

23 November 2018 ASX RELEASE

ANNUAL GENERAL MEETING – 23 NOVEMBER 2018 Chairman's Statement

Good morning ladies and gentlemen. My name is Peter James. I am the Chairman of Keytone Dairy Corporation Limited. On behalf of the Board, it is my pleasure to welcome you to the 2018 Annual General Meeting, the first for Keytone Dairy Corporation. It is now 9:30am and there being a quorum present, I declare the meeting open for business. I confirm that the meeting has been properly constituted.

I would like to introduce you to the Keytone Non-Executive board members here today, being, Andrew Reeves and Robert Clisdell. I would also like to introduce you to James Gong, our CEO and Managing Director, who joins us by phone from Christchurch, New Zealand. Unfortunately, Non-Executive Director Peter Hobman who is based in New Zealand, wasn't able to attend today's AGM and we have received an apology. Also present are the Company's Chief Financial Officer, Jourdan Thompson, the Company's auditor, Nicholas Guest of HLB Mann Judd and the Company Secretary, Andrew Bursill of Automic Group.

The agenda for today's meeting is as follows:

- We will proceed to the formal matters to be considered today, as set out in the Notice of Meeting that was despatched to all shareholders on 23 October 2018;
- I will provide an overview of the business and update of the four pillar growth strategy of Keytone; and
- In conclusion, there will be an opportunity for questions and discussion.

After the meeting has closed, I invite you to stay for tea and coffee and our Directors and executive staff who are here today can answer any further questions you might have.

At its core, Keytone Dairy is a manufacturer and exporter of formulated dairy and nutrition blended powder products. The Company has leveraged its clean, green, pristine New

Zealand credentials globally and principally into its core market of China. Since inception, Keytone has developed, established and nurtured sound supply relationships with leading New Zealand dairy companies, including Fonterra and Westland Milk Products, while simultaneously establishing distribution channels in its core markets of China, New Zealand, Australian and more broadly Asia, as well as Europe.

Keytone has a proprietary product range of dairy based powder products which it sells both directly and indirectly to core markets through established distribution channels and retail clients. These core products include KeyDairy Whole Milk Powder, Skim Milk Powder, Colostrum Milk Powder and Goat Milk Powder in addition to the Company's KeyHealth FaceClear product. As well as the Company's proprietary brand and products, Keytone has significant expertise and private label capability and continues to manufacture third party product for leading supermarket chains and dairy brands, such as Countdown (Woolworths New Zealand subsidiary) and Alpine, among others.

The Company has established a robust growth strategy around four key pillars, being:

- 1. Increased production capacity;
- 2. Increase proprietary product range;
- 3. Diversify and grow the number of distribution channels; and
- 4. Increase the number of geographic markets which the Company exports to.

Keytone recognises the importance of and highly values its accreditations with the relevant industry bodies, including the New Zealand Ministry of Primary Industries, Risk Management Program, the People's Republic of China, Certification and Accreditation Administration ("CNCA") license as well as its Halal certification. The Company has held these accreditations for many years now and has successfully renewed and maintained these through 2018. Keytone has stringent quality and food safety procedures in place in order to meet the continuous obligations of the food safety and compliance audits imposed by both industry bodies and new and prospective customers.

The 2018 calendar year has marked a significant milestone in the history of Keytone Dairy Corporation, culminating in the successful listing of the Company on the Australian Stock Exchange in July 2018. Through the initial public offering process, demand for Keytone shares significantly exceeded the planned raise of \$15 million Australian dollars and the IPO was multiple times oversubscribed at the upper end of the subscription range. At the time of listing Keytone had a market capitalisation of \$30 million Australian dollars and today that market capitalisation stands at approximately \$70 million Australian dollars, an increase of approximately 133% in 4 months.

The success of the Keytone IPO has allowed the Company to commence deployment of the \$15 million raised around the four pillar growth strategy and in line with the use of funds outlined in the Company's prospectus. As shareholders would be aware, the construction of Keytone's second purpose-built powder manufacturing plant is well underway in Christchurch and is on schedule for delivery in the first half of calendar year 2019. Once online this additional manufacturing capacity will take the output of Keytone from 1,500 tonnes per annum to 5,000 tonnes per annum, more than tripling the existing capacity today.

To further future proof the capacity of the business, Keytone signed an option agreement in August 2018 for additional land on which to potentially construct new facilities and ultimately create an integrated purpose-built manufacturing facility across three owned blocks of land (each adjacent to each other) with multiple road access points. This allows for seamless drive through distribution logistics and achieves further economies of scale. Importantly, the option provides head room for further capacity roll out, as the company continues to develop its product range.

It is important to note that while the new facility is under construction through the current financial year 2019 (the Company has a 31 March year end) there is limited manufacturing space available at the existing facility to significantly grow sales without outsourcing additional production to third party contract manufacturers. In order to achieve additional sales growth through the transitional period of FY19 the Company has bought to market two new proprietary products, being KeyDairy Goat Milk Powder and KeyDairy Anhydrous Milk Fat ("AMF"). AMF in particular has seen significant demand from Taiwan's leading bakery ingredients supplier Tehmag. These products are largely being manufactured by reputable third parties in New Zealand.

Despite the capacity constraints at the existing facility, the Company is pleased with sales growth in the FY19 half year to 30 September 2018 which have significantly exceeded the prior corresponding period of FY18. As part of the Company's execution of its four-pillar growth strategy, Keytone continues its new product development and intends to bring further proprietary products, both in dairy and FMCG, to the market.

Keytone has well established distribution channels in China, both directly and indirectly with retailers such as Metro and internet giants such as JD.com and Tmall. Since listing, the Company has established four new distribution channels in China, being Pinduoduo, Shanghai First Food Mall, Corner's Deli and Lotus. Additionally, it has furthered its reach in

its domiciled market of New Zealand being listed on Kilo as well as listing certain core proprietary products with B2B platform, Irexchange in Australia.

Keytone will continue to execute on its growth strategy, including adding the number of geographic markets which it exports to and looks forward to updating shareholders on new distribution agreements and partnerships to leverage the Company's credentials. Keytone has put in place a robust board and management which has the depth of experience and capability to drive the business forward and create shareholder value. I am looking forward to working with the team to continue to grow the business over the short, medium and long term.

The Company has no debt, and a cash balance of approximately \$11.9m as at the end of September. We are progressing through FY2019 with confidence.

I am excited to have joined the board and the team at this exciting phase in the journey and after a very successful IPO. I would like to thank our Board of Directors and our executive team for their hard work and commitment. We appreciate the contribution of our loyal and dedicated employees, my fellow shareholders, our distributors and the support of our customers.

Peter James

Chairman



Corporate Snapshot

New Zealand manufacturer and exporter of formulated dairy and nutrition blended powdered products





Successful listing on ASX

Keytone Dairy Corporation Limited



Successfully commenced trading on the ASX on 18 July 2018



Significant demand for Keytone shares, well in excess of the planned A\$15 million raise, multiple times oversubscribed



At listing, Keytone had a market capitalisation of \$30 million and an approximate market capitalisation of \$70 million as of today



Listing represents an important milestone for Keytone Dairy and the funds raised will allow execution of the four pillar growth strategy





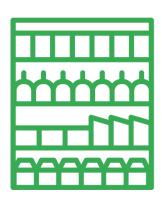
Growth Strategy

Four Pillars of Growth



1

Significantly expanding Keytone's production capacity in order to access high-volume customers



2

Expanding Keytone's product range, both inhouse proprietary brands and through contract manufacturing



3

Broadening the nature of Keytone's distribution channels



4

Increasing the number of countries to which Keytone exports its products



Continued Execution on Growth Strategy

Four Pillars of Growth



1

Capacity

Keytone continues to operate its existing 1,500 tonne per annum plant

Construction of the second manufacturing facility in Christchurch continues on schedule

Due for delivery in 1H 2019

Additional manufacturing growth options secured



2

Product Range

Keytone has launched two new proprietary brands in the FY2019 year to date

These are KeyDairy Goat Milk Powder and KeyDairy AMF, Keytone's first 'wet' product

Each are being sold into China and Taiwan, respectively

New product development remains a priority for Keytone



3

Distribution

Keytone continues to expand distribution channels in China, a key market, whilst also adding further channels in NZ and Australia

New channels in FY19 include:

- Pinduoduo
- Shanghai First Food Mall
- Corner's Deli
- Lotus
- Irexchange
- Kilo



4

Geographies

Expansion of geographic markets remains a priority for Keytone

Beyond new sales into
Taiwan achieved in FY19,
Keytone continues to seek
new partnerships and
distribution agreements in
new markets to leverage its
clean, green pristine NZ
credentials



Strong Board & Management

New board appointments of Peter James and Andrew Reeves bring deep corporate and sector experience to Keytone

Peter James, Non-Executive Chairman (Sydney) *



- Mr. James is an experienced business leader with significant strategic and operational expertise
- Mr. James has over 30 years experience in the commercial sector and extensive experience as Chair, Non-Executive Director and Chief Executive Officer across a
 range of publicly listed and private companies.
- Mr. James is currently chairman of ASX listed companies including Macquarie Telecom, Nearmap and Droneshield
- Mr, James recently completed 12 years as a non-executive director of iiNet, culminating in a divesture for \$1,560,000,000
- He is a fellow of the Australian Institute of Company Directors

James Gong, Managing Director and Chief Executive Officer (Christchurch)



- Mr. Gong is the founder of Keytone
- Mr. Gong has over 27 years of experience in the dairy industry as well as international trade. In 1998, Mr. Gong moved to New Zealand from his native China
- Prior to founding Keytone, Mr Gong was a Sales & Marketing Manager at Westland Co-operative Dairy Company Limited (also known as Westland Milk Products) a
 leading producer of dairy and infant nutrition ingredients in New Zealand, where was responsible for sales and exports to Asia, for 11 years
- Mr. Gong holds a BA in English from Nanking Normal University in China, a Masters in Business Administration from Massey University in New Zealand and completed ESCO Course at the New Zealand Institute of Management

Andrew Reeves, Non-Executive Director (Sydney) *



- Mr. Reeves is a highly respected leader and strategist in FMCG with extensive exposure to public equity markets
- Mr. Reeves has more than 40 years experience in FMCG and his prior roles have included Chief Executive Officer of George Weston Foods, Managing and Executive
 Director of Lion Nathan Limited (including Managing Director of Lion Dairy & Drinks), Managing Director Australia of Coca-Cola Amatil and Managing Director of The
 Smith's Snack Food Company among others
- Mr. Reeves currently serves as Chair on Netget Limited, trading as IR Exchange, as well as The Healthy Grain. Additionally, he is a non-executive director of Credit Union Australia and Oz Harvest



Strong Board & Management

New board appointments of Peter James and Andrew Reeves bring deep corporate and sector experience to Keytone

Peter Hobman, Independent Non-Executive Director (New Zealand)



- Mr. Hobman is a business development consultant to dairy-related businesses and other organisations globally. He was formerly GM, MG Nutritionals Ltd, Murray Goulburn Coop Dairy Co Ltd, Australia
- His additional experience includes senior and executive management roles with New Zealand Coop Dairy Company, New Zealand Dairy Board, Japan and its joint venture Nippon Proteins KK based in Tokyo, and the New Zealand Dairy Research Institute. He has wide-ranging company governance experience in NZ, Australia and Japan.
- He is presently a non-executive director at New Zealand Food Innovation Waikato Ltd.

Robert Clisdell, Non-Executive Director (Sydney)



- Mr Clisdell is based in Sydney and is a non-executive director of DroneShield and the head of Bergen Capital (Australia), LLC's Australian office
- Prior to Bergen, Mr. Clisdell gained over 15 years' experience in the banking, finance and accounting sectors in the Australian market as an investment banker at Credit Suisse and Caliburn Partnership (now Greenhill & Co.) and worked in equity capital markets at Ord Minnett
- Mr. Clisdell began his career at Ernst & Young where he qualified as a Chartered Accountant
- Mr. Clisdell has a Bachelor of Commerce from the University of Sydney and a Graduate Diploma in Applied Finance & Investment from FINSIA

Jourdan Thompson, Chief Financial Officer (Sydney)



- Mr. Thompson has over 15 years' industry experience in investment banking, finance and insolvency/restructuring in Australia and Europe
- Mr. Thompson has spent the last 10 years in investment banking, working most recently for Greenhill & Co. as a director, based in the Sydney office and prior to this for ING Investment Bank in London. During his time at Greenhill, Mr. Thompson principally focussed on strategic and advisory mandates for ASX200 clients
- Mr. Thompson began his career at KPMG in the Corporate Recovery and Restructuring team (now McGrathNicol), prior to moving to the Corporate Finance team at EY
- Mr. Thompson is a qualified Chartered Accountant with Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce degree, from UNSW

Vivienne Cheung, Chief Operating Officer (Christchurch)



- Mrs. Cheung is a co-founder of Keytone and has served as a key employee since Keytone's inception
- Mrs. Cheung has over 20 years of experience in finance and banking at Bank of China Shanghai and ASB Bank of New Zealand
- Mrs. Cheung holds a Bachelor of Science in civil engineering from Tongji University in China and a Postgraduate Diploma in Banking from Massey University in New Zealand



Summary

- 1 Successfully commenced trading on the ASX on 18 July 2018
- Continued execution of the four pillar growth strategy increased production capacity, new product development, new distribution channels, new geographies
- 3 Strong Board & Management new board appointments bring significant corporate and sector expertise
- FY19 is the transitional year for Keytone, new capacity being constructed and on schedule, due to come online in the 1H of 2019
 - All accreditations and licenses renewed, including CNCA and Halal certification, organic license expected prior to year end



Keytone Dairy

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