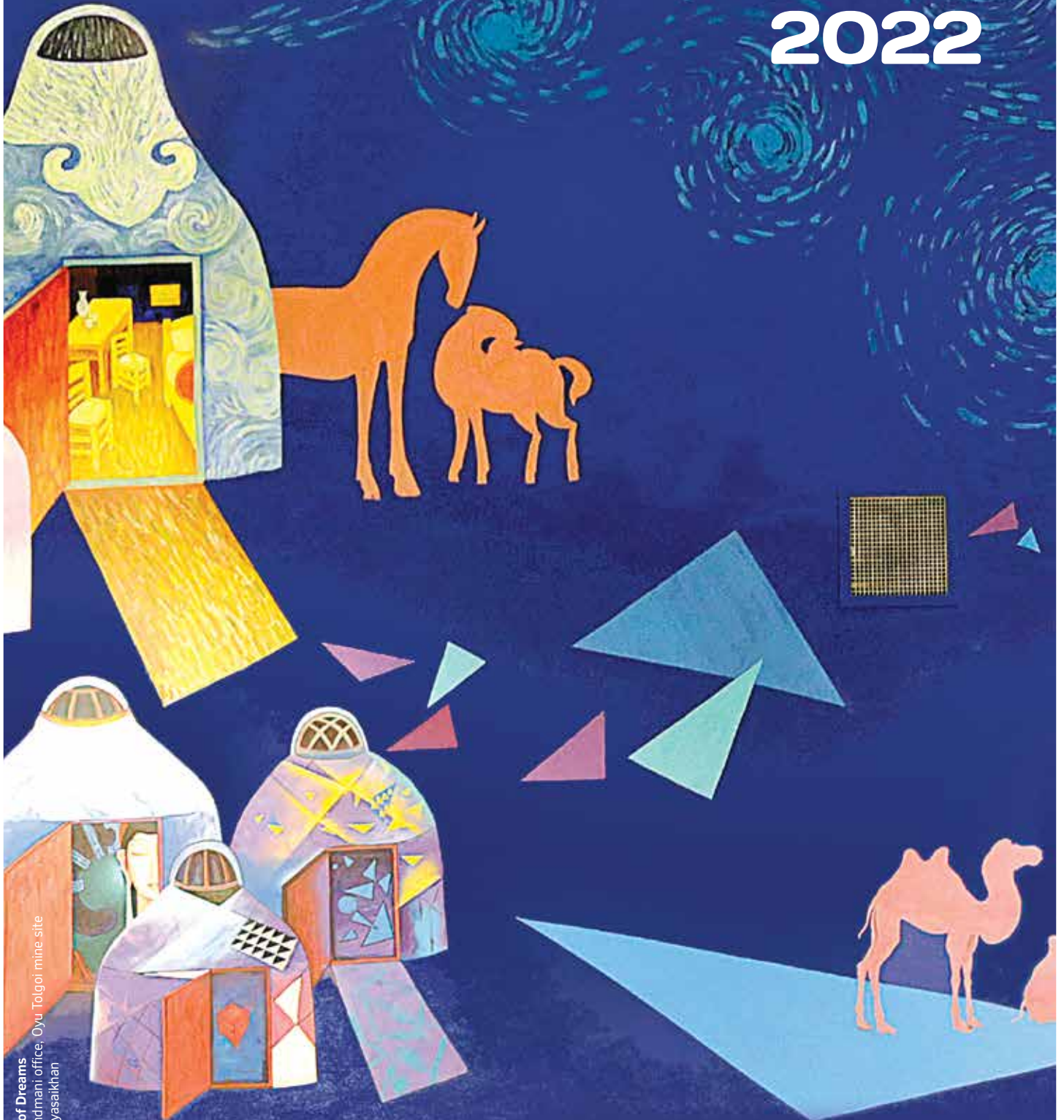


Natural Wealth
to enduring Value,
Knowledge and Skill



YEAR IN REVIEW 2022







GREETINGS FROM THE CHAIRMAN



In the early month of the auspicious new Year of the Rabbit, Oyu Tolgoi is commencing its underground production. This is a significant milestone that would not only increase the productivity of Oyu Tolgoi, but also drive Mongolia's sustainable economic growth. Furthermore, this event will call for the new generation of Mongolian miners hungry for technological advancement and world-class knowledge and skills.

The pathway towards this critical phase of development was made possible by the outcome of the endeavors of the year 2022. As we look back to the past year, it is remarkable how much we have attained in a single year with the generous support of our shareholders, many partners, and the steadfast dedication of everyone at Oyu Tolgoi.

The strategic agreement in January 2022, between our shareholders was instrumental for the continued progress of our underground development. On the back of this pathway, I would like to highlight that the shareholder partnership was revitalized, and trust was rebuilt, which intensified our underground development pace.

I would also like to express my sincere gratitude to our many partners for the trust you have shown in supporting us through this

journey. In the past year, the Board of Directors of Oyu Tolgoi has reviewed the company's 10-year development strategy and started to revise the document in order to meet the necessities of our time and future trends. The refreshed strategy will be endorsed in June 2023.

To my colleagues at Oyu Tolgoi and their families, I extend my deepest appreciation for the exceptional effort you demonstrate and successes you achieve year after year. I am immensely proud of my Oyu Tolgoi family's accomplishment to implement the company's 2022 operational guidelines and reach critical underground development milestones under the Senior Leadership Team's able management. All this feat combined represents a grand gesture from us to our nation's premier industry's centennial anniversary and will be immortalized in the pages of history.

I am confident that 2023 will open a new chapter in Oyu Tolgoi's history with the inception of a world-class mine complex, coupling the commenced underground production with our open pit mine.

Ambassador Batsukh Galsan
Chairman

GREETINGS FROM THE CEO



For Oyu Tolgoi, 2022 was a truly pivotal year. We started the year strong with the commencement of the undercut development on January 24, a seminal milestone that would ultimately allow us to start our underground production.

Oyu Tolgoi's achievements has always been built on the fundamental values of trust, partnership, and dedication.

Most crucially, these results were achieved safely and sustainably, both core priorities of our business. At year's end, the injury frequency rate across Oyu Tolgoi indicated that we are one of the safest mines at Rio Tinto. This is a significant accomplishment where everyone at Oyu Tolgoi played a critical role. But we must guard against complacency.

Owing to the confidence, cooperation and commitment of shareholders, valued stakeholders and our hardworking workforce, we are closer than ever to realizing what so many, including Mongolian geologists, mining professionals, and functional support teams have dedicated years for. I am pleased to note that, we are on a firm path towards becoming one of the biggest copper mines in the world, delivering 500,000 tonnes of copper per year at its peak. I am also delighted to state that we have exceeded our copper and gold production guidance ranges from our open pit mine.

We also look beyond occupational safety, and continuously strive towards creating a safe, inclusive and diverse workplace that fosters business growth and personal development. Within this context I would like to highlight "Everyday Respect" a company wide campaign under implementation to raise awareness as well as combat sexual harassment, bullying and racism.

On the sustainability front, Oyu Tolgoi continues to excel. Not only do we continue to be one of the

most water efficient mines, but also champion in minimizing our environmental footprint in conjunction with restoring disturbed lands. In this context, I would like to highlight our commitment to plant 100 million trees as part of the "One Billion Tree" national campaign inaugurated by President Khurelsukh Ukhnaa. Delivering on our pledge, we've planted over 50,000 trees in Ulaanbaatar, Khanbogd, Dalanzadgad and rehabilitated 110ha at an abandoned mine site in Selenge aimag.

For Oyu Tolgoi, it is not about being the biggest mine. It is about making the biggest positive difference. Throughout the year, Oyu Tolgoi supported and worked with communities and other stakeholders, regularly hearing their concerns, offering support whenever possible. One of Oyu Tolgoi's longstanding commitments to this cause is its investment to regional development. In 2022, Oyu Tolgoi invested US\$5.9 million to the Gobi Oyu Development Support Fund as part of its commitment to Umnugovi and Khanbogd government. Since 2015, Oyu Tolgoi's total investment has resulted in the creation of more than 560 new permanent jobs and provided benefits to over 780,000 community members in accumulated numbers.

Reflecting on the passing year, Oyu Tolgoi started and finished the year strong. On this high note, I would like to express my sincere gratitude to our employees, senior leadership team, Board of Directors and shareholders for their commitment and unremitting efforts in transforming natural wealth to enduring value, knowledge and skill.

Deirdré Lingenfelder
CEO

GREETINGS FROM THE CDO



As Chief Development Officer, 2022 has been a year full of excitement. Since the commencement of our underground mining operations, witnessed early in the year, our skilled Mongolian and international workforce as well as support function teams have made tremendous efforts in pushing the project forward, with the aim to deliver on our promise to start underground production within the timeframe stated to our shareholders.

During this period, the project continued as per plan, major developments being the firing of the first draw bell successfully taking place in June 2022. At year's end, we have successfully blasted 19 draw bells (Panel 0).

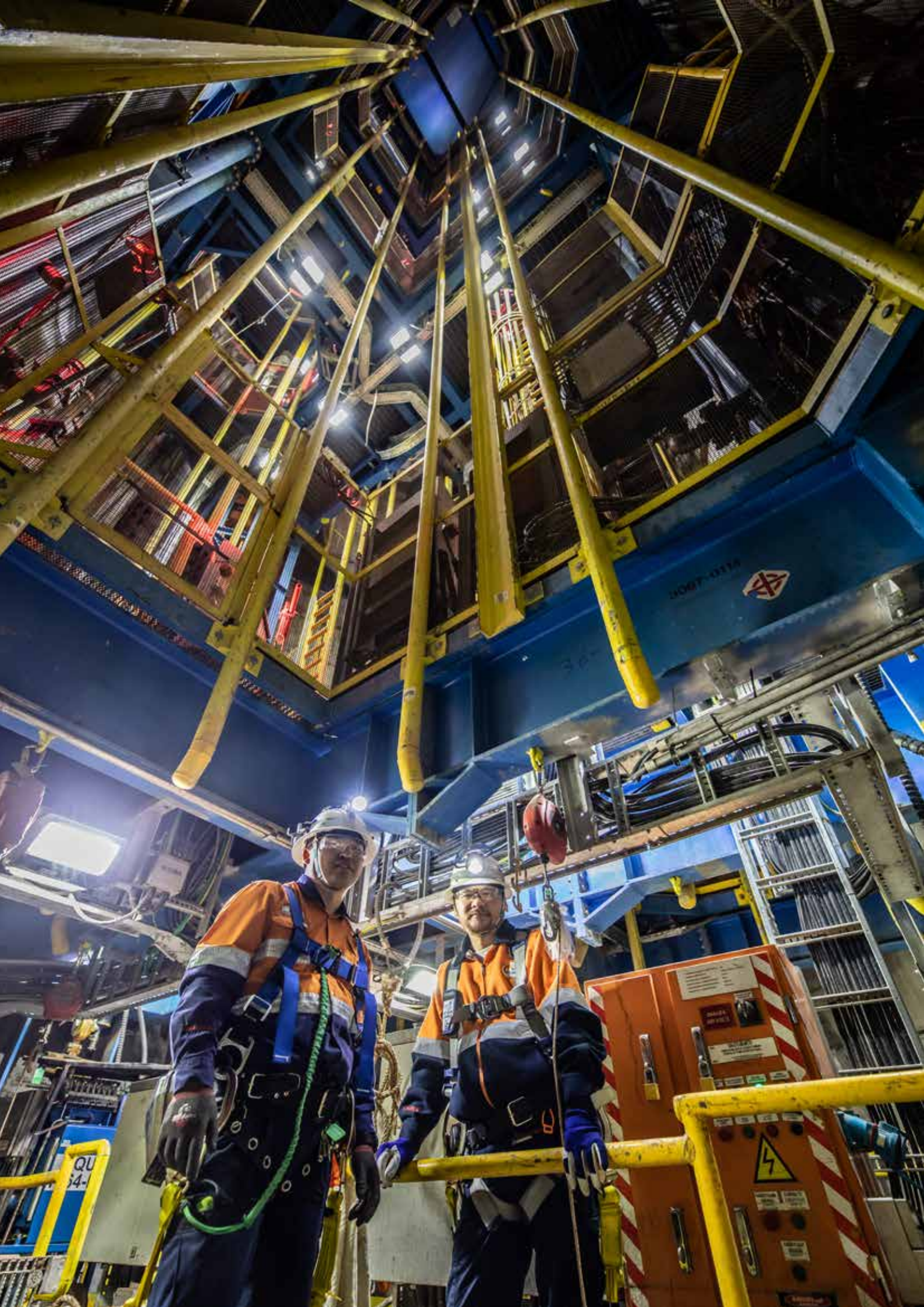
I have the pleasure to note that drawbell blasting performance has been tracking well and accelerated as a result of improvement initiatives implemented by the Oyu Tolgoi teams, bringing projected commencement of underground production ahead of schedule to the first quarter of 2023 (previously anticipated in the first half of 2023). Oyu Tolgoi is on a firm path towards becoming a major copper business in the world!

As with all of our operations at Oyu Tolgoi, safety of our workforce working on the underground project is of utmost priority. On the back of our strong safety culture and thanks to its rigorous implementation, the underground project remains a safe place to work.

Looking forward, study work for Panels 1 and 2 remains on track to be completed in the first half of 2023. Together with Panel 0, Panels 1 and 2, Shaft 3 and Shaft 4 are required to support the ramp-up of production to 95,000 tonnes of ore from the underground mine.

Taking this opportunity, I would like to convey my sincere gratitude to our shareholders, many stakeholders and suppliers, as well as our talented workforce tirelessly working on the underground project for your unwavering commitment and generous support. As we look forward to even bigger milestones and accomplishments, I am excited to work with you to build this towering achievement in the heart of the majestic Gobi.

Jacques van Tonder
CDO





Company profile

Ulaanbaatar

Dalanzadgad

Khanbogd soum

Oyu Tolgoi mine

Gold, copper, silver

Oyu Tolgoi is a world-class mine in the Umnugovi province of Mongolia and holds one of the largest undeveloped high grade copper deposits in the world.

Oyu Tolgoi LLC is owned by Rio Tinto. (66 per cent) and Erdenes Oyu Tolgoi LLC (34 per cent). 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. The Oyu Tolgoi deposit was discovered in 2001.

Oyu Tolgoi is led by an executive team of experts in all aspects of the mining business, and this team drives the strategic agenda for the business. Oyu Tolgoi's Board of Directors, made up of representatives of all shareholders, plays an oversight and decision-making role in support of the strategic directions of the company.






At the end of December 2022, 97 per cent of Oyu Tolgoi's workforce was Mongolian, of which 20.8 per cent 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 which guide the behavior of everyone at Oyu Tolgoi and the decisions that 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 the commencement of underground production is expected in 2023. The mine site also consists of a concentrator and support infrastructure to process 100,000 tonnes of ore per day. Oyu Tolgoi sells its copper concentrate to international customers through a combination of long-term and spot contracts. Development of the underground mine is well underway. Once ramp up to full production is completed, Oyu Tolgoi will be a globally competitive, low-cost producer and one of the world's top producers of copper in concentrates.

In 2022, Oyu Tolgoi focused on five key areas - safety, people, partnership, cash and growth, based on the company's 10 year development strategy. Oyu Tolgoi remains in a strong position to meet continuing market challenges and deliver one of the largest mining projects in the world.

Our vision, Our future

Vision	Natural wealth to enduring value, knowledge and skill				
Mission	Together deliver a safe and globally competitive copper business that contributes to the prosperity of Mongolia				
Values	Safety	Teamwork	Respect	Integrity	Excellence
Priorities					
Focus Areas	<p>Safety</p> <p>Lead the mining industry in safety, and influence broader progress</p> <p>Maintain world class environmental performance</p>	<p>People</p> <p>Build a capable and highly engaged workforce</p> <p>Ensure fairness in employment, build a more inclusive and diverse workplace</p> <p>Continue focus on developing talent pipeline</p>	<p>Cash</p> <p>Optimize business performance, increasing efficiency through continuous improvement</p> <p>Build a learning organization with an embedded 'Owner's Mindset' across the whole workforce</p>	<p>Partnership</p> <p>Maintain a productive and positive relationship with stakeholders</p> <p>Support the creation of an empowered and sustainable local community, with an entrepreneurial Umnugovi</p> <p>Develop a competitive and sustainable national supply chain</p>	<p>Growth</p> <p>Deliver the underground development on schedule, with a reliable ramp up, to secure the long term future of Oyu Tolgoi</p> <p>Continue to develop customer relationships underpinned by sustainable value</p> <p>Develop a mine-to-market supply chain capable of delivering underground volumes safely and efficiently to market</p>

Oyu Tolgoi was guided throughout the year by the company's vision, mission, values, and strategic focus, known as *Our Vision, Our Future*.

Introduced to the business at the start of 2015, *Our Vision, Our Future* encompasses a plan to deliver a safe and globally competitive copper business, which contributes to the prosperity of Mongolia and provides an appropriate return to shareholders.

Oyu Tolgoi has five values, which guide our behaviour and approach to doing business.

Oyu Tolgoi cherishes, five values, Safety, Teamwork, Respect, Integrity and Excellence, which guide our behavior and approach in doing business. *Our Vision, Our Future* also identifies five priorities, covering the focus of the business.

Our strategic framework is being updated and the refreshed strategy will be released in 2023.

Our priorities



Safety



People



Cash



Partnership

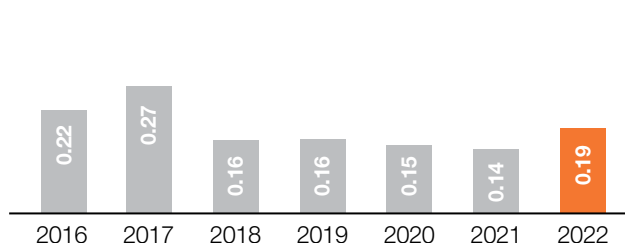


Growth

THE YEAR AT A GLANCE*

All Injury Frequency Rate (AIFR)

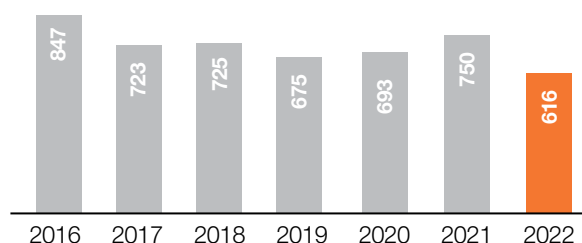
(Per 200,000 hours worked)



At the end of 2022, the All Injury Frequency Rate (AIFR) was 0.19 per 200,000 people hours worked, which makes Oyu Tolgoi one of the safest performers across Rio Tinto Group.

Concentrate Produced

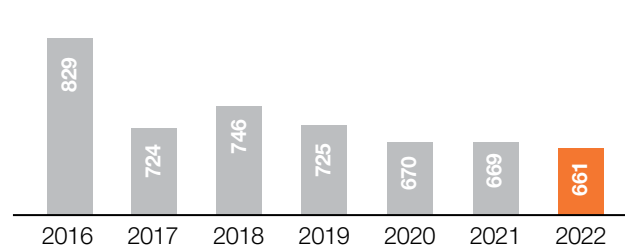
(Dry metric tonnes, 000's)



Our full year concentrate production was 616kdmmt in 2022.

Concentrate sales

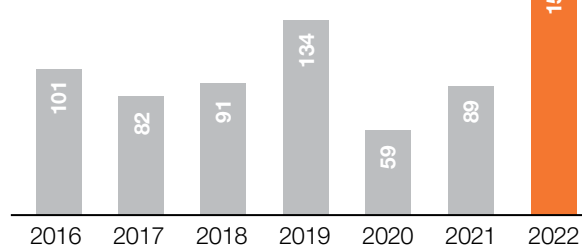
(Dry Metric Tonnes, 000's)



Concentrate sales in 2022 were slightly lower than the previous year.

Surface Sustaining capital

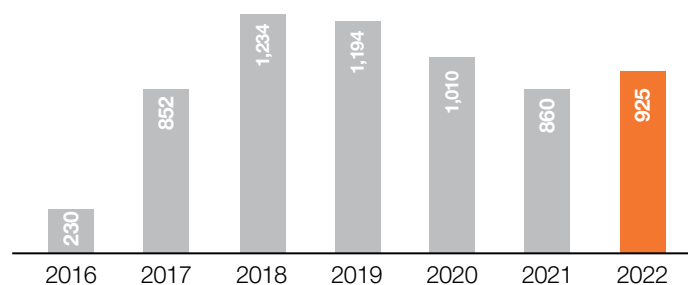
(US\$ million)



Surface capital expenditure was US\$152 million in 2022 compared to 2021 spend of US\$89 million. This is mostly due to higher TSF construction cost mainly driven by Cell 2 construction, higher deferred stripping cost and increase in movement required for access to ore in Phase 5.

Underground Capital

(US\$ million)

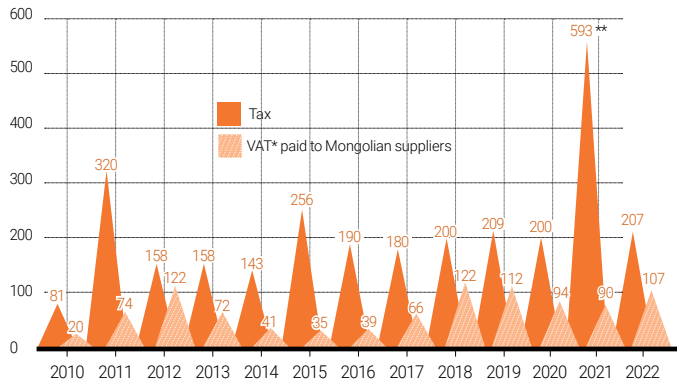


Underground capital expenditure was US\$925 million in 2022, US\$65 million higher than 2021 mainly due to eased COVID-19 restrictions and new activities.

* Summary financial information has been extracted from the audited financial statements of Oyu Tolgoi LLC for the years ended 31 December 2022, 2021, 2020, 2019, 2018, 2017 and 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Amounts reported reflect Oyu Tolgoi LLC as a standalone entity and may differ from amounts reported by Turquoise Hill Resources Ltd. and Rio Tinto following consolidation adjustments and other differences in the application of accounting principles.

Taxes, Fees and other Payments

(2010 - 2022, in US\$ millions)



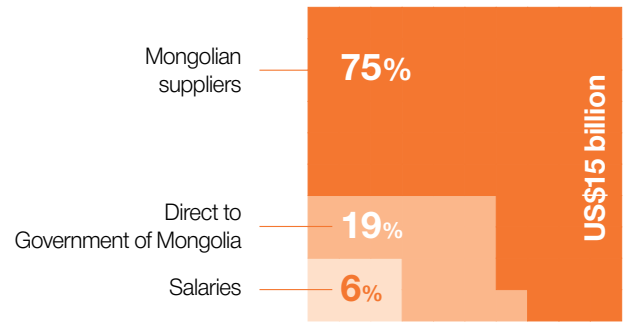
Since 2010, Oyu Tolgoi has paid US\$4 billion or MNT8.8 trillion in taxes, fees and other payments, including the VAT paid to Mongolian suppliers. In 2022, Oyu Tolgoi paid US\$314 million or MNT980 billion in the form of taxes, fees and other payments to the Government of Mongolia.

* OT does not reclaim VAT.

** Includes payment of the disputed tax of US\$356 million, which is pending the international arbitration decision.

Total in-country spend

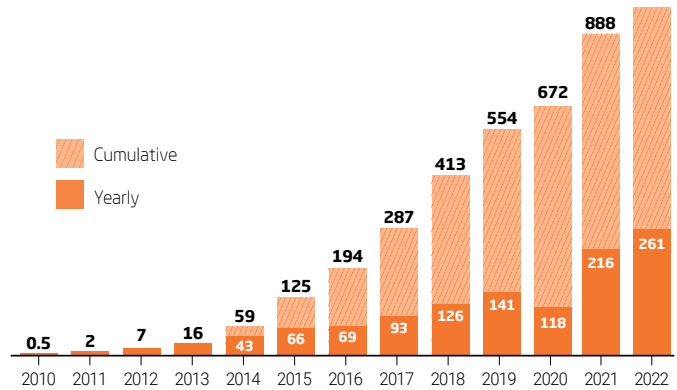
(2010 - 2022)



Since 2010, Oyu Tolgoi has spent US\$15 billion or MNT34 trillion in-country in the form of salaries, payments to Mongolian suppliers, taxes and other payments to the Government of Mongolia.

Local Procurement (Umnugovi)

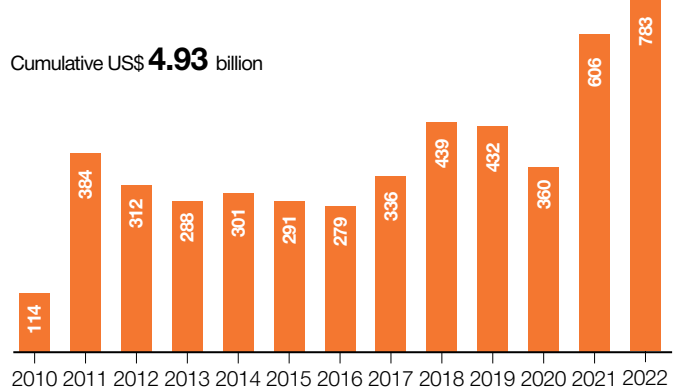
(2010 - 2022, in US\$ millions)



In 2022, 101 local suppliers provided goods and services to Oyu Tolgoi and spend of US\$261.12 million. Since 2010, Oyu Tolgoi has spent US\$1.15 billion on procurement from Umnugovi province

National Procurement

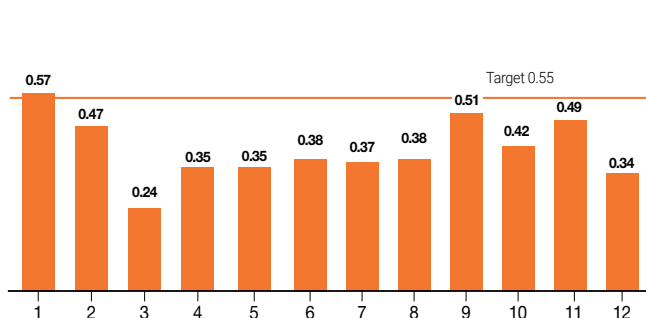
(2010 - 2022, in US\$ millions)



Oyu Tolgoi Operations Procurement team collaborated with 863 suppliers in 2022, of which 567 are national businesses representing 75% of total operations procurement spend. Since 2010, Oyu Tolgoi has spent US\$4.93 billion on national procurement.

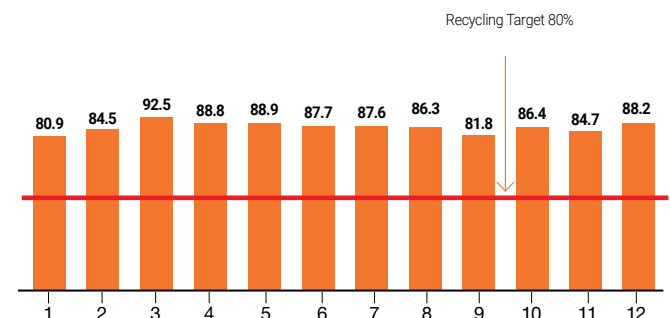
Water use efficiency

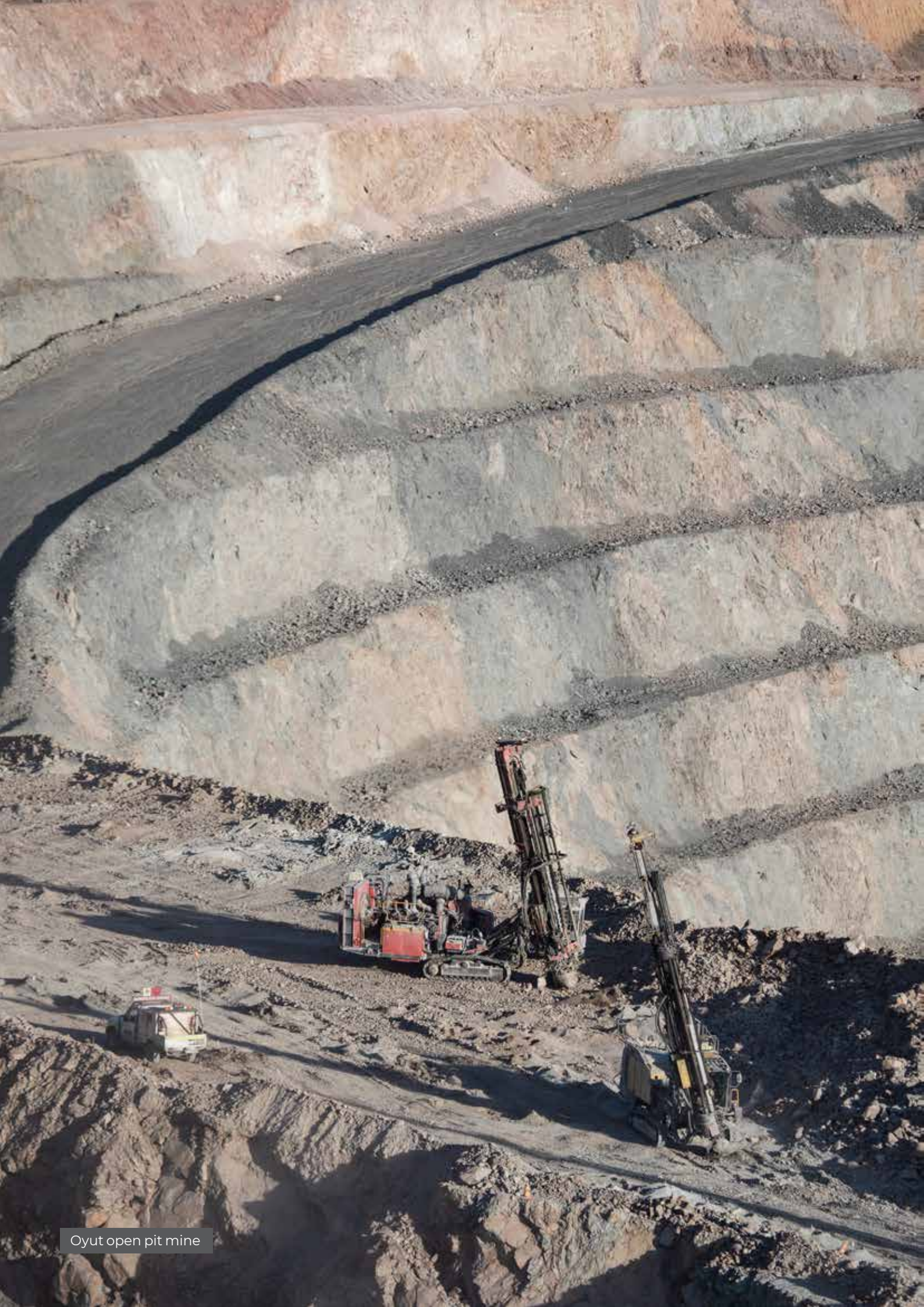
(Cubic metres per tonne of ore processed by month)



Water recycling rate

(Per cent by month)





Oyut open pit mine

CARING FOR OUR ENVIRONMENT AND PEOPLE

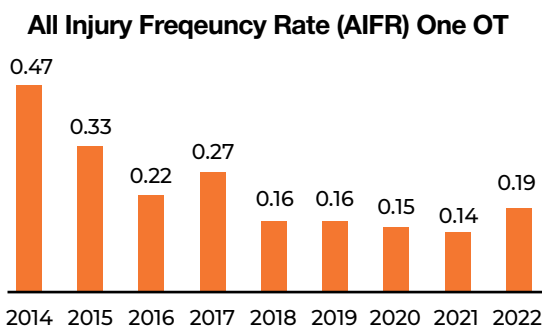
Our workforce is the foundation of our business. To enable our people to perform at their best, safety and wellbeing is our highest priority. Our standards follow international best practices

Oyu Tolgoi consistently ranks among the safest mines across Rio Tinto

to support our approach to health, safety and the well-being of our workforce, partners, and the local community. As a result, we excel in safety performance benchmarks. As of 2022, the All-Injury Frequency Rate (AIFR) across Oyu Tolgoi was 0.19 per 200,000 people hours worked, making it one of the safest mines across Rio Tinto.

Key Highlights:

- **Covid-19:** In order to safely manage the pandemic and build a sustainable solution to secure outbound and inbound operations stability, Oyu Tolgoi adopted the “COVID-Free Green Zone” in 2021-2022 and operated it successfully.
- **Critical Risk Management:** Leaders across the site have conducted 218,567 Critical Control Verifications and around 1,100 major hazard Critical Control Verifications with the aim to eliminate and reduce risks.



- **Leadership in the Field (LiF):** Leading with Leadership in the Field is our key leadership routine that engages our team members to drive improvement in safety culture by seeking to understand and removing the barriers our team members face in completing work safely and productivity. The LiF programme has successfully been launched at Surface & SIS Operations and will expand to all teams, including contract partners in 2023.

- **Health:** The Hospital in Khanbogd Soum has been accredited to provide a service for “Employees Health Prevention and Occupational Health Evaluation” to all employees and contractors of Umnugovi province.
- **Water:** Oyu Tolgoi maintained its strong performance in 2022 by keeping the water usage low, achieving one of the best performances in the sector. Average water recycling efficiency rate was 86.4%. ‘Care Deeply’ national campaign was successfully launched to raise community awareness.
- **“100M Tree”** programme has been endorsed by the Ministry of Environment and Tourism with the strategy to achieve 100M Tree commitment to the Government of Mongolia with 60:40 ratio being reforestation and national reforestation capability development activities, respectively. We’ve planted over 50,000 trees in Ulaanbaatar, Khanbogd, Dalanzadgad and rehabilitated 110ha of abandoned mine site at Yalbag valley, Selenge Province.
- **HSE Risk Management:** Continue successfully embedding Catastrophic Events prevention programmes such as Major Hazards standards and Process Safety Management incorporating First Line Assurance programme.



THE OYU TOLGOI FAMILY



Behind every “woman and man” working at Oyu Tolgoi, mothers, fathers, daughters, spouses, partners wait for their loved ones to get home safe and sound. At Oyu Tolgoi, there is nothing more important than the safety of our workforce. Following and rigorously implementing international best practices, Oyu Tolgoi maintains its reputation as one of the safest mines across Rio Tinto.



Occupational Health

Health and Wellbeing

- Co-initiated a campaign to raise public awareness on men's health, eight events covered 9000 employees.
- As liver cancer incidence is alarmingly high in Mongolia, Oyu Tolgoi has organized Hepatitis B and C screening sessions and vaccinated 1017 employees.
- Oyu Tolgoi's health team successfully organized seasonal flu vaccination sessions and covered over 5000 employees.

Medical Surveillance

We have resumed our periodic medical checkups in the beginning of 2022, after a temporary suspension due to Covid-19, for all Oyu Tolgoi and CAT 1 contractor employees. Within this framework, we conducted medical assessment for employees (41) who work near radiation sources. We also organized "Employees Health Prevention and Occupational Health Evaluation" in Khanbogd and conducted 1480 Occupational medicals and contracted with 54 Oyu Tolgoi sub-contractors in 2022.

Our hygiene team successfully completed all monitoring requirements as planned in 2022. No unprotected exceedances were recorded in samples taken for dust, noise, welding fume and diesel particulate matter.

Security and Emergency response

Emergency Response and Security Team highlights:

- Integrated Surface ERT and UG MRT.
- All planned ERT exercises and trainings have been conducted as per schedule involving respective area owners.
- Oyu Tolgoi Disaster Risk Assessment has been completed.
- Received and responded to 744 emergency calls. Implemented Virtual BRT process

Environment

Oyu Tolgoi ensures its lowest environmental impact by avoiding, minimizing, rehabilitating, and implementing additional biodiversity offset projects to continuously operate sustainably. Since 2014, a total of 150 exploration bores have been sealed, rehabilitated, and handed over to the local government and 27 of them have been sealed in 2022.





PLANTING A TREE AT A TIME

The Oyu Tolgoi family has an established tradition to plant trees biannually. The company stepped up its commitment by pledging to support the “One Billion Tree” national campaign through its “Hundred Million Tree” plan. The plan will support the national campaign through planting and nurturing trees in conjunction with building the nation’s forestry capability. In the passing year, over 50,000 trees in Ulaanbaatar, Khanbogd, Dalanzadgad were planted and rehabilitated 110ha of abandoned mine site at Yalbag valley, Selenge province.

Water

Water is a treasured jewel of the Gobi. Oyu Tolgoi is fully cognizant of the criticality of water for local communities as well as for preserving regional biodiversity. Although we use non potable, deep underground water sources separate from freshwater sources, we attach highest importance to minimize usage and maximize our recycling rate.



Oyu Tolgoi maintained its strong performance in 2022 by keeping water usage low. In respect to water usage, we are one of the best performers in the industry. Currently, natural water extracted to process one tonne of ore is less than 0.4 cubic meter. Our average water recycling efficiency stands at 86.45 per cent. We successfully completed the water audit, as per requirement of Investment Agreement between the Government of Mongolia, Rio Tinto and Oyu Tolgoi.



OYU TOLGOI CARES DEEPLY

Oyu Tolgoi deeply cares about the environment. Not only where it operates but also elsewhere. In 2022, we launched "Care Deeply", a nationwide awareness campaign on efficient water usage. With the generous support from the Mongolian Hydrogeologists' Association, Water Authority, Galba-Oosh-Dolood River Basin Organisation, and Mongolian University of Science and Technology School of Geology and Mining, the campaign was a resounding success.

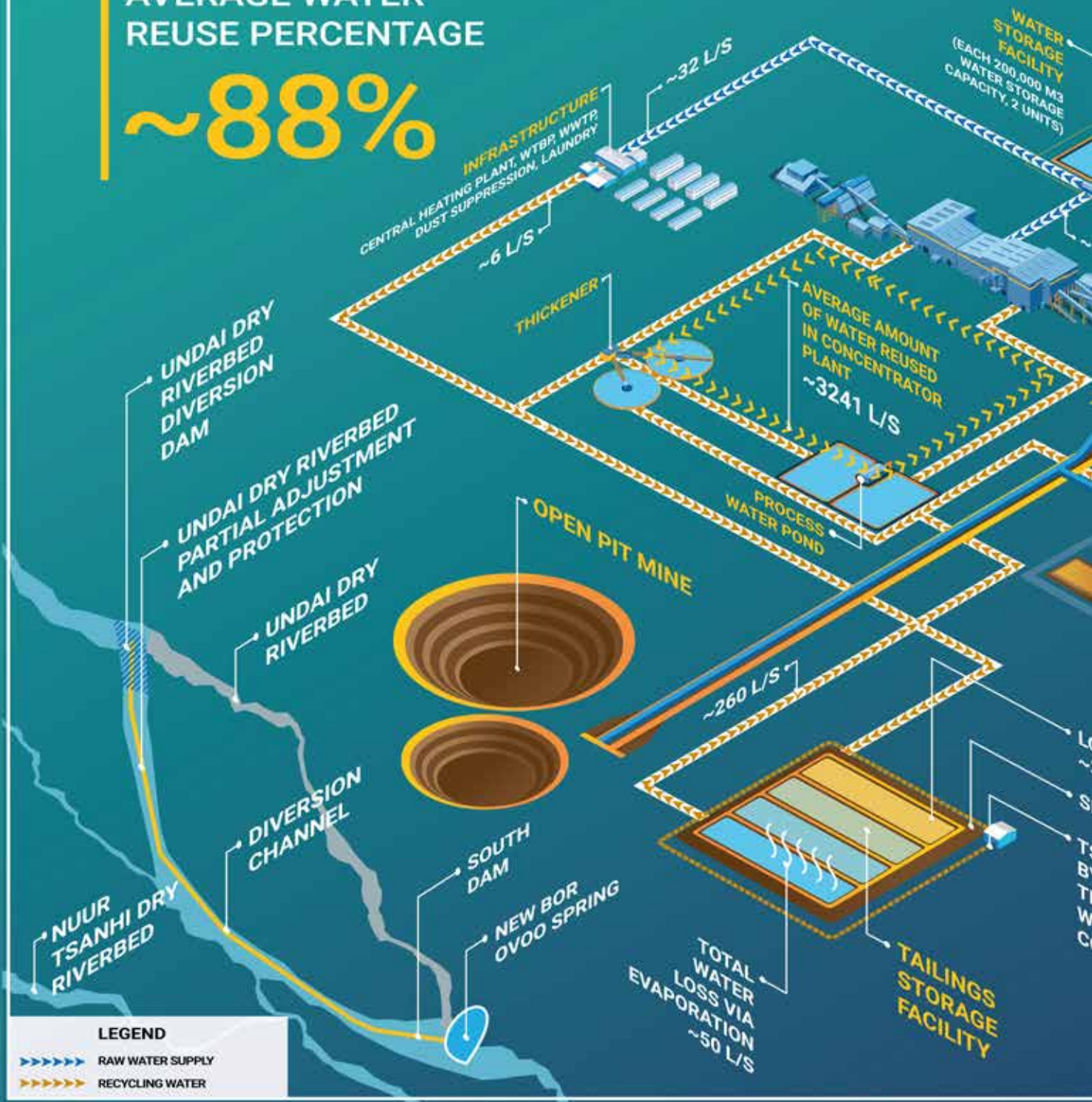
As part of the water campaign, Oyu Tolgoi announced a fellowship programme for content creators, artists as well as students, to which 140 creators participated. Within the framework of the programme, participants honed their skills through training sessions and took part in workshops with industry professionals.



OYU TOLGOI MINE WATER MANAGEMENT

AVERAGE WATER REUSE PERCENTAGE

~88%



NORMATIVE WATER AMOUNT USED FOR PRODUCING 1 TONNE UNIT OF PRODUCTS IN MONGOLIA



OT PROJECT USES 3 TIMES LESS AMOUNT OF WATER TO PRODUCE 1 TONNE OF COPPER CONCENTRATE COMPARED TO OTHER SIMILAR COPPER MINES IN THE WORLD

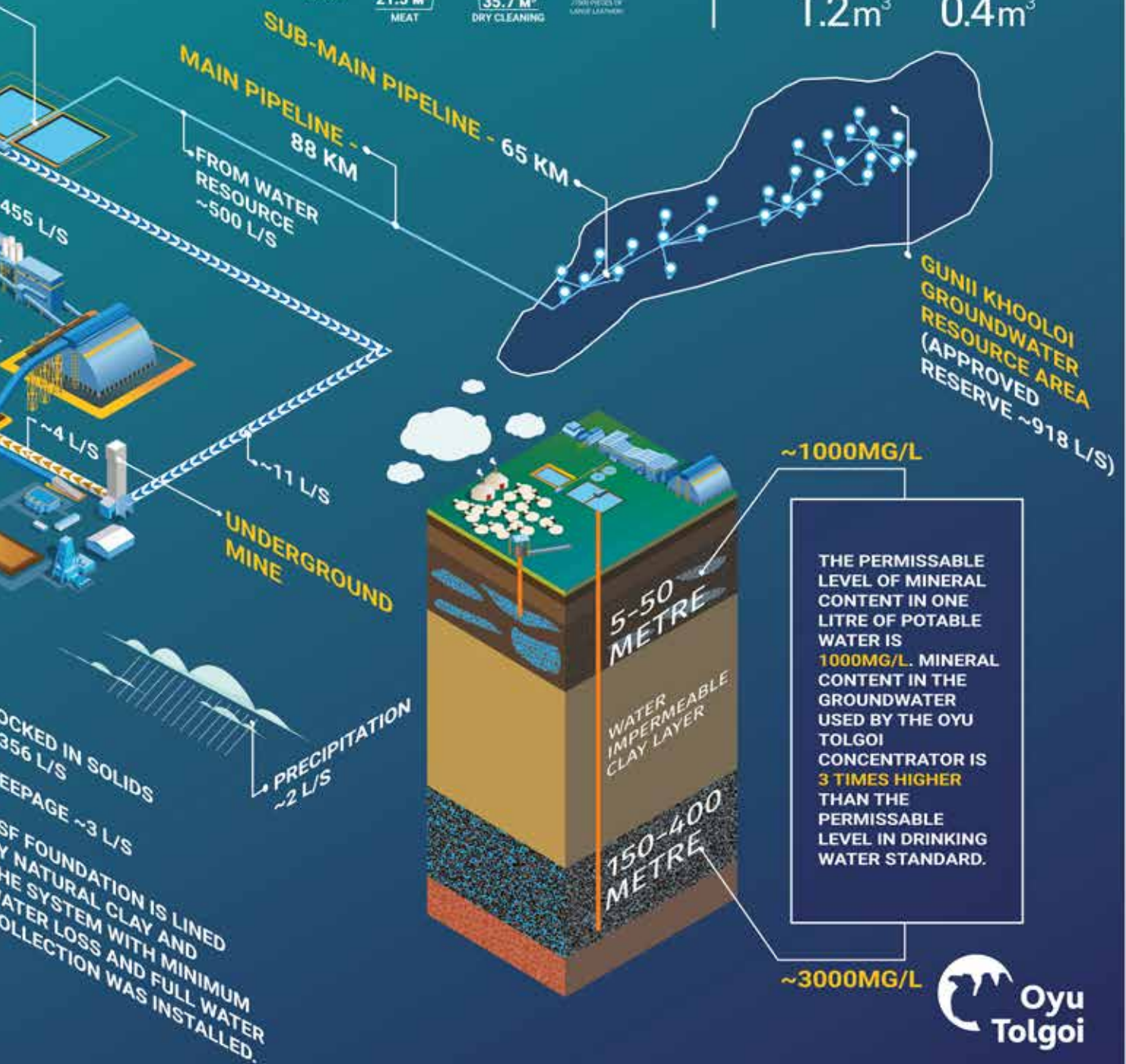
WATER REPLENISHED FROM GUNJII KHOOLOI



1.2m³



0.4m³





Biodiversity and rehabilitation

The Core Biodiversity Monitoring programme continued monitoring critical biodiversity features of the region. Oyu Tolgoi made significant contribution towards the conservation of Asiatic Wild Ass (Khulan). In 2022, A Khulan conservation strategy workshop was organized.

National and international leading scholars government officials, decision makers and local stakeholders participated in the workshop, and contributed their inputs. Within the scope of the Anti-poaching offset project, Oyu Tolgoi provided trainings and handed over necessary equipment to local rangers. Based on the successful implementation, the project was expanded to Dornogobi and 7 Umnugobi soums have expressed their interest to participate.

Oyu Tolgoi has increased its biological rehabilitation effort, particularly offsite, as advised by Lenders’ auditors. In 2022, technical rehabilitation was done in a 65.12 ha area. The rehabilitation was done with extensive involvement from locals and without any safety incident. Additionally, 47.94 ha area was biologically rehabilitated.



Rehabilitation process underway



SKILLED WORKFORCE CONTINUOUSLY LEARNING

The story of Oyu Tolgoi is about a journey of its people and, their personal growth and development. Our people have been and continue to be the cornerstone of our success. At Oyu Tolgoi around 97 per cent of our workforce is Mongolian. Building one of the biggest mines in the world, their professionalism is not only recognized nationally but also sought after in the global mining business.

Key highlights of the year:

People and Partnership

- Improved our workforce commitment of 90:10 ratio to; 97% of our workforce (97% for Operations and 95% for Underground project) was Mongolian in 2022 (2021: Overall 95%, 98% for Operations and 89% for Underground project).
- During the year, implementation of the revised Labour Law was one of our key priorities. A multi-disciplinary team worked on this issue from Mongolia, India and Australia. We held year-round discussions and consultations with key stakeholders, including the Ministry of Labour & Social welfare, Mongolian National Mining Association, Mongolian Employers' Federation, Mongolian National Chamber of Commerce and Industry.
- Implementation of the revised Labour law brought positive outcomes within





our communities. A total of 504 new roles were created for the 4th panel in order to adjust to the even time roster. Additionally, 610 employees' fixed term contracts were converted to permanent contracts and 210 CAT1 (category 1) employees who worked under a labour supply agreement were converted to Oyu Tolgoi LLC employment. Policies, procedures and payroll systems of the company were updated as per the revised law. At the end of 2022, 3500 site based national employees were on even time roster such as 14/14, 7/7 and 3.5/3.5. The legislative change required over 6600 employment agreements and/or amendments and system changes, significantly increasing our paper and other administrative burden.

- Local employment increased by 67 per cent in the last 12 months and as of December 2022, 23.5 per cent of site em-

ployees are from Umnugovi, which is the highest increase to date. Oyu Tolgoi was recognized as the "Employer of the Year" by the Umnugovi government in September 2022.

- In an effort to foster diversity and inclusivity, we implemented a referral programme and dedicated policy in 2022, encouraging the employment of people with disabilities. As a result, the number of disabled employees increased by 12 in 2022.
- Even time roster is generally favoured by site-based employees. However, based on the request of Oyu Tolgoi Trade Union Committee to increase salaries and pay, overtime as per the previous labour law, we have reached an agreement through a collective negotiation. The Collective Agreement (CA) was renewed for the period 2022-2025. The revised agreement expanded employee benefits and intro-



- duced Life insurance benefits and the establishment of a Retirement/Savings fund to secure our employees' and their families' future in the long term.
- Health and accident insurance was renewed with improved coverage as well as additional benefits to our employees.
 - Sectorial Excellence and Honorary Employee medals were awarded to 122 employees, recognizing their contribution to the project and mining development in Mongolia.
 - Rio Tinto Mongolia LLC – Oyu Tolgoi LLC – Mongolian University of Science and Technology trilateral partnership (MUST)

- Technology Geotech project) progressed well with delivering major milestones including:
- Computer laboratory (with 17 modern computers) established for mine geotechnical data analysis, simulation, and programming.
 - Organized advanced English-level courses for MUST teaching staff English Language programmes continued for 18 MUST professors in order to improve their English teaching skills.
 - 25 students conducted mine familiarization practicum at OT mine site in summer 2022
 - Completion of Geotechnical testing and research laboratory equipment installation

and calibration, enhancing the mining and geotechnical research capabilities of MUST.

- Developed 28 out of 49 bachelor's degree syllabuses in English and Mongolian and revised by National and International consultants. Newly developed syllabuses were introduced for the 2022 - 2023 Academic year.
- 4 Pilot projects and 3 Research grants with a total funding of US\$ 440 thousand were selected. These projects aim to improve productivity, stability, and safety of the mining industry, addressing the needs of underground mining and knowledge creation.
- Domestic scholarships were granted to 5 Geotechnical students, increasing the number of scholarship holders to 25 in addition to 2 international scholarships.

- A Memorandum of Understanding was signed on July 09, 2022, with the Ministry of Education and Science of Mongolia on completing a Feasibility study of Umnugobi Technological Institute under the auspices of the Mongolian University of Science and Technology.

TRAINING & DEVELOPMENT

- Reintroduced the Inspiration Leadership Programme 2.0. Six facilitators were trained who facilitated the training of 237 leaders and supervisors during 2022.
- Approximately 600 Oyu Tolgoi Leaders completed Everyday Respect Training within 2022.



- Building Everyday Respect – leading with care, courage and curiosity training aims to build strong and visible leadership throughout the organisation, creating an environment where everyone can be themselves, each and every day. The programme focuses on ensuring leaders understand the need to take action to establish a safe environment for their teams and aims to develop leader capability in preventing harmful behavior and disrespect. The primary purpose of this training is to set the foundational elements of psychosocial safety in our business and the role leaders play in creating safe, respectful and inclusive work environments.
- A Memorandum of Understanding was signed between Oyu Tolgoi and HR Club to partner on accelerating the development of human resource management in Mongolia by making tangible contributions to employer cooperation, sectoral development, and by empowering, integrating and supporting human resources specialists. Within the scope of this partnership, on 14 October 2022, we jointly organized the nationwide HR event under the theme of “BE READY, BE PASSIONATE, BE FLEXIBLE”. Over 450 HR professionals representing 110 companies attended and had effective dialogue about the “Future of HR function”, “Future workplace” and “Future of HR professionals”.
- Oyu Tolgoi sponsored numerous events and activities organized by the Mongolia Inclusion and Diversity Group. Such event and activities, included Speed networking, Tsagaan sar online cultural session, hiking and coffee club meetings, I&D introduction at Nest high school, Tree planting at National park, Family day and Art Therapy painting, Naadam festival related sessions, were a great opportunity to hear, learn and engage with the LGBTQI+ community as well as raise cultural awareness.

Technical and Vocational Education and Training partnership

Pre-employment

- 62 graduates studied in welding, electrician, drill operator and sewing. Since 2016, we have been running the Pre-employment programme in partnership





with Dalanzadgad Polytechnical college that is aimed at upskilling Umnugovi locals to ultimately assist in their employability. The programme is part of the Cooperation agreement commitments. Training courses are identified and planned based on current Umnugovi need for economic growth and planning and to provide assistance to address skills shortage.

at the Khanbogd soum TVET (Technical Vocational Education Training) and is delivered by Oyu Tolgoi contractor Subutai mining services. Welding programme of the Pre-apprenticeship programme is delivered at the Dalanzadgad Polytechnic College. This is a one-year vocational training programme in three different trades aimed at Khanbogd and partner soum residents.

Pre-apprenticeship

- 57 new students enrolled in Pre-apprenticeship in 2022, of which 20 are female. Starting from this year, we involved the local labour specialist in the enrollment process to address concerns from Khanbogd. The pre-apprenticeship programme has been running since 2016

Umnugovi employment

- The Umnugovi employment Working Group meetings at Oyu Tolgoi site and Umnugovi were held on a quarterly basis. Local authorities and other participants have noted that the Working Group made significant progress on collaboration to enhance employment preparation and



opportunities during the year. At these meetings, we have been able to come to an agreement with the Umnugovi government representatives on major issues such as talent pool platform development, streamlining the implementation of Umnugovi employment preference. As a result, we were able to achieve record breaking employment.

Talent Pipeline

Oyu Tolgoi has been implementing “school to job” programmes since 2010 to prepare future talent in Mongolia. The programme includes initiatives such as Youth development, Domestic scholarships, Internships, Graduate development and international scholarship programmes. All programmes target specific focus groups. So far, approximately 3700 youth have been enrolled. The Oyu Tolgoi Education-day and ‘Crushing on your profession’ talks were held in Ulaanbaatar and in four soums in Umnugovi. Each event consisted of up to 20 profession promoting booths and guest

speakers from Oyu Tolgoi and its partners participated. Approximately 1,200 students participated in Umnugovi during the Aimag Open days, and 2,000 students attended during our Education Open day held in Ulaanbaatar.

In December 2022, the Oyu Tolgoi Education Day was held, during which we awarded 37 domestic and 5 international scholarships, 21 graduates joined our workforce and 50 youth to participate in the development programme. Through the “Crushing on your profession” event, Oyu Tolgoi subject matter experts and leaders shared valuable experience and advantages for their specific profession to more than 1500 high school students. The main goal of the event was to engage participants to provide insights and challenges in planning their future and college at a critical time of their lives. The programme has been widely hailed as a huge success and gained the reputation as one of the most productive and engaging events of the year in Mongolia.





Oyu Tolgoi Youth Development programme

- The Youth development programme is the gateway to the rest of Oyu Tolgoi's education and talent pipeline programmes where 12th year students are eligible to enroll. Through this programme, we are developing essential soft skills that are irreplaceable in the Fourth industrial revolution. With the successful completion of 100 students in Youth Development Programme in Ulaanbaatar, Dalanzadgad and Khanbogd soums, since 2013 total of 1370 participants have graduated from the programme.

Oyu Tolgoi Domestic scholarship programme

- In 2022, the programme has become more inclusive by adding disabled student quota, and as well as majors outside of mining. This year we have awarded 37 new scholarships in 15 different fields of study. Since 2010, 376 domestic scholarships have been awarded and provided financial assistance and development opportunities to Mongolian university and college students.

Oyu Tolgoi Internship programme

- Since 2010, Oyu Tolgoi has been enrolling interns to gain invaluable experience in their relevant professions for up to six

months. Starting from 2022, interns are receiving a stipend and the Oyu Tolgoi internship programme procedure has been updated with many favorable clauses for future interns. More than 580 students have had the opportunity to complete their internships at Oyu Tolgoi since 2010.

Graduate programme

- In 2022, 13 graduates in the disciplines of logistics, metallurgy, mechanical engineering, electrical geology, construction and geotechnical engineering finished their programme successfully and all of them have joined Oyu Tolgoi as full-time employees. With this we have 135 graduates who have completed their programme since 2011 and all of them have been employed full time either with Oyu Tolgoi or Rio Tinto.
- There are various virtual webinars and learning sessions from the Rio Tinto central graduate team which our Oyu Tolgoi graduates participate in and one of them is the "Innovation pitch" which is competitive activity among all graduates from different countries, where an Oyu Tolgoi graduate won and was rewarded by being able to take part in the "One Young World" Summit in London.
- 21 new graduates started their Graduate Development Programme in geology,

chemistry, mining, metallurgy, concentrator operations, electrical, mechanical engineering, finance, instrumentation and surveying. They will have a 2 year rotation and development journey at Oyu Tolgoi.

Oyu Tolgoi International scholarship

- Five candidates were awarded international scholarship in the disciplines of Geotech and hydrology, UG mining and they will be studying in Australia and Germany. The scholarship covers tuition fee, living expense, stationery and health insurance. Oyu Tolgoi has awarded 44 international scholarships since 2010 and developed future leaders of Mongolia.

Trades Training:

- Existing training arrangement with Holmesglenn Institute Australia became increasingly unsustainable since regulatory environment around technical education and delivery in Australia has changed making delivery challenging. A more sustainable approach has been proposed and approved as part of Oyu Tolgoi's long term training strategy, to partner with a Mongolian national training provider, which will be able to offer trades training to OT tradespeople, who will be awarded with an internationally recognized trades qualification after completion.
- Five professors from the Polytechnical College at Dalanzadgad obtained CERT III degree successfully out of 18 trainers enrolled. Oyu Tolgoi and GIZ cooperated to upskill trainers from Dalanzadgad, Dornod and Darkhan province (3D) vocational training centers. Under this project Trades Training team trained the trainers of those colleges with Certificate III engineering qualification programme and 5 of them successfully completed the course.
- 33 new apprentices in 2022, only Umnugovi resident - Female 21, Male 12;





Operation Training:

Trained 124 new operators on the job

- Open pit area; 53 new operators for HT-930 dump truck
- Tailings area: 23 new operators in three different Dump trucks
- Concentrator area: 43 new operators.

Immersive Technologies LLC organizes the TOP GUN operator competition amongst all their clients in Asia Pacific Region annually in Bali, Indonesia. The intent of this programme is to discuss and network on best practices and industry trends as well to improve operators' participation in training by organizing a competition for the best operator and recognizing achievements by awarding the TOP GUN operator title. Open pit Best (Top Gun) operator was selected based on the reliability scorecard of the utilization dump trucks and Komatsu-930e dump truck simulator performance.

Learning Management System:

- Oyu Tolgoi Training Mobile Application was successfully launched. This enables all employees and contractors to manage training information on their personal mobile device. The application has many functions specifically for employees and contractors who have no access to computers and training data. It replaces all printed license and permits used at Oyu Tolgoi, which significantly reduces printing related costs and work hours. It also creates opportunities for leaders and safety personnel to check training related information of all employees and contractors. The application has been commended by the Rio Tinto Business Conformance Audit in 2022 and identified as a best practice recommendation for possible Rio Tinto wide installation. The application will be deployed during 2023 in USA for Rio Tinto Kennecott and Resolution Copper mines.
- As an additional option, we implemented Oyu Tolgoi Training Kiosks to allow people without no smartphones the ability to access their own training profiles and resources.
- Learning reset project reviewing current training maturity assessment across entire Rio Tinto

identified existing strength and gaps in learning and development process of the company. Whilst few gaps were identified as company holistically was rated as progressing, Oyu Tolgoi LLC training has been identified as one of the best within Rio Tinto providing valuable services to Operations.

2. KEY PERFORMANCE INDICATORS

Workforce commitments under Investment Agreement are fully met. The table below shows Oyu Tolgoi workforce data as of December 31, 2022.

Key Milestone	KPIs	Performance
Overall, Oyu Tolgoi	National employees	20364
	Expatriate employees	609
	National: Expatriate employees' ratio	97.01% / 2.99%
Not less than 90% of the Investor's employee will be citizen of Mongolia	Total of Oyu Tolgoi LLC employees	4241
	• Nationals	4122 (97.19%)
	• Expatriates	119 (2.81%)
For mining and mining related work not less than 75 % of entities employees will be citizen of Mongolia	Subtotal of 75/25 Contractor Companies	9674
	• Nationals	9479 (97.98%)
	• Expatriates	195 (2.02%)
For construction work not less than 60 % of entities employees will be citizen of Mongolia	Subtotal of 60/40 Contractor Companies	6448
	• Nationals	6154 (95.44%)
	• Expatriates	294 (4.56%)

The highlights of the workforce data as of December 31,2022:

97%

of total workforce
is Nationals

4244

(20.84%) employees are
residents of Umnugovi
(compared to 1,914 in 2016)

3621

(17.76%) employees
are female from
total workforce

961

(22.7%) employees of
Oyu Tolgoi LLC are female

48

different nationalities
are represented at
Oyu Tolgoi

FINANCIAL PERFORMANCE

As a business, Oyu Tolgoi places financial discipline, sustainable and profitable operations at the core of its corporate strategy. We are slowly but confidently emerging from the pandemic, the cause of substantial supply chain disruptions to us and everyone else. However, new geopolitical developments and flashpoints cloud market and financial predictability, demanding no less resilience from us. Managing uncertainty and risk in our financial operations is a critical component of our business. Thanks to our systems and processes, Oyu Tolgoi delivered formidable financial results in 2022, despite a backdrop of high volatility.

Prices

Copper prices were down 13% Year on Year to US\$8,387/t in 2022 and experienced high volatility, especially in Q2/Q3, amid concerns about faltering China demand, elevated US inflation, and increasing recession risks in key economies. Mine disruptions in South America, increasing operating costs, and low levels of visible stocks stopped prices from falling further. In the last part of the year, prices started to show signs of recovery amid market expectations of China easing Covid-19 restrictions and a weakening dollar.

Gold prices were slightly up 0.4% Year on Year to US\$1,814/oz. Prices rose above US\$2000/oz in March, driven by safe-haven demand and geopolitical turbulence, but gradually lost ground as aggressive US rate hikes strengthened the US dollar and bond yields; this raised the opportunity cost of holding non-yielding bullion and dampened investor sentiments with prices reaching a minimum of US\$1,629/oz in early November. Later in Q4, prices found support as physical demand from consumers and central banks recovered, and gold prices increased by 8% in the last two months of the year.

Production

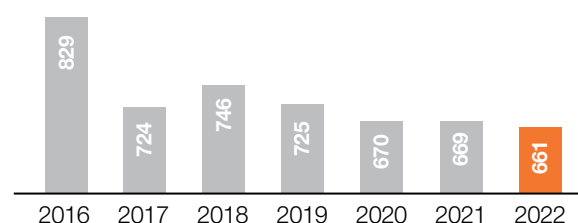
Open pit material mined increased from 84.9 million tonnes (Mt) in 2021 to 97.4 million tonnes (Mt) in 2022 due to reduced impact from COVID-19 as well as increased Haul Truck Effective Utilization. The increase in conversion of inferred ore enabled a shift of strategy to reduce reliance on low grade stockpiles, therefore reducing rehandle by 13.6 million tonnes. Direct feed from the pit to the crusher has also increased significantly, delivering higher head grade to the mill.

Mill throughput increased to 39.4 million tonnes in 2022 despite slight reduction of ton per operating hours (tpoh) constrained by ore hardness as a result of increased expit ore. Both copper and gold metal productions were above the 1Q3 plan as a result of higher head grades.

Revenue

Concentrate sales

(Dry Metric Tonnes, 000's)



In 2022, we produced 129,468 tonnes of copper in concentrate, achieving our guidance range of 110,000 – 150,000 tonnes. In 2022, Oyu Tolgoi earned sales revenue of US\$1,424 million (2021: US\$1,971 million) from sales of 661 thousand dry metric tonnes (kdmt) (2021: 669kdmt) of concentrate with metal content of 132 thousand tonnes (kt) copper (2021: 139kt); 207 thousand ounces (koz) gold (2021: 435koz); 836 thousand ounces (koz) silver (2021: 783koz).

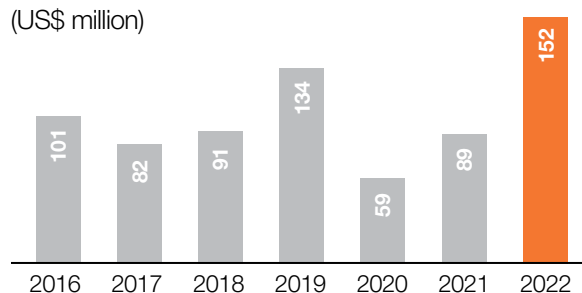
US\$m	2022	2021	2020	2019	2018
Sales Revenue	1,424	1,971	1,078	1,166	1,180
Underlying Earnings Before Interest, Taxes, Depreciation and Amortisation (Underlying EBITDA)*	436	1,205	379	350	367
Underlying EBITDA Margin (percent)*	31%	61%	35%	30%	29%
Operations sustaining capital expenditure	152	89	59	134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

Surface sustaining capital expenditure

Sustaining capital expenditure was US\$152 million in 2022 compared to 2021 spend of US\$89 million. This is mostly due to higher TSF construction cost of US\$20 million mainly driven by Cell 2 construction as the work started from mid-2021, higher deferred stripping cost of US\$21 million due to higher waste mined driven by increased Haul Truck effective utilization, as well as increase in movement required for access to ore in Phase 5, US\$19 million higher Gashuunsukhait road re-commenced at the end of 2021 and US\$3 million in other sustaining capital projects.

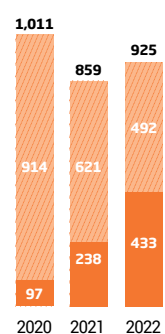
Surface sustaining capital

(US\$ million)



Underground capital

(US\$ million)



Underground project capital expenditure

Underground project capital expenditure was US\$492 million in 2022, US\$129 million lower than 2021 due to progress delays from the extended Covid-19 impacts through early 2022, labour constraints due to changes to the Mongolian Labour Laws and delays in the approval of the DE2020 budget. Total development capital expenditure on the underground project has reached US\$5.47 billion since January 2016. Project to date commitments of US\$6.23 billion include the award of US\$4.58 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\$1.18 billion was awarded to international suppliers. Contributions to local vendors through procurement and contract packages represent 79 percent of total project procurement commitments.

* 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.

Underground sustaining capital expenditure

Underground sustaining capital expenditure was US\$433 million in 2022, US\$195 million higher than in 2021, a year-on-year increase achieved mainly due to eased Covid19 restrictions and more and new activities in 2022. Each activity in Underground mining operations had significant achievements which comprises of 40% higher development meters; commencement of production Drawbell blast activities from mid-2022 and ended with 19 Drawbell blasts by December end; and 2 more Ore Handling systems and higher roadways completion rate than in 2021.

Underground Operations made significant progress against plan with a total actual development of 15,955eqm vs target 15,450eqm. Acceleration of undercut advance and drawbell blasting enabled increased hoisted tonnes, with total UG material movement 481k.dmt higher than planned (2,152 vs. target 1,671). Three Truck Chutes were installed for the southern material handling system, aligned to target, however Extraction Level and Haulage Level Roadway construction works were behind target due to delays in the commencement of undercut, and the award of key construction contracts.

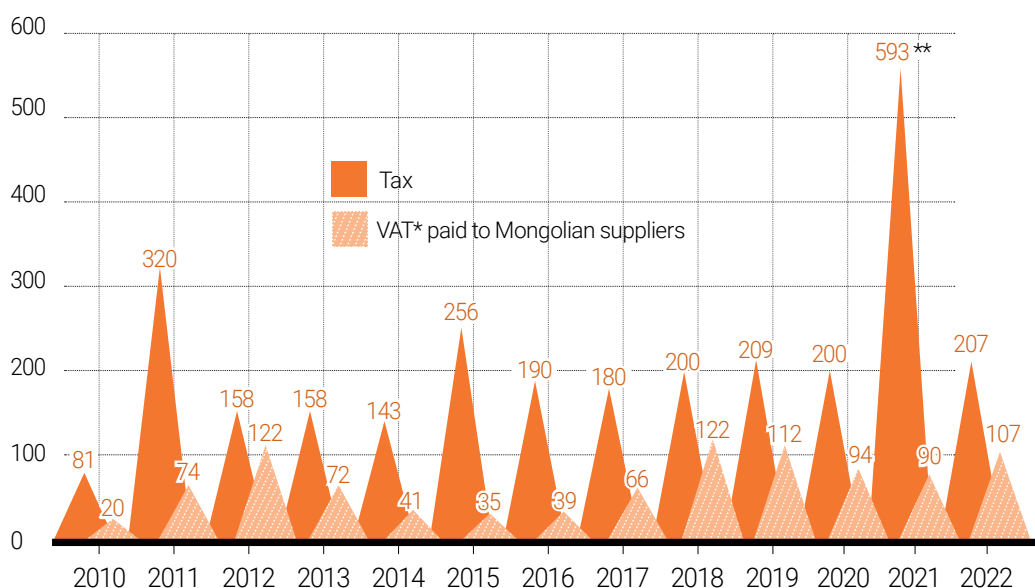
Taxes, fees and other payments

Taxes, fees and other payments made directly to the Government were US\$207 million in 2022, US\$386 million lower than in 2021. This is mainly due to US\$356 million payment for tax dispute that is subject to international arbitration decision and lower royalty payment as a result of lower gold production.

During 2022, Oyu Tolgoi received US\$1,542 million (2021: US\$404 million) from related parties to finance underground construction, project finance interest payments and project finance principal repayments. Funds of US\$153 million were drawn as shareholder debt and US\$1,389 million as prepayment of concentrate sales (2021: US\$60 million equity and US\$344 million debt). Total borrowing balance on FS is US\$12.75 billion.

Taxes, Fees and other Payments

(2010 - 2022, in US\$ millions)



CASH IMPROVEMENT PROGRAMMES

Our Business Transformation Programme continuously strengthened the cash delivery of Oyu Tolgoi by reinforcing the “Owner’s Mindset”. This initiative encourages our employees to identify and implement business value-driven initiatives and improve overall organisational health. Since its inception and launch in 2017, it is consistently performing strong with total cash delivery reaching almost US\$1.6 billion (2017-2022: accumulated value¹) through the implementation of various initiatives aimed towards value drivers, including revenue improvements, operating cost reductions, net-working capital reductions and sustaining capital reductions.

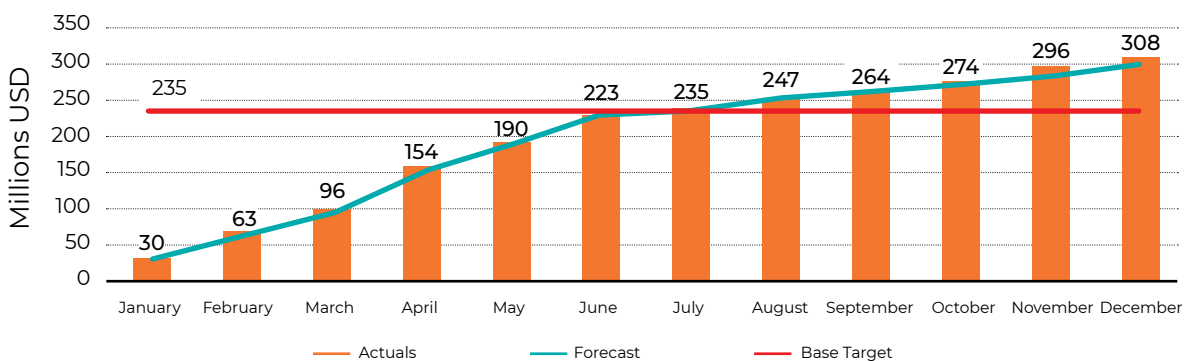
Since the inception and launch of the Business Transformation Programme in 2017, total cash delivery has almost reached US\$1.6 billion

Our Building Full Potential (BFP), Deep Dives and Idea Generation Sessions (IGS) generate potential improvement ideas and initiatives, whereas we use the Momentum system to track and report initiatives and pipeline progress. The dedication and hard work by all Initiative Owners and support teams on generating ideas and implementing initiatives delivered US\$308 million improvement value in 2022, exceeding the target of US\$235 million.

Key highlights of the year:

- » Continuous efforts on building 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.
- » Organised first ever UG Operations BFP workshop.
- » Organized 15 IGS and 2 BFPs involving more than 200 employees.
- » Pipeline of 257 improvement initiatives from 150 Initiative Owners.
- » Increased focus on department costs through weekly Cash Preservation review processes.
- » Business Transformation programme successfully introduced to Underground Operations.

2022 Improvement Value



¹ Cash values do not represent the business financial performance. All values captured in the Transformation programme 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’ financial performance.



SUPPLY CHAIN

Oyu Tolgoi's scale and longevity can underpin the creation of entirely new industries that will support jobs and incomes long after the company stops mining. The company's procurement team works to maximise impact in Mongolia while optimising operating costs. We have achieved remarkable success in shifting international spending to Mongolia, promoting value adding domestic activities, and creating new skills and expertise. Few examples include bulk bags used to transport copper concentrate, which are now made in Dalanzadgad, and cast iron balls used in the milling process, which were previously imported from Thailand. In-country procurement spend ratio in total operation procurement has been constantly on the rise reaching 91 per cent. National procurement spend ratio in total operation procurement has been constantly on the rise reaching 75 per cent in 2022. During the year we partnered with 863 suppliers from which 567 are Mongolian owned businesses.



MADE IN MONGOLIA

After a two-year pause caused by the pandemic, the Gobi Gem Awards Gala was held in September as the concluding event of Mining Week. The gala, aimed to recognize and pay tribute to our valued suppliers, was also attended by high level Government dignitaries including the Prime Minister of Mongolia. Coupled with the Oyu Tolgoi Supplier Forum, these annual events aim to showcase national products that keep Oyu Tolgoi going.

Between 2010 and 2022, Oyu Tolgoi operations spent US\$4.93 billion on national procurement. 2022 was a remarkable year for local procurement. We achieved 25% of contestable spend with Umnugovi businesses. 101 local suppliers provided goods and services worth record breaking US\$261.12 million to Oyu Tolgoi in 2022. Total local procurement between 2010 and 2022 has reached US\$1.15 billion. Our strategy to endorse local involvement in Oyu Tolgoi's Underground mine's process of transitioning development to operation has played a large part in local procurement spend.

In-country procurement spend ratio in total operation procurement
has been constantly on the rise reaching 91 per cent in 2022.

Made in Mongolia Programme

Through Made in Mongolia program aimed at increasing money retained in Mongolia through value added activities, millions of \$ retained in Mongolia while creating close to 20 new factories with 300 jobs. Since 2017, over 76 projects were successfully realized within this framework. And we will continue to focus on with major focus complex capabilities with our stakeholders and business community.

GLOBALLY COMPETITIVE OPERATIONS

Concentrator

Mill throughput increased to 39.4 million tonnes in 2022 despite slight reduction of ton per operating hours (tpoh) constrained by ore hardness as a result of increased ex-pit ore. Both copper and gold metal productions were above 1Q3 plan as a result of higher head grades.



Open Pit

Open pit material mined increased from 84.9 million tonnes (Mt) in 2021 to 97.4 million tonnes (Mt) in 2022 due to reduced impact from Covid-19 as well as increased Haul Truck Effective Utilization. The increase in conversion of inferred ore enabled a shift of strategy to reduce reliance on low grade stockpiles, therefore reducing rehandle by 13.6 million tonnes. Direct feed from pit to crusher has also increased significantly delivering higher head grade to the mill.

ENGAGING WITH STAKEHOLDERS

Building and managing a world class mine is no easy feat. For it to succeed, we need to have a wide variety of stakeholders on board, supporting us through the journey. For Oyu Tolgoi, being entrusted by our community stakeholders to operate is a great privilege but also a big responsibility.

We understand that besides delivering value to the prosperity of our nation, our activities have potential social, cultural and environmental impact. The vision of Oyu Tolgoi's work with communities is to maintain a strong social license to operate by contributing to the economic, social and environmental development of the communities, maximizing opportunities for sustainable development and minimizing and mitigating social and environmental impacts. Our efforts are geared towards earning and reciprocating the respect of our stakeholders through long term partnerships based on mutual trust and transparency. In this context, we strive to strictly adhere to our company values and business way of work principles.

2022 Objectives

- Implementing the Cooperation Agreement and delivering our commitments
- Catalyzing Khanbogd development
- Tripartite Council – steady operation and ongoing implementation of two complaint resolution agreements.
- Supporting local economy by promoting local employment and procurement



MINING WEEK

Commemorating the centennial anniversary of Mongolia's mining industry, Oyu Tolgoi in cooperation with the Minister of Mining and Heavy Industry and other governmental and non-governmental stakeholders organized a week long mining themed week. Mining Week aligned the interests of 30 plus organizations: government, big business, mining juniors, CSOs, business and professional associations. With close to 11 thousand in person attendance, Mining Week became one of the biggest events of the year. Mining Week generated a treasure trove of data and materials.

Cooperation Agreement and delivering our commitment to Umnugovi Sustainable Development

In September 2015, Oyu Tolgoi established a special community development fund — the Gobi-Oyu Development Support Fund (DSF) — with the purpose of making a positive, lasting difference to the Umnugovi people in the areas of social services, environmental management, national history and heritage, social infrastructure, traditional livelihood, pasture management and water management. It empowers its partner communities Umnugobi aimag and Khanbogd soum as well as Manlai, Bayan-Ovoo and Dalanzadgad soums, to play an important role in the decision-making process, facilitation and implementation of the various community projects.

In 2022, Oyu Tolgoi invested US\$5.9 million to (DSF) as agreed in the Cooperation Agreement signed in 2015 by Umnugovi aimag, Khanbogd soum, Oyu Tolgoi LLC and other partner soums. DSF has invested over US\$38.9 million funding supported 353 community development projects and programmes progressively contributing to the implementation of Sustainable Development Goals in 2015-2022.

Oyu Tolgoi's investments created 560 new permanent jobs and delivered benefits to over 780,000 community members.



RELIVE THE PAST, BUILD THE FUTURE

The Dalanzadgad Gobi Museum of Nature and History opened its doors to the public in May 2022. As part of Oyu Tolgoi's commitment to support the development of local communities, the company through the Gobi Oyu Development Fund fully financed the MNT10.9 billion project.

Housing a significant collection of over 4,000 exhibits and local artefacts belonging from the prehistoric to the modern era, the museum will play an important role educating local communities and attracting tourists from near and afar to Umnugovi. In 2022, over 28 thousand have visited the museum. The 4 storey museum building was recognized as the "Best Building of 2022" by the Ministry of Construction and Urban Development.

Through 2015-2022, DSF provided scholarships totaling MNT1 billion to 405 students from every soum of Umnugovi aimag to contribute to preparation of qualified specialists who will eventually contribute to future local development. The recipients selected by the Committee consists of representatives from education and human resources of the local authorities, DSF and NGOs according to locally defined priority occupations such as is sectors of health, education, agriculture and construction. Over 70% of the grant recipient students employed in Umnugovi. DSF saves five per cent of the annual Oyu Tolgoi investment for the “Future Generation Special Fund” to give development opportunities to younger generation.



DSF invested in over 90 social infrastructure projects including 2 schools, 5 kindergartens, 3 hospitals, 2 sports halls, museums, 3 boiler houses, water purification plant, landfill, flood dam and 152 herder wells. History and Nature Museum constructed with MNT10.9 billion of DSF fund, opened in May and it has already increased tourism in the region by attracting more than 28,000 people since its opening, and it is playing an important role in protecting and promoting Mongolian cultural heritage and economic diversification. The Museum is one of Oyu Tolgoi’s many investments promoting the Mongolian Gobi to foreign and domestic travelers that would contribute to the local economy. Oyu Tolgoi stands with local communities in times of hardship. The impact of *dzud* (the starvation of livestock due to severe climatic conditions) has been severe on a national scale, affecting 158 soums across 17 (out of 21) aimags. Eight Umnugovi soums were affected to varying degrees by this natural disaster. To alleviate the hardship of local communities DSF donated MNT800 million to local herders and affected people.

Catalyzing Khanbogd development

Oyu Tolgoi's strategic priority is Khanbogd soum development and Oyu Tolgoi has been investing in Khanbogd for the last 20 years. Khanbogd's prosperity begins with good planning. The Khanbogd Development Master Plan is a key policy document for long-term sustainable development. Therefore, the Ministry of Construction and Urban Development, Umnugovi aimag, Khanbogd soum and Oyu Tolgoi partnered in development of "Khanbogd Development Master Plan - 2040" that was approved in March 2022 and included in the New Revival Policy and the Government Action Plan approved by the State Great Hural Resolution No. 103 in 2021. In March, Oyu Tolgoi's Board of Directors approved the Oyu Tolgoi's Khanbogd Development Strategy and made a decision to invest US\$50 million in Khanbogd Development for the next five years and support the Master Plan execution. It outlines strategic shift from a supporter to a catalyst for KB development to maximize our shared values and have lasting benefits for employees and communities. In May, MOU on Khanbogd Development Partnership was signed off by the Prime Minister, Umnugovi Aimag Governor, Khanbogd soum Governor and Oyu Tolgoi CEO. This robust partnership was established to further develop the Khanbogd town to transform it into a safe, family-orientated area to improve the quality of life for communities.

Supporting local economy by promoting local employment and procurement

In 2022, Oyu Tolgoi continued its focus on delivering long term economic and social benefits to community through local employment, procurement and contribution to local business development. 101 local suppliers (25 per cent of our national supply) provided goods and services worth US\$261 million to Oyu Tolgoi in 2022. Since, 2010, Oyu Tolgoi spent US\$1,149 million on procurement from Umnugovi province. 22 per cent of our site workforce was hired locally. In 2022, local workforce increased by 30 per cent in nominal terms as a result of local job skills development efforts. The DSF funded "Gobi Oyu – Business Opportunity" Micro Loan programme managed by Khan Bank has been running since 2016 and provided business loans totalling MNT1.6 billion to 59 local entrepreneurs to create and support job creation, local businesses and services. 50% of the loan was small and medium enterprises such as semi-automatic load-bearing concrete block factory in Dalanzadgad which increased their production capacity of the with the micro loan from DSF in 2022. Recently, the loan condition has been changed to benefit of borrowers. In 2022, DSF Board of Directors convened to reduce the interest rate of the Micro Loan programme and the annual interest rate decreased from 12% to 7.2% and loan limit increased from MNT50 million to 100 million depending on the type of business.

Khanbogd Tripartite Council (TPC) – steady operation and ongoing implementation of Herder Complaint Resolution Agreements (HCRA)

Oyu Tolgoi maintains a constructive community engagement with herders and local stakeholders through the Khanbogd Tripartite Council (TPC) and focused on commitment delivery and increased transparency and accountability of TPC. The Herder election was held as per TPC Charter requirements. The majority of the new members are practicing herders. Overall implementation status of commitments agreed under the Herder Complaint Resolution agreement was 74 per cent and Oyu Tolgoi invested US\$1,8 million in 2017- 2022. In 2022, agreement implementation progressed well with successful implementation of the student scholarship programme and repairing 42 herder wells and solar panel installation

for improved water access for herders in Khanbogd soum. The "Healthy Herder" programme was implemented and provided medical treatment and detailed medical check up to 1300 herders and community members.

"Shine" health project at secondary schools

As part of social responsibility and creating shared value, Oyu Tolgoi kick started a CSR project addressing public health, namely reproductive and mental health issues. Due to increasing mental health issues, especially prevalent Covid-19, Oyu Tolgoi paid significant attention to mental health issues among secondary school students Oyu Tolgoi partnered with Songinokhairkhan district 13 secondary schools since 2020. In the 2022-2023 academic year, Phase III of the project is successfully being implemented at four secondary schools with expanded scope.

Project scope:

- Establishment of psychological counseling rooms at select schools
- Psychological counseling for students & teachers
- Reproductive health sessions & establishment of health clubs at select schools
- Rehabilitation of students through sports (Jiu Jitsu & Cricket)
- Career guidance: Mining Day events at the schools
- Donation of computers
- Donation of tree saplings (1640 unit) as part of Billion Tree initiative

Partners:

- Psychological health - Healthy Future NGO
- Reproductive health - Good Neighbors International NGO
- Jiu Jitsu – Mongolian Jiu Jitsu Association
- Cricket - Mongolian Cricket Association



Psychological counseling rooms



GER SCHOOL HEALTH PROJECT OUTCOME

<p>TOTAL REACH</p> <p>31,000</p> <p>People</p>	<p>CAREER DAY EVENT</p> <p>1990</p> <p>Participants</p>	<p>13</p> <p>BENEFICIARY SCHOOLS</p>
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Mental health



26
Counseling cabinets established



20,934
Training attendees



Psychological counseling:
Group | Individual
1,027 | 1,130



Reproductive health



3,087
Training attendees



193
Peer counselors prepared



13
Health clubs established

Contribution for creating greener school zone:

50%

of all secondary schools in Songinokhairkhan district received 1640 pc tree saplings from Oyu Tolgoi as part of "100 billion tree initiative".



DRIVING STRATEGIC GROWTH

Oyu Tolgoi celebrated a historic moment with our workforce, suppliers, customers, shareholders, and local communities: the first undercut blast to mark the commencement of the Underground mine operation. This milestone achieved following the strategic agreement reached between our shareholders, the Government of Mongolia and Rio Tinto, is critical to ensure continuity of the underground project and ultimately enable underground production.



COUNTDOWN TO UNDERGROUND PRODUCTION

The project continued as per plan with the firing of the first draw bell successfully taking place on June 17, 2022. As of year's end a total of 19 drawbells (Panel 0) has been fired successfully. Drawbell blasting performance has been tracking well and accelerated as a result of improvement initiatives implemented by the OT teams, bringing projected start of underground production forward to Q1 2023 (previously H1 2023).



Start of underground production anticipated in the first quarter of 2023

At the end of December 2022, Shafts 3 and 4 sinking reached 378 metres and 507 metres below ground level, respectively. Final depths required for Shafts 3 and 4 are 1,148 and 1,149 metres below ground level, respectively. Construction of conveyor to surface works continued during the quarter with civil scope of works completed and other contractors mobilised to site. As of Q4 2022, the lateral development advanced by 15,955 metres.

Study work for Panels 1 and 2 (which are required to support the ramp-up to 95,000 tonnes of ore per day) remains on track to be completed in the first half of 2023. It will incorporate any ventilation impacts due to the Shaft 3 and 4 delays as a result of COVID-19 restrictions and reprioritisation of the mobilised workforce over the course of 2022, as previously reported.

Underground project capital expenditure

Underground project capital expenditure was US\$492 million in 2022, US\$129 million lower than 2021 due to progress delays from the extended Covid impacts through to early 2022, labour constraints due to changes to the Mongolia Labour Laws and delays in the approval of the DE2020 budget. Total development capital expenditure on the underground project reached US\$5.47 billion since January 2016. Project to date commitments of US\$6.23 billion include the award of US\$4.58 billion to national suppliers, exceeding the original target of US\$1.4 billion set in 2016 and the revised target US\$2.0 billion in 2018. Of direct contract awards, US\$1.18 billion was awarded to international suppliers. Contributions to local vendors through procurement and contract packages represent 79 percent of total project procurement commitments.



Power

Oyu Tolgoi is an energy intensive project. It needs more than 200MW of electricity when the underground mine is in full operation. That amount of electricity represents nearly 20 per cent of the Mongolian national electric grid's current capacity.

Power use at Oyu Tolgoi

- People operate at 1,300m underneath the surface and their working conditions (air, water, light, food etc.) are fully dependent on electricity.
- Block cave mining techniques require secure, stable and reliable power to prevent damage to underground infrastructure and risk of resource sterilization.
- Without power, high value ore cannot be brought to the surface and processed, resulting in significant production and revenue losses.
- Power is the second largest operating cost after labor costs.

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 (GoM) 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 2022

- » In January 2022, after long negotiation and discussion Oyu Tolgoi LLC and the National Power Transmission Grid (NPTG) SOSC, National Dispatching Center (NDC) SOLLIC, Southern Region Electricity Distribution Network (SREDN) SOSC executed the Electricity Supply

Agreement to supply power to Oyu Tolgoi mine from the Mongolian integrated grid, and until such time the Mongolian grid is able to deliver stable and reliable power, Oyu Tolgoi will continue to import power from Inner Mongolian Power International Cooperation Company (IMPIC) to continue its operation.

- » Negotiations to extend the power import arrangements with IMPIC took place throughout 2022 and the parties reached an in-principal agreement on several key terms including the term of extension of the agreement. These were reflected in a Memorandum of Understanding signed between IMPIC, NPTG and Oyu Tolgoi LLC in September 2022.
- » Despite the in-principal agreements on extension terms between the local parties, negotiations are still ongoing with IMPIC as of end of 2022 due to COVID restrictions imposed by the Chinese government impacting physical meetings and regulatory changes in China's power industry.
- » A dedicated working group established by the Ministry of Energy for finalizing the import agreement extension was renewed in late 2022 and with representatives from Oyu Tolgoi LLC, NPTG, NDC and Ministry of Energy.
- » Oyu Tolgoi LLC continues to collaborate with the Government of Mongolia to ensure a secure, stable and reliable long-term power solution is implemented in a sustainable manner with the immediate focus on extending the IMPIC supply arrangements.

Outlook for 2023

Oyu Tolgoi's priority is to ensure there is secure, stable and reliable power in order to protect its people, infrastructure, resource and revenue. Suitable extension of the power import agreements within the designated timeframe is crucial for the safe transition of power supply to the Mongolian integrated electricity network under the ESA.

BOARD AND SHAREHOLDER'S MEETING

Annual Shareholder's Meeting

Shareholder's meeting No.19 – 22 April 2022 (Annual General Shareholder's meeting)

Shareholder's meeting No.20 – 12 December 2022 (Special Shareholder's meeting)

Regular Board Meeting

Regular Board Meeting No.48 – 15 March 2022

Regular Board Meeting No.49 – 16 June 2022 and reconvened on 29 June 2022

Regular Board Meeting No.50 – 8 September 2022 and reconvened on 27 September 2022

Regular Board Meeting No.51 – 30 November 2022 and reconvened on 12, 22 December 2022

Special Board Meeting

Special Board Meeting No.43 – 24 January 2022 and reconvened on 25 January 2022

Special Board Meeting No.44 – 25 February 2022

Special Board Meeting No.45 – 5 May 2022 and reconvened on 29 June and 6 July 2022

Audit and Finance Committee meeting (AFC)

Audit and Finance Committee Meeting No.49 – 14 March 2022

Special Audit and Finance Committee Meeting No.50 – 5 May 2022

Audit and Finance Committee Meeting No.51 – 15 June 2022

Audit and Finance Committee Meeting No.52 – 7 September 2022

Audit and Finance Committee Meeting No.53 – 29 November 2022

Operations Committee meeting (OpCo)

Operations committee meeting No.45 – 14 March 2022

Special Operations committee meeting No.46 – 12 April 2022

Operations committee meeting No.47 – 15 June 2022

Operations committee meeting No.48 – 7 September 2022

Operations committee meeting No.49 – 29 November 2022

Human Resource and Training Committee meeting (HRTC)

Human Resource and Training Committee Meeting No.46 – 14 March 2022

Human Resource and Training Committee Meeting No.47 – 15 June 2022

Human Resource and Training Committee Meeting No.48 – 7 September 2022

Human Resource and Training Committee Meeting No.49 – 29 November 2022

Partnership Committee meeting (PC)

Partnership Committee meeting No.19 – 15 March 2022

Partnership Committee meeting No.20 – 15 June 2022

Partnership Committee meeting No.21 – 7 September 2022

Partnership Committee meeting No.22 – 29 November 2022

LIST OF BOARD OF DIRECTORS

Batsukh Galsan

Chairman of the Board of Directors, Oyu Tolgoi LLC

Bagabandi Natsag

Member of the Board of Directors, Oyu Tolgoi LLC

Elias Scafidas

Member of the Board of Directors, Oyu Tolgoi LLC

Deirdré Lingenfelder

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

Tserenbat Namsrai

Member of the Board of Directors, Oyu Tolgoi LLC

Bayasgalan Enkhbaatar

Member of the Board of Directors, Oyu Tolgoi LLC

Craig Stegman

Member of the Board of Directors, Oyu Tolgoi LLC

Armando Torres

September 2016 – April 2022, Former Member of the Board, Oyu Tolgoi LLC

Luke Colton

April 2018 – December 2022, Former Member of the Board, Oyu Tolgoi LLC

Gan-Ochir Zunduisuren

November 2020 – October 2022, Former Member of the Board, Oyu Tolgoi LLC

Bold Baatar

February 2021 - April 2022, Former Member of the Board, Oyu Tolgoi LLC

