



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

Re-starting underground development

- **May 2015** - Underground Development Plan resolved shareholder issues and maintained Investment Agreement
- **December 2015** - Signing of project finance (\$4.4 billion)
- **May 2016** – Notice to proceed and 2016 feasibility study approved
- Targeting mid-2016 re-start

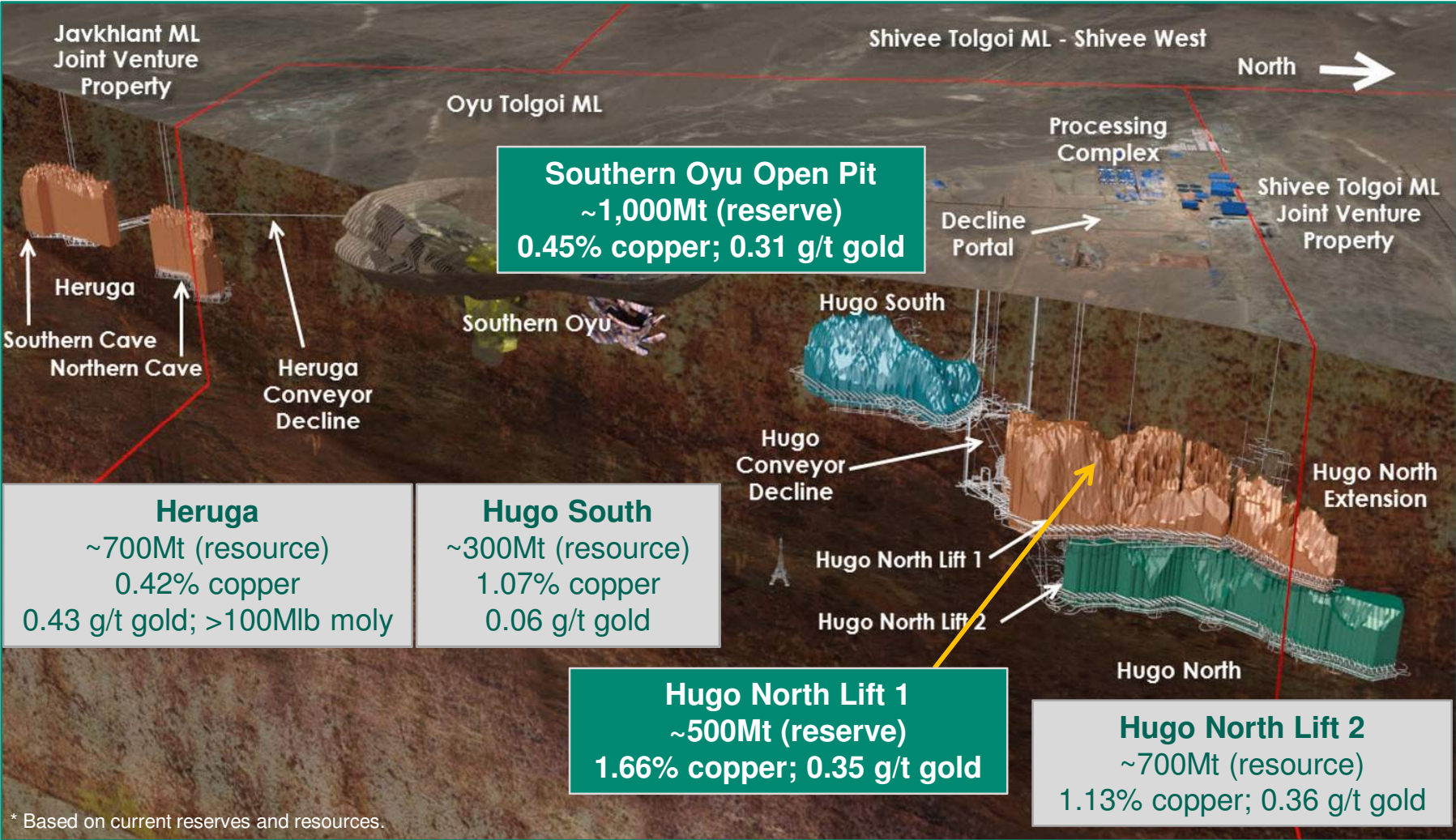
Long-life, high-grade asset with significant expansion potential

- Underground copper grades 3.6 times open pit
- Hugo North Lift 1 first part of underground development
- Development pipeline includes Hugo North Lift 2, Hugo South and Heruga
- Multi-generational copper asset based on current reserves and resources

Open pit in production

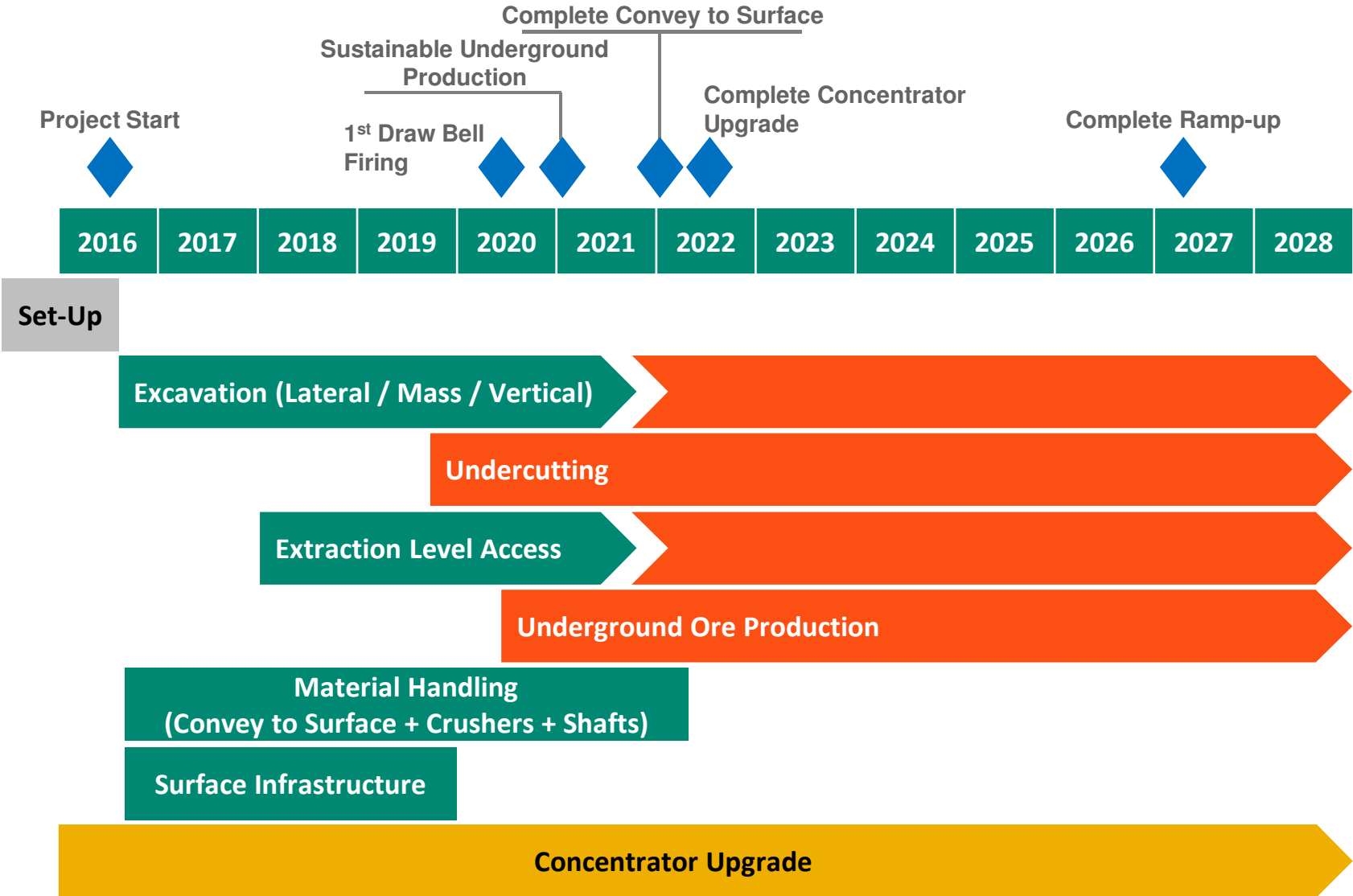
- Concentrator performance improving; currently averaging above nameplate capacity
- All-in sustaining cost per pound of copper: \$0.62 – Q1'16; \$1.37 – 2015
- Cash of \$1.5 billion (Q1'16)
- Investment to date of > \$6.5 billion

Multi-generational copper asset*



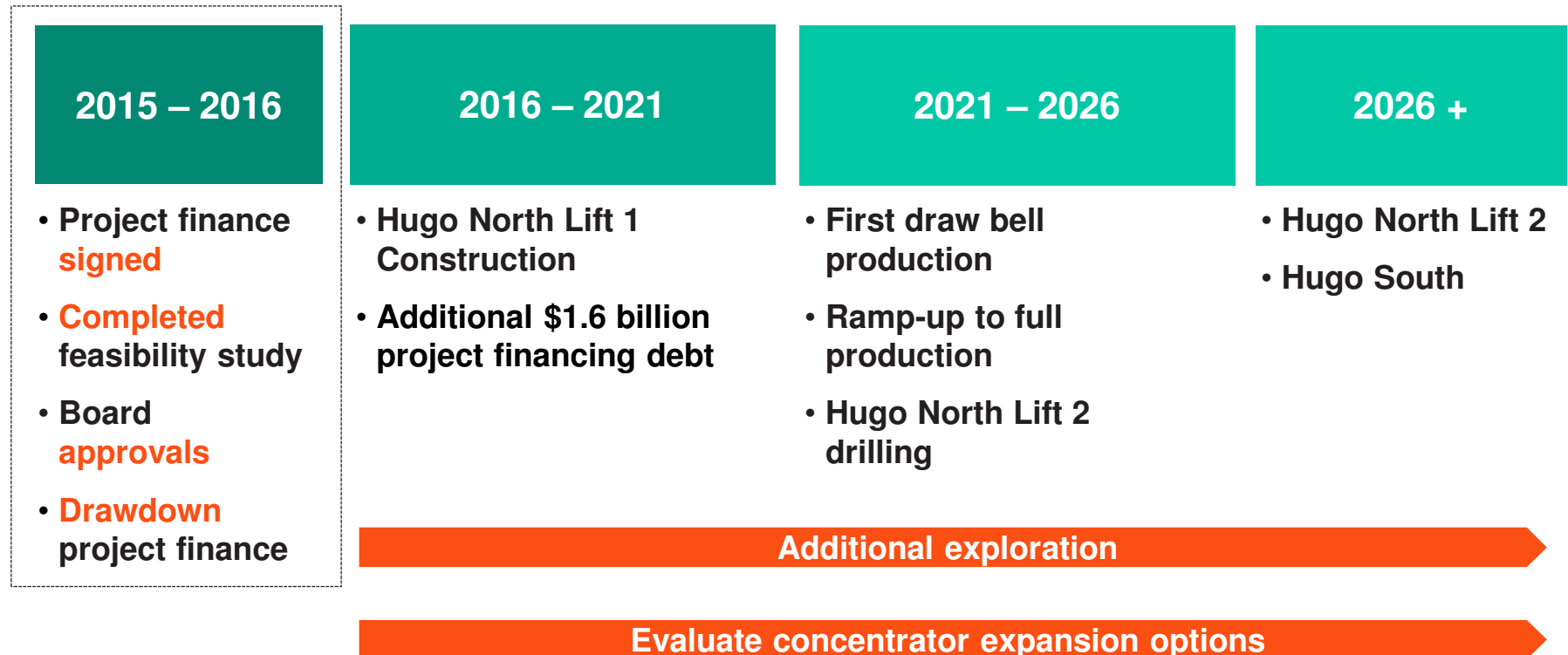
* Based on current reserves and resources.

Hugo North Lift 1 development timeline

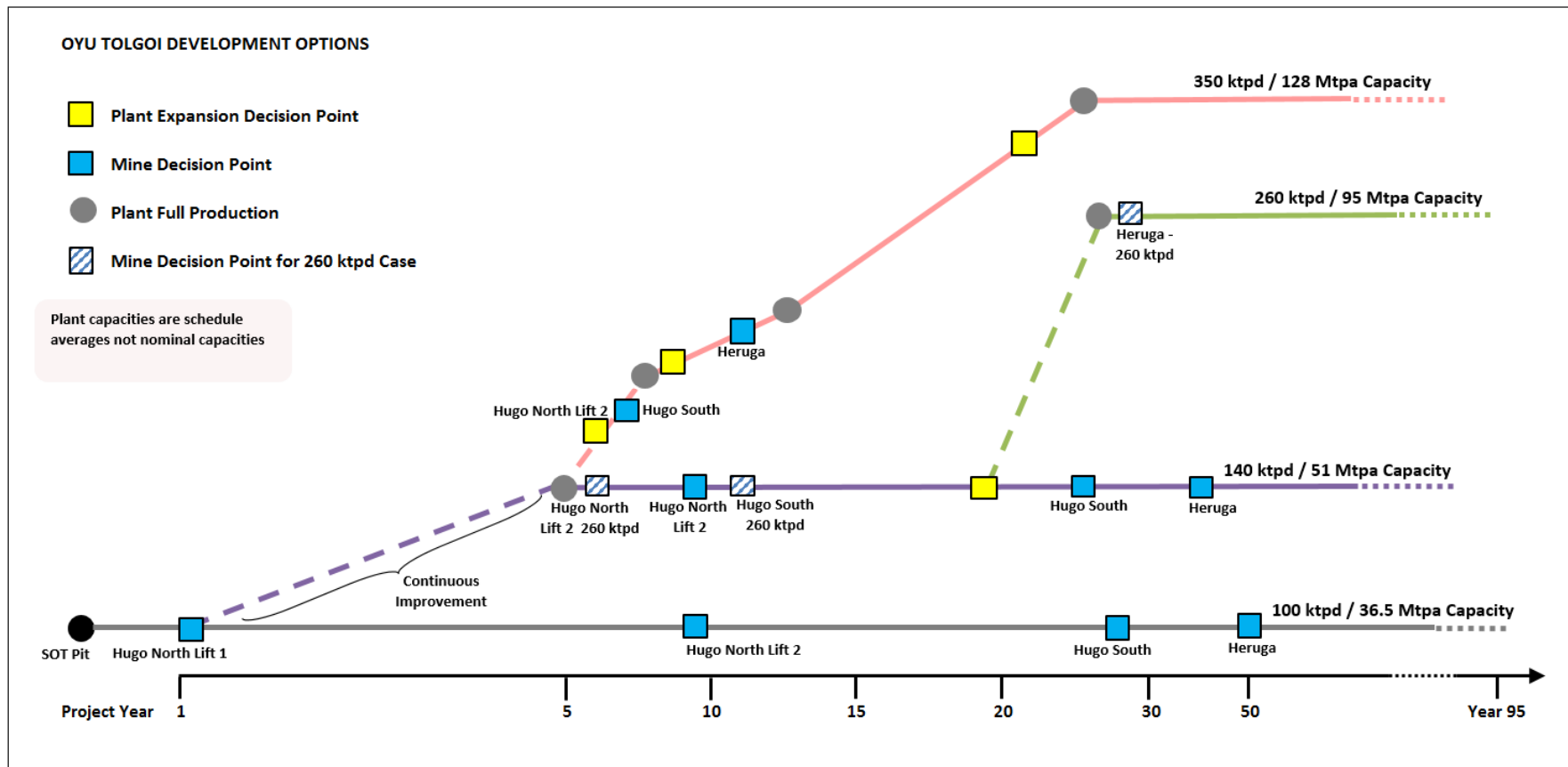


Timeline is indicative and subject to change.

Medium-term timeline



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

Project financing – flow of funds

Today¹



Payable to Turquoise Hill*

Shareholder loan: \$7.0 billion



Receivable from Oyu Tolgoi*

Shareholder loan: \$7.0 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 March 31, 2016 the balance is approximately \$999.4 million

** Balances as of March 31, 2016 | Interest rate LIBOR + 6.5%*

At project financing drawdown



Proceeds: \$4.4 billion²

Payable to Turquoise Hill*

Shareholder loan: \$7.0 billion
to \$2.9 billion⁴



\$4.1 billion^{3,4}

Receivable from Oyu Tolgoi*

Shareholder loan: \$7.0 billion
to \$2.9 billion⁴



\$4.1 billion⁴

Deposit from Turquoise Hill

Investment: \$4.1 billion⁴
Waive 2.5%** guarantee fee
with amount on deposit

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 March 31, 2016 | 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



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***

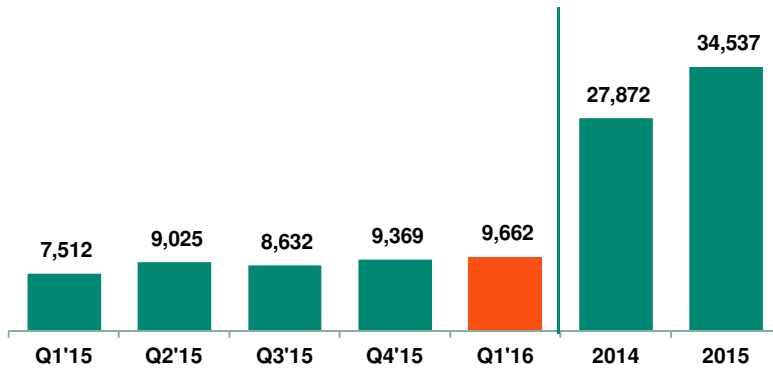
Deposit: ↓

** Indicative, does not show the withholding tax implications | original shareholder loan interest rate LIBOR + 6.5% | 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%*

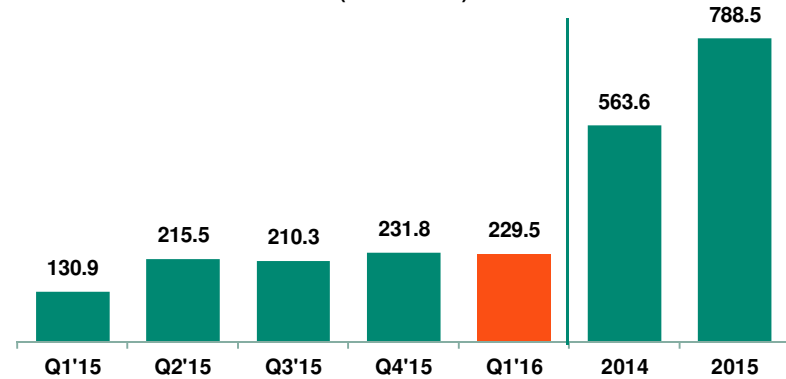
Production highlights

Concentrator throughput
(’000 tonnes)



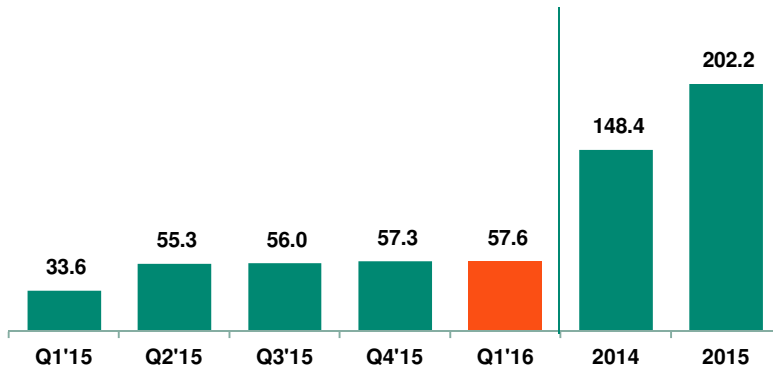
Q1'16 throughput averaging above nameplate capacity

Concentrate production
(’000 tonnes)



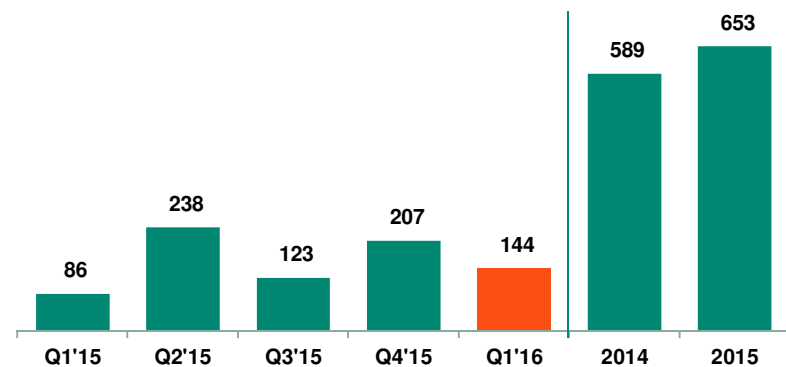
Strong concentrate sales; ~95% of 2016 production under contract

Copper in concentrates
(’000 tonnes)



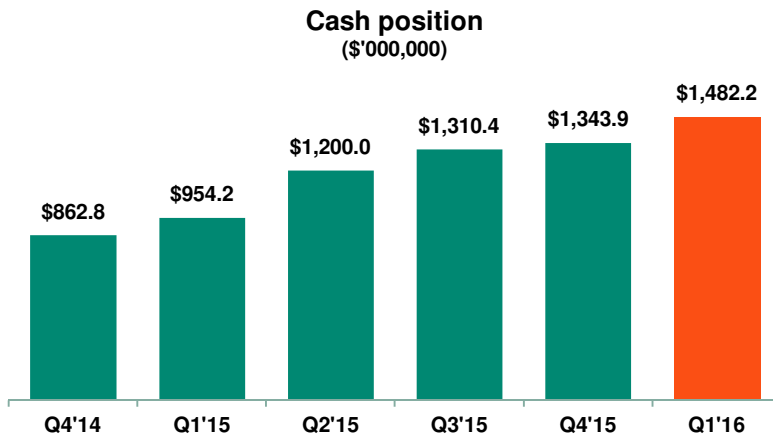
Q1'16 copper production reached quarterly high

Gold in concentrates
(’000 ounces)

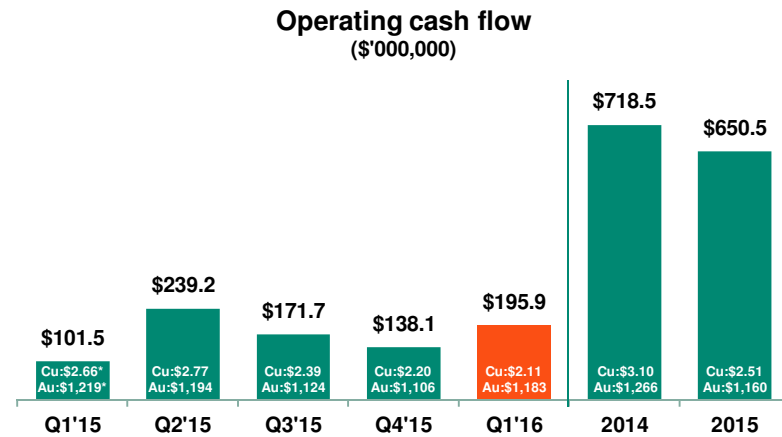


Revised 2016 gold guidance of 255,000 to 285,000

Financial highlights

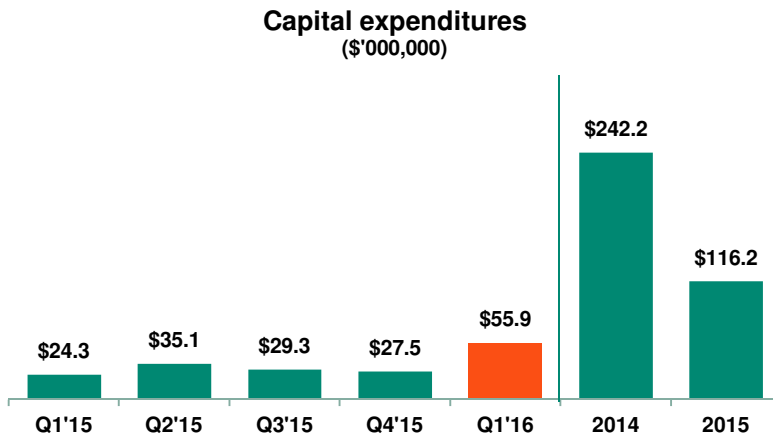


Strong cash position

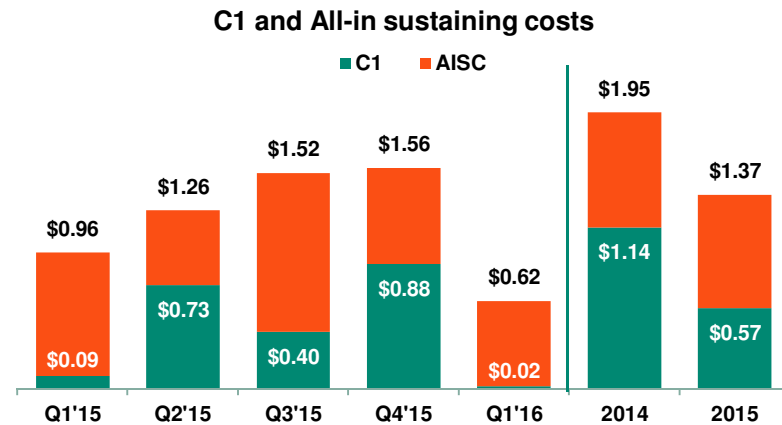


Consecutive quarters of positive operating cash flow

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



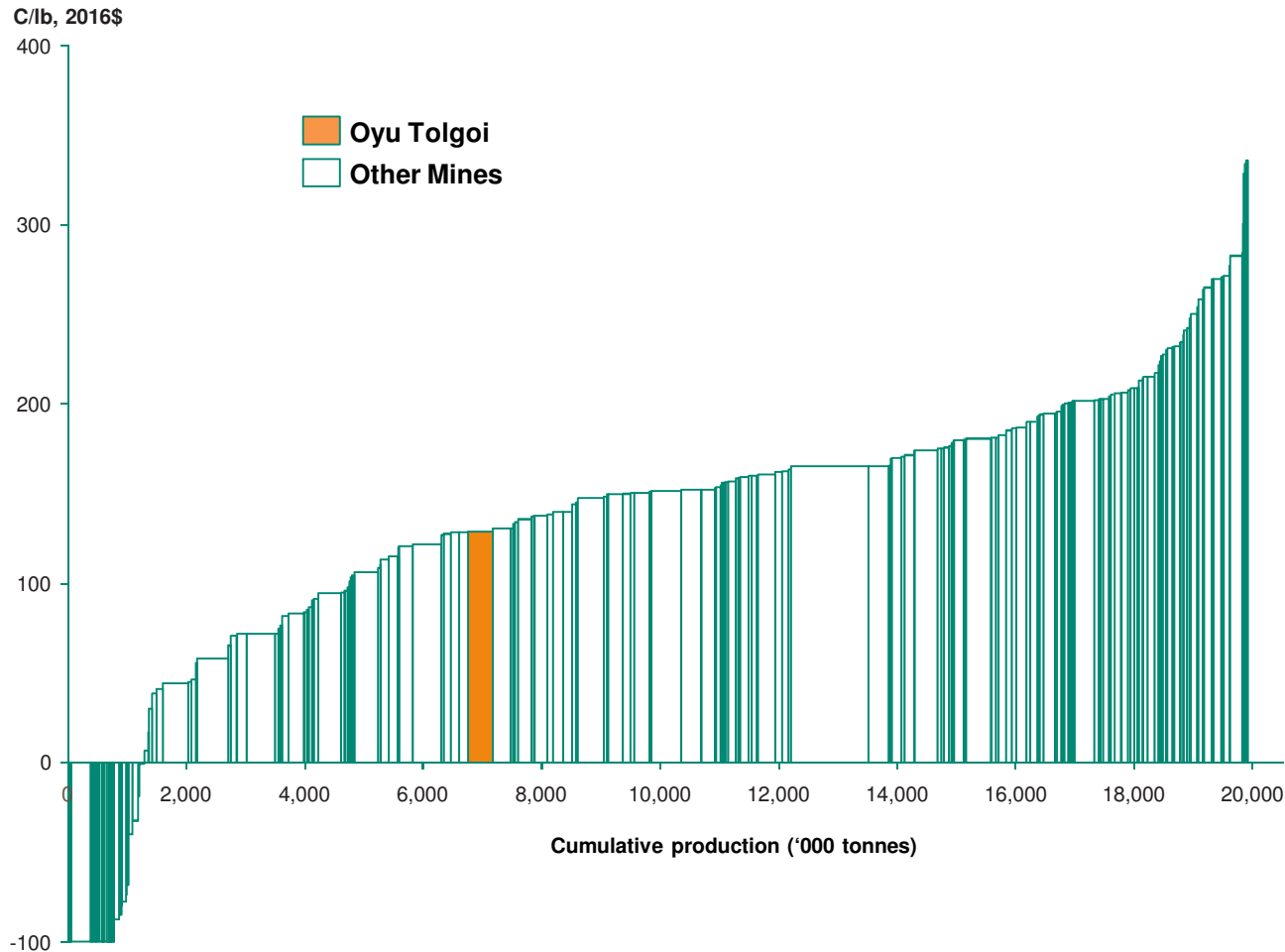
2016 CAPEX guidance: \$300 million, \$285 million sustaining



Competitive unit costs

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 (Q1'16 Cost Service)

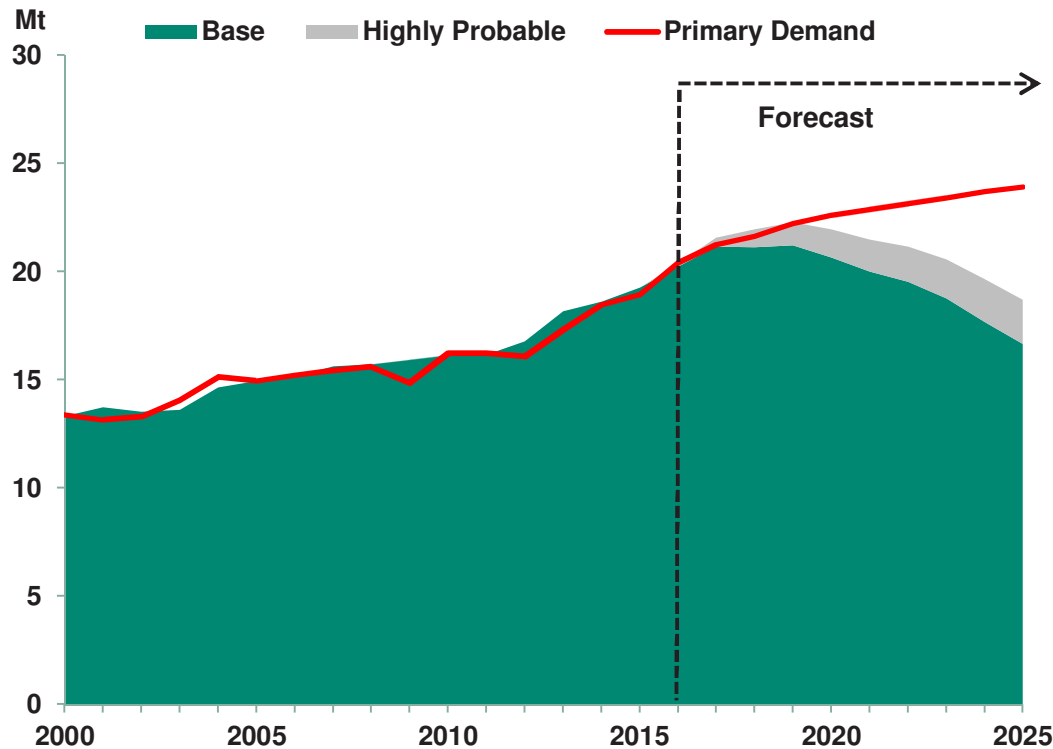
Normal C1 cost + sustaining capex, range capped at -100/lb & 400/lb for base, highly probable and probable mines only

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 (Q1'16 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

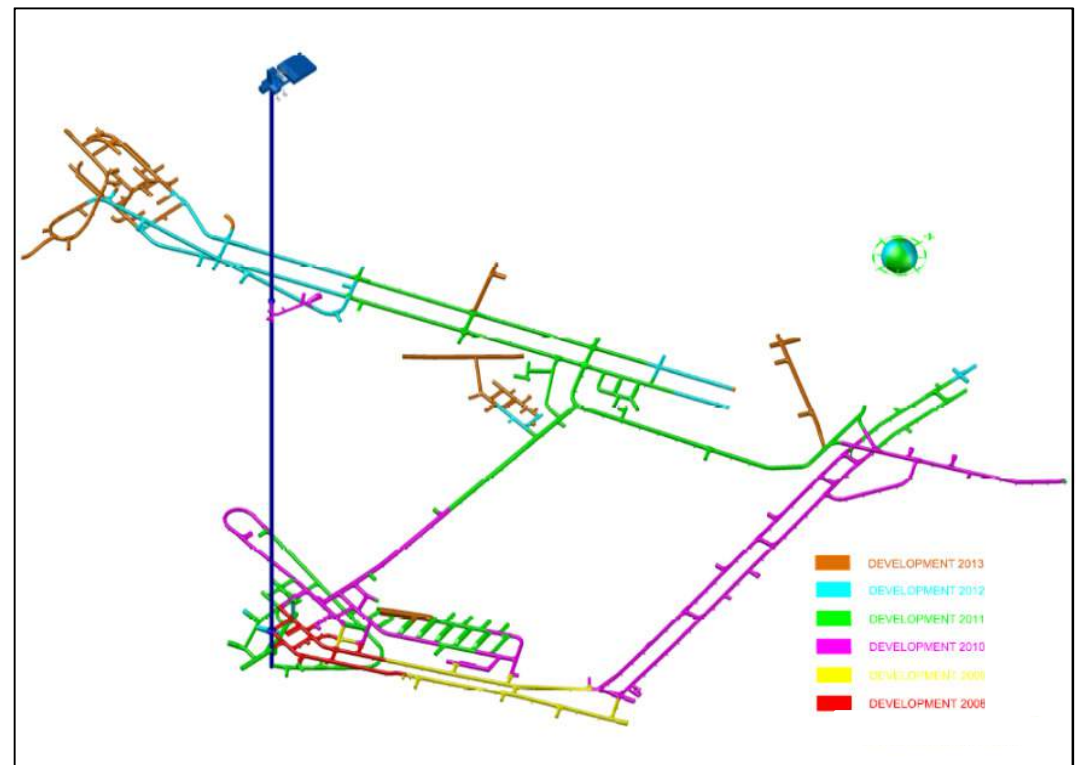
Turquoise Hill – a long-term growth opportunity

- **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**

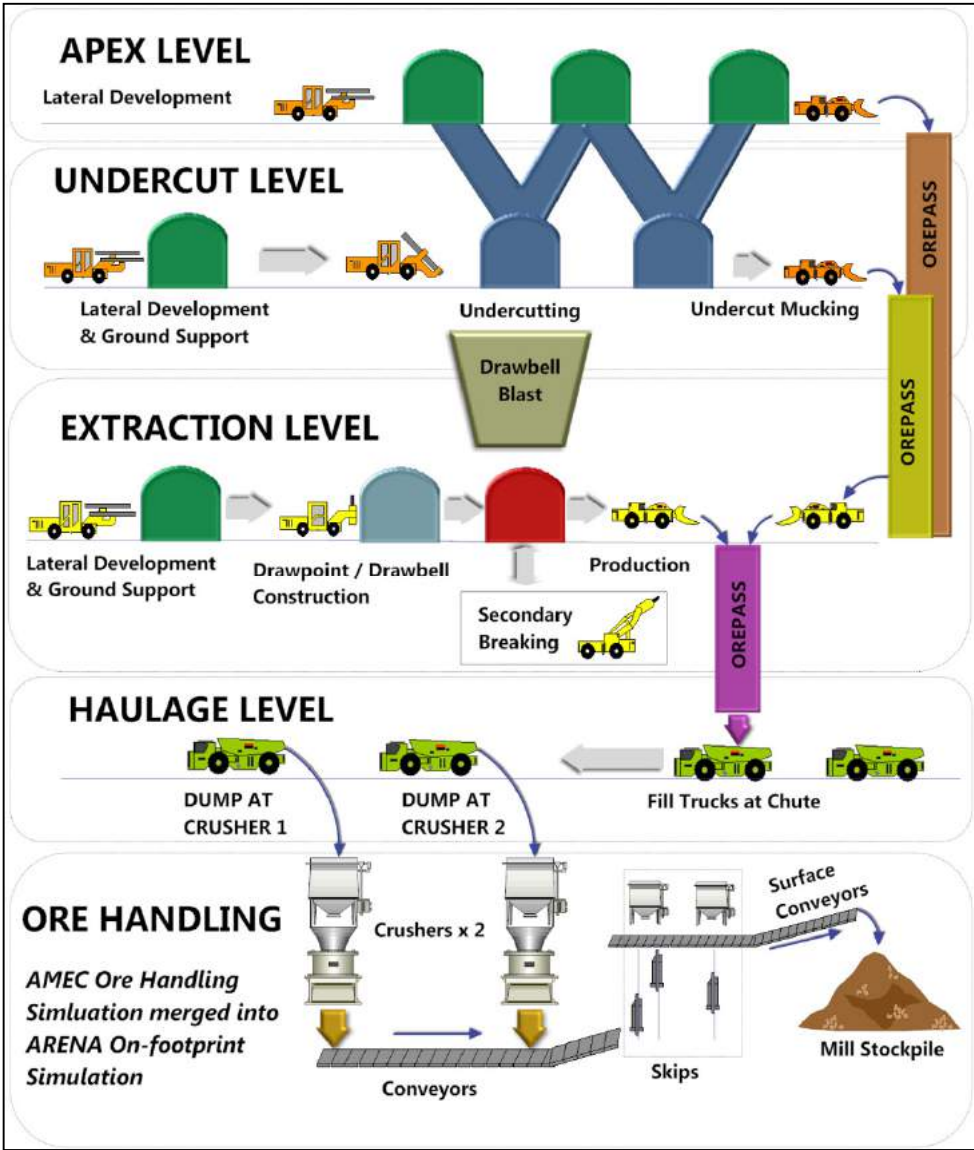
Appendix

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 \$5.5 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

