

Third Quarter 2018 Financial Results
November 2, 2018

Turquoise Hill: A Compelling Value Proposition



TURQUOISE HILL

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 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, information regarding the timing and amount of production and potential production delays, statements in respect of the impacts of any delays on the Company’s cash flows, liquidity, funding requirements and planning, statements regarding timing and status of underground development, capital and operating cost estimates, 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 to the Company, including information received from Rio Tinto that is in the process of being independently reviewed by the Company and its Qualified Person. 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 14, 2018 in respect of the year ended December 31, 2017 as supplemented by our Management’s Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended September 30, 2018.

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

Disclosure of information scientific or technical nature in this presentation in respect of the Oyu Tolgoi mine was approved by Bernard Peters, Technical Director – Mining, OreWin Pty Ltd., B. Eng. (Mining), FAusIMM (201743) based on information currently available. Bernard Peters is a “qualified person” as that term is defined in NI 43-101. The information received from Rio Tinto is in the process of being independently reviewed. The reader is referred to the 2016 Oyu Tolgoi Technical Report. Ranking analysis is based on Wood Mackenzie data.



Presenters and Agenda

3

Ulf Quellmann

Chief Executive Officer

Luke Colton

Chief Financial Officer

Section 1: Oyu Tolgoi: A World Class Asset

Section 2: Q3 2018 Discussion



Turquoise Hill: A Compelling Value Proposition

4

TRQ's market valuation is deeply discounted relative to its fundamental strengths



- ✓ Unique transformation into a tier 1 asset is well advanced
- ✓ Robust project fundamentals
- ✓ Established mine; track record of operational performance
- ✓ Key risks well understood & managed
- ✓ Well positioned to benefit from positive outlook for copper prices
- ✓ Strong management team & deeply experienced operator

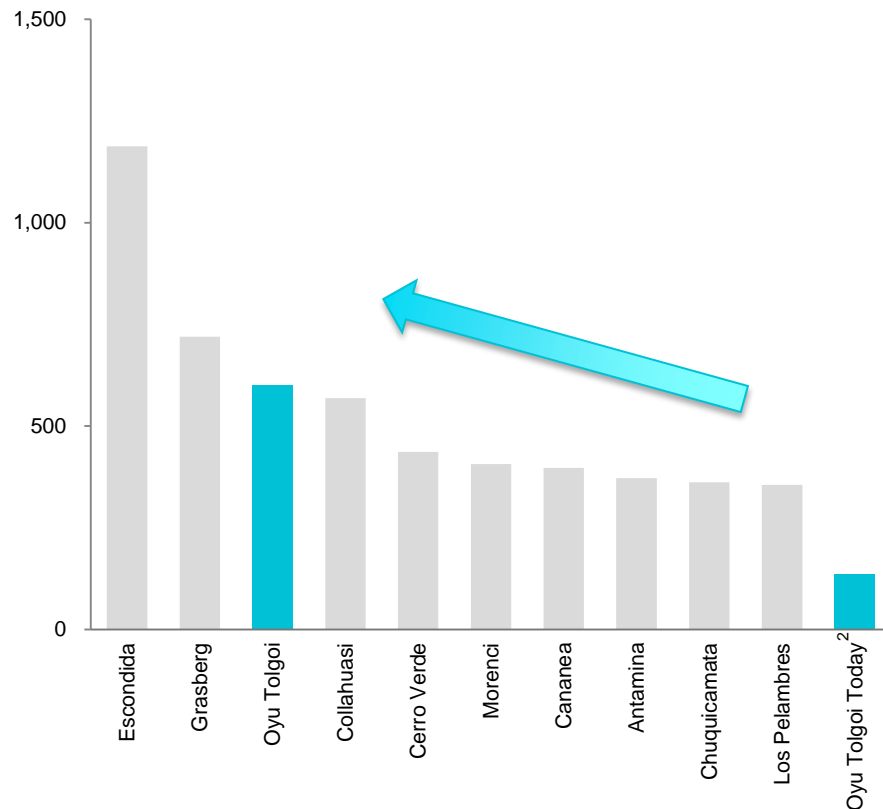


Oyu Tolgoi is a True Tier 1 Asset with a Potential 100 Year Mine Life ¹

Once fully ramped up, Oyu Tolgoi will become one of the largest producing copper mines with 1st quartile cash costs

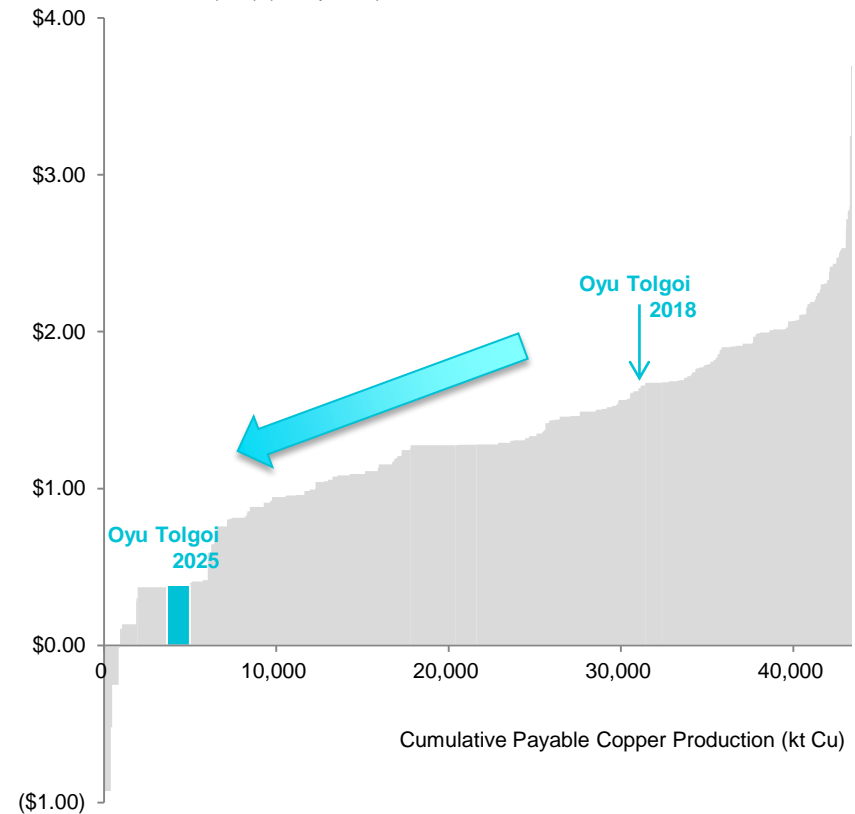
Top 10 Copper Producing Mines in 2025

Paid Metal (kt Cu)



2025 Cash Cost by Mine

C1 Cash Cost (\$/lb) (Composite)



Source: Wood Mackenzie

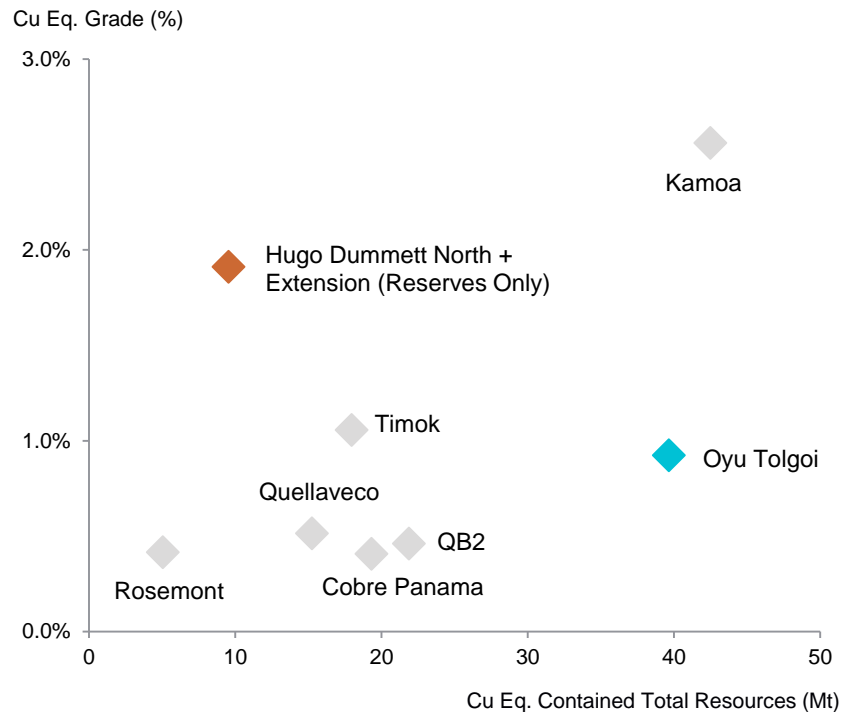
1. The potential to operate for approximately 100 years is based on a preliminary economic assessment (2016 Resources Case) that is preliminary in nature, and that includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the 2016 Resources Case will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. For more information about the 2016 Resources Case, readers are referred to the 2016 Oyu Tolgoi Technical Report.
2. 2018 Production



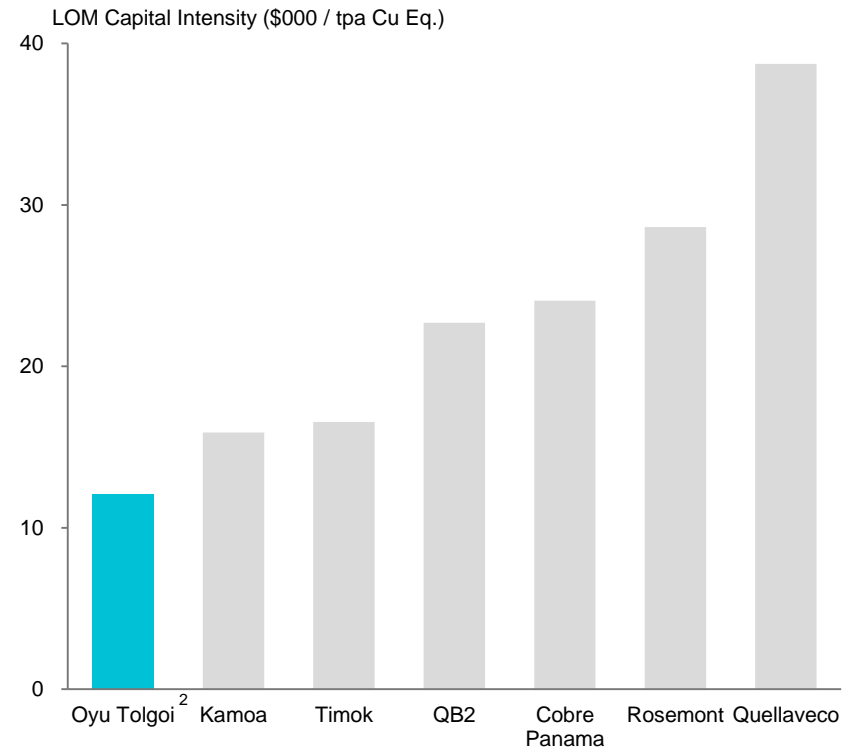
Oyu Tolgoi Underground: Robust Fundamentals Relative to Comparable Projects

6

Unique Ore Body Size & Grade...



...Resulting In Low Capital Intensity ¹



Source: SNL, Wood Mackenzie

1. Capital intensity defined as development CAPEX / LOM average production

2. Oyu Tolgoi production based on average copper and gold production from 2025 to 2030



Established Track Record of Operational Performance

7

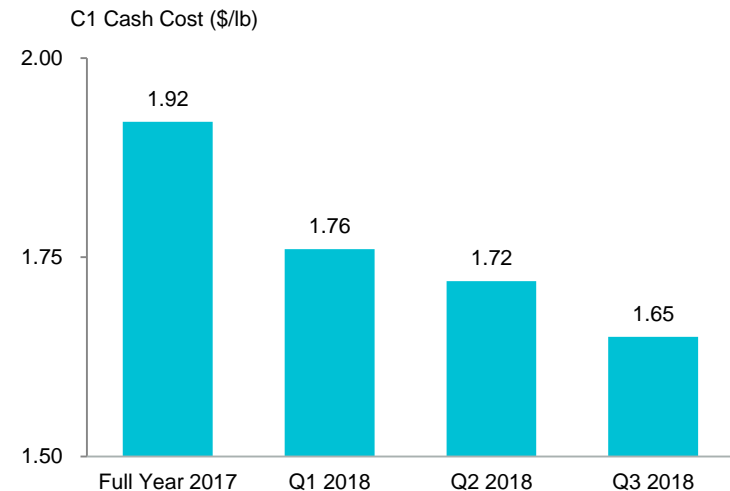
Track Record

- ✓ Strong open pit and mill performance
 - Consistently achieved production 5-10% above 100,000 tpd nameplate capacity since 2014
- ✓ Construction began in 2010 and Oyu Tolgoi achieved commercial production in 2013
- ✓ Operations meeting or exceeding production guidance
- ✓ 2018 production guidance towards the top end of initial range
- ✓ Recent trend of improving C1 cash costs

Consistently Achieved Open Pit Production Guidance

2015	2016	2017
✓	✓	✓

Focused on Cost Control



Underground Progress – Turquoise Hill is Delivering

8

✓ Completed Shaft 5 Construction



✓ Completed Shaft 2 Sinking



✓ 15.7 Eq. km of Lateral Development Complete



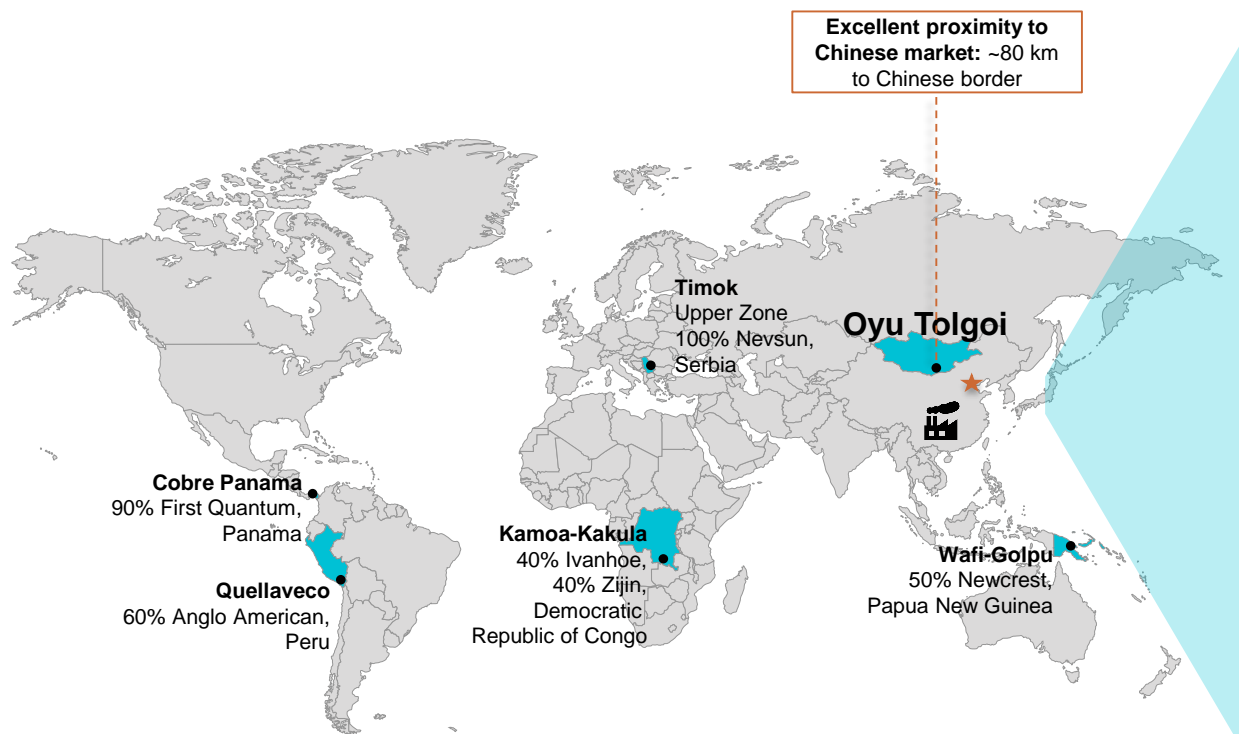
✓ Shafts 3 and 4 Earthworks Well Advanced



Top Tier Copper Assets Are Increasingly Located Outside of the OECD

9

As assets in traditional mining countries become depleted, new regions are being developed



Mongolia Highlights

- ✓ Democratically elected government
- Nearly three decades of free elections
- ✓ Low crime rate
- ✓ GDP has grown at 10%+ p.a. for the last decade while foreign direct investment grew at almost 15% p.a.¹
- ✓ Abundant natural resource wealth
- ✓ Developed technical and vocational training centres

Source: World Bank, United Nations Development Program

1. Compound annual growth rate from 2007 – 2017, based on the World Bank GDP data (current US\$)



Oyu Tolgoi Contributes Materially to Expanding the Mongolian Economy

10

Mongolian Workforce

>17,000

At the end of Q3'18, Oyu Tolgoi's workforce was >17,000¹ strong and its full-time workforce was 92% Mongolian

Taxes and Fees

~\$2.1B

2010 – Q3'18, Oyu Tolgoi had paid roughly \$2.1 billion in taxes² and royalties to the Mongolian Government

In-country Spend

~\$8.3B

Between 2010 and Q3'18, Oyu Tolgoi has spent ~\$8.3 billion in Mongolia³

Taxpayer Rank

#2

Oyu Tolgoi was the second-highest corporate taxpayer in Mongolia for 2017

National Procurement

>\$2.6B

2010 – Q3'18, Oyu Tolgoi has spent more than \$2.6 billion on Mongolian procurement

Community Investment

>\$30M

2014 – Q3'18, Oyu Tolgoi has invested >\$30 million in sustainable long-term projects in the South Gobi community

1. Includes contractors

2. Includes VAT

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



Turquoise Hill is Well Positioned to Address Key Challenges

11

Risks

Mitigating Factors

Path to Market	<ul style="list-style-type: none">▪ Oyu Tolgoi has exported significant volumes since start up<ul style="list-style-type: none">- Cumulatively, nearly 850kt of copper in concentrate sold▪ Oyu Tolgoi's concentrates known and accepted by smelters
Financing & CAPEX Budget	<ul style="list-style-type: none">▪ \$4.4B in project financing from 20 global financial institutions▪ \$1.9B spent and \$1.2B committed on UG development▪ UG development project budget unchanged
Power Supply	<ul style="list-style-type: none">▪ Stable, established power supply from China▪ Domestic power supply options under evaluation
Fiscal Regime / Government Relations	<ul style="list-style-type: none">▪ Peaceful democracy▪ Almost daily engagement with Government of Mongolia▪ Stable open-pit production since 2013; UG construction resumed in 2016
Development Schedule	<ul style="list-style-type: none">▪ Operating partner with extensive block caving experience▪ First underground sustainable production target: Q3 2021
Local Stakeholder Concerns	<ul style="list-style-type: none">▪ Excellent relationships with nearby communities▪ Strong local workforce: 19% from South Gobi region



Turquoise Hill is Well Positioned to Benefit From The Robust Outlook for Copper

12

>50% increase in supply expected to be required before 2040 to satisfy growing demand driven by technological advances, changing demographics and aging mines

Electric Vehicle Revolution

Growth in Renewable Power

Continued Urbanization & Electrification

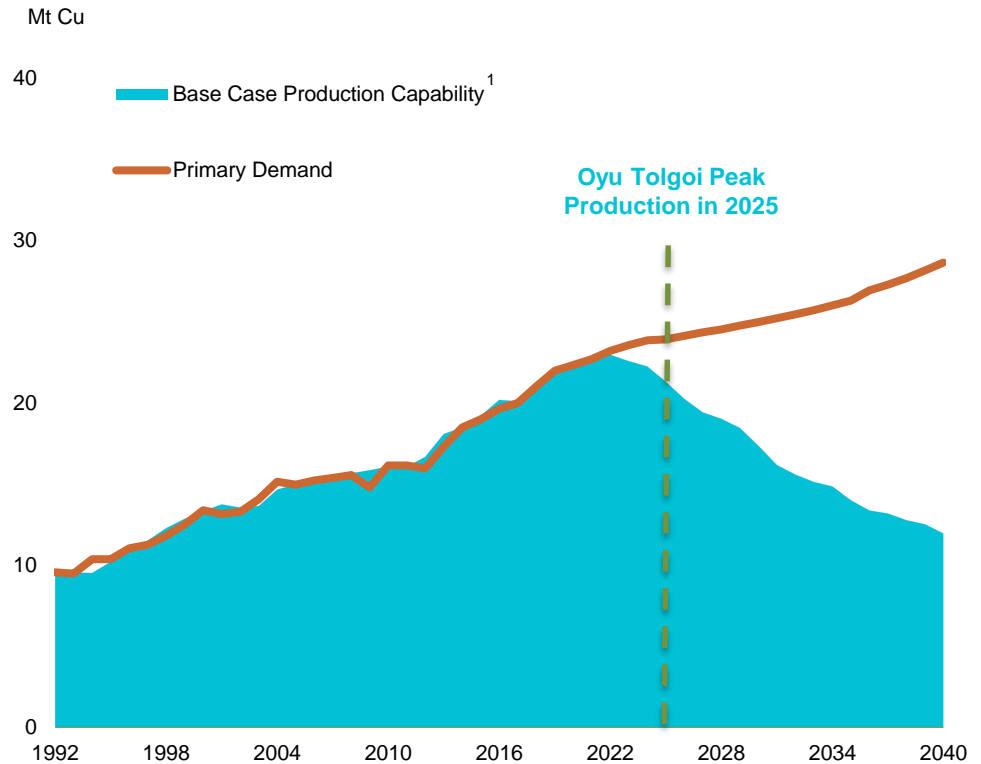
Declining Grades

Deeper Mines

Higher Costs

Supply will be Channeled to Meet Demand

Long Term Copper Supply and Demand



Source: Wood Mackenzie

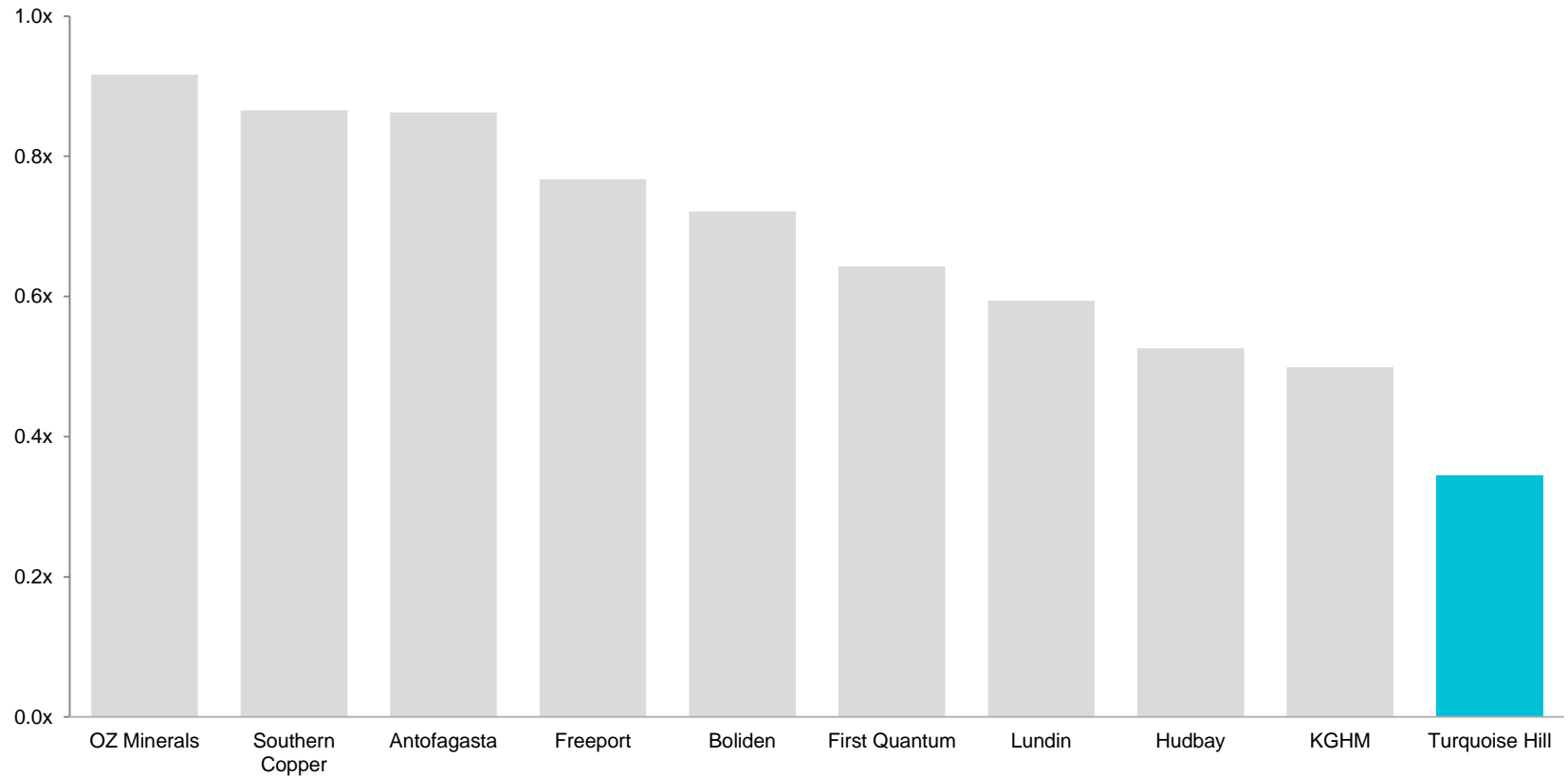
1. Production capability as defined by Wood Mackenzie includes base case mine reserves, probable brownfield contributions, and mine life extension



Turquoise Hill Share Price Deeply Discounted Relative to Copper Peers

13

Share Price / NAV per Share



New CEO Aligned with all TRQ Shareholders and Supported by Strong Operating Partner

14

Ulf Quellmann

Chief Executive Officer



Appointed as CEO effective August 1, 2018, Mr. Quellmann has more than 20 years of experience in corporate finance, strategy, treasury and investor relations at General Motors, Alcan and Rio Tinto.

Most recently, Mr. Quellmann served as Vice President, Strategic Projects of Rio Tinto's Copper and Diamonds product group and prior to this was the Chief Financial Officer of the same group, which has gross annual revenues of nearly \$5B and investments in three of the world's Tier 1 copper mines, including Oyu Tolgoi.

Deep Experience and Fully Committed to Turquoise Hill

- ✓ Seasoned executive in mining, corporate finance and strategy with extensive knowledge of Oyu Tolgoi
- ✓ Led arrangement of the \$4.4B project finance facility for Oyu Tolgoi
- ✓ Has extensive relationships with the project manager, Government of Mongolia and other key stakeholders
- ✓ Accountable exclusively to TRQ's majority independent Board of Directors
- ✓ Long term equity incentive compensation fully aligned with TRQ shareholders

Rio Tinto is a World Class Partner

- ✓ Global leader in mine operations across diverse group of commodities
- ✓ Strong balance sheet; providing financial guarantee supporting Oyu Tolgoi project financing
- ✓ Continuously developing world class mining assets
- ✓ Track record in block caving in current and previously owned assets
 - Argyle, Northparkes and Palabora
- ✓ Committed to world-class HSEC standards and ESG practices



Q3 2018 Discussion



Safety is a Top Priority for Oyu Tolgoi and Turquoise Hill

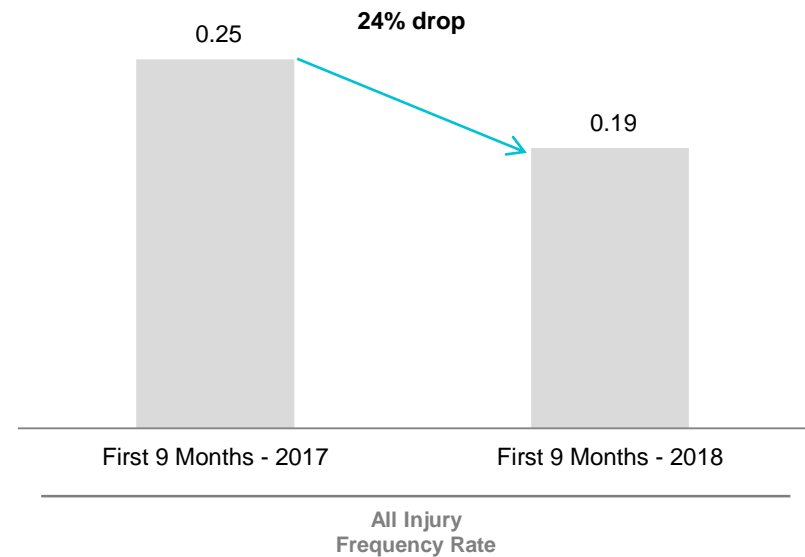
16

Excellent Performance in Mine Site Safety

- ✓ Oyu Tolgoi has continued its strong performance in safety
- ✓ Oyu Tolgoi achieved an industry leading All Injury Frequency Rate of 0.19 per 200,000 hours worked for the nine months ended September 30, 2018
- ✓ A culture of safety has been instilled in both employees and contractors at Turquoise Hill and Oyu Tolgoi

Decreased Injury Frequency Rate

Based on 200,000 hours of work exposure



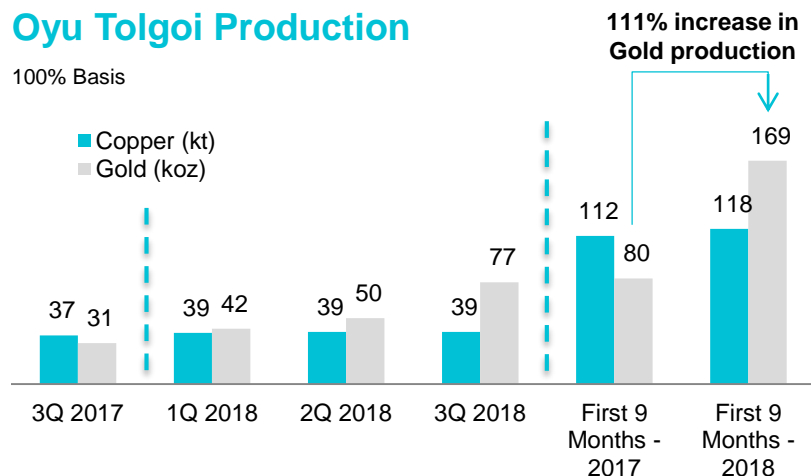
Q3 2018 Operating Update

17

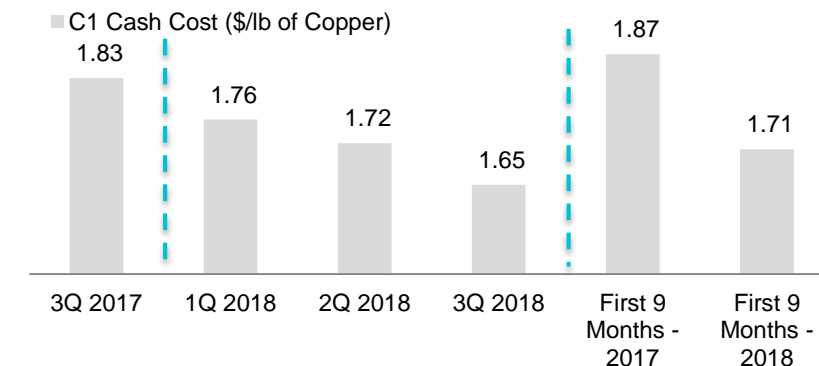
Continued strength in copper and gold production, while C1 cash costs are falling

Oyu Tolgoi Production

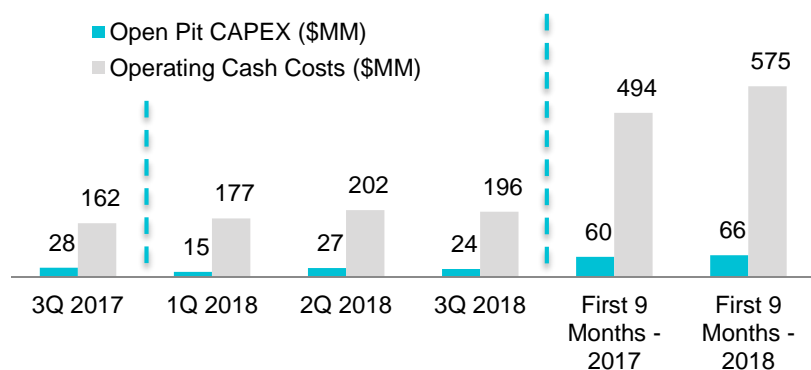
100% Basis



Oyu Tolgoi C1 Cash Costs



Oyu Tolgoi Capex and Cash Costs



2018 Operating Guidance

	Updated Oct. 15, 2018	Original Plan
Copper production (tonnes)	140,000 – 155,000	125,000 – 155,000
Gold production (ounces)	240,000 – 280,000	240,000 – 280,000
	Updated Nov. 1, 2018	Original Plan
Open pit capex (millions)	\$120	\$150
Operating cash costs (millions)	\$800	\$700



Financial Performance Overview

18

Revenue of \$246.5 million in Q3 '18 with higher gold sales volumes offsetting lower copper and gold prices

Financial Overview of Turquoise Hill

All values on a consolidated basis unless otherwise stated and in millions of dollars except for per share amounts

	Third Quarter of 2018	Third Quarter of 2017	Change	First Nine Months of 2018	First Nine Months of 2017	Change
Revenue	246.5	246.9	-0.2%	833.9	688.1	+21.2%
Income attributable to owners of Turquoise Hill ¹	53.2	65.3	-18.5%	310.2	130.2	+138.2%
Income attributable to owners of Turquoise Hill excluding DTA ² impact ¹	54.7	7.1	+670.4%	194.2	27.7	+601.1%
Basic and diluted earnings per share attributable to Turquoise Hill excluding DTA ¹	0.03	0.00		0.10	0.01	+900.0%
Cash generated from operating activities before interest and tax	52.5	94.7	-44.6%	216.9	234.7	-7.6%
Net cash generated from operating activities	76.2	109.1	-30.2%	143.9	151.3	-4.9%
Capital expenditures	328.8	234.0	+40.5%	932.6	587.1	+58.8%

1. Attributable to Turquoise Hill
2. Deferred tax asset



Development Highlights

- Significant progress was made in underground development with fit out of shaft 2 and record quarterly development since UG restart (3 eq. km)
- Over one third of required capital deployed: expansion capital for first three quarters of 2018 was \$866.5M; a total of ~\$1.9B has been spent since January 2016
- Sustainable production will now occur by the end of Q3 2021
 - Review of the delay in sustainable production to evaluate any potential mitigation options, construction and production resequencing alternatives as well as input on funding requirements to optimize production profile

Underground Guidance Update

2018 Guidance	Update Nov. 1, 2018	2018 Plan
Underground capex: low end (Billions)	\$ 1.1	\$ 1.1
Underground capex: high end (Billions)	\$ 1.2	\$ 1.2
Underground lateral development (kilometres)	9	10
Initial Production	Update Oct. 15, 2018	2018 Plan
First draw bell ¹	mid-2020	mid-2020
Sustainable production	Q3 2021	Q1 2021
Project Completion	Update Oct.15, 2018	2016 OTTR ²
Total underground development budget (Billions)	\$5.3	\$5.3
Completion Date	2022	2022

1. No longer a critical path item

2. Oyu Tolgoi Technical Report



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.

