Extractive Sector Transparency Measures Act - Annual Report

Reporting Year
From: 2016-01-01 To: 2016-12-31

Reporting Entity Name: Turquoise Hill Resources Ltd

Reporting Entity ESTMA Identification Number: E004020

Subsidiary Reporting Entities (if necessary):

☑ Attestation (by Reporting Entity):

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

☐ Attestation (through independent audit):

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports. The auditor expressed an unmodified opinion, dated ________________, on the ESTMA report for the entity(ies) and period listed above.

The independent auditor’s report can be found at:

Director or Office of the Entity Full Name: Owen Tudor Thomas
Position Title: Acting Chief Financial Officer
Date: 2017-05-30
## Payments by Payee

<table>
<thead>
<tr>
<th>Country</th>
<th>Payee Name</th>
<th>Taxes</th>
<th>Royalties</th>
<th>Fees</th>
<th>Production Entitlements</th>
<th>Bonuses</th>
<th>Dividends</th>
<th>Infrastructure Improvement Payments</th>
<th>Total Amount paid to Payee</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mongolia</td>
<td>Khanbogd Sum</td>
<td></td>
<td>$7,900,000</td>
<td></td>
<td>$1,740,000</td>
<td></td>
<td></td>
<td></td>
<td>$9,640,000</td>
<td>&quot;Bonuses&quot; comprise the transfer of previously purchased / constructed assets. The value of this in-kind payment has been reported at cost.</td>
</tr>
<tr>
<td>Mongolia</td>
<td>Mongolia National</td>
<td>$67,260,000</td>
<td>$30,380,000</td>
<td>$500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$107,140,000</td>
<td>&quot;Taxes&quot; include withholding tax paid on intragroup interest.</td>
</tr>
<tr>
<td>Mongolia</td>
<td>Ulaanbaatar City</td>
<td>$790,000</td>
<td></td>
<td></td>
<td>$800,000</td>
<td></td>
<td></td>
<td></td>
<td>$870,000</td>
<td></td>
</tr>
<tr>
<td>Mongolia</td>
<td>Gobi Oyu Development Support Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,670,000</td>
<td></td>
<td></td>
<td>$4,670,000</td>
<td>&quot;Bonuses&quot; include amounts paid under Oyu Tolgoi LLC's Communities Cooperation Agreement.</td>
</tr>
<tr>
<td>Mongolia</td>
<td>Umnugoid Development Center</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$270,000</td>
<td></td>
<td></td>
<td>$270,000</td>
<td></td>
</tr>
</tbody>
</table>

**Currency conversion**

Taxes, royalties and fees have been translated from Mongolian currency ("MNT") into US$ by converting payments at the exchange rate existing at the time the payment was made. Applicable rates range from 1.962 to 2.462 MNT/US$, resulting in the following effective conversion rates for the total of payments in each category:
- Taxes: 2.033
- Royalties: 2.091
- Fees: 2.158

Bonuses have been converted from MNT into US$ using a weighted average of the exchange rates during the period of 2.145 MNT/US$.

**Total**

$67,260,000 | $30,380,000 | $9,190,000 | $6,700,000 | $122,530,000
# Extractive Sector Transparency Measures Act - Annual Report

**Reporting Year** From: 2016-01-01 To: 2016-12-31  
**Reporting Entity Name**: Turquoise Hill Resources Ltd  
**Reporting Entity ESTMA Identification Number**: E001920  
**Subsidiary Reporting Entities (if necessary)**

## Payments by Project

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Name</th>
<th>Taxes</th>
<th>Royalties</th>
<th>Fees</th>
<th>Production Entitlements</th>
<th>Bonuses</th>
<th>Dividends</th>
<th>Infrastructure Improvement Payments</th>
<th>Total Amount paid by Project</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mongolia</td>
<td>Oyu Tolgoi</td>
<td>$67,260,000</td>
<td>$39,360,000</td>
<td>$8,910,000</td>
<td>$6,700,000</td>
<td>$122,250,000</td>
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<tr>
<td>Mongolia</td>
<td>Exploration</td>
<td>$280,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$280,000</td>
<td></td>
</tr>
</tbody>
</table>

**Currency conversion**

Taxes, royalties and fees have been translated from Mongolian currency ("MNT") into USD by converting payments at the exchange rate existing at the time the payment was made. Applicable rates range from 1,950 to 2,462 MNT/USD, resulting in the following effective conversion rates for the total of payments in each category: Taxes: 2,033; Royalties: 2,091; Fees: 2,165.

Bonuses have been converted from MNT into USD using a weighted average of the exchange rates during the period of 2,145 MNT/USD.