

**FYTOKEM PRODUCTS INC.**

**NOTICE OF  
ANNUAL GENERAL MEETING  
OF SHAREHOLDERS**

**TO BE HELD ON  
JUNE 20, 2003**

**AND**

**MANAGEMENT INFORMATION  
CIRCULAR**

**APRIL 30, 2003**

# FYTOKEM PRODUCTS INC.

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS to be held on FRIDAY, JUNE 20, 2003

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of Shareholders of Fytokem Products Inc. (the "Corporation"), will be held at the Candle Room, Atrium Building, Innovation Place, 111 Research Drive, Saskatoon, Saskatchewan, at the hour of 2:00 o'clock p.m. (Saskatoon time) on Friday, June 20, 2003, for the following purposes:

1. To receive and consider the audited financial statements for the period ending December 31, 2002, and the report of the auditors thereon;
2. To consider the following resolutions:
  - Item 1: To fix the number of Directors for the ensuing year at five (5);
  - Item 2: To elect a Board of Directors of the Corporation for the ensuing year;
  - Item 3: To appoint the Auditors of the Corporation for the ensuing year.

To transact any such other business as may properly be brought before the Meeting or any adjournment thereof. Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed form of Instrument of Proxy and return it in the envelope provided for that purpose.

DATED this 30<sup>th</sup> day of April, 2003

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Art Hesje"*

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Art Hesje, President & CEO

### IMPORTANT

It is desirable that as many shares as possible be represented at the meeting. If you do not expect to attend and would like your shares represented, please complete the enclosed Instrument of Proxy and return it as soon as possible in the envelope provided for that purpose. All proxies, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Corporation, CIBC Mellon Trust Company, 600 Dome Tower, 333 - 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 2Z1, at least forty-eight (48) hours prior to the meeting or any adjournment thereof.

# FYTOKEM PRODUCTS INC.

## MANAGEMENT INFORMATION CIRCULAR

### FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 20, 2003

#### PROXY INFORMATION

##### Solicitation of Proxies

This Management Information Circular is furnished in connection with the solicitation of proxies by or on behalf of management of Fytokem Products Inc. (the "Corporation") for use at the Annual General Meeting of Shareholders of the Corporation to be held on June 20, 2003 and at any and all adjournments thereof (the "Meeting"). It is expected that the solicitation will be primarily by mail but may also be supplemented by telephone, facsimile or in person. The cost of soliciting these proxies will be borne directly by the Corporation. The Corporation may also pay brokers, investment dealers or nominees holding Common Shares in their names or in the names of their principals for their reasonable expenses in sending solicitation material to their principals.

##### Effective Date

Unless otherwise noted herein, all information set forth in this Management Information Circular is at April 30, 2003 (the "Effective Date").

No person is authorized to give any information or to make any representations other than those contained in this Management Circular and, if given or made, such information must not be relied upon as having been authorized.

##### Appointment and Revocation of Proxy

The persons named in the enclosed form of proxy are directors or representatives of the Corporation. A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) to attend, act and vote for him and on his behalf at the meeting or any adjournment(s) thereof, other than the persons designated in the enclosed form of proxy, by inserting such person's name in the space provided in the form of proxy and by deleting the names therein. Such shareholder should notify the nominee of the appointment, obtain his consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. In any case, an instrument of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached where an attorney has executed the instrument of proxy.

### Deposit of Proxies

The enclosed form of proxy must be dated and executed by the shareholder or his attorney authorized in writing, or if the shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney thereof. If the form is executed by an attorney, the authority of the attorney to act must accompany the form of proxy. The form of proxy must be received by the Corporation's registrar and transfer agent, CIBC Mellon Trust Company, 600 The Dome Tower, 333 - 7<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2Z1, at any time up to and including 48 hours, excluding Saturday, Sunday and holidays, preceding the date of the Meeting or any adjournment(s) thereof at which the proxy is to be used, or delivered to the Chairman of the Meeting on the day of Meeting or any adjournment(s) thereof prior to the commencement of the Meeting.

### Revocation of Proxies

Any shareholder giving a proxy has the power to revoke it by instrument in writing executed by the shareholder or by his attorney authorized in writing, or if the shareholder is a corporation, under the corporate seal or by a duly authorized officer or attorney thereof and deposited with the Corporation's registrar and transfer agent CIBC Mellon Trust Company, 600 The Dome Tower, 333 - 7<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2Z1, at any time up to and including 48 hours, excluding Saturday, Sunday and holidays, preceding the date of the Meeting or any adjournment thereof, with the Chairman of the Meeting on the day, and prior to the commencement of the Meeting to be held on June 20, 2003 or any adjournment(s) thereof, or in any other manner permitted by law.

All matters to be submitted to the shareholders at the Meeting unless otherwise stated herein, require for approval a favourable majority of the votes cast by the holders of Common Shares of the Corporation at the Meeting.

### Exercise of Discretion by Proxies

All common shares (herein referred to as "Common Shares" or "shares") represented by properly executed proxies received by the corporation in a timely fashion will be voted or withheld from voting at the Meeting in accordance with the instructions of the shareholders appointing them. If a choice is specified in respect of any manner to be acted upon, the shares will be voted accordingly. **IN THE ABSENCE OF SUCH DIRECTION, THE SHARES WILL BE VOTED IN FAVOUR OF ALL THE MATTERS SET OUT IN THE PROXY, ALL AS MORE PARTICULARLY DESCRIBED IN THIS MANAGEMENT INFORMATION CIRCULAR.**

Items 1, 2 and 3 of the proxy require approval by a simple majority of the votes cast at the Meeting to be effective.

The enclosed form of proxy, when properly executed, confers discretionary authority with respect to all amendments or variations to matters identified in the Notice of Meeting or other matters which may properly come before the Meeting. As of the date hereof, management of the Corporation knows of no such amendments, variations or any other such matters. **However, if any such amendments, variations or other matters which are not now known to the Management should properly come before the Meeting, the shares represented by the proxies hereby solicited will be voted thereon in accordance with the best judgment of the person or persons voting such proxies.**

## VOTING OF SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation presently consists of an unlimited number of Common Shares without par value, of which 14,462,121<sup>(4)</sup> shares are issued and outstanding as fully paid and non-assessable as at the date hereof, and an unlimited number of preferred shares, of which 250,000 Series A Preferred Shares are issued and outstanding as of the date hereof.

Holders of Common Shares of the Corporation will be entitled to vote at the Meeting on all matters. Each holder of a Common Share of the Corporation at the close of business on May 6, 2003 (the "Record Date") is entitled to one vote for each such share held, except to the extent that such shares may have been transferred after the Record Date and, in such event, the transferee of such shares shall be entitled to vote the transferred shares at the Meeting provided that he produces properly endorsed share certificates or otherwise establishes that he owns the transferred shares and requests, at least 10 days before the Meeting, that his name be included in the list of shareholders.

To the knowledge of the directors or senior officers of the Corporation, as at the date hereof, the only persons who beneficially own, directly or indirectly, or exercise control or direction over securities of the Corporation carrying more than ten (10%) percent of the voting rights attached to any class of voting securities of the Corporation, are as set forth below:

Name and Municipality of Residence	Number and Percentage of Shares Beneficially Held <sup>(1) (2) (3) (4)</sup>
The Agri-Food Equity Fund	1,869,048 (12.1%)

Note:

- (1) In addition to the above-noted Common Shares, The Agri-Food Equity Fund also holds 250,000 Series A Preferred Shares. The Series A Preferred Shares are redeemable at \$1.00 per share, plus all accrued and unpaid dividend, beginning on January 1, 2005. Up to one-third of the original amount may be redeemed annually until January 1, 2007, whereupon all remaining Series A Preferred Shares may be redeemed. If the Corporation fails to redeem all of the Series A Preferred Shares issued when it has the option to do so, the holder is entitled to convert the applicable amount of Series A Preferred Shares to Common Shares at the maximum allowable discount as determined from time to time by the stock exchange which lists the Corporation's Common Shares.
- (2) These figures do not include the Common Shares issuable upon the exercise of options which have been granted or which are to be granted to the Directors and officers of the Corporation (see "Executive Remuneration" and "Stock Options" for further information).
- (3) These figures include 901,000 Common Shares that on April 11, 2003, the Company agreed to issue to fully repay \$90,100 in debentures held by the Agri-Food Equity Fund. This transaction is subject to regulatory approval and normal closing conditions.
- (4) The total amount of outstanding Common Shares will be 15,363,121 after the shares in (3) are issued.

**ITEM 1: FIX THE NUMBER OF DIRECTORS FOR THE ENSUING YEAR AT FIVE (5)**

The Board of Directors presently consists of 4 (four) members. The Shareholders will be asked to consider and, if deemed advisable, to approve an ordinary resolution fixing the number of Directors to be elected at 5 (five). In order to be effective, the resolution requires the approval of a simple majority of votes of shareholders who vote in respect of the resolution.

**ITEM 2: ELECTION OF DIRECTORS**

Management proposes to nominate the persons named in the following table for election as Directors of the Company.

The persons named in the enclosed form of proxy intend to vote for the election of those nominees whose names are set forth below. Management does not contemplate that any nominee will be unable to serve as a director, but if such an event should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion, unless authority to vote the proxy in the election of directors has been withheld. Each director elected will hold office until the

next annual meeting of shareholders or until his successor is duly elected, unless the officer is earlier vacated in accordance with the by-laws of the Corporation.

The following table and noted thereto state the names and residence of all persons proposed to be nominated for election as directors, the positions and offices with the Corporation presently held by them, their principal occupation or employment over the past five years, the year in which they became directors of the Corporation, and the approximate number of securities of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as at the date hereof:

Name and Municipality	Principal Occupations Held Within last Five Years	Director Since	Common Shares (1) (2)
Mr. Bradley Laidlaw Saskatoon, Saskatchewan	President/CEO, Earl's Investments Ltd.; Has significant holdings and/or holds office in a total of 12 privately held Canadian corporations, generally involved in the food services sector.	New	-
Mr. Paul Marciniak <sup>(3)</sup> Saskatoon, Saskatchewan	1995-present, Investment manager, Agri-Food Equity Fund;	1999	-
Mr. Peter Oliver <sup>(3)</sup> Saskatoon, Saskatchewan	Retired Trustee in Bankruptcy and former Chartered Insolvency Practitioner; Self-employed business services contractor; Lecturer at the University of Saskatchewan.	1994	708,399
Mr. Lorne Vinish <sup>(3)</sup> Saskatoon, Saskatchewan	2000 -Present, Investment Manager Crown Investments Corporation of Saskatchewan (CIC) <sup>(4)</sup> ; 1998-2000, Manager Emerging Markets and Consulting Services, Business Development Bank of Canada; 1997-1998, General Manager, IFS Securities Inc.	2001	-
Mr. Jim Yuel Saskatoon, Saskatchewan	1990 to present, President/CEO, PIC Investments Group Inc.; 1991 to present, Board Chair/CEO, Kipp & Zonen Instruments Inc.; 2000 to present, Director, Royal Mutual Funds Inc.	New	-

**Notes:**

- (1) The information as to shares beneficially held, not being within the knowledge of the Corporation has been provided by the Directors.
- (2) These figures do not include the Common Shares issuable upon the exercise of options which have been granted to the Directors and officers of the Corporation nor do they take account of the Common Shares issuable upon exercise of the Special Warrants to purchase Common Shares and Warrants of the Corporation.
- (3) Indicates members of the Audit Committee of the Corporation.
- (4) CIC Industrial Interests Inc. a subsidiary of CIC owns 1,161,333 common shares.

**ITEM 3:           APPOINTMENT OF AUDITORS**

The persons named in the enclosed form of proxy intend to vote for the appointment of Deloitte & Touche LLP, Chartered Accountants, of Saskatoon, Saskatchewan as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors of the Corporation to fix the auditor's remuneration. Deloitte & Touche has served as auditor of the Corporation since 1997.

Unless a proxy specifies that the shares it represents should be withheld from voting in the appointment of auditors, proxies received in favour of management of the Corporation will be voted for the appointment of Deloitte & Touche LLP, Chartered Accountants, as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders at a remuneration to be fixed by the board of directors of the Corporation.

**ITEM 4:           OTHER BUSINESS**

Management is not aware of any other matters to come before the Meeting other than those set out in the Notice of Meeting. If other matters come before the Meeting, it is the intention of the Management Designees to vote the same in accordance with their best judgment in such matters.

## COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

### Compensation of Executive officers

As at the date hereof and during the last fiscal year ended December 31, 2002, the Corporation had three (3) executive officers, none (0) of whom was also a director. The aggregate cash compensation (including salaries, fees, commissions, bonuses paid during the most recently completed fiscal year, and any compensation other than bonuses earned during the most recently completed fiscal year) paid to executive officers by the Corporation during the last fiscal year ended December 31, 2002 was \$240,598.

#### *Summary Compensation*

The following table sets forth all annual and long term compensation for services in all capacities to the Corporation and its subsidiaries during the three most recently completed fiscal years of the Corporation in respect of the individual(s) who were, at December 31, 2002, acting in a capacity similar to a Chief Executive Officer and the four most highly compensated executive officers whose compensation was greater than \$100,000 (the "Named Executive Officers").

SUMMARY COMPENSATION TABLE								
Name and Principal Position	Year	Annual Compensation			Long Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	All other Compensation (\$)
					Securities Under Options Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Art Hesje, President & CEO	2000	\$13,942 <sup>(1)</sup>	Nil	1,234 <sup>(1)</sup>	Nil	Nil	Nil	Nil
	2001	\$75,000 <sup>(1)</sup>	Nil	17,695 <sup>(1)</sup>	165,000	Nil	Nil	Nil
	2002	\$81,000 <sup>(1)</sup>	\$1,900	25,302 <sup>(1)</sup>	100,000	Nil	Nil	Nil

Notes:

- (1) Mr. Hesje commenced employment with the Corporation on November 1, 2000. His annual salary is \$81,000 (2001, 2000: \$75,000) plus 5% of gross margin on product sales.

#### *Stock Options*

The Corporation has a Stock Option Plan which was approved by the shareholders of the Corporation on June 23, 2000, which provides for the issuance of stock options to employees, directors and consultants. The maximum number of shares which can be issued under the Stock Option Plan is 2,400,000 Common Shares (including 545,000 Common Shares granted under the former Stock Option Plan).

### *Options Granted and Exercised*

The following table and notes thereto set forth information in respect of each grant of options to the Named Executive Officers during the Corporation's fiscal period ended December 31, 2002.

<b>OPTIONS/SAR GRANTS DURING THE FISCAL PERIOD ENDED DECEMBER 31, 2002</b>					
<b>Name</b>	<b>Securities Under Options Granted (#)</b>	<b>% of Total Options Granted to Employees in Financial Year (%)</b>	<b>Exercise or Base Price (\$/Security)</b>	<b>Market Value of Securities Underlying Options on the Date of Grant (\$/Security)</b>	<b>Expiration Date</b>
Art Hesje	100,000	31.7%	\$0.10	\$10,000	November 18, 2007

There was no exercise of options by the Named Executive Officer during the Corporation's fiscal period ended December 31, 2002.

### *Pension and Retirement Plans and Payments made upon Termination of Employment*

The Corporation does not have any pension or retirement plan which is applicable to the executive officers. The Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now or previously has acted as an executive officer of the corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of change of control of the Corporation, its subsidiaries or affiliates.

There is no arrangement for compensation with respect to termination of employment of executive officers or in the event of a change in responsibilities following a change in control of the Corporation.

### **Compensation of Directors**

The Corporation has not paid any cash compensation to the Directors for services rendered in such capacity. Directors are not compensated by the Corporation in their capacities as directors, however they are entitled to be reimbursed for expenses actually incurred by them in their capacities as directors. Stock options have been granted to the current directors of the corporation.

### **Employment Contracts**

During the fiscal year ended December 31, 2002, the Corporation did not have in place any employment contract between the Corporation or any subsidiary or affiliate thereof and any Named Executive Officer, except in respect of Mr. Art Hesje who was engaged under an employment contract which provided for compensation in the amount of \$6,750 per month plus 5% of gross margin on sales in his capacity as Chief Executive Officer and President.

### **Other Compensation**

Other than as set forth herein, the Corporation did not pay any additional compensation to the executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the last completed fiscal year.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No current or proposed director or senior officer of the Corporation nor any associate or affiliate of such director or officer is or has been at any time since the beginning of the last completed fiscal year, indebted to the Corporation, nor has any such individual been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATTERS TO BE ACTED UPON**

Management is not aware of any material interest in any matter to be acted upon or any material transaction, direct or indirect, of any director or senior officer of Fytokem, or of any person beneficially owning, directly or indirectly, more than 10% of Fytokem's voting securities or any associate or affiliate thereof. Other than Mr. Dutka (Vice President - Marketing & Corporate Development) who has a financial interest in a Corporation that purchased \$2,752 of product at fair market value, during 2002. During the year, it was determined that the \$16,279 balance owing to Fytokem was uncollectible. The bad debt expense of this amount is included in Finance & Administration totals for the year. To date, Mr. Dutka has not received any salary, dividends or other distribution from this Corporation and has undertaken not to receive any such compensation while employed with Fytokem.

DATED: April 30, 2003

**CERTIFICATE OF CORPORATION**

The foregoing along with the schedules and financial statements attached, as they relate to the Corporation, contains no untrue statement of a material fact, does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

*"Art Hesje"*

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Art Hesje  
Chief Executive Officer

*"Mark S. Pasloski"*

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Mark S. Pasloski  
Chief Financial Officer