



For immediate release

Canadian Venture Exchange: FYT

FYTOKEM PRODUCTS INC. ANNOUNCES PROGRESS ON MARKET AND PRODUCT DEVELOPMENTS

***-- Tyrostat™ selected for clinical assessment by two major Personal Care
companies as new funding announced --***

Saskatoon, Saskatchewan, January 25 2001 – Fytokem Products Inc. (Fytokem), a leading discoverer and developer of therapeutic plant extracts and bioactive molecules, today announced that Tyrostat, a potential skin-lightening agent, has been selected by two major Personal Care companies for in-depth clinical assessment.

Tyrostat is a potential skin-lightening agent developed from an extract of a native Northern Canadian Prairie plant species known to lighten pigmented skin through a non-bleaching process. The search for natural sources of skin-lightening materials has intensified since the safety of hydroquinone, the standard skin lightener, has increasingly come under question.

“Tyrostat is one of the few candidates in the skin-lightening category that have survived the myriad of product development stages to enter the clinical assessment stage for these companies,” said Art Hesje, President and CEO “This news confirms the efficacy and commercial viability of Tyrostat and supports the positive clinical results we released in January, 2000. Moreover, it is a major step forward in our efforts to fully capitalize on this exciting product in a significant consumer market.”

The worldwide market for skin lightening products is estimated to be worth approximately \$1 billion with around \$14 million associated with sales of the active ingredients in these products. Clinical assessments of Tyrostat are expected to be complete by mid-2001.

Additional Funding Approved

In line with Fytokem’s continuing focus on generating a full product development pipeline, Fytokem today also announced approval from the National Research Council (NRC) for significant research funding support to assist in advancing more products through to the final stages of development.

The NRC, through its Industrial Research Assistance Program (IRAP), has agreed to provide 40% of the funding toward a \$240,000 project. This project involves the development of a platform that will accelerate the isolation of bioactive molecules from existing function-certified extracts of Northern Canadian plant species including Tyrostat.

This research funding helps Fytokem to move forward in its commitment to create products focused on the nutraceutical and pharmaceutical industries, while further validating the sound scientific and commercial basis for the bioactive initiative itself.

“We are very grateful to NRC/IRAP for their support, both now and in the past, and are excited with the opportunities this new project will bring. In combination, these two developments announced today move us closer to market success in the Personal Care Industry while allowing

for further development of the bioactive initiative, which will give us additional products for higher valued markets,” remarked Mr. Hesje.

About Fytokem Products Inc.

Fytokem is a Saskatoon-based life sciences Corporation engaged in the discovery and commercialization of naturally occurring bioactive molecules for therapeutic use in the personal care, nutraceutical and pharmaceutical industries.

The Corporation's therapeutic products research and product development program targets the treatment or inhibition of several of the biochemical functions that are associated with effects of ageing including inflammation, free radical damage (biological oxidation), degradative enzyme activity (e.g. tyrosinase and elastase), and skin barrier damage using natural products extracted from a variety of plants mainly native to the Northern Canadian Prairies. To date, the Corporation has realized initial commercial sales from product offerings in each of these functional lines. Fytokem is also involved in the development and commercialization of phytochemical antimicrobials and other plant-based industrial products. The marketing and sales efforts are focused on moving these products into appropriate markets largely through strategic alliances with established Companies already involved in these markets.

Fytokem's common shares trade on the Canadian Venture Exchange under the symbol FYT; the Company has 14,462,121 shares outstanding.

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

For more information, please contact:

Art Hesje
President and CEO
Fytokem Products Inc.
306-668-2552 tel
306-978-2436 fax
ahesje@fytokem.com
www.fytokem.com

Wayne Hendry
Investor Relations
The Equicom Group Inc.
416-815-0700 ext. 238 tel
416-815-0080 fax
whendry@equicomgroup.com
www.investorlook.com