

News Release

FOR IMMEDIATE RELEASE:

February 10, 1999

Fytokem Products Inc.

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Fytokem Products Inc.

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ASE Symbol: FYT

The Alberta Stock Exchange has neither approved nor disapproved the information contained herein.

Fytokem Announces a Major Collaboration Agreement with Dragoco

Fytokem Products Inc. is pleased to announce the signing of collaborative supply and product development agreements with Dragoco Gerberding and Co. Aktiengesellschaft, Holzminden, Germany.

Under the terms of the supply Agreement, Dragoco will market Fytokem products under the Dragoco label throughout its worldwide markets except the United States, Canada, and Japan. Under a product development agreement Dragoco will invest cash, market intelligence, and technical expertise in Fytokem's product development program to accelerate the development of specialty products for the cosmetic ingredient market.

"We are very pleased with the arrangement with Dragoco," says John Schaw, President and CEO of Fytokem. "The combination of Fytokem's expertise in functional products from northern plants and Dragoco's enormous marketing capabilities in Europe and Asia creates a win-win situation for both companies."

"Fytokem's current functional plant based ingredients have generated remarkable interest in the cosmetic and personal care industries," says Klaus Stanzl, Vice President of Dragoco. "We are very excited about our opportunity in marketing existing and new products jointly developed by this remarkable new company."

Dragoco is one of the leading international suppliers of fragrances, flavors and cosmetic raw materials and ingredients. Founded in 1919, Dragoco is active in 24 countries around the globe, recording sales of over \$300 million US in 1997. The company is based in Germany with manufacturing operations in Germany, Singapore, and the United States.

Fytokem Products Inc. is a phytochemical company which develops, manufactures and markets extracts from plants of the northern Canadian prairies to the cosmetic, skin care, nutraceutical, and therapeutic industries. Fytokem products are represented by three sales agents in the United States, by Canada Colors and Chemicals in Canada, and by Senex Japan in Japan.