Form 51-102F3
Material Change Report

Item 1. <u>Name and Address of Company</u>

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

Item 2. <u>Date of Material Change</u>

July 1, 2011

Item 3. <u>News Release</u>

A news release dated July 5, 2011 was disseminated through Marketwire.

Item 4. <u>Summary of Material Change</u>

The Company has appointed James D. Pratt as it chief business officer ("**CBO**").

Item 5.1 <u>Full Description of Material Change</u>

The Company has appointed James D. Pratt as CBO. His responsibilities will include the cultivation of strategic partnerships and commercial relationships in new food sectors for the Company's pipeline of technologies, increasing the scope and breadth of industry applications and markets for the Company's products.

Possessing more than 24 years of executive experience in the food industry and capital markets, James Pratt was most recently chief executive officer of Sepp's Food Group, a multinational manufacturer and provider of frozen foods, including private label "health and well-being" frozen breakfast products. Through his various executive roles at Sepp's, Mr. Pratt was instrumental in restructuring and turning the company profitable from a loss position within 24 months, successfully completing several acquisitions and divestitures, managing strategic capital market initiatives before taking the company private, and implementing operational improvements. This enabled him to drive Sepp's Food Group to become a leader in food manufacturing in North America, leading to the sale of the company to its largest competitor in June 2010. Prior to joining Sepp's, Mr. Pratt was vice-president of corporate finance at Midland Walwyn Capital Inc. (acquired by Merrill Lynch) where his responsibilities included the successful execution of mergers and acquisitions, valuations and equity financings.

James Pratt also serves on the board of directors of professional associations in the food industry, including the BC Food Processors Association and the Food Processors of Canada, in which several major global food and food ingredient companies are also prominent members. He was also past chairman of the Functional Foods Alberta Center of Excellence, and previously served on the board of directors of the BC Functional Foods & Nutraceutical Network. Mr. Pratt received his Masters of Business Administration from the University of Western Ontario.

Mr. Pratt has been granted an initial stock option for the purchase of 400,000 common shares of the Company at a price of $0.74 per share, exercisable for a period of five years.

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: 647 282 5038

Item 9. **Date of Report**

July 5, 2011