

Press release from Aker ASA

Oslo, 24 January 2008

Invests close to a billion kroner in pioneering carbon capture facility

Aker has decided to build what is likely to become the world's first and largest CO₂ capture facility of its kind. The planned budget framework for the new CO₂ capture plant is NOK 875 million; the facility will be in operation as early as 2009, removing carbon dioxide from exhaust emissions.

In recent years, Aker has worked intensively on developing new CO₂ capture technology. The primary purpose of the new facility is not primarily further technology development; the objective is the development of construction methods and effective execution models that make carbon sequestration so inexpensive that it becomes cheaper to clean emissions than to pollute.

"We have come a long way. To advance further, we must prove that we are able to package technology in commercially attractive solutions. Through our company Aker Clean Carbon, we are helping to move carbon capture from a research and development phase into commercialization and sales," says Leif-Arne Langøy, Aker ASA Chairman and CEO.

Industrial facilities and power generation plants that obtain energy by burning fossil fuels such as oil, natural gas, or coal release huge volumes of carbon dioxide. On a global basis, the 4,000 largest plants in operation today are estimated to generate some 40 percent of CO₂ releases to the atmosphere. In addition and on average, a new coal-fired power plant is completed each week in China.

"These plants worldwide constitute our future market. In just a few decades, building carbon capture facilities can become an industry similar to the building of oil platforms today. Our goal is to put Aker Clean Carbon at the forefront as this environmental industry matures," says Mr. Langøy.

Leif-Arne Langøy continues: "Aker finds it interesting to invest significant funds in such a project because both the market and potential for future value creation are great. In short, we see opportunities to make money by helping to solve the current climate crisis. Aker has the capacity and a willingness to take a long-term perspective in this matter."

Aker Clean Carbon

Aker Clean Carbon was established in 2007 as a wholly owned Aker subsidiary. For nearly a year, Aker Kværner, with funding provided by Aker Clean Carbon, has developed detailed plans for building of its first carbon capture facility.

The technology that underpins Aker's targeting of CO₂ capture has been developed by Aker Kværner over several years. Aker Kværner recently decided to organize its carbon catching activities in a separate company. An agreement has been entered into to merge this company with Aker Clean Carbon.

Accordingly, Aker Clean Carbon will be a focused, closely targeted technology and industrial environment that will serve as a common resource for Aker and Aker Kværner's continued efforts in this area. Aker owns 70 percent of Aker Clean Carbon; Aker Kværner owns the remaining 30 percent.

The ownership ratio has been determined following valuations and negotiations that have also recognized the value of Aker Kværner's exclusive rights to participate in building future carbon capture facilities in co-operation with Aker Clean Carbon.

First carbon capture plant

The carbon capture facility that Aker Clean Carbon will now begin building will be completed in 2009. The plant will have a capacity to remove 100,000 metric tons of CO₂ annually from exhaust gasses. Facility investments are estimated at about NOK 725 million. Operating costs are estimated at NOK 150 million over a three-year period.

Aker Clean Carbon is seeking to build its first facility near the natural-gas-fired power plant and gas processing facilities at Kårstø in the southwestern Norwegian county of Rogaland. By connecting the carbon-capture plant to both emission sources, continuous CO₂ removal can take place, even if the gas-fired power plant is shut down for periods.

"We will initiate dialogue with relevant public authorities and Kårstø owners to discuss connection to their plants. Aker Clean Carbon will be responsible for the construction and operation of the carbon capture plant. To the extent that such a facility is entitled to public funding, we will, of course, apply for it," says Martinus Brandal, Aker Kværner President and CEO and the incoming Board Chairman of Aker Clean Carbon.

In its first years in operation, until a public system for transportation and storage of CO₂ is in place, carbon dioxide from the CO₂ capture facility will be released to the atmosphere.

Markets and opportunities

In the next few years, a number of CO₂ capture facilities are expected to be built in Europe. Aker Clean Carbon intends to participate in the construction of several of them. Several opportunities have been identified, and it is likely that Aker Clean Carbon's carbon capture facility will be installed at a coal-fired power plant.

Aker Clean Carbon has confirmed to Gassnova, the Norwegian state owned company to promote environmentally friendly gas industry technology, that Aker Clean Carbon would like to bid for the front end engineering and design (FEED) contract and, eventually, the construction of a full-scale CO₂ capture facility at Kårstø. According to current plans, a FEED contract will be awarded in May 2008, and an overall contract for building the facility will be awarded in 2009.

"Work on our own carbon capture facility will not get in the way of the plans for an additional full-scale facility. The latter will be completed several years later," Brandal emphasizes.

Parallel to the construction of the first carbon capture plant, Aker Clean Carbon will work closely with the SINTEF research center and the Norwegian Institute of Technology (NTNU) in Trondheim concerning their efforts to develop new and improved aqueous amine solutions. Aker Clean Carbon is participating actively in the development work, and will also contribute funding to this development project, which has a total budget framework of about NOK 250 million over a eight-year period.

Various aqueous amine solutions function as an absorbent that binds CO₂ for removal from exhaust gasses. Such amine scrubbing will be used in Aker Clean Carbon's first carbon capture facility. More effective amine scrubbing solutions can be a factor that helps cut investment and operating costs for CO₂ capture facilities installed at industrial sites and electric power generation plants even further.

For further information, please contact

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Aker Clean Carbon's plans will be presented at Felix Conference Center at Oslo's Aker Brygge on Thursday, 24 January at 11:00. All are welcome. No advance registration is required.

Further information about Aker Clean Carbon is available at: www.akercleancarbon.com

Further information about the research project into more effective amine solutions is available here: http://www.sintef.no/content/page1____17173.aspx