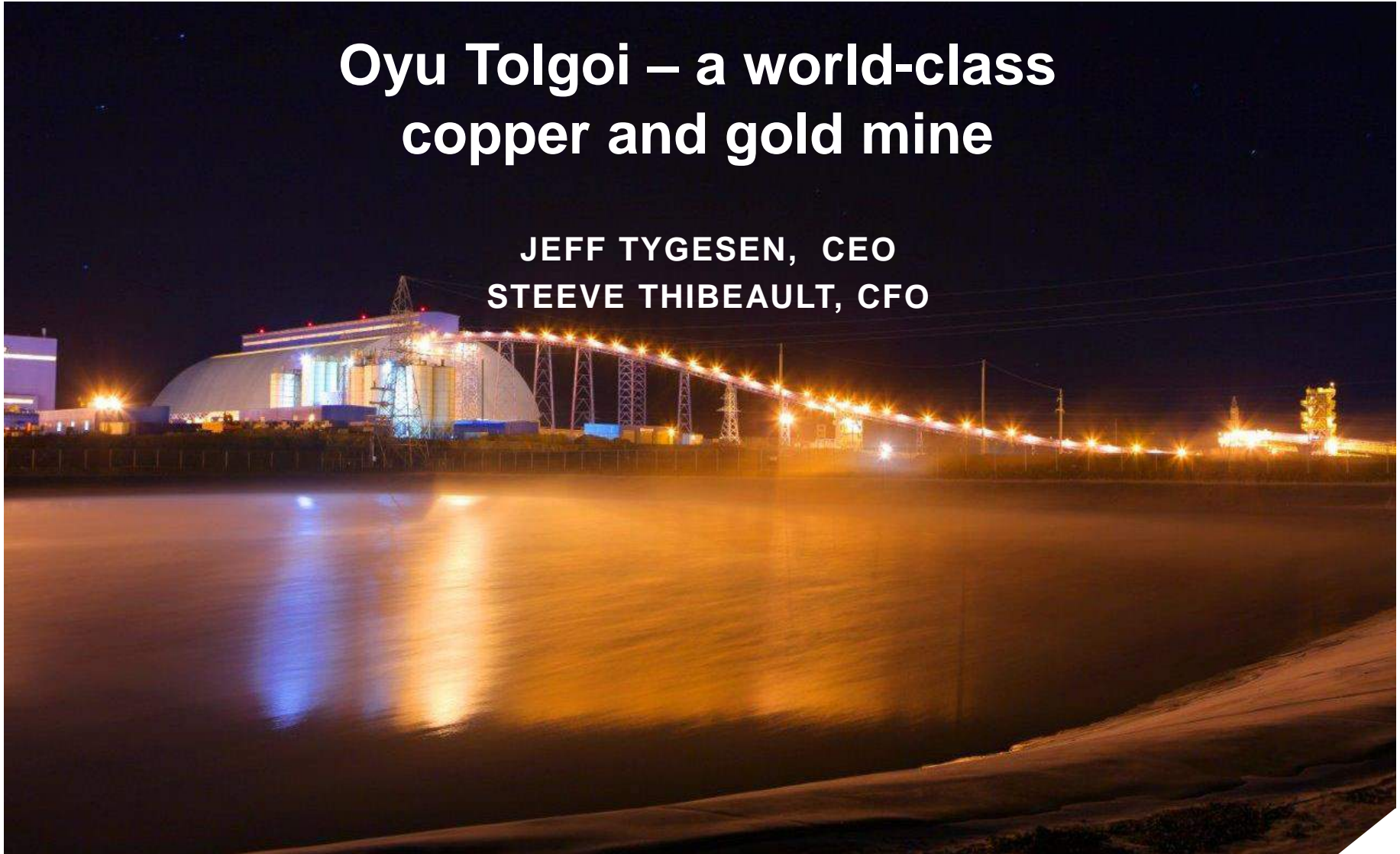


# Oyu Tolgoi – a world-class copper and gold mine

**JEFF TYGESEN, CEO**  
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# Forward-looking statements

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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.

# Turquoise Hill overview

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- Pure copper and gold exposure
- Oyu Tolgoi's open-pit operations began in mid-2013, generating positive operating cash flow, beginning to benefit from asset optimization
- Underground Mine Development and Financing Plan signed; focused on next steps
- Significant growth, development and expansion opportunities
- Oyu Tolgoi key driver of Mongolia's long-term economic growth



# Oyu Tolgoi at China's doorstep



# Summary of Underground Development Plan

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## 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***

# Unlocking the next phase of development

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Underground development is subject to...

1. Resolution of the remaining shareholder matters, including the tax dispute - **Completed**
2. Agreement of a comprehensive funding plan, including project finance
3. Approval of feasibility study by shareholders and acceptance by the Mongolian Minerals Council
4. Receipt of all necessary permits



# Open-pit performance metrics

|  | Q4'14 | 2014    | Q1'15        | 2015 Guidance     |
|--|-------|---------|--------------|-------------------|
| All Injury Frequency Rate (per 200,000 hours worked)   | 0.47  | 0.47    | <b>0.25</b>  |                   |
| Revenue (\$'000,000)                                   | 670.6 | 1,735.6 | <b>426.2</b> |                   |
| Concentrates sold ('000 tonnes)                        | 262.7 | 733.7   | <b>167.7</b> |                   |
| Concentrate produced ('000 tonnes)                     | 186.7 | 563.6   | <b>130.9</b> |                   |
| Average concentrate grade (% copper)                   | 26.9  | 26.3    | <b>25.7</b>  |                   |
| Production of metals in concentrates:                  |       |         |              |                   |
| Copper ('000 tonnes)                                   | 50.3  | 148.4   | <b>33.6</b>  | 175,000 – 195,000 |
| Gold ('000 ounces)                                     | 278   | 589     | <b>86</b>    | 600,000 – 700,000 |
| Capitalized property, plant and equipment (\$'000,000) | 28.1  | 161.1   | <b>30.4</b>  | 235 million       |
| Sustaining activities                                  |       | 134.0   | <b>27.0</b>  | 185 million       |
| Underground evaluation costs capitalized               | 4.2   | 27.1    | <b>3.4</b>   |                   |
| Cash/cash equivalents (\$'000,000)                     | 862.8 | 862.8   | <b>954.2</b> |                   |
| Cash operating costs (\$'000,000)                      |       | 905.6   | <b>218.9</b> | 1.0 billion       |
| Operating cash flow (\$'000,000)                       |       | 658.3   | <b>105.3</b> |                   |
| Unit costs (\$/lb. of copper)                          |       |         |              |                   |
| C1   |       | 1.14    | <b>0.09</b>  |                   |
| All-in sustaining                                      |       | 1.95    | <b>0.96</b>  |                   |

- Oyu Tolgoi achieving strong safety performance
- Open pit generating positive operating cash flow; cash earmarked for underground
- Production distribution for 2015, similar to 2014, higher in the second half
  - Started to mine from higher-grade zone in Q2'15
- Implementation of cost savings and productivity initiatives starting to take hold

# 2014 Technical Report

## Reserve Case (Feasibility Study):

Open Pit & Hugo North (L1)



## LOM Case:

Open Pit, Hugo N (L1, L2), Hugo S, Heruga



*\*Life of Mine Case includes inferred, so not included in economic evaluation*

- Proposes next sensible step in development, delivering significant value and initiating access to future development
- Economics based on Reserve case production
- Large Resource base provides optionality (long life and expansion)
- Mine and processing design considers expansion probability



# Highly attractive project economics

|                             | Units | 2014 Reserve Case |
|-----------------------------|-------|-------------------|
| <b>Total Processed</b>      | Bt    | <b>1.5</b>        |
| <b>Cu Grade</b>             | %     | <b>0.85</b>       |
| <b>Au Grade</b>             | g/t   | <b>0.32</b>       |
| <b>Ag Grade</b>             | g/t   | <b>1.94</b>       |
| <b>Copper Recoverable</b>   | B lb  | <b>24.9</b>       |
| <b>Gold Recoverable</b>     | Moz   | <b>11.9</b>       |
| <b>Silver Recoverable</b>   | Moz   | <b>78.0</b>       |
| <b>Life</b>                 | Years | <b>41</b>         |
| <b>Expansion Capital</b>    | US\$B | <b>4.9</b>        |
| <b>NPV (8.0%) After Tax</b> | US\$B | <b>7.43</b>       |
| <b>IRR After Tax</b>        | %     | <b>29%</b>        |
| <b>Payback Period</b>       | Years | <b>9</b>          |

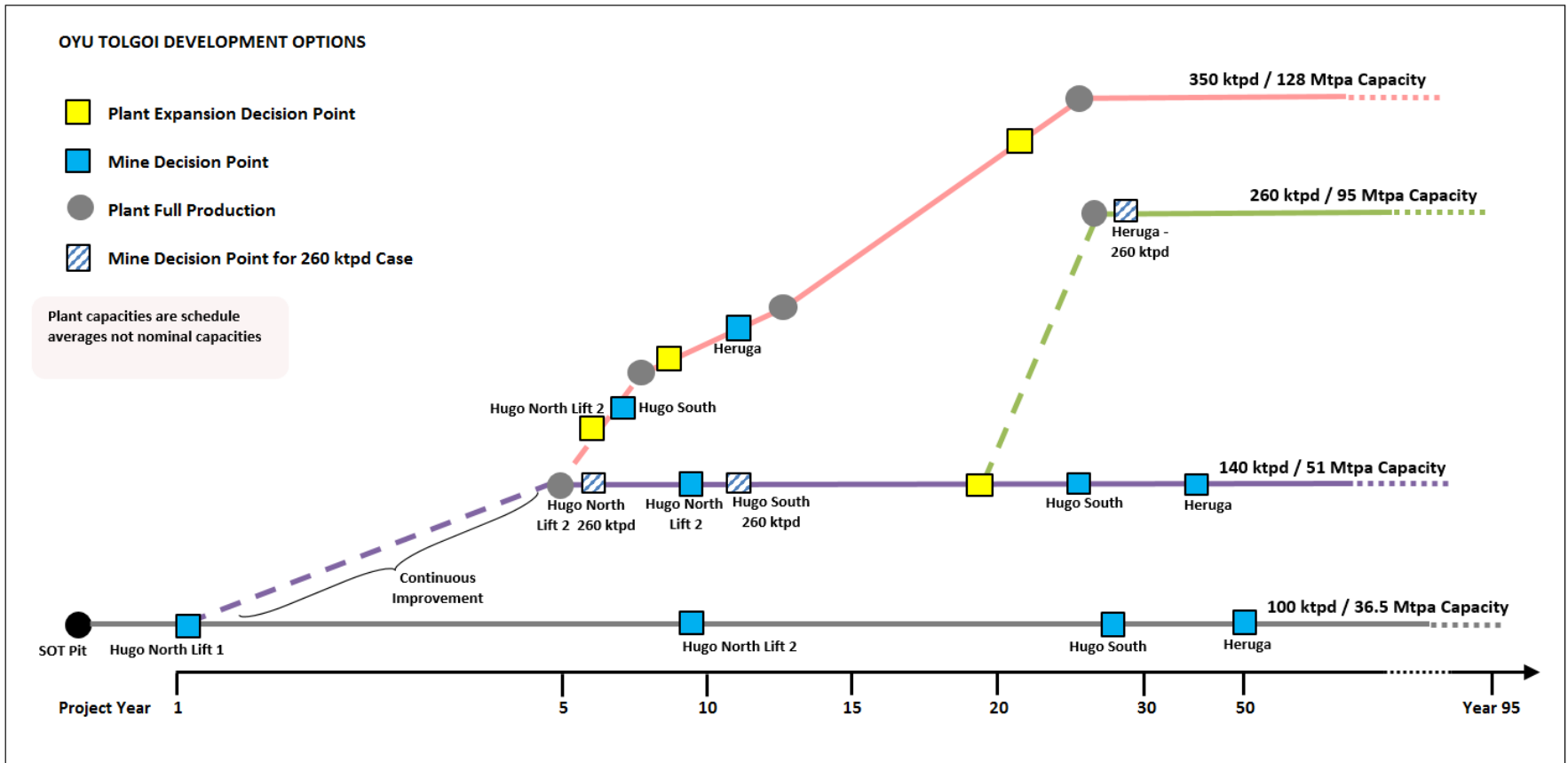
Notes:

US\$ amounts presented in real 2015 terms

(1) Expansion capital includes only direct project costs



# Multiple development options



- 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

# Potential upside value

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## Market

- Copper/gold prices
- Potential outbound logistics options

## Mining

- Block cave performance - reduced dilution/losses
- Schedule - faster development, faster ramp-up
- Higher productivity on footprint could translate to higher production rate

## Processing

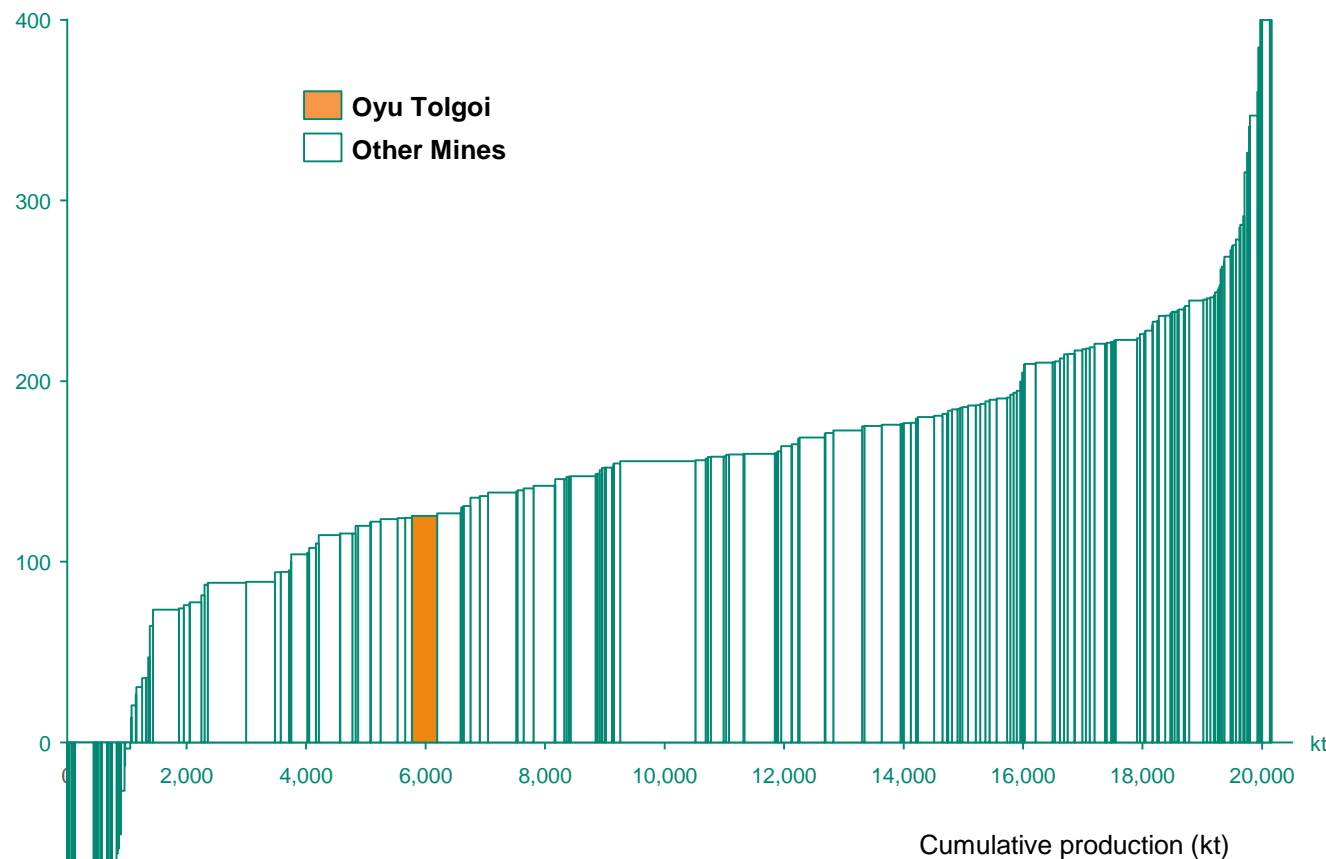
- Throughput rate
- Concentrator recoveries
- Future concentrator expansions

## Future Developments

- Multiple development options: Hugo North Lift 1 panels 3/4/5, Hugo North Lift 2 and Hugo South
- LOM case runs to 2100+ with considerable optionality
- Further exploration targets

# Copper industry overview

Post-2020 copper mine C1+sustaining cost curve (c/lb, 2015\$)



- Third largest copper mine after planned expansion<sup>1</sup>
- Top 10 copper deposit by contained reserves and resource<sup>2</sup>
- One of the largest gold deposits by contained reserves and resources<sup>2</sup>

Source: Wood Mackenzie (Q1 2015 update)

Normal C1 cost + sustaining capex, range capped at -100/lb & 400/lb

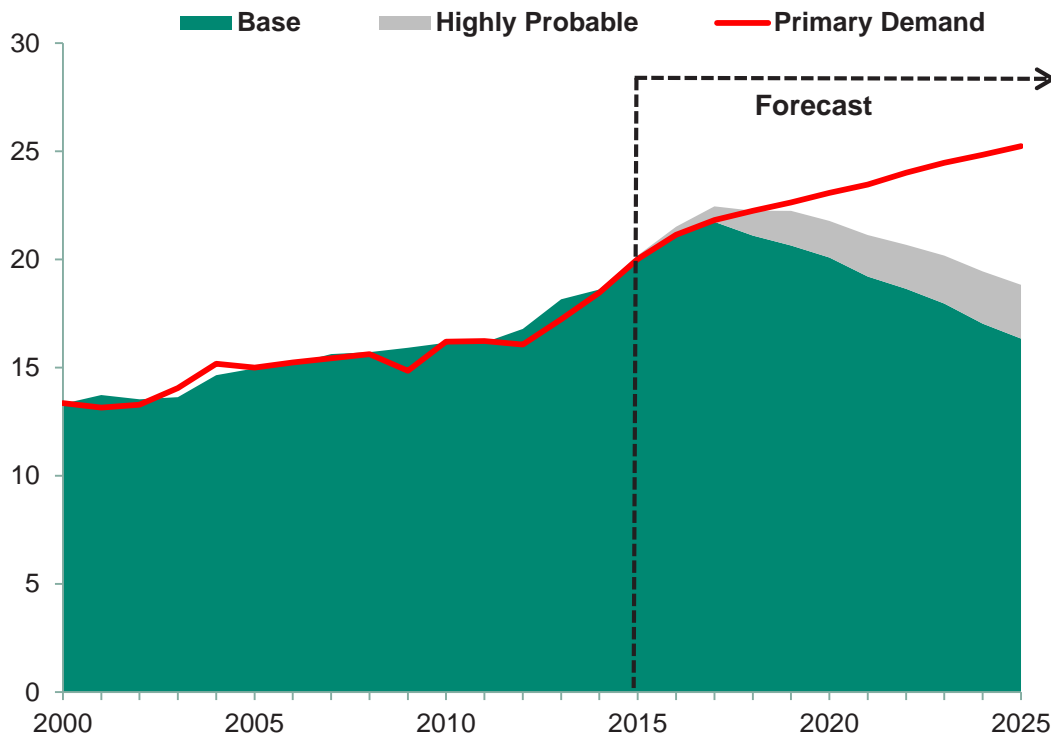
2020 base, highly probable and probable mines only

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 supply/demand outlook (mt)



Source: Wood Mackenzie (Q1 2015 update)

- Small surplus likely over next few years
- Ongoing attrition at existing mines driven by declining grade
- Continued demand growth requires new capacity in the medium-term
- Market anticipates deficit towards end of decade
- China now largest buyer of gold and continues to be largest consumer of copper

# Turquoise Hill – a long-term growth opportunity

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- **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

# Financial metrics

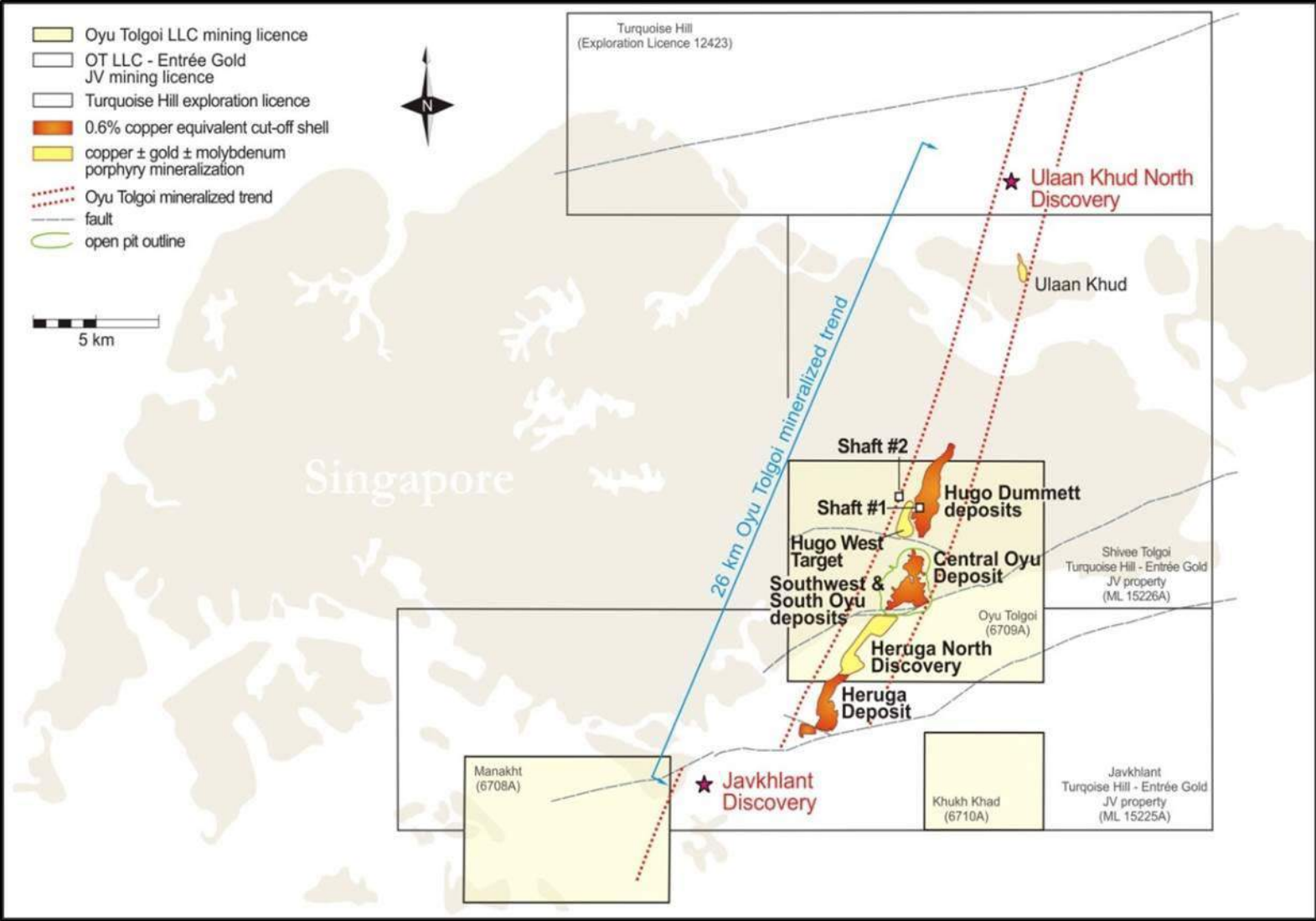
|  | 1Q<br>2014 | 2Q<br>2014 | 3Q<br>2014 | 4Q<br>2014 | 1Q<br>2015 | FY 2014 |
|--|------------|------------|------------|------------|------------|---------|
| Revenue (\$'000,000)                                   | 113.9      | 459.5      | 491.6      | 670.6      | 426.2      | 1,735.6 |
| Concentrates sold ('000 tonnes)                        | 48.2       | 202.5      | 220.3      | 262.7      | 167.7      | 733.7   |
| Revenue by metals in concentrates (\$'000,000)         |            |            |            |            |            |         |
| Copper   | 78.6       | 300.8      | 319.1      | 368.5      | 190.2      | 1,066.9 |
| Gold   | 33.9       | 153.0      | 167.2      | 296.4      | 232.3      | 650.5   |
| Silver   | 1.4        | 5.7        | 5.3        | 5.7        | 3.6        | 18.2    |
| Cost of sales (\$'000,000)                             | 93.5       | 375.0      | 363.8      | 402.8      | 257.9      | 1,235.1 |
| Production and delivery costs                          | 64.5       | 262.2      | 243.6      | 279.5      | 173.9      | 849.8   |
| Depreciation and depletion                             | 29.0       | 112.8      | 120.2      | 123.3      | 83.9       | 385.3   |
| Capitalized property, plant and equipment (\$'000,000) | 49.9       | 44.8       | 38.3       | 28.1       | 30.4       | 161.1   |
| Underground evaluation costs capitalized               | 8.4        | 9.4        | 5.1        | 4.2        | 3.4        | 27.1    |
| Royalties  | 5.9        | 23.5       | 25.4       | 36.6       | 21.9       | 91.5    |



# Operational metrics

|  | 1Q<br>2014 | 2Q<br>2014 | 3Q<br>2014 | 4Q<br>2014 | 1Q<br>2015 | FY<br>2014 |
|--|------------|------------|------------|------------|------------|------------|
| All Injury Frequency Rate (per 200,000 hours worked) | 0.34       | 0.51       | 0.50       | 0.47       | 0.25       | 0.47       |
| Open pit material mined ('000 tonnes)                | 21,621     | 16,861     | 19,493     | 18,944     | 21,999     | 76,919     |
| Ore treated ('000 tonnes)                            | 5,560      | 7,778      | 7,029      | 7,505      | 7,512      | 27,872     |
| Average mill head grades:                            |            |            |            |            |            |            |
| Copper (%)   | 0.52       | 0.53       | 0.59       | 0.74       | 0.52       | 0.60       |
| Gold (g/t)   | 0.49       | 0.60       | 0.80       | 1.46       | 0.48       | 0.86       |
| Silver (g/t)   | 1.52       | 1.57       | 1.64       | 1.65       | 1.16       | 1.60       |
| Concentrates produced ('000 tonnes)                  | 102.9      | 140.0      | 134.1      | 186.7      | 130.9      | 563.6      |
| Average concentrate grade (% Cu)                     | 24.6       | 25.8       | 27.3       | 26.9       | 25.7       | 26.3       |
| Production of metals in concentrates:                |            |            |            |            |            |            |
| Copper ('000 tonnes)                                 | 25.3       | 36.2       | 36.6       | 50.3       | 33.6       | 148.4      |
| Gold ('000 ounces)                                   | 66         | 113        | 132        | 278        | 86         | 589        |
| Silver ('000 ounces)                                 | 163        | 229        | 216        | 286        | 184        | 893        |
| Sales of metals in concentrates:                     |            |            |            |            |            |            |
| Copper ('000 tonnes)                                 | 13.1       | 51.6       | 53.6       | 67.6       | 42.1       | 185.8      |
| Gold ('000 ounces)                                   | 28         | 126        | 144        | 263        | 200        | 561        |
| Silver ('000 ounces)                                 | 78         | 309        | 323        | 383        | 219        | 1,093      |
| Metal recovery (%)                                   |            |            |            |            |            |            |
| Copper   | 87.9       | 87.6       | 89.3       | 90.7       | 86.8       | 89.1       |
| Gold   | 75.5       | 74.8       | 74.8       | 78.6       | 71.6       | 76.6       |
| Silver   | 59.3       | 58.6       | 58.6       | 71.6       | 65.4       | 62.3       |

# Mineralized trend of ~26km



# Made in Mongolia

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- Mongolians now occupy 94% of Oyu Tolgoi roles
- Since 2010, in-country spend of \$4.6 billion (Mongolian suppliers, salaries, taxes and other Government payments)
- Partnered with nearly 800 local suppliers in 2014, 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 National Chamber of Trade and Industry as leading jobs creator for 2013
- *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

