

michael hill

INTERNATIONAL LIMITED

The Board has received notification from the Hill Family of two matters concerning its shareholding in Michael Hill International Limited (the 'Company').

Firstly, the Hill Family has advised that it wishes to consolidate its shareholding in the Company in a single entity. Historically, the Hill Family shareholding has been held in a number of different family trusts. However, the Hill Family advises that the reasons for doing so are no longer relevant and it considers that a single entity is now more appropriate.

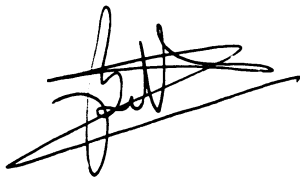
Secondly, and following the consolidation of their shareholding in the Company in a single entity, the Hill Family wish to increase their shareholding in the Company to approximately 50.1%. The Hill Family currently holds approximately 48% of the Company.

The Hill Family understands that these matters will require shareholder approval for the purposes of the Takeovers Code and has requested that they be put before the Company's annual meeting of shareholders which is scheduled to be held on 5 November 2010.

It is anticipated that if approved by shareholders the Hill Family will look to increase their percentage voting control in the Company by acquiring shares on-market in a manner broadly similar to a company share buyback in the 12 months following approval.

The Board understands that this arrangement will require certain exemptions from the Takeovers Code in order for the information to be contained in the notice of annual meeting to comply with the requirements of the Code. Subject to these exemptions being obtained from the Takeovers Panel within the timeframe for the preparation of the notice of annual meeting the necessary resolutions will be included in the notice sent to shareholders in September. If it becomes apparent that the exemptions cannot be obtained by the Company in the necessary timeframe for the matters to be considered at the annual meeting the Company will make a further announcement.

Pending the necessary shareholder approvals the Hill Family is by virtue of the Takeovers Code not permitted to increase its percentage shareholding in the Company.



Wayne Butler
Company Secretary 25 August 2010