

RESPONSE TO ASX QUERY – WALMART CHINA AGREEMENT

Sydney, Australia and Christchurch, New Zealand - Keytone Dairy Corporation Ltd (ASX:KTD or KTD.AU) (“Keytone Dairy” or the “Company”) sets out below additional details regarding the manufacturing and supply agreement it has been awarded and signed with Walmart (China) Investment Co., Ltd (“Walmart China”).

The Company confirms the term of the contract is indefinite and the volumes to be manufactured are to be confirmed on an ongoing purchase order basis, which is typical of contracts in the industry. As this contract is in line with such supply and manufacturing terms, the financial benefit can not be determined in advance of received orders as volumes will be confirmed on an order by order basis.

There are no other material terms contained in the contract. As outlined in the Company’s earlier announcement, the terms of the contract are in line with industry standards for a contract of this nature, and as is common in the industry, the contract does not stipulate a specific volume of production – rather it sets out the terms on which Keytone Dairy will contract manufacture Sam’s Club China-branded product, as and when Walmart China places orders with Keytone Dairy.

The Company considers the contract to be material given its open-ended supply nature and the size and number of stores Walmart China operates through Sam’s Club in China. Additionally, this contract is the result of many months of rigorous compliance audits and other onerous onboarding procedures by Walmart China in validating the quality of the Keytone Dairy manufacturing operations and ultimately selecting Keytone Dairy as its contract manufacturer for its selected powdered dairy products.

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Further Information

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About Keytone Dairy Corporation Limited

Based in Sydney, Australia and Christchurch, New Zealand, Keytone Dairy is an established manufacturer and exporter of formulated dairy products. In addition to Keytone Dairy's own brands, the company is a trusted production partner, contract packing for well-known brands in New Zealand and internationally. Keytone's purpose built dairy production facility offers a wide range of dairy and nutrition packing solutions, meeting the diverse needs of consumers from different markets and cultures.

Keytone Dairy's facility is certified with the New Zealand Ministry of Primary Industries, and Keytone holds a Certification and Accreditation Administration (CNCA) of the People's Republic of China manufacturer registration, thereby enabling export of Keytone's products to China. In addition, the facility holds a Halal certification from the Federation of Islamic Associations of New Zealand (an accredited body recognised by Islamic countries worldwide). Please visit www.keytonedairy.com for further information.

About Sam's West Inc. (trading as Sam's Club), China.

Sam's Club is a chain of high-end membership-only clubs and a 100% subsidiary of Walmart Inc, a Fortune 500, named by the retail giant Mr. Sam Walton, founder of Wal-Mart. Since the first Sam's Club opened in Midwest City in Oklahoma State in April of 1983, Sam's Club has a history over 30 years. At the beginning of 90's, Sam's Club entered international market and has become one of the largest membership clubs internationally. At the present, Sam's Club has developed 800 chain clubs globally and provides superior service to over 50 million individual members and business members.

The first Sam's Club in China was opened in Shenzhen on August 12, 1996. So far, Sam's Club has developed a total of 18 clubs in China which are located in Beijing, Shanghai, Shenzhen, Guangzhou, Fuzhou, Dalian, Hangzhou, Suzhou, Wuhan, Changzhou, Zhuhai, Tianjin, Xiamen, Nanjing and Changsha.

A Sam's Club has an average shopping area of 20,000 square meters and offers bulk groceries and general merchandise. To satisfy customers' needs for higher quality, Sam's Club only provides either the best quality product in the category or the best-selling brand. The Club offers 4,000 high quality-to-price ratio items, including categories such as fresh, groceries, household appliances, home and apparel.

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