

A photograph showing a worker in a hard hat and safety vest operating a large orange robotic arm in a tunnel. The worker is positioned on the right side of the frame, looking towards the left. The robotic arm is the central focus, extending from the foreground into the background. The tunnel walls are lined with a grid of metal mesh. The lighting is dim, with the worker's headlamp and the machine's lights providing the main illumination.

**Oyu Tolgoi: Creating long-term value at
world's best developing copper project**

Turquoise Hill's investment thesis

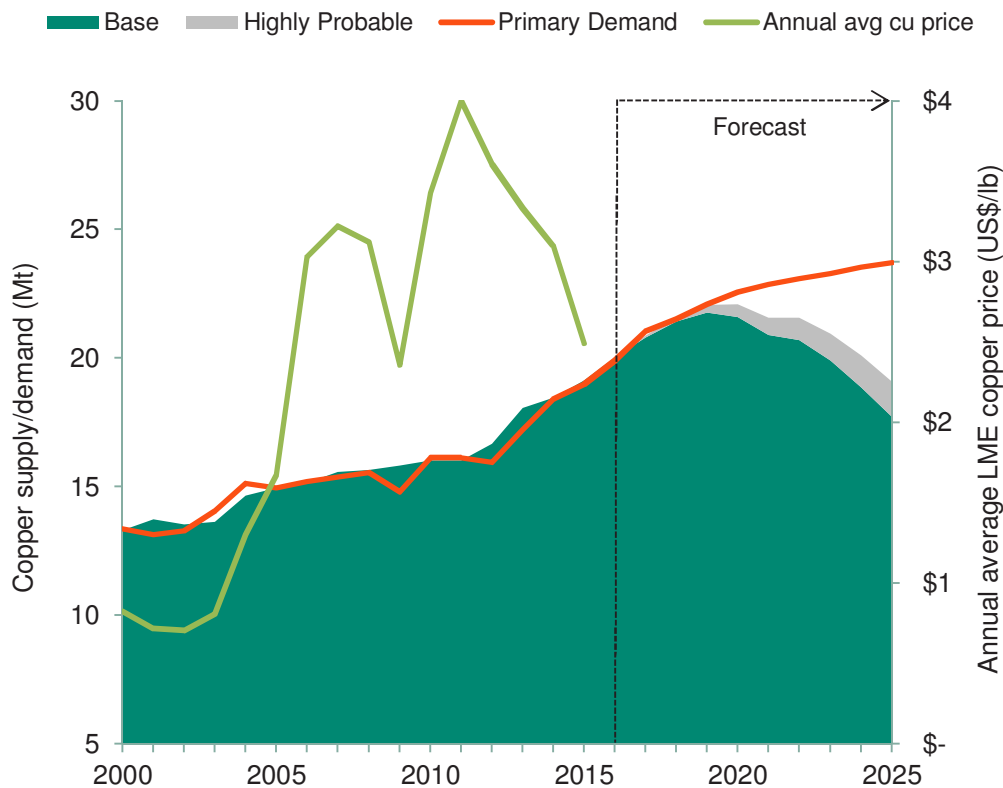


- Oyu Tolgoi is world's best developing copper project; expected to be world's third-largest copper mine with underground
- Significant cash flow expected from underground
- Hugo North Lift 1 financing in place¹
- Early underground production should benefit from expected drop in copper supply (~2020)
- Oyu Tolgoi's resources provide long-term development optionality

1. Financing sources includes project finance facility, supplemental debt (in progress), operating cash flow from Oyu Tolgoi and Turquoise Hill's cash; excludes power plant CAPEX.

Long-term copper fundamentals strong

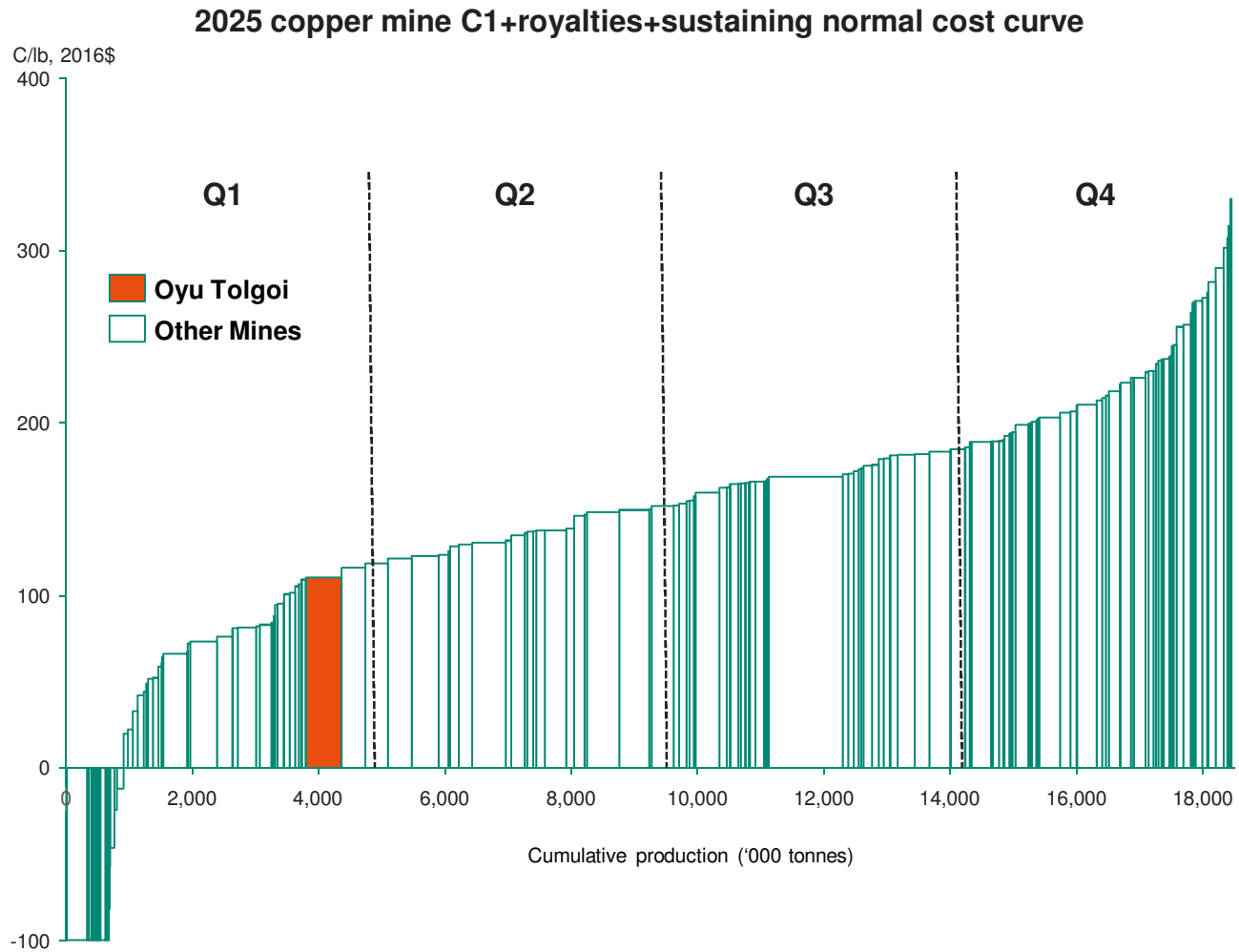
Copper supply/demand outlook



Source: Wood Mackenzie (Q3'16 Long-Term Outlook)

- Copper market likely to be in balance in 2017
- Ongoing attrition at existing mines driven by declining grade
- Continued demand growth requires new capacity in the medium-term
- Market anticipates surplus in 2018-19 before moving into deficit from 2020
- China now largest buyer of gold and continues to be largest consumer of copper

Oyu Tolgoi underground a Tier 1 asset



Source: Wood Mackenzie (Q3'16 Cost Service), 2016 Oyu Tolgoi Technical Report and Turquoise Hill Resources.
Normal C1 cost + sustaining capex, range capped at -100/lb & 400/lb for base, highly probable and probable mines only. Oyu Tolgoi costs and volumes for 2025-30.

Potential full-production valuation upside

Indicative valuation¹ (US\$B)

Trading comps²

Turquoise Hill Resources Ltd.

Current EV³: \$5.7B
Reserves⁴: 33.9B lb.
Resources^{5,6}: 95.7B lb.
NAV⁷: \$6.9B

EV/Reserves

TRQ EV/Reserves (\$/lb.)

\$0.17

Average EV/Reserves (\$/lb.)

\$0.33

\$0.30 Range +/- 10% \$0.37

Implied TRQ EV (\$B)

\$11.3B

\$10.2B Range +/- 10% \$12.4B

EV/M+I Resources^{5,6}

TRQ EV/M+I Resources (\$/lb.)

\$0.06

Average EV/M+I Resources (\$/lb.)

\$0.13

\$0.12 Range +/- 10% \$0.14

Implied TRQ EV (\$B)

\$12.2B

\$11.0B Range +/- 10% \$13.5B

Price/NAV

TRQ P/NAV

0.82x

Average P/NAV

1.01x

0.91x Range +/- 10% 1.11x

Implied TRQ NAV (\$B)

\$7.0B+

\$6.3B+ Range +/- 10% \$7.7B+

Transaction comps²

Turquoise Hill Resources Ltd.

Current EV³: \$5.7B
Reserves⁴: 33.9B lb.
Resources^{5,6}: 95.7B lb.
NAV⁷: \$6.9B

EV/Reserves

TRQ EV/Reserves (\$/lb.)

\$0.17

Average EV/Reserves (\$/lb.)

\$0.36

\$0.33 Range +/- 10% \$0.40

Implied TRQ EV (\$B)

\$12.3B

\$11.1B Range +/- 10% \$13.5B

EV/M+I Resources^{5,6}

TRQ EV/M+I Resources (\$/lb.)

\$0.06

Average EV/M+I Resources (\$/lb.)

\$0.17

\$0.15 Range +/- 10% \$0.19

Implied TRQ EV (\$B)

\$16.1B

\$14.5B Range +/- 10% \$17.7B

Price/NAV

TRQ P/NAV

0.82x

Average P/NAV

1.10x

0.99x Range +/- 10% 1.21x

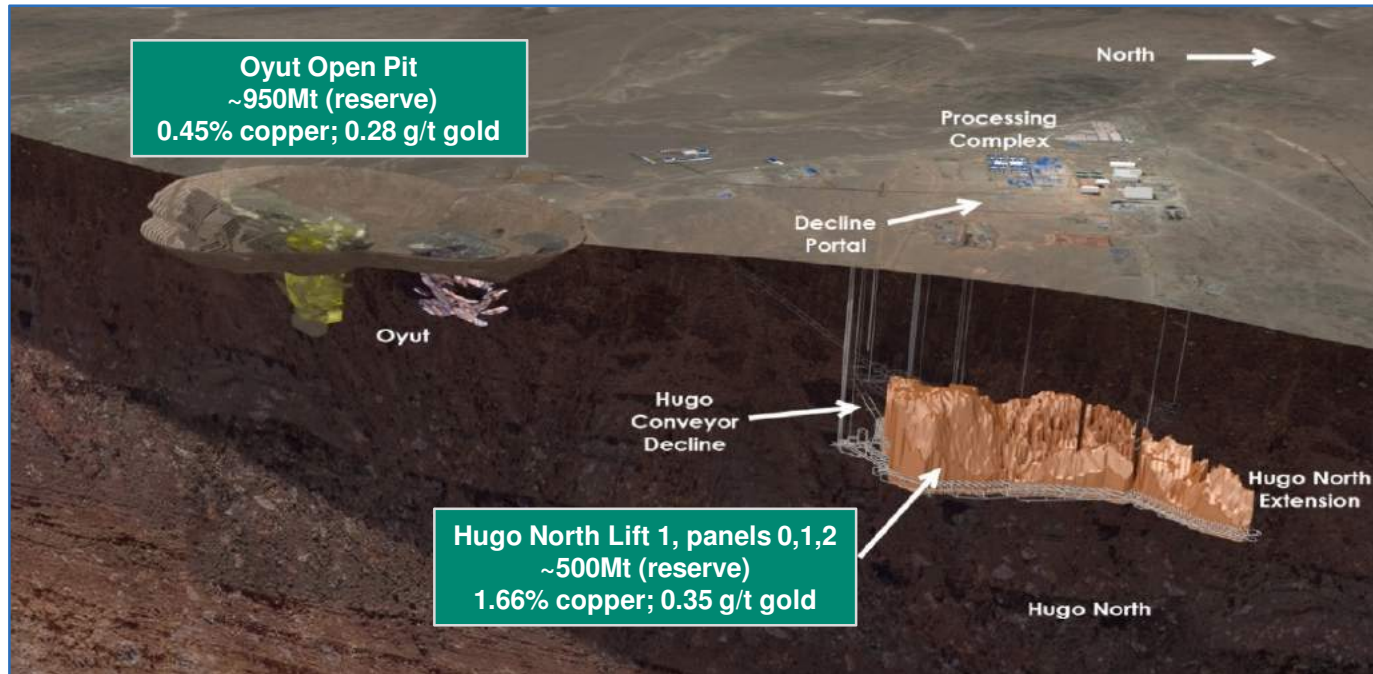
Implied TRQ NAV (\$B)

\$7.6B

\$6.8B+ Range +/- 10% \$8.4B+

1. Valuation is based on the current trading multiples in \$2.60 per pound copper price environment; current long term (2-3 years) copper price assumption varies between \$2.75 - \$3.00 per pound; transaction comps based mostly on deals done in \$2.18 - \$2.51 per pound copper price ranges; does not include valuation uplift from the expected copper price increase ~ 2020; 2. Valuation based on range derived for companies with projects with similar characteristics and in full production; 3. Adjusted for project finance drawdown cash; 4. Reserves and resources are based on equivalent units of production; 5. Resources includes reserves; 6. TRQ reserves and resources figures includes 80% of EJ.V. Resources figure assumes conversion of inferred resources into M+I category (with the exception of Heruga) around the time of achieving full production; 7. The NAV would be higher closer to production. Source: Brokers, Capital IQ, Mergermarket, company technical reports, annual reports and press articles. Share prices as of 09/12/16. Note: Full production comparables analysis shows Turquoise Hill valuation

2016 Reserves Case mining areas



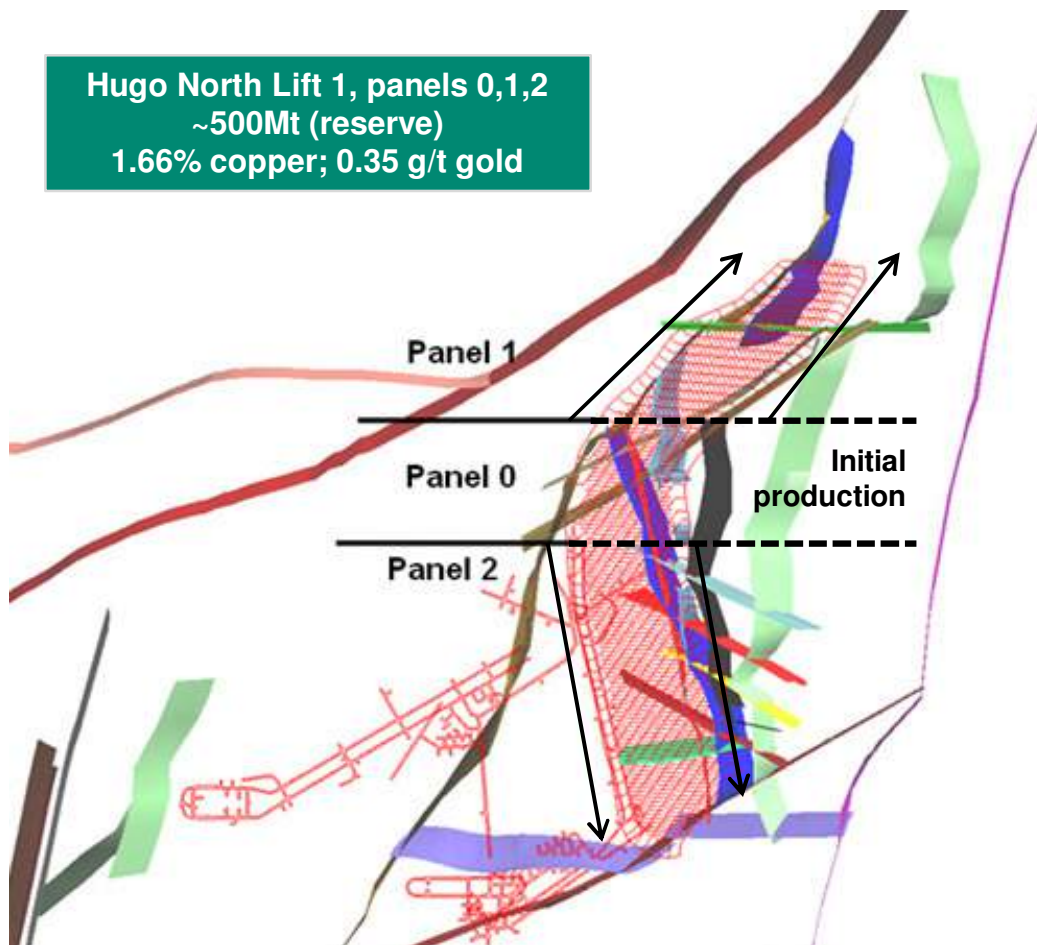
Hugo North Lift 1 Underground

- Ramp-up (2020-2027), full production (~33mtpa)
- Highest grade ore mined first (copper ~2.5%)
- Opportunities to reduce construction time, faster ramp-up and increase underground production >95ktpd
- Concentrator 40mtpa, 10% above nameplate

Open Pit

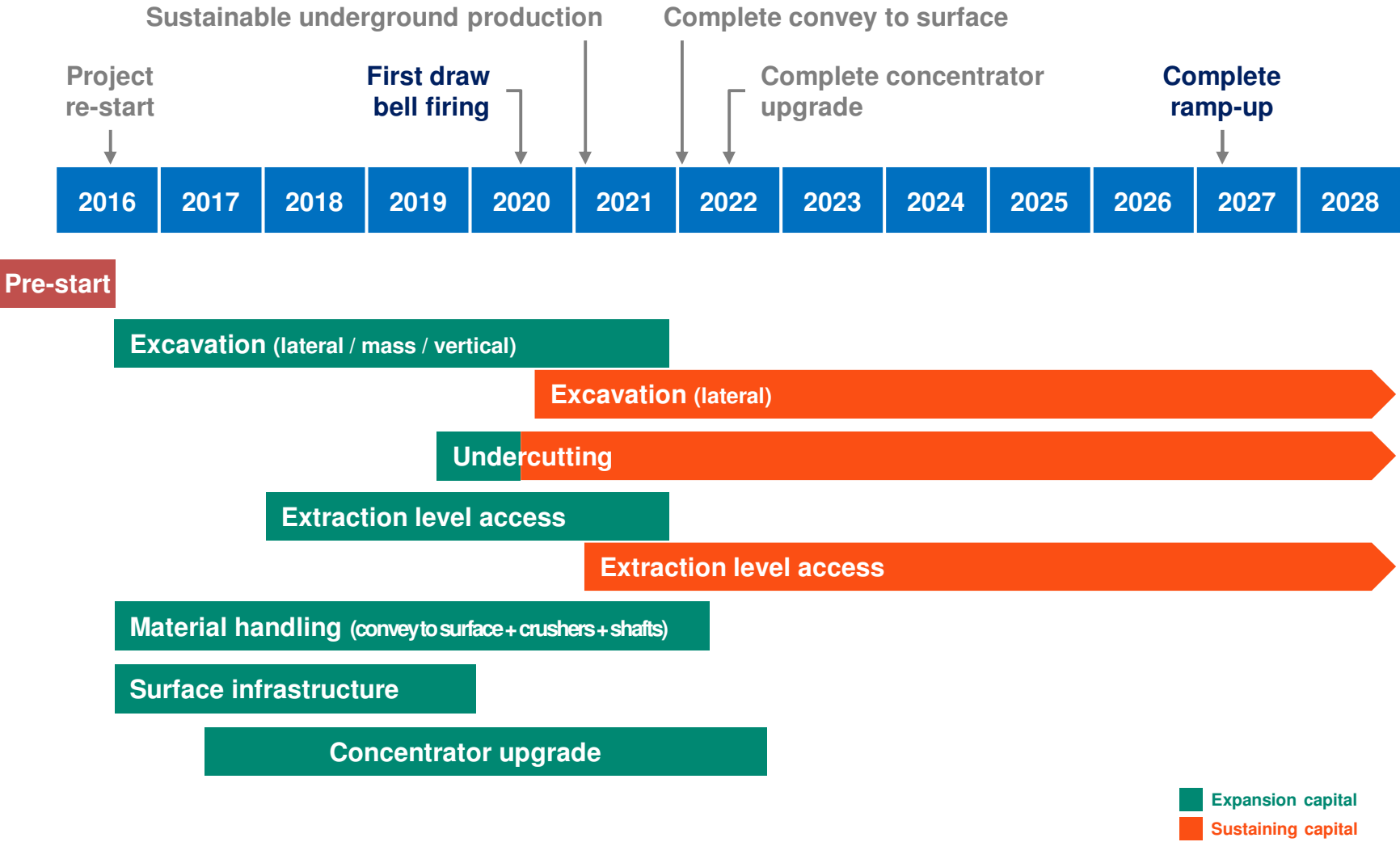
- Open-pit mine tops-up concentrator when Hugo North Lift 1 begins production
- After 2039, open-pit head grades average ~ 0.45% copper
- First production in January 2013; ~2.5 million tonnes of concentrate produced by year-end 2016

Underground mining sequence



- Initial underground production begins with Panel 0
- Highest copper grades occur during ramp up exceeding 2.5% in several years
- 2024-2026: Oyu Tolgoi “peak” copper production during period expected to average > 600,000 tonnes annually due to high grades
- 2024-2036: Total mine copper production over period expected to average > 500,000 tonnes annually
- Following completion of Panel 0, production will move outward with Panels 1 and 2

Complete ramp-up expected by 2027



Timeline is illustrative only and subject to change

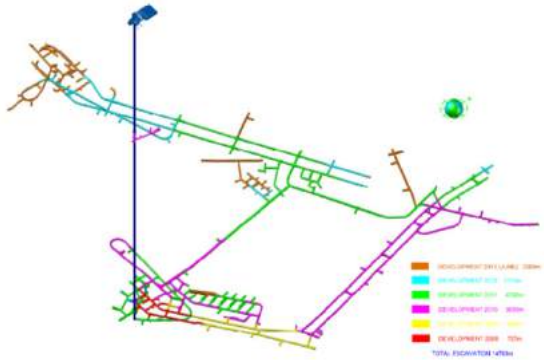
Key underground components

	Shaft 1 (early development and ventilation)	Shaft 2 (production and ventilation)	Shaft 5 (ventilation)	Shaft 3 (ventilation)	Shaft 4 (ventilation)
Total Depth	1,385 metres	1,284 metres	1,178 metres	1,148 metres	1,149 metres
Diameter	6.7 metres	10 metres	6.7 metres	10 metres	11 metres
Completion	2008	Expected 2017	Expected 2017	Expected 2021	Expected 2021
Remaining	Complete	~90 metres	~840 metres	Not started	Not started

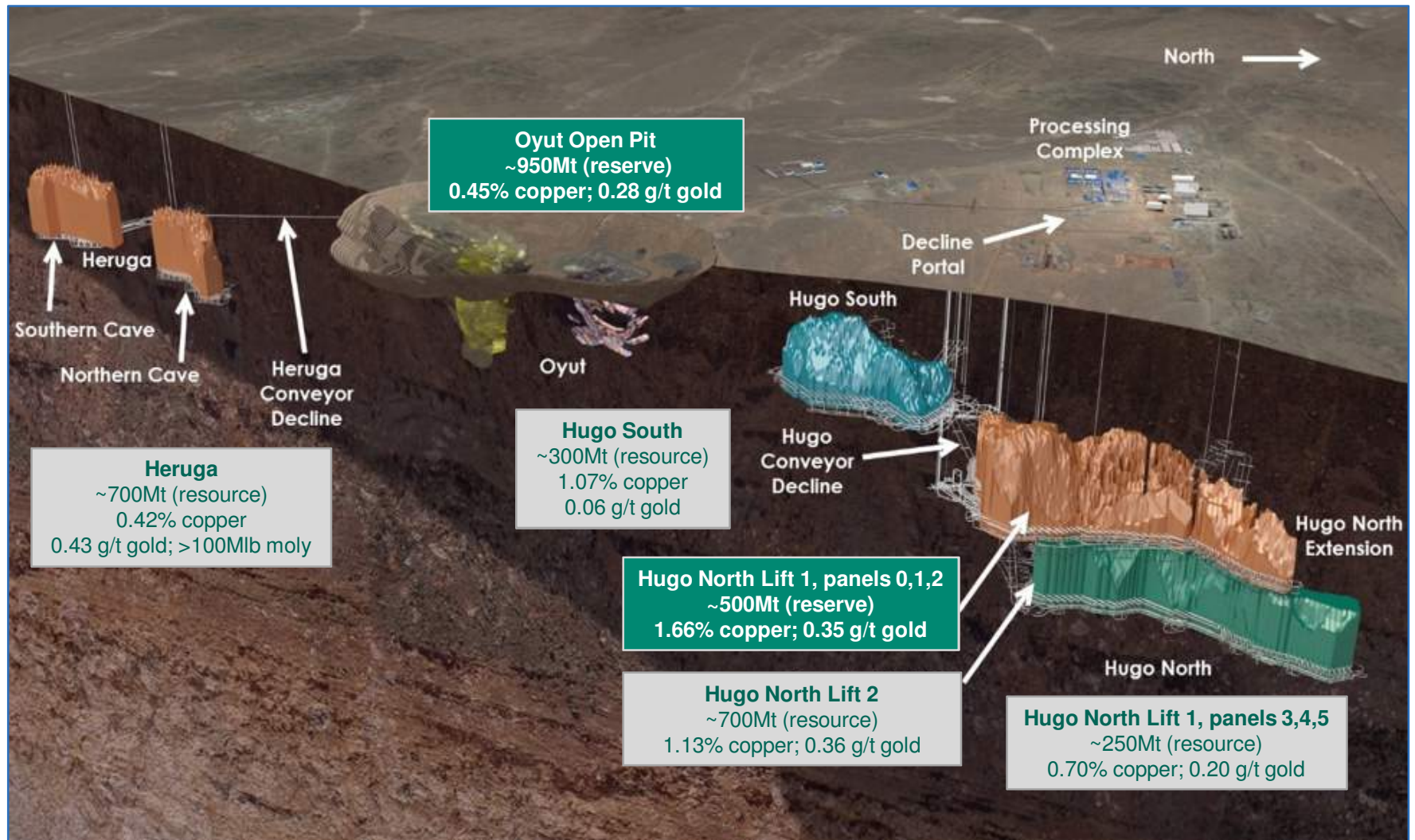
Lateral Development (includes conveyor development)



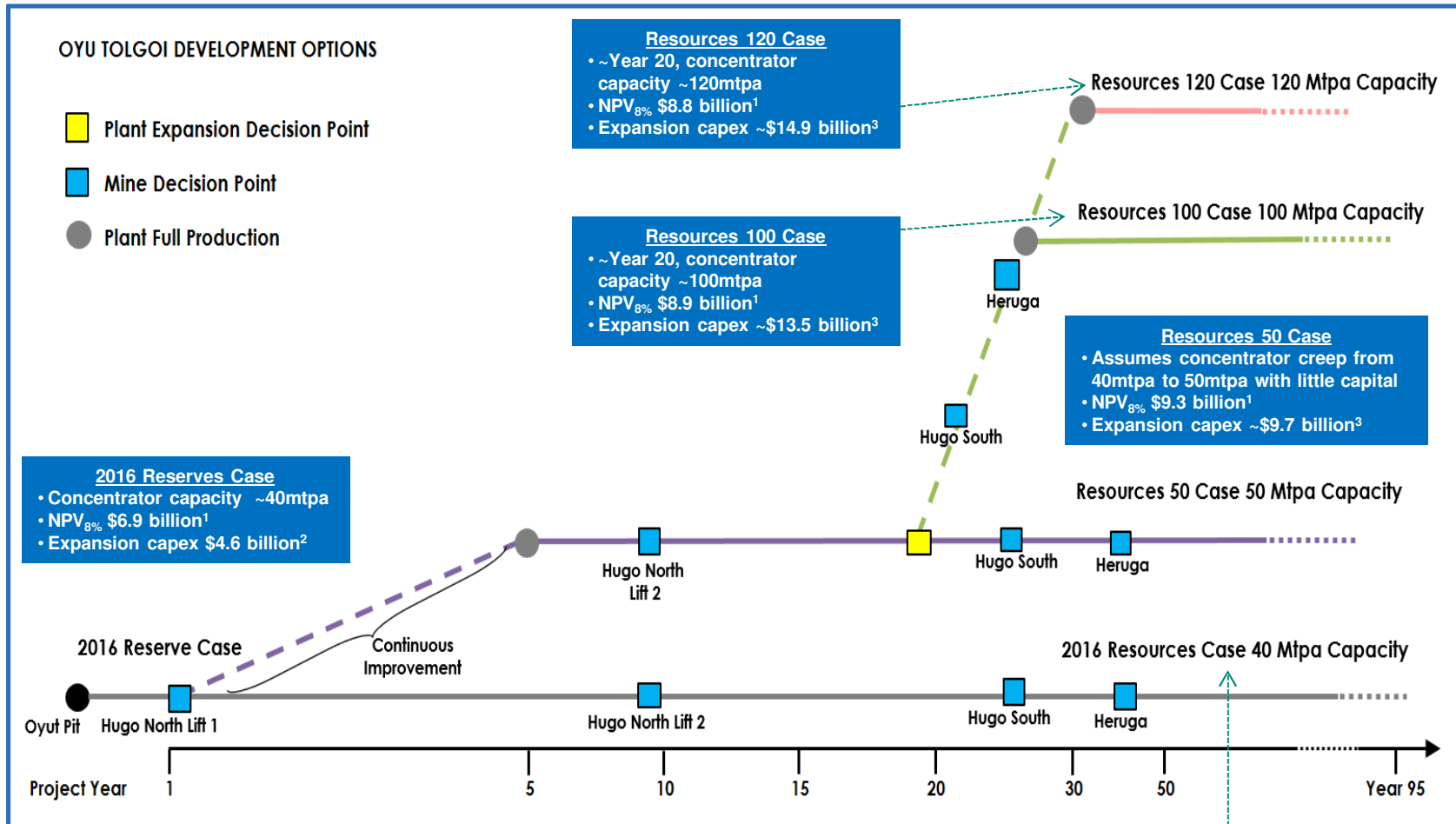
Underground Development 2008-2013



2016 Resources Case



Alternative Production Cases



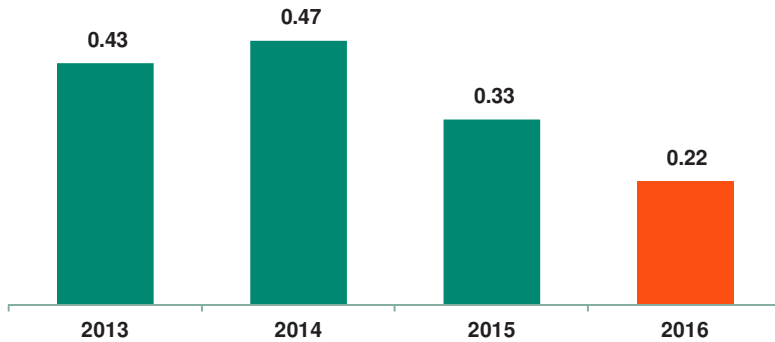
1. NPV_{8%} assumes \$3.00/lb copper and \$1,300/oz gold

2. Expansion capital costs include only direct project costs and exclude interest expense, capitalized interest, debt repayments, tax pre-payments and forex adjustments. In all cases, total capital cost excludes capital costs for the year 2016. Expansion capital for 2016 excluded is \$0.46 billion.

3. Expansion capital costs inclusive of 2016 Reserves Case expansion capital. Expansion capital costs include only direct project costs and exclude interest expense, capitalized interest, debt repayments, tax pre-payments and forex adjustments. In all cases, total capital cost excludes capital costs for the year 2016.

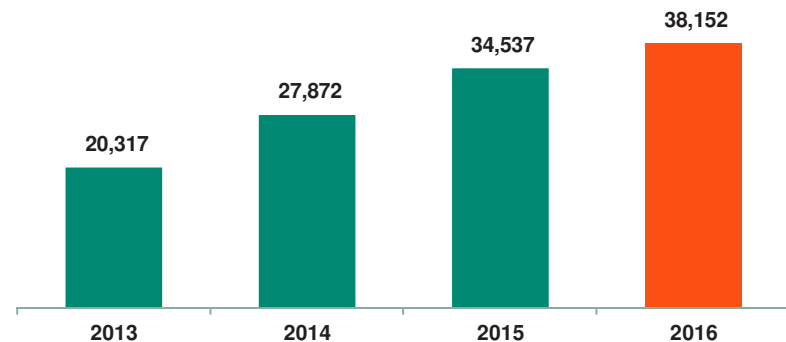
Production highlights

All Injury Frequency Rate
(per 200,000 hours worked)



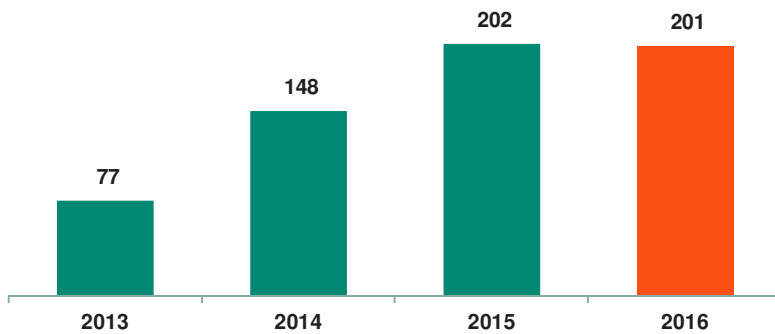
Industry-leading safety performance

Concentrator throughput
(’000 tonnes)



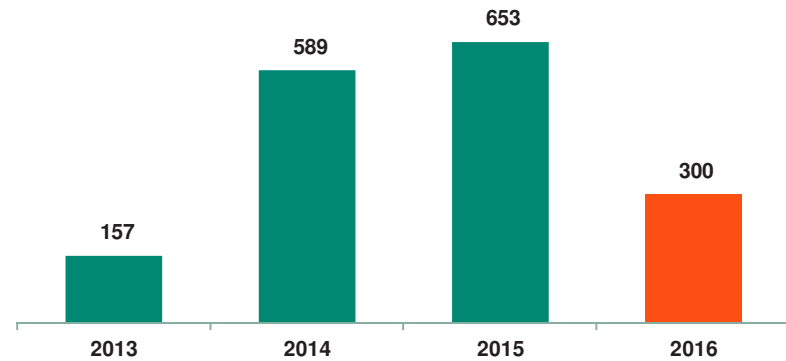
Multiple productivity initiatives have led to improved throughput

Copper in concentrates
(’000 tonnes)



Exceeded 2016 guidance of 175,000–195,000 tonnes of copper and 255,000 – 285,000 ounces of gold

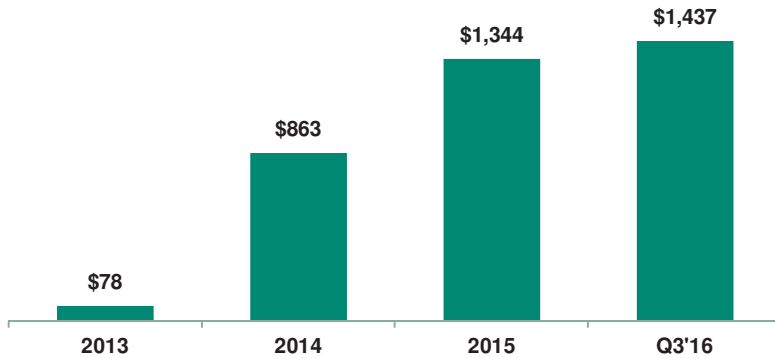
Gold in concentrates
(’000 ounces)



2016 gold production reflects lower grades due to completion of mining in Phase 2

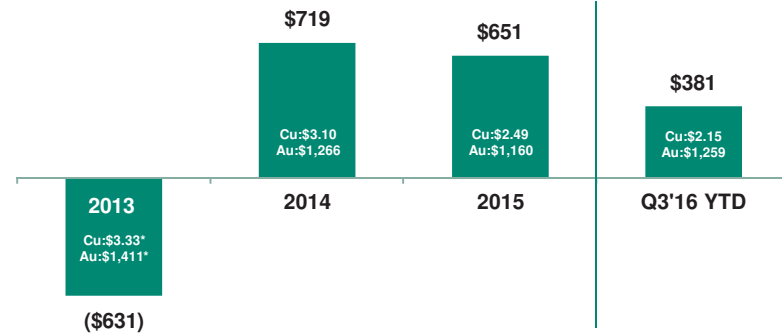
Financial highlights

Cash position
(\$'000,000)



Strong cash position

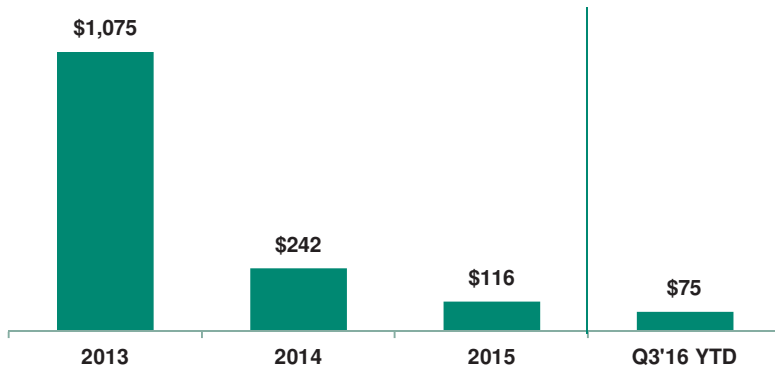
Operating cash flow
(\$'000,000)



Consecutive periods of positive operating cash flow

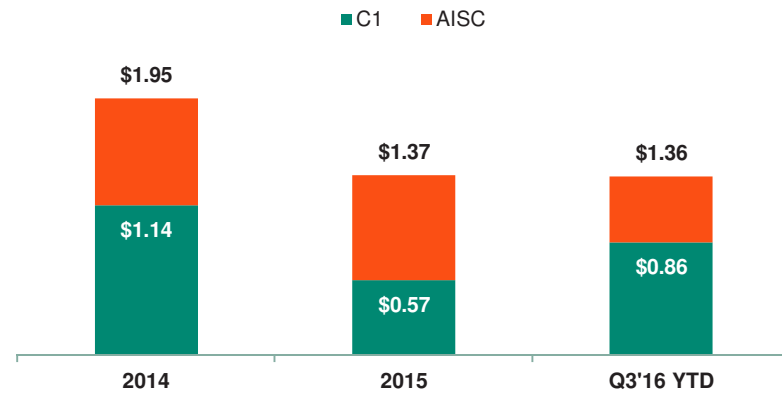
*Source: Average quarterly Comex copper price and average quarterly LBMA gold price.

Open-pit capital expenditures
(\$'000,000)



2016 YTD open-pit CAPEX reflects completion of Phase 2, near-surface capital for Phase 3 and 6 as well as Phase 4 stripping

C1 and All-in sustaining costs (AISC)



Competitive unit costs

Note: C1 and AISC not meaningful in 2013.

Production and financial guidance

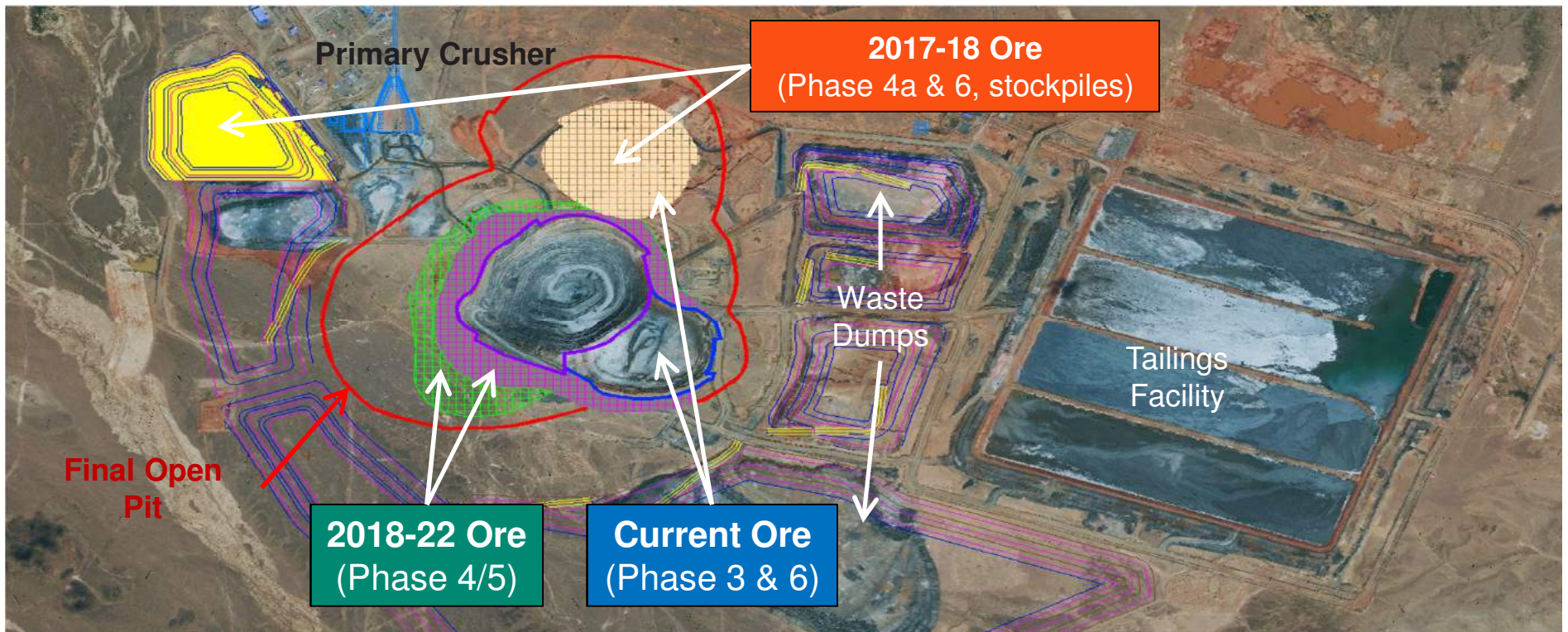
	2016	2017
Copper in concentrates	201,300 tonnes (actual) 175,000 – 195,000 tonnes	130,000 – 160,000 tonnes
Gold in concentrates	300,000 ounces (actual) 255,000 – 285,000 ounces	100,000 – 140,000 ounces
Operating cash costs	\$840 million*	\$720 million
Capital expenditures	\$200 million* (open pit)	\$100 million (open pit) \$825 million - \$925 million (underground)

- 2017 production impacted by ~25% less copper head grade and ~50% less gold head grade
- 2017 operating cash costs reflects cost improvements and impact of lower logistics costs from decreased production
- 2017 open-pit CAPEX reflects lower maintenance costs, reduced deferred stripping cost due to optimization and improved tailings storage costs

* Estimate; full-year 2016 results expected to be released on March 27, 2017.

Managing near-term ore grade challenges

- Phase 3 nearly complete (2017)
- Phase 6 and lower-grade stockpile ore processed mid-2016 to mid-2018
- Phase 4 waste mining critical; uncovers 2017 medium-grade ore and 2018 high-grade ore



Oyu Tolgoi's impact in Mongolia

Mongolian Workforce

94%

At the end of 2016, ~94% of Oyu Tolgoi's workforce was Mongolian

Taxes and Fees

\$1.6B

Between 2010 and 2016, Oyu Tolgoi paid \$1.6B in taxes, fees and other payments to the Mongolian Government

In-country Spend

\$6.1B

Between 2010 and 2016, Oyu Tolgoi has spent \$6.1B in Mongolia¹

Taxpayer Rank

#1

Oyu Tolgoi was the top corporate taxpayer in Mongolian for 2015

Community Investment

\$9.7M

Oyu Tolgoi invested \$9.7M in sustainable long-term projects in the South Gobi community in 2016

Water Recycling

86.2%

Oyu Tolgoi's water recycling rate averaged 86.2% for 2016 against a recycling target of 80%

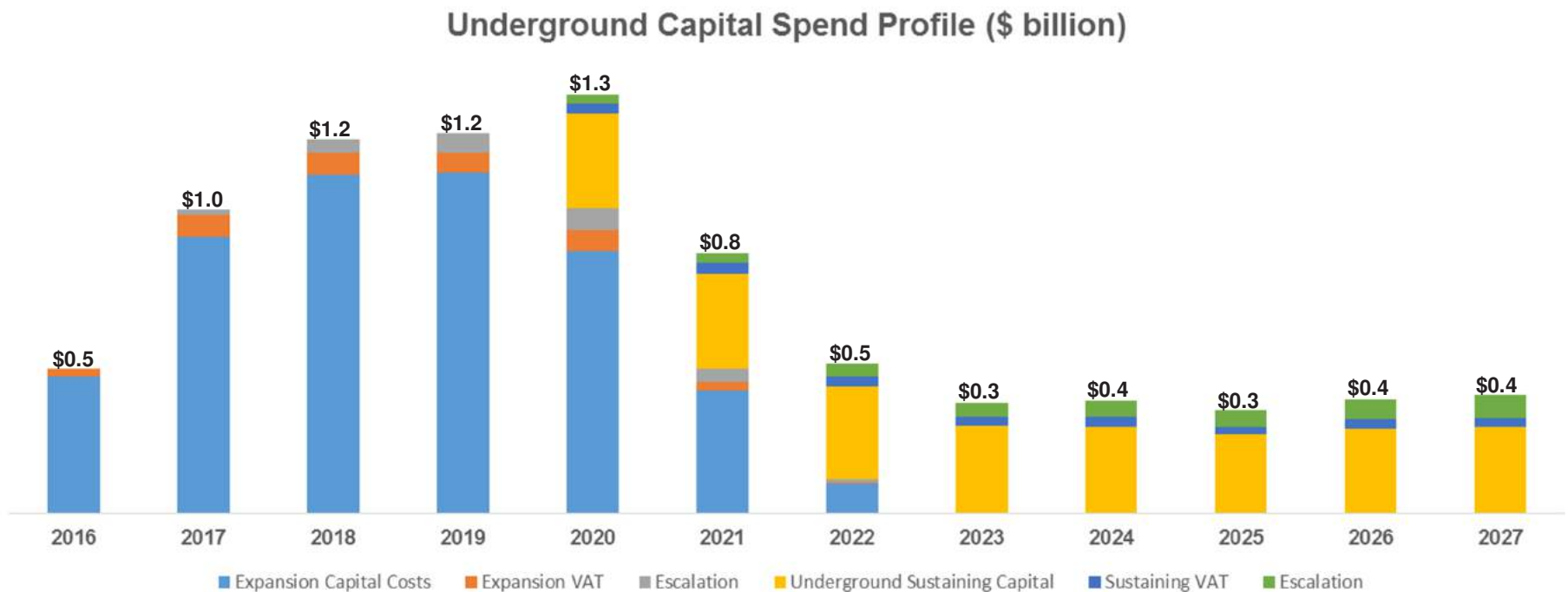
1. In-country spend includes salaries, payments to Mongolian suppliers, taxes and other payments to the Government of Mongolia.

Oyu Tolgoi– a long-term growth opportunity

- Underground development progressing
- Long-term development optionality and plant expansion opportunities
- Open-pit mine performing as expected in low gold areas
- Demonstrated productivity and cost improvements
- Oyu Tolgoi is the best copper asset in development today

Appendix

Approved underground CAPEX



- Underground expansion capital, VAT and escalation of \$5.3 billion
- Underground sustaining capital, VAT and escalation of \$2.8 billion to full ramp-up expected in 2027

Project financing – flow of funds

At September 30, 2016¹



Payable to Turquoise Hill*
Shareholder loan: \$2.9 billion



Receivable from Oyu Tolgoi*
Shareholder loan: \$2.9 billion

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, 2016 the balance was approximately \$1.0 billion
* Interest rate LIBOR + 6.5%

At project finance drawdown



Proceeds: \$4.3 billion²
Payable to Turquoise Hill*
Shareholder loan: \$2.9 billion



\$4.3 billion³
Receivable from Oyu Tolgoi*
Shareholder loan: \$2.9 billion



\$4.2 billion
Deposit from Turquoise Hill
Deposit: \$4.2 billion
Waive 2.5%** guarantee fee with amount on deposit

2. Project finance facility made directly with Oyu Tolgoi
3. Amount received net of bank fees
* 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

- #1 Oyu Tolgoi operating cash flow
- #2 Project finance funds
- #3 Turquoise Hill cash

Oyu Tolgoi cash call



Funding

Payable to Turquoise Hill
(2.5%** guarantee fee on funds used)
Shareholder loan: ↑
Equity loan: ↑



Funding

Receivable from Oyu Tolgoi*
Shareholder loan: ↑
Equity loan: ↑



Funding

Reduction in deposit from Turquoise Hill*
Deposit: ↓

* Indicative, does not show the withholding tax implications | original shareholder loan interest rate LIBOR + 6.5% | Oyu Tolgoi's all-in project finance interest rate, including upfront and ongoing fees as well as the guarantee fee, is LIBOR + 6.0%
** Guarantee fee - Oyu Tolgoi pays 1.9% and Turquoise Hill pays 0.6%

Oyu Tolgoi at China's doorstep

