

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

January 29, 2014

TD Securities Mining Conference



# 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 will prove accurate and actual results and future events could differ materially from those anticipated in such statements. Such statements and information contained herein represent management’s best judgment as of the date hereof based on information currently available. The Company does not assume the obligation to update any forward-looking statements or information or to conform these forward-looking statements or information to actual results.

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.

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

# Long-term growth opportunity

**1** Pure copper and gold exposure with attractive industry fundamentals

**2** World class asset, strategically located

**3** Flexible growth profile with further prospectivity

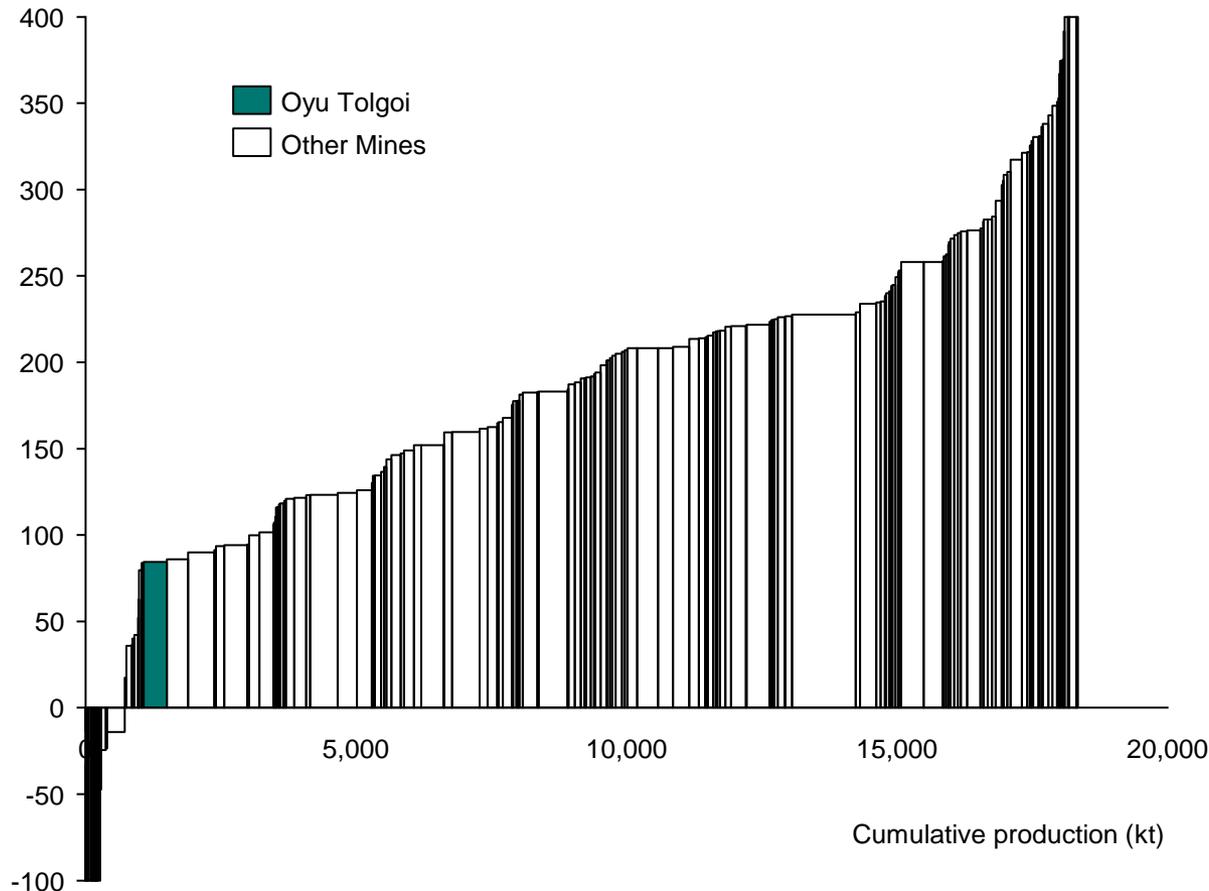
**4** Commenced production, cash flow generation in 2014

**5** Partnership with best-in-class operator and developer



# Oyu Tolgoi – a tier 1 asset

Copper mine cost curve in 2020 (c/lb, 2013\$)



- Oyu Tolgoi is in the first quartile of the industry cost curve
- 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 globally by contained reserves and resources<sup>2</sup>

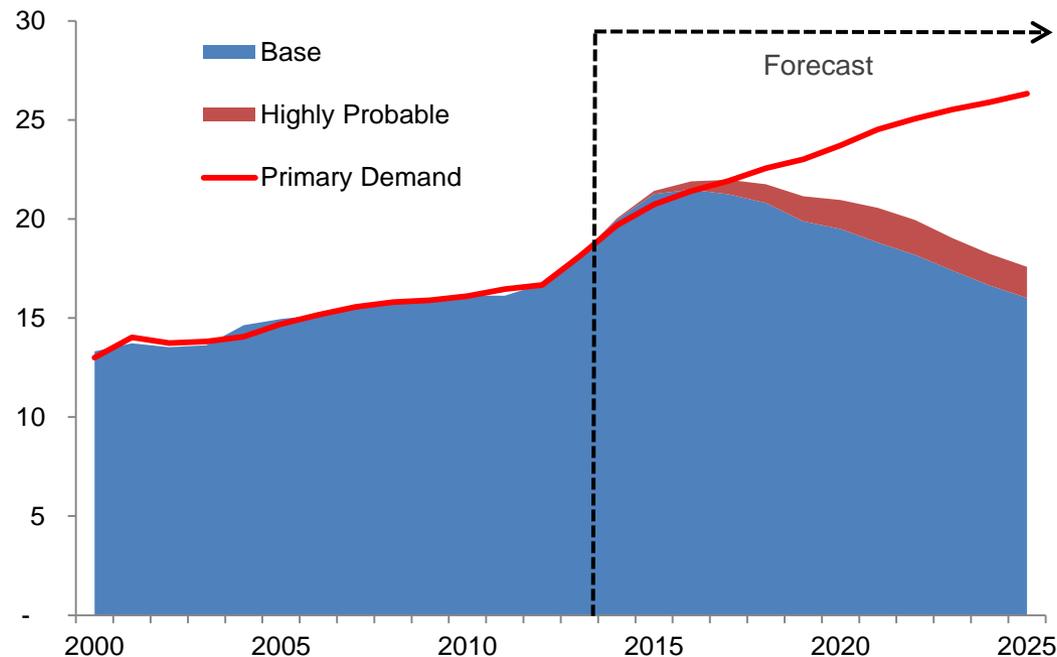
Source: Wood Mackenzie (Q3 2013 update),  
Normal C1 cost + sustaining capex, range capped at -100/lb & 400/lb

1. Wood Mackenzie, 2020 base and highly probable mines only
2. Metals Economics Group and 2013 Oyu Tolgoi's Technical Report

# Fundamentals for copper remain strong

- Copper market likely to see small surplus in coming years
- Ongoing attrition at existing mines driven by structural decline in grade; continued demand growth means the industry will need to deliver new capacity in the medium-term
- Market anticipates a deficit again towards the end of the decade
- Prices expected to remain above historical levels, despite near-term softening
- Market continues to expect strong demand from China

Copper mine supply/demand outlook (Mt)



Source: Wood Mackenzie

# Strategically located next to key growth market



## Strategic location:

- At the doorstep of the major growth market, 80km from Chinese border

## Near-term and large scale:

- Long-life mine
- 2.2bt measured & indicated and 4.4bt inferred resource
- 1.5bt mineral reserve, 26.5Mlb. of copper and 12.9Moz. of gold
- 10 year averages of:
  - 332,000t of copper in concentrate
  - 495,000oz. of gold
  - 2.3Moz. of silver

Source: 2013 Oyu Tolgoi technical report

The mineral reserves reported above are not additive to the mineral resources.

# Our People, Our Impact



- All Injury Frequency Rate performance good at 0.43 per 200,000 hours worked
- HSE System certified to ISO 14001 and OSHAS 18001
- Mongolians now occupy more than 90% of roles
- Over \$1 billion in taxes, pre-payments and fees paid to the Government since 2010
- Partnered with more than 1,300 local suppliers over the last two years
- \$126 million investment in education and training across Mongolia

# From construction to operations



## Q1'13

- Initial construction substantially complete
- First copper-gold concentrate produced
- Underground development of ~14km
- Shaft #2 80% of final depth

## Q2'13

- Concentrator continued to improve stabilizing at rates above 70% design
- Open pit slowed to conserve cash
- Commenced sinking Shaft #5

## Q3'13

- Commercial production achieved
- Commenced shipping concentrate
- Concentrator reaches nameplate capacity
- Underground development paused

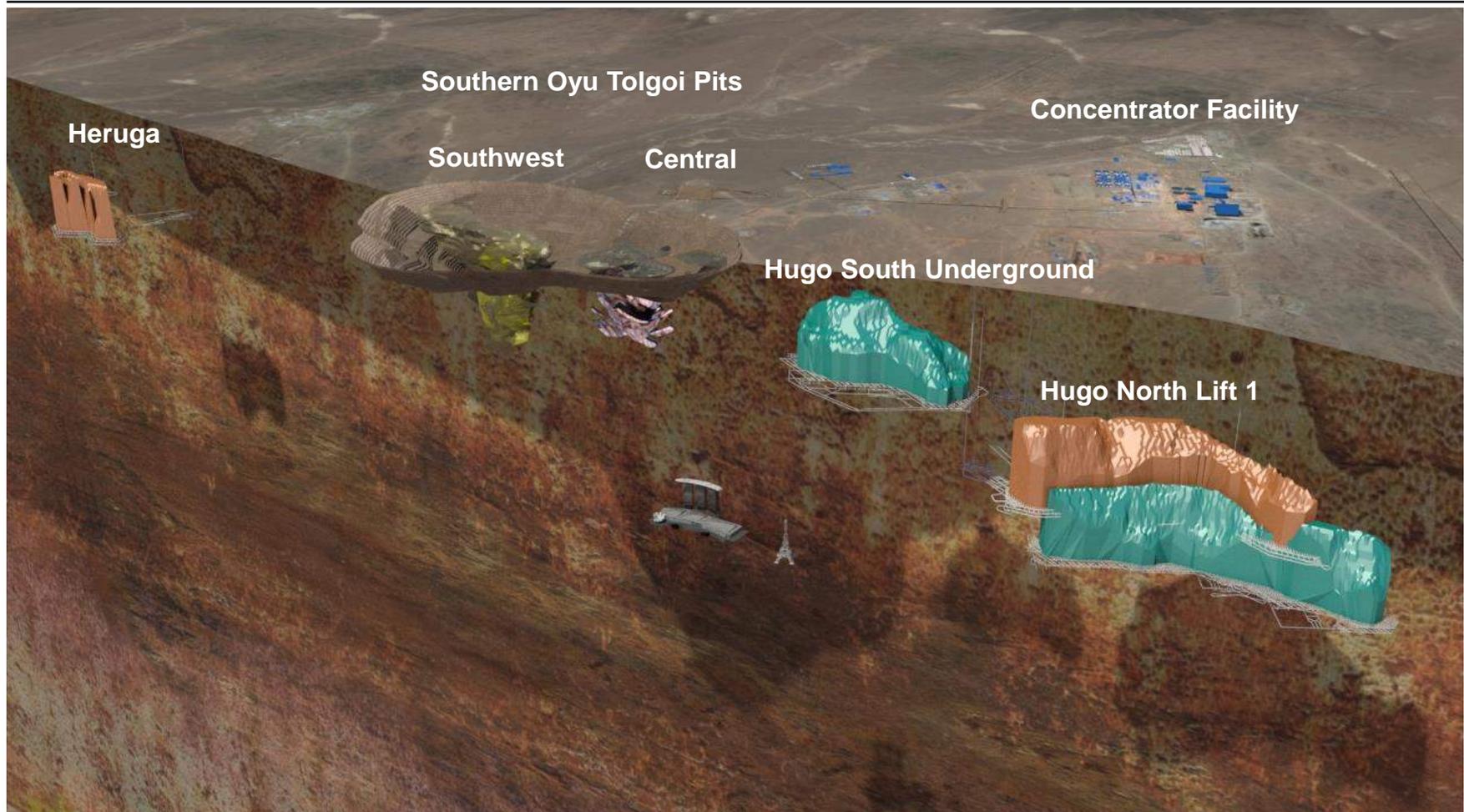
## Q4'13

- Customers begin collecting concentrate
- Produced 76,700 tonnes of copper in concentrates in 2013

# Current development plan

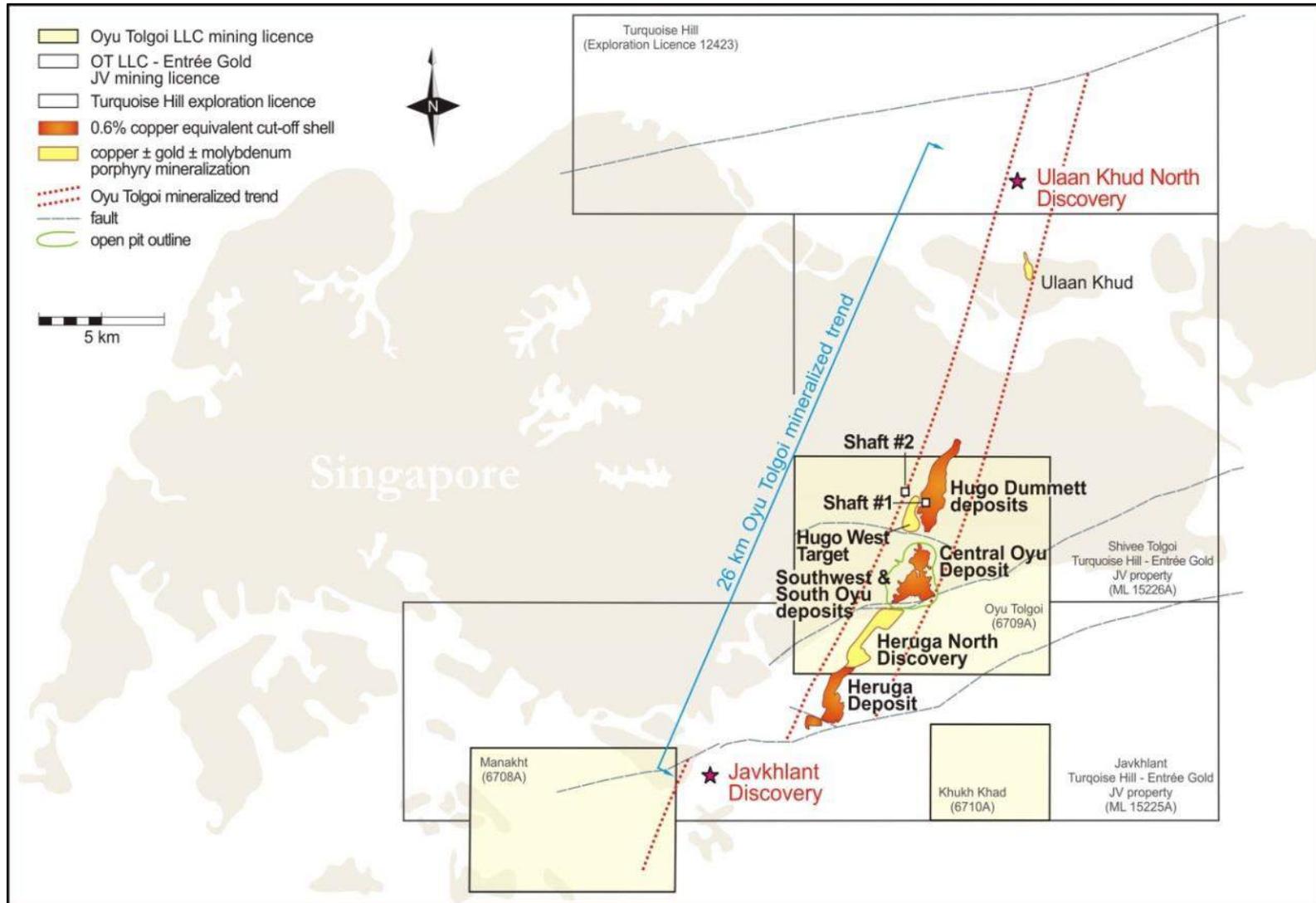


# Potential for significant development opportunities



- All options being evaluated to ensure optimum development pathway
- Actual operating performance will inform choice of expansion path
- A decision to expand the concentrator is not be required for a couple years

# Vast resources and further prospectivity



- Proven mineralized trend ~26km, exploration focused on higher value targets

# Unlocking Oyu Tolgoi's value

---

## Main Objectives

- Fund ongoing development of the project
- Diversify sources of project funding through involvement of International Financial Institutions, Export Credit Agencies and international commercial banks

## Rights Offering

- Successfully completed ~\$2.4 billion rights offering on January 10, 2014
- Repaid all outstanding debt to Rio Tinto

## Project Financing

- Commitments of approximately \$4 billion
- Received bank commitment extensions, now expiring March 31, 2014
- Discussions with Government of Mongolia continue
- Project financing used to advance underground development

## Feasibility Study

- Progressing and on track for H1 2014 completion
- Core team ready for quick restart of the underground development
- Need funding in place prior to restarting underground

## 2014 Outlook



- 150,000 to 175,000 tonnes of copper in concentrates
- 700,000 to 750,000 ounces of gold in concentrates
- Operating costs of approximately \$1 billion
- Capital expenditure of \$160 million

# Turquoise Hill – a long term growth opportunity

---

- **Pure copper and gold exposure** with expansive resources
- Generating positive **cash flow in 2014**
- Progressing Project Financing for funding of **underground development**
- Significant growth, development and **expansion opportunities**
- Strategically located resources with **further prospectivity**