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 27, 2012

Item 3. News Release

A news release dated February 27, 2012 was disseminated through Marketwire.

Item 4. Summary of Material Change

Efficacy studies conducted on end-user materials, investigating the Company's proprietary acrylamide-preventing ("**AP**") yeast technology in a novel food application that traditionally does not incorporate yeast ingredients as processing aids, have demonstrated significant reduction of asparagine, the main known precursor in the formation of acrylamide.

Item 5.1 Full Description of Material Change

Efficacy studies conducted on end-user materials, investigating the Company's proprietary AP yeast technology in a novel food application that traditionally does not incorporate yeast ingredients as processing aids, have demonstrated significant reduction of asparagine, the main known precursor in the formation of acrylamide. Moreover, the reduction was achieved with short contact times and decreasing yeast dose concentrations. Acrylamide is a chemical shown to be a mutagen (i.e. carcinogenic), as well as neurologically and reproductively toxic. The Company previously demonstrated that the ability of its technology to reduce asparagine has been significantly effective in preventing the formation of, and thereby reducing, acrylamide.

Under the simulated commercial conditions defined by the industry third party, the use of the Company's AP yeast enabled substantial degradation and reduction of asparagine, which was achieved consistently and in a time-efficient manner utilizing conservative inoculation rates, including at relatively low AP yeast concentrations.

At a reduced dose between standard and lowest AP yeast concentrations, asparagine levels were decreased by approximately 85% within 30 minutes, and to near non-detectable levels within 60 minutes. At the lowest dose tested, reductions of 55% and 85% within 30 and 60 minutes, respectively, were observed. In head-to-head comparisons between the Company's AP yeast technology against samples with control or no yeast, which did not show any asparagine reduction in the allotted time period, these results clearly indicated that the AP yeast provided excellent performance in its functionality for acrylamide reduction and prevention.

These results support the claims that relevant processing protocols across a variety of food applications and sectors, including those that do not conventionally employ baker's yeasts as processing aids, have strong indications for the ability to implement and benefit from the Company's novel AP yeast technologies while minimizing any requirements for

changes to existing production protocols, providing the potential for reasonably seamless adoption.

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**

February 27, 2012