,000.00
Sherner Power Consulting	Transmission, Engineering and Project Consulting	1151, 1161, 1162	\$13,834.71
State and Federal Withholding (employee income)	Tax Payments, Withholding	1019, 1040, electronic, 1046, 1047, 1049, 1070, 1090, 1105, electronic (2/19/03), electronic (8/19/02)	\$39,454.14
TOTAL			\$514,283.14

March 30, 2003

Michael J. Larson
Energy Director
Iron Range Resources and Rehabilitation Agency
P.O. Box 441
Eveleth, MN 55734

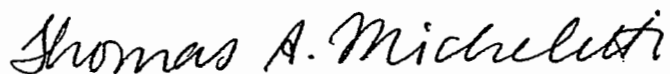
Dear Mike:

In accordance with the agreement between Excelsior Energy Inc. and the Office of the Commissioner of the Iron Range Resources and Rehabilitation Agency, enclosed please find invoices totaling \$137,074.61 for the work completed since our reimbursement submittal dated November 15, 2002.

Excelsior Energy hereby requests reimbursement of the above amount.

I, Thomas Micheletti, the undersigned, President of Excelsior Energy Inc., hereby affirm and attest that the invoices presented are valid and that the services described therein were duly rendered.

Sincerely,



Thomas A. Micheletti
President
Excelsior Energy Inc.

State of Minnesota Office Memorandum

Iron Range Resources and Rehabilitation Agency

P.O. Box 441
1006 Hwy 53 South
Eveleth, MN 55734-0441
Phone: (218) 744-7400
1-800-765-5043
FAX: (218) 744-7401
(218) 744-7402



To: Dave Hart

From: Mike Larson
Energy Initiative Director

Date: April 8, 2003

Re: EXCELSIOR ENERGY REIMBURSEMENT REQUEST

Attached is a reimbursement request with invoices for the Excelsior Energy Project. Please take the necessary steps to process the payment. Thank You.

Done - Please process \$115,000.

Thanks

LOAN # 200517

Mesaba Energy Project Reimbursable Project Expenses – November 16, 2002 – March 30, 2003			
Paid to	Description	Check No.	Amount
HDR Engineering	Site Analysis	1097	1799.73
		1112	2910.28
Payroll	Salary – employee (through 12/31/02)	1100	12,142.66
Freeberg and Freeberg LeClair Accounting Service	Tax and accounting services	1091	245.00
		1092	820.00
		1116	332.50
Lockridge, Grindal & Nauen	Legal/Consulting Services	1096	21,000.00
		1117	35,282.23
Acres Management Consulting	Transmission analysis and development	1109	17,382.20
		1118	22,490.00
Ceteris, Inc.	Project development and consulting services	1115	2700.00
Miscellaneous	Office, travel and administrative expenses	1086, 1088, 1089, 1093-5, 1098-9, 1101-4, 1107-8, 1110-1, 1113, 1119, 1120-1	4229.01
State and Federal Withholding (employee income)	Tax payments	1090	8434.00
		1105	4882.00
		electronic (2/19/03)	917.00
		electronic (8/19/02)	1508.00
TOTAL			\$137,074.61

November 15, 2002

Michael J. Larson
Energy Director
Iron Range Resources and Rehabilitation Agency
P.O. Box 441
Eveleth, MN 55734

Dear Mike:

In accordance with the agreement between Excelsior Energy, Inc. and the Office of the Commissioner of the Iron Range Resources and Rehabilitation Agency, enclosed please find invoices totaling \$136,863.39 for the work completed since our reimbursement submittal dated April 25, 2002.

Excelsior Energy, Inc. hereby requests reimbursement from the Iron Range Resources and Rehabilitation Agency, pursuant to our agreement, in the amount of \$136,863.39.

I, Thomas A. Micheletti, the undersigned, President of Excelsior Energy, Inc. do hereby affirm and attest that the invoices presented are valid and that the services described therein were duly rendered.

Sincerely,

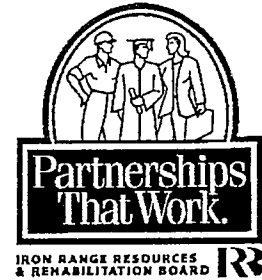


Thomas A. Micheletti
President
Excelsior Energy, Inc

State of Minnesota Office Memorandum

Iron Range Resources and Rehabilitation Agency

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Eveleth, MN 55734-0441
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1-800-765-5043
FAX: (218) 744-7401
(218) 744-7402



To: Dave Hart

From: Mike Larson *MSL*
Energy Initiative Director

Date: November 25, 2002

Re: EXCELSIOR ENERGY REIMBURSEMENT REQUEST

Attached is a reimbursement request with invoices for the Excelsior Energy Project. Please take the necessary steps to process the payment. Thank You.

Done, please process \$135,000.

Thanks

Mesaba Energy Project
 Reimbursable Project Expenses---April 25, 2002 through November 15, 2002

<u>PAID TO</u>	<u>DESCRIPTION</u>	<u>CHECK NOS</u>	<u>AMOUNT</u>
HDR ENGINEERING	Site Engineering and Environmental Services	1074, 1082	\$10,888.50
ICF RESOURCES	Project Economics and Load Forecast Studies	1076	9,060.00
PAYROLL	Salary of Employee to November 15, 2002	1068, 1081	33,941.00
LOCKRIDGE, GRINDAL	Legal Fees	1062, 1075, 1083	39,381.83
FAEGRE & BENSON	Legal Fees	1059	417.25
NAZAR MASSOUH	Preparation of Project Financial Model	1085	8,200.00
MISCELLANEOUS	Office, Travel and Administrative Expenses	1048, 1053 - 1058, 1060, 1061, 1063 - 1066, 1069, 1071 - 1073, 1077 - 1080, 1084	19,692.27
STATE & FEDERAL WITHHOLDING	Tax Payments, Withholding	1046, 1047 1049, 1070	15,282.54
TOTAL			\$136,863.39

April 25, 2002

Mike J. Larson
Energy Director
Iron Range Resources and Rehabilitation Agency
PO Box 441
Eveleth, MN 55734

Dear Mike;

In accordance with the agreement between Excelsior Energy, Inc. and the Office of the Commissioner of the Iron Range Resources and Rehabilitation, enclosed you will find invoices totaling \$250,000.00 for work completed to date on this project.

Excelsior Energy, Inc. hereby requests reimbursement from the IRRR Agency, according to our agreement in the amount of \$250,000.00.

I, Thomas Micheletti, president of Excelsior Energy Inc., affirm and attest that the invoices are valid and that the services described therein were duly rendered.

Sincerely,

Thomas Micheletti
President
Excelsior Energy, Inc.

State of Minnesota Office Memorandum

Iron Range Resources and Rehabilitation Agency

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Eveleth, MN 55734-0441
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1-800-765-5043
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(218) 744-7402



To: Dave Hart

From: Mike Larson *MSL*

Date: May 6, 2002

Re: EXCELSIOR ENERGY REIMBURSEMENT REQUEST

Attached is a reimbursement request with invoices for the Excelsior Energy Project. Please take the necessary steps to process the payment. Thanks!

Mesaba Energy Project
 Reimbursable Project Expenses – through March 31, 2002

DATE

PAID TO	DESCRIPTION	CHECK NOS.	AMOUNT
SCIENCE APPLICATIONS INT'L CORP.	Engineering and Environmental Services	1001, 1008, 1016	50,000
ICF RESOURCES	Project Economics, Load Forecasting, Transmission Analysis	1007, 1045	97,944.81
PAYROLL	Salaries of Employees through 4/31	1010, 1011, 1013 1020, 1021, 1038, 1042, 1043, 1044	41,271.52
LOCKRIDGE, GRINDAL & NAUEN	Legal Fees	1004, 1024	30,815.84
FAEGRE & BENSON	Legal Fees	1025, 1026	1,181.25
MISCELLANEOUS	Office and Administrative Expenses	1002, 1003, 1005, 1006, 1009, 1012, 1014, 1015, 1017, 1022, 1023, 1028, 1030, 1031, 1032, 1033, 1036, 1037, 1039, 1041	19,127.55
STATE AND FEDERAL GOVT.	Tax payments, withholding	1019, 1040, electronic	8,374.60
TOTAL			\$248,715.57