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TSX Venture Exchange: FYT

FYTOKEM ANNOUNCES THIRD QUARTER 2005 FINANCIAL RESULTS

-Year to date sales up 52% over last year-

Saskatoon, Saskatchewan, November 23, 2005 - Fytokem Products Inc. (Fytokem) today announced its third quarter financial results for the period ending September 30, 2005.

Sales grew dramatically through this quarter; up 33% over the same quarter last year and up 52% on a year to date basis. In addition, routine operating expenses were reduced by approximately \$22,000 this quarter.

During the period, the refinancing with Investment Saskatchewan Inc. was finalized, significantly lowering monthly borrowing costs and improving short term cash flow.

Gains made in sales during the quarter were partly offset by increased production costs, resulting in lower gross margins. Raw material shortages early in the quarter forced some smaller volume manufacturing runs, causing higher unit costs. One time non-cash accounting entries made to extinguish the original loan with Investment Saskatchewan Inc. and non-cash expenses relating to stock compensation were also factors that contributed to the almost \$94,000 net operating loss during this quarter.

“I am confident that we can accomplish substantial sales growth with minimal increases in operating costs,” said Art Hesje, President and CEO. “Product trials are currently underway with a variety of major customers. Trials have progressed beyond the laboratory stage and are expected to result in new product launches and corresponding sales in the near future.”

About Fytokem Products Inc.

Fytokem Products Inc. develops and delivers proven natural ingredients to leading formulators in the personal care, nutraceutical and pharmaceutical industries. The Company has been issued patents for technology related to two of its products and has other patent applications pending.

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

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

	Three months ended September 30		Nine months ended September 30	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
REVENUE				
Sales	\$ 174,139	\$ 131,030	\$ 546,839	\$ 360,946
Cost of Sales	<u>82,190</u>	<u>40,216</u>	<u>256,224</u>	<u>111,361</u>
Gross margin	91,949	90,814	290,615	249,585
Project revenue	-	-	-	5,689
Marketing agreement revenue	-	90,000	-	270,000
Other revenue	<u>13</u>	<u>193</u>	<u>53</u>	<u>434</u>
	<u>91,962</u>	<u>181,007</u>	<u>290,668</u>	<u>525,708</u>
EXPENSES				
Product development	43,342	46,807	116,788	117,314
Marketing	14,057	33,836	63,597	101,251
Finance & administration	70,618	64,209	233,622	201,163
Amortization	9,065	9,683	27,263	29,440
Interest on debt	8,622	13,522	33,844	44,311
Loss on extinguishment of debt	16,644	-	16,644	-
Stock compensation expense	<u>23,500</u>	<u>-</u>	<u>40,894</u>	<u>-</u>
	<u>185,848</u>	<u>168,057</u>	<u>532,652</u>	<u>493,479</u>
NET INCOME (LOSS)	\$ (93,886)	\$ 12,950	\$ (241,984)	\$ 32,229
DEFICIT, BEGINNING OF PERIOD	<u>4,721,939</u>	<u>4,580,671</u>	<u>4,573,841</u>	<u>4,599,950</u>
DEFICIT, END OF PERIOD	<u>\$ 4,815,825</u>	<u>\$ 4,567,721</u>	<u>\$ 4,815,825</u>	<u>\$ 4,567,721</u>
INCOME (LOSS) PER SHARE	<u>\$ (0.01)</u>	<u>\$ 0.00</u>	<u>\$ (0.01)</u>	<u>\$ 0.00</u>

FYTOKEM PRODUCTS INC.
BALANCE SHEETS
September 30, 2005 and December 31, 2004
(Unaudited)

	<u>September 30, 2005</u>	<u>December 31, 2004</u>
CURRENT ASSETS		
Cash and temporary investments	\$ 91,455	\$ 49,670
Accounts receivable	36,536	145,475
Inventory	124,204	114,347
Prepaid expenses	<u>5,260</u>	<u>6,165</u>
	257,455	315,657
DEFERRED FINANCE CHARGES	5,627	1,622
CAPITAL ASSETS	<u>61,720</u>	<u>87,053</u>
	<u>\$ 324,802</u>	<u>\$ 404,332</u>
CURRENT LIABILITIES		
Accounts payable and accruals	\$ 326,555	\$ 225,665
Deferred revenue	10,000	-
Current portion long term debt	<u>259,961</u>	<u>381,788</u>
	<u>596,516</u>	<u>607,453</u>
LONG TERM DEBT	276,912	144,416
SHAREHOLDERS' EQUITY		
Share capital	3,866,999	3,866,999
Preferred shares	244,221	244,221
Equity portion of convertible debt	-	63,984
Contributed surplus	155,979	51,100
Deficit	<u>(4,815,825)</u>	<u>(4,573,841)</u>
	<u>(548,626)</u>	<u>(347,537)</u>
	<u>\$ 324,802</u>	<u>\$ 404,332</u>

FYTOKEM PRODUCTS INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM (USED IN)				
OPERATING ACTIVITIES				
Net income (loss)	\$ (93,886)	\$ 12,950	\$ (241,984)	\$ 32,229
Items not affecting cash				
Amortization	9,065	9,683	27,263	29,440
Non-cash interest expense	477	854	986	5,500
Non-cash marketing expense	-	15,821	-	47,464
Non-cash marketing revenue	-	(90,000)	-	(270,000)
Non-cash loss on extinguishment of long term debt	16,644	-	16,644	-
Non-cash stock compensation expense	<u>23,500</u>	<u>-</u>	<u>40,894</u>	<u>-</u>
	(44,200)	(50,692)	(156,197)	(155,367)
Changes in non-cash working capital				
Accounts receivable	17,663	(992)	108,939	7,969
Inventory	(54,591)	(19,403)	(9,857)	52,168
Prepaid expenses	906	6,697	905	5,162
Accounts payable and accruals	<u>109,953</u>	<u>42,976</u>	<u>110,890</u>	<u>67,141</u>
Cash flows from (used) in operating activities	<u>29,731</u>	<u>(21,414)</u>	<u>54,680</u>	<u>(22,927)</u>
CASH FLOWS FROM (USED IN)				
INVESTING ACTIVITIES				
Acquisition of equipment	<u>(823)</u>	<u>(535)</u>	<u>(1,930)</u>	<u>(535)</u>
Cash flows used in investing activities	<u>(823)</u>	<u>(535)</u>	<u>(1,930)</u>	<u>(535)</u>
CASH FLOWS FROM (USED IN)				
FINANCING ACTIVITIES				
Costs of financing	(4,991)	-	(4,991)	-
Repayment of long term debt	<u>(4,179)</u>	<u>(700)</u>	<u>(5,974)</u>	<u>(22,855)</u>
Cash flows used in financing activities	<u>(9,170)</u>	<u>(700)</u>	<u>(10,965)</u>	<u>(22,855)</u>
NET INCREASE (DECREASE) IN CASH	19,738	(22,649)	41,785	(46,317)
CASH POSITION, BEGINNING OF PERIOD	<u>71,717</u>	<u>29,610</u>	<u>49,670</u>	<u>53,278</u>
CASH POSITION, END OF PERIOD	<u>\$ 91,455</u>	<u>\$ 6,961</u>	<u>\$ 91,455</u>	<u>\$ 6,961</u>
Interest Paid	<u>\$ 8,144</u>	<u>\$ 12,668</u>	<u>\$ 32,858</u>	<u>\$ 39,480</u>