Form 51-102F3
Material Change Report

Item 1. **Name and Address of Company**

Functional Technologies Corp. (the **"Company"**)
5511 West Boulevard, Suite 218
Vancouver, BC, V6M 4H3

Item 2. **Date of Material Change**

December 16, 2010

Item 3. **News Release**

A news release dated December 17, 2010 was disseminated through Marketwire.

Item 4. **Summary of Material Change**

The Company's non-brokered private placement announced in its news releases of December 3 and 8, 2010 has closed raising gross proceeds of approximately $4,000,000 by the issuance of 7,272,845 units.

Item 5.1 **Full Description of Material Change**

The Company's non-brokered private placement announced in its news releases of December 3 and 8, 2010 has closed raising gross proceeds of approximately $4,000,000 by the issuance of 7,272,845 units. In connection with the offering, the Company paid cash finder's fees totaling $310,862 and issued finder's warrants for the purchase of a total of 552,724 common shares of the Company, with the finder's warrants having the same attributes as the share purchase warrants issued to the investors as part of their units.

A hold period applies to all of the securities issued in the private placement, expiring on April 15, 2011 as to 1,800,000 units and 144,000 finder's warrants, and on April 17, 2011 as to the remainder.

Item 5.2 **Disclosure for Restructuring Transactions**

Not applicable.

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

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

Not applicable.

Item 7. **Omitted Information**

Not applicable.

Item 8. **Executive Officer**

Geoffrey Lee, *Secretary*
Telephone: 604 648 2200

Item 9. **Date of Report**

December 17, 2010.