

FORM 51-102F3

NATIONAL INSTRUMENT 51-102

MATERIAL CHANGE REPORT

ITEM 1 Name and Address of Company:

Ridley Inc.
17 Speers Road
WINNIPEG MB R2J 1M1

ITEM 2 Date of Material Change:

May 3, 2004

ITEM 3 News Release:

A news release dated May 3, 2004 was released from Mankato, Minnesota and Winnipeg, Manitoba, and disseminated via CCNMatthews.

ITEM 4 Summary of Material Change:

Ridley Inc. (www.ridleyinc.com), one of the largest commercial animal nutrition companies in North America, today announced its decision to fully provide for an impaired loan receivable.

ITEM 5 Full Description of Material Change:

Ridley Inc. announced the decision to provide for its remaining exposure to a significant swine customer reflecting the financial difficulties experienced by that customer over the last 18 months following an outbreak of PRRS (a disease that reduces the productivity of sows). In early 2000 facilities were extended to this customer totaling U.S.\$7.6 million as it restructured and expanded its operations. This was linked to a long-term feed contract. While the feed contract remains in place, the recovery of the remaining advances totaling U.S.\$4.6 million at the beginning of the fiscal year is now in doubt. Ridley previously recorded an impairment reserve of U.S.\$3.0 million in fiscal 2003 and increased the reserve by U.S.\$0.9 million during the first half of fiscal 2004. The third quarter of fiscal 2004 will reflect a charge of U.S.\$3.7 million, U.S.\$2.2 million after tax, to fully provide for the exposure. Ridley Inc. has no other significant exposure in its customer portfolio. Ridley Inc. ceased making large advances to customers for securing feed contracts in 2001.

- ITEM 6 Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102:
Not applicable.
- ITEM 7 Omitted Information:
Not applicable.
- ITEM 8 Executive Officer:

For further information please contact J. D. Richardson, Corporate Secretary
of Ridley Inc. at (204) 956-1717.
- ITEM 9 Date of Report:

Dated at Winnipeg, Manitoba this 6th Day of May, 2004.

RIDLEY INC.

A handwritten signature in dark ink, reading "J.D. Richardson". The signature is written in a cursive, flowing style.

J.D. Richardson
Corporate Secretary