

TD Securities Mining Conference
January 17-18, 2018

Oyu Tolgoi: Advancing value, creating options



TURQUOISE HILL

Forward-looking statements

2

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 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, which include, but are not limited to, statements respecting anticipated business activities, planned expenditures, corporate strategies and other statements that are not historical facts, 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* sections of the Annual Information Form dated as of March 23, 2017 in respect to the year ended December 31, 2016.

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



Turquoise Hill's investment thesis

3

- 1. Oyu Tolgoi expected to be world's third-largest copper mine**
- 2. Significant free cash flow expected from underground development**
- 3. Hugo North Lift 1 financing in place¹**
- 4. Turquoise Hill should benefit from expected drop in copper supply (~2020)**
- 5. 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.



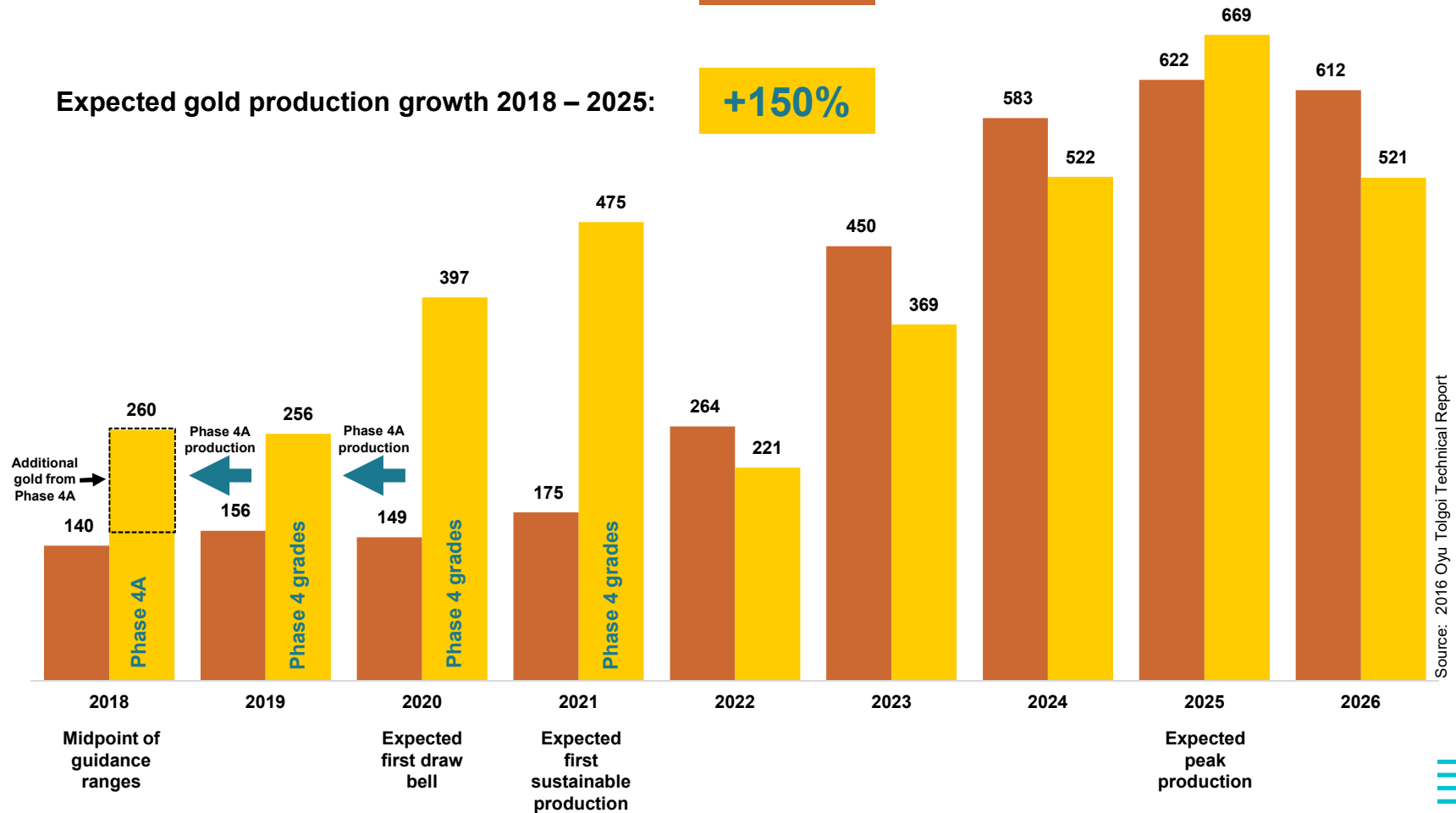
Production profile

4

■ Copper ('000 tonnes) ■ Gold ('000 ounces)

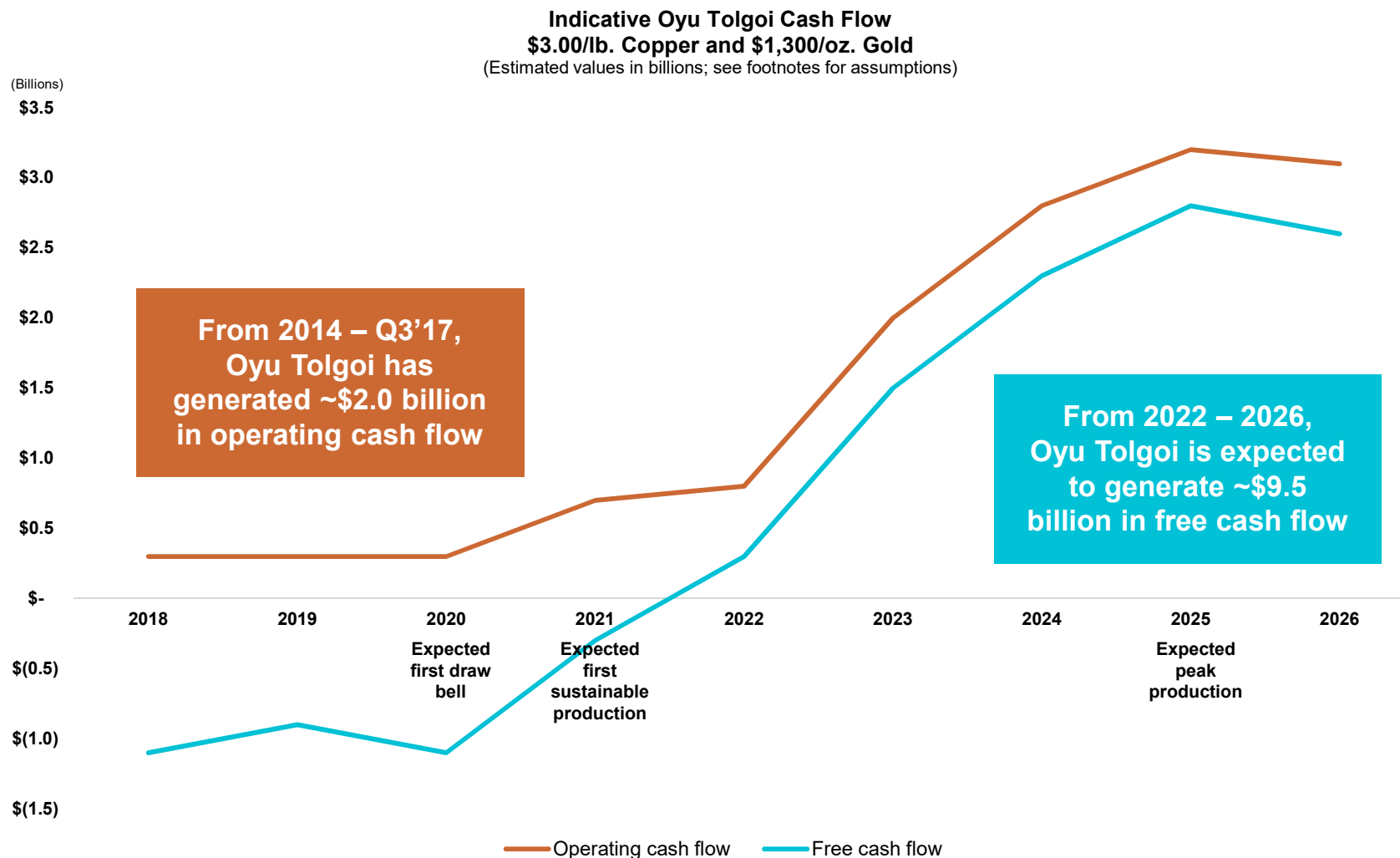
Expected copper production growth 2018 – 2025: **+340%**

Expected gold production growth 2018 – 2025: **+150%**



Significant cash flow expected

5



Source: 2016 Oyu Tolgoi Technical Report.

Free cash flow = operating cash flow – CAPEX; does not include financing costs.

Assumes \$3.00/lb. copper and \$1,300/oz. gold beginning in 2018 and represents Oyu Tolgoi-level cash flow.

Production in 2018 assumes additional 100,000 ounces of gold from 2016 technical report projection and 50,000 less ounces from 2019 and 2020 technical report projections.

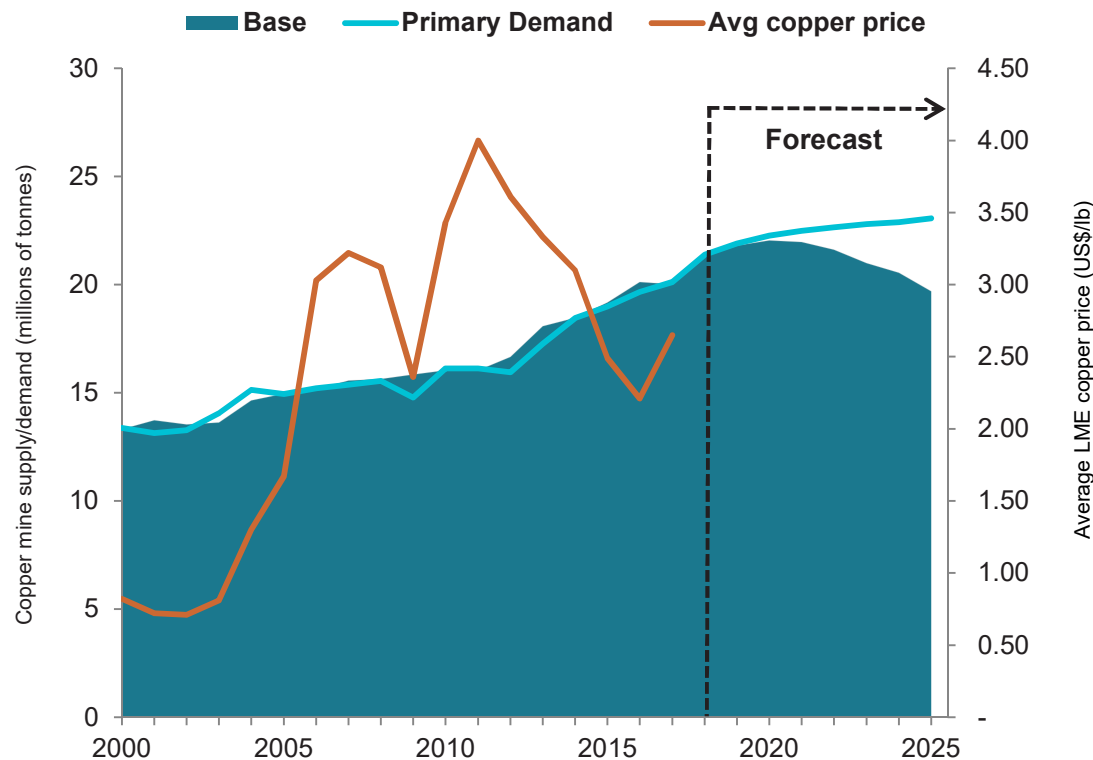
Operating cash flow for 2018 – 2020 incorporates operational improvements/cost savings implemented after publication of the 2016 technical report cash flow model (Table 22.11).



Long-term copper fundamentals strong

6

Copper mine supply/demand outlook



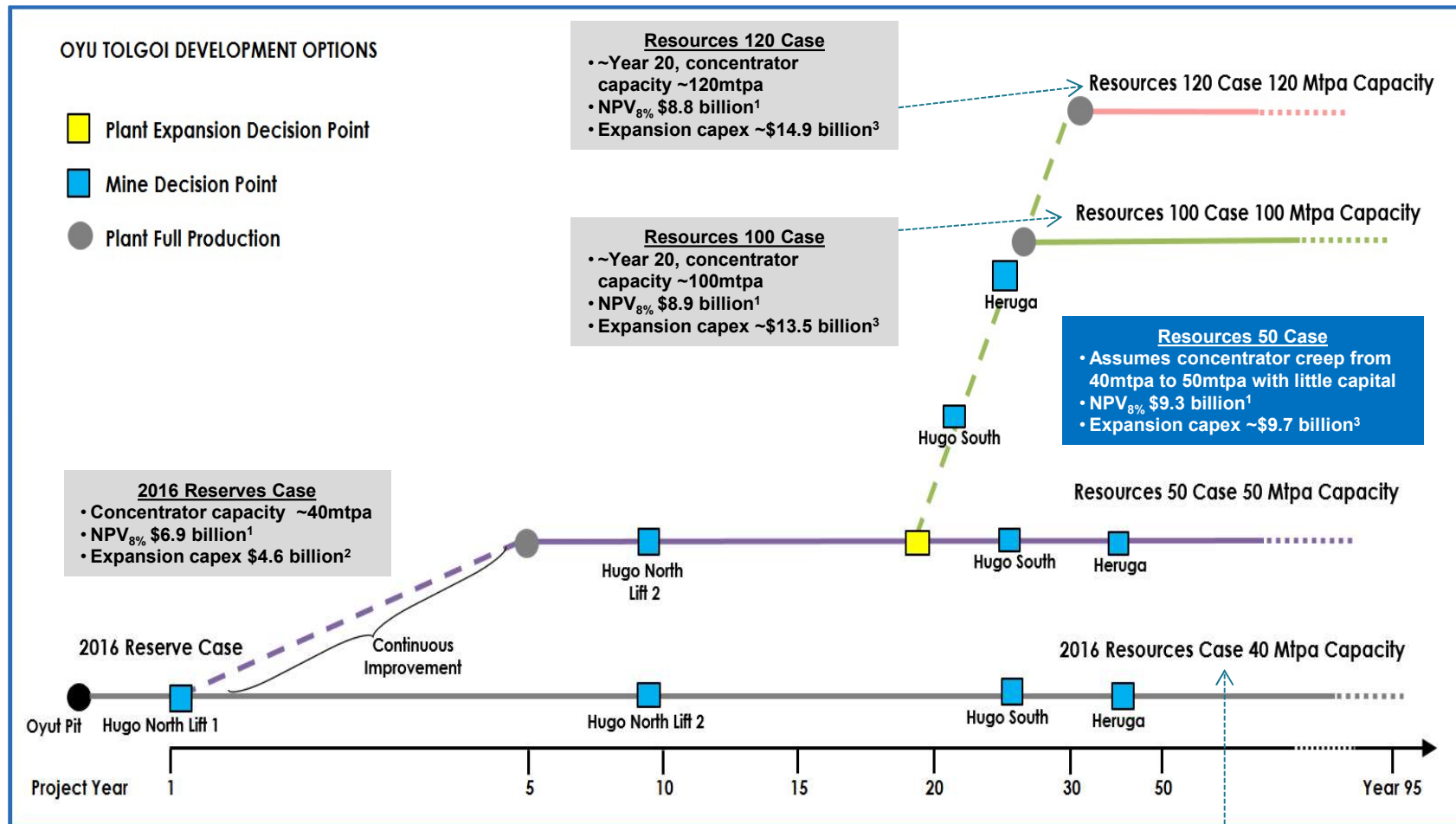
Source: Wood Mackenzie (Q4'17 Long-Term Outlook); base includes highly-probable projects.

- Small deficit/balanced market expected 2018-2019
- Ongoing attrition at existing mines driven by declining grade
- Continued demand growth requires new capacity in the medium-term
- Increasing deficit from 2020
- China now largest buyer of gold and continues to be largest consumer of copper



Development optionality

7



1. NPV8% 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.



Helping expand the Mongolian economy

8

Mongolian Workforce

>10,800

At the end of 2017, the Oyu Tolgoi's workforce was 10,800+ strong and 92% Mongolian

Taxes and Fees

~\$900M

2014 – Q3'17, Oyu Tolgoi had paid ~\$900M in taxes, fees and other payments to the Mongolian Government

In-country Spend

\$6.7B

Between 2010 and Q3'17, Oyu Tolgoi has spent \$6.7B in Mongolia¹

Taxpayer Rank

#1

Oyu Tolgoi was the top corporate taxpayer in Mongolian for 2015 and 2016

National Procurement

>\$500M

2014 – Q3'17, Oyu Tolgoi has spent more than \$500 million on Mongolian procurement

Community Investment

\$25.4M

2014 – Q3'17, Oyu Tolgoi has invested \$25.4M in sustainable long-term projects in the South Gobi community

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



A large-scale underground construction project in a cavernous tunnel. A yellow and black L-Series tunnel boring machine (TBM) cutterhead is visible in the center, with its bright headlights illuminating the wet, rocky floor. Several workers in high-visibility orange and blue safety gear are standing to the right of the machine, observing the operation. The tunnel walls are rough and textured, with numerous small, dark, pointed objects (possibly rock bolts or sensors) visible. A red and white striped safety barrier is set up on the right side. The overall atmosphere is dimly lit, with the primary light source being the machine's headlights and a warm, orange light source visible in the upper right background.

Underground development



Underground progress at Q3'17

10

Workforce

Over
5,000
workers

Workforce Composition

Mongolian nationals
89%
of workforce

Lateral Development

Since project restart
5.4 eq. km
completed

Development Rates

New crusher and additional crews

to allow for step-up in
development rates
beginning Q4'17

Project Spend

Project spend and
capital commitments
totaled

\$1.9 billion
since project re-start

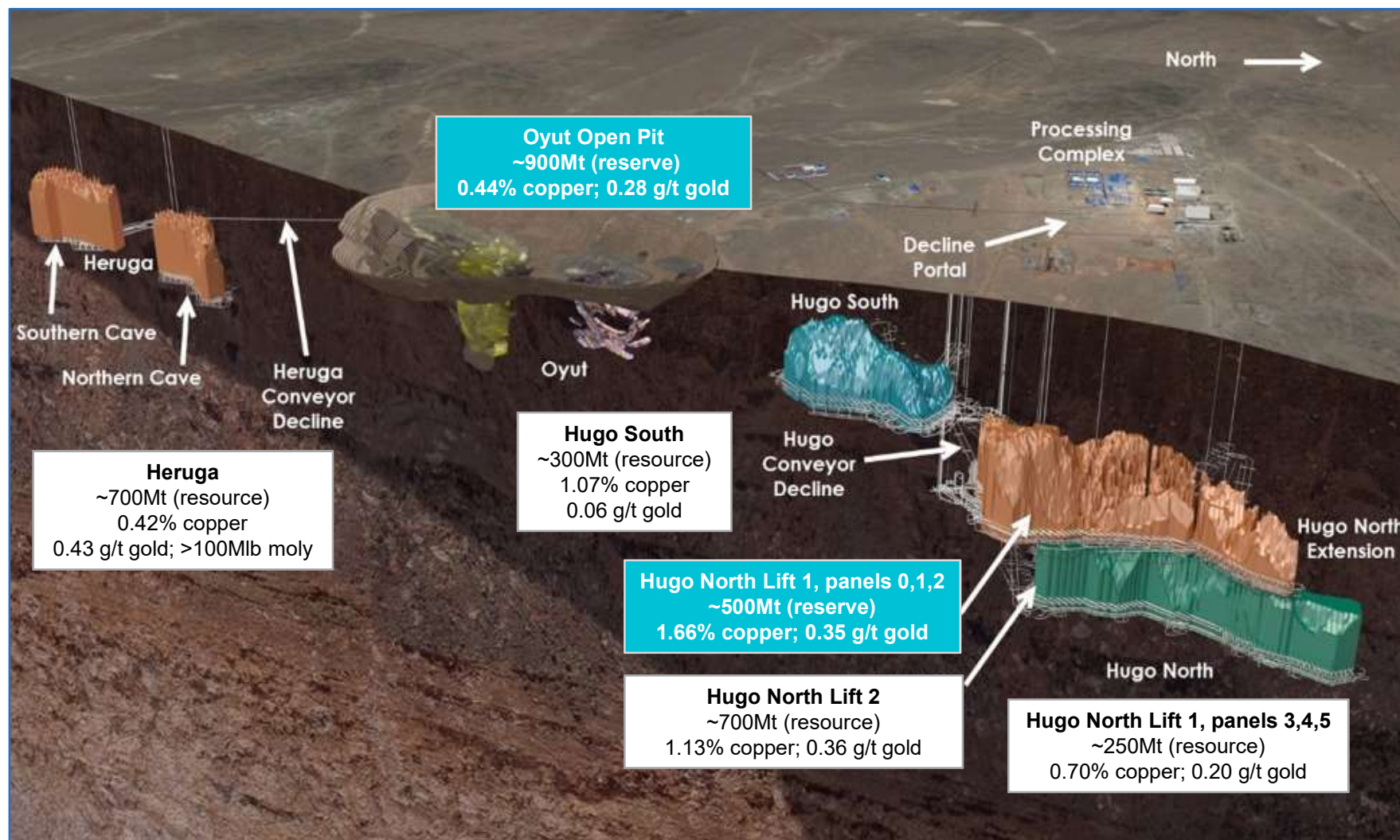
Mongolian Spend

Over
\$1.0 billion
awarded to Mongolian
companies



2016 Resources Case: ~3.4 billion tonnes

11

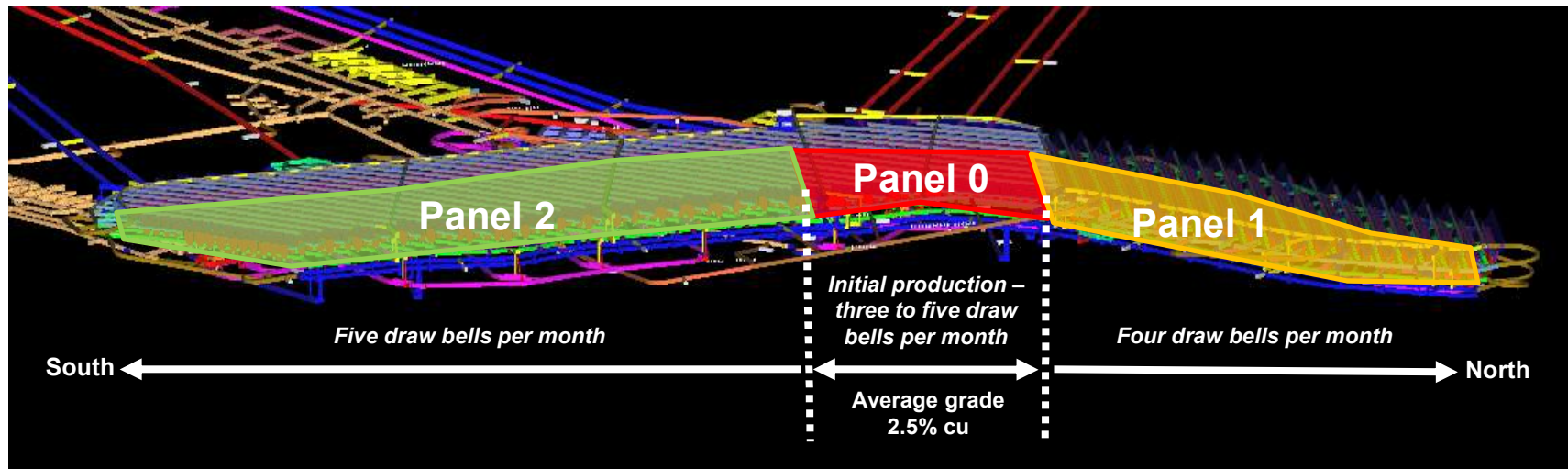


Note: Open-pit reserve as of December 31, 2016.



Underground mining sequence

12



- 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 Panel 0, production will move outward with Panels 1 and 2



Underground development status

13

Lateral development

- 5.4 equivalent kilometres completed (January 2016 – end Q3'17)
- Third crew deployed in Q3'17, fourth crew deployed in Q4'17
- Fifth crew deployed in December 2017
- Increased metres expected in Q4'17 with larger crusher and additional crews

Shaft 2

- Final depth of 1,284 metres reached in December 2017
- Shaft fit-out over 2018
- Used for production and ventilation

Shaft 5

- Approximately 300 vertical metres¹ remaining until end of shaft sinking (expected early 2018)
- Increase in lateral development when completed
- Used for ventilation

Convey-to-Surface

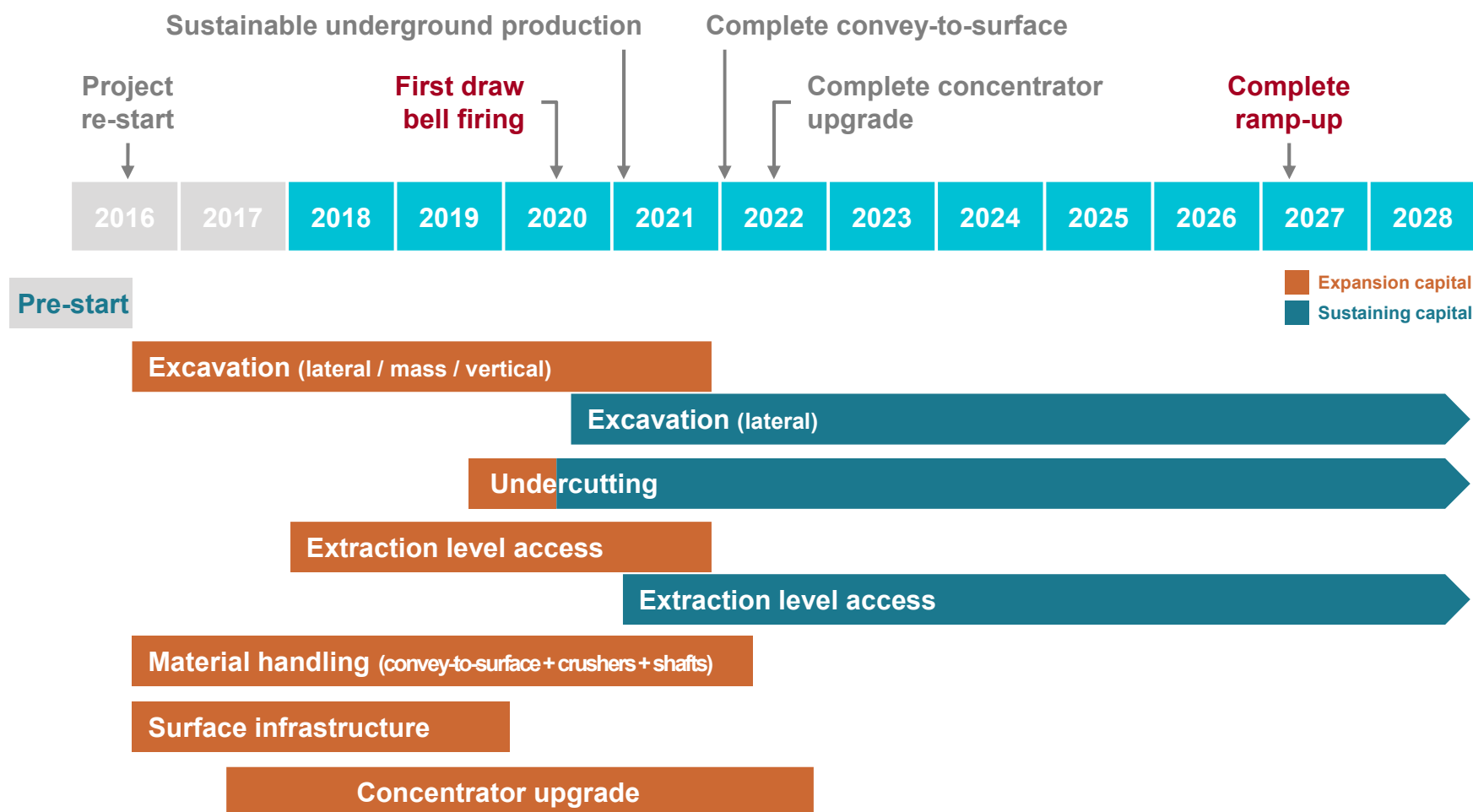
- Surface excavation complete
- Underground decline commenced in Q1'17

1. At the end of Q3'17.



Complete ramp-up expected by 2027

14



Timeline is illustrative only and subject to change.



Hugo North Lift 1 production schedule

15

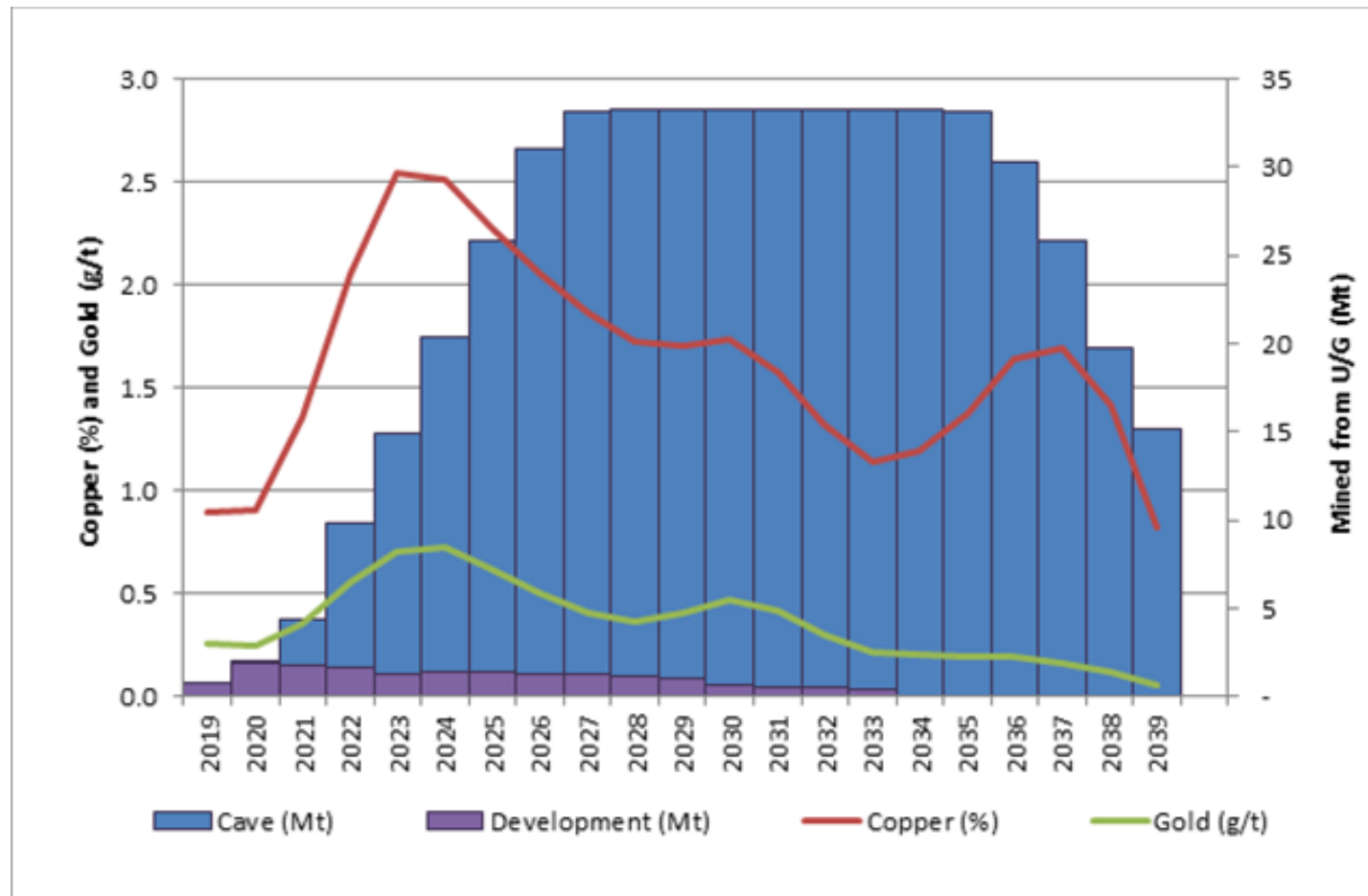


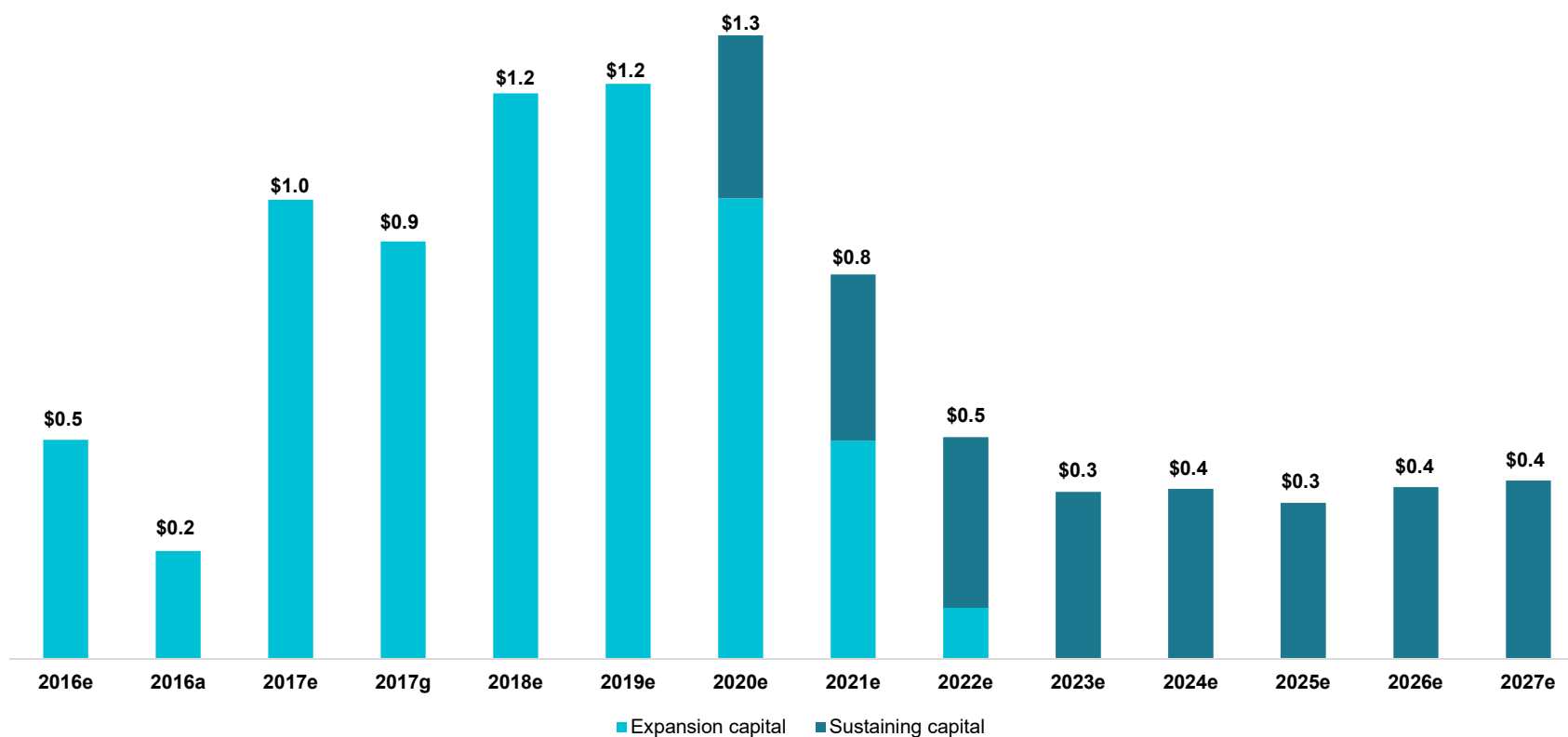
Figure: 2016 Oyu Tolgoi Technical Report.



Technical report CAPEX profile

16

Underground capital spend profile¹
(\$ billion)



Expansion capital of \$5.3 billion and sustaining capital of \$2.8 billion to full ramp-up expected in 2027

Source: 2016 Oyu Tolgoi Technical Report | 1. Expansion and sustaining capital includes VAT and escalation | e = expected, a = actual, g = midpoint of 2017 underground CAPEX guidance



A wide-angle photograph of an open-pit mine. The image shows a massive, terraced excavation with steep, rocky walls. A large yellow and black haul truck is positioned on a dirt road that curves through the middle ground. The foreground shows a dirt road and a steep, rocky slope. The sky is clear and blue.

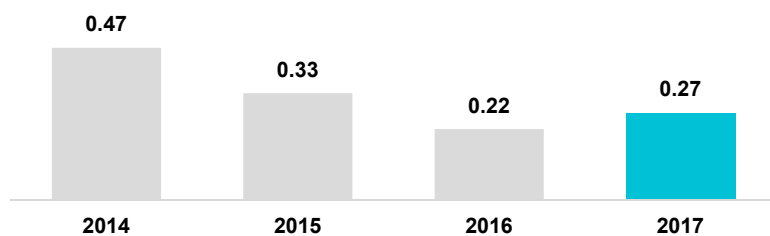
Open-pit
operations



Production highlights

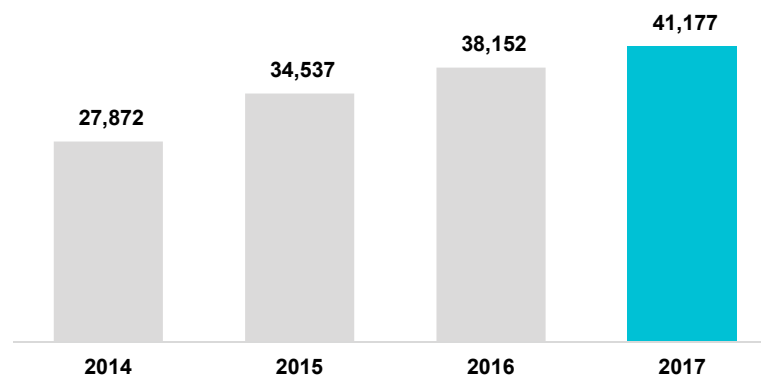
18

All injury frequency rate
(Per 200,000 hours worked)



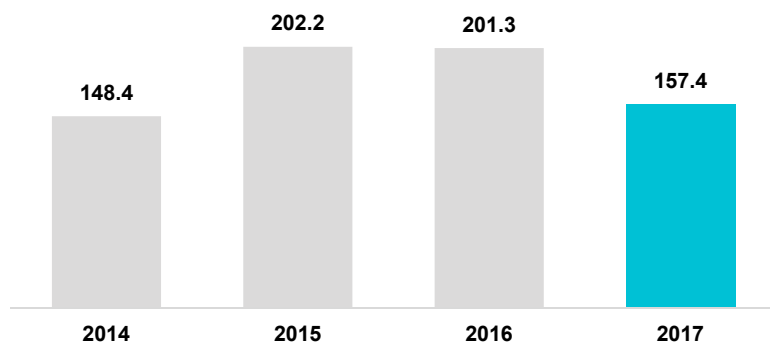
Industry-leading safety performance

Concentrator throughput
('000 tonnes)



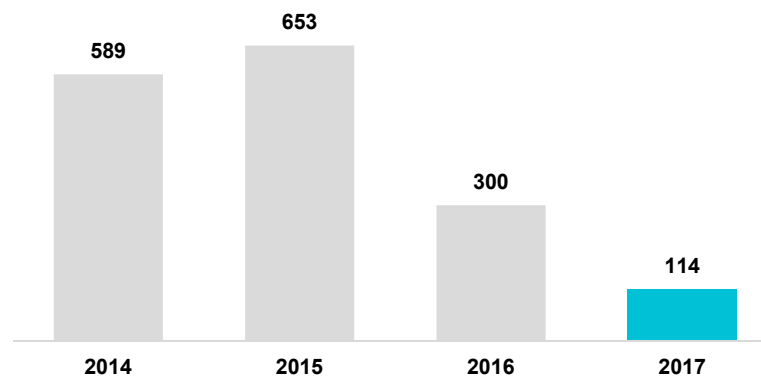
Record-setting throughput for 2017

Copper in concentrates
('000 tonnes)



2017 guidance of 130,000 – 160,000 tonnes of copper and 100,000 – 140,000 ounces of gold

Gold in concentrates
('000 ounces)

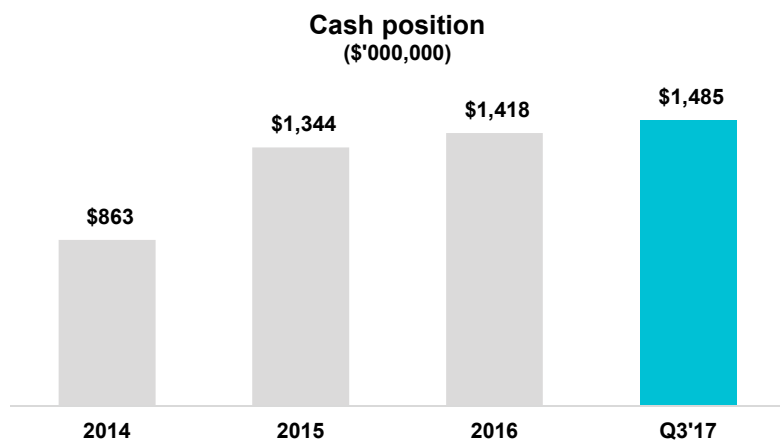


2017 gold production impacted by low-grade Phase 6 ore

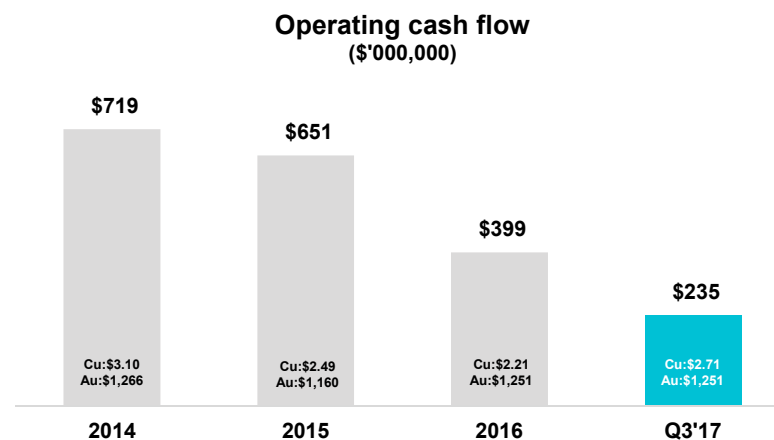


Financial highlights

19

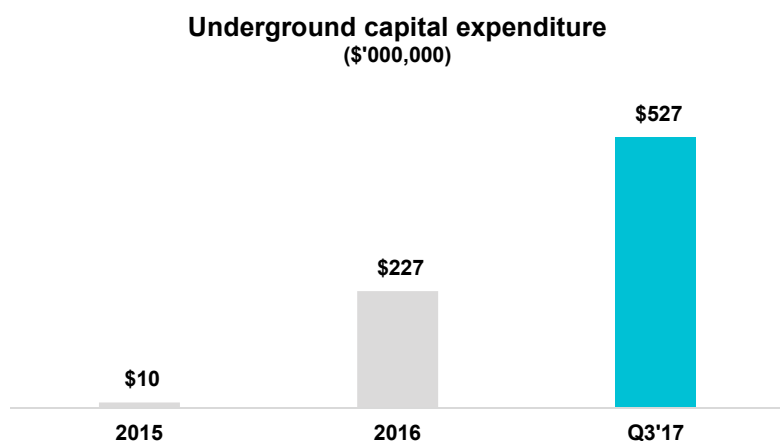


Strong cash position

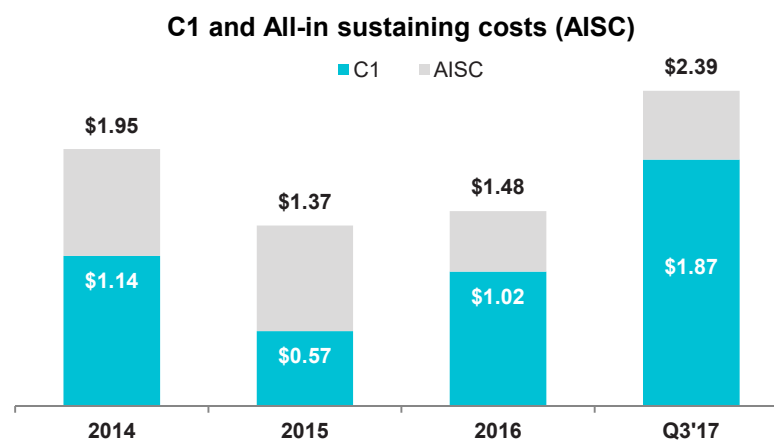


Over \$2.0 billion of operating cash flow generated since 2014

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



2017 underground CAPEX guidance of \$825 million - \$925 million



Competitive unit costs

Note: C1 and AISC not meaningful in 2013.



Production and financial guidance

20

	2017	2018
Copper in concentrates	157,400 tonnes (actual) 130,000 – 160,000 tonnes	125,000 – 155,000 tonnes
Gold in concentrates	114,000 ounces (actual) 100,000 – 140,000 ounces	240,000 – 280,000 ounces
Operating cash costs	\$720M	\$700M
Capital expenditures	\$100M (open pit) \$825M – \$925M (underground)	\$150M (open pit) \$1.1B - \$1.2B (underground)

- For 2018, open-pit capital mainly comprised of deferred stripping, equipment purchases, tailings storage facility construction and maintenance componentization.
- Main drivers of 2018 open-pit capital estimate increase compared to 2017 forecast are equipment purchases and maintenance componentization.
- Underground lateral development is expected to advance approximately 10.0 kilometres during 2018.



Reserves case concentrator performance

21

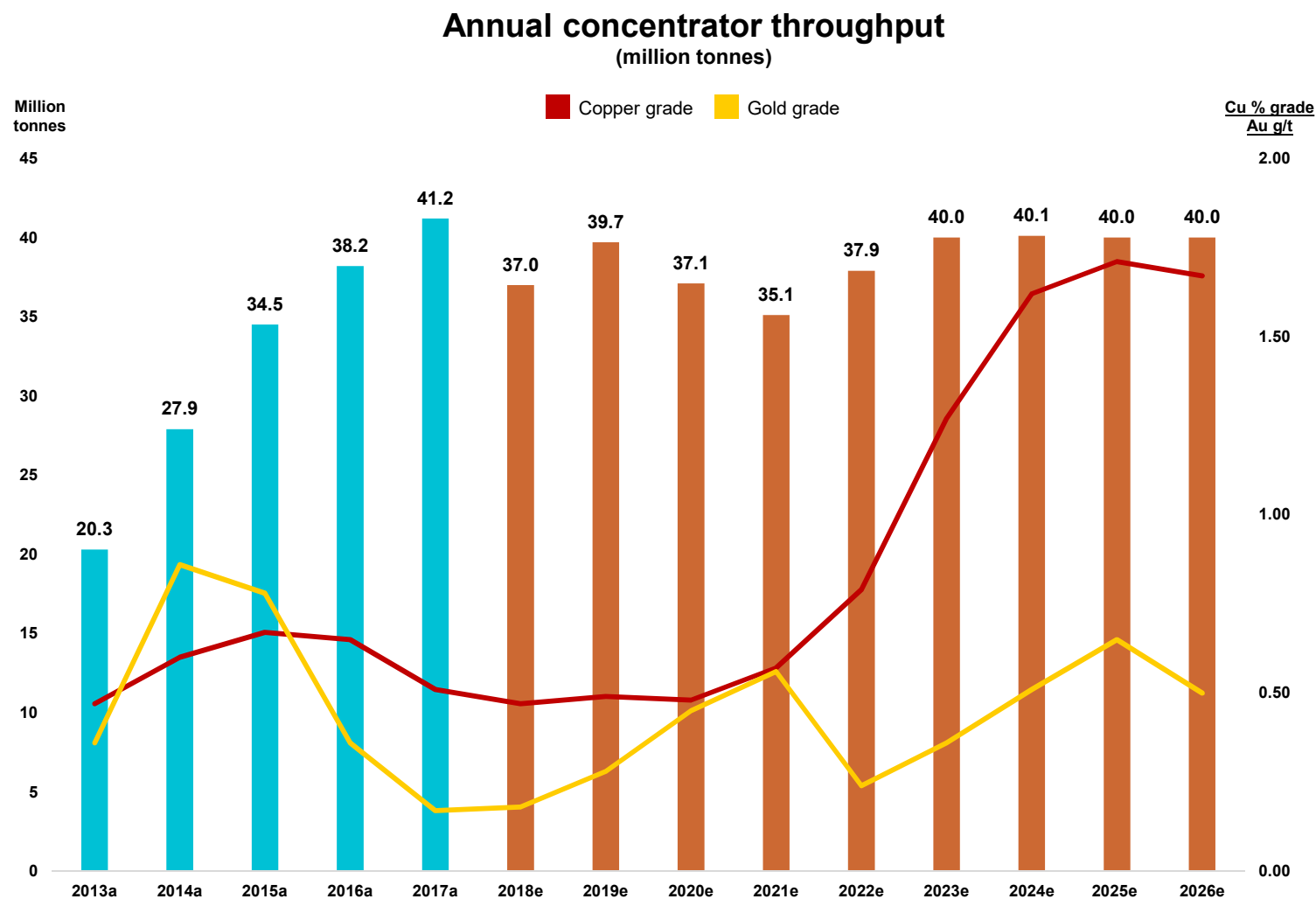
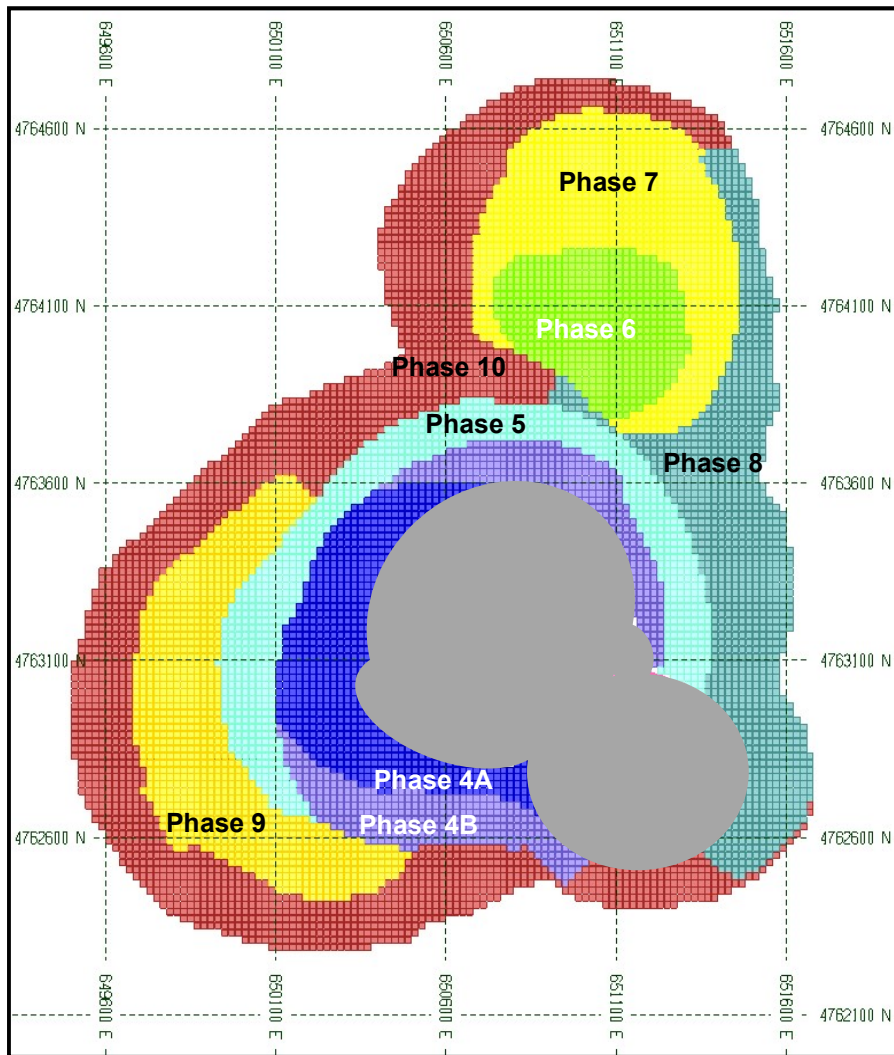


Figure: 2016 Oyu Tolgoi Technical Report; 2018 reflects annual guidance expectations.
Note: a = actual, e = expected; 2018 throughput results from processing harder ore from Phase 4A.



Managing near-term ore grade challenges

22



- Phase 4 stripping during 2017 will provide access to higher ore grades in 2018
- Phase 6 will continue to be mined in early 2018 and Phase 4 will be mined throughout the year
- Phase 4A contains higher gold grades



Oyu Tolgoi – a long-term growth opportunity

23

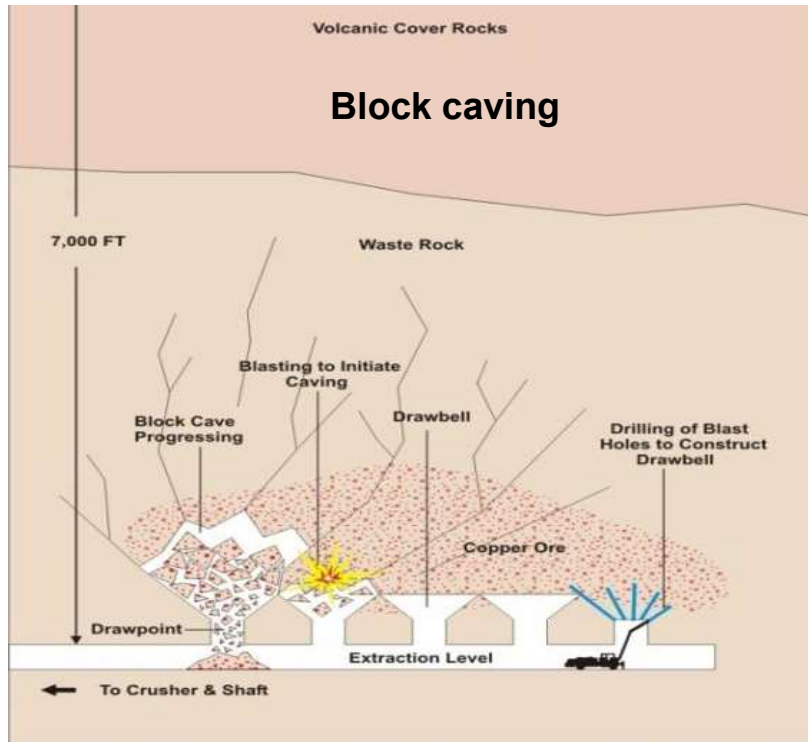
- **Advancing** underground development
- **Creating** long-term development options
- **Demonstrated** productivity and cost improvements
- **Best copper asset** in development



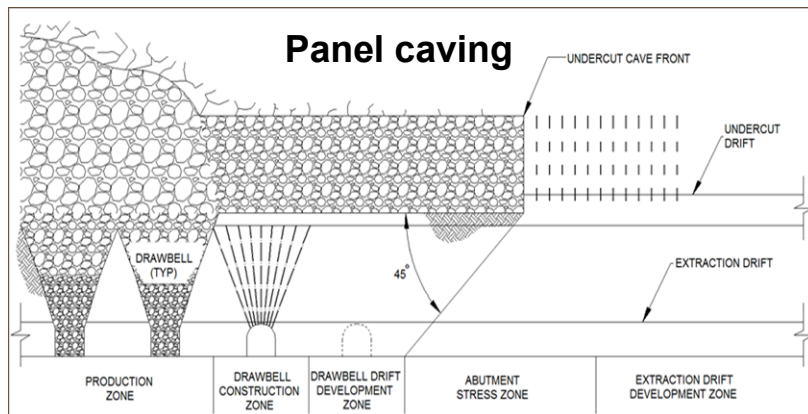
Appendix



Block cave concept



- Gravity used to exploit deep ore body
- Cave propagation (caveability) depends on in situ stresses and host rock's ability to fracture
- Initial drill, blast and extraction focused on bottom section of ore body via drawpoint to create void
- Broken ore removal from undercut area causes ore above it to collapse (vertical propagation) and void forms drawpoint
- In traditional block cave, whole ore body extracted through static set of drawpoints at base of ore body
- Once undercutting complete, no on-going construction; only production until end of cave life



- Ore body progressively and systematically mined through moving *cave front* via series of panels
- Draw rates carefully managed to avoid riling and premature dilution
- Rate of undercut advance matched to both draw column height and production capacity



Reserves Case cash-flow model

26

Cash Flow Statement (US\$M)	Year													Total
Year Number	1	2	3	4	5	6	7	8	9	10	11	21	31	
Year To	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	20	30	40	
Gross Revenue	954	923	1,189	1,402	1,735	1,993	3,380	4,434	4,879	4,622	35,422	13,698	8,175	82,806
Realization Costs	263	237	222	212	246	311	513	664	728	709	5,955	2,502	1,206	13,770
Net Sales Revenue	691	686	967	1,190	1,489	1,682	2,867	3,770	4,151	3,912	29,467	11,196	6,969	69,036
Site Operating Costs														
Mining	191	182	177	188	188	221	220	250	287	254	3,072	2,158	1,038	8,427
Processing and Tailings	285	295	297	279	266	292	326	328	329	327	3,248	3,193	2,445	11,911
G&A and Operations Support	100	93	94	96	97	96	96	96	92	88	851	586	387	2,771
Infrastructure and Other	65	84	91	41	69	57	69	83	69	30	373	359	371	1,761
Total Site Operating Costs	641	655	659	604	620	665	710	756	776	700	7,544	6,297	4,241	24,869
Operating Surplus / (Deficit)	51	31	307	585	869	1,016	2,157	3,013	3,375	3,213	21,923	4,899	2,728	44,167
Indirect Costs	171	182	180	187	182	178	182	188	178	164	1,746	1,190	848	5,576
Net Profit Before Income Tax	-121	-151	128	398	688	838	1,974	2,825	3,197	3,049	20,177	3,708	1,880	38,591
Income Tax	-	-	-	-	-	-	-	-	-	-	1,496	557	254	2,307
Net Profit After Income Tax	-121	-151	128	398	688	838	1,974	2,825	3,197	3,049	18,681	3,151	1,627	36,284
Capital Expenditure														
Expansion Capital	874	1,071	1,080	831	387	92	-	-	-	-	-	-	-	4,336
Sustaining Capital	82	101	58	351	424	373	397	430	320	350	1,912	866	424	6,088
VAT & Duties	79	82	66	102	75	44	43	47	35	38	209	99	47	967
Subtotal	1,035	1,254	1,205	1,285	886	509	440	477	354	388	2,121	964	472	11,391
Working Capital, Capitalized Operating Costs and Closure	-47	-34	-2	80	87	76	37	6	18	49	411	187	937	1,805
VAT & Duties (Capex)	3	1	-	5	2	3	1	-	1	5	44	21	-	86
Total Capital Expenditure	992	1,221	1,203	1,369	975	588	479	483	374	442	2,576	1,172	1,408	13,282
Net Cash Flow After Tax	-1,112	-1,372	-1,075	-971	-287	250	1,496	2,342	2,823	2,607	16,105	1,979	218	23,003

Metal Price Assumptions						
	Unit	2017	2018	2019	2020	2021 Onwards
Copper	\$/lb	2.15	2.36	2.58	2.79	3.00
Gold	\$/oz	1,300	1,300	1,300	1,300	1,300
Silver	\$/oz	19.00	19.00	19.00	19.00	19.00

Source: Oyu Tolgoi 2016 Technical Report.



Oyu Tolgoi at China's doorstep

27



Project finance flow of funds

28

Shareholder loan



Payable to Turquoise Hill*

Shareholder loan Q1'16: \$7.0 billion

Drawdown Q2'16: \$4.3 billion

Shareholder loan Q3'17: \$3.6 billion

TURQUOISE HILL

Receivable from Oyu Tolgoi*

Shareholder loan Q3'17: \$3.6 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 June 3, 2017 the balance was approximately \$1.1 billion

* Interest rate LIBOR + 6.5%

At project finance drawdown



Proceeds: \$4.3 billion²

Payable to Turquoise Hill*

Shareholder loan: \$3.6 billion

TURQUOISE HILL

\$4.3 billion³

Receivable from Oyu Tolgoi*

Shareholder loan: \$3.6 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: ↑

TURQUOISE HILL

Funding

Receivable from Oyu Tolgoi*

Shareholder loan: ↑

Equity loan: ↑



Funding

* 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%

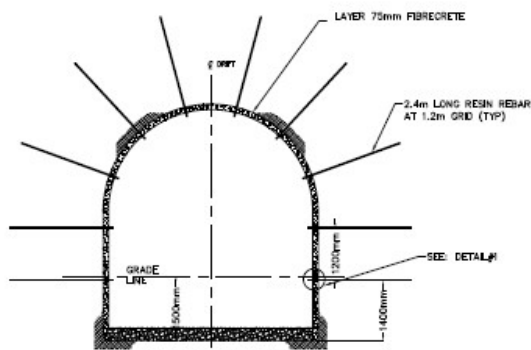
** Guarantee fee - Oyu Tolgoi pays 1.9% and Turquoise Hill pays 0.6%



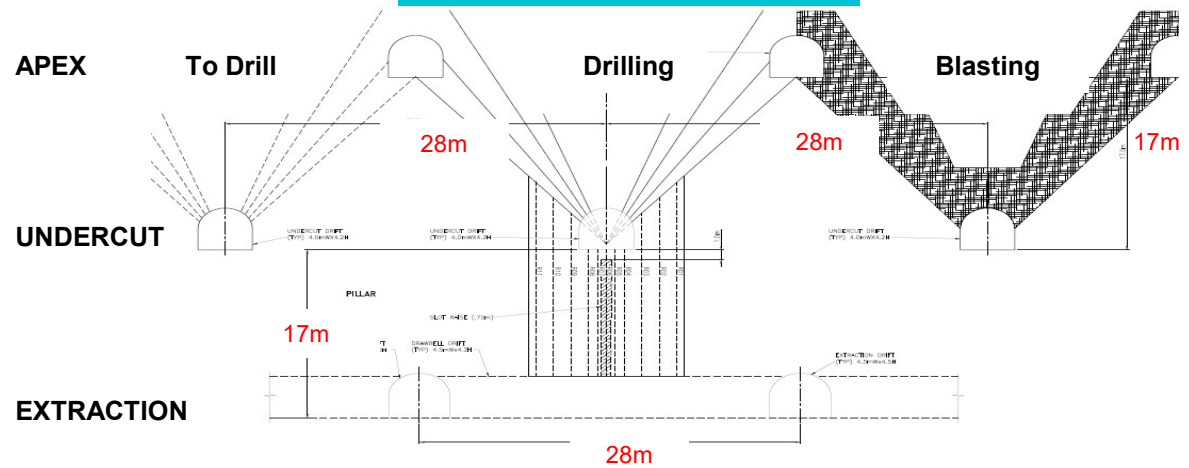
Underground elements

29

Ground Support



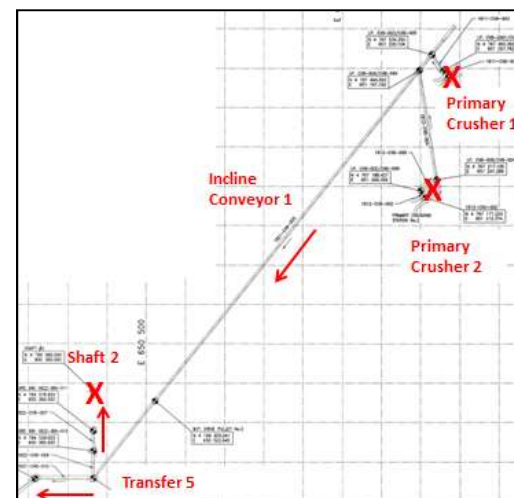
Undercut



Extraction



Ore Handling



turquoisehill.com

Turquoise Hill Resources Ltd.
Suite 354 - 200 Granville Street
Vancouver, BC, Canada V6C 1S4

TRQ: TSX, NYSE & NASDAQ

Turquoise Hill is an international mining company focused on the operation and development of the Oyu Tolgoi copper-gold mine in southern Mongolia.

