

ASX & NZX ANNOUNCEMENT

MARKET UPDATE: US STORE CLOSURES

Brisbane, 11 April 2018: Michael Hill International Limited (ASX and NZX: MHJ) today provides an update in relation to the means and timing of the closure of its US stores.

The Company announced its decision on 24 January 2018 to completely exit from its loss-making retail operations in the US, involving the sale or closure of its nine stores.

The Company sought a purchaser for the US stores in parallel with US landlord lease exit negotiations. However, efforts to find a purchaser for the US business did not result in any satisfactory offers. The Company has therefore negotiated non-binding in-principle lease exit terms with all US landlords and will now proceed to negotiate binding formal documentation with those landlords. All nine US stores are scheduled for closure on or around 30 April 2018. US employees will be offered redundancy arrangements and support.

On the above basis, the total one-off cash cost of exiting the nine US stores for lease termination and employee severance costs is currently estimated to be approximately US\$4.5m (A\$6m).

The above represents the Company's current intentions and expectations and is based on the information currently known to the Company. The Company's decisions, intentions or expectations may change due to a variety of factors, including, without limitation, factors outside the Company's control, factors which currently cannot be foreseen, if new information becomes available or if agreement on the binding formal documentation cannot be reached on terms satisfactory to the Company.

The Company will provide further information when available in accordance with its disclosure obligations.

Disclaimer

Certain statements in this announcement constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and the Company's anticipated or planned financial and operational performance. The words "targets," "believes," "expects," "aims," "intends," "plans," "seeks," "will," "may," "might," "anticipates," "would," "could," "should," "continues," "estimates" or similar expressions or the negatives thereof, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements include, among other things, statements addressing matters such as the Company's future results of operations; the Company's financial condition; the Company's working capital, cash flows and capital expenditures; and the Company's business strategy, plans and objectives for future operations and events, including those relating to the Company's ongoing operational and strategic reviews, expansion into new markets, future product launches, points of sale and production facilities.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the Company's actual results, performance, operations or achievements or industry results, to differ materially from any future results, performance, operations or achievements expressed or implied by such forward-looking statements.

The Company does not intend, and do not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this announcement.

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ABOUT MICHAEL HILL INTERNATIONAL

Michael Hill International was founded by Sir Michael Hill in 1979 when he opened his first jewellery store in Whangarei, New Zealand. At 31 December 2017, the Group had 347 stores globally with 317 Michael Hill stores in Australia, New Zealand, Canada and the US, and 30 Emma & Roe stores in Australia and New Zealand. The Group's global headquarters, including its wholesale and manufacturing divisions, are located in Brisbane, Australia. The Company is listed on the ASX (ASX:MHJ) and the NZX (NZX:MHJ).

For more information:

www.investor.michaelhill.com

www.michaelhill.com.au

www.emmaandroe.com.au