

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:

July 18, 2006

ITEM 3 News Release:

A news release dated July 18, 2006 was released from Mankato, Minnesota and Winnipeg, Manitoba, and disseminated via CCMatthews.

ITEM 4 Summary of Material Change:

In a decision released Friday, July 14, the Quebec Court of Appeal denied Ridley Inc. leave to appeal the June 2, 2006 Quebec Superior Court's refusal to stay the proposed class action lawsuit against Ridley and the Government of Canada in the province of Quebec.

ITEM 5 Full Description of Material Change:

In a decision released Friday, July 14, the Quebec Court of Appeal denied Ridley Inc. leave to appeal the June 2, 2006 Quebec Superior Court's refusal to stay the proposed class action lawsuit against Ridley and the Government of Canada in the province of Quebec. The Government of Canada was also denied leave to appeal.

Last week's ruling by the Quebec Court of Appeal allows the Quebec case to proceed to the class authorisation stage while appeals by all of the parties are pending in the parallel Ontario case.

Ridley had sought to appeal the Quebec Superior Court's refusal to stay the Quebec proceedings because it believed that ruling was in error and raised important public interest issues and novel points of law regarding the judicial management of multi-jurisdictional, quasi-identical class actions. While denying Ridley's motion for leave to appeal at this time, the Quebec Court of Appeal last week did indicate that the serious and novel questions at issue can be argued again by Ridley at later stages in the litigation.

Early dismissal of the lawsuits remains Ridley's primary goal and the Company will continue to fully defend against the claims as long as the case continues.

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 20th Day of July, 2006.

RIDLEY INC.

A handwritten signature in black ink that reads "J.D. Richardson". The signature is written in a cursive, flowing style.

J.D. Richardson
Corporate Secretary