

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

September 24, 2012 and September 25, 2012

Item 3. News Release

News releases dated September 24, 2012 and September 25, 2012 were disseminated through Marketwire.

Item 4. Summary of Material Change

Subject to TSX Venture Exchange approval, the amount to be raised in the second tranche of the non-brokered private placement announced in the Company's news release of July 16, 2012 (the "**Private Placement**") has been increased to \$1,500,000.

Item 5.1 Full Description of Material Change

Subject to TSX Venture Exchange approval, the amount to be raised in the second tranche of the Private Placement has been increased to \$1,500,000. This brings the total amount to be raised through the Private Placement to \$1,945,000.

The funds are being raised through the issuance of units at a price of \$0.20 per unit. Each unit is comprised of one common share of the Company and one share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of \$0.30 for a period of two years, subject to an accelerated exercise provision.

Details of the closing of the first tranche of the Private Placement were reported in the Company's news release of August 9, 2012.

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

September 25, 2012