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**

February 10, 2011

Item 3. **News Release**

A news release dated February 10, 2011 was disseminated through Marketwire.

Item 4. **Summary of Material Change**

The U.S. Food and Drug Administration (the "**FDA**") has reviewed the Generally Recognized as Safe (GRAS) notification for the Company's Phyterra™- branded hydrogen sulphide (H2S)-reducing yeast and issued a "no questions" letter in response.

Item 5.1 **Full Description of Material Change**

The FDA has reviewed, and issued a "no questions" letter in response to, the GRAS notification for the Company's Phyterra™- branded H2S reducing yeast. The Company's subsidiary, Phyterra Yeast Inc., had submitted a notice to the FDA, on the view that the yeast is considered GRAS for use in preventing the formation of H2S during the fermentation of alcoholic beverages including red and white wine, champagne, sherry, sake and other rice wines, and beer.

In the letter, the FDA indicates that based on the information provided, as well as other information available to it, the FDA has no questions at this time regarding the conclusion that Phyterra's H2S-reducing yeast is GRAS, under the intended conditions of use. In general, the FDA responds to GRAS notices with letters indicating either that the notice provides a sufficient basis for the GRAS determination and the FDA has no questions regarding the conclusion, or that the notice does not provide a sufficient basis for the determination of GRAS. The positive response from the FDA included a thorough review of the product's development, absence of toxicity or allergenicity, and manufacturing process.

GRAS status is not required for the sale of the Company's H2S-reducing wine yeasts, which are already commercially available in the U.S. However, the Company's perspective is that the GRAS designation and receipt of the official response from the FDA facilitates more effective marketing and adoption of its wine yeasts in the U.S. as well as in other countries, many of which are more receptive to products with GRAS status.

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**

Connie Chen, *Vice President, Corporate Development and Communications*
Telephone: 604 648 2200

Item 9. **Date of Report**

February 10, 2011