

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

July 30, 2012

Item 3. News Release

A news release dated July 30, 2012 was disseminated through Marketwire.

Item 4. Summary of Material Change

The Company reported operational and financial results for its third quarter ended May 31, 2012.

Item 5.1 Full Description of Material Change

The Company reported operational and financial results for its third quarter ended May 31, 2012 ("Q3/12"). Amounts, unless specified otherwise, are expressed in Canadian dollars. The Company's Q3/12 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

Financial Results

The Company incurred a net loss of \$1.4 million during Q3/12, compared to \$1.1 million for the three months ended May 31, 2011 ("Q3/11"). Operating expenses, excluding stock-based compensation expenses, for Q3/12 were \$1.1 million, compared to \$1.0 million in Q3/11.

Liquidity

As at May 31, 2012, the Company had cash and short-term investments of \$0.7 million compared to \$4.2 million as at August 31, 2011. As at May 31, 2012, the Company had working capital of \$0.3 million compared to \$3.9 million as at August 31, 2011.

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

Christopher Morris
Interim Chief Executive Officer
Telephone: 604 648 2200

Item 9. Date of Report

July 30, 2012