

Pentwater Delivers Open Letter to Turquoise Hill's Independent Directors

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Pentwater Capital Management LP ("Pentwater"), the largest minority shareholder of [Turquoise Hill Resources Ltd.](#) ("Turquoise Hill" or the "Company") (TSX:TRQ) (NYSE:TRQ), has delivered the attached letter to the Turquoise Hill Independent Directors:

Dear Independent Directors:

Would you agree to sell your house to your corrupt banker for less than the equivalent of one and a half years of rental income? That is what Rio Tinto is asking you to do.

Rio has offered to purchase the shares of Turquoise Hill it does not own for \$2.65 billion. Based upon current gold prices of \$1,945 per ounce and current copper prices of \$4.65 per pound, we believe that Turquoise Hill will generate over \$17 billion of after-tax free cash flow between 2025 and 2030¹:

Year Free Cash Flow Minority Shareholder Free Cash Flow

2025	\$1.732 billion	\$844 million
2026	\$1.772 billion	\$868 million
2027	\$2.944 billion	\$1.442 billion
2028	\$4.070 billion	\$1.994 billion
2029	\$3.713 billion	\$1.819 billion
2030	\$2.895 billion	\$1.418 billion

This means that Rio's current offer to the Board of Turquoise Hill is 32% of the amount of free cash flow that Turquoise Hill will generate between 2025 and 2030. Rio's offer is also equivalent to less than 17 months of after-tax free cash flow between 2028 and 2029 for an asset that has a 70 year mine life.

In Pentwater's opinion, the only reason that Turquoise Hill's share price has traded below Rio's offer price is because Rio has consistently taken actions to harm Turquoise Hill minority shareholders over the past decade. It was just two months ago that Rio forced Turquoise Hill to take a \$2.4 billion debt write-down for reparations to the government of Mongolia as a result of Rio's intentional concealment of cost overruns and schedule delays. At the same time, Rio forced Turquoise Hill to agree to raise \$650 million of equity when debt could have easily been raised to avoid any equity dilution.

Rio's oppressive actions have all been taken with the goal of enriching itself to the detriment of Turquoise Hill minority shareholders. That is why Canaccord Genuity wrote this week that "[w]e view this C\$34.00/sh bid by RIO as an opportunistic low-ball offer post-de-risking the project... and ~12 months out from first production."

However, now Rio's scheme is apparent for all shareholders to see. Rio is in possession of non-public information, and it wants to use that non-public information to buy out Turquoise Hill at a fraction of the value of what the shares are worth. In Pentwater's opinion, it is highly improbable that Rio will be successful at its current bid price and equally improbable that Turquoise Hill shares will ever fall back to the levels they traded at prior to Rio's offer now that Rio's true intentions are known.

Pentwater agrees with Sailingstone's open letter from two days ago. Rio paid \$63.70 per share for its

existing stake in Turquoise Hill. If Rio believes that its current \$26.90 proposal is, "compelling for Turquoise Hill shareholders," Pentwater would be pleased to purchase part of Rio Tinto's stake in Turquoise Hill for that price.

Kindest Regards,

Matthew C. Halbower
Chief Executive Officer
Pentwater Capital Management

¹These figures are based upon OT's most recent Technical Report combined with recent management guidance. If Turquoise Hill disagrees with these projections, we believe that Turquoise Hill should state what it believes after tax free cash flow will be between 2022 and 2035 while disclosing its copper and gold price assumptions.

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