



FOR IMMEDIATE RELEASE

TSX Venture Exchange: FYT

FYTOKEM PRODUCTS INC. ANNOUNCES THIRD QUARTER 2002 FINANCIAL RESULTS

--Lower Sales Level Leads To a New Marketing Agreement--

Saskatoon, Saskatchewan, November 29, 2002 – Fytokem Products Inc. (Fytokem), a leading producer of *Function-Certified™* plant-based ingredients, today announced its financial results for the third quarter ended September 30, 2002.

Product sales for the three-month period ended September 30, 2002 were \$35,699, 75% lower than \$139,086 reported in the same period in 2001. On a year to date basis, sales for this fiscal year are 18% higher than the first nine months of last year.

This lower sales level resulted in the quarterly loss incurred of \$194,191, 64% greater than the \$118,229 loss reported for the same period in 2001. On a year to date basis, the Company's loss is 2% lower than the first nine months of 2001.

Recent sales performance triggered a comprehensive review of the Company's strategic marketing efforts. This review has resulted in an exciting new marketing agreement with Atrium Biotechnologies Inc. (Atrium) of Quebec City, which will become effective at the end of November. Atrium is a privately held subsidiary of Aeterna Laboratories Inc. (TSX:AEL, NASDAQ:AELA) and has achieved dramatic growth in the market.

The new strategic marketing partnership with Atrium includes an up-front payment of \$750,000, and true minimum purchase commitments, already defined for 2003 and 2004. The agreement provides Atrium with the exclusive rights to market the Company's two existing product lines in both the personal care and nutraceutical markets.

"This agreement is just what we've been searching for", said Art Hesje, President & CEO of Fytokem Products Inc. "It provides great upside potential for our products in both the short and long term, while providing some degree of certainty through a sizable upfront payment and defined minimum purchase quantities."

Mr. Hesje added "This agreement also provides us with an avenue for entering the nutraceutical market; where Atrium has a strong presence and we have strong product opportunities".

Other achievements in the third quarter include:

- Continued expansion of the market for "baby extracare" Baby Wipes containing Canadian Willowherb™, introduced earlier this year by Johnson & Johnson.
- The approval for support under two Federal Government programs for assistance totaling about \$75,000 in support of the Company's Tyrostat™ research and marketing efforts.

Additional Financing Received

On November 27, 2002, the Company received \$60,100 from the Agri-Food Equity Fund in the form of a debenture due September 1, 2007. Interest is payable on a formula of 6% fixed rate plus 0.9% of net income before income taxes. Additional interest based on the growth in the common share price during this same period is also payable. Annual payments of interest begin on April 1, 2003. The debenture is payable on demand after September 1, 2004.

Mr. Hesje further added “The funding and commitments provided by the marketing and research agreements clearly confirm there is true market potential for our existing products and demonstrates third-party confidence in our ability to develop new products for market”.

About Fytokem Products Inc.

Fytokem Products Inc. is a Canadian life sciences company engaged in the discovery and commercialization of novel *Function-Certified™* plant-based substances – extracts, phytochemicals and bioactive molecules – for use as ingredients in personal care, nutraceutical, pharmaceutical and bio-industrial products. Fytokem’s products are sourced from plants native to the Canadian prairies, where they have developed strong phytochemical properties to survive the harsh climate. These all-natural products are highly potent and are gaining popularity as the market demands more natural products.

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

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

For more information, please contact:

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FYTOKEM PRODUCTS INC.
STATEMENTS OF LOSS AND DEFICIT
(Unaudited)

| | Three months ended | | Nine months ended | |
|-------------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | September 30 | | September 30 | |
| | <u>2002</u> | <u>2001</u> | <u>2002</u> | <u>2001</u> |
| REVENUE | | | | |
| Sales | \$ 35,699 | \$ 139,086 | \$ 482,913 | \$ 409,600 |
| Cost of Sales | 9,176 | 56,197 | 151,527 | 152,742 |
| Gross Margin | <u>26,523</u> | <u>82,889</u> | <u>331,386</u> | <u>256,858</u> |
| Project revenue | 8,693 | 20,461 | 37,654 | 65,284 |
| Other revenue | <u>1,257</u> | <u>1,098</u> | <u>2,098</u> | <u>11,721</u> |
| | <u>36,473</u> | <u>104,448</u> | <u>371,138</u> | <u>333,863</u> |
| EXPENSES | | | | |
| Product development | 74,850 | 67,171 | 265,460 | 203,568 |
| Marketing | 39,383 | 43,374 | 155,236 | 178,371 |
| Finance & administration | 82,904 | 78,705 | 283,955 | 293,593 |
| Amortization | 10,541 | 10,665 | 31,600 | 33,134 |
| Interest on debt | <u>22,986</u> | <u>22,762</u> | <u>66,462</u> | <u>66,588</u> |
| | <u>230,664</u> | <u>222,677</u> | <u>802,713</u> | <u>775,254</u> |
| NET LOSS | <u>\$ 194,191</u> | <u>\$ 118,229</u> | <u>\$ 431,575</u> | <u>\$ 441,391</u> |
| DEFICIT, BEGINNING OF PERIOD | <u>4,095,608</u> | <u>3,443,392</u> | <u>3,858,224</u> | <u>3,120,230</u> |
| DEFICIT, END OF PERIOD | <u>\$4,289,799</u> | <u>\$ 3,561,621</u> | <u>\$ 4,289,799</u> | <u>\$ 3,561,621</u> |
| LOSS PER SHARE | <u>\$ 0.01</u> | <u>\$ 0.01</u> | <u>\$ 0.03</u> | <u>\$ 0.03</u> |

FYTOKEM PRODUCTS INC.
BALANCE SHEETS
September 30, 2002 and December 31, 2001
(Unaudited)

| | <u>September 30, 2002</u> | <u>December 31, 2001</u> |
|------------------------------------|---------------------------|--------------------------|
| CURRENT ASSETS | | |
| Cash and temporary investments | \$ 64,606 | \$ 170,887 |
| Accounts receivable | 57,773 | 115,805 |
| Inventory | 289,633 | 365,416 |
| Prepaid expenses | 22,846 | 29,724 |
| | <u>434,858</u> | <u>681,832</u> |
| DEFERRED FINANCE CHARGES | 9,309 | 8,886 |
| EQUIPMENT - NET | 156,589 | 188,189 |
| | <u>\$ 600,756</u> | <u>\$ 878,907</u> |
| CURRENT LIABILITIES | | |
| Accounts payable and accruals | \$ 231,946 | \$ 302,923 |
| Current portion long term debt | 199,978 | 160,515 |
| | <u>431,924</u> | <u>463,438</u> |
| LONG TERM DEBT | | |
| Convertible debt | 281,250 | 302,083 |
| Debenture payable | 202,276 | - |
| Discount on convertible debt | (25,546) | (41,765) |
| Capital leases | - | 12,724 |
| | <u>457,980</u> | <u>273,042</u> |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 3,692,446 | 3,692,446 |
| Preferred shares | 244,221 | 244,221 |
| Equity portion of convertible debt | 63,984 | 63,984 |
| Deficit | (4,289,799) | (3,858,224) |
| | <u>(289,148)</u> | <u>142,427</u> |
| | <u>\$ 600,756</u> | <u>\$ 878,907</u> |

FYTOKEM PRODUCTS INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|--|--------------------|---|--------------------|
| | <u>2002</u> | <u>2001</u> | <u>2002</u> | <u>2001</u> |
| CASH FLOWS FROM (USED IN) | | | | |
| OPERATING ACTIVITIES | | | | |
| Net loss | \$ (194,191) | \$ (118,229) | \$ (431,574) | \$ (441,391) |
| Items not affecting cash | | | | |
| Amortization | 10,541 | 10,665 | 31,600 | 33,135 |
| Non-cash interest expense | 9,538 | 7,077 | 24,240 | 32,955 |
| Gain on sale of fixed assets | - | - | (380) | - |
| | (174,112) | (100,487) | (376,114) | (375,301) |
| Changes in non-cash working capital | | | | |
| Accounts receivable | 117,917 | 3,651 | 58,032 | (28,963) |
| Inventory | 7,044 | 22,986 | 75,783 | 81,131 |
| Prepaid expenses | (4,078) | (7,214) | 6,878 | 4,511 |
| Accounts payable and accruals | (31,996) | 23,104 | (70,977) | 17,660 |
| Cash flows used in operating activities | (85,225) | (57,960) | (306,398) | (300,962) |
| CASH FLOWS FROM (USED IN) | | | | |
| INVESTING ACTIVITIES | | | | |
| Acquisition of equipment | - | (2,844) | - | (6,020) |
| Disposals of equipment | - | - | 380 | - |
| Cash flows used in investing activities | - | (2,844) | 380 | (6,020) |
| CASH FLOWS FROM (USED IN) | | | | |
| FINANCING ACTIVITIES | | | | |
| Deferred offering costs | - | (26,406) | | (26,406) |
| Proceeds from debenture | - | - | 250,000 | - |
| Costs of debenture | - | - | (2,786) | - |
| Repayment of long term debt | (9,100) | (39,498) | (47,477) | (89,987) |
| Cash flows from financing activities | (9,100) | (65,904) | 199,737 | (116,393) |
| NET INCREASE (DECREASE) IN CASH | (94,325) | (126,708) | (106,281) | (423,375) |
| CASH POSITION, BEGINNING OF PERIOD | 158,931 | 265,202 | 170,887 | 561,869 |
| CASH POSITION, END OF PERIOD | \$ 64,606 | \$ 138,494 | \$ 64,606 | \$ 138,494 |
| REPRESENTED BY: | | | | |
| Cash | \$ 34,854 | \$ 91,742 | \$ 34,854 | \$ 91,742 |
| Temporary Investments | \$ 29,752 | \$ 46,752 | \$ 29,752 | \$ 46,752 |
| | \$ 64,606 | \$ 138,494 | \$ 64,606 | \$ 138,494 |
| Interest Paid | \$ 13,448 | \$ 15,658 | \$ 42,222 | \$ 33,633 |