

# Chairman's Address

**Ulaanbaatar, Mongolia** - 16 December 2015

Excellencies, ladies and gentlemen - I am delighted to have the privilege of welcoming you to a very special event which turns the page, and opens a new chapter for Oyu Tolgoi.

This is a very important day. Not just for Oyu Tolgoi, but – I believe – also for the people of Mongolia.

As you may know, we have something of a long history.

From the bronze age, when the tribes of the Umnugobi found and processed copper on the slopes of what became known as 'Oyu Tolgoi' – or the turquoise hill.

In 1997, after extensive exploration, D. Garamjav, S. Sanjdorj, Dennis Cox, T. Munkhbat and geologist G. Oyun, discovered a batch of quartz veins at what is now the Southern Oyu site. They marked the area with ovoos (stacks of rocks), which later becomes known as the golden triangle.

The team set about drilling six core holes – one of these in the middle of the golden triangle, and it is deeper drilling in this area that later reached the top of Southern Oyu mineralization, and revealed Oyu Tolgoi's potential to the world.

I am delighted to note that some of the original team including Munkhbat, Garamjav and Sanjdorj are still part of the Oyu Tolgoi family, a living reminder of our legacy and potential.

Speaking for those who made the discovery, and for the Oyu Tolgoi family today, I can say we are tremendously proud of what has been achieved.

Indeed, it's important that we do not forget that the major construction at Oyu Tolgoi only began in 2010 – just five years ago.

Construction at Oyu Tolgoi continued in earnest between 2010 and 2013, ramping up to be one of the biggest development projects in Mongolia's history.

Located in one of the most isolated and underdeveloped parts of the country, almost everything was built from scratch, from heavy equipment to the supply chain which made the work possible.

From the largest haul trucks to the smallest nuts and bolts, uniforms to bread and water – all were mobilized from around the country - and in many cases around the world – to bring Oyu Tolgoi to life.

Through the dedication and hard work of a construction workforce made up of Mongolians and international workers from over 40 countries, an industrial complex of gigantic blue clad buildings, warehouses, and shaft head frames began rising from the desert.

**Soon**, construction for the foundations of the copper-gold concentrator plant began – the largest such facility ever built in Mongolia.

The plant is already processing in advance of its nameplate capacity of 100,000 tonnes of ore per day – and I am proud to say with innovation and productivity improvements from our workforce – we are today achieving record production levels while maintaining an uncompromising focus on safety.

Construction of the mine and its facilities made rapid progress, and our concentrator was switched on in 2012.

Oyu Tolgoi entered commercial production in late 2013, just over two years ago.

And, this very month – December 2015 – marks the third anniversary of the concentrator plant commissioning.

In this short time we have established deep, mutually supportive relationships with our neighboring communities.

We have enshrined our partnership approach in a ‘cooperation agreement’ signed earlier this year the Umnugobi aimag, and the Khanbogd, Manlai, Bayan-Ovoo and Dalanzadgad soums. This sets forth our values, principles and commitments for a truly sustainable long term relationship.

All this is based on the bedrock of Oyu Tolgoi’s vision as a company: from natural wealth to enduring value, knowledge and skill.

We have to see this in the context of the bigger picture - despite being one of the most resource rich nations in the world; modern mining with its cutting edge technology and practices is new to Mongolia.

As a company we have committed to growing together with Mongolia – building skills, capacity and expertise that meets and exceeds global standards, not just for Oyu Tolgoi, but for the whole mining industry.

I am proud to say that our workforce is more than 95 per cent Mongolian, and last year nearly 80 per cent of our procurement spend was in Mongolia. This is above and beyond what was expected for such a young operation in an emerging market, and a real testament to us growing as a Mongolian company in the Mongolian business landscape.

Let me share with you a real sense of what this means.

Last year, Oyu Tolgoi worked with nearly 1,000 suppliers in Mongolia – and behind them stood nearly 35,000 workers and families.

This, in a country of just three million people.

And now, we stand ready to achieve even more.

The Oyu Tolgoi underground mine will take between five and seven years to build.

It will employ nearly 3,000 people at the peak of the construction period – the majority of whom will be drawn from local, Mongolian talent.

Oyu Tolgoi's total potential – with all the resources that are still only being explored and mapped – could make this a truly multi-generational enterprise.

The skills and expertise we create will grow deeper and stronger as we continue to drill and mine the underground over the life of the mine.

This will create tremendous value for our shareholders – including the Government of Mongolia.

Our mission states this with clear purpose: 'Together deliver a safe and globally competitive copper business that contributes to the prosperity of Mongolia.'

Today, you have joined us in this enterprise – supporting Oyu Tolgoi on the road to become one of the most important copper mines in the world, and helping deliver real development, growth and prosperity for our great nation.

On behalf of the Oyu Tolgoi family, welcome to our home – thank you for your commitment.

In Mongolia, we often say 'Ezen hicheevel, zaya hicheene' - God helps those who help themselves – with our hard work, we will progress together.

Thank you.