



LKAB, Höganäs AB and StatoilHydro conduct feasibility study for ironworks at Tjeldbergodden, Norway

Today, 9 March, LKAB, Höganäs AB and StatoilHydro have reached an agreement to conduct a feasibility study for a new ironworks outside Trondheim, Norway

The project will investigate the possibility of future DRI iron production in Norway. This collaboration brings together the partners' technological know-how — the benefits of LKAB's iron ore pellets, Höganäs' usage and sale of metal products and StatoilHydro's skills in energy generation and gas refining.

The intended location is close to the industrial facility at Tjeldbergodden, south of Trondheim, offering good links to existing infrastructure such as an incoming natural gas pipeline, methanol plant and harbour.

A market-oriented project offering good environmental solutions

One main reason for using Tjeldbergodden is that CO₂ emissions can be minimized by using natural gas. The ambition is to project manage the world's most CO₂-neutral DRI plant — an ironworks with the lowest CO₂ emissions technologically possible.

The feasibility study is based on yearly production of 1.6 million tons, which should require some 2.2 million tons of DR pellet raw material, a product LKAB specializes in.

"LKAB's iron ore pellets are already some of the world's most energy efficient, thanks to the ability of magnetite ore to yield energy in pellet production, coupled with our highly developed refining processes" commented Lars-Eric Aaro, LKAB's Technology & Business Development Director.

The market for high-quality iron is growing rapidly, mainly driven by increasing difficulties in accessing pure scrap.

"The steel market is expanding robustly. In Europe alone, annual growth in the past few years has been some 10 million tons, although this market is also being affected by the crisis," said Alrik Danielson, CEO of Höganäs AB.

"We see opportunities for a promising manufacturing collaboration with LKAB and Höganäs AB, and want to contribute to advancing gas-based industry in central Norway," responded Einar Strømsvåg, StatoilHydro's Manufacturing Director.

The study is scheduled for completion in mid-2010, and will have a total third party cost of NOK 12 m.

Suitable partners

All three partners are technology leaders in their segments.

LKAB is a global leader in DR pellets, and offers highly efficient logistics between Kiruna, Northern Sweden and Tjeldbergodden, Norway. Höganäs AB is a technology and market leader in the metal powder industry with 1,400 customers across 65 countries, working on processes enabling the substitution of scrap with DRI in steel production.

StatoilHydro has long-term experience of developing and running oil and gas-based industries, with a sharp focus on energy-efficient and environmental solutions.

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This is information that Höganäs AB (publ) shall make public according to the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 11.00 on 9 March, 2009.

Höganäs was founded in 1797 and is today a leader within the iron and metal powder industry. End products are mainly used by the automotive industry and home appliances, lawn and garden and hand-tools. In 2008 the turnover was MSEK 6 103 (5 838) and income before tax MSEK 483 (562). Höganäs is listed on the OMX Nordic Exchange Stockholm's Mid Cap list. For further information please visit our website www.hoganas.com