

**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**

October 9, 2012

**Item 3. News Release**

News release dated October 10, 2012 was disseminated through Marketwire.

**Item 4. Summary of Material Change**

The second tranche of the Company's non-brokered private placement announced in its news release of July 16, 2012 has closed, raising gross proceeds of approximately \$1.9 million through the issuance of 9.6 million units at a price of \$0.20 per unit.

**Item 5.1 Full Description of Material Change**

The second tranche of the Company's non-brokered private placement announced in its news release of July 16, 2012 has closed. Gross proceeds of \$1,925,200 were raised under the second tranche through the issuance of 9,626,000 units at a price of \$0.20 per unit. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable at a price of \$0.30 for a period of two years, subject to an accelerated exercise provision.

In connection with the second tranche closing, the Company paid cash fees totaling \$137,216 and issued 686,080 share purchase warrants to finders. The finders' warrants have the same terms as the share purchase warrants issued to the investors as part of their units, except that the finders' warrants are non-transferable.

A hold period expiring on February 9, 2013 applies to the securities issued in the second tranche of the private placement.

**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**

October 10, 2012