

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

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# Forward-looking statements

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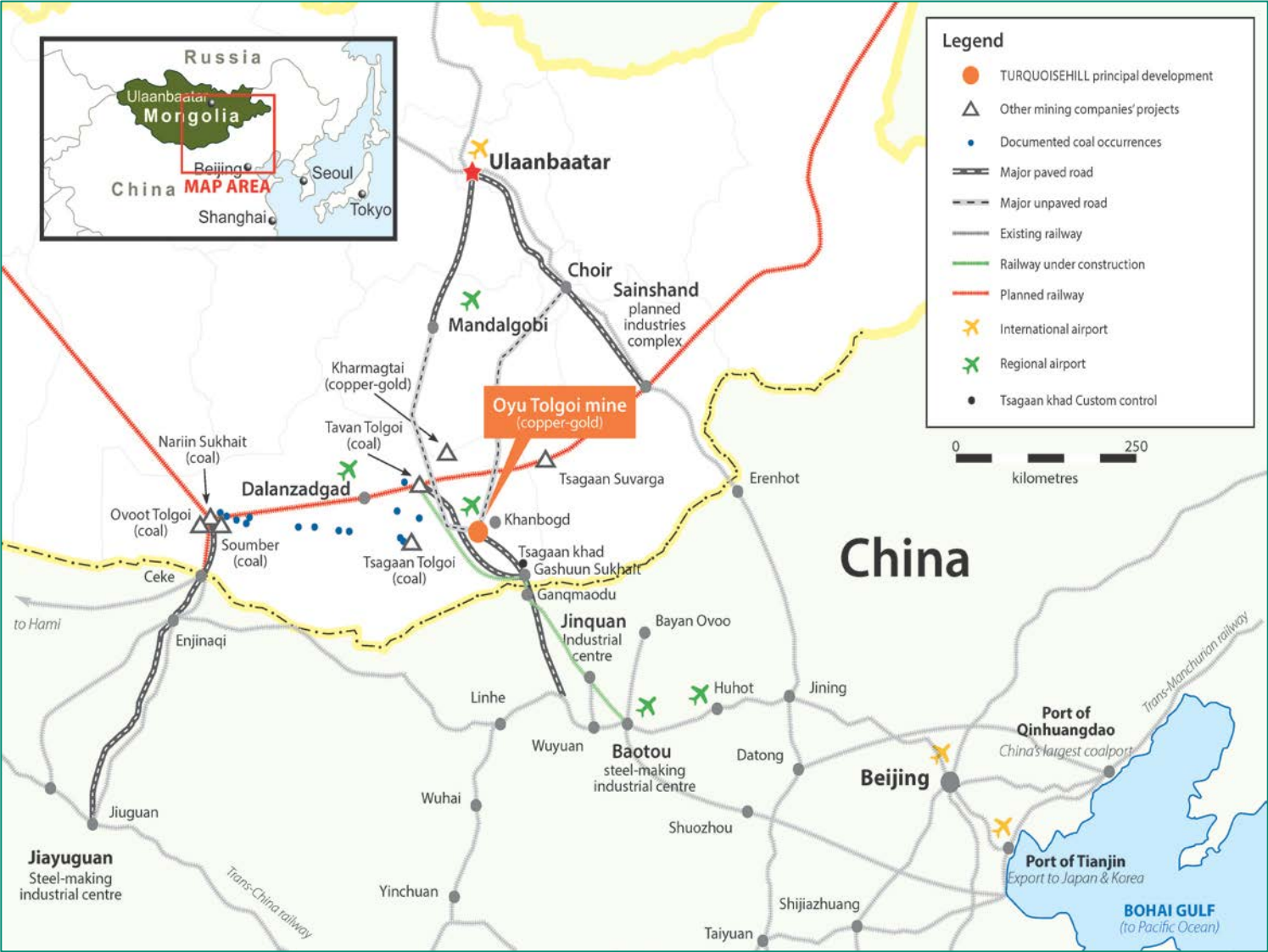
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For a more detailed list of specific forward-looking statements and information applicable to the Company, refer to the “Forward-Looking Information and Forward-Looking Statements” section of the Annual Information Form.

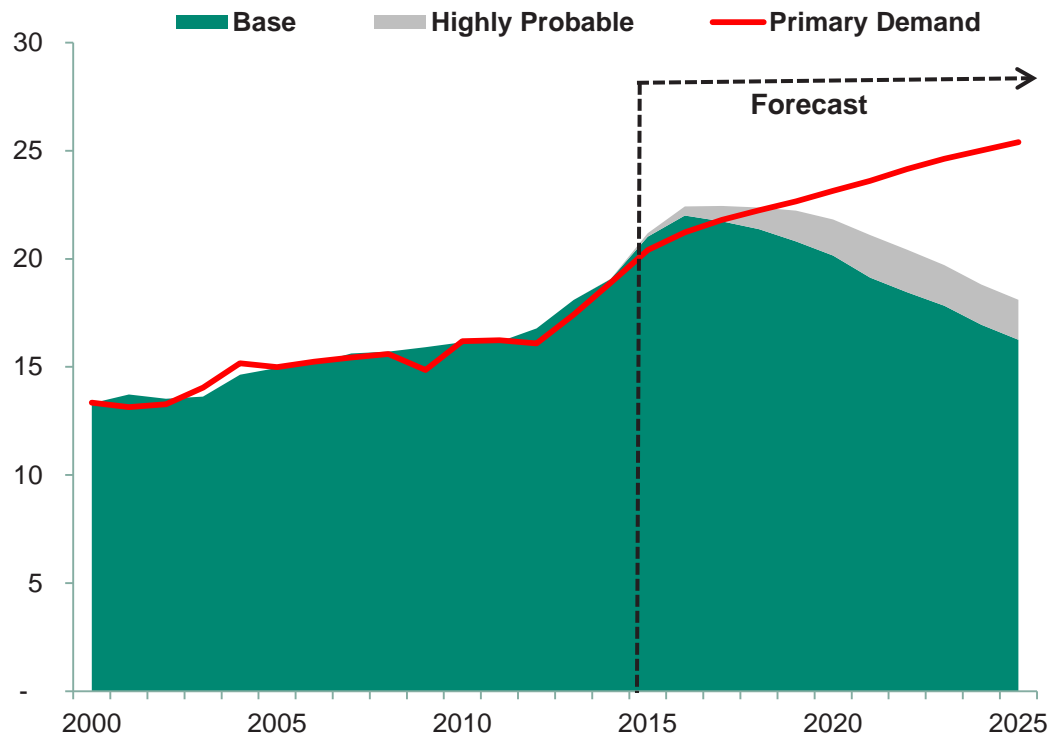
All amounts are in U.S. dollars, unless otherwise stated.

# Oyu Tolgoi at China's doorstep



# Long-term copper fundamentals strong

Copper supply/demand outlook (Mt)

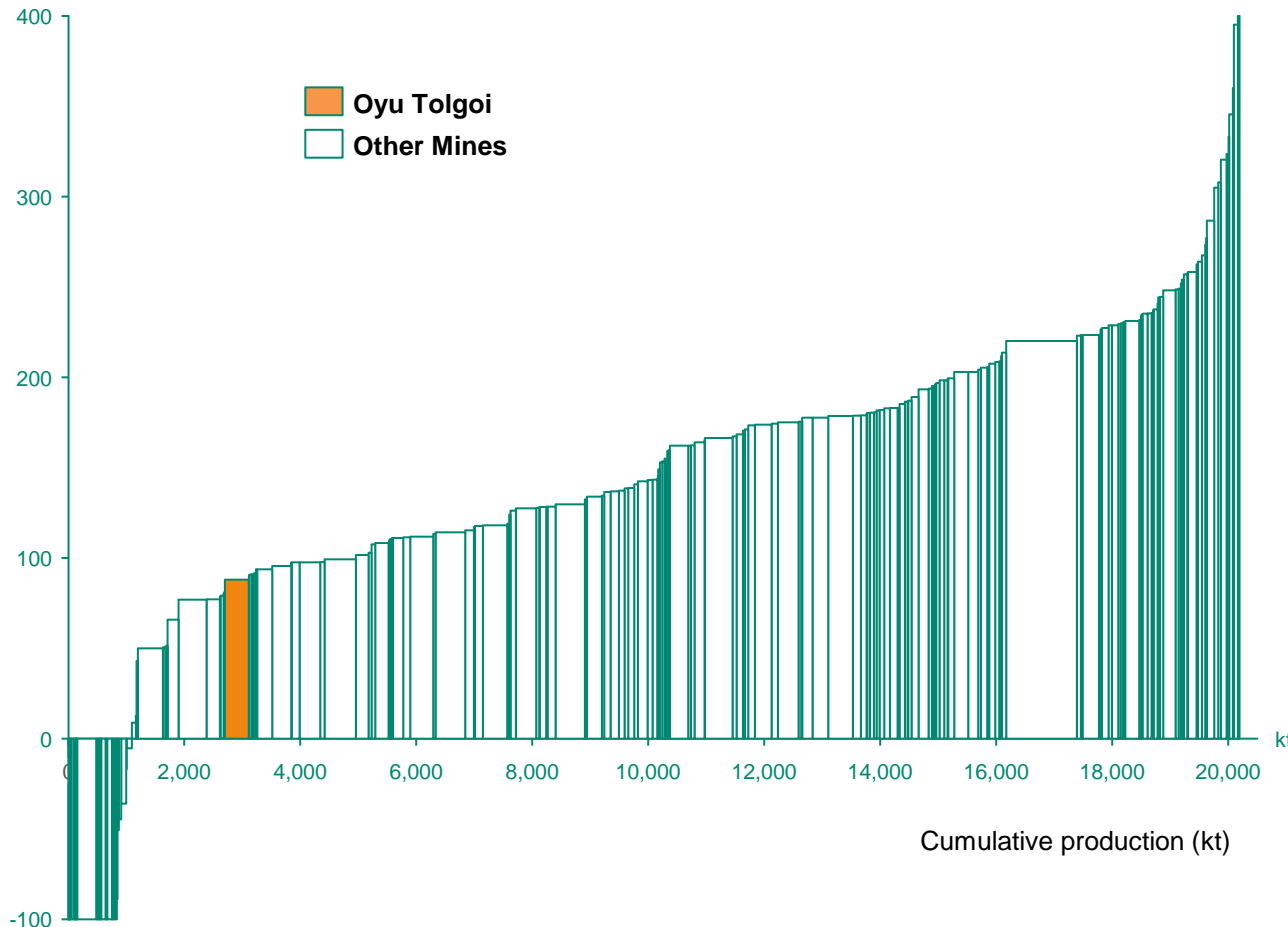


Source: Wood Mackenzie (Q3 2014 update)

- Small surplus likely over next few years
- Ongoing existing mine attrition driven by declining grade
- Demand growth requires new capacity in the medium-term
- Market anticipates deficit towards end of decade

# Copper industry overview

Copper mine C1 cost curve in 2020 (c/lb, 2014\$)



- 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 (Q3 2014 update),

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

1. Wood Mackenzie, 2020 base, highly probable and probable mines only

2. Metals Economics Group and 2014 Oyu Tolgoi Technical Report

# Current operations: 2014 vs. 2015

## 2014 Results

- 148,400 tonnes of copper in concentrates
- 589,000 ounces of gold in concentrates
- High-grade zone delivered 0.74% copper and 1.46 g/t gold in Q4'14

## 2015 Guidance

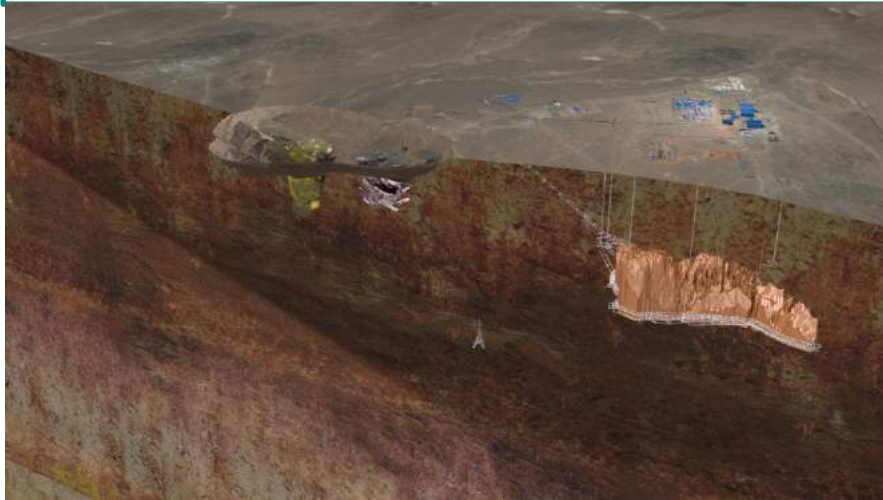
- 175,000 to 195,000 tonnes of copper in concentrates
- 600,000 to 700,000 ounces of gold in concentrates
- Implementation of cost savings and productivity initiatives underway



# 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:

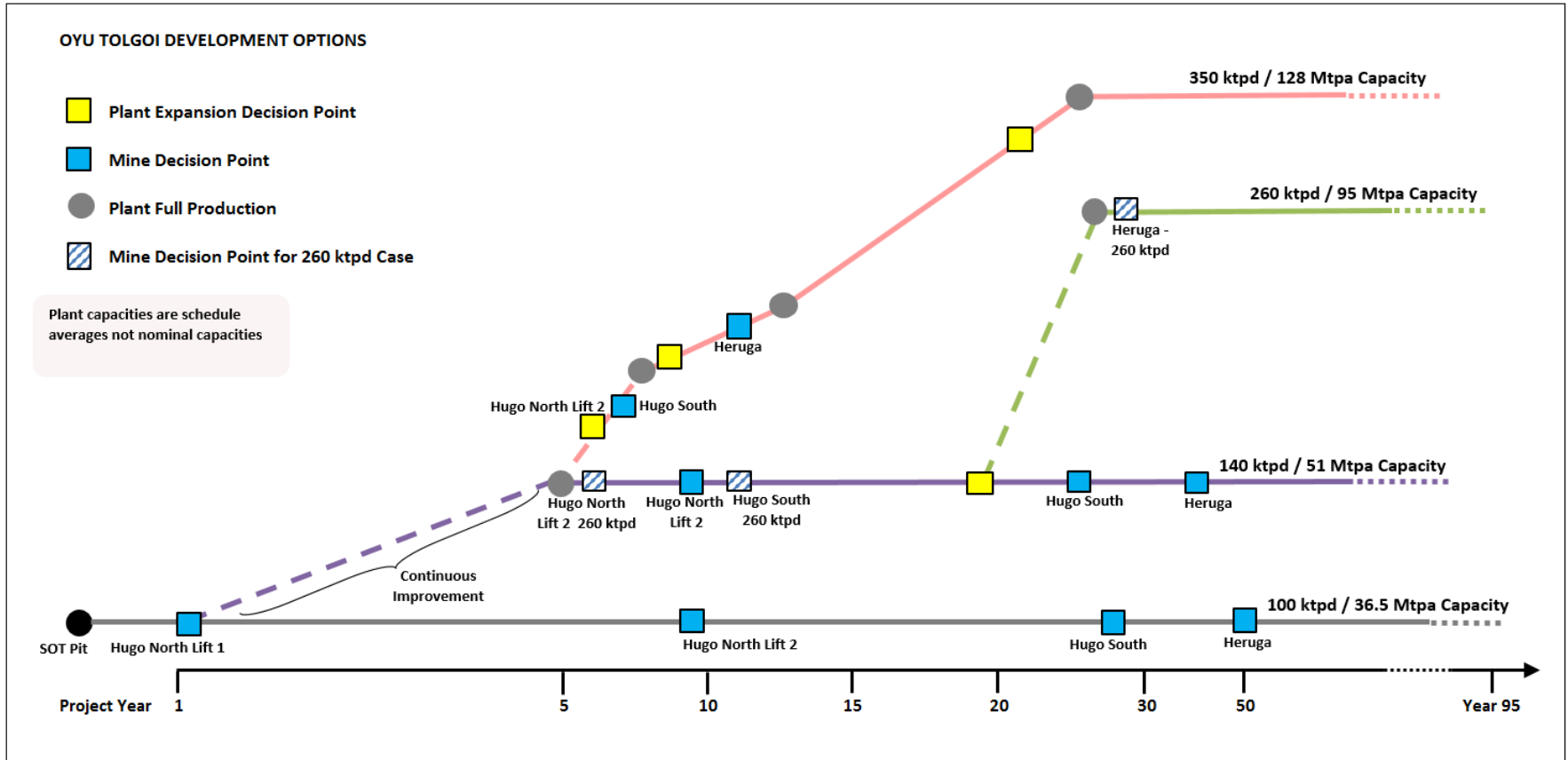
US\$ amounts presented in real 2015 terms

(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 be 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

# Made in Mongolia

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- Mongolians now occupy more than 90% of Oyu Tolgoi 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



# Unlocking the next phase

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Underground development is subject to...

1. Resolution of the remaining shareholder matters, including the tax dispute
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



# 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
- Focused on progressing development of the **high-grade underground mine**
- Significant growth, development and **expansion opportunities**
- Strategically located resources with **further prospectivity**