

Developing the third-largest copper mine



Forward-looking statements

This presentation includes certain “forward-looking information” within the meaning of applicable Canadian securities legislation and “forward-looking statements” within the meaning of the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995.

All statements and information, other than statements of historical fact, are forward-looking statements and information that involve various risks and uncertainties. There can be no assurances that such statements or information, including any statements relating to the status of the Company’s relationship and interaction with the Government of Mongolia on the continued development of the Oyu Tolgoi project and Oyu Tolgoi LLC internal governance, will prove accurate and actual results and future events could differ materially from those expressed or implied in such statements. Such statements and information contained herein represent the Company’s best judgment as of the date hereof based on information currently available. The Company does not assume any obligation to update any forward-looking statements or information or to conform these forward-looking statements or information to actual results, except as required by law.

For a more detailed list of specific forward-looking statements and information applicable to the Company, refer to the “Forward-Looking Information and Forward-Looking Statements” section of the Annual Information Form dated as of March 20, 2015 in respect of the year ended December 31, 2014 and in the forward-looking statements contained in the Company’s press release dated May 18, 2015 announcing the agreement to develop the underground mine.

All amounts are in U.S. dollars, unless otherwise stated.

Investment summary

Open pit in production

- Concentrator performance improving; currently averaging above nameplate capacity
- All-In Sustaining Cost \$1.29 per pound of copper (September 2015)
- Cash of \$1.3 billion (September 2015)
- Investment to date of > \$6.5 billion

Strong progress toward re-starting underground construction

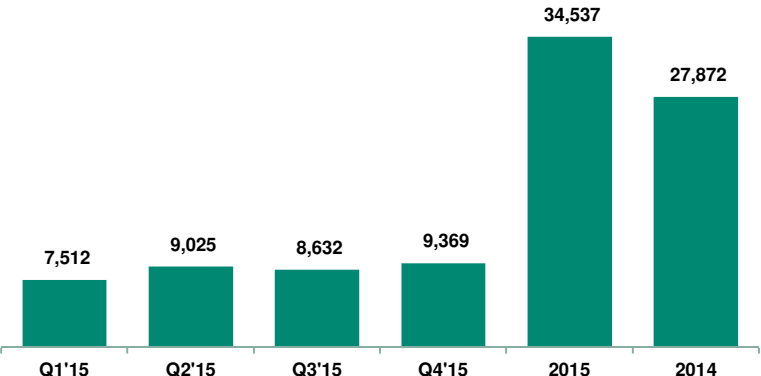
- May 2015 - Underground Development Plan resolved shareholder issues and maintained Investment Agreement
- December 2015 - Signing of project finance (\$4.4 billion)
- Long-life asset, high grade with significant expansion potential
- Underground copper grades 3.6 times open pit
- Targeting mid-2016 re-start

Refreshing underground capital estimate

- CAPEX not expected to materially change from current estimate
- Productivity initiatives and cost reductions to be included in updated feasibility study
- Mine plan optimization included in underground development

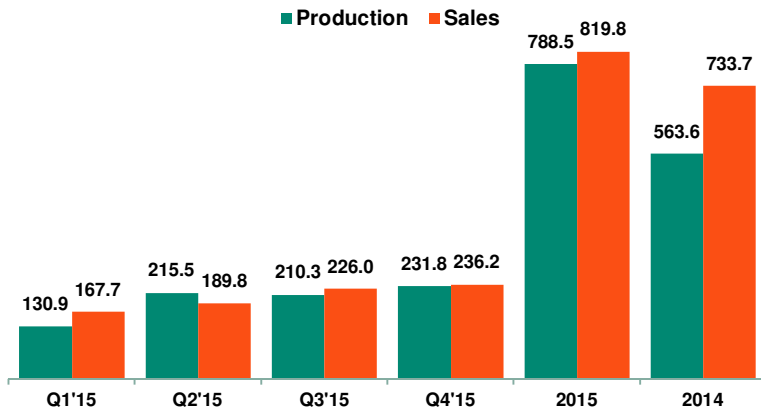
Production highlights

Concentrator throughput ('000 tonnes)



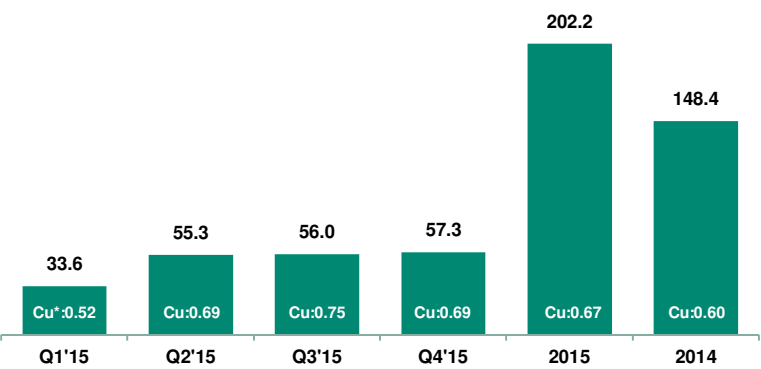
Q4'15 throughput averaging above nameplate capacity

Concentrate production and sales ('000 tonnes)



Strong concentrate sales; >80% of 2016 production under contract

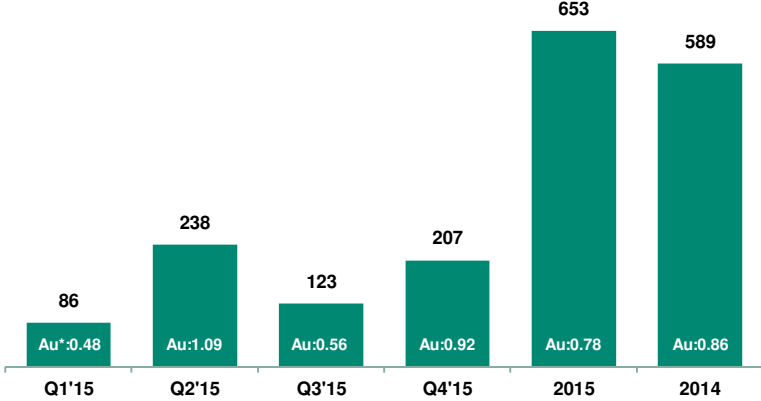
Copper in concentrates ('000 tonnes) and grades



Copper production for 2015 exceeded guidance

* = Average copper head grade (%)

Gold in concentrates ('000 ounces) and grades

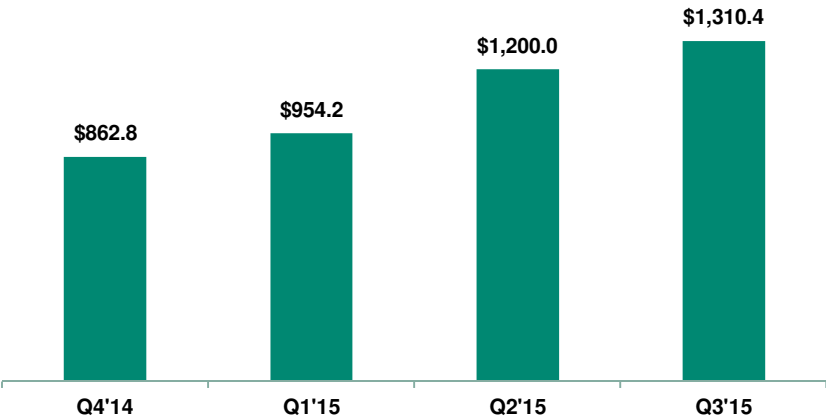


Gold production for 2015 met guidance

* = Average gold head grade (g/t)

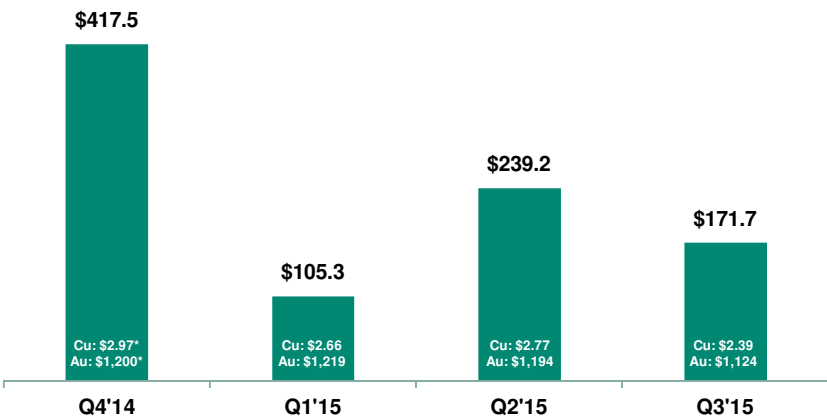
Financial highlights

Cash position (\$'000,000)



Strong cash position

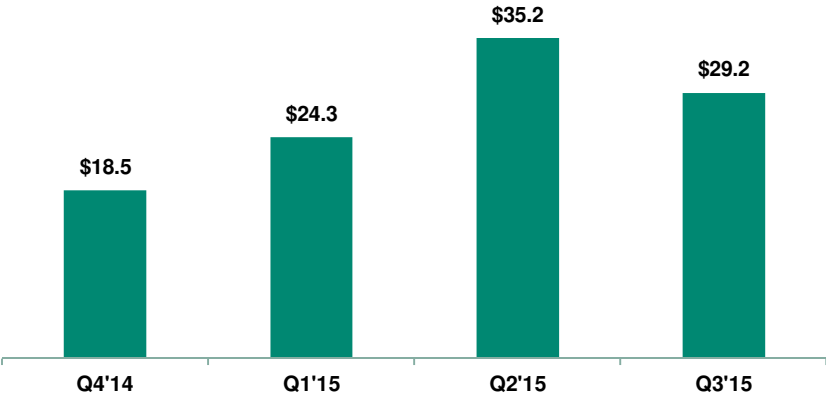
Operating cash flow (\$'000,000)



Consecutive quarters of positive operating cash flow

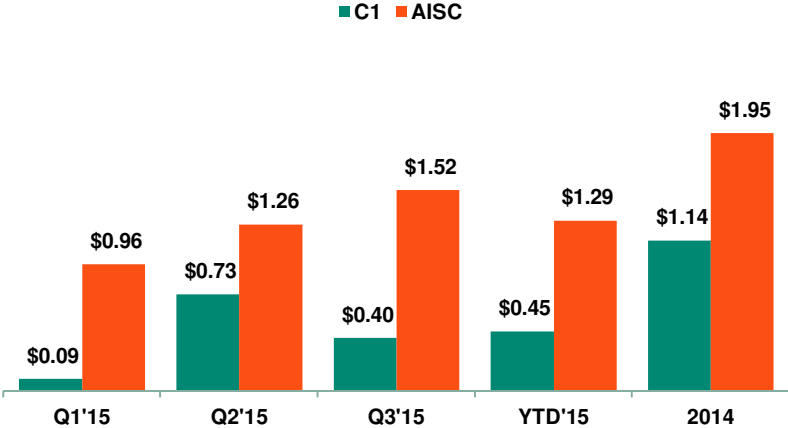
*Source: Average quarterly Comex copper price and average quarterly LME gold price.

Capital Expenditures (\$'000,000)



2015 CAPEX guidance: \$120 million, \$115 million sustaining

C1 and All-in Sustaining costs



Competitive unit costs

Underground: next steps

Project Finance

- Signed in December 2015
- Drawdown expected Q2'16 after board approvals
- Low-cost financing
- Aligns stakeholders/de-risks project

Feasibility Study

- Revised development schedules submitted August 2015
- Updated CAPEX estimate expected Q1'16
- Incorporates productivity improvements

Board Approvals

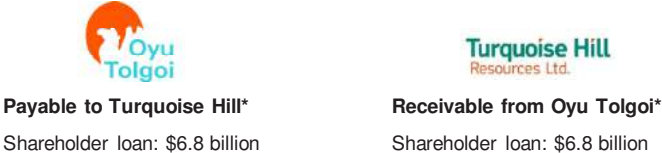
- Expected early Q2'16
- Approvals by Turquoise Hill, Rio Tinto and Oyu Tolgoi boards

Underground Re-start

- Target mid-2016
- Early works underway since August 2015
- Leverage existing infrastructure
- Large resource base provides optionality

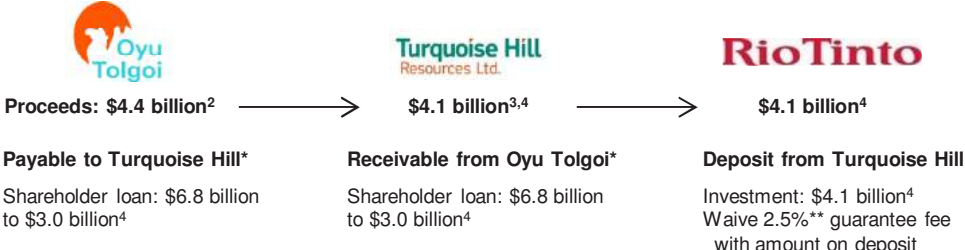
Project financing – flow of funds

Today¹



1. In accordance with the ARSHA, Turquoise Hill funded the common share investments in Oyu Tolgoi on behalf of Erdenes Oyu Tolgoi LLC; at September 30, 2015 the balance is approximately \$965 million
* Balances as of September 30, 2015 | Interest rate LIBOR + 6.5%

At project financing drawdown



2. Project finance facility made directly with Oyu Tolgoi
3. Amount received net of withholding tax and facility fees
4. Approximate amount
* Calculated on balances as of September 30, 2015 | Interest rate LIBOR + 6.5%
** When guarantee fee paid, Oyu Tolgoi pays 1.9% and Turquoise Hill pays 0.6%

Priority of funding used for development

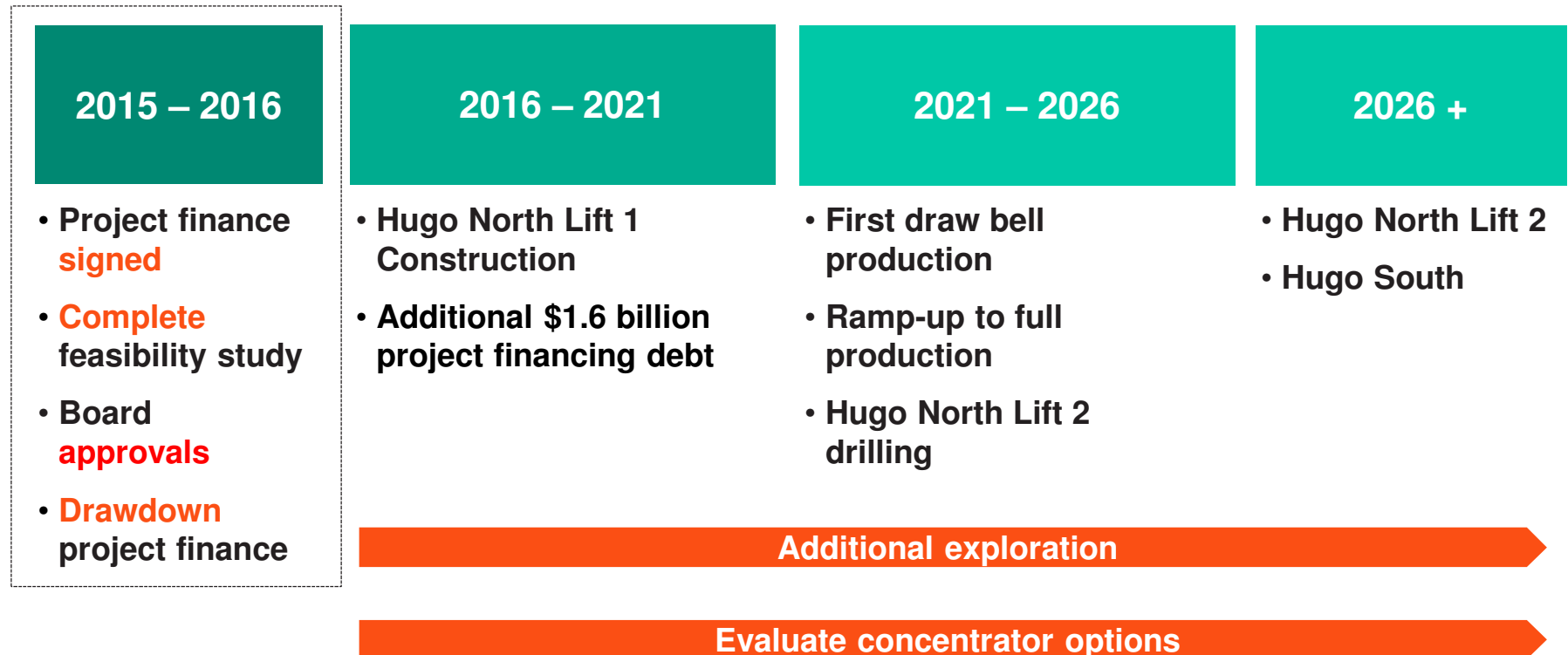
- Oyu Tolgoi operating cash flow
- Project financing funds
- Turquoise Hill cash

Oyu Tolgoi cash call



* Indicative, does not show the withholding tax implications | original shareholder loan interest rate LIBOR + 6.5% | new amounts subject to interest rate no more than LIBOR + 6.5%
** Guarantee fee - Oyu Tolgoi pays 1.9% and Turquoise Hill pays 0.6%

Medium-term timeline



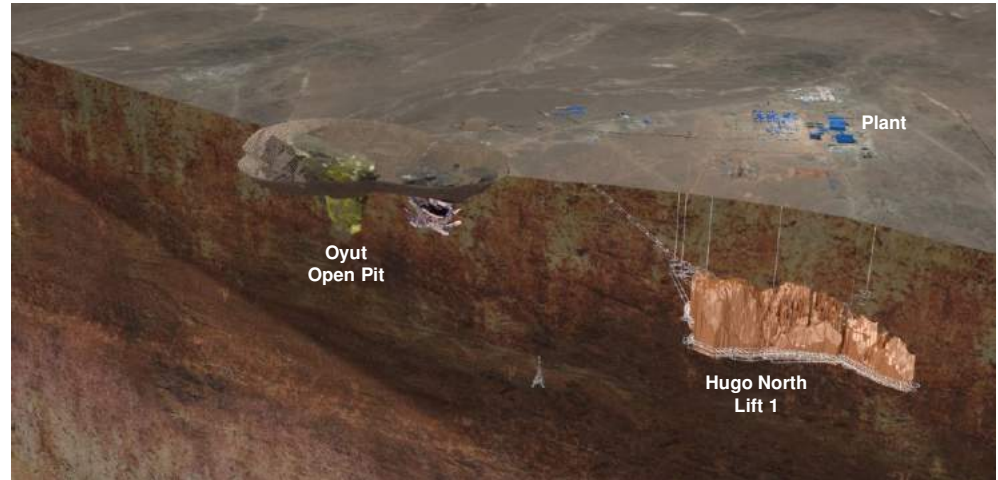
Highly-attractive economics

2014 Reserve Case

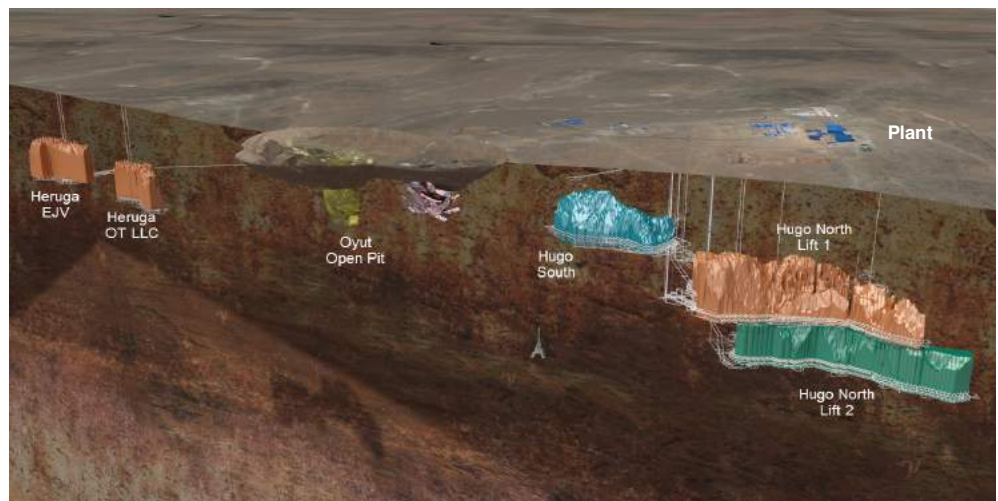
Total Processed (Bt)	1.5
Copper Grade (%)	0.85
Gold Grade (g/t)	0.32
Silver Grade (g/t)	1.94
Copper Recoverable (B lb)	24.9
Gold Recoverable (M oz)	11.9
Silver Recoverable (M oz)	78.0
Life (years)	41
Expansion Capital (US\$B)	4.9
NPV (8.0%) After Tax (US\$B)	7.4
IRR After Tax	29%
Payback Period (years)	9

Source: 2014 Oyu Tolgoi Technical Report
 Note: US\$ amounts presented in real 2015 terms; expansion capital includes only direct project costs

Reserve Case (Feasibility Study)

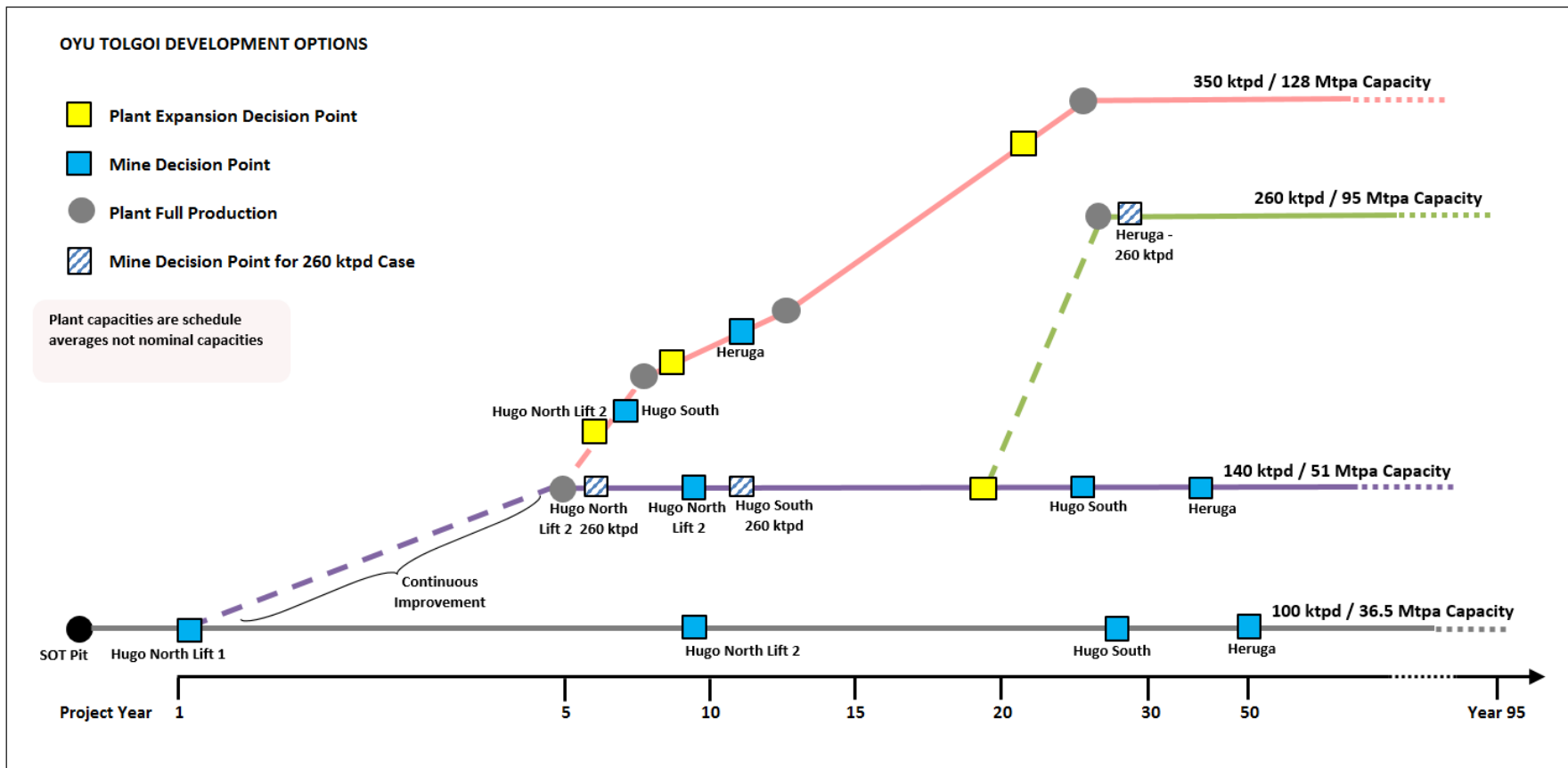


Life of Mine Case*



* Note: Life of Mine Case includes inferred; therefore not included in economic evaluation

Multiple development options

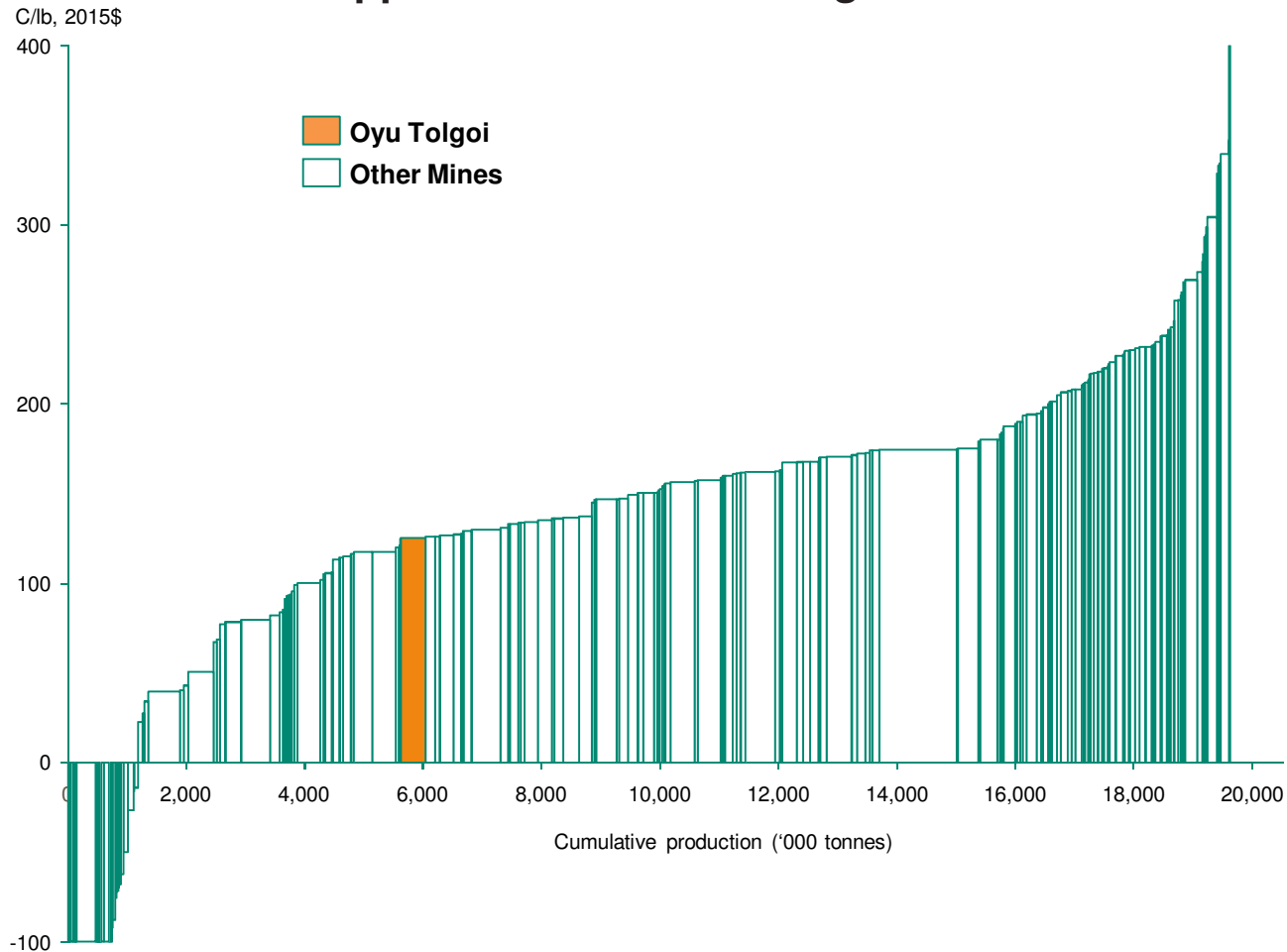


Source: 2014 Oyu Tolgoi Technical Report

- Production creep targeted along with expansion
- Actual operating performance will inform choice of expansion path
- A decision to expand the concentrator is not required for a couple years

Copper industry overview

Post-2020 copper mine C1+sustaining normal cost curve



- Third largest copper mine after planned expansion¹
- Top 10 copper deposit by contained reserves and resource²
- One of the largest gold deposits by contained reserves and resources²

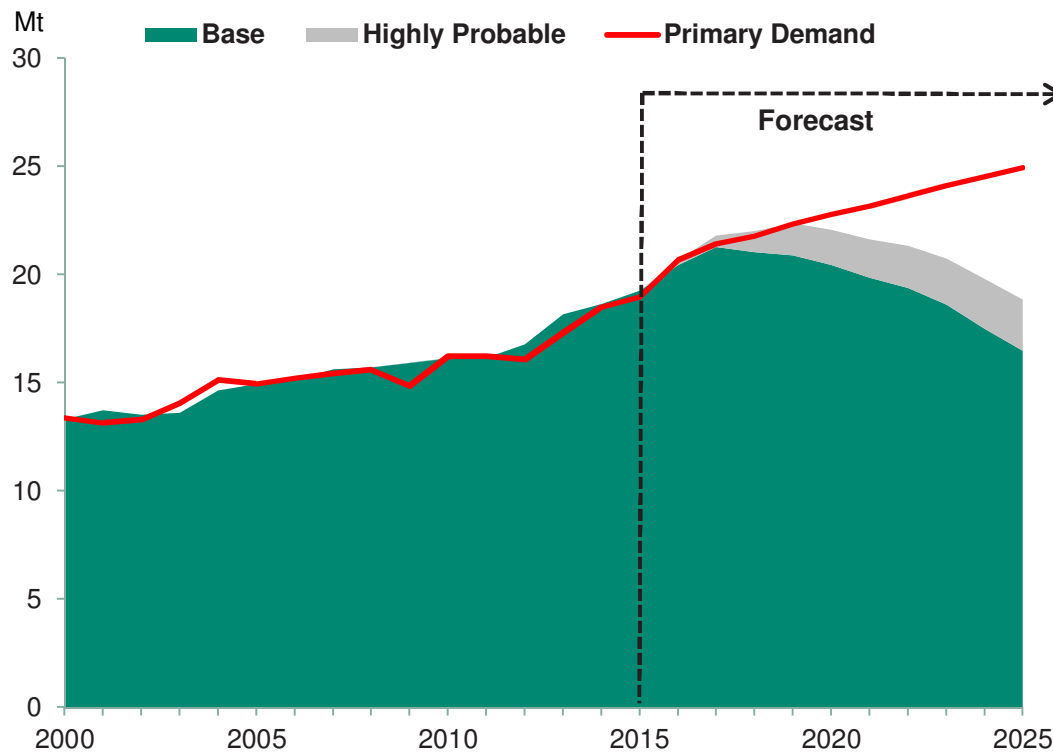
Source: Wood Mackenzie (Q4'15 Cost Service)

Normal C1 cost + sustaining capex, range capped at -100/lb & 400/lb for base, highly probable and probable mines only

1. Oyu Tolgoi's 10-year average peak production including underground
2. Metals Economics Group and 2014 Oyu Tolgoi Technical Report (2020-2024 average costs)

Long-term copper fundamentals strong

Copper mine supply/demand outlook



Source: Wood Mackenzie (Q4'15 Long-Term Outlook)

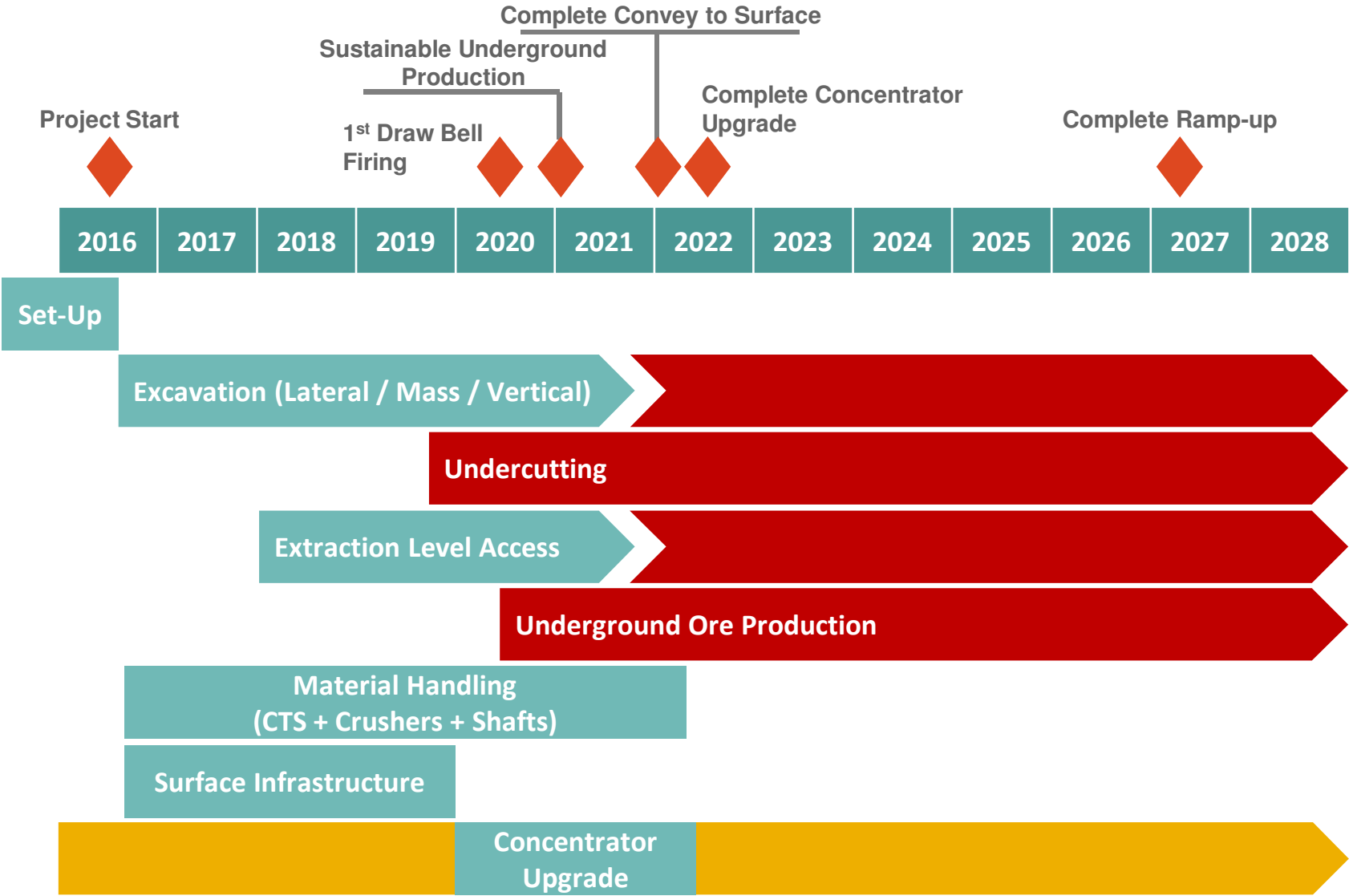
- Copper market likely to see small surplus in coming years.
- Ongoing attrition at existing mines driven by declining grade
- Continued demand growth requires new capacity in the medium-term
- Market anticipates smaller surplus at end of decade and deficit from 2020
- China now largest buyer of gold and continues to be largest consumer of copper

Turquoise Hill – a long-term growth opportunity

- **Pure copper and gold exposure**
- **Positive operating cash flow** and focusing on asset optimization
- Agreed path forward for development of the **high-grade underground mine**
- Significant growth, development and **expansion opportunities**
- Resources located near China with **further prospectivity**

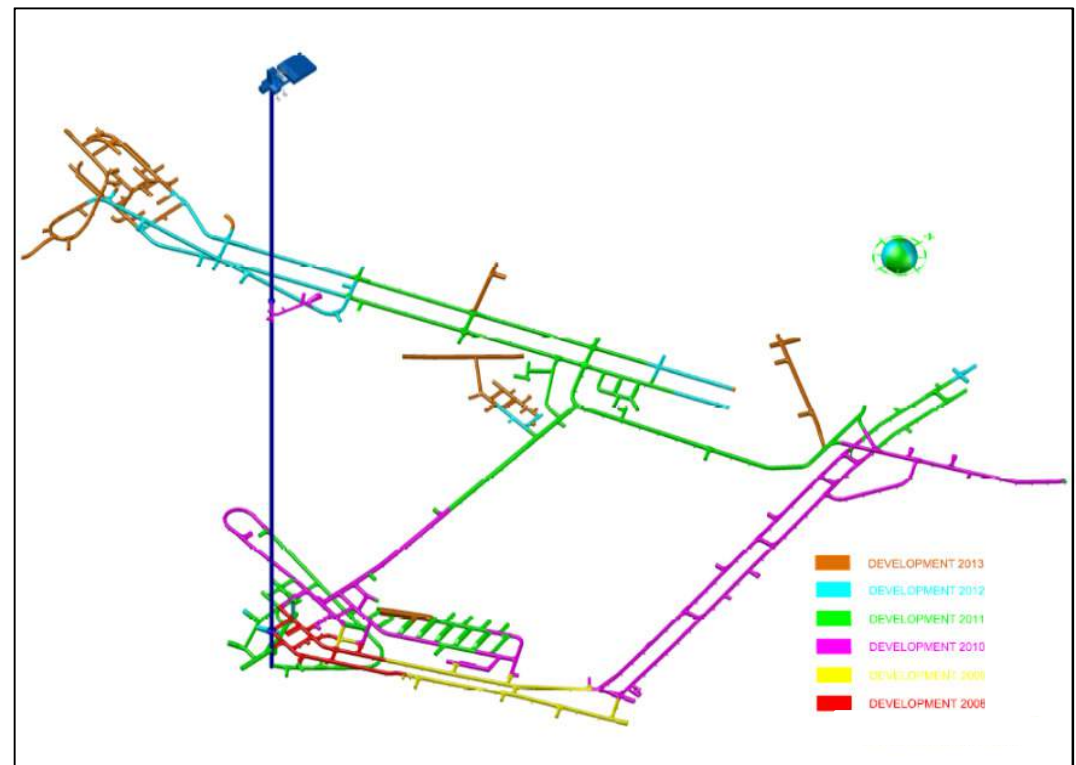
Appendix

Probable development schedule

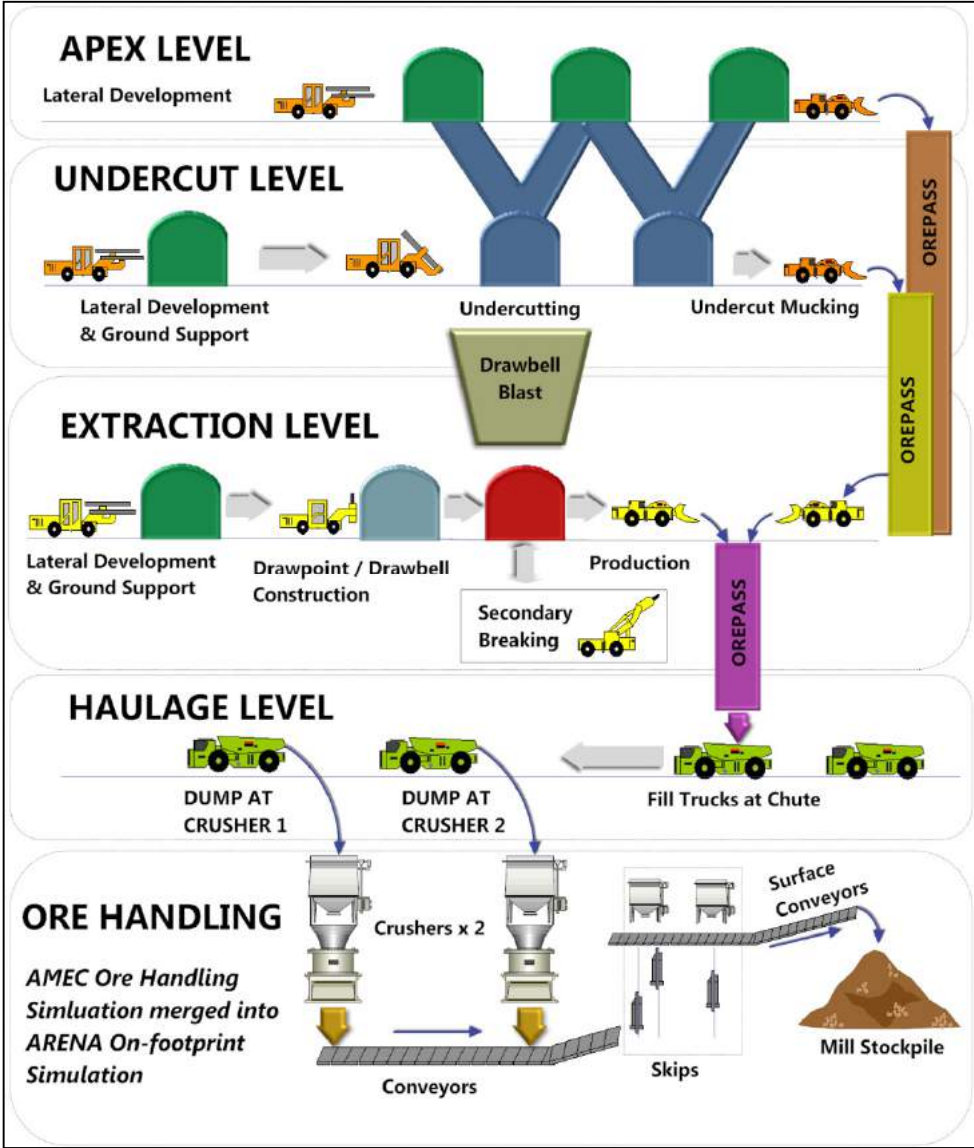


Shaft and underground development status

- Shaft 1 completed in 2008, 1,385m
- Off-shaft lateral development 16km 2008 – Aug 2013
- Shaft 2 currently 1,167m, ~100m left
- Shaft 5 currently 208m, ~1,000m left
- Extensive geotechnical data collection program
- Demonstrated performance and quality



Ore flow



Oyu Tolgoi at China's doorstep



Made in Mongolia

- Mongolians now occupy 95% of Oyu Tolgoi roles
- Since 2010, in-country spend of \$5.1 billion (Mongolian suppliers, salaries, taxes and other Government payments)
- Partnered with more than 800 local suppliers in 2015, accounting for over 50% of procurement spend
- In April 2015, Oyu Tolgoi signed a Cooperation Agreement with local governments for community development
- Oyu Tolgoi recognized by Mongolian Business Council as 'Company of the Year' for 2015
- *Mongolian Mining Journal* awarded 'Oyu Tolgoi Best Responsible Mine of the Year' in 2014
- Oyu Tolgoi expected to represent about 30% of country's GDP when fully developed



Summary of Underground Development Plan

Concludes outstanding shareholder matters

- Resolves initial development costs
- Maintains Investment Agreement tax stability principles
 - Tax settlement of \$30 million
- Clarifies sales royalty calculation
- Eliminates 2% net smelter royalty

Provides path forward for restarting underground development

- Acknowledges definition of feasibility study as an estimate
- Management Services Payment: 3% for underground construction
- Outlines comprehensive funding plan

Overall NPV impact to Turquoise Hill is ~2% of total reserve case value