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# KEYTONE DAIRY CORPORATION LIMITED

## ACN 621 970 652

### NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Meeting will be held at:

**TIME:** 9.30am AEST  
**DATE:** 31 August 2020  
**PLACE:** Level 8/2 Bligh Street, Sydney

Online at <https://agmlive.link/KTDAGM20>

In light of the restrictions imposed as a result of the COVID-19 pandemic we do NOT encourage shareholders to attend the meeting in person, please **attend online**. Due to social distancing requirements and restrictions on the size of public gatherings it is highly likely that you will not be admitted to the meeting in person.

We recommend logging onto our online platform at least 15 minutes prior to the commencement of the meeting using the instructions below:

- Enter <https://agmlive.link/KTDAGM20> into a web browser on a mobile or online device;
- Securityholders will need their Security Reference Number or Holder Identification Number, which is printed at the top of the Voting Form; and
- Proxy holders will need their proxy code which Link Market Services will provide via email no later than 48 hours prior to the Meeting.

More information about online participation and voting is available in the Online Platform Guide at:  
<https://www.keytonedairy.com/investor-centre/>

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are***

**registered Shareholders at 9.30am AEST on 29 August 2020.**



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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 March 2020 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 31 March 2020.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ANDREW REEVES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 12.11 of the Constitution, Listing Rule 14.5 and for all other purposes, Andrew Reeves, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule*

7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

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**5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES – LISTING RULE 7.1**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 32,267,349 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved, or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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**6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES – LISTING RULE 7.1A**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 8,055,232 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved, or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
  - (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
  - (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
    - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
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**Dated: 29 July 2020**

**By order of the Board**

**Heidi Aldred  
Company Secretary**

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**Voting by proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 3 9587 6483.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 March 2020 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.keytonedairy.com](http://www.keytonedairy.com).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

### **2.3 Previous voting results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ANDREW REEVES**

### **3.1 General**

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Andrew Reeves, who has served as a Director since 25 September 2018 and was last re-elected on 23 November 2018, retires by rotation and, being eligible, seeks re-election.

### **3.2 Qualifications and other material directorships**

Mr. Reeves is a highly respected leader and strategist in fast moving customer goods (**FMCG**) with extensive exposure to public equity markets and brings invaluable experience to the Board and management team. 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 Smiths Snack Food Company among others. Mr Reeves currently serves as a Non-Executive Director on the boards of Inghams Group Ltd and Credit Union Australia Ltd.

### **3.3 Independence**

If re-elected the Board considers Andrew Reeves will be an independent Director.

### **3.4 Board recommendation**

The Board has reviewed Andrew Reeves's performance since his appointment to the Board and considers that his skills and experience in FMCG will continue to enhance the Board's ability to perform its role, particularly as the Company pursues its diversified proprietary brand strategy in the health and wellness sector.

Accordingly, the Board (with Andrew Reeves abstaining) supports the re-election of Mr. Reeves and recommends that Shareholders vote in favour of Resolution 2. Mr. Reeves has confirmed to the Board that he will have sufficient time to fulfil his responsibilities as a Director of the Company.

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## **4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE**

### **4.1 General**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

Resolution 3 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 (15%) and 7.1A (10%) without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

### **4.2 Technical information required by Listing Rule 7.1A**

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 3:

#### **(a) Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

#### **(b) Minimum Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

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- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 4.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for accelerating the Company's growth by investing in growing the existing manufacturing facilities, enhancing distribution channels, acquiring new brands, investing in marketing, exploring new geographic markets, enhancing the existing product lines and developing proprietary brands within the dairy, health and wellness and nutrition market and general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 20 July 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.115	\$0.23	\$0.35
			50% decrease	Issue Price	50% increase
		Funds Raised			
<b>Current</b>	256,596,482 Shares	25,659,648 Shares	\$2,950,859	\$5,901,719	\$8,852,578
<b>50% increase</b>	384,894,723 Shares	38,489,472 Shares	\$4,426,289	\$8,852,578	\$13,278,867
<b>100% increase</b>	513,192,964 Shares	51,319,296 Shares	\$5,901,719	\$11,803,438	\$17,705,157

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 256,596,482 Shares on issue comprising:
  - (a) 256,596,482 existing Shares as at the date of this Notice of Meeting; and
  - (b) no other Shares are issued for any other purpose.
2. The issue price set out above is the closing market price of the Shares on the ASX on 20 July 2020.
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(e) Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
  - (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
  - (iii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
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- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 26 July 2019 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from 31 August 2019, the Company issued 8,055,232 Shares pursuant to the Previous Approval (**Previous Issue**), which represent approximately 2.2% of the total diluted number of Equity Securities on issue in the Company on 31 August 2019, which was 363,883,100.

Further details of the issues of Equity Securities by the Company pursuant to Listing Rule 7.1A.2 during the 12-month period preceding the date of the Meeting are set out below.

The following information is provided in accordance with Listing Rule 7.3A.6(b) in respect of the Previous Issue:

<b>Date of Issue and Appendix 2A/3B</b>	<b>Date of Issue:</b> 15 May 2020 <b>Date of Appendix 2A/3B:</b> 15 May 2020/11 May 2020 (respectively)
<b>Recipients</b>	Professional and sophisticated investors as part of a placement announced on 11 May 2020. The placement participants were professional and sophisticated investors who are clients of Peloton Capital Pty Ltd and Bell Potter Securities Limited, the joint lead managers of the placement. The recipients were identified through a bookbuild process, which involved the joint lead managers seeking expressions of interest to participate in the placement from non-related parties of the Company. None of the recipients were related parties of the Company.
<b>Number and Class of Equity Securities Issued</b>	8,055,232 Shares <sup>2</sup>
<b>Issue Price and discount to Market Price<sup>1</sup> (if any)</b>	\$0.31 per Share (no discount to Market Price).
<b>Total Cash Consideration and Use of Funds</b>	<b>Amount raised:</b> \$2,497,121.92 <b>Amount spent<sup>4</sup>:</b> nil <b>Use of funds:</b> n/a. <b>Amount remaining<sup>4</sup>:</b> \$2,497,121.92 <b>Proposed use of remaining funds<sup>3</sup>:</b> to accelerate the Company's growth initiatives, including sales and marketing of its higher margin proprietary products, capital expenditure towards the

AusConfec bar line, working capital (including to fulfil the increasing size and number of customer orders) and to provide funding to execute a pipeline of strategic acquisition opportunities.

**Notes:**

1. Market Price means the closing price of Shares on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities (i.e. \$0.29 on 14 May 2020).
2. Fully paid ordinary shares in the capital of the Company, ASX Code: KTD (terms are set out in the Constitution).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
4. Since 15 May 2020, the Company has deployed existing cash reserves towards the Company's growth initiatives as outlined in the table above. As at the date of this Notice, the Company retains the full amount raised under its prior Listing Rule 7.1A approval for future deployment for the objectives outlined above.

### **4.3 Voting Exclusion Statement**

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

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## **5. RESOLUTIONS 4 AND 5 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES - LISTING RULES 7.1 AND 7.1A**

### **5.1 General**

On 15 May 2020, the Company issued 40,322,581 Shares (**Placement Shares**) at an issue price of \$0.31 per Share to raise \$12,500,000 (**Placement**).

32,267,349 Shares were issued pursuant to the Company's capacity under Listing Rule 7.1 (being the subject of Resolution 4) and 8,055,232 Shares were issued pursuant to the Company's 7.1A mandate (being the subject of Resolution 5) which was approved by Shareholders at the annual general meeting held on 26 July 2019.

The Company engaged the services of Peloton Capital Pty Ltd and Bell Potter Securities Limited (**Joint Lead Managers**) to jointly lead manage the Placement.

### **5.2 Listing Rules 7.1 and 7.1A**

As summarised in Section 4.1 above, Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%. The Company had previously obtained approval to increase its limit to 25% at the annual general meeting held on 26 July 2019.

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The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of Equity Securities following this Meeting remains conditional on Resolution 3 being passed by the requisite majority at this Meeting.

The issue of the Placement Shares does not fit within any of the specified exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of issue of the Placement Shares.

### **5.3 Listing Rule 7.4**

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

Resolutions 4 and 5 seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

### **5.4 Technical information required by Listing Rule 14.1A**

If Resolutions 4 and 5 are passed, the Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolutions 4 and 5 are not passed, the Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of Equity Securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

### **5.5 Technical information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 4 and 5:

- (a) the Placement Shares were issued to professional and sophisticated investors who are clients of the Joint Lead Managers. The recipients were identified through a bookbuild process, which involved the Joint Lead Managers seeking expressions of interest to participate in the Placement from non-related parties of the Company. None of the recipients were related parties of the Company;
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- (b) 40,322,581 Placement Shares were issued on the following basis:
    - (i) 32,267,349 Shares issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 4); and
    - (ii) 8,055,232 Shares issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 5);
  - (c) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
  - (d) the Placement Shares were issued on 15 May 2020;
  - (e) the issue price was \$0.31 per Placement Share under both the issue of Shares pursuant to Listing Rule 7.1 and Listing Rule 7.1A. The Company has not and will not receive any other consideration for the issue of the Placement Shares;
  - (f) the purpose of the issue of the Placement Shares was to raise \$12,500,000, which will be applied towards accelerating the Company's growth initiatives, including sales and marketing of its higher margin proprietary products, capital expenditure towards the AusConfec bar line, working capital (including to fulfil the increasing size and number of customer orders) and to provide funding to execute a pipeline of strategic acquisition opportunities;
  - (g) the Placement Shares were not issued under an agreement; and
  - (h) a voting exclusion statement is included in Resolutions 4 and 5 of the Notice.
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## GLOSSARY

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**\$** means Australian dollars.

**7.1A Mandate** has the meaning given in Section 4.1.

**AEST** means Australian Eastern Standard Time as observed in Australia, New South Wales.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Keytone Dairy Corporation Limited (ACN 621 970 652).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the

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Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the Listing Rules of ASX.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 March 2020.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Variable A** means "A" as set out in the formula in Listing Rule 7.1A.2.

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