

michael hill[®]

INTERNATIONAL LIMITED

Notice of Annual General Meeting and Explanatory Memorandum

Michael Hill International Limited ACN 610 937 598

Date of Meeting: Thursday, 24 October 2019

Time of Meeting: 10:00am (Brisbane time)

Place of Meeting: PwC, Level 23, 480 Queen Street, Brisbane.

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Michael Hill International Limited ACN 610 937 598 (Company) will be held at PwC, Level 23, at 480 Queen Street, Brisbane, Queensland, on Thursday, 24 October 2019 at 10:00am (Brisbane time).

Agenda

Ordinary business

Financial Reports

To receive and consider the Company's 2019 Annual Report comprising the:

- (1) financial report;
- (2) Directors' Report; and
- (3) auditors' report,

for the financial year ended 30 June 2019.

2. Resolution 1: Remuneration Report (advisory Resolution)

To consider and, if thought fit, pass the following advisory Resolution:

"That, the Remuneration Report for the year ended 30 June 2019 (as set out in the Directors' Report) is adopted."

The vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement pursuant to section 250R(4) of the Corporations Act

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, the above persons may cast a vote on Resolution 1 if:

- (a) the person does so as a proxy; and
- (b) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and
- (c) either:
 - (1) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or

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- (2) the voter is the chair of the meeting and the appointment of the chair as proxy:
- (A) does not specify the way the proxy is to vote on the resolution; and
 - (B) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Voting Intention of Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act and the Listing Rules.

In exceptional circumstances, the Chair may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

3. Resolution 2: Re-election of Gary Warwick Smith as a Director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That Gary Warwick Smith, who retires by rotation in accordance with Listing Rule 14.4 and Article 38.6 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

4. Resolution 3: Grant of Share Rights under Company’s Incentive Plan

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That for the purposes of Listing Rule 7.2 (exception 9(b)) and for all other purposes, the Shareholders approve the issue of securities under the Company’s Incentive Plan approved by the Board on 18 August 2016 (**Plan**) as an exception to Listing Rule 7.1”.

Note: in accordance with Listing Rule 7.2 (exception 9(b)), a summary of the terms of the Plan and other required information is set out in the Explanatory Memorandum.

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Voting Exclusion Statement pursuant to Listing Rule 14.11

For the purposes of Listing Rule 14.11 and all other purposes, the Company will disregard any votes cast in favour on this Resolution by:

- a Director; and
- an associate of a Director.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Voting Exclusion Statement pursuant to section 250BD of the Corporations Act

As Resolution 3 is a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 3 must not be cast by:

- (1) any member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity); or
- (2) a Closely Related Party of a member of the Key Management Personnel for the Company (or if the Company is a consolidated entity, for the entity),

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution.

However, the Company need not disregard a vote if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution, if the appointment of the proxy expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity).

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated into and forms part of this Notice of Meeting. A detailed explanation of the background and reasons for the proposed Resolutions are set out in the Explanatory Memorandum. Terms used in this Notice of Meeting are defined in section 9 of the accompanying Explanatory Memorandum.

By order of the Board

Andrew Lowe
Company Secretary
25 September 2019

1. Introduction

This Explanatory Memorandum is provided to Shareholders of Michael Hill International Limited ACN 610 937 598 (Company) to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at PwC, Level 23, at 480 Queen Street, Brisbane, Queensland on Thursday, 24 October 2019 commencing at 10:00am (Brisbane time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in section 9.

2. Consider the Company's 2019 Annual Report

The Company's 2019 Annual Report comprising the:

- (1) financial report;
- (2) Directors' Report; and
- (3) auditor's report,

for the financial year ended 30 June 2019 is scheduled to be released to the ASX Limited on or about 25 September 2019 and dispatched to Shareholders on that date.

The Company's Annual Report is placed before the Shareholders for discussion in accordance with section 317 of the Corporations Act. The Company's external auditor, Ernst & Young, will be in attendance to respond to questions in relation to the conduct of the audit and the preparation and content of the auditor's report.

No voting is required for this item.

3. Resolution 1: Remuneration Report (advisory Resolution)

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory Resolution in accordance with section 250R of the Corporations Act.

The Remuneration Report is set out in the Directors' Report section of the 2019 Annual Report and is also available on the Company's website at investor.michaelhill.com. The Report, amongst other things:

- (1) explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the consolidated entity;
- (2) explains the relationship between the Board's remuneration policy and the Company's performance;
- (3) sets out remuneration details for each Key Management Personnel of the consolidated entity including details of performance related remuneration and options and share rights granted as part of remuneration; and
- (4) details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors or the Company.

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting on Resolution 1, details of which are set out in the Voting Exclusion Statement included in Resolution 1 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act and Listing Rules. In exceptional circumstances, the Chair may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

4. Resolution 2: Re-election of Gary Warwick Smith as a Director

Listing Rule 14.5 and Article 38 of the Company's Constitution require that the Company hold an election of Directors at each annual general meeting. In addition, Listing Rule 14.4 and Article 38.6 of the Company's Constitution provide that a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer. A retiring Director is eligible for re-election at the AGM.

Accordingly, Gary Warwick Smith, who has held office as a Non-Executive Director without re-election since the Company's annual general meeting in 2016, retires in accordance with Article 38.6 of the Company's Constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election as a Non-Executive Director.

Gary Smith, B.Com., F.C.A., F.A.I.C.D, was appointed to the Board of the Company upon its incorporation on 24 February 2016. Prior to this Gary was appointed as a director of the former New Zealand listed entity, Michael Hill New Zealand Limited, in November 2012.

Gary is the Chair of the Company's Audit and Risk Management Committee and a member of the People Development and Remuneration Committee. The Board considers Mr Gary Smith to be an Independent Director.

Gary has had extensive experience as a company director. He is the Chairman of Flight Centre, one of the Australia's top 100 public companies and is a member of their Audit and Remuneration sub-committee. He is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors. Gary is also a director of Tourism Events Queensland and the Chair of its Audit and Risk Committee.

The Directors (with Gary Smith abstaining) recommend that you vote in favour of this Ordinary Resolution.

5. Resolution 3: Grant of Share Rights under Company's Incentive Plan

5.1 Michael Hill International Limited Incentive Plan

The Board approved a long term incentive plan, providing for the issue of share rights to key employees, on 18 August 2016 (**Incentive Plan or Plan**).

The purpose of the Company's Incentive Plan is to:

- (1) assist in the reward, retention and motivation of Participants;
- (2) align the interests of Participants with the interests of the Company's Shareholders;
- (3) promote the long term success of the Group and provide greater incentive for Participants to focus on the Group's longer term goals;
- (4) link the reward of Participants to the performance of the Group and the creation of Shareholder value; and
- (5) provide Participants with the opportunity to share in any future growth in value of the Company.

5.2 Incentive Rights Plan

The Company will award Share Rights under the Plan as part of the Company's long term incentive remuneration strategy. The Plan is designed to align the interests of key employees who are Eligible Participants with Shareholders and to assist the Company in the attraction, motivation and retention of key employees. In particular, the Plan provides Participants with an incentive for future performance, thereby encouraging those Participants to remain with the Company and contribute to the future performance of the Group.

Under the Plan, Eligible Participants may be granted Share Rights for nil consideration (unless otherwise provided by the relevant offer), which vest if certain vesting conditions are met. Upon vesting, subject to any exercise conditions, each Share Right entitles the Participant to one Share (subject to any reconstructions of capital as contemplated by the Plan).

5.3 Shareholder Approval Sought

Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

Under Listing Rule 7.2 (Exception 9(b)), shareholder approval under Listing Rule 7.1 is not required for the issue of securities under an employee incentive scheme if within 3 years before the issue date, holders of ordinary securities in the company approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

Shareholders last approved the issue of Securities under the Plan for the purposes of Listing Rule 7.2 (Exception 9(b)) at an annual general meeting of the Company held on 31 October 2016. As the three year period from 31 October 2016 will expire on 31 October 2019, the Company is required to again seek shareholder approval to issue Share Rights under the Plan for a further three year period.

Accordingly, Resolution 3 seeks Shareholder approval for the issue of Securities under the Plan as an exception to ASX Listing Rule 7.1, in accordance with Exception 9(b) of Listing Rule 7.2, and for all other purposes.

If Resolution 3 is passed, the Company will be able to issue Share Rights (as equity incentives) under the Plan without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

If approval is obtained, it will be effective for a period of three years from the date the resolution is passed.

If required, the Company will seek further Shareholder approval in accordance with the Corporations Act and the Listing Rules prior to issuing any Share Rights to Directors or their associates.

For the purposes of Listing Rule 7.2 (Exception 9(b)):

- (1) a summary of the key terms of the Plan are set out in Annexure A. A copy of the full terms and conditions of the Plan will be sent to Shareholders of the Company free of charge on request;
- (2) the Plan was approved by the Board on 18 August 2016 and to date there have been 1,143,772 Share Rights issued under the Plan. The Company has not previously adopted, and no Securities have been issued under, any other Employee Incentive Scheme; and
- (3) a voting exclusion statement for Resolution 3 is included in the Notice of Meeting that accompanies this Explanatory Memorandum.

5.4 **ASIC Class Order Relief**

Offers of Share Rights and issues of Securities under the Plan will be made in reliance on ASIC Class Order 14/1000 (**CO 14/1000 or Class Order**), which currently governs employee incentive schemes of listed companies. The Class Order provides relief from certain provisions (disclosure, licensing, hawking and other incidental matters) of the Corporations Act provided that the conditions specified in the Class Order are satisfied.

Relevantly, for the Class Order to apply, the Company must have reasonable grounds to believe, when making an offer under the Plan, that the number of Shares to be received on exercise of Share Rights offered, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

5.5 **Voting Recommendation**

The Directors recommend that Shareholders vote in favour of this Resolution.

6. **Voting Entitlement**

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that the shareholding of each Shareholder for the purpose of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the Company's share register at 7pm AEST on Tuesday, 22 October 2019. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

7. Proxy, representative and voting entitlement instructions

7.1 Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a Shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the Shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a Shareholder of the Company.

The Company's Constitution provides that, on a show of hands, every Shareholder present and qualified to vote shall have one vote. If you appoint one proxy, that proxy may vote on a show of hands but if you appoint two proxies, neither proxy may vote on a show of hands.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the Corporations Act.

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged by:

- a) Mailing it to Computershare using the reply paid envelope.
- b) Posting it to GPO Box 242, Melbourne VIC 3001 Australia.
- c) Lodging it online at Computershare's website investorvote.com.au and logging in using the control number found on the front of your accompanying proxy form, or scanning the QR code on the front of the accompanying proxy form with your mobile device and inserting your postcode:

Note: You will be taken to have signed your proxy form if you lodge it in accordance with the instructions on the website.

- d) Faxing it to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).
- e) Intermediary Online subscribers (Institutions/Custodians) may lodge their proxy instruction online by visiting intermediaryonline.com

Your completed proxy form (and any necessary supporting documentation) must be lodged online or received by Computershare no later than 10:00am (Brisbane time) on Tuesday, 22 October 2019 being 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to the Notice of Meeting.

7.2 Signing instructions

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, any one of the security holders may sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to the proxy form when you return it.
- Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a Sole Director can also sign alone.
- Otherwise the proxy form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

8. Results of the Meeting

Voting results will be announced on the ASX as soon as practicable after the Meeting and will also be made available on the Company's website at investor.michaelhill.com.

9. Interpretation

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange;

Board means the board of Directors of the Company;

Class Order means ASIC Class Order 14/1000 as amended or replaced from time to time;

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant 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 dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition;

Company means Michael Hill International Limited ACN 610 937 598;

Constitution means the constitution of the Company from time to time;

Corporations Act means the Corporations Act 2001 (Cth) as amended, varied or replaced from time to time;

Director means a director of the Company;

Eligible Participant means any of the following persons:

- (a) a Director (whether executive or non-executive) of any Group company;
- (b) a full or part time employee of any Group company;
- (c) a casual employee or contractor of a Group company to the extent permitted by the Class Order; or
- (d) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under clauses (i), (ii) or (iii) above;

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting;

Group means the Company and its subsidiaries (as that term is defined in the Corporations Act);

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;

Listing Rule means the official listing rules of the ASX as amended from time to time;

Meeting or Annual General Meeting means the annual general meeting to be held on 24 October 2019;

Michael Hill NZ means Michael Hill New Zealand Limited Company Number 342863;

Notice of Meeting or Notice means the notice of meeting giving notice to Shareholders of the Meeting, accompanying this Explanatory Memorandum;

NZX means NZX Limited or the New Zealand Stock Exchange;

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

Participants means Eligible Participants who are granted Share Rights under the Plan;

Resolution means a resolution proposed at the Meeting;

Security has the meaning given in the Listing Rules;

Shareholder means a holder of Shares in the Company;

Share means an ordinary fully paid share in the issued capital of the Company;

Share Right means a right granted in accordance with the Incentive Plan.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Andrew Lowe (Company Secretary):

7 Smallwood Place Murarrie, Queensland 4172
+61 7 3114 3500

Annexure A – Summary of Incentive Rights Plan

The key terms of the Plan are set out below. Capitalised terms which are not otherwise defined have the meaning given in section 9 of the Explanatory Memorandum.

Participation

- (a) The Board may from time to time in its absolute discretion determine that an Eligible Participant may participate in the Plan and make an Invitation to the Eligible Participant to apply for up to a specified number of Share Rights on such terms and conditions as the Board decides from time to time and otherwise on the terms of the Plan (**Invitation**). The Invitation may include:
- i. the number of Share Rights for which that Eligible Participant may apply;
 - ii. the grant date;
 - iii. the amount payable (if any) for the grant of each Share Right or how such amount is calculated;
 - iv. any condition to vesting of the Share Right, (Vesting Conditions);
 - v. whether each Share Right, upon vesting needs to be manually exercised or whether it will be automatically exercised;
 - vi. the conditions to exercise the Share Right (Exercise Conditions);
 - vii. any exercise price;
 - viii. whether the Company must fulfil a vested Share Right that has been exercised by acquiring Shares on-market or by any means; and
 - ix. any other supplementary terms and conditions considered relevant by the Board.
- (b) An “Eligible Participant” means any of the following persons:
- i. a Director (whether executive or non-executive) of any Group company;
 - ii. a full or part time employee of any Group company;
 - iii. a casual employee or contractor of a Group company to the extent permitted by the Class Order; or
 - iv. a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under clauses (i), (ii) or (iii) above.
- (c) Unless otherwise expressly permitted in the Invitation, an Eligible Participant may only submit an application in the Eligible Participant’s name and not on behalf of any other person.
- (d) Upon receipt of an Invitation, an Eligible Participant may apply for the Share Rights the subject of the Invitation by sending the completed prescribed application form (Application Form) to the Company by the time and date specified in the Invitation.
- (e) The Board may accept an application from an Eligible Participant in whole or in part.
- (f) Following receipt of a completed Application Form (together with all applicable Ancillary Documentation), the Company will, to the extent that it has accepted such application, grant the Eligible Participant the relevant number of Share Rights, subject to the terms and conditions set out in the Invitation, the Application Form, the Plan rules and any required ancillary documentation. Upon grant, the Eligible Participant will be a “Participant” for the purposes of the Plan.

Terms

- (g) Prior to a Share Right being exercised, a Participant is not entitled, by virtue of holding a Share Right, to:
- i. notice of, or to vote or attend at, a meeting of the shareholders of the Company; and
 - ii. receive any dividends declared by the Company.

- (h) A Participant may not sell, assign, transfer, grant a security interest over, or otherwise deal with a Share Right that has been granted to them, unless the Board in its absolute discretion so approves or the relevant dealing is effected by force of law on death or legal incapacity to the Participant's legal or personal representative.
- (i) Unless otherwise determined by the Board in its absolute discretion, a Share Right granted under the Plan will not be quoted on the ASX or any other recognised exchange.

Vesting of Share Rights

- (j) A Share Right will vest when a Vesting Notice in respect of that Share Right is given or is deemed to be given to the Participant.
- (k) A Vesting Condition for a Share Right may, subject to the Corporations Act, the Listing Rules (where applicable) and any other applicable laws and regulations, be waived by the Board.

Exercise of Share Rights

- (l) A Share Right may only be exercised when all Vesting Conditions and all Exercise Conditions applicable to that Share Right are satisfied or have been waived by the Company and the Company has provided a Confirmation Notice to the Participant. If there are no Exercise Conditions, the Vesting Notice will constitute the Confirmation Notice.
- (m) An Exercise Condition for a Share Right may, subject to the Corporations Act, the Listing Rules (where applicable) and any other applicable laws and regulations, be waived by the Board.
- (n) The Participant's Invitation will specify whether a Share Right is to be manually or automatically exercised. If automatically exercised, it will be exercised on the first day the Participant is permitted to trade Company securities after the Confirmation Notice is provided. If it is to be manually exercised, it may be exercised by delivery of an Exercise Notice.

Share terms

- (o) Upon exercise, the Company will (subject to the Participant's Invitation) issue, allocate or cause to be transferred to that Participant the number of Shares to which the Participant is entitled (Resulting Shares).
- (p) Shares issued upon exercise will rank equally with all other shares on issue in that class. If the class of shares are listed on the ASX, the Company will apply for quotation of the shares issued upon exercise.
- (q) The Invitation may provide that disposal restrictions apply to the Resulting Shares.
- (r) Unless the Invitation provides otherwise, if a Participant becomes a Good Leaver (defined below):
 - i. they will retain all of their Share Rights;
 - ii. the Vesting Conditions applicable to any unvested Share Rights will be waived by the Board (subject to the Listing Rules, applicable laws and clause 9.10 of the Plan rules regarding the Corporations Act restrictions in relation to the provision of termination benefits).

Share Rights that the Participant is not permitted to retain will be forfeited.

- (s) "Good Leaver" means a Participant who ceases to be an Eligible Participant in any of the following circumstances:
 - i. the Participant's engagement arrangement is terminated due to:
 - (A) the Participant and the Board having agreed in writing that the Participant has entered a bona fide retirement;

- (B) the Participant and the Board having agreed in writing that the Participant's role has been made redundant;
 - (C) the Board having determined in writing that the Participant is no longer able to perform their duties under their Engagement Arrangement due to poor health, injury or disability;
 - (D) the death of the Participant; or
- ii. any other conduct or circumstance which the Board has determined in writing justifies the Participant be treated as a Good Leaver.
- (t) Unless the Invitation provides otherwise, if a Participant becomes a Bad Leaver (defined below):
 - i. they will retain all of their vested and unexercised Share Rights, unless otherwise determined by the Board; and
 - ii. all of their unvested Share Rights will be forfeited.
- (u) "Bad Leaver" means a Participant who ceases to be an Eligible Participant and who does not meet the Good Leaver criteria or who does meet the Good Leaver criteria but the Board determines should be treated as a Bad Leaver.
- (v) If the Board reasonably determines a Vesting Condition has not been met and cannot be met by the relevant date, it will be forfeited.
- (w) There are additional circumstances provided in the Plan rules where Share Rights may be forfeited.
- (x) There are provisions pursuant to which the Vesting Conditions may be waived and disposal restrictions applicable to Share Rights or shares provided upon exercise may be released.
- (y) If a change of control event occurs, Share Rights will be vested according to time served on a pro-rata basis. The Board will then have discretion to determine whether they will vest a Participant's remaining Share Rights on top of the pro-rata amount.
- (z) The Plan includes standard provisions to deal with bonus issues, rights issues and capital restructures.
- (aa) The Plan will be administered by the Board. The Board has broad power to amend the Plan, subject to restrictions on amendment where it would materially reduce the rights of any Participant as they existed before the date of the amendment.

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (Brisbane time) Tuesday, 22 October 2019.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, any one of the securityholders may sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

Online:

Use your computer or smartphone to appoint your proxy and vote at www.investorvote.com.au or scan your personalised QR code below using your smartphone.

Your secure access information is

Control Number: 183294

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Michael Hill International Limited hereby appoint

the Chair of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chair of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Michael Hill International Limited (Company) to be held at **PwC, Level 23, 480 Queen Street Brisbane on Thursday, 24 October 2019 at 10:00am (Brisbane time)** and at any adjournment or postponement of that Meeting.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), if the Chair is a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Close Related Party of such a member, I/we expressly authorise the Chair to exercise my/our proxy on **Resolution 1 and 3** (except where I/we have indicated a different voting intention below) even though **Resolution 1 and 3** are connected directly or indirectly with the remuneration of a member of Key Management Personnel of the Company or, if the Company is part of a consolidated entity, for the entity.

"Key Management Personnel" and "Closely Related Party" have the respective meanings given in the explanatory memorandum for the notice of meeting accompanying this proxy form.

Important Note: If the Chair of the Meeting is (or becomes) your proxy you can direct the Chair to vote for or against or abstain from voting on any resolution by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Remuneration Report (advisory Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Gary Warwick Smith as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Grant of Share Rights under Company's Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Before completing your vote and returning by post, please consider using the preferred electronic voting option outlined on the front page of this form.

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically