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NEWS RELEASE

ASIA PACIFIC POTASH CORP. AND NORSK HYDRO ASIA PTE. LTD. EXECUTE AN AGREEMENT FOR THE DEVELOPMENT OF THE SOMBOON POTASH MINE, THAILAND

Asia Pacific Potash Corp. ("APPC"), and Norsk Hydro Asia Pte ("Hydro") are pleased to announce the signing of an agreement relating to the development of the Somboon Potash Mine. The proposed mine, located in Northeast Thailand, will have a capacity of two million tonnes of potash per annum and will be the first commercial potash mine in Asia. APPC and Hydro have agreed to include another industry participant, with whom APPC is currently in negotiations, in a proposed joint venture structure (the "Joint Venture"). APPC and Hydro, through project development teams, will work together to optimize the technical planning, project financing and project implementation.

In return for the right to participate in the Joint Venture, Hydro will pay APPC a fee for each tonne of potash produced from the Somboon Mine. At current market prices this fee is estimated to approximate US$7 million per annum.

The terms of the Joint Venture provides for Hydro to:

- Acquire a 20% interest in the Joint Venture.
- Provide 20% of the equity requirements for the development, construction and operation of the Somboon mine.
- Purchase and market 1.5 million tonnes per annum of potash produced, at prevailing regional prices for the entire life of the mine, estimated to be 25 years.

APPC's negotiations with the other industry party is on the basis of a 20% equity participation in the Joint Venture and an allocation of 500,000 tonnes per annum of potash at prevailing prices. However, as APPC and the other party are bound by a Confidentiality Agreement, no further comments can be made on either the other party involved or other related issues until negotiations are finalized. Asia Pacific Resources Ltd. holds, directly and indirectly, 90% of APPC, which shall retain a 60% interest in the Joint Venture.

The Joint Venture will relate only to the Somboon Project, and APPC retains a 100% interest in the Udon deposit, estimated to be about three times the tonnage of the Somboon deposit. Hydro will have the right to negotiate a participation in the development of the Udon deposit.

Regarding the financing of the Somboon Mine, APPC has established and maintained, through confidentiality agreements, an ongoing dialogue with potential lenders, subordinate debt providers and direct equity participants. Under the APPC - Hydro Agreement, such negotiations will now be undertaken by a project development team. Details of the final financial structure will be announced when the agreement with the other party has been finalized.

The Bankable Feasibility Study for the Somboon Mine has been completed and the technical and economic feasibility of developing this high grade deposit was confirmed. The study projected total estimated direct capital costs of the mine and processing facilities at US$535 million, including approximately US$46 million for a new port and warehousing facility at the Gulf of Thailand.

Independent research sources predict a global demand growth between 1998 and 2005, of about nine million tonnes of potash per annum from a present demand of approximately 42 million tonnes. At present, the Asian region alone consumes approximately 12 million tonnes of potash per annum, with a compounded growth rate of 12% per annum between 1990 and 1998. This growth is projected to continue over the next decade. Existing producers, most of whom are close to maximum operating capacity, will be unable to meet this increasing demand and one or more new sources of supply are essential to balance supply and demand.

The strategic location of APPC's project in the heart of the rapidly growing, major demand region of China and Southeast Asia will ensure the development of additional capacity to meet these needs. Accordingly, APPC proposes to complete a feasibility study for a second mine, to be developed as regional demand dictates, at the Udon deposit.

APPC is pleased to have concluded this agreement with Hydro, the world's largest fertilizer producer, and both parties are committed to the timely and optimal development of the Somboon project. The terms of the agreement provide mutual benefits to each party and form a catalyst for the development of a significant potash industry in the Kingdom of Thailand. APPC believes that the growth potential for potash production in Thailand will ensure the Kingdom of Thailand becomes one of the dominant producers in the global potash industry.

The Somboon potash project is located in Northeast Thailand, some 500 kilometers from Bangkok, in an area with excellent basic infrastructure, including rail links to the deep-sea export ports on the Gulf of Thailand. The project has been granted Promotional Privileges under the Thai Investment Promotion Act, and as such receives significant taxation and investment incentives including an eight year tax holiday, followed by five years at 50% of normal corporate tax and exemption from customs and import duties. The total land requirements for the project have been acquired and the project permitting process is fully underway.

"Gerald D. Wright"
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