



News Release

Fytokem Products Inc. Receives Financing Commitment
Agri-Food Equity Fund to invest up to \$400,000 in Fytokem

SASKATOON, October 15 --- Fytokem Products Inc. (CDNX: FYT), a Canadian life sciences company engaged in the discovery and commercialization of therapeutic plant extracts and bioactive molecules for the personal care, nutraceutical, pharmaceutical and bio-industrial industries, today announced it has entered into a subscription agreement with Saskatchewan's Agri-Food Equity Fund (AFEF) to invest up to \$400,000 in the Company.

Under the terms of a private placement agreement, AFEF will purchase up to \$250,000 on or before October 31, 2001 of Series A Preferred Shares. A second investment of up to \$150,000 in Series A Preferred Shares will be made prior to December 31, 2001 if the Company is able to raise additional capital. The secondary investment will be made on the basis of \$1 of AFEF investment for every \$2 of additional capital raised in excess of \$500,000.

The Series A Preferred Shares bear an annual fixed dividend of 6% as well as a pro rata participating dividend equal to 6% of net income before tax when Fytokem's net income is positive. Fytokem has the option to redeem up to 1/3 of the total number of shares purchased per year commencing on January 2005. Any Series A Preferred Share not redeemed by Fytokem may subsequently be converted to common shares at the discretion of AFEF. Such conversion would take place at the maximum allowable discount as determined by CDNX.

The closing of the initial purchase of \$250,000 Series A Preferred Shares is subject to the approval of CDNX and usual closing conditions.

"The Agri-Food Equity Fund has been a long-time supporter and shareholder of Fytokem and we are delighted to see them increase their commitment to the Company," commented Art Hesje, President and Chief Executive Officer of Fytokem in announcing the private placement. "This investment, together with additional financing options we are pursuing, will ensure that we have the resources to continue to execute on the product development and marketing of our bioactive product suite," he added.

"We are strong believers in Fytokem's products and potential," commented Paul Marciniak, Investment Manager, Agri-Food Equity Fund. "We are pleased to support this innovative Saskatchewan Company and look forward to participating in their continued success."

About The Agri-Food Equity Fund

The Agri-Food Equity Fund was launched in 1994 by Saskatchewan Agriculture and Food and is designed to help diversify the province's agriculture industry by investing in new or expanding businesses. The fund targets Saskatchewan companies or co-operatives which process primary agricultural products, market and distribute processed products or supply inputs to farmers or processors.

About Fytokem Products Inc.

Fytokem Products Inc. is a Canadian life sciences company engaged in the discovery and commercialization of novel Function-Certified(TM) plant-based substances -- extracts, phytochemicals and bioactive molecules -- for use as ingredients in personal care, nutraceutical, pharmaceutical and bio-industrial products, both domestically and internationally. Fytokem has applied for several scientific patents, and has developed a proprietary commercial scale manufacturing process.

Shareholder Communications

The Company also announced it has engaged Breakthrough Financial Marketing Inc. to assist in the development and implementation of a shareholder communications program. Breakthrough Financial Marketing, based in Calgary, Alberta, provides rapidly growing technology and life sciences companies with proactive financial communications programs to establish and maintain relationships with the financial community. Inquiries may now be addressed to Chevonne Miller of Breakthrough Financial Marketing.

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

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For further information

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