



News Release

Fytokem Products Inc. Closes First Round of Private Placement *Agri-Food Equity Fund invests \$250,000 in Fytokem*

SASKATOON, October 22 --- 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 closed the previously announced private placement to Saskatchewan's Agri-Food Equity Fund (AFEF).

Under the terms of a private placement agreement, AFEF purchased \$250,000 of Series A Preferred Shares. The fund will make a second investment of up to \$150,000 in Series A Preferred Shares 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.

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.

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

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For further information

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