



YEAR IN REVIEW 2023







2023 highlights

2023 has been a year of achievements despite numerous challenges. The commencement of underground production in March was a major milestone in transitioning from a surface operation and underground project to an integrated copper mining business. We convey our sincere gratitude to the many people that contributed over multiple decades to this accomplishment.

“ **Strong performance from our open pit and underground mines exceeded targets.** ”

Underground development is on track to support the ramp up to full production. Development is ahead of schedule with 86 drawbells constructed in Panel 0, reaching a 70% completion rate for panel development. In 2023, 9% of processed ore was extracted from the underground mine, which we aim to increase to 17% in 2024.

Due to strong performance from our open pit and underground mines, we exceeded our business targets. In 2023, Oyu Tolgoi's concentrator processed 39.3 million tonnes of ore against a target of 39.1 million. We also surpassed our concentrate production target, reaching 795.7 thousand tonnes. This resulted in higher than expected copper (168 thousand tonnes vs. 160 thousand tonnes) and gold production (177 thousand ounces vs. 154 thousand ounces).

Sales revenue for 2023 was US\$1.6 billion, representing 118% of planned performance. This increase was mainly due to higher copper and gold prices, as well as increased concentrate sales in 2023.

Just as importantly, we maintained our safety performance. Our operation continued to progress on its safety maturity journey and we have a well defined plan to further ensure sustained performance. We recorded zero fatalities and ended the year with an AIFR of 0.20. Progress has also been achieved in improving workforce inclusivity, diversity, and



Prime Minister of Mongolia L.Oyun-Erdene and Rio Tinto Chief Executive Jakob Stausholm celebrate the commencement of underground production on 13 March

equality. As of 2023, 23% of our employees are female. We also made headway in our Everyday Respect efforts.

Despite measurable progress, we recognize that there is still much to do. In this spirit, several initiatives and programmes were launched in 2023 to improve our workplace to become one where everyone is safe and their dignity is honoured regardless of gender, position race, or ethnicity. We continued to maintain and improve our national and expat workforce ratio commitment of 90:10. As of year end, 97.2% of our workforce is proudly Mongolian.

In line with our commitment to support the personal and professional development of our people, over 800,000 hours of employee training have been completed. We are also honoured to have been recognised as the “Most Pleasant Place to Work” by the Mongolia Talent Network.

“ **I am proud to celebrate this major milestone with our partner Rio Tinto as we look towards Mongolia becoming one of the world's key copper producers.** ”

L.Oyun-Erdene, Prime Minister of Mongolia

“ **We are starting underground production 1.3 kilometres beneath the Gobi desert. The copper produced in this truly world class, high technology mine will help deliver the electrification needed for a net zero future.** ”

Jakob Stausholm, Chief Executive, Rio Tinto



Forging strong and lasting partnerships with local communities is an indispensable part of our commitment to creating prosperity together. In the past year, Oyu Tolgoi financed US\$8.2 million for 80 projects aimed at supporting local sustainable development through the Gobi Oyu Development Support Fund and the Oyu Tolgoi Catalyst Fund for Khanbogd.

2023 was a remarkable year hailing the beginning of a five-year funding programme to support the long-term, sustainable development of Khanbogd Soum through the Oyu Tolgoi Catalyst Fund for Khanbogd Development. Several meaningful projects aimed at developing the centre of Khanbogd into a safe, healthy and citizen-friendly town have kicked off.

As with every year, our commitment to protecting and preserving the environment remained unchanged. In 2023, we continued to excel in our water usage and recycling rates. Our water recycling rate reached 85.7%, where Oyu Tolgoi used an average of 0.39 cubic metres of water per tonne of ore processed, a significantly better result than the global average of 1.2 cubic metres per tonne.

As of 2023, 61% of total waste generated was recyclable waste. We also collaborated with 17 national recycling companies.

Oyu Tolgoi also undertook technical rehabilitation work on 400.4ha of disrupted, abandoned land caused by irresponsible artisanal mining in the Yalbag Valley of Selenge province. Furthermore, we completed biological rehabilitation on 45.45ha, and additional improvements have been carried out on 51.76ha where biological rehabilitation was previously undertaken. Additionally, technical rehabilitation covering 64.34ha in the Oyu Tolgoi-Gashuun Sukhait road borrow pits and the Gunii Hooloi area has been completed.

As part of our commitment to support the Billion Tree Movement, we established two tree nurseries in Khanbogd and Tsogt-Ovoo soum, with a capacity to grow 250,000 and 500,000 saplings per year respectively. In addition, a total of 58,503 saplings were distributed among 3,067 Oyu Tolgoi and partner company employees.



Key milestones and highlights

2023

2024



БЭЛЭН Бай

19 February

Fully equipped geotechnical laboratory donated to the Mongolian University of Science and Technology.

17 March

Be Ready, a nationwide campaign on earthquake awareness launched in partnership with the National Emergency Management Agency (NEMA).

20 June

Oyu Tolgoi's Board of Directors approves refreshed corporate strategy.



9-14 July

Rio Tinto's Board of Directors and Executive Committee participate at the Mongolian Economic Forum.

5 October

Oyu Tolgoi recognised as "Best Investor in Education" by the Ministry of Education and Science.

24 November

MoU signed with Ministry of Environment and Tourism to rehabilitate 187ha of land disturbed by artisanal mining.



15 March

Oyu Tolgoi's Concentrator Plant celebrates 10 years of continuous operation.

18 May

Oyu Tolgoi, recognized as MNCCI's "Top Entrepreneur" for the first time.



21 October

MoU signed with NEMA to partner on strengthening resiliency and capacity building.

24 November

Oyu Tolgoi's Environment Team celebrates 20 years of environmental stewardship.

27 July

Employee Retirement Savings Fund launched to ensure long-term financial security of our people.

9-13 July

International investor and financial community visits Mongolia.

10 February

Ministry of Environment and Tourism (MET) signs MoU to partner on Oyu Tolgoi's Hundred Million Tree Programme.

13 March

Oyu Tolgoi becomes an integrated mine as underground production commences.



While the generous support of our shareholders was crucial in attaining this momentous feat, it would not have been realized without the tremendous effort from our skilled and hardworking Oyu Tolgoi family.

Greetings from the Chairman

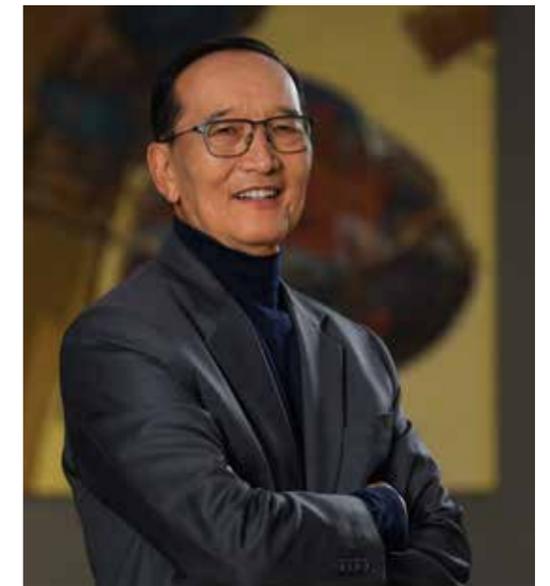
Ambassador Batsukh Galsan

2023 was a truly remarkable year for Oyu Tolgoi, not only as a business but also as a community with the shared aim and aspiration to create prosperity for our local communities, region, and the nation. Together we have been able to deliver strong performances, safely and sustainably, while achieving significant progress towards our environmental, social as well as governance commitments, targets, and goals.

We commenced production from our underground mine, putting us on a firm path to ultimately become one of the world's most important copper producers. In addition to achieving this historic milestone, Oyu Tolgoi has not only been able to deliver on its annual plan, it has also exceeded production targets despite headwinds challenging our progress. While the generous support of our shareholders was crucial in attaining this momentous feat, it would not have been realized without the tremendous effort from our skilled and hardworking Oyu Tolgoi family. The partnerships we have forged with local communities as well as our hundreds of suppliers have played an invaluable part in our transition to a fully integrated copper business.

I would like to express my heartfelt gratitude to everyone for their critical role in this historic accomplishment.

As we look forward to our next great milestone - achieving full production to become the fourth largest copper mine in the world - the Board is excited and equally passionate about further strengthening our relationships with our shareholders, costumers, local



communities, and our many other partners along the way.

To further ensure that Oyu Tolgoi's growth in the years ahead brings the biggest positive impact to our nation, the Board approved Oyu Tolgoi's refreshed long-term business strategy in June 2023. This impressive strategic document is the product based on feedback from close to 300 of our employees and contractors, and is anchored by those we hold dear - our people.

In 2023, we also had the incredible opportunity and pleasure to welcome to Mongolia Rio Tinto's Board of Directors, Executive Committee, investors, and representatives from the international financial community, as well as our valued customers.

We have had some changes to the Board over the past year. Bagabandi Natsag stepped down as a Board Member in April. We would like to express our sincere gratitude to him for his outstanding service and contribution. Subsequently, we welcomed Tana Jambaldorj to the Board in April 2023.

The year ahead will undoubtedly be one of risks and opportunities as we progress towards ramping up our production. But I am confident, as we look ahead, that we will carry forward the momentum we were able to create in 2023.

Ambassador Batsukh Galsan
Chairman of the Board of Directors



Greetings from the CEO

Deirdré Lingenfelder



The transition into a fully integrated copper business in 2023 marks a pivotal moment for Oyu Tolgoi.

2023 was an extraordinary year for Oyu Tolgoi. Our pivotal milestone was undoubtedly the commencement of underground production in March. This is especially important for Oyu Tolgoi as it marks the transition from a surface mine and project to a fully integrated copper business. This achievement is the culmination of years of commitment from our shareholders, support from our stakeholders, partnership with our suppliers, and most importantly, the hard work of our dedicated workforce. My team and I would like to express our sincere gratitude to everyone for making such impressive feats possible. Our focus is on now safely and sustainably ramping up the underground operation.

Another highlight was the launch of our long-term strategy: *Creating Prosperity. Together.* The refreshed strategy reflects our aspirations and objectives aimed at bringing greater value, positive impact and prosperity to local communities, the region and the nation. Our strategy provides the foundation for a balanced view of our people, partnership, planet and profit priorities, aspirations, goals, and ambitions.

In 2023, we were able to maintain our excellence in safety performance despite ramping up underground operations, which present an increased risk profile. We also continued to improve our workplace performance in terms of diversity, inclusion, and equality with significant results and positive feedback from our people. But we also recognise there is more work to be done. Our many scholarship and internship programmes, as well as other successful partnerships continue to support young Mongolians to shape their futures and fulfill their aspirations. Within the framework of partnerships, we continued throughout the year to cooperate with national and local NGOs to bring greater positive impact.

Since 2020, we have partnered with several NGOs on *Gerelt* to provide material support to safeguard the psychological and reproductive well-being of young adults in Ger district schools around Ulaanbaatar. The project has fully furnished psychological counselling and training rooms in 13 schools and provided counselling to 33,000 individuals. In 2023, we have extended the project to four more schools.

Environmental stewardship remains a key focal area for Oyu Tolgoi. Recognizing the importance of preserving and protecting the ecosystem in which we operate, we place constant and meticulous attention on minimising our impact. In the past year,

we continued to be one of the most water efficient operations in the business. We also made notable progress in terms of waste management as well as preserving biodiversity. I would like to note that our commitment extends beyond the gates of our mine site. Last year, we completed technical rehabilitation in the Yalbag Valley, recovering more than 400 hectares of land disturbed by artisanal mining in Selenge. In 2024, our dedication to environmental stewardship will continue with rehabilitation of 187 ha of land damaged by illegal mining, along the Shariin Gol area in Darkhan-Uul.

We are cognisant of the need and expectation to improve on certain challenges we have been facing. Forging trusting and honest partnerships are a core tenet of our operation. In this spirit, we have been open and transparent about the seepage of our Tailings Storage Facility since its identification. We have been in regular engagement with relevant stakeholders and have in place a comprehensive Remedial Action Plan to mitigate any potential adverse effects.

Running a profitable business enables us to deliver on our promises. In 2023, we exceeded our mine and financial plans. Several factors contributed to our success, including an increase of underground ore, higher grade, and higher metal recovery rates, which resulted in increased copper production. As a result, we concluded the year with copper sales 9% above plan. Our strong operational performance in 2023 will further create positive momentum for us as we gear towards a gradual increase, targeting an average mined copper production of approximately 500ktpa between 2028 and 2036.

Looking ahead, we will continue to strive to deliver against our plan and meet the expectations of our shareholders, partners, and stakeholders.

Thank you for your continued support.

Deirdré Lingenfelder
Chief Executive Officer



Senior Leadership Team

DEIRDRE LINGENFELDER
Chief Executive Officer



JACQUES VAN TONDER
Chief Development Officer
(-2023)



ANDREW LYE
Operations Director
(2024-)



DULAMSUREN BEGZJAV
Chief Financial Officer



TSERENKHUU TSEREVSUREN
Head Corporate Affairs &
Company Secretary



ANDREW WILSON
Operations Director (-2024)



AMARBAYASGALAN DASHNYAM
Chief Counsel



MELISSA SHANJENGANGE
General Manager,
People and Organisation



ROGER McNEILL
General Manager,
Procurement (-2023)



HIKMET GAYIBOV
General Manager,
Procurement (2024-)



CLAIRE ALIDENES
General Manager,
Strategy and Integration



DAMIAN ROGERS
Project Director



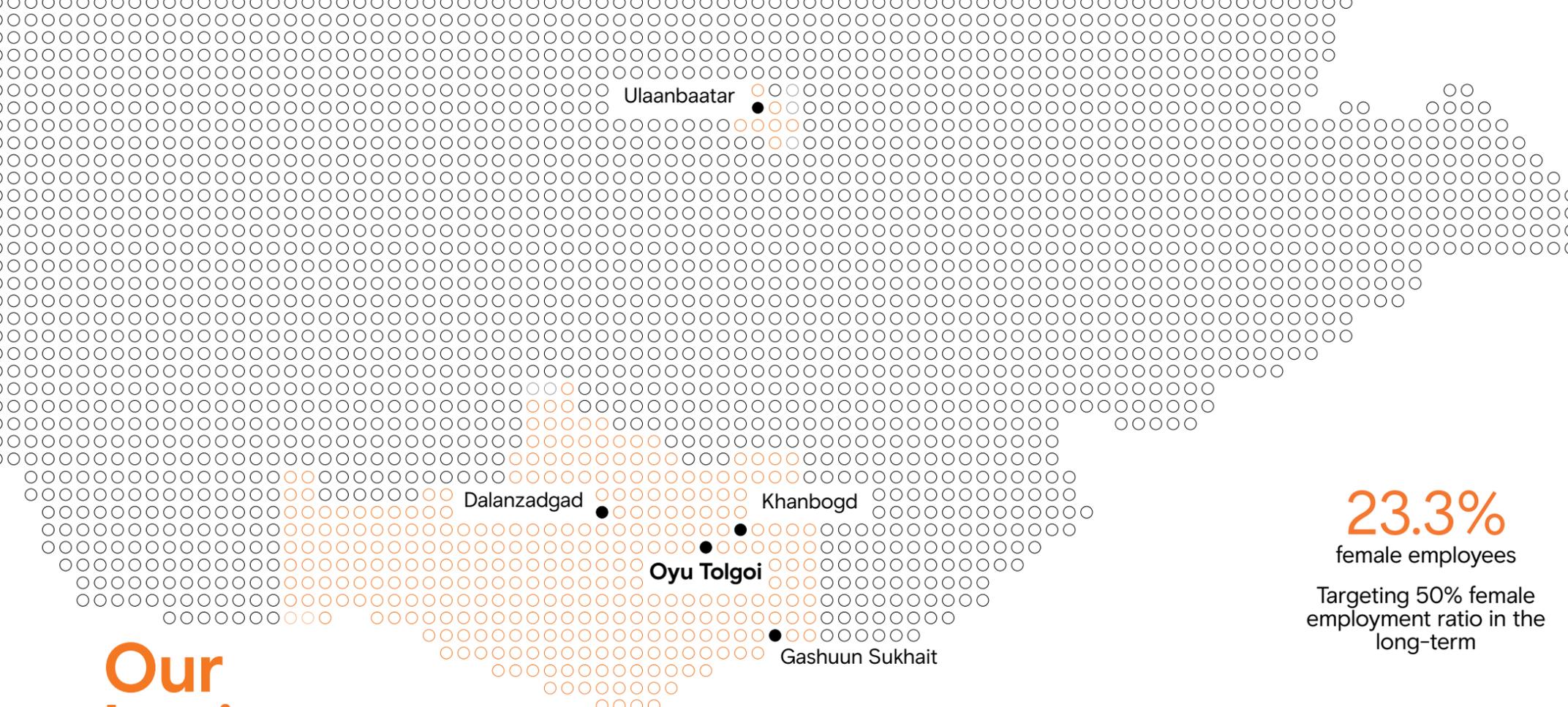
LKHAGVA ERDENE
General Manager,
External Affairs and
Communications



PHILIP ABRAHAM
General Manager,
Health, Safety, Environment
and Security



BAIGALMAA PUREVSUREN
Senior Manager
Business Transformation
(2024-)



Our business

A world class mine in the Gobi

Oyu Tolgoi is a world-class mine in Umnugovi, the southernmost province of Mongolia. It holds one of the largest undeveloped high grade copper deposits in the world. The deposit was discovered in 2001.

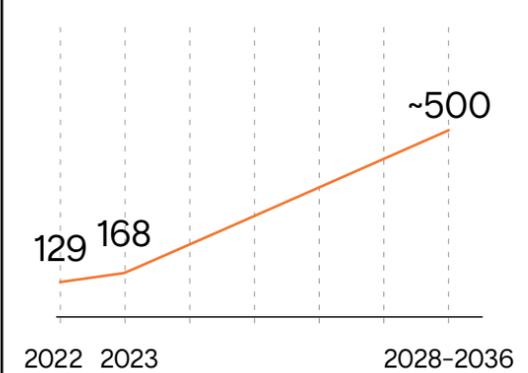
Oyu Tolgoi LLC is a partnership between Rio Tinto (66%) and Erdenes Oyu Tolgoi LLC (34%). Erdenes Oyu Tolgoi is wholly owned by the Government of Mongolia. Since 2010, Rio Tinto has provided strategic and operational management services to Oyu Tolgoi.

The Oyu Tolgoi mine site is approximately 550 kilometres south of Ulaanbaatar and 80 kilometres north of Mongolia's border with China.

Copper metal production will increase by **40%** in 2024

2X Underground material to be moved in 2024

Projected copper production ('000 tonnes, projection)



3x annual copper production by 2028-2036

23.3% female employees
Targeting 50% female employment ratio in the long-term

89.2% of operations procurement is spent in Mongolia

US\$27 million in social investment

50% reduction in injuries over the past decade



Oyu Tolgoi is led by a leadership team of experts in all aspects of the mining business, who drive the business's strategic agenda. Oyu Tolgoi's Board of Directors, made up of representatives of all shareholders, plays an oversight and decision-making role in support of the company's strategic direction.

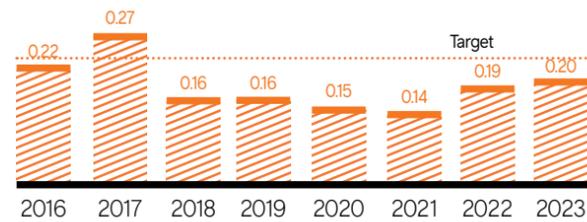
At the end of December 2023, 97% of Oyu Tolgoi's workforce was Mongolian, of which 23% were from the Umnugovi community.

Oyu Tolgoi is governed by a code of business conduct, called *The Way We Work*. It sets out the principles that guide the behavior of everyone at Oyu Tolgoi and the decisions the business makes. It includes standards on environmental protection, sustainable development, avoiding corruption, and the rights and responsibilities of our workforce.

Oyu Tolgoi operates an open pit and underground mine, where underground production commenced in March 2023. The mine site also consists of a concentrator and support infrastructure to process 100 thousand tonnes of ore per day. Oyu Tolgoi sells its copper concentrate to international customers through a combination of long-term and spot contracts. Upon reaching full production capacity, Oyu Tolgoi will be a globally competitive, low-cost operation, and one of the world's leading copper producers.

All Injury Frequency Rate (AIFR)

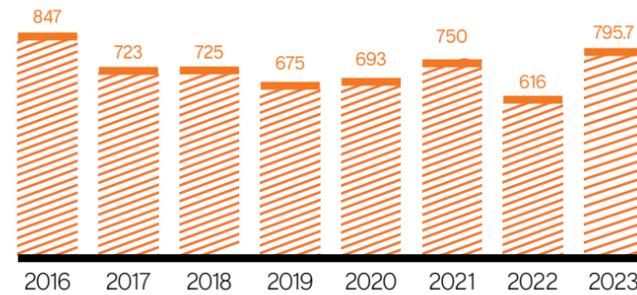
(Per 200,000 hours worked)



At the end of 2023, the All Injury Frequency Rate (AIFR) was 0.20 per 200,000 people hours worked, which makes Oyu Tolgoi one of the safest performers across the Rio Tinto Group.

Concentrate Produced

(Dry Metric Tonnes, 000's)



Our full year concentrate production was 795.7 kdmmt

Concentrate Sales

(Dry Metric Tonnes, 000's)

823

metal content of 166 thousand tonnes (kt) copper (2022: 132kt); 175 thousand ounces (koz) gold (2022: 207koz); and 1,008 thousand ounces (koz) silver (2022: 836koz) was sold in 2023.

Sustaining capital expenditure

(US\$ million)

150

sustaining capital expenditure was slightly less than the US\$152 million spent in 2022.

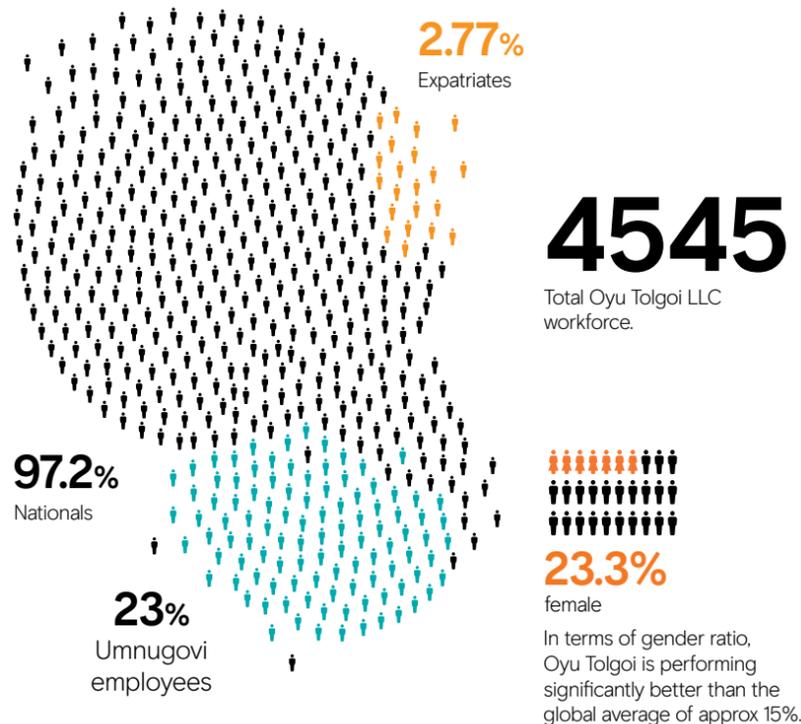
The year at a glance

Performance highlights in 2023

We achieved strong performance in 2023, making notable progress towards delivering expectations despite significant headwinds including operational, supply chain and equipment availability challenges.

The commencement of underground production was a breakthrough milestone in transitioning to a fully integrated mining business.

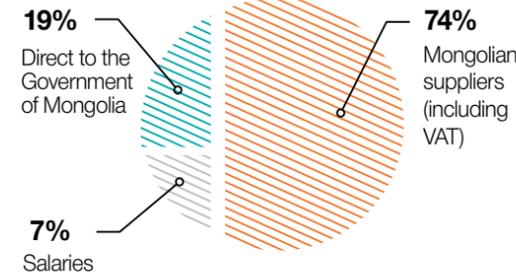
The positive momentum created by exceeding our annual plan and sales targets will further support us to deliver on our commitments in 2024 and beyond.



Total in-country spend

(2010 - 2023)

US\$16.8 billion



Since 2010, Oyu Tolgoi has spent US\$16.8 billion in the form of salaries, payments to Mongolian suppliers, taxes, and other payments to the Government of Mongolia.



100 million tree programme

Established two tree nurseries in Khanbogd and Tsogt-Ovoo soums, with capacity to grow 250,000 and 500,000 saplings per year respectively.

Protective fencing of 70ha and reforestation of 38ha of degraded forest in Bogd Khan mountain.

Technical rehabilitation carried out on 400.4ha of disrupted, abandoned land caused by artisanal mining in Yalbag Valley of Selenge province.

58,503 tree saplings distributed among 3,067 employees.

15,000 trees and saplings planted on 17ha land in Khanbogd soum.

In country procurement spend

(2010 - 2023)

Cumulative US\$ **11.2 Billion**

Oyu Tolgoi's operations procurement team collaborated with 969 suppliers at the end of 2023, of which 700 are national businesses representing 89.2% of total operations procurement spend. Since 2010, Oyu Tolgoi has spent US\$11.2 billion on in-country procurement spend.

Collaborated with

969 suppliers in 2023.

Umnugovi procurement spend

(US\$ million)

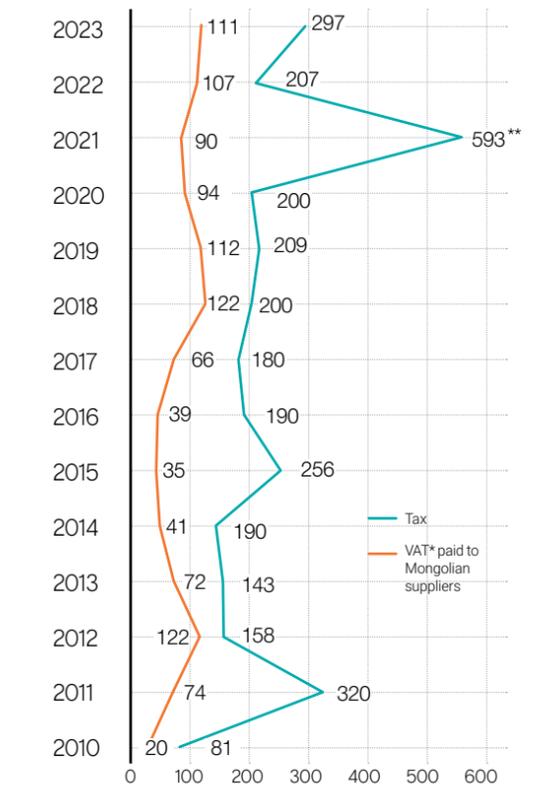
2010-2023

1,421 / **272** 2023

As at the end of 2023, 104 Umnugovi suppliers provided goods and services of US\$272.4 million to Oyu Tolgoi. Since 2010, Oyu Tolgoi has spent US\$1.421 billion on procurement from Umnugovi province.

Taxes, fees and other payments

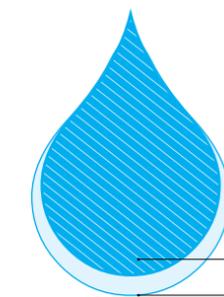
(2010 - 2023, in US\$ millions)



Since 2010, Oyu Tolgoi has paid 4.3 billion in taxes, fees, and other payments, including VAT* paid to Mongolian suppliers. In 2023, Oyu Tolgoi paid US\$408 million in the form of taxes, fees, and other payments to the Government of Mongolia

* OT does not reclaim VAT.
** Includes payment of the disputed tax of US\$356 million, which is pending the international arbitration decision.

WATER RECYCLING RATE (%)



85.7%

At the end of 2023, we exceeded our water recycling target of 80%, reaching 85.7%.

WATER USAGE PAYMENT

(2013-2023)

In 2023, US\$66 million was paid for water usage to relevant government authorities.

US\$66 million

Our refreshed strategy

The world is currently undergoing a fundamental shift. Emerging technologies unlock new possibilities, enable us to go beyond what we thought was impossible just a few years back. And challenges like climate change make it necessary to rethink and improve the way we work. Mining is not only being affected, but also spearheading this change for the better. A vehicle of this change is copper. Copper in the coming years will be a key driver in pushing technologies further, playing a significant role towards a better world. Copper demand is expected to double to about 50 million tonnes annually by 2035 as the world transitions to cleaner energy. Forecasts also project that demand will likely outstrip supply in the not-too-distant future.

Creating Prosperity. Together.

Oyu Tolgoi's competitive advantages: our incredibly talented, proud, and dedicated workforce, impressive ore bodies, and the partnerships we have forged through the years, make us well positioned to play a substantial role, not only in the nation's prosperity but also by contributing to global aspirations.

Oyu Tolgoi is entering an exciting phase of a short history but long-term future. We have an incredible growth trajectory in front of us as underground production ramps up. But to achieve the biggest positive impact for our stakeholders, as well as manage risks today and into the future, requires well-thought-out long-term planning. To this end, the Oyu Tolgoi Board approved a major strategy refresh that builds on our competitive advantages, reinforcing our priorities and aspirations and aligning them with global trends.

Creating Prosperity. Together. - the name of our refreshed strategy - perfectly encapsulates what we plan and aspire to achieve by 2030 and beyond. It sums up our aspirations and captures the voices of our stakeholders. It also aligns with our shareholder strategies, including the Government's "Vision 2050" and shorter-term "New Recovery" policies, as well as Rio Tinto's purpose and objectives. Our strategy considers future scenarios, influenced by global megatrends such as sustainability and climate change, the changing world order, technology and digitisation.

As a business grounded in the fundamental values of Care, Courage, and Curiosity, we identified four strategic pillars:

- People: Being a workplace of choice.
- Partnership: Partnering for prosperity.
- Planet: Caring for the environment.
- and Profit: Delivering sustainable value.



People



Partnership



Planet



Profit

BEING A WORKPLACE OF CHOICE BY:

- Ensuring a safe, healthy, inclusive, and diverse workplace and culture.
- Attracting, retaining, and motivating people by creating a place where multiple generations are proud to work.
- Developing globally recognised highly skilled people.

PARTNERING FOR PROSPERITY BY:

- Nurturing and creating trusting relationship with our shareholders and stakeholders.
- Aligning with our stakeholders on mutually beneficial goals.
- Leveraging our business partners to accelerate the diversification and development of the local and national economy.
- Partnering to promote sustainable development in the areas we operate.

CARING FOR THE ENVIRONMENT BY:

- Finding ways to decarbonise our business as part of the planet's decarbonisation journey.
- Protecting and enhancing biodiversity
- Finding better ways to mitigate the impact of our operations on land, water and air quality.
- Partnering to support national water security.
- Developing the business to minimise the impacts of future closure.

DELIVERING SUSTAINABLE VALUE BY:

- Creating a long-term, world-leading copper business.
- Delivering the best value case by optimising our strategic plan and investing in ore body knowledge.
- Being the best operator by being integrated, innovative and agile; leveraging technology and continuously learning.
- Improving the resiliency and stability of our supply chain, including power supply and delivering a premium product to a diverse customer base.

OUR VALUES



Care - We act with care by prioritising the physical and emotional safety and well-being of those around us. We respect others, build trusting relationships, and consider the impact of our actions. We look for ways to contribute to a better future for our employees, communities, and the planet.



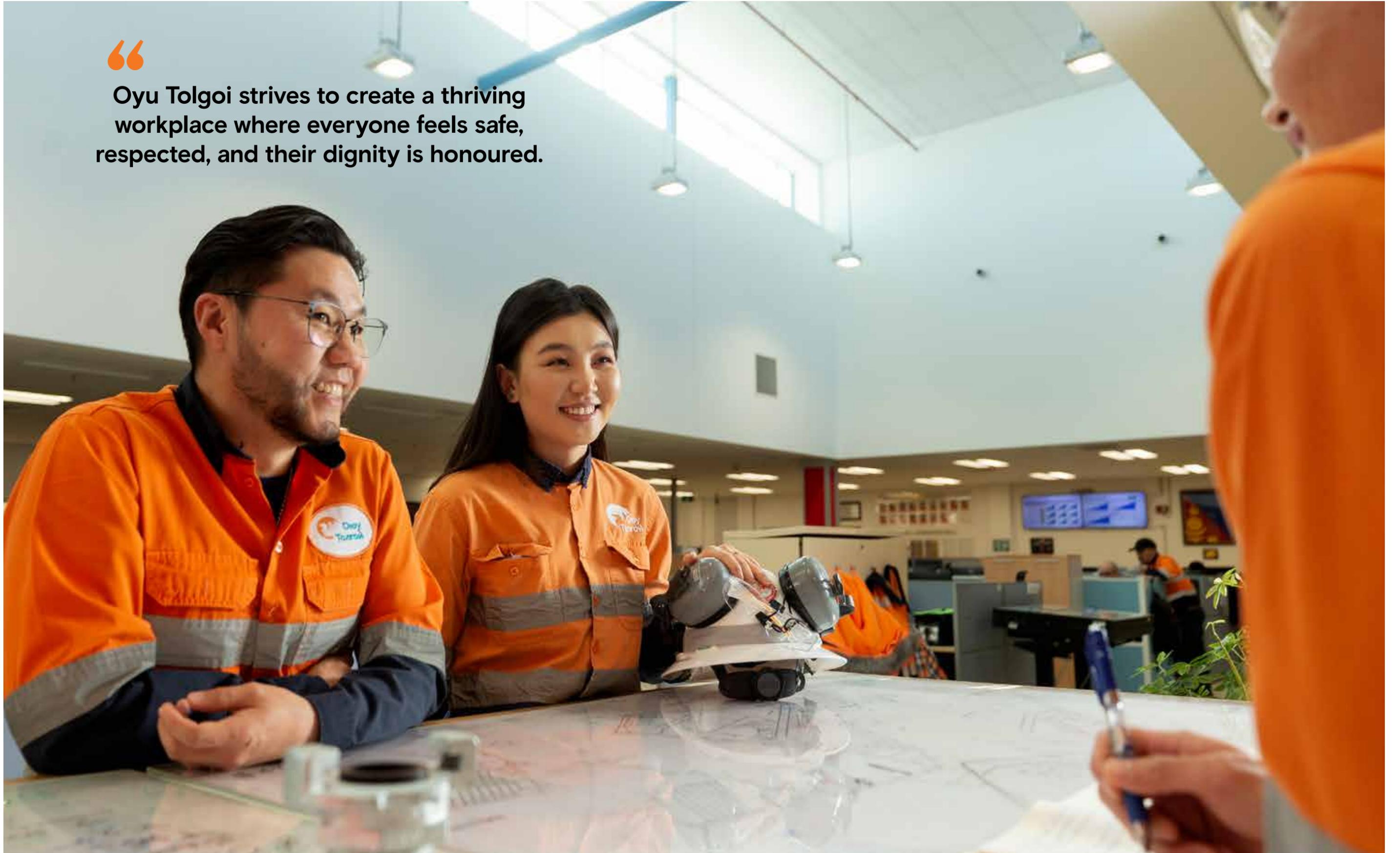
Courage - We act with courage by showing integrity, speaking up when something is not right and taking decisive action when needed. We are not afraid to try new things. We respond positively in difficult situations and demonstrate commitment to achieving shared goals.



Curiosity - We act with curiosity by inviting diverse ideas and collaborating to achieve more together than can be done alone. We are continuously learning, creatively looking for better and safer ways of doing things. We draw inspiration from others and the world around us.

“

Oyu Tolgoi strives to create a thriving workplace where everyone feels safe, respected, and their dignity is honoured.





People

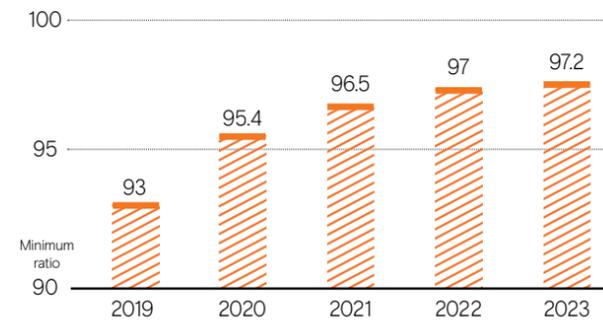
BEING A WORKPLACE OF CHOICE

Our people are at the heart of our business. Our incredibly talented and dedicated people, and their proud culture will be a key driver for us in becoming the fourth largest copper producer in the world. Everyday, more than 20 thousand men and women, including Oyu Tolgoi employees and contractors, strive to deliver on our aspirations. Currently 23% of our workforce is employed locally. Our increasing national employee ratio, standing at 97.2% at the end of 2023 showcases how our skilled Mongolian workforce is building an incredibly complex world-class copper business with the aid of state-of-the-art mining technology.

Ensuring a safe workplace and fostering a culture to improve health and wellbeing.

Creating a safe place to work is key. Our people are constantly encouraged, irrespective of where they are based, to take the time to focus on safety. In addition, our comprehensive risk management programmes further help us minimize risk. In 2023, leaders across site conducted 235,956 Critical Control Verifications and around 1,145 major hazard Critical Control Verifications with the aim of minimising exposure to fatality risks. Also, for the first time, 18 contracting partners participated in our safety and maturity assessment.

National Employee Ratio



Thanks to our strong safety culture, we continue to be one of the safest mining operations across Rio Tinto. In the past decade, we have been able to halve our All Injury Frequency Rate (AIFR), down to 0.20 in 2023. An assessment by Rio Tinto against its safety maturity model demonstrated continual maturing of leadership and safety practices. This is a remarkable achievement from both frontline leaders and employees given a significant increase in new employees joining operational roles in the past two years.

Safety improvement initiatives including, 'Stop and Seek' as well as 'Leadership in the Field' are playing critical roles in not only minimizing injury related risks but also further solidifying our safety culture across the company.

Caring for the general physical and mental health and well-being of our employees is also of prime importance. During the year, we launched several health risk awareness campaigns and preventative programmes including an awareness initiative to prevent hearing loss and lung diseases. We also launched preventative wellbeing initiatives, including blood pressure monitoring and blood sugar tests, reaching more than 12 thousand employees and contractors. Leaders and teams have paid close attention to our employees' needs and wishes that concern improving overall working and living conditions at site. In this light, we added new lighting equipment at our soccer field, and new cardio equipment at our *Manlai* gym to promote health and fitness at site.

Furthermore, we completed a three-year analysis of occupational hygiene data to validate workplace hygiene exposure sources and ensure effective controls.



Comprehensive risk management programmes help us minimize risk.

50%
reduction in injuries over the past decade



Every voice is invaluable. Employee feedback helps us create a better, thriving, and safer workplace.

Melissa Shanjengange,
General Manager, People & Organization

Creating and maintaining an inclusive, diverse, and engaging workplace culture.

Safety and wellbeing are not only about preventing and minimizing injuries and illnesses. People thrive when they are cared for, treated with respect, and feel included. Oyu Tolgoi aspires to be a workplace that is inclusive, where everyone feels safe and their dignity is honored regardless of gender, position, race or ethnicity. In 2023, we improved our representation of women by 1.3% reaching 23.3%, a percentage significantly higher than the global average of 15%. Hundreds of women work at our underground mine as miners, operators, electricians, and frontline leaders.

42% ▲
of female employees are at senior management positions

47 ▲
employees with disability

180 ▲
+67% myVoice reports

The number of employees with a disability has also increased to 47 from 28 the year before. As part of our commitment to diversity and inclusion, as well as our dedication to support employment opportunities for people with a disability, we strive in the near term to have people with disabilities make up 1% of our company's workforce.





The notion of inclusivity, diversity, and equality in mining for women and men has certainly progressed since I joined the sector. New regulatory reforms now allow women to work in positions that were not possible previously. I am so happy to see that hundreds of women work at Oyu Tolgoi's underground mine as miners, operators, and electricians. To date, 23% of our workforce is female. And our recently refreshed corporate strategy aims to increase this ratio to 30% in the next ten years.

*Deirdré Lingenfelder
Chief Executive Officer*

Despite achieving above average outcomes to date, there are still areas that need improvement. As with any large organization, we are not impervious to shortcomings. In 2022, several alarming and unacceptable workplace behaviors were exposed at Oyu Tolgoi as part of Rio Tinto's efforts to identify workplace challenges such as bullying, sexual harassment, racism, and other forms of discrimination. Titled *Everyday Respect*, the comprehensive report revealed the immediate need to act against issues that violate our values. Furthermore, Oyu Tolgoi as an employer, aspires to be a workplace where our people can speak up against issues that violate our code of conduct. Creating a safe space where people can make their voices and concerns heard is central to rooting out unacceptable behaviors at work. We strive to create a workplace that is safe from harmful behaviors including bullying, harassment and discrimination. As a starting point, we established a taskforce to identify specific areas for improvement and are already progressing positively on taking necessary steps.

In 2023, all leaders and 93% of company employees completed *Everyday Respect* training designed to change workplace culture for the better. Our contractor partners are also on board. So far, 7,500 contractors have leaders have completed the course. This training will continue in 2024 along with additional training such as Employee Respect contractor listening sessions. We have also set up a *Care Hub* to provide counsel and support to those who have experienced unacceptable

Oyu Tolgoi was recognized as the "the Most Pleasant Workplace in the mining sector" by the Mongolian Talent Network

behavior. As a result, we saw an increase of 67% in myVoice reports in 2023 compared to the previous year. From a total of 180 reports logged, 148 have been settled, while investigation and necessary actions are being taken on 30 reports.

This is a clear message from our people that our workplace culture needs considerable change and improvement. We recognize that the increase in reports not only reflects the growing trust of our people in exposing unacceptable workplace behavior, but also the expectation that all necessary measures be taken to ensure zero tolerance towards violations of our values.

Creating a place where multiple generations are proud to work

We aspire to create long-term financial security for our employees. In this regard, within the framework of the Oyu Tolgoi Trade Union, it was agreed to work towards establishing a Retirement Savings Fund. As part of the agreement, the company began to accrue a contribution equal to 3% of the employee's base salary on a monthly basis beginning July 2022. After a lengthy consultation with financial institutions, we signed the new Retirement Savings Fund Service Agreement

Oyu Tolgoi's Retirement Savings Fund was officially launched on 27 July. As of 2023, almost 94% of our employees have enrolled in the programme.



with two well established national banks in July 2023. With this development, beginning 1 August 2023, all employees are able to set up a secure savings fund to ensure a financially smooth transition to retirement or a different career path. As of year end, almost 94% of our employees have opened a savings account in their name.

Developing globally recognized, highly skilled people

At Oyu Tolgoi, we believe that learning and sharing knowledge is essential to our achievement. We are continuously learning, and acquiring knowledge for better and safer ways of working. Our workforce is already immensely skilled and talented. They are well recognized and sought after globally. To further improve their skills and train future generations of mining professionals, we focus on constantly seeking





Oyu Tolgoi is committed to contributing to train future generations of Mongolian mining professionals

2,048

Since 2010, 2,048 students have benefited from our Youth development programme, Domestic and International scholarship programmes.

ways to inspire the curiosity of our people in partnership with our stakeholders.

Through comprehensive mechanisms in place, Oyu Tolgoi is not only committed to continuously expanding the knowledge and skills of our current workforce, but also training the next generation of miners and industry professionals. During 2023, a total of 820,412 hours of training were completed by employees. Furthermore, over 15 employees working in our underground mine recently traveled to Rio Tinto's Diavik Diamond Mine in Canada as part of a Global Study Tour.

Our commitment to train an internationally competent and globally sought after workforce has been further affirmed as four of our people were recognized as *RioExperts* and now are regarded across Rio Tinto as experts in their respective fields of expertise.

Oyu Tolgoi's comprehensive Career Development Programme, consisting of a graduate programme, internship and pre-employment programme has assisted and guided 1,558 students to find the right career path since 2013. For this year alone, 34 young employees have been selected to join the Graduate Development Programme. Through it, we aim to create a thriving environment

where young employees can gain greater work experience through job rotations, along with the help of dedicated mentors to support a strong start for their careers.

As a multi-generational endeavor, Oyu Tolgoi is committed to supporting future generations of Mongolian mining professionals well beyond our own workforce. In this spirit, a fully equipped rock sampling and computer laboratory worth US\$410 thousand was donated to the Mongolian University of Science and Technology in 2023. Furthermore, we granted and implemented four pilot and three research projects in alignment with Oyu Tolgoi's mine operations with a total funding of US\$340,000.

Since 2010, 2,048 students have benefited from the Youth development programme, Domestic and International scholarship programme. Over the last eight years, 537 Umnugovi students have received scholarships from the Gobi Oyu scholarship program, and Herder Families scholarship.

537

Since 2016, 537 Umnugovi students have received scholarships from the Gobi Oyu Development Support Fund as well as Herder Families scholarships.







Partnership

PARTNERING FOR PROSPERITY

Oyu Tolgoi is committed to strengthening existing and forging new partnerships with a shared aim to bring enduring positive impact to stakeholders, communities, and the nation. First and foremost, Oyu Tolgoi strives to minimize its impact on local communities and at the same time places utmost importance on being a vehicle for development and prosperity.

Partnering for regional socioeconomic development

Throughout 2023, we continued to nurture our relationships with local communities and other stakeholders at all levels by conducting meaningful engagements on existing and emerging issues. Fostering and forging new partnerships is a fundamental pillar of our operations. Without the support of communities, we cannot operate. We aim to contribute to a shared future and positive legacy by developing lasting relationships with people, learning about, and supporting their goals and aspirations, as well as avoiding, or mitigating adverse impacts, and respecting local cultures.

2023 saw many achievements and milestones in making positive differences to local communities. We continued to focus on long-term sustainable development, increasing transparency in our business processes and building trust with local communities through community investment and local employment. In 2023, employment from Umnugovi communities at Oyu Tolgoi increased by 10% from January to December thanks to a comprehensive recruitment process and local talent development. Currently, 23% of our people are employed from local communities.

Since 2015, Oyu Tolgoi has made a yearly contribution of US\$5 million to the Gobi Oyu Development Support Fund (DSF) for community programmes and projects in Umnugovi – an initiative administered jointly by Oyu Tolgoi and the community.



Oyu Tolgoi invested US\$8.2 million in sustainable, long-term projects in 2023.

Health & wellbeing	4%
Education	39%
Environment	5%
Local business development	0.2%
Culture & history	2%
Community Infrastructure	49%
Sports and recreation	0.8%



Since launch in 2015, Gobi Oyu Development Support Fund projects reached over 840,000 beneficiaries.

Several major sustainability initiatives were successfully implemented in 2023 including the following noteworthy projects undertaken by the DSF:

- A 15-bed two-story hospital in Tsogt-Ovoo Soum opened its doors to the public in November. The new healthcare facility will bring improved healthcare services to a local community of 1600 people.
- A project to improve the ash removal system at the thermal plant in Dalanzadgad was put into operation in December.
- Over 60 thousand hectares of pasture water supply has been improved through the “Pasture Irrigation Campaign - 2” project. A total of 60 wells were financed.

US\$45.17m

Since establishment in 2015, the DSF has invested US\$45.17 million in 425 projects to support Umnugovi development.

+10%

In 2023, local employment at Oyu Tolgoi increased by 10% from January to December because of a comprehensive recruitment process and local talent development.





Oyu Tolgoi is committed to catalyze Khanbogd into a thriving and sustainable city.

23%

of our people are locally employed

104

local suppliers provided goods and services of US\$272.4 million to Oyu Tolgoi in 2023.

In addition to building new schools and kindergartens, we implemented projects to improve the quality and access of education services for young people. In 2023, 112 students participated in the “Gobi Oyu – Student Scholarship Programme”. Through the “E-Teacher” programme, laptops were donated to 230 teachers at secondary schools in Umnugovi.

Since its establishment in 2015, the DSF has invested US\$ 45.17 million in 425 projects to support Umnugovi development. All projects and initiatives are needs-based and data-driven to maximize positive outcome. We have, through the DSF, invested in community schools and kindergartens, health care centre construction to support accessibility of education and health care services.

Oyu Tolgoi has been investing in Khanbogd for the last 20 years, and this continues

to be a key initiative in our strategy. The Khanbogd Development Master Plan is a key long-term development strategy aimed at transforming the town from its current status to a thriving sustainable city able to meet its residents’ needs.

Within this commitment, in 2022 the Oyu Tolgoi Board approved the establishment of the Oyu Tolgoi Catalyst Fund for Khanbogd Development which will support and serve as a catalyst for Khanbogd’s development. A total amount of US\$50 million will be invested over 5 years, Phase 1 of this long-term project will conclude in 2026.

Notable projects launched in 2023 include a water and sewage pipeline project (60% completion rate), renovation of the 5ha Galba park and a 7.16km road construction project in the town centre.



A key focal area remains our improvements to education and healthcare accessibility in Khanbogd. In 2023, we launched projects aimed at improving the school curriculum and English language proficiency. As part of this commitment, we also conducted two major studies based on which key initiatives will be launched in 2024.



Gerelt, since its launch in 2020, provides mental health support and adolescent reproductive health awareness to students, parents, legal guardians and faculty members.

In Ulaanbaatar, the *Gerelt* project, currently in its fourth year of implementation aims to support adolescent mental health as well as raise awareness of reproductive well-being among high school students. Within the scope of this project, we built health clubs, counselling cabinets and organized hundreds of hours of counselling sessions and training, working with thousands of students, teachers, parents, and guardians. Having positively reached over 33,000 students, parents, legal guardians, and faculty members since its launch in 2020, we decided to expand the scope of *Gerelt* to four more schools in Ulaanbaatar’s Bayanzurkh district in November 2023.

Moreover, our many scholarship and internship programmes, as well as other successful partnerships are helping young Mongolians to shape their futures and achieve their aspirations. To date, we have invested over US\$151 million in education and capacity building of professionals. Through scholarships and other programmes, we contribute to training future generations of miners, engineers, as well as IT experts and environment professionals.

“I went to individual sessions and group meetings. We had very meaningful and frank discussions about peer pressure and bullying. I think, these sessions made us more respectful of each other.”

Student feedback from the *Gerelt* project

“Having a mental health professional at our school is very comforting. I could confide secrets and really be myself. This helped me a lot in getting to know myself better.”

Student feedback from the *Gerelt* project



Oyu Tolgoi is committed to forging meaningful partnerships to bring lasting positive impact. An MoU was signed with NEMA in October 2023 to partner on strengthening disaster resiliency and capacity building.

A noteworthy partnership we strengthened in 2023 is our cooperation with the National Emergency Management Agency (NEMA).

Disasters and catastrophes come uninvited, and can unfortunately claim lives, destroy homes, and cause unimaginable suffering. As part of our commitment to build resilience, Oyu Tolgoi provided MNT864 million (approx US\$250,000) in in-kind donations to help NEMA mitigate the impact of the June floods in Ulaanbaatar. Moreover, an earthquake awareness campaign called “*Be Ready*” was launched in July 2023 in the aftermath of the devastating earthquakes in Turkey and Syria. Our commitment was reaffirmed

with the signing of an MoU with NEMA in October 2023 to partner on strengthening disaster resiliency and capacity building. Collaboration on disaster preparedness and management will continue in the years ahead.

Nomadic pastoralism is the main source of livelihood for over 1,250 herder households in our partner soums. A total of 626,900 head of livestock was counted in these soums of which a significant number perished due to harsh winter weather known as ‘dzud’ conditions, where heavy snow cover prevents livestock from accessing pasture. More are in a weakened state and are in desperate need of additional fodder and supplements to survive the coming winter. In the spirit of support, we donated fodder worth MNT340 million (approx US\$100,000) to impacted Umnugovi herders.

Building a robust national supply chain

Building and maintaining a robust Mongolian supply chain is a key area of our partnership focus. To date, in-country operations spend has reached 89.2% of total procurement spend and we are pushing this to even greater heights. Oyu Tolgoi collaborated with 969 suppliers to the end of 2023, of which 700 are national businesses. Since 2010, Oyu Tolgoi has spent US\$11.2 billion on in-country procurement.

At the end of 2023, 104 Umnugovi suppliers provided goods and services worth US\$272.4 million to Oyu Tolgoi. Since 2010, Oyu Tolgoi has spent US\$1.421 billion on procurement from Umnugovi.



Oyu Tolgoi import substitution initiatives like *Made in Mongolia* continue to bring significant success in retaining money in country and adding value while supporting local development.

Since the launch of the programme in 2017, “*Made in Mongolia*” has created close to twenty new small-scale factories generating additional jobs and expertise. We take much pride in the over seventy projects from uniforms, winter gloves, safety shoes, hard hats to grinding balls, radio tags to 2-tonne concentrate bags.

Delivering comprehensive stakeholder engagement

Meaningful long-term relationships are essential for the long life of operations ahead of us. Our commitment to delivering

maximum value to our stakeholders, strengthening trust and license to operate is not solely limited to regional projects.

Hearing the aspirations as well as concerns of local communities is key. We continued to engage with local communities through established mechanisms such as the Khanbogd Tripartite Council, as well as other listening and information sharing forums. In the past year, our Community & Social Performance team undertook 610 engagements with 1,138 local stakeholders.

We recognize that there are areas for improvement, and we strive to partner with communities to resolve any complaints we receive. For 2023, we received 18 complaints and 15 of which have so far been resolved. We take our feedback from our communities serious and we look to work together – having open and sometimes difficult discussions with the aim to reach a resolution.





Planet

CARING FOR THE ENVIRONMENT

The planet is our only home, and minimising our environmental impact is a societal expectation and responsibility. As the world strives to be evermore mindful of its negative impact on the ecosystem, Oyu Tolgoi is aligning its priorities with our shareholders' commitments in protecting and preserving the environment.

Contributing to global efforts to curb climate change

The world is currently going through a fundamental shift. Shared challenges like climate change make it necessary to rethink and improve the way we work. In addition to minimizing our impact on the environment, Oyu Tolgoi strives to contribute towards the global effort to achieve net zero by curbing greenhouse gas emissions.

To date, around 70% of our CO₂ emissions come from power consumption, with 20% from diesel fuel usage and the remaining 10% from other sources.

We aspire to achieve net zero carbon emission by 2050. To that effect, Oyu Tolgoi aims to reduce its current carbon emissions by 30% by 2030. We have developed a pathway to enable us to meet this target.

Preserving and protecting the environment and regional biodiversity

The interconnected impacts of climate change and biodiversity loss pose significant risks to people and the environment. We recognize our responsibility to effectively mitigate the impact of our operations on nature, and we are mindful of our dependence on healthy ecosystems to run a successful business. Healthy natural environments with functioning ecosystems are key to climate resilience. They also provide important services to the communities where we operate and our business. We are committed to protecting biodiversity and our ambition is to achieve no net loss. This means striking a balance between negative impacts on biodiversity and positive outcomes achieved through mitigation.

We aim to achieve net positive impact on the biodiversity by 2036. And our near-term objective is to achieve 30% net positive impact between 2024 and 2025. This means minimising the environmental impacts of our operations and contributing to conservation and protection. So far, 21% of our stated aim has been achieved.

In 2023, we completed biological rehabilitation on 45.45ha area, and additional improvements have been carried out on 51.76ha land where biological rehabilitation has been completed before. Additionally, technical rehabilitation covering 64.34ha in the Oyu Tolgoi-Gashuun Sukhait road borrow pits and the Gunii Hooloi area has been undertaken.



Care for the environment is and will extend beyond our immediate areas of impact. In 2023, technical rehabilitation has been carried out on 400ha of land disturbed by artisanal mining in Selenge province and we continue to partner with our local and national stakeholders not only to minimise our impact on the environment.

On 24 November, Oyu Tolgoi signed a Memorandum of Understanding with the Ministry of Environment and Tourism to rehabilitate an additional 187ha of disturbed land.

At Oyu Tolgoi, we also place utmost importance to our waste management. As of 2023, 61% of the total waste generated is recyclable. In the past year, we collaborated with 17 national recycling companies.

We are committed to continuing to contribute to the reforestation and capacity development of the forestry sector of Mongolia. As part of our commitment to contribute 100 million trees to the One Billion Tree Movement, we planted

400ha

technical rehabilitation carried out on disturbed land.

10.8M

tree equivalents achieved.





Khulan grazing in the Gobi

190,000 trees and achieved 10.8 million tree equivalents. In 2023, we established 2 tree nurseries in Khanbogd and Tsogt-Ovoo soum with the capacity to grow 250,000 and 500,000 thousand sapling per year respectively.

Within the scope of our biodiversity programme, we apply a mitigation hierarchy on biodiversity to avoid, minimize and rehabilitate project related risks and impacts to biodiversity in Umnugovi. We conduct extensive core biodiversity monitoring throughout the year. Monitoring activities include, plant, wildlife, bird, as well as reptiles.

A notable study in 2023 was conducted to observe Khulan and Goitered gazelle movement. Study findings suggest that movement of these mammals can encompass an area between 210 square kilometres to 23,763 square kilometres based on climate, availability of vegetation and water.

This will serve as an important baseline for our future biodiversity mitigation actions. Furthermore, it will also be significant for government agencies when considering or planning other large infrastructure projects.

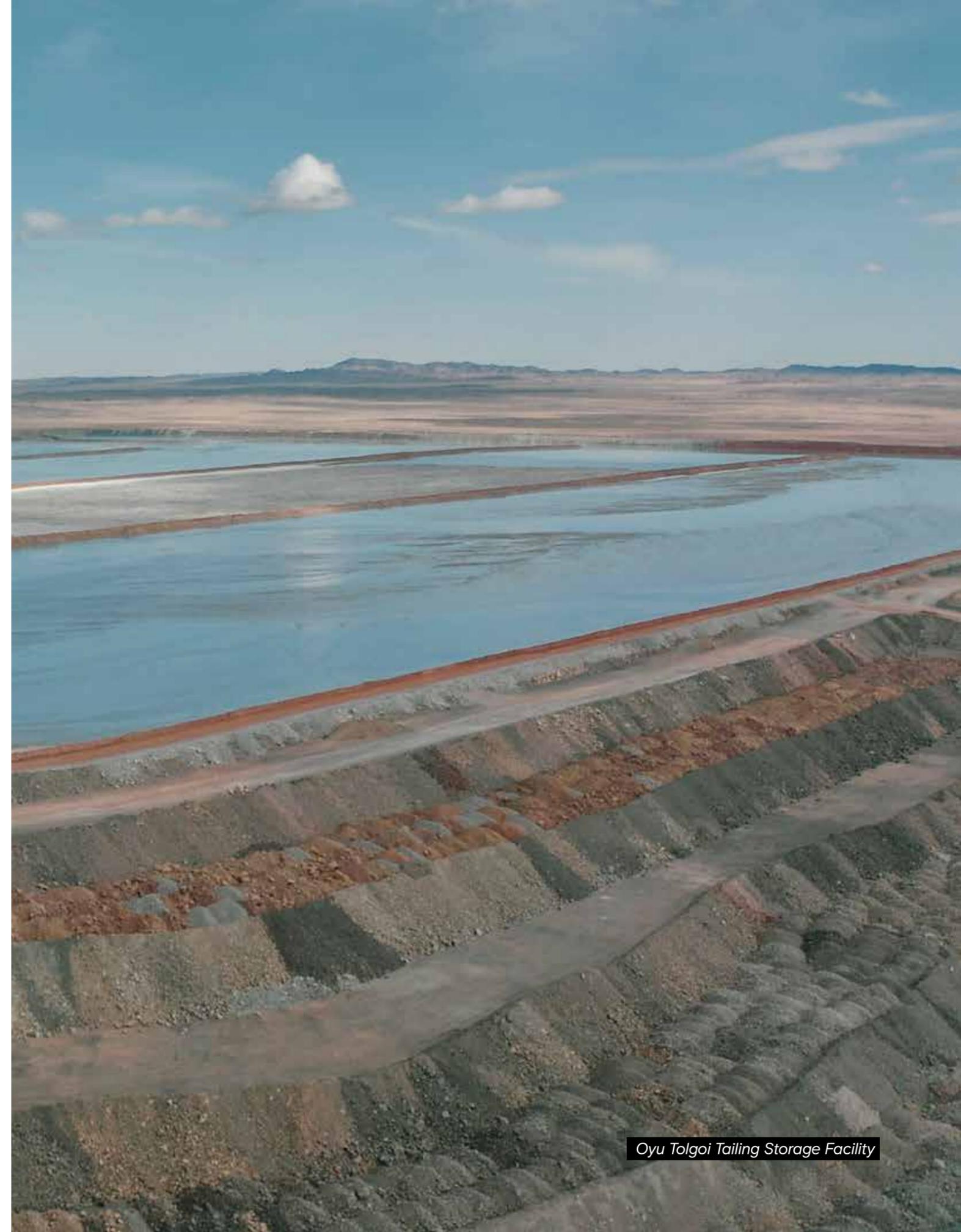
Maintaining excellence in water management

Water is critical for sustaining livelihoods. It is especially so for communities in the arid Gobi region. Recognizing the unique environment where we operate, it is our strategic priority to maintain world-class water efficiency and recycling rates. Oyu Tolgoi continues to be one of the most water efficient copper operations globally. As of 2023, our average water usage to process one tonne of ore stood at 0.39 cubic metres, a benchmark among global copper businesses. In 2023, we also exceeded our water recycling target of 80%, reaching 85.74%.

Oyu Tolgoi continues to monitor seepage from the Tailing Storage Facility 1 (TSF1). Throughout the year, we continued to have regular engagements with local and national stakeholders. Within our comprehensive Remedial Action Plan to further mitigate TSF1 seepage, we have been conducting longer-term hydrogeological studies, future design and execution of engineering improvements with weekly progress reviews. The execution of the comprehensive Remedial Action Plan is being implemented by the Seepage Working Group at Oyu Tolgoi and is being monitored by Rio Tinto environment AOE with assurance also provided by the independent environmental and social consultants on behalf of the lender.

Mitigation actions have resulted in a gradual decrease in total dissolved salt levels in the monitoring bores. There are no concerns with the structural design of TSF1 and the newly commissioned Tailing Storage Facility 2.

The seepage has not impacted the water quality of herder wells or of any users to any extent as confirmed by monitoring data.



Oyu Tolgoi Tailing Storage Facility



SIEMENS

Semi-autogenous grinding mill under scheduled maintenance



Profit

DELIVERING SUSTAINABLE VALUE

To deliver on our commitments and meet the expectations from our stakeholders, our business first and foremost, needs to be profitable. As we expand our orebody knowledge, we are determined to deploy an optimal mine and production plan.

Prices

In 2023, copper prices were down 3.6% year on year to average US\$8,532/t. Prices reached a high of \$9,436/t in Q1, spurred by optimism given the easing of COVID-19 restrictions in China, but subsequently softened to a low of \$7,813/t in Q4 as investors turned the most bearish since 2020. Towards the end of the year, market sentiment improved amid tighter fundamentals from mine disruptions and guidance downgrades in Latin America.

Gold prices rose 8% year on year to average \$1,941/oz. Prices found support just above the US\$1,800/oz level in Q1, weighed down by a hawkish US Fed, and subsequently rallied in Q4 to reach a new all-time high by the end of the year. This was driven by robust central bank buying led by China, elevated safe-haven demand from geopolitical tensions in the Middle East and increasing market expectations of interest rate cuts in 2024.

Production

Open pit material mined reduced from 97.4 million tonnes in 2022 to 93.4 million tonnes in 2023, primarily due to prioritization of open pit slope remediation activities and lower than planned equipment availability. The increase in conversion of inferred ore, along with sustained increases in underground mill feed, reduced reliance on low-grade stockpiles, therefore reducing rehandle by 3.1 million tonnes compared to 2022.

Underground operations continued to ramp up significantly, with underground production achieved in March 2023. 67 drawbells were fired in 2023, against a plan of 55, taking total Hugo North Panel O drawbells blasted to 86 by year end. So far, we completed 70% of Panel O level development in 2023.

Mill throughput remained high at 39.3 million tonnes in tonnes in 2023 exceeding our target of 39.1 million tonnes. Processing of higher-grade underground ore almost doubled to 3.4 million tonnes from 2022. In the past year 9% of processed ore came from underground mine. Our aim is to increase this number to 17% in 2024 and around 50% by 2028. To account for this transition, necessary preparations are being taken. For instance, to enhance ore transportation from the underground to surface, additional conveyor belts are being installed with a completion rate of 88% as of year end.

In terms of concentrate, we able to produce an impressive 795,700 tonnes against a target of 658,000 tonnes.

Both copper and gold production was significantly above plan, with copper exceeding the plan by 5% and gold surpassing it by 15%, which reflects the increased underground ore ratio and higher head grades.



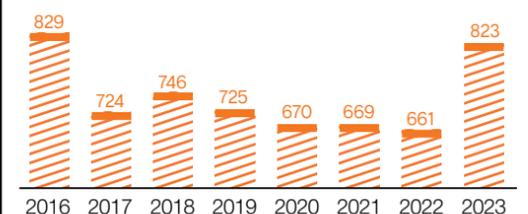
Oyu Tolgoi's Concentrator Plant

Despite softer pricing down 3.6% year on year, sales revenue was higher compared to 2022 due to higher concentrate production and improved downstream wagon capacity as Chinese Covid-19 border access control measures were fully lifted from April 2023.

In 2023, Oyu Tolgoi earned sales revenue of US\$1,625 million (2022: US\$1,424 million) from sales of 823,000 dry metric tonnes (kdmt) (2022: 661kdmt) of concentrate with metal content of 166,000 tonnes (kt) copper (2022: 132kt); 175,000 ounces (koz) gold (2022: 207koz); and 1,008,000 ounces (koz) silver (2022: 836koz). Factors such as the increase of underground ore, higher head grade and higher metal recovery rate contributed to this achievement.

Concentrate sales

(Dry Metric Tonnes, 000's)



Concentrate sales in 2023 were significantly higher than the previous year. Total concentrate sales amounted to 823 kdmt.

US\$ millions	2023	2022	2021	2020	2019	2018
Sales Revenue	1,625	1,424	1,971	1,078	1,166	1,180
Underlying Earnings Before Interest, Taxes, Depreciation and Amortisation (Underlying EBITDA)*	574	436	1,205	379	350	367
Underlying EBITDA Margin (%)*	35%	31%	61%	35%	30%	29%
Operations sustaining capital expenditure	150	152	89	59	134	91
Underground project capital expenditure	567	492	621	914	1,194	1,234
Underground sustaining capital expenditure	531	433	238	97	-	-
Taxes, fees, and other payments to government**	297	207	593	200	209	200

* Underlying EBITDA represents profit before tax, net finance items, depreciation and amortization charged to the income statement and exclusive of any impairment charges.

** Exclusive of VAT paid in domestic procurement. Oyu Tolgoi LLC does not reclaim VAT.



86 Drawbells

67 drawbells were fired in 2023, against a plan of 55, taking total Hugo North Panel 0 drawbells blasted to 86 by year end.

15,692m

In 2023, Underground development continued to progress, with lateral development advancing by 15,692 metres.

Sustaining capital expenditure

The sustaining capital expenditure in 2023 was US\$150 million, slightly less than the US\$152 million spent in 2022. This decrease of US\$2 million is mainly due to lower Gashuun Sukhait road and Tailing Storage Facility construction costs, totaling US\$25 million, as most of the work was completed in 2022. Additionally, deferred stripping costs were US\$3 million lower due to increased waste mined in 2022. However, these reductions were partially offset by higher replacement of equipment and maintenance componentization costs, amounting to US\$27 million more than 2022, driven by significant maintenance work needed for equipment reaching the end of their expected life and an upward trend in repair costs noted over the past few years.

Underground project capital expenditure

Underground project capital expenditure of US\$567 million was US\$75 million higher than 2022 (US\$492 million) due to further ramp-up of onsite work through first half of 2023 and increased labour cost due to labour law impacts. Total underground project development capital expenditure reached US\$6.07 billion since January 2016. Project to date commitments of \$6.71 billion include the award of US\$4.95 billion to national suppliers, exceeding the original target of US\$1.4 billion set in 2016 and the

revised target of US\$2.0 billion in 2018. Of direct contract awards, US\$1.42 billion was awarded to international suppliers. Contributions to local vendors through procurement and contract packages represent 78% of total project procurement commitments.

Underground sustaining capital expenditure

In 2023, underground sustaining capital expenditure was US\$531 million, an increase of US\$98 million compared to 2022 (US\$433 million). This increase was driven by the acceleration of undercut advance and significant increase in drawbell blasting (67 drawbells vs 19 drawbells), enabling an increase in hoisted tonnes.

Underground development

In 2023, Underground development continued to progress, with lateral development advancing by 15,692 metres. The total underground material movement was 1,415kdmt higher than in 2022 (3,568kdmt vs 2,153kdmt). The year-on-year increase achieved mainly due to higher material movement, the reactivation of parked heavy mobile equipment, increased usage of parts and lubricants due to higher utilization time. Additionally, labour costs increased due to labour law compounding effects, resulting in a 16% (\$17 million) increase compared to 2022.

Two truck chutes were installed, achieving 180% increase in steel set construction completion and service and electrical scope tripled compared to 2022. Additionally, construction works on the extraction level and haulage level roadways surpassed the levels achieved in 2022.

Taxes, fees, and other payments

Taxes, fees, and other payments (exclusive of VAT paid in domestic procurement) made directly to the Government were US\$297 million in 2023, US\$90 million higher than in 2022 (US\$207 million). This is mainly due to higher immovable property tax payments associated with the capitalization of the underground asset and higher salary withholding tax and social insurance payments resulting from higher tax rate and employee-related costs.

During 2023, Oyu Tolgoi received US\$1,061 million (2022: US\$1,542 million) from related parties to finance underground construction and project finance interest payments. Funds of US\$211 million were drawn as prepayment of concentrate sales and US\$850 million were drawn under the new Sponsor Senior Loan facility (2022: US\$153 million shareholder loan and US\$1,389 million prepayment of concentrate sales). Total borrowings balance at year end was US\$16.45 billion.

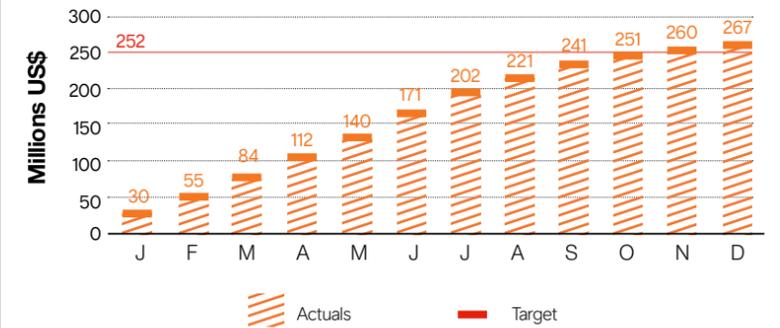
Cash improvement programmes

We continuously strive to increase Oyu Tolgoi's value to our stakeholders. Our Business Transformation Programme continuously strengthens the cash delivery of Oyu Tolgoi by building what we call an "Owner's Mindset".

Through it, employees are encouraged to identify and implement business value-driven initiatives resulting in improved organisational health. Since its inception and launch in 2017, this initiative is still performing strongly with a total cash

delivery of almost US\$1.87 billion (2017-2023: accumulated value¹) through the implementation of various initiatives aimed towards value drivers, such as revenue improvements, operating cost reductions, net-working capital reductions and sustaining capital reductions.

2023 Improvement Value



For instance, initiatives like Building Full Potential (BFP), Deep Dives and Idea Generation Sessions (IGS) generate potential improvement ideas, whereas our Momentum system tracks and reports and pipeline progress. The ingenious and hard working initiative owners and support teams delivered US\$267 million in improvement value in 2023, exceeding the target of US\$252 million.

Our key highlights include:

- Continuous efforts on building our Owner's Mindset and problem-solving skills.
- Continuous improvement on process maturity.
- Improved team collaboration and stakeholder engagement.
- Increased continuous improvement skills and capability building.
- Our first ever UG Operations BFP workshop.
- 25 IGS and 2 BFPs, involving over 284 employees.
- Pipeline of 277 improvement initiatives from more than 150 Initiative Owners.
- The programme improved its recognition, recognizing 31 initiatives and 349 individuals in 16 engagements, with 5 initiatives acknowledged by Rio Tinto Copper.

¹ Cash values do not represent the business's financial performance. All values captured in the Transformation program are calculated as improvements over prior performance and do not include external factors, such as price. Whilst calculations are validated against financial and performance data, and they do not represent the business's financial performance.



Power

Oyu Tolgoi is committed to securing a long-term domestic source of power in line with the Oyu Tolgoi Investment Agreement signed in 2009. Since then, Oyu Tolgoi has worked closely with the Government of Mongolia to develop a power solution that benefits both Oyu Tolgoi and Mongolia. In January 2022, Oyu Tolgoi LLC and the Government of Mongolia signed the Electricity Supply Agreement to supply long-term electricity from the Mongolian integrated grid to Oyu Tolgoi.

Developments in 2023

Electricity Supply and Purchase Agreement (EPSA)

The negotiation and subsequent signing of the power import agreement extension with the Inner Mongolian Power International Cooperation Company (IMPIC) marked a critical milestone for maintaining reliable power supply to the Oyu Tolgoi mine. Negotiations for the EPSA extension began in mid-2020, initiating a 2.5-year negotiation process. Following several rounds of negotiations first with the National Power Transmission Grid (NPTG), later with IMPIC in collaboration with the Ministry of Energy and the signing of two separate Memorandums of Understanding, an agreement with IMPIC was reached in May 2023. This Supplemental Agreement extended the EPSA until 2030, with possible termination by NPTG from July 2028.

Switchyard

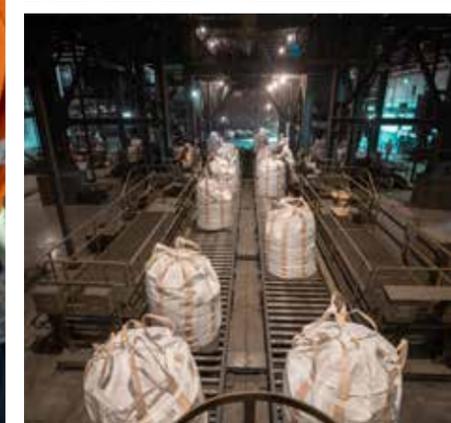
Mongolia's energy system is grappling with a surge in demand, resulting in a 3.3% incidence of load shedding in

recent years during winter peak. Despite historically relying on electricity imports from Russia to bridge the gap, this solution reached its capacity limit of 340MW in winter 2022. Annual consumption growth of 6-8% necessitates urgent action from the Government of Mongolia to avert blackouts. To address the energy deficit, the Ministry of Energy has requested that Oyu Tolgoi cooperate in importing additional power from China via the transmission line dedicated to Oyu Tolgoi's supply. In 2023, Oyu Tolgoi responded positively, spearheading the funding and construction of a switching station within the mine premises to facilitate this additional import into Mongolia's electricity grid while maintaining the reliability of supply to Oyu Tolgoi. Presently, the project is in the procurement stage and slated for completion by early 2025.

Oyu Tolgoi Renewable Energy Solution Project

While Oyu Tolgoi is dedicated to sourcing 1,300GWh (approximately 70%) of its peak energy demand from the local grid as stipulated in the Electricity Supply Agreement with the Government of Mongolia, the company, in collaboration with Rio Tinto, is actively investigating avenues to integrate renewable energy solutions to fulfil the remaining ~600GWh (around 30%) of its requirements. Situated in the Southern Gobi region, where the Oyu Tolgoi is located, the area boasts abundant wind and solar resources, coupled with straightforward terrain, making it an ideal environment for the development of renewable energy projects. Rio Tinto is currently taking the lead on this initiative and is in the process of selecting a partner to co-develop the project.





Board and Shareholder meetings

Annual Shareholder's meeting

Shareholder's meeting No.21 – 20 April 2023 (Annual General Shareholder's meeting)

Regular Board meeting

Regular Board Meeting No.52 – 16 March 2023

Regular Board Meeting No.53 – 7-8 June 2023

Regular Board Meeting No.54 – 20 September 2023

Regular Board Meeting No.55 – 23 November 2023 and reconvened on 11, 13 December 2023

Special Board Meeting

Special Board Meeting No.46 – 31 May 2023

Special Board Meeting No.47 – 21 June 2023

Audit and Finance Committee Meeting (AFC)

Audit and Finance Committee Meeting No.54 – 15 March 2023

Audit and Finance Committee Meeting No.55 – 6 June 2023

Audit and Finance Committee Meeting No.56 – 19 September 2023

Audit and Finance Committee Meeting No.57 – 21, 22 November 2023

Operations Committee meeting (OpCo)

Operations committee meeting No.50 – 15 March 2023

Operations committee meeting No.51 – 6-7 June 2023

Operations committee meeting No.52 – 19 September 2023

Operations committee meeting No.53 – 22 November 2023

Human Resource and Training Committee meeting (HRTC)

Human Resource and Training Committee Meeting No.50 – 15 March 2023

Human Resource and Training Committee Meeting No.51 – 6 June 2023

Human Resource and Training Committee Meeting No.52 – 19 September 2023

Human Resource and Training Committee Meeting No.53 – 21 November 2023

Partnership Committee meeting (PC)

Partnership Committee meeting No.23 – 15 March 2023

Partnership Committee meeting No.24 – 6 June 2023

Partnership Committee meeting No.25 – 19 September 2023

Partnership Committee meeting No.26 – 22 November 2023

List of Board of Directors (2023)

Batsukh Galsan

Chairman of the Board of Directors, Oyu Tolgoi LLC

Deirdré Lingenfelder

Member of the Board of Directors, Oyu Tolgoi LLC

Elias Scafidas

Member of the Board of Directors, Oyu Tolgoi LLC

Munkhsukh Sukhbaatar

Member of the Board of Directors, Oyu Tolgoi LLC

Steve Thibeault

Member of the Board of Directors, Oyu Tolgoi LLC

Craig Stegman

Member of the Board of Directors, Oyu Tolgoi LLC

Tserenbat Namsrai

Member of the Board of Directors, Oyu Tolgoi LLC

Bayasgalan Enkhbaatar

Member of the Board of Directors, Oyu Tolgoi LLC

Tana Jambaldorj

Member of the Board of Directors, Oyu Tolgoi LLC /Since April 2023/

Bagabandi Natsag

Former Member of the Board, Oyu Tolgoi LLC /Until April 2023/



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"Master of Photography" reality show, EDU TV

