



A Leading Copper and Gold Producer  
Developing a Tier-1 Copper Asset

# Third Quarter 2019 Financial Results November 13, 2019



TURQUOISE HILL  
TSX-NYSE-NASDAQ:  
TRQ

# Forward-Looking Statements

Certain statements made herein, including statements relating to matters that are not historical facts and statements of the Company's beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements and information relate to future events or future performance, reflect current expectations or beliefs regarding future events and are typically identified by words such as "anticipate", "could", "should", "expect", "seek", "may", "intend", "likely", "plan", "estimate", "will", "believe" and similar expressions suggesting future outcomes or statements regarding an outlook. These 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, expected copper and gold grades, liquidity, funding requirements and planning, statements regarding timing and status of underground development, the development options under consideration for the design of the Panel 0 and the related cost and schedule implications, timing and status of the Tavan Tolgoi-based power project, capital and operating cost estimates, timing of completion of the definitive estimate review, mill and concentrator throughput anticipated business activities, planned expenditures, corporate strategies including the potential reverse stock split, and other statements that are not historical facts.

Forward-looking statements and information are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such statements or information. There can be no assurance that such statements or information will prove to be accurate. Such statements and information are based on numerous assumptions regarding present and future business strategies, local and global economic conditions, and the environment in which the Company will operate in the future, including the price of copper, gold and silver and projected gold, copper and silver grades, anticipated capital and operating costs, anticipated future production and cash flows, the anticipated location of certain infrastructure and sequence of mining in Panel 0 and the status of the Company's relationship and interaction with the Government of Mongolia on the continued operation and development of the Oyu Tolgoi mine and Oyu Tolgoi LLC internal governance. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements and information include, among others, copper; gold and silver price volatility; discrepancies between actual and estimated production, mineral reserves and resources and metallurgical recoveries; development plans for processing resources; the outcome of the definitive estimate review; matters relating to proposed exploration or expansion; mining operational and development risks, including geotechnical risks and ground conditions; litigation risks; regulatory restrictions (including environmental regulatory restrictions and liability); Oyu Tolgoi LLC's ability to deliver a domestic power source for the Oyu Tolgoi project within the required contractual time frame; communications with local stakeholders and community relations; activities, actions or assessments, including tax assessments, by governmental authorities; events or circumstances (including strikes, blockages or similar events outside of the Company's control) that may affect the Company's ability to deliver its products in a timely manner; currency fluctuations; the speculative nature of mineral exploration; the global economic climate; dilution; share price volatility; competition; loss of key employees; cyber security incidents; additional funding requirements, including in respect of the development or construction of a long-term domestic power supply for the Oyu Tolgoi project; capital and operating costs, including with respect to the development of additional deposits and processing facilities; and defective title to mineral claims or property. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. All such forward-looking statements and information are based on certain assumptions and analyses made by the Company's management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements or information.

Readers are cautioned not to place undue reliance on forward-looking information or statements. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements are included in the "Risk Factors" section in the Company's Annual Information Form dated as of March 13, 2019 in respect of the year ended December 31, 2018 (the "AIF") as supplemented by our Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and nine months ended September 30, 2019 (MD&A).

Readers are further cautioned that the list of factors enumerated in the "Risk Factors" section of the AIF and in the MD&A that may affect future results is not exhaustive. When relying on the Company's forward-looking statements and information to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

Disclosure of information of a scientific or technical nature in this presentation in respect of the Oyu Tolgoi mine was approved by Jo-Anne Dudley, Chief Operating Officer of Turquoise Hill. Ms. Dudley is a "qualified person" as that term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.





# Presenters

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**Ulf Quellmann**

Chief Executive Officer

**Luke Colton**

Chief Financial Officer

**Jo-Anne Dudley**

Chief Operating Officer





## Q3'19 Highlights

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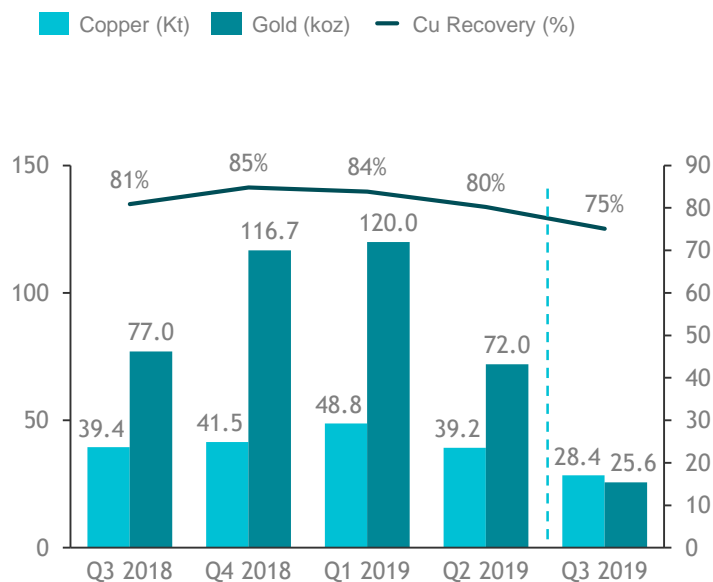
- ✓ Open Pit 2019 gold production guidance increased to 240,000 ounces from 230,000 ounces
- ✓ 2019 C1 copper cash cost range has been lowered to \$1.50 - \$1.70 per pound
- ✓ Strong All-Injury Frequency Rate of 0.18 per 200,000 hours worked for the nine months ended September 30, 2019
- ✓ During Q3'19, Oyu Tolgoi produced 28,446 tonnes of copper and 25,607 ounces of gold and remains on track to meet 2019 copper and increased gold production guidance
- ✓ Shaft 2 construction is now complete and has entered into the final stages of commissioning
- ✓ As at September 30 2019, Turquoise Hill has \$2.7 billion of available liquidity, which is sufficient to fund operations and underground and power development into Q1 2021



# Q3'19 Production

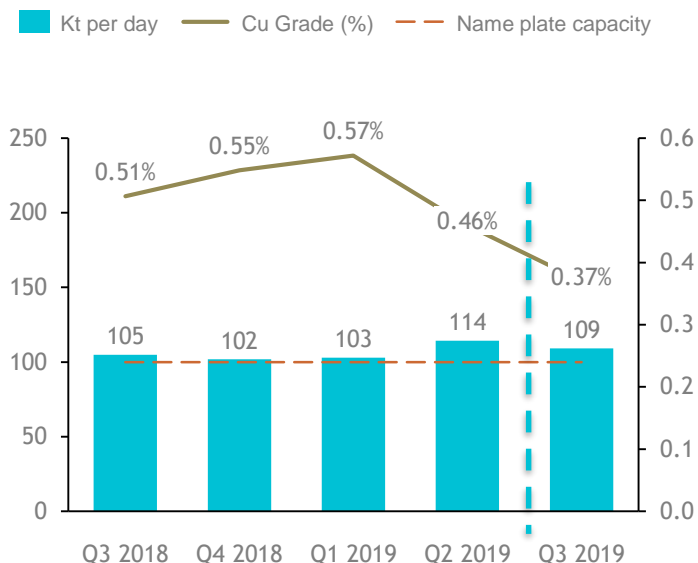
- Remain on track to achieve 2019 guidance for copper (125,000 – 155,000 tonnes) and increased gold production (up to 240,000 ounces)
- C1 copper cost range has been lowered from \$1.75 - \$1.90, to \$1.50 - \$1.70
- Strong mill performance

## Oyu Tolgoi Metal Production (100% Basis)

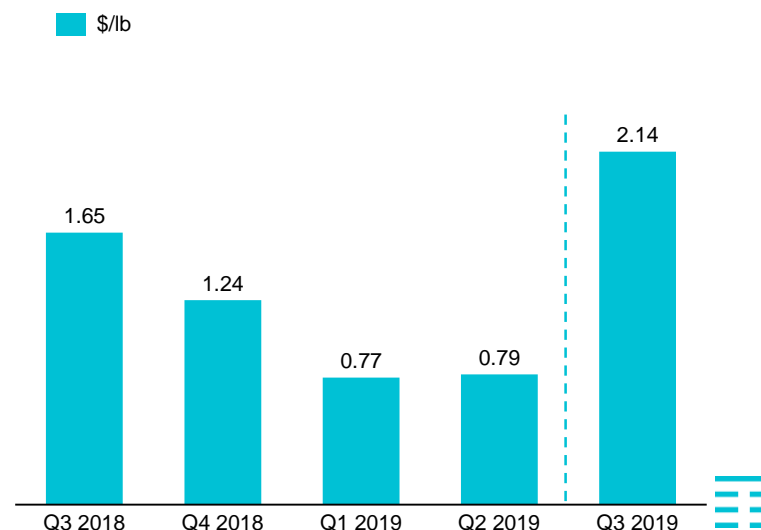


## Oyu Tolgoi Cu Production and Feed Grade

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## Oyu Tolgoi C1 Cash Costs

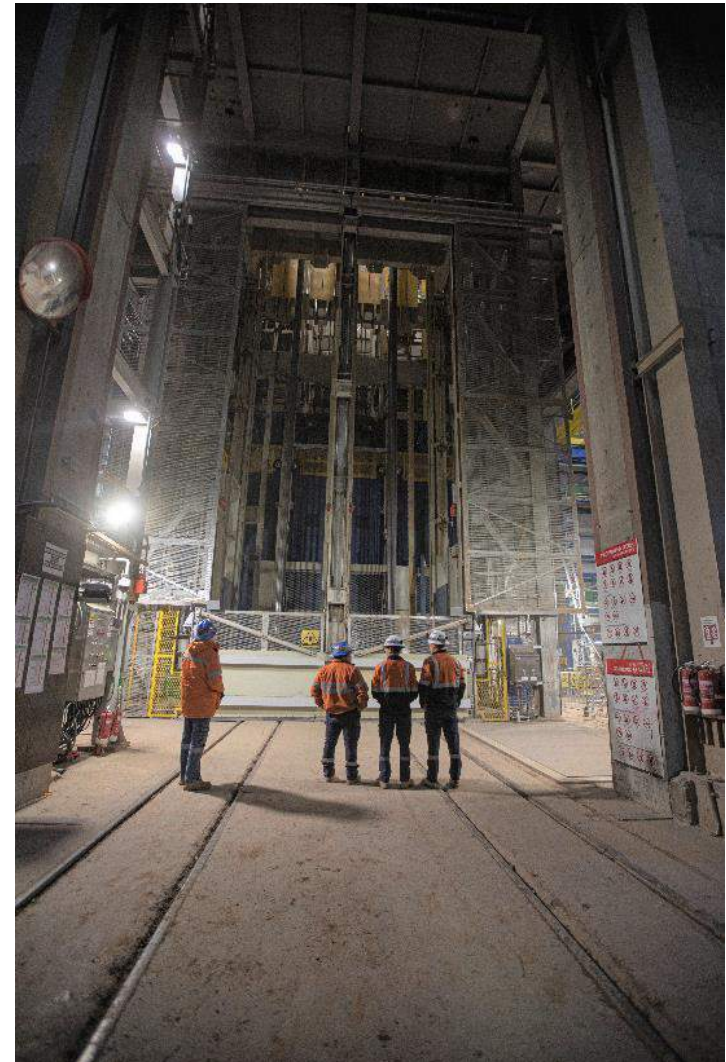




## Underground Development – Shaft 2

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- Shaft 2 construction is now complete and is in the final stages of commissioning
- The shaft uses the world's largest production hoist motor with the ability to lift 35,000 tonnes of material to the surface daily
- The service hoist now allows us to transport 300 people per cage cycle versus a maximum of 60 people per cage cycle through Shaft 1



# Critical Infrastructure Progress

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## Above ground infrastructure



- ✓ Mine dry and control center
- ✓ Central heating plant
- ✓ Surface discharge conveyor linking Shaft 2 to existing Overland conveyor
- ✓ Shaft 5 ventilation fans
- ✓ Mine air heaters
- ✓ Batch plant 4 & quarry

## Shafts & below ground hard infrastructure



- ✓ Shaft 5 sinking to 1.2km
- ✓ Shaft 2 sinking to 1.3km
- ✓ Shaft 2 Jaw Crusher
- ✓ Ore bin 11 & transfer station
- ✓ Excavation of the Primary Crusher 1 chamber
- ✓ Critical underground facilities

## Mine development



- ✓ A record 1385 m of lateral underground development was achieved in September.



# Mine Design Refinement Decision Points

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Q3'19

Q4'19

Q1 20

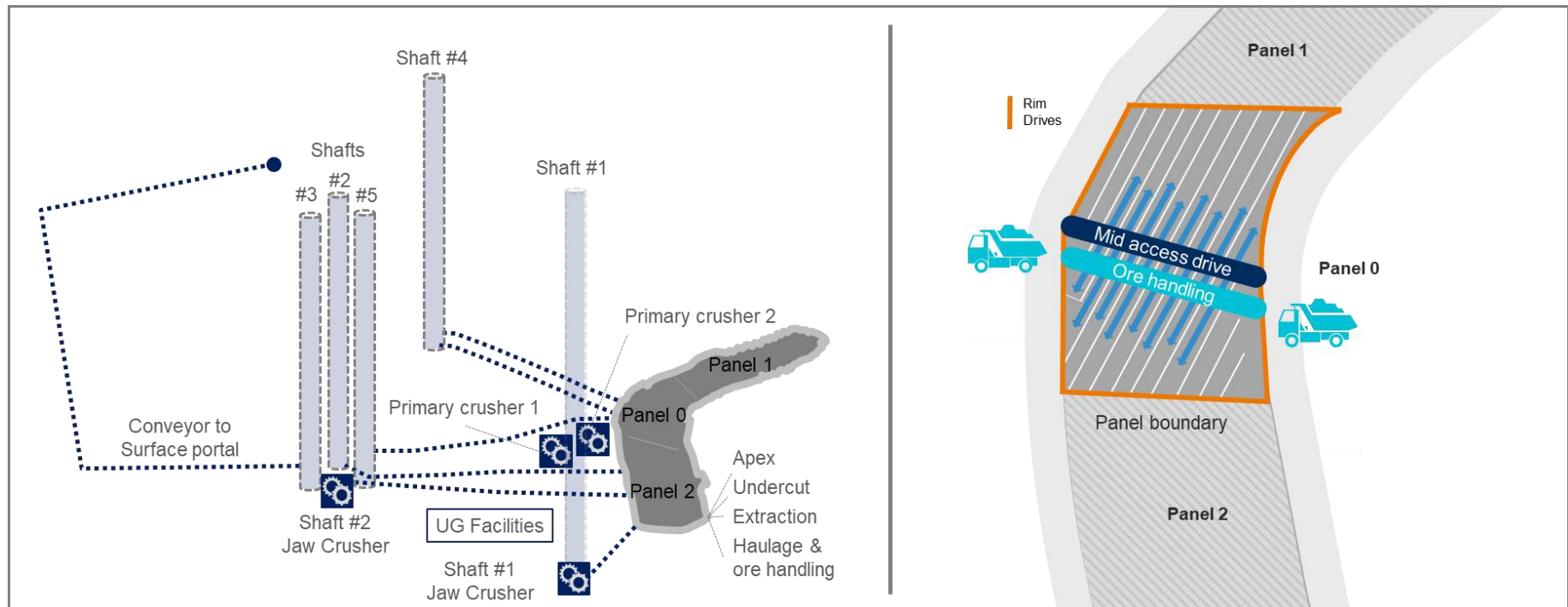
Mid access drives



Footprint development  
productivity

Location of ore  
handling infrastructure

Panel boundary  
transitions





- Oyu Tolgoi LLC is at advanced stage with a competitive tender process to award a “turnkey” engineering, procurement and construction (EPC) contractor for construction of the Tavan Tolgoi-based power project, and is currently seeking to agree to adjustments to the milestone timetable in the PSFA with the Government of Mongolia
- The Mongolian Administrative Court has now reopened the case on the tax dispute and has resumed court proceedings, while the Mongolian Tax Authority and Oyu Tolgoi LLC continue to explore options for a commercial settlement
- The Parliamentary Working Group is in the process of drafting the resolution with the draft resolution expected to be reviewed by the Economic Standing Committee



# Q3 Financial Performance Overview

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## Key Financial Metrics of Turquoise Hill

All values on a consolidated basis unless otherwise stated and in millions of United States dollars except where stated

	Third Quarter of 2019	Third Quarter of 2018	Change
Revenue	209.2	246.5	-15.1%
Cash generated from (used in) operating activities before interest and tax	(13.1)	52.5	-125.0%
Basic and diluted income per share attributable to owners of Turquoise Hill (\$ per share) <sup>1</sup>	0.04	0.03	
C1 cash costs	2.14	1.65	29.7%
All-in-sustaining costs	2.84	2.29	24.0%
Capital expenditures	329.2	328.8	0.1%
Liquidity (billions of dollars) <sup>2</sup>	2.7		

1. Attributable to Turquoise Hill

2. Cash and cash equivalents, and available and undrawn funds under the project finance facility

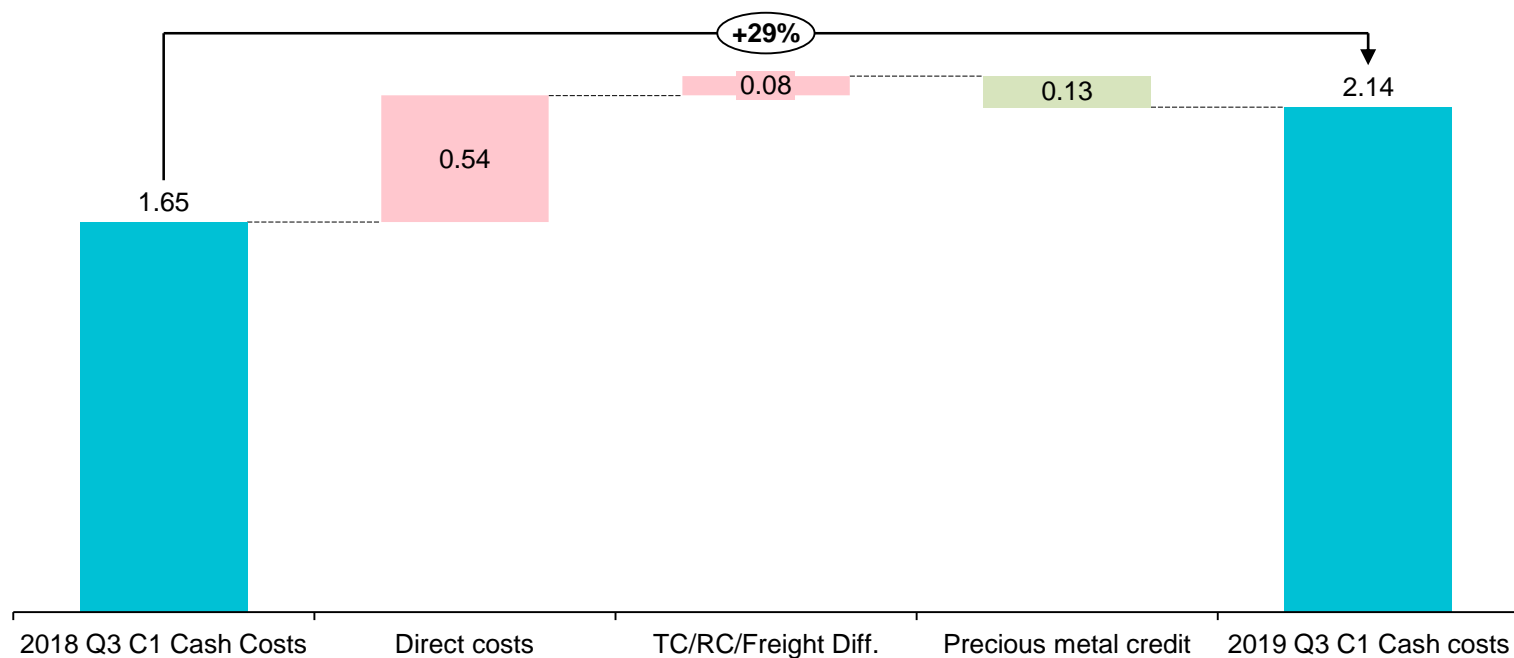




# 29% Increase in C1 Cash Costs over 2018 Q3

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## Reconciliation of C1 Cash Costs<sup>1</sup>



All values on a consolidated basis unless otherwise stated and in United States dollars per pound of copper produced

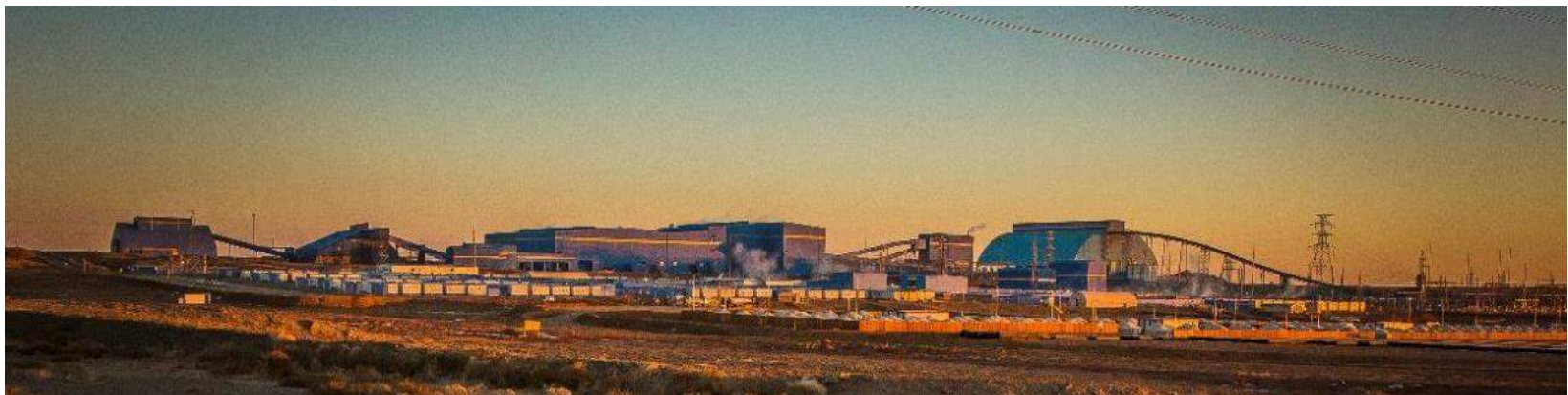
1. Based on the reconciliation of C1 cash costs in the MD&A



## Turquoise Hill has liquidity to fund Oyu Tolgoi into Q1 2021

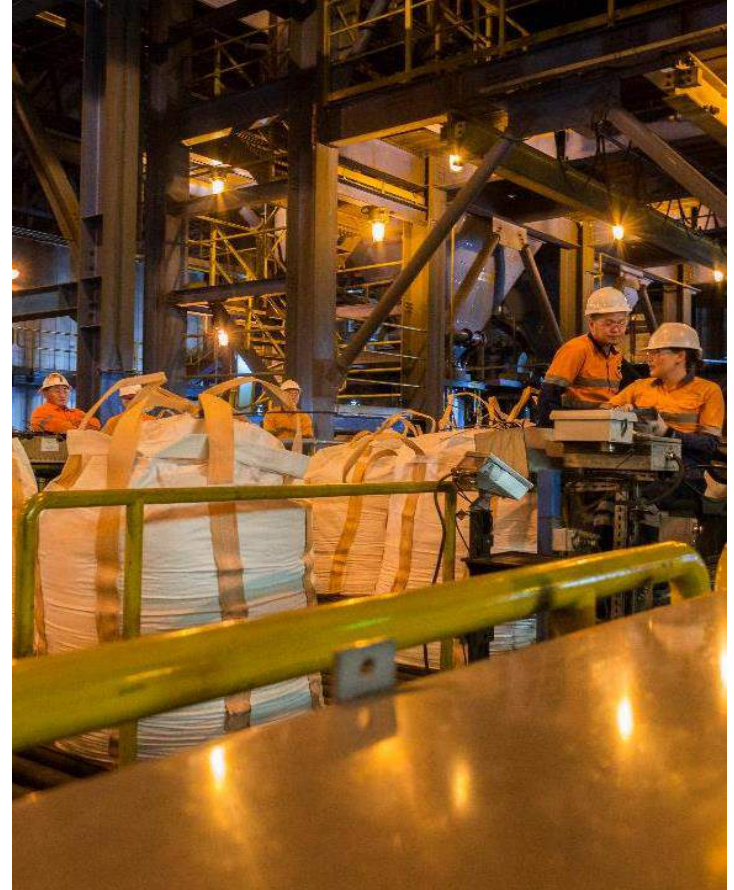
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- Turquoise Hill has total liquidity available as at September 30, 2019 of \$2.7 billion and we expect to have sufficient liquidity to fund underground development and power development into Q1 2021
- Significant incremental financing required over and above existing liquidity to sustain underground and power development funding
- Completion of the mine optimization and the Definitive Estimate will provide greater clarity on the amount of additional funding required
- Proposal provided to Rio Tinto regarding the sourcing of incremental funding to progress underground development beyond Turquoise Hill's available liquidity





- One of the most significant tier one assets on the planet
- Q3'19 witnessed:
  - record lateral underground development
  - increased gold production guidance
  - decreased C1 cash cost guidance
  - an integral decision for the updated mine design; the retention of a mid-access drive
- Shaft 2 construction is complete with the service hoist now able to lift 300 workers per cage cycle and is in the final stages of commissioning
- Continue working towards the completion of the final mine design targeting the high grade Panel 0
- Oyu Tolgoi team has a proven track record of operational excellence and a strong safety record







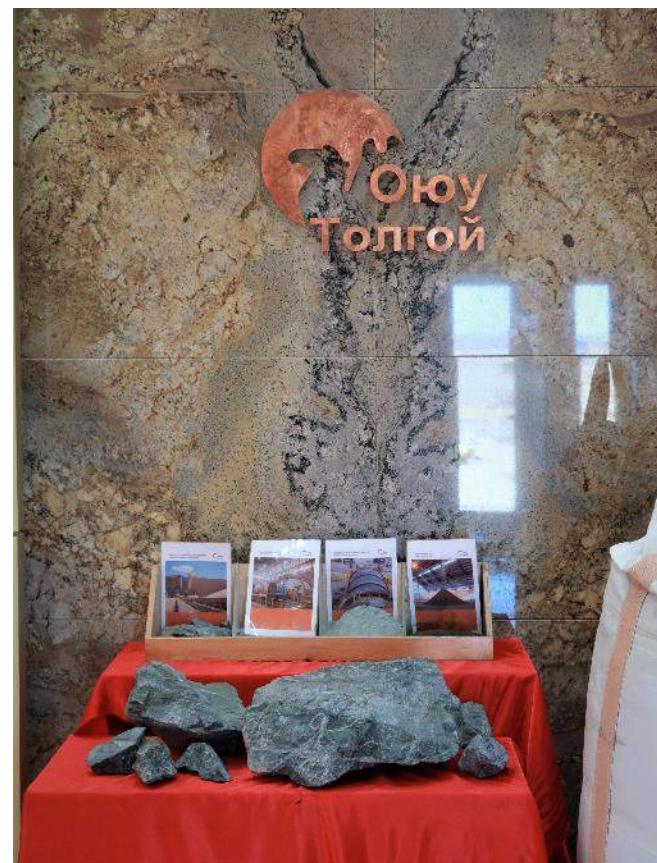


## Operational guidance

<b>Mill throughput (million tonnes)</b>	40
<b>Copper production (tonnes)</b>	125,000 – 155,000
<b>Gold production (ounces)</b>	Up to 240,000

## Financial guidance

<b>Operation cash costs (\$ million)</b>	Up to 800
<b>C1 cash costs (\$/lb)<sup>1</sup></b>	1.50 – 1.70
<b>Capital expenditure</b>	
<b>Open pit (\$ million)</b>	140 – 160
<b>Underground (\$ million)</b>	1,100 – 1,200



1. Unit cost guidance assumes the midpoint of expected 2019 copper and gold production ranges and a gold price of \$1,324 per ounce



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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

