

Form 51-102F3
Material Change Report

Item 1. Name and Address of Company

Functional Technologies Corp. (the "**Company**")
885 West Georgia Street, Suite 1500
Vancouver, BC, V6C 3E8

Item 2. Date of Material Change

February 26, 2009

Item 3. News Release

A news release dated February 26, 2009 was disseminated through Marketwire.

Item 4. Summary of Material Change

The Company reported the exclusive licensing of an additional proprietary urea-degrading yeast technology.

Item 5.1 Full Description of Material Change

The Company reported the exclusive licensing of an additional proprietary urea-degrading yeast technology. This second-generation urea-degrading yeast technology has a new mechanism of action which is unique but complementary to the Company's existing, first-generation, urea-degrading Phytterra Yeast products. Urea is an important pre-cursor in the formation of ethyl carbamate (also known as urethane) in fermented foods and beverages. Ethyl carbamate is classified by the World Health Organization as a Group 2A carcinogen – the same carcinogen class as lead, mercury, acrylamide and diesel exhaust.

The second-generation urea-degrading yeast technology has a unique mechanism of action which allows it to effectively metabolize and eliminate urea external to the yeast cell. The Company's first-generation urea-degrading products are highly efficacious in their ability to metabolize and eliminate urea within the yeast cell itself and have demonstrated reductions of ethyl carbamate levels in wine of up to 90% versus control yeasts in commercial field tests. The Company's first-generation yeast technology has also demonstrated significant efficacy in reducing ethyl carbamate levels, in a broad range of other fermented foods and beverages, including brandy, sake and bread.

Under the license granted by the University of British Columbia, the Company holds the exclusive rights to commercially utilize the technology for the life of the last patent relating to the technology world wide. The license is not subject to any restrictions affecting commercial utilization.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

If this Report is being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102, state the reasons for such reliance.

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

Garth Greenham, *president and chief operating officer*
Telephone: 647 204 4095

Item 9. Date of Report

February 26, 2009.