



News Release

For Immediate Release

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FYTOKEM PRODUCTS INC. REPORTS FISCAL 1999 RESULTS ***Makes transition from R&D to product commercialization***

SASKATOON, Saskatchewan – Fytokem Products today reported its financial results for the fiscal year ended December 31, 1999, as well as changes to its management team and board of directors.

1999 Financial Results

Product sales rose sharply to \$142,319 in 1999 as compared with \$15,089 in 1998. The increase is due primarily to higher sales of the company's Fytosoothe™ line of products, a series of anti-irritants made from plant extracts.

Total revenues, from product sales and research funding, for fiscal 1999 increased to \$273,271 from \$97,424 last year. After expenses, the company recorded a net loss of \$938,868, or \$0.09 cents a share, compared with a net loss of \$746,438, or \$0.09 per share, last year.

Despite the loss, 1999 was a year of significant progress in which Fytokem successfully transitioned from a concept stage company to one of product development and commercialization. It was also a year highlighted by research breakthroughs, positive results in independent clinical trials, and increased sales volumes through new marketing agreements.

Highlights:

- Isolated the active molecule responsible for the remarkable anti-irritant/anti-inflammatory properties of Canadian Willowherb.
- Launched Fytosorb-20™ commercially as a free-radical absorber for skin protection.
- Demonstrated in independent clinical trials that Fytokem's Tyrostat™ skin brighteners effectively reduce the appearance of age spots in just three weeks of treatment.
- Signed a major supply and product development agreement with leading raw materials and ingredients company Dragoco Geberding of Germany.
- Raised additional capital of \$900,000 to fund the development of future products and accelerate sales.

Management and Board Changes

Fytokem Products Inc. is also pleased to announce the following senior appointments:

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Greg Dutka - Interim President. Mr. Dutka is responsible for the leadership, direction and marketing efforts of the company. Mr. Dutka joined Fytokem in 1995 with a unique and versatile skill set developed through training as a chemist and as an officer in the Canadian Armed Forces. Technical expertise in product research & development, quality assurance/quality control and production was developed while serving as a chemist with CSP Foods, a division of the Saskatchewan Wheat Pool. Mr. Dutka's developed leadership, operational management and organizational skills will be an immediate asset in cultivating a proactive, disciplined business approach.

Mark Pasloski, C.A., Vice-President - Finance & Administration. Mr. Pasloski is responsible for the corporate stewardship, finance and administration of the company. Mr. Pasloski joined Fytokem in 1998 bringing experience in operational management, manufacturing and systems & controls in addition to the sound business principals and knowledge he developed as a corporate controller for Mister Print Productions Ltd. and as the Canadian Operations Manager for Wilfley of Canada Ltd.

Mark Hetherington, Vice-President – Research & Development. Mr. Hetherington is responsible for the technology development function of the company including new product development, quality assurance/quality control, laboratory services, external research & development collaborations and related duties. He has been with the company since May 1994 and is co-author of the Fytokem publication "*Natural Chemicals from Northern Prairie Plants*". He is the author of six scientific publications and has applied for two U.S. patents to date.

The new board of directors is comprised of Greg Dutka, Rita Mirwald, Peter Oliver and Paul Marciniak. Fytokem's board now consists of one inside director and three outside directors.

Private Placement Successfully Completed

As previously reported, Fytokem recently completed a private placement offering of 1,808,997 special warrants, at a price of \$0.60 per special warrant, raising gross proceeds of \$1,085,425. The financing will be used principally for ongoing product development and marketing, including the development of new products based on Canadian Willowherb™ and other northern plants, as well as the expansion of Fytokem's sales and distribution network and current production capability.

Fytokem believes it is uniquely positioned to meet the growing demand for natural, effective ingredients for cosmetic and skin care products. With key marketing and distribution resources in place, Fytokem is just beginning to realize significant revenue from sales of its natural anti-irritants, skin brighteners and moisturizers.

“Having secured adequate financing, and achieved significant progress on both the clinical and marketing fronts, we are ready to capitalize on the substantial market potential for our products,” said Mr. Dutka. “We are just beginning to realize Fytokem's true potential.”

About Fytokem

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, nutraceutical/therapeutic and bio-industrial products. The company's shares are listed on the Canadian Venture Exchange under the symbol FYT.

The Canadian Venture Exchange has neither approved nor disapproved the information contained herein.