

SAILINGSTONE CAPITAL PARTNERS

One California Street
San Francisco, CA 94111

April 23, 2019

Dear Turquoise Hill Shareholder,

We are writing to inform you that we are voting AGAINST the re-election of the four “independent directors” to the Board of Turquoise Hill Resources at the Annual Meeting on May 14, 2019. Due to the lack of engagement with their largest minority shareholder over the past year, we simply no longer believe that the following nominees are deserving of our support:

- R. Peter Gillin
- James W. Gill
- Russel C. Robertson
- Maryse Saint-Laurent

It goes without saying that Turquoise Hill Resources (“TRQ” or “the Company”) presents unique and complex corporate governance issues. As the majority owner and project manager, Rio Tinto has negotiated specific rights to protect their investment and activities. Conversely, minority shareholders purportedly are protected by the terms of the relevant shareholder agreements and by the presence of independent directors on the Board. While directors must represent the interests of all shareholders, the reality is that the TRQ “independent” directors have been hand-picked by Rio Tinto with no input from the minorities and are beholden entirely to Rio Tinto due to the majority vote clause enacted by the Board in 2013. Even the most well-intentioned independent director must walk a fine line if they wish to be re-elected.

For the last several years, SailingStone Capital Partners (“SSCP”) has been in active dialogue with the Board in an effort to find mutually acceptable solutions which more closely align TRQ management with all shareholders and which allow the Company to meet minimum standards of corporate governance. We focused on governance because we believed, and continue to believe, that it is a critical issue for current and prospective investors, and we are pleased that we have made modest progress. Today, TRQ’s CEO is employed directly by the Company and receives equity compensation comprised exclusively of TRQ stock. Going forward, we have been assured that this will be the standard for the entire executive team.

While these steps are positive, we have become alarmed by the lack of engagement from the Board regarding opportunities to address persistent governance concerns despite the woeful performance of the stock, which lags both peers and copper over almost any relevant time frame.

TRQ STOCK PERFORMANCE

As of April 18, 2019

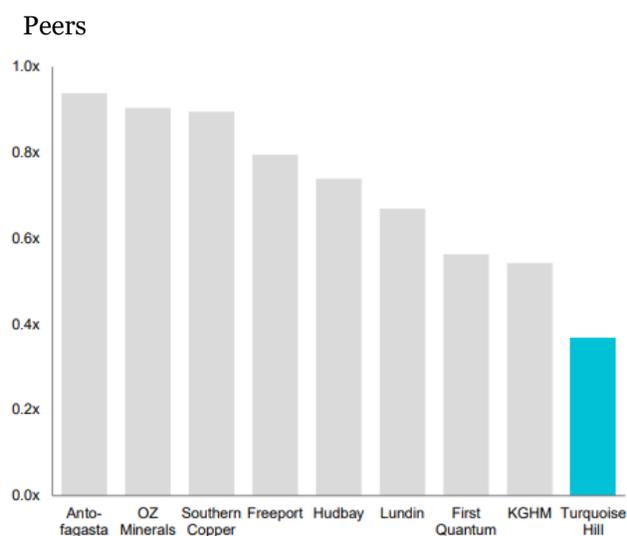
CUMULATIVE RELATIVE RETURNS				
	1-Year	2-Year	3-Year	4-Year
First Quantum Minerals Inc. (FM)	-28%	-62%	-117%	-55%
Hudbay Minerals Inc. (HBM)	-46%	-65%	-119%	-46%
Ivanhoe Mines Ltd. (IVN)	-50%	-4%	-214%	-261%
Lundin Mining Corp. (LUN)	-36%	-55%	-114%	-107%
Freeport-McMoRan Inc. (FCX)*	-21%	-57%	-65%	-31%
Average	-36%	-49%	-126%	-100%

CUMULATIVE ABSOLUTE RETURNS				
	1-Year	2-Year	3-Year	4-Year
Turquoise Hill Resources (TRQ)	-48%	-42%	-46%	-61%
Copper	-7%	17%	31%	7%

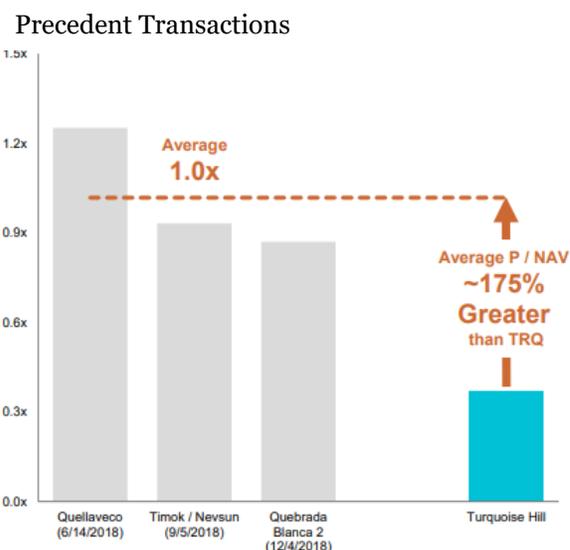
*Compared to TRQ-USA to avoid f/x translation
 Source: FactSet, SailingStone Capital Partners

Clearly, the long-term stock performance is not due to a question of value. Using either an NPV estimate or the value implied in recent transactions, it's obvious that TRQ's current stock price is dislocated completely from the value of the underlying asset, as evidenced in the Company's own presentations.

Share Price / NAV per Share



Price / NAV Multiples for Recent Transactions Involving Greenfield Copper Development Projects



Source: Turquoise Hill Resources, TD Securities Mining Conference, January 2019

Furthermore, the project's sovereign risk profile has improved significantly over the last three years with the introduction of project finance and supportive commentary from Mongolian government officials. Earlier this month, the Minister of Mining confirmed that Oyu Tolgoi ("OT") is a "world class gold and copper deposit", that "further investment...depends on this project" and that "we won't terminate the Oyu Tolgoi agreement"¹. Perceptions of asset value and sovereign risk don't appear to be the overhang.

Unfortunately, progress made in de-risking OT recently took a step backwards as Rio Tinto and the Company announced delays and potential cost overruns due to project mismanagement. For several years now we have requested that TRQ hire non-Rio Tinto professionals to occupy TRQ's independent positions on the Oyu Tolgoi board as well as the joint technical and operating committees. Had these suggestions been implemented, it is possible that recent events could have been mitigated or even avoided, an outcome which would have benefited **all** stakeholders – Rio Tinto, minority shareholders, and the people and government of Mongolia.

Thus, we are left with the same conclusion that we reached in our June 2018 letter to the Board of Directors.

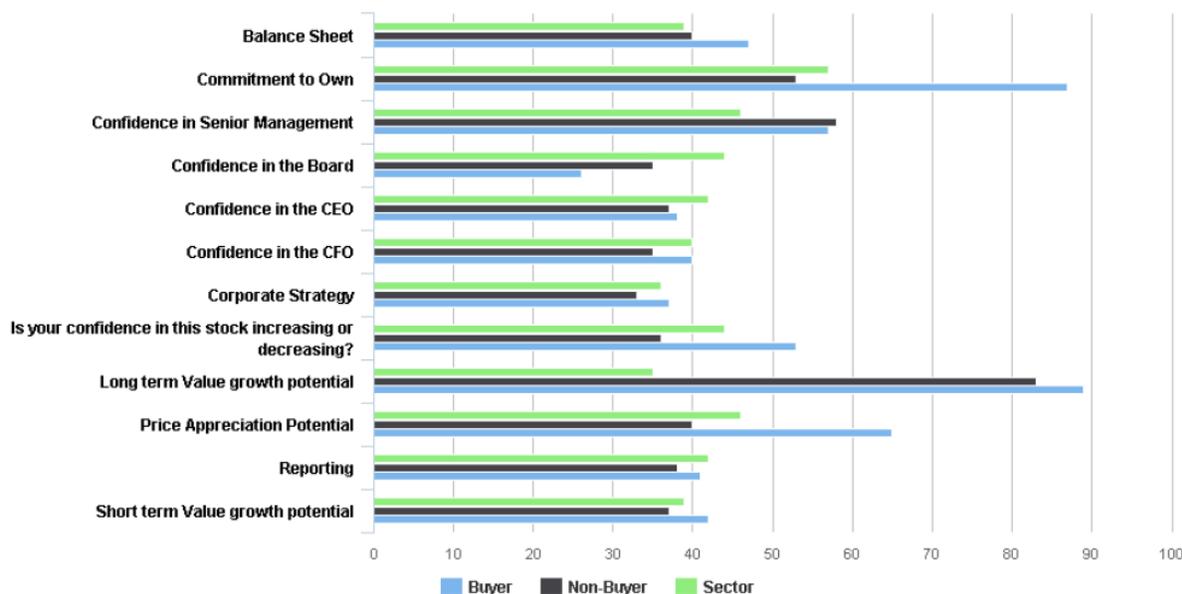
The reality is that the stock price does not reflect improving copper fundamentals, does not reflect the value of the (now \$10) billion of capital that has been invested to date and does not reflect the wall of free cash flow that will be generated when ore that is 6x the industry-average grade profile starts running through the mill, to the benefit of all OT owners. The reality, based on TRQ's own investor relations surveys, is that the primary headwind for the stock is "corporate governance/the Rio Tinto overhang". Perpetuating the same flawed corporate governance structure, in the face of such a damning report card, is simply irresponsible.

This observation is confirmed by third party surveys as well, which consistently shows that TRQ Board approval is well below industry averages and is the primary concern for prospective investors.

¹ Translation from April 9, 2019 interview with Minister of Mining and Heavy Industry on MNB (state-funded broadcaster).

Investment Target: Buyer Ratings Vs Non-Buyer Ratings
 Forecast for the Year Ahead
Turquoise Hill Resources

Rolling Year Data



Source: Brendan Wood International / First Intelligence, 1Q 2019 "Voice of The Shareholder"

Over the past year, we have made several proposals to the Board that we believe would help address these concerns, including an agreement to jointly nominate a director which would allow minority shareholders to have a direct say in the appointment of at least one board member. After months of silence, we finally received a response this morning. "The Board is comprised of seven directors and presently there are no vacancies." Perhaps this dismissive attitude is due to the relatively high approval rating that the independent directors have enjoyed in the past, including from SSCP as we attempted to work constructively with independent directors to solve the issues at hand. Perhaps it is due to the limited amount of stock those directors actually own, despite the millions of dollars that shareholders have invested in their services.

BOARD MEMBER COMPENSATION		
	Total Compensation¹	Shares Owned²
R. Peter Gillin	\$2,092,484	30,000
James W. Gill ³	\$1,090,662	100,000
Russel C. Robertson	\$1,451,518	0
Maryse Saint-Laurent ⁴	\$684,295	20,800
Total	\$5,318,959	150,800

1. Sum of Total Compensation (in CAD) as disclosed in Proxy Circular for year 2014-2019

2. As of March 13, 2019

3. Joined Board November 2014

4. Joined Board January 2017

Regardless, we have concluded that we can no longer vote in support of the independent directors, and instead will vote AGAINST the nominations of R. Peter Gillin, James W. Gill, Russel C. Robertson and Maryse Saint-Laurent. We urge other minority shareholders to carefully consider whether they believe that their best interests are being served by the independent directors, and to vote accordingly.

We recognize that the majority vote clause ensures that our vote will not result in a forced change, but they highlight to the Board and other stakeholders that proper corporate governance and shareholder engagement are requirements, not options. In the words of John Quincy Adams, “Always vote for principle, though you may vote alone, and you may cherish the sweetest reflection that your vote is never lost.”

Given the incredible asset quality of Oyu Tolgoi, a structurally supportive commodity backdrop, improving Mongolian government relations and the shockingly poor stock performance, we remain committed, long-term shareholders of TRQ. We ask only that our Board representatives act in accordance with their dual mandate as fiduciaries: duty of care, and duty of loyalty, and that Rio Tinto agree to give minority shareholders the true board representation that they deserve.

Sincerely,

SAILINGSTONE CAPITAL PARTNERS