

# Emergence of a new world-class copper and gold producer

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**Chris Bateman**  
Chief Financial Officer

**December 11-12, 2012**  
**New York**



# Forward-looking statements

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This presentation includes certain “forward-looking statements.” All statements, other than statements of historical fact, are forward-looking statements that involve various risks and uncertainties. There can be no assurances that such statements will prove accurate and actual results and future events could differ materially from those anticipated in such statements. Such information contained herein represents 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 statement or to conform these forward-looking statements to actual results. For a more detailed list of specific forward-looking statements applicable to the company, refer to the “Forward-Looking Information” section of the Annual Information Form.

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## **Cautionary Note to U.S. Investors**

The United States Securities and Exchange Commission permits U.S. mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. We use certain terms on this website such as “measured,” “indicated,” and “inferred” “resources,” which the SEC guidelines generally prohibit U.S. registered companies from including in their filings with the SEC. U.S. investors are urged to consider closely the disclosure in our Form 40-F which may be secured from us, or from the SEC’s website at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml).

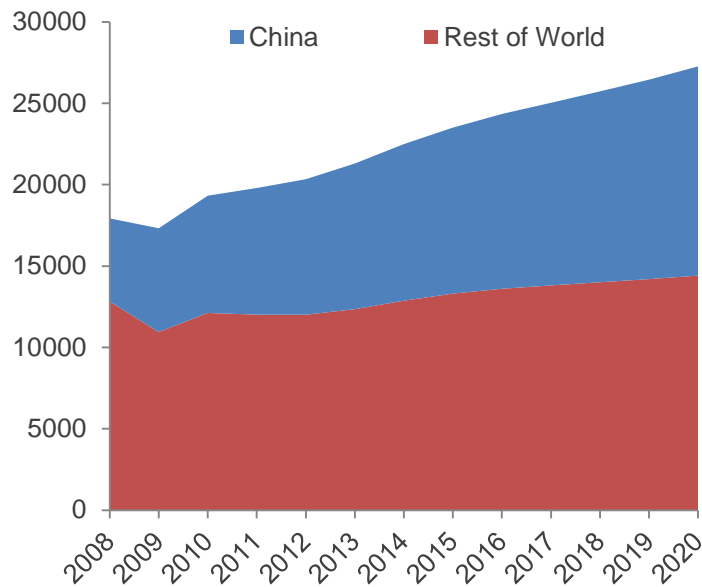
## **Qualified Persons**

The technical information in this presentation is derived from Turquoise Hill Resources’ news releases, each of which has been reviewed by one or more qualified persons (QPs), as defined by NI 43-101. Copies of the releases naming the QPs for the Turquoise Hill Resources are available at SEDAR ([www.sedar.com](http://www.sedar.com)) or on the company’s website.

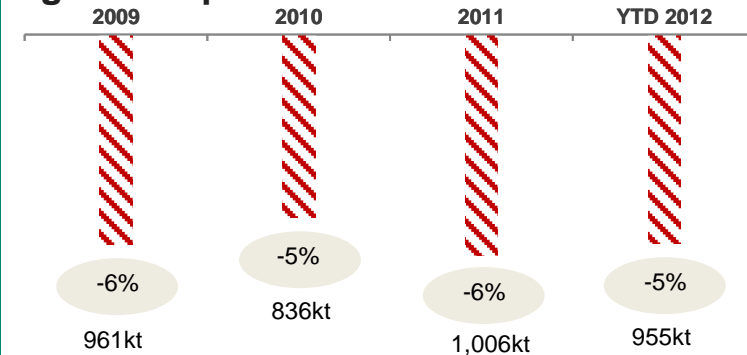
# China continues to drive global demand

## Global copper demand is being driven by China

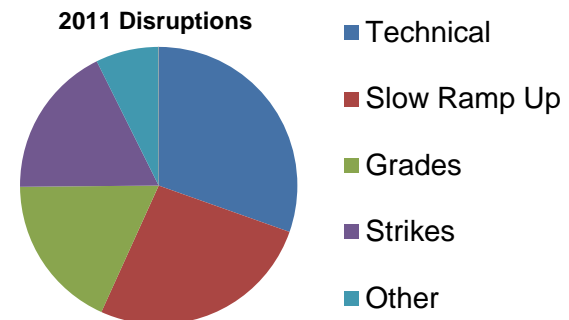
Global refined copper consumption<sup>1</sup>  
kt Cu



## Supply continues to underperform against expectations...



...as disruptions continue to plague the industry



1. Brook Hunt, a Wood Mackenzie company, Q4 2012.

2. Wood Mackenzie, Historical forecast is based on the report published in last quarter of the year before.

# Oyu Tolgoi well placed to meet Chinese metals requirements

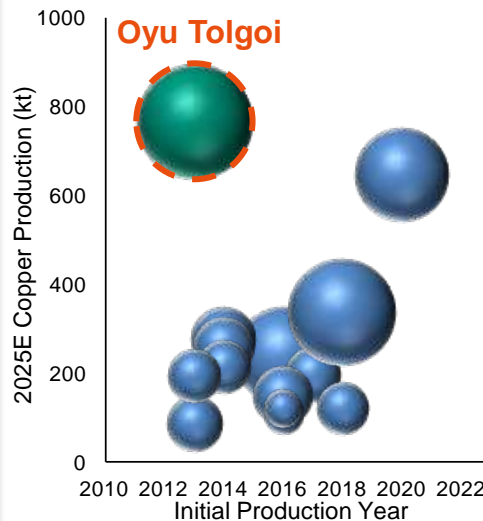


# World-class asset, experienced operator

## Near-term and large scale

- Commercial production in H1 2013
- Multi decade mine life
- 3.8 billion tonne resource

Top 15 copper development projects<sup>(1)</sup>



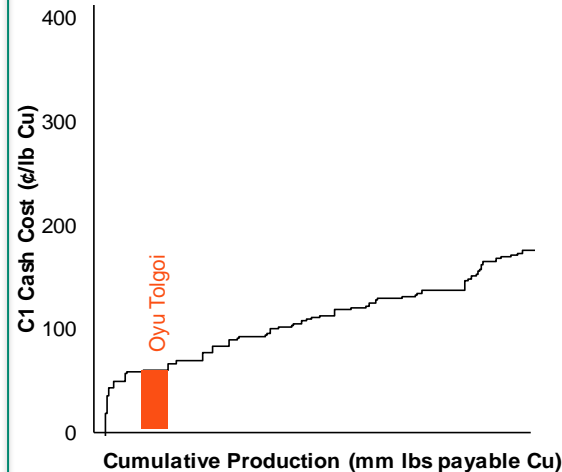
(1) Top 15 copper development projects include: Cobre Panama, Sentinel, Quebrada Blanca, Haquira, Las Bambas, Mansa Mina, Quellaveco Project, Oyu Tolgoi, Galeno, Pebble, Resolution, Sierra Gorda, Agua Rica, El Morro, Toromocho.,

Note: Bubble size reflects contained copper resources  
Source: Brook Hunt and March 2012 IDOP technical report.

## High grade and low cost

- Ranks in top five copper projects by grade
- Expected to be first-quartile producer
- Significant by-product credits from gold and silver

2020 Composite Cash Cost Curve



Source: Brook Hunt.

## Experienced and innovative operator

- Track record of developing and operating world-class assets
- World leader in block caving underground mining
- Developing and using innovative technologies

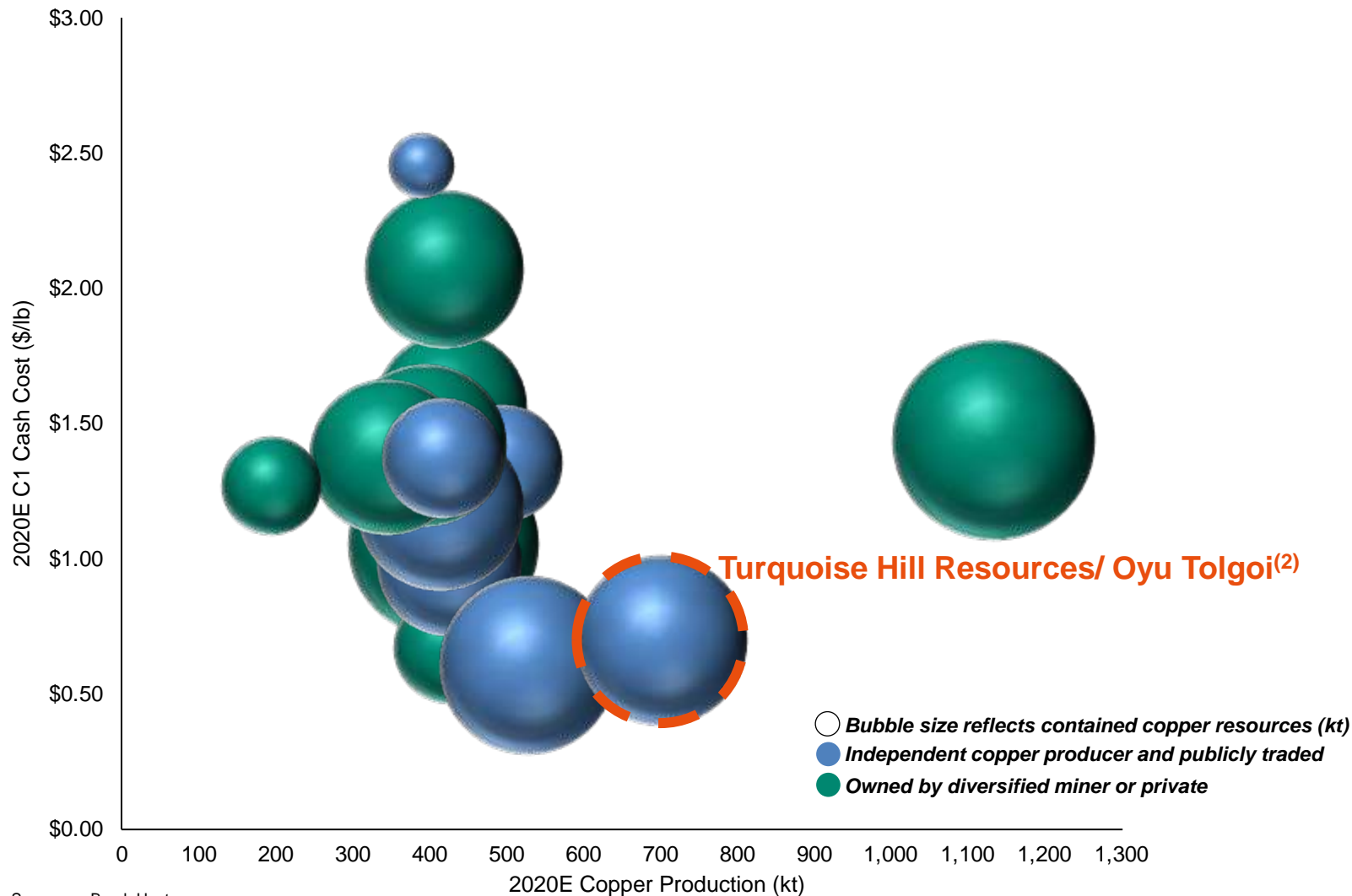
**RioTinto**

Source: Company presentations.



# Unique pure copper/gold exposure

Top 15 producing copper mines (2020)<sup>(1)</sup>



Source: Brook Hunt.

(1) Top 15 producing copper mines in 2020 include: Andina, Antamina, KGHM, Cananea, Cerro Verde, Chuquibambilla, Collahuasi, El Teniente, Escondida, Grasberg, Norilsk, Los Pelambres, Kansanshi, Morenci, Oyu Tolgoi, Radomiro Tomic.

(2) Production and cash cost from March 2012 IDOP technical report.

# Commissioning underway

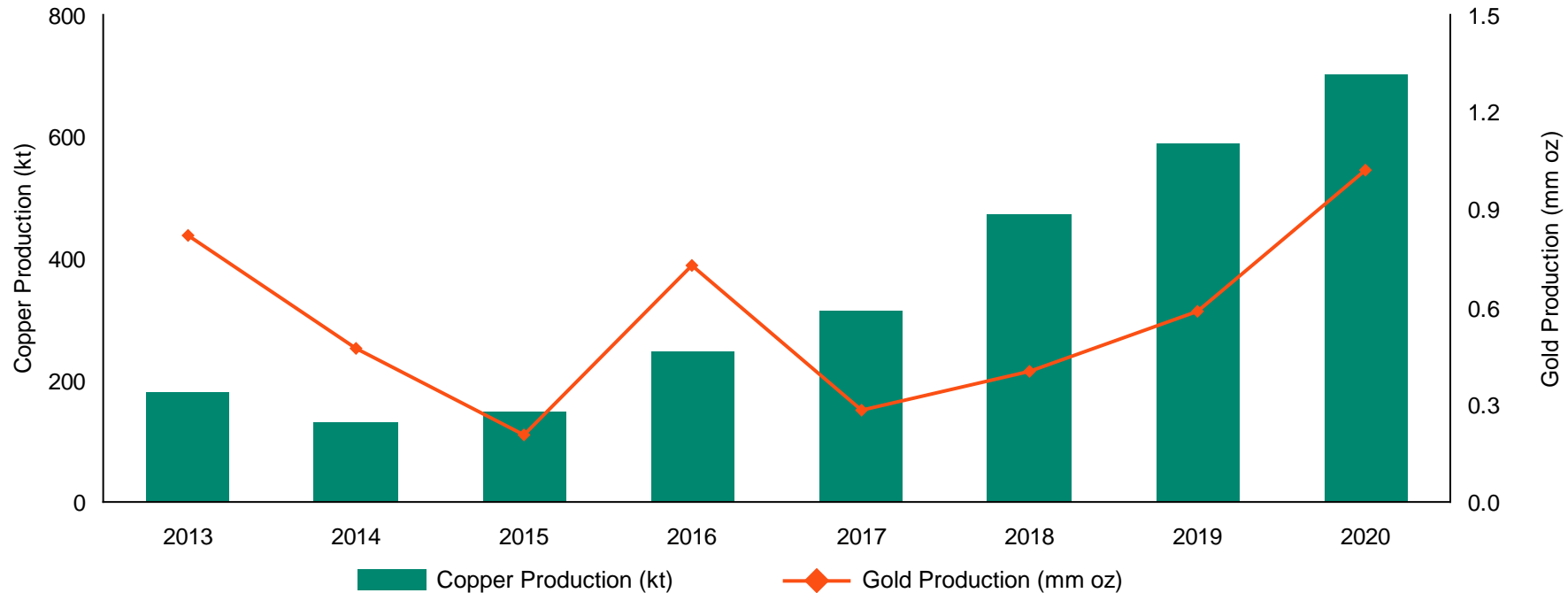
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- Binding power purchase agreement with the Inner Mongolia Power Corporation signed in early November
- All lines energised and commissioning commenced week of November 12th
- On track for the start of commercial production in first half of 2013:
  - ✓ January 2013: first ore through SAG mill
  - ✓ 1 month post commissioning: first concentrate production
  - ✓ May – June 2013: commercial production (30 days at 70%)



# Staged development with attractive growth profile

IDOP production profile



- 2013 copper and gold production plan in process, IDOP estimates will be adjusted to reflect timing of first production
- Average annual production of 425kt of copper and 460koz of gold
- Feasibility study for underground development underway, to be completed in the first half of 2013
  - Ongoing optimisation of production schedule and expansions sequencing
- Underground ore grade to increase by 4x compared with open pit
- Lateral underground development restarted in third quarter 2012



# Well capitalized to fund development

<b>Equity Financing</b> (US\$1.8 Bn)	<ul style="list-style-type: none"> <li>▪ Successfully completed US\$1.8 billion rights offering</li> <li>▪ 99.2% of shares taken up in initial subscription, balance taken up in secondary</li> </ul>
<b>Bridge Loan</b> (US\$1.5 Bn)	<ul style="list-style-type: none"> <li>▪ The bridge facility remains undrawn</li> <li>▪ Ensures project development remains on track</li> </ul>
<b>Project Financing</b> (US\$3 - US\$4 Bn)	<ul style="list-style-type: none"> <li>▪ Target agreement in H1 2013</li> <li>▪ Proceeds will repay US\$1.8 billion interim finance facility and fund ongoing development</li> </ul>
<b>Warrants</b> (US\$0.8 Bn)	<ul style="list-style-type: none"> <li>▪ Rio Tinto holds 74 million Series D Warrants</li> <li>▪ Exercise price of US\$10.37, expiration on May 22, 2015</li> </ul>

**Turquoise Hill**  
Resources Ltd.



# Latest sentiment on Investment Agreement



## Prime Minister N. Altanhuyag answers questions from ambassadors

Prime Minister N. Altanhuyag invited representatives of foreign diplomatic missions in Mongolia. Asked if the new Cabinet is working towards modifying the Oyu Tolgoi Investment Agreement, the Prime Minister said, "We are not talking about amending the Investment Agreement entirely at all. I'm rather saying we must review the implementation of the Agreement."

October 24, 2012

INFORMATION MEMORANDUM



U.S.\$5,000,000,000 GLOBAL MEDIUM TERM NOTE PROGRAM  
THE GOVERNMENT OF MONGOLIA

As at the date of this Information Memorandum, the Government and Turquoise Hill have decided not to amend the Investment Agreement. However, the Government and Turquoise Hill are further discussing clarifications to certain provisions of the Agreement.

November 21, 2012, Page 56

## South China Morning Post

### Mongolia still open to foreign investors

Enkhbayar played down concerns that some politicians want to reopen an investment agreement with Rio Tinto, which has 66 per cent control over the Oyu Tolgoi copper and gold mining project, among the world's five largest.

"The government will not change or terminate the basic contract but there are some issues that are unclear," he said.

November 26, 2012



### City News interview with Minister D. Ganhuyag

Mining Minister D. Ganhuyag said, "So far, we have agreed/reached a consensus with the investor that it is necessary to clarify certain clauses in the Oyu Tolgoi Investment Agreement and that we need to start the discussion to that end. We are pursuing the objective of a mutually beneficial collaboration that ensures the rights and interests of both parties."

November 29, 2012

## Other assets update

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### **SouthGobi Resources (57.6% owned)**

- Board and management changes completed in Q3 2012
- Exploration and mining licenses in good standing
- Improving sustainable cost position



### **Ivanhoe Australia (58.9%<sup>(1)</sup> owned)**

- On target to increase ore tonnage to 1.4-1.6 MT in 2013
- Rights offering underway to strengthen IVA balance sheet: expected to be fully funded for exploration, corporate costs and existing operations post-raising



### **Kyzyl Gold Project (50% owned)**

- Drilling activities completed in Q3 2012

(1) Subject to change following completion of the rights offering

# Conclusion

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- Long-term copper outlook remains positive
- Commissioning underway, phase one construction nearly completed: on schedule and on budget
- Commissioning completion in fourth quarter of 2012 with commercial production to commence in first half of 2013
- Funding plan progressing well with successful \$1.8 billion rights offering and project financing moving forward
- Underground feasibility study underway and is to be completed in first half of 2013



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# Appendix

# Southern Oyu open-pit mine

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# Southern Oyu open-pit mine

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# Primary crusher for open-pit ore

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# Ore delivered to the coarse-ore storage, shafts #1 and #2 in background





# Stockpiling open-pit ore in the coarse-ore storage building





# First test run of SAG mill #1

