

News Release

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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 product sales jump in second quarter

More than double first quarter 1999

SASKATOON, Saskatchewan (August 31, 1999) – Product sales at Fytokem Products Inc. more than doubled in second quarter ended June 30, 1999, compared to the first quarter and were 12 times the same period in 1998.

Total revenues (including funding received for R&D as well as interest) increased almost fivefold to \$76,701. Expenses also rose, reflecting the Company's investment in additional staff to support its growth plans. The net loss increased 16% to \$210,949, compared to the second quarter of 1998.

“We are looking forward to significant sales momentum developing over the next few quarters as our four recently-introduced products gain commercial acceptance and as new products containing Fytokem ingredients are introduced,” said John Schaw, President and Chief Executive Officer.

The Company also announced that it is stepping up its rate of new product introductions to six per year, beginning with the launch of Fytosorb™ line of products this fall. The first product in the Fytosorb™ line is a sun care product that reduces the risk involved in exposure to the sun.

Fytokem now sells three product lines as personal care ingredients to a number of customers:

- The Willowherb line of fast acting anti-irritants;
- Fytosterols, skin conditioners and moisturizers; and
- Tyrostats, toners brighteners and lighteners for skin problems and disease. In addition, it has just begun selling Fytosterol into the nutraceutical market.

Currently, more than 20 major multinational companies are at the prototype or test market stage with product lines that contain Fytokem ingredients. Generally it takes about two years for a new product to make it onto the shelves. A number of products which include Fytokem ingredients are well into that process.

“Our scientific and technical reputation is growing quickly,” said Mr. Schaw. “Major multinational companies, including Chesebrough Ponds, Johnson & Johnson, Elizabeth Arden, Gillette, Mary Kay, Estee Lauder and others have approached Fytokem about sourcing potential new natural ingredients for their products. They are motivated by the growing interest among consumers for natural products and they appreciate our reputation as a quality supplier of value-added plant extracts and refined natural chemicals.”

Fytokem Products Inc. develops, produces and markets high-value extracts and refined natural chemicals from plants found in northern Canada for use as ingredients in personal care, therapeutic, dietary supplement and bio-industrial products. The Company's shares are listed on the Alberta Stock Exchange under the symbol FYT.