

Q1 2025 PROGRESS REPORT ON THE REMEDIAL ACTION

I. Introduction

The Oyu Tolgoi LLC (“OT LLC”) Tailing Storage Facility (TSF) Cell 1 seepage collection system, which was installed in 2013, has not sufficiently contained collected seepage, and a pathway has developed that has allowed seepage to migrate past the East Toe Collection Dike (the Dike) and enter the Khaliv ephemeral drainage. Water quality monitoring at the shallow alluvial monitoring bore OTMB16-79 shows an increase since June 2019 in total dissolved solids (TDS) concentrations. This monitoring bore is located approximately 300m immediately downgradient of the seepage collection system and inside the Mine License Area (“MLA”).

OT initiated an investigation into the high TDS in November 2021 and has put in place interim mitigation measures to collect seepage that has bypassed the Dike, and to control further seepage escaping the engineered containment systems.

Continuous monitoring has been in place and data gathered from monitoring bores indicates that the extent of seepage is limited beyond the MLA boundary. Current monitoring data show elevated TDS (likely reflecting seepage) limited to a single shallow alluvial monitoring bore (OTMB22-94) located approximately 60m outside of the MLA and approximately 370m downgradient of the seepage collection system. Regular updates of the monitoring and management actions have been provided by OT LLC to the Senior Lenders’ representatives since May 2022. Review of this data resulted in the request from Lenders for a Detailed Water Review. This Detailed Water Review was undertaken in September 2023 including representatives from OT LLC, the Lenders, and the Independent Environmental and Social Consultant (“IESC”).

The Detailed Water Review included a series of site inspections and resulted in the development of a full understanding of the observed seepage. During the Detailed Water Review, the path forward on the seepage containment issue was discussed, dividing planned monitoring, mitigation, and remediation efforts into both short-term and long-term objectives. Recommendations were documented in the September 2023 IESC Compliance Monitoring Report, issued in December 2023.

Following the Detailed Water Review, the Environmental and Social Agent delivered a notice to OT LLC indicating that the Policy Lenders were of the view that the TSF seepage issue was considered an Environmental Incident as described in the Amended and Restated Common Terms Agreement (“Amended and Restated CTA”) on 12 October 2023. Accordingly, OT LLC officially provided the Notification of Environmental Incident on 18 October 2023 as required under clause 26.12 of the Amended and Restated CTA. OT LLC further prepared a Remedial Action Plan (RAP) and provided it to the Intercreditor Agent on 11 December 2023 pursuant to clause 26.22 of the Amended and Restated CTA.

As set out in clause 26.22(c) of the Amended and Restated CTA, OT LLC is obliged to provide updates on the ongoing implementation of any Remedial Action on a 3-month basis. The first, second and third Progress Report on Remedial Action Plan (“Progress Report”) submitted to the Senior Lenders and at the same time the report was uploaded into the public website.

This Progress Report (Q1, 2025) covers the actions that OT LLC implemented between 1st January and 31st March 2025. This Progress Report describes the progress and achievements made and provides supporting documentation as evidence.

II. General update

Monitoring result update

Monitoring results (OTMB16-79) shows water level and TDS changes on a daily basis demonstrating the seasonality. OTMB16-79 logger was frozen after February 8 data upload and it’s still frozen up to now. The latest TSF monitoring data report is attached to this report.

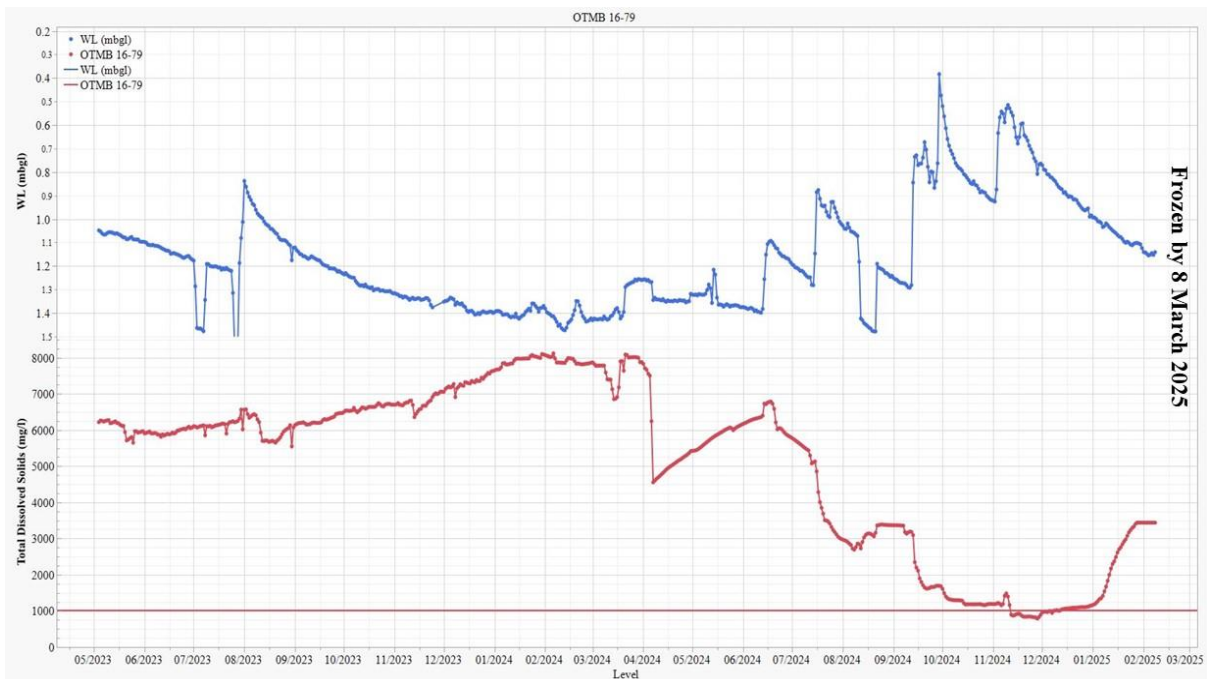


Figure 1: OTMB16-79 Daily water level and TDS change

Summary of ongoing actions

The remedial action plan consists of a total of 12 actions in three groups or specific areas namely: Tailings Design and Operations area, Environmental Monitoring and Studies, and Communication and Engagement. Out of total 12 actions, by the end of this reporting quarter, 6 actions are completed, and some initial outcomes are beginning to be observed. As of Q1 2025, all physical construction works have been completed including the radial trenches. The remaining actions are to evaluate the effectiveness of improved seepage collection systems and to further understand the hydrogeological dynamics of mounding effects of groundwater due to pressure from the tailings within and beyond the seepage collection system.

Major studies and investigation actions including toxicology study, isotopic data analyses (sources, signature), water treatment options, seepage migration pathways are underway which are a justification base for the OT LLC's management to make adequate decision for further actions.

Ecotoxicology study summary:

TSF seepage water quality, its migration and toxicological study is under review and feedback from RT experts, TSF hydrogeology team are going to be integrated into the report. IESC and Lenders recommendations and comments also taken into the consideration and reflected into the Final report of the study. Upon the reflecting the feedback into the final report, OT will submit the Ecotoxicology report to the Lenders before the next Audit in May 2025.

Below are the initial findings of the study:

- The current Environmental Monitoring Plan does not assess ecotoxicological impacts.
- Indirect exposure routes (e.g., soil → plants → animals/humans) should be evaluated by expanding soil and air monitoring or assessing metal bioavailability. Detecting these substances in seepage requires specific chemical analysis, though it won't fully capture environmental effects.
- Therefore, standardized ecotoxicity and genotoxicity tests are recommended, starting with existing sampling points. These tests are proposed but not included in the current study scope. Collaboration with Mongolian laboratories experienced in environmental biomonitoring is advised.
- The Stage 2 Hydro chemical Assessment of the Oyu Tolgoi TSF evaluated seepage behavior and contamination pathways using tracer analysis, geochemical modeling (PHREEQC), and historical data.

- Among 96 mixing scenarios, natural processes like evaporite dissolution and cation exchange were found to complicate the distinction between background and seepage impacts.
- Barge Pond water emerged as the main source of elevated TDS and tracers (notably at OTMB16-79), while TSF seepage showed limited impact on the alluvial aquifer. Contaminant plumes were localized, with no evidence of long-range migration.
- Recommendations include enhancing data quality, expanding monitoring, refining models, and adopting isotopic tracers to better identify sources and support long-term environmental protection.

Defining Isotopic signature using Trace Elements:

75 Isotopic samples were analyzed at the University of Western Australia. Lab results were analyzed with Internal resource at OT Environment team using the Principal Component Analyses and a linear mixing model based on geochemical and isotopic parameters to identify primary source contribution to OTMB16-79 bore.

As a result of the Isotopic data analysis:

- It is found out that out of total 44 parameters, following key signatures Cu, K, Na, Cl, Zn, $\delta^{34}\text{S}$ and $^{87}\text{Sr}/^{86}\text{Sr}$ can be used as determine the seepage source and process variations.
- In the framework of the data analysis, the samples were selected for isotopes, trace elements and rare earth elements to understand seepage risks associated with potential sources and spatial distribution across the site.
- Isotopic parameters played a critical role in differentiating geological influences (weathered bedrock vs TSF seepage) and TDS indicators (Na and Cl) highlighted the contribution on TSF seepage water and evaporative influences.
- Samples from cretaceous sediments, weathered bedrock, and alluvial sources have high $\delta^{34}\text{S}$ values are indicating primarily derived from evaporites.
- Higher Sr concentrations paired with lower D-excess values indicate that evaporation plays a dominant role in modifying water composition within the alluvial aquifer. This is consistent with water sources experiencing enrichment of Sr due to evaporative concentration.
- The relationship points to a consistent hydrological process within the alluvial bores, where Sr concentrations trace the movement of water through the system. This can help identify groundwater recharge zones and flow paths influenced by evaporative or meteoric inputs.

As per recommendations from the IESC and Lenders, Potential Isotopic signature is validated by Piteau as part of the 12-month dataset review of seepage pathway.

In addition, OT is looking for experienced reviewer within the Rio Tinto network who could validate these results.

Seepage Pathway review with 12month dataset:

Piteau Associates has just completed the 12month dataset review of the seepage. Please note that it is a draft version and will be fine-tuned with feedback from the IESC and Lenders. OT with support from Piteau will continue to deepen the understanding of potential seepage pathways.

Major updates on tailings design and construction actions:

Major civil works have been completed, including the cut-off dyke, pond relocation, pumphouse relocation, French drain trench, and the drilling and installation of additional water monitoring boreholes.

As previously reported, the cut-off dyke was placed 1000 meters to the north, dug to bedrock (8-10 meters deep), and filled with compacted clay. This will act as a strong barrier to prevent flow paths.

A deeper seepage collection pond has been established near the eastern embankment of TC1 to properly collect seepage. This pond is located at the lowest point on the eastern side of the embankment, and the OT tailings team must ensure that the seepage water level remains low, allowing the water to naturally flow back into the pond.

The pumphouse relocation project has been completed, and long-shaft pumps have been installed. These pumps will be used for continuous operation and will help maintain the seepage pond water at a lower level.

Only additional update of the Q1 2025 was the construction completion of the “Radial” trench earthwork which help collect back the saturated alluvium west of the cut-off Dyke. Design and plan view is in below.

Additional monitoring boreholes have been drilled and installed in the downstream area of the tailings embankment to improve monitoring. These boreholes are located at varying distances along the alluvial channel.



Figure 2: Radial drain trench design and plan view

Communications and engagement action:

TSF seepage is recorded as an environmental incident and the corrective action plan incorporates the suggestions, initiatives, and recommendations of the stakeholders. We are utilizing available channels to ensure transparency and openness of information.

It is important not only to provide information to TSF downstream herders but also to listen to the suggestions and recommendations of nearby herders. Therefore, we are visiting the herders' homes, engaging in conversations, and actively holding advisory meetings. It is more effective to inspect and present the implementation of corrective actions on-site.

Therefore, each season, we present to stakeholders the results of measurements from the concentrator plant, Tailings Dams 1 and 2, seepage water collection pumps, the design of the cutoff dam, planned rehabilitation activities, and monitoring wells inside and outside the fenced area. After each site visit, we organize an open Q&A session and discussion to reinforce participants' understanding.

Additionally, by presenting the progress of the plan's implementation at each quarterly meeting of the TPC, it creates an opportunity for this information to reach other herders and local authorities through the council representatives.

We attend bag meetings where herders gather in large numbers to deliver dam-related information, making it an effective way to reach all herders.

III. Action plan and progress information as of Q4 2024

OT LLC planned 12 actions in three groups:

- **Group 1: Tailings Design and Operations**

1. Investigation – Identify and define a reliable geochemical and conservative “signature” for seepage (Objective: Define a reliable geochemical and conservative “signature” for seepage besides TDS.)

Current Progress: Not completed yet.

We are partially agreeing with Lenders’ feedback on this action and followings are our preliminary conclusion on signature for the seepage:

- 3rd party validation is required Isotope analysis (Piteau).

2. Remedial – Pumphouse relocation work program - remove the approximate 0.1m diameter pipe connecting the membrane sump to the pumphouse and backfill alignment with compacted clay after cleaning high permeability material under supervision of experienced construction supervisor and other technical personnel. (Objective: Removal of the pipeline connecting the membrane sump to the pumphouse)

Current progress: Completed in March 2024. Removed the pipeline. Made remediation on old dyke in the section of pipeline. Please refer to Q2 2024 report.

3. Remedial – Pumphouse relocation work program - infill the membrane sump with compacted clayey material to remove this feature as a topographic low in the seepage collection area. Before backfilling the area, the soil geology will be inspected, and low permeability materials will be removed for compacted clay backfilling. (Objective: Completion of infill of the membrane sump with compacted clayey material)

Current progress: Completed in June 2024. Cleaned up old pump station pond area and backfilled, as part of the cut-off extension to the north the area has changed to cut-off. Please refer to Q3 2024 report.

4. Lack of holistic understanding of the hydrogeological regime and confidence in seepage mechanism/pathway (Objective: Investigation – Installation of alluvial/bedrock monitoring bore pairs between the Dike and the Dugat/Khaliv Surface Water Diversion to evaluate groundwater gradients and sulphate levels or other possible signatures of seepage upgradient and downgradient of the Dike)

Current progress: Piteau was produced draft report in the end of March 2024, on study for understanding holistic hydrogeology regime eastern side of TSF Cell 1, since that OT was collected number of samples and data, based on that lab testing and monitoring result Piteau updated the report. Draft version released.

5. Investigation – Evaluate opportunity to conduct tracer tests (Objective: As with the above the identification of the seepage migration pathway is the objective and could require the usage of tracer and/or isotope test work)

Current progress: OT will get Isotopic review validated by either by RT Isotope expert or a consultant.

One way to get validation is a submit a paper to peer reviewed scientific journal. the full article will be confirmed if it was accepted by peer review. If peer review is successful, OT would have the scientific third-party acceptance on the seepage signatures

Piteau consulting is currently working on the 12-month monitoring data review and isotope data.

6. Use the investigation activities to inform long-term management strategies which may include re-location of the pump station, extension of the Dike northwards, additional trenching and sumps within the Seepage Collection Area and upgrading of the existing Dike embankment in areas where effectiveness may be comprised (Objective: Remedial – Synthesize all investigation data to inform long-term mitigation strategy drilling data for geology update, Design and implementation of Dike extension and remediation, Design and implementation of Pump house relocation)

Current progress: Significant engineering controls and revamped management strategies have been undertaken. These include:

- Relocation of the pump house
- Pumping to maintain water levels behind Dyke to below 1135.5 m
- Installation of a “French drain” system to collect any shallow groundwater from downgradient if the existing
- Dyke to the current seepage collection pond.
- Extension of the cut-off dike approximately 1 km to the north. This is an extensive undertaking as depth to bedrock can extend up to 12.5 meters.
- Construction of 4 Radial trench at the east seepage collection to diverting west of the cut-off dyke alluvium water.

7. Reroute Dugat/Khaliv Surface Water Diversion to distance this environmental receptor from the TSF (Objective: Reconstruction of the Dugat/Khaliv Surface Water Diversion to prevent impact from the TSF)

Current progress: Not implemented yet however, diversion project is planned for construction project will start as part of the Mine Zone Expansion project in August 2025 as a noticeable subsidence started to occur in the MPZ area.

- **Group 2: Environmental Monitoring and Studies**

8. Investigation – Installation of an alluvial and weathered bedrock monitoring bore pair (Objective: Determination as to if shallow groundwater observed to the east in aerial photography is related to TSF seepage)

Current progress: Aerial imagery comparison 2012-2024 and soil sampling results are completed.

“OT has performed an investigation into an observed area of “browning” in aerial imagery just to the east of the TSF. A stand-alone study entitled “Soil salinity characterization study in the surrounding area of the Tailing Storage Facility at Oyu Tolgoi” was produced by the OT Environment team. In summary soil sampling shows elevated salts in the area (Cl, Mg and Na), but no differences in metal concentrations. Such results could be attributed to evapotranspiration so do not provide much additional insight”.

9. Investigation- Dugat-Khaliv catchment Water Resources Impact Assessment (Objective: Preparation of Piteau Associates Report: Dugat-Khaliv catchment Water Resources Impact Assessment)

Current progress: Dugat-Khaliv catchment Water Resources Impact Assessment is completed.

Impact Assessment report translation editing will be completed by March 31, 2025. Upon the translation, the impact assessment will be publicly available and will be uploaded on the ot.mn website.

Due to surface movements and crack have been observed quicker than expected on the subsidence zone, Dugat diversion is required to be completed in 2025

10. Investigation-Study on TSF seepage water quality, migration extends and toxicological study (Objective: Understanding the toxicology of TSF seepage to the environment)

Current progress: Study on TSF seepage water quality migration and toxicology review is done and feedback comments are received from all stakeholders including IESC and RT experts. Final report will be shared with Lenders before the next Desktop Audit in May 2025.

11. Remedial – Develop and implement strategy of recharging low TDS water to the alluvial system to ensure no net impact. Likely strategy to involve treatment of elevated salinity water Reverse Osmosis (RO) and recharge of treated water back to alluvial system (Objective: Remediate the high TDS seepage water)

Current progress: The study of toxicology (Action 10) will cover treatment of the seepage water and its specifications.

However, OT fully agrees with IESC that the water treatment system concept is premature to come to conclusion to water treatment.

The treatment sections of the report will be separate document to be used only internal purposes in future when needed.

- **Group 3: Communications & Engagements**

12. Consultation- Develop and implement a stakeholder engagement plan for communicating environmental incidents stakeholder engagement plan for communicating environmental incident. Target stakeholders for engagements planned are: Herders' communities, Aimag governor, Soum governor, TPC, Local NGOs (Goviin gazar shoroo, OT Watch, Munkh Nagoon Galba, Accountability Council etc.,)

(Objective: Revised and Integrated Communications and Stakeholder Engagement Plan to include the Environmental Incident. Records of discussion of the Environmental Incident with stakeholders and the TPC)

Current progress: Information related to TSF was introduced through distribution materials during the meetings of the 4 baghs of Khanbogd soum. These introduction sheets were distributed to 250 citizens who attended the baghs meetings. Additionally, visits were made to five herders' households to present information on seepage water distribution and the Q4 2024 report.

Following a citizen's complaint that seepage water from the dam had affected the drinking water in Javkhant bag center, located 23 km away from the dam, meetings were held with local herders to assess the situation. A water sample from the well was sent to the laboratory of the Institute of Chemistry and Chemical Technology at the Mongolian Academy of Sciences for general chemical and microelement analysis. The results concluded that the water was not contaminated with organic pollutants. These laboratory findings were presented to the herders.

On March 27th, a site visit was organized at the mine to present the implementation of the seepage corrective action plan to representatives from the Governor's Office, the Tripartite Council, the Gobi Soil NGO, the Munkh Nagoon Galba NGO, and local herders residing downstream and nearby. A total of 18 representatives participated in the visit.

Key areas of interest regarding the implementation of corrective actions included the measurement results of borehole OTMB16-79, the rehabilitation of Dam 1, the toxicity assessment report of chemical substances, the design of the containment dam, the planned locations of future dams, and studies on utilizing alternative water sources.

To ensure transparency of information, we are using the Public Newspaper, the continuation of the TDB cartoon, the Evergreen Galba website (www.Galba.mn) to provide information to many users, including monitoring results, annual reports, Q&A, RAP quarter reports (www.ot.mn), one-page, and Information Internal links.

IV. Schedule for next update of the RAP

As set out in clause 26.22(c) of the Amended and Restated CTA, OT LLC will provide updates on the ongoing implementation of any Remedial Action in a format of Progress Report on a 3-month basis. Thus, OT will submit the next Progress Report on June 30, 2025.