

**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**

January 6, 2012

**Item 3. News Release**

A news release dated January 11, 2012 was disseminated through Marketwire.

**Item 4. Summary of Material Change**

The Company has appointed Kito Tosetti to the position of chief operating officer.

**Item 5.1 Full Description of Material Change**

The Company has appointed Kito Tosetti, an executive with experience in the beverage, food, and biotechnology industries, to the position of chief operating officer. His responsibilities will initially focus primarily on the comprehensive oversight and direction of the Company's operations, and include an active role in increasing the scope of industry applications and markets for the Company's core products possessing greater value realization opportunities. The appointment of Mr. Tosetti will enable Garth Greenham, who remains as president of the Company, to focus on driving the commercial expansion of the Company's wine yeast product portfolios, for which the inherent value is growing but has not yet been fully realized.

Mr. Tosetti possesses more than 28 years of experience in the design and execution of major industrial systems and projects in the beverage and food industries, as well as in the development and executive management of medical and health care technology assets in the life science industries. Mr. Tosetti has held senior executive roles in the life science industry, including chief executive officer of iCell Therapeutics Corp. and MIV Therapeutics Inc. More recently, Mr. Tosetti has been involved in advising and securing licensing and/or funding opportunities for various organizations including Axela Inc., Brazil's Ministry of Health/CERTI Foundation, as well as portfolio companies of various venture capital firms. Mr. Tosetti's vast experience in the beverage and food industry include his role as president and founder of MVM Engineering Ltd., an engineering design and manufacturing firm involved in the design and installation of equipment and quality control systems in the beverage industry. There he was instrumental in cultivating and executing comprehensive projects for significant clients including various international franchise plants of Coca-Cola Company and PepsiCo Inc., Cadbury Schweppes Inc., and Kaiser Brewery S.A.

**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**

January 11, 2012