



Craig Kinnell, President and CEO, Oyu Tolgoi
Speech to employees on the first anniversary of commencement of shipment
Ulaanbaatar, 9th July, 2014



Good morning.

I'd like to begin by wishing you all a very happy and successful Naadam. I hope that you enjoy the celebrations, and the long holiday.

This is a great opportunity to spend time with family and friends, to reflect on the year gone by, and to re-energise for the months ahead. It is also a time to recommit to staying safe, for our colleagues, ourselves, and our families.

Naadam marks many anniversaries - the founding of the Great Mongolian Empire, the People's Revolution and, this year, the 90th anniversary of the founding of Khanbogd, Bayan-Ovoo, and Manlai soums of the South Gobi.

But for us, today is another important anniversary. One year ago, shipment of our product began. This was a true milestone in Oyu Tolgoi's history, and the history of Mongolia.



The complexity of what was built in the Gobi, so that we could reach that milestone, is deeply impressive.

I remember the first time that I visited Oyu Tolgoi. Despite nearly 30 years in the mining industry, I was still overwhelmed by the size and scale of what had been built in just three years.

At the height of construction, 18,000 people worked through scorching summers and freezing winters.

7,400 Komatsu truck-loads of earth had to be moved. Six million tonnes - the equivalent of Zaisan Hill - before we'd even started mining.

We laid 581 kilometres of cable - enough to reach from the mine to UB.

We moved 23,000 tonnes of steel to the Gobi to build the concentrator – enough to construct the Eiffel Tower three times over.

None of this would have been possible without the thousands of people who worked so hard to achieve so much.

I was so excited to have the opportunity to come and be a part of Oyu Tolgoi.

So what did I find when I arrived in Mongolia with my family in October?

I found you - a dedicated, dynamic and smart workforce - deeply proud of your country - and proud too, to work for this business.

I found a country far more beautiful than I ever imagined, both in terms of the stunning landscape, and also the culture, heritage, history and national identity.

There are clear connections on all of those levels with my own country, Scotland.

Nine months on, it is genuinely a pleasure, and a privilege, to be leading OT and a team of hard-working, dedicated and flexible people.

So, on the anniversary of those trucks leaving the mine for the first time, where do we stand?

The open-pit is up and running and our business is getting stronger and stronger.



The concentrate that we have produced contains enough copper to run a standard 22mm copper pipe almost five times around the world.

That's a lot of copper. But what we have done goes far beyond the product that we make and export.

- While we're never complacent, we should be proud that we are bringing a new approach to safety standards in Mongolia.
- We've completed a five year investment of more than US\$126 million in education and training, a scheme from which more than 13,000 Mongolians have benefited.
- We're continuing to work with our neighbours to strengthen our partnership and agree a long term approach to supporting the South Gobi together.
- Our water recycling rate has now reached 86.4 per cent, reusing each drop more than five times, and making us one of the very best copper mines in the world for water efficiency. We use less than half the water per tonne of ore processed than average copper mines worldwide.

Sustainability is key to our long term future and the wellbeing of our neighbours.

We'll keep our promise to protect the land, the water and the heritage of the Gobi.

- We've planted 200,000 seedlings, ready for ongoing rehabilitation.
- We're continuing to monitor and protect Gobi water, and are developing new water sources for local people and animals.
- The cultural heritage programme has safeguarded important natural and human history for future generations.

But sustainability is not just about the environment. It's about keeping the future in mind in everything we do.

Our procurement spend with Mongolian suppliers is now on target to increase to 59 per cent next year.. We started from almost zero when we began construction.

We've seen many local businesses – the spark plugs of a stronger, broader economy - grow and thrive.

Through our million dollar micro-financing fund, and the consultancy and advice we offer on business development, we have re-invested in the economic future of the communities in which we operate, from the businesses supplying our uniforms, to herder co-operatives.



We've already connected Khanbogd with power, and we are now planning to build a road from site to the soum centre. This will act as a catalyst to help Khanbogd thrive, driving growth and providing more options for our staff to live locally with their families if they want to.

In our short time as an operating business, we've come a long way together.

But, of course, there have been challenges in the last year too.

Having to say goodbye to some of our colleagues back in May was an incredibly hard decision. But it was a decision that we had to make on our journey to becoming a safe, sustainable, profitable, and internationally competitive business.

And that brings me on to the future.

Our business could last as long as one hundred years. In those terms, we are a small child, with many years of growing and developing ahead of us.

With age comes wisdom, and with experience comes strength. We have much more to do, and a lot of challenges and hard work to face together.

But I have so much confidence in what we have already achieved - the seeds that we have sown to create a safe and thriving partnership, developing one of the best ore bodies in the world.

During our long and successful lifetime, there are a number of anniversaries which our children and grandchildren will celebrate.

Completion of construction, the commissioning of the concentrator, first production.

And there will be other milestones in the future.

But it is today's date which we will celebrate always.

The 9th July will always be the day that our business was truly born.

We should be very proud of what we have achieved and excited about what is to come in the years ahead.

However good our business becomes, you, our workforce, will always be our greatest asset.



Whether it's here in UB, or our colleagues at site who work long days and nights away from their families, without you, nothing else would be possible. Thank you for all of your hard work, your commitment, and the pride and care that you take, each and every day.

On that note, let me say "happy birthday OT" and wish you all a very happy and safe Naadam.