

TURQUOISE HILL RESOURCES LTD.

Form 6-K

March 26, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

From: 26 March 2013

Commission File Number: 001-32403

TURQUOISE HILL RESOURCES LTD.

(Translation of Registrant's Name into English)

Suite 615 999 CANADA PLACE, VANCOUVER, BRITISH COLUMBIA V6C 3E1

(Address of Principal Executive Offices)

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(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F- Form 40-F-

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes: No:

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- .)

Enclosed: Management Proxy Circular and Notice of Meeting TRQ 2013 AGM

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**Notice of Annual Meeting of Shareholders
and
Management Proxy Circular
of
TURQUOISE HILL RESOURCES LTD.**

DATED: March 22, 2013

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TURQUOISE HILL RESOURCES LTD.

Notice of Annual Meeting of Shareholders

May 10, 2013

NOTICE IS HEREBY GIVEN that an Annual Meeting (**Meeting**) of shareholders of Turquoise Hill Resources Ltd. (the **Corporation**) will be held on May 10, 2013, at 09:00 AM local time, in the Metropolitan Room of the Terminal City Club located at 837 West Hastings Street, Vancouver, British Columbia for the following purposes:

1. to receive the annual report of the directors to the shareholders;
 2. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2012, and the auditors' report thereon;
 3. to elect 13 directors for the ensuing year;
 4. to appoint auditors for the ensuing year and to authorize the directors to fix the auditors' remuneration; and
 5. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.
- The Board of Directors has fixed March 25, 2013 as the Record Date for the determination of shareholders entitled to notice of, and to vote at, the Meeting and at any adjournment or postponement thereof.

A management proxy circular, form of proxy, the audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2012 and a return envelope accompany this notice of meeting.

A shareholder who is unable to attend the Meeting in person and who wishes to ensure that such shareholder's shares will be voted at the Meeting, is requested to complete, date and execute the enclosed form of proxy and deliver it by facsimile, by email, by hand or by mail in accordance with the instructions set out in the form of proxy and in the management proxy circular.

Dated at Vancouver, British Columbia this 22nd day of March, 2013.

BY ORDER OF THE BOARD

Dustin S. Isaacs
Dustin S. Isaacs

Corporate Secretary

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TURQUOISE HILL RESOURCES LTD.

World Trade Centre

615 999 Canada Place

Vancouver, British Columbia, V6C 3E1

MANAGEMENT PROXY CIRCULAR

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SECTION 1 - VOTING AND PROXIES

1.1 SOLICITATION OF PROXIES

This Management Proxy Circular (the **Circular**) is furnished to the holders of common shares (**shareholders**) of TURQUOISE HILL RESOURCES LTD. (the **Corporation**) by management of the Corporation in connection with the solicitation of proxies to be voted at an Annual Meeting (the **Meeting**) of the shareholders to be held at 09:00 AM, local time, on May 10, 2013 in the Metropolitan Room of the Terminal City Club located at 837 West Hastings Street, Vancouver, British Columbia, and at any adjournment or postponement thereof, for the purposes set forth in the Notice of Annual Meeting (the **Notice of Meeting**).

The solicitation of proxies by management will be primarily by mail, but proxies may be solicited personally or by telephone by directors of the Corporation (**Directors**), officers and regular employees of the Corporation and its affiliates. All costs of this solicitation will be borne by the Corporation.

The Board of Directors of the Corporation (the **Board of Directors** or the **Board**) has fixed the close of business on March 25, 2013 as the record date, being the date for the determination of the registered shareholders entitled to receive notice of, and to vote at, the Meeting (the **Record Date**).

Unless otherwise stated, the information contained in this Circular is as of March 22, 2013. All dollar amounts are expressed in United States dollars (**\$** or **US\$**), Canadian dollars (**C\$**) or Australian dollars (**A\$**), as indicated.

All references to shareholders in this Circular and the accompanying Form of Proxy (as defined below) and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

1.2 APPOINTMENT OF PROXYHOLDERS

A shareholder entitled to vote at the Meeting may, by means of a proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders, to attend and act at the Meeting for the shareholder and on the shareholder's behalf.

The individuals named in the enclosed form of proxy (the **Form of Proxy**) are Directors and/or officers of the Corporation. **A shareholder may appoint, as proxyholder or alternate proxyholder, a person or persons other than any of the persons designated in the enclosed Form of Proxy, and may do so either by inserting the name or names of such persons in the blank space provided in the enclosed Form of Proxy or by completing another proper Form of Proxy.**

An appointment of a proxyholder or alternate proxyholder will not be valid unless a form of proxy making the appointment, signed by the shareholder or by an attorney of the shareholder authorized in writing, is deposited with Canadian Stock Transfer Company Inc. as agent for CIBC Mellon Trust Company, by facsimile to 1-866-781-3111 or 1-416-368-2502, by mail to P.O. Box 721, Agincourt, Ontario, M1S 0A1, by email at proxy@canstockta.com or procuration@canstockta.com or by hand to The Oceanic Plaza, 1600 - 1066 W. Hastings Street, Vancouver, British Columbia, V6E 3K9 or 320 Bay Street, Banking Hall Level, Toronto, Ontario, M5H 4A6 and received by Canadian Stock Transfer Company Inc. as agent for CIBC Mellon Trust Company not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment or postponement thereof at which the proxy is to be used.

1.3 REVOCATION OF PROXIES

A shareholder who has given a proxy may revoke the proxy:

- (a) by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing:
 - (i) with Canadian Stock Transfer Company Inc. as agent for CIBC Mellon Trust Company, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment or postponement thereof at which the proxy is to be used;

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- (ii) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or an adjournment or postponement thereof, at which the proxy is to be used; or

- (iii) with the chairman of the Meeting on the day of the Meeting or an adjournment or postponement thereof; or

(b) in any other manner provided by law.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

1.4 EXERCISE OF DISCRETION

The persons named in the enclosed Form of Proxy will vote or withhold from voting the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction in respect of a particular matter, such shares will be voted as recommended by the management of the Corporation. The enclosed Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified or referred to in the Notice of Meeting and this Circular and with respect to other matters which may properly come before the Meeting or any adjournment or postponement thereof.** As of the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any such or other matters which are not currently known to management should properly come before the Meeting, the shares will be voted on such matters in accordance with the best judgment of the persons named in the Form of Proxy.

1.5 QUORUM

The Corporation's by-laws provide that the quorum for the transaction of business at the Meeting is at least one individual present at the commencement of the Meeting holding, or representing by proxy the holder or holders of, common shares carrying, in the aggregate, not less than one-third (33 1/3%) of the votes eligible to be cast at the Meeting.

1.6 VOTES REQUIRED TO PASS RESOLUTIONS

Under the *Yukon Business Corporations Act* (the "YBCA"), a simple majority of the votes cast by shareholders at the Meeting is required to pass an ordinary resolution and a majority of two-thirds of the votes cast at the Meeting is required to pass a special resolution.

1.7 VOTING BY NON-REGISTERED SHAREHOLDERS

The information set forth in this section should be reviewed carefully by non-registered shareholders of the Corporation. Shareholders who do not hold their shares in their own name (the "Non-Registered Shareholders") should note that only proxies deposited by shareholders who appear on the records maintained by Canadian Stock Transfer Company Inc. as agent for CIBC Mellon Trust Company, the Corporation's registrar and transfer agent, as registered holders of shares will be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by his, her or its broker, trust company, bank or similar institution (collectively, a "Broker"), those shares are, in all likelihood, *not* registered in the shareholder's name. Such shares are more likely registered under the name of the shareholder's Broker or an agent of that Broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms).

Non-Registered Shareholders are either "objecting beneficial owners" or "OBOs", who object that intermediaries disclose information about their ownership in the Corporation or "non-objecting beneficial owners" or "NOBOs", who do not object to such disclosure. The Corporation pays intermediaries to send proxy-related materials to OBOs and NOBOs.

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Shares held by Brokers (or their agents or nominees) on behalf of a Broker's client can only be voted at the direction of the Non-Registered Shareholder. Without specific instructions, Brokers and their agents and nominees are prohibited from voting shares for the Broker's clients. Therefore, each Non-Registered Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

Applicable securities laws require Brokers and other intermediaries to seek voting instructions from Non-Registered Shareholders in advance of shareholders' meetings. The various Brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Non-Registered Shareholders in order to ensure that their shares are voted at the Meeting. If you have any questions respecting the voting of shares held through a Broker or other intermediary, please contact that Broker or other intermediary immediately for assistance.

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her Broker (or an agent of such Broker), a Non-Registered Shareholder may attend the Meeting as proxy holder for the registered shareholder and vote the shares in that capacity. Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their shares as proxy holder for the registered shareholder should enter their own names in the blank space on the proxy form provided to them by their Broker (or the Broker's agent) and return the same to their Broker (or the Broker's agent) in accordance with the instructions provided by such Broker (or the Broker's agent).

1.8 VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation's authorized capital consists of an unlimited number of common shares without par value (**Common Shares**) and an unlimited number of preferred shares without par value.

As of March 22, 2013, the Corporation had issued 1,005,622,903 fully paid and non-assessable Common Shares, each carrying the right to one vote. As of such date, no preferred shares were issued or outstanding.

A holder of record of one or more Common Shares on the securities register of the Corporation on the Record Date who either attends the Meeting in person or deposits a Form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have such share or shares voted at the Meeting, except to the extent that:

- (a) the shareholder has transferred the ownership of any such share after the Record Date, and
- (b) the transferee produces a properly endorsed share certificate for, or otherwise establishes ownership of, any of the transferred shares and makes a demand to Canadian Stock Transfer Company Inc. as agent for CIBC Mellon Trust Company no later than 10 days before the Meeting that the transferee's name be included in the list of shareholders in respect thereof.

To the knowledge of the Directors and senior officers of the Corporation, the only persons who beneficially own, or control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares, the approximate number of Common Shares so owned, controlled or directed and the percentage of voting shares of the Corporation represented by such shares, in each case as at March 22, 2013, are:

Name and Jurisdiction of Residence	Number of Shares Owned, Controlled or Directed	Percentage of Shares Outstanding
Rio Tinto plc ⁽¹⁾	510,983,220	50.81%
UK		
Robert M. Friedland ⁽²⁾	101,360,738	10.08%
Singapore		

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Notes:

- (1) Common Shares are held indirectly through Rio Tinto International Holdings Limited (**RTIH**) (as to 219,739,166 shares) and indirectly through 7999674 Canada Inc. (as to 215,100,000 shares) and 46117 Yukon Inc. (as to 76,144,054 shares), each company a wholly-owned subsidiary of Rio Tinto plc, a London listed public company headquartered in the United Kingdom (together with its affiliates, **Rio Tinto**). In addition, Rio Tinto holds share purchase warrants (the **Series D Warrants**) exercisable to purchase an additional 55 million Common Shares (adjusted to approximately 74.2 million Common Shares as a result of the 2012 Rights Offering defined and described below), which Series D Warrants were issued pursuant to the terms of the Memorandum of Agreement dated April 17, 2012, as amended on May 22, 2012 amongst the Corporation, RTIH and Rio Tinto South East Asia Limited (**RT Asia**). Each Series D Warrant is exercisable to purchase one Common Share at any time until May 22, 2015 and otherwise in accordance with their terms. Assuming Rio Tinto were to fully exercise the Series D Warrants to acquire the maximum number of Common Shares issuable thereunder, Rio Tinto would beneficially own, together with the 510,983,220 Common Shares it already holds, directly and indirectly, 585,230,680 Common Shares, representing approximately 54.2% of the outstanding Common Shares. Pursuant to the terms of the Memorandum of Agreement, Rio Tinto also has, among other rights and entitlements, pre-emptive contractual rights to maintain its percentage interest in Common Shares and Series D Warrants, exercisable, subject to certain exceptions, in respect of certain future issuances of Common Shares. The information as to Common Shares beneficially owned, controlled or directed by Rio Tinto is not within the knowledge of the management of the Corporation and is based on public filings.
- (2) Common Shares are held directly (as to 22,782,421 shares) and indirectly through Newstar Securities SRL (as to 36,888,714 shares) and Goldamere Holdings SRL (as to 41,689,603 shares), each company beneficially owned and controlled as to 100% by Mr. Friedland. In addition, Mr. Friedland holds incentive stock options exercisable for up to 2,399,456 Common Shares, all of which are currently vested and exercisable. The information as to shares beneficially owned, controlled or directed by Mr. Friedland is not within the knowledge of the Corporation and is based on public filings.

SECTION 2 - BUSINESS OF MEETING

2.1 ELECTION OF DIRECTORS

The Corporation's Articles currently provide that the number of Directors will be a minimum of three and a maximum of 14. In accordance with the terms of the MOA (as defined below), the Corporation agreed that the Board would consist of 13 Directors.

2.1.1 Nomination Rights

Under the Memorandum of Agreement dated April 17, 2012, as amended on May 22, 2012 (the **MOA**) among the Corporation, RTIH and RT Asia, RTIH and the Corporation have agreed to certain provisions regarding Director nomination rights between RTIH and the Corporation. A copy of the MOA can be viewed under the Corporation's profile on the System for Electronic Document Analysis and Retrieval (**SEDAR**) at www.sedar.com. See Section 7.3 Interest of Informed Persons in Material Transactions of this Circular for additional information on the MOA.

These nomination rights are in addition to those accorded to Mr. Friedland under the Heads of Agreement dated December 8, 2010, as amended by the MOA, wherein Mr. Friedland is entitled to nominate two incumbent Directors (each acceptable to RTIH), conditional upon Mr. Friedland continuing to own at least 10% of the Common Shares, and RTIH will exercise, and will cause its subsidiaries to exercise, its voting power to vote in favour of the election of such Directors from time to time until the earlier of January 18, 2014 and the date the Corporation ceases to be a reporting issuer or its equivalent under the securities laws of any province or territory

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of Canada Rio Tinto owns a majority of the Common Shares and can exercise its voting power to elect all of the members of the Board subject only to the agreed limitations in the MOA. The MOA effectively limits Rio Tinto's ability to elect more than 11 Directors (on a Board of 13) by providing that until the earlier of: (a) January 18, 2014; and (b) the date the Corporation ceases to be a reporting issuer or its equivalent under the securities laws of any province or territory of Canada:

- (i) Mr. Friedland may, conditional upon him continuing to own at least 10% of the outstanding Common Shares, select two Directors who were Directors on April 16, 2012 (such potential nominee Directors, the **RMF Nominees**) and RTIH will exercise its voting power for the election of the RMF Nominees from time to time. Such RMF Nominees (a) must include one independent Director, (b) cannot include Robert M. Friedland and (c) must be acceptable to RTIH;
- (ii) subject to the foregoing condition, if an RMF Nominee resigns as or ceases to be a Director, Mr. Friedland shall have the right to select a replacement Director among the remaining RMF Nominees or, if there are no remaining RMF Nominees who are able and willing to be a Director at such time, select any other qualified individual who would qualify as an independent Director and is acceptable to RTIH and the Board to fill any such vacancy, and the Board shall take all necessary steps to appoint such RMF Nominee or individual, as the case may be, as a Director; and
- (iii) a majority of the Directors will be independent Directors, as determined in accordance with the criteria established for independence under the Private Placement Agreement dated October 18, 2006 between the Corporation and RTIH, as amended (the **PPA**). The Corporation has been advised that the RMF Nominees for the Meeting are Ms. Mahler and Mr. Meredith and that RTIH will vote in favour of all of the Director nominees listed herein. As a result, the Corporation anticipates that all such Director nominees will be elected at the Meeting.

2.1.2 Majority Voting Policy

On March 22, 2013, the Board adopted a majority voting policy pursuant to which, in an uncontested election of Directors, if a nominee for election as a Director receives a greater number of votes withheld or abstained than votes for, with respect to the election of Directors by shareholders, he or she will be expected to offer to tender his or her resignation to the Board promptly following the meeting of shareholders at which the Director is elected. Upon receiving such resignation, the Nominating and Corporate Governance Committee will consider such resignation and make a recommendation to the Board whether or not to accept it. The Board will determine whether to accept the resignation in question and announce such decision in a press release to be issued within 90 days following the meeting of shareholders. The Director who offered to tender his or her resignation pursuant to this policy will not participate in any committee or Board deliberations and decisions pertaining to the resignation offer.

2.1.3 Term of Office

The term of office of each of the current Directors will end at the conclusion of the Meeting. Unless a Director's office is earlier vacated in accordance with the provisions of the YBCA, each Director elected will hold office until the conclusion of the next annual meeting of shareholders of the Corporation or, if no Director is then elected, until a successor is elected.

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2.1.4 Management Nominees

The following tables set out information with respect to each of management's 13 nominees for election as Directors at the Meeting, including their ages, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment, the period of time during which each has been a Director of the Corporation, the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by each as at March 22, 2013, and the number of options to purchase Common Shares and securities in the capital of the Corporation's publicly traded subsidiaries held by each as at March 22, 2013. **Management recommends that shareholders vote in favour of the following nominees.**

Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying form of proxy or voting instruction form intend to vote for the election of the nominees recommended by management as directors of the Corporation, to hold office until the conclusion of the next meeting of shareholders or until their successors are duly elected.

Ms. Gardiner is currently a corporate director and has a financial consulting practice. She is a director of Parkbridge Lifestyle Communities Inc., a private company involved in the ownership and operation of land lease communities, and a director of Timber Investments Ltd., a private company that owns Tolko Industries Ltd., a governor of The Banff Centre, an arts education institution, and Chair of The Banff Centre Foundation.

Ms. Gardiner spent over 20 years in the investment banking industry, most recently as Managing Director and Regional Head, BC, for RBC Capital Markets. She also held various positions in corporate finance, mergers and acquisitions, and debt capital markets as well as serving as Head of the Forest Products Group and Head of the Pipelines & Utilities Group. Ms. Gardiner was a member of RBC Capital Markets' Canadian Investment Banking Management Committee, Promotions Committee, Fairness Opinion Committee and Council for the Advancement of Women.

Prior to joining the investment banking industry, Ms. Gardiner was a Senior Project Manager at the Ontario Energy Board and a sessional lecturer at the University of Victoria.

Ms. Gardiner holds a Bachelor of Science and a Master of Business Administration, both from Queens University. She is a member of the Institute of Corporate Directors.

Jill Gardiner	Principal Occupation, Business or Employment⁽¹⁾				
Vancouver, British Columbia,					
Canada	Director/Consultant				
Age: 54			2012	Other Public Company Board	
Director Since: May 2012			Meetings	Membership:	Since:
				Company:	
			2012		
			Meetings	Eligible to	
Director Status:	Board/Committee Membership:		Attended	Attend	
Independent	Board of Directors ⁽¹¹⁾		14	14	n/a
	Audit Committee Chair ⁽⁴⁾		3	3	n/a

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Areas of Experience: Nominating and Corporate Governance Committee⁽¹⁶⁾ 5 5

Managing/Leading Growth

Senior Officer Independent Directors 3 3

Compensation
Capital Markets

Governance/Boards

Common Shares Beneficially Owned, Controlled or Directed^{(1)(2):}

Financial Literacy	Company Name	Year	Common Shares	Total Market Value of
				Common Shares ⁽⁶⁾
	Turquoise Hill Resources Ltd.	2013	Nil	Nil
		2012	Nil	Nil

Options Held:

Date Granted	Expiry Date	Number Granted	Vested & Unexercised/Unvested	Exercise Price ⁽⁷⁾	Total Unexercised	Value of Unexercised Options ⁽⁸⁾
06/28/12	06/28/17	30,000	Nil/30,000	C\$9.75	30,000	Nil
					Total:	Nil

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Mr. Gillin served as Chairman and Chief Executive Officer of Tahera Diamond Corporation, a diamond exploration, development and production company, from October 2003 to September 2008, and was Chief Restructuring Officer until December 2008. Between November 2002 and May 2003, he was President and Chief Executive Officer of Zemex Corporation, an industrial minerals producer. From 1996 to 2002, Mr. Gillin was Vice Chairman and a director of N.M. Rothschild & Sons Canada Limited, an investment bank, and was Acting Chief Executive Officer between 2001 and 2002. He currently is a Non-Executive Director of several public companies including Silver Wheaton Corporation, Dundee Precious Metals and Sherritt International Corp.

Mr. Gillin holds an Honours Business Administration degree from the Richard Ivey School of Business, University of Western Ontario, and is a Chartered Financial Analyst. He is a member of the Institute of Corporate Directors, the Chartered Financial Analysts Institute and the Toronto Society of Financial Analysts.

Principal Occupation, Business or Employment⁽¹⁾

Director

2012

Other Public Company Board Membership:
Company:**Since:**

Meetings

2012

Board/Committee**Meetings****Eligible to****Membership:****Attended****Attend****R. Peter Gillin**Board of Directors⁽¹¹⁾

14

14

Dundee Precious Metals Inc. (TSX)
(Health, Safety and Environment
Committee; Compensation
Committee

2009

Toronto, Ontario, Canada

Audit Committee⁽¹⁴⁾

3

3

Sherritt International Corp. (TSX) (Audit
Committee; Human Resources Committee;
Nominating and Corporate Governance
Committee; Environment, Health and
Safety Committee Chair)

2010

Age: 64

Director Since: May 2012

Compensation and Benefits
Committee⁽¹⁵⁾

4

4

Silver Wheaton Corporation (TSX; NYSE)
(Audit Committee, Human Resources
Committee)

2004

Director Status:

Independent Directors

3

3

TD Mutual Funds Corporate Class Ltd.
(Audit Committee)

2010

Independent

Areas of Experience:

Mining Industry

Managing/Leading Growth

CEO/Senior Officer

Governance/Boards

Capital Markets

Marketing Expertise

Environmental/Safety

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Corporate Responsibility
Compensation

Common Shares Beneficially Owned, Controlled or Directed(1)(2):

Financial Literacy

Company Name	Year	Common Shares	Total Market Value of Common Shares ⁽⁶⁾			
Turquoise Hill Resources Ltd.	2013	Nil	Nil			
	2012	Nil	Nil			
Options Held:						
Date Granted	Expiry Date	Number Granted	Vested & Unexercised/ Unvested	Exercise Price ⁽⁷⁾	Total Unexercised	Value of Unexercised Options ⁽⁸⁾
06/28/12	06/28/17	30,000	Nil/30,000	C\$9.75	30,000	Nil
					Total:	Nil

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Mr. Goodman has served as General Counsel, Business Development at Rio Tinto since June 2008. In April 2010, lead responsibility for Rio Tinto's Europe, Middle East and Africa legal team was added to Mr. Goodman's role and he has served as General Counsel, Corporate-Europe and Business Development since that time. Between May 2007 and June 2008, he held the position of General Counsel, Strategic Projects at Rio Tinto Alcan Inc. Prior to joining Rio Tinto, Mr. Goodman was a partner at a leading Canadian law firm practicing in the areas of mergers and acquisitions, project finance and corporate and commercial law.

Mr. Goodman has a Bachelor of Commerce degree from Concordia University and holds both a Bachelor of Civil Law degree and a Bachelor of Laws degree from McGill University. He is a member of the Quebec Bar Association, the Canadian Bar Association, the American Bar Association and the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

General Counsel, Corporate Europe and Business Development, Rio Tinto

2012

Other Public Company Board Membership:

	Board/Committee Membership:	Meetings		Company:	Since:
		2012 Meetings Attended	Eligible to Attend		
Warren Goodman					
London, United Kingdom	Board of Directors ⁽¹¹⁾	6	6	n/a	n/a

Age: 61

Director Since: June 2012

Common Shares Beneficially Owned, Controlled or Directed^{(1)(2):}

Company Name

Year
2013Common Shares
NilTotal Market Value of
Common Shares⁽⁶⁾
Nil**Director Status:**

Non-Independent (Rio Tinto)

Turquoise Hill Resources Ltd.

Areas of Experience:

Mining Industry

2012

Nil

Nil

Options Held^{(5):}

Senior Officer

Date Granted
n/aExpiry Date
n/aNumber Granted
n/aVested &
Unexercised/
Unvested
n/aExercise Price⁽⁷⁾
n/aTotal
Unexercised
n/aValue of
Unexercised
Options⁽⁸⁾
n/a

Legal

Governance/Board

Capital Markets

Financial Literacy

Total:

n/a

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Ms. Hudon is currently President of Sun Life Financial Quebec, an insurance company, where she is responsible for overseeing all of Sun Life Quebec's corporate strategy and growth. Prior to joining Sun Life, she served as the President of Marketel, a Montreal-based advertising agency in Montreal, between November 2008 and August 2010. From 2004 to 2008, Ms. Hudon served as President and Chief Executive Officer of the Board of Trade of Metropolitan Montreal.

Ms. Hudon is currently Chairman of Collectif de Festivals Montréalais and is a director of Hydro-Québec, Aéroports de Montréal and Holt Renfrew Canada.

Ms. Hudon undertook economic science studies at the Université de Montréal and undertook business administration studies at the University of Ottawa. She is a member of the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

President, Sun Life Financial Quebec

		2012		Other Public Company Board Membership:	
		Meetings	Meetings	Company:	Since:
	Board/Committee Membership:	2012 Meetings Attended	Eligible to Attend		
Isabelle Hudon	Board of Directors ⁽¹¹⁾	13	14	n/a	n/a
Montreal, Quebec, Canada	Compensation and Benefits Committee ⁽¹⁵⁾	4	4		
Age: 46	Nominating and Corporate Governance Committee ⁽¹⁶⁾	5	5		
Director Since: May 2012					

Director Status:

Independent

Areas of Experience:

Independent Directors 2 3

Managing/Leading Growth

Common Shares Beneficially Owned, Controlled or Directed^{(1)(2):}

	Company Name	Year 2013	Common Shares	Total Market Value of Common Shares ⁽⁶⁾
CEO/Senior Officer			Nil	Nil
Governance/Board				
Compensation	Turquoise Hill Resources Ltd.			
Marketing Expertise				
Financial Literacy		2012	Nil	Nil

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Options Held:

Date Granted	Expiry Date	Number Granted	Vested & Unexercised/Unvested	Exercise Price ⁽⁷⁾	Total Unexercised	Value of Unexercised Options ⁽⁸⁾
06/28/12	06/28/17	30,000	Nil/30,000	C\$9.75	30,000	Nil
					Total:	Nil

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Mr. Jacques was appointed Chief Executive Copper in February 2013. He joined Rio Tinto in October 2011 as President, International Operations - Copper, where he led a senior team and oversaw Rio Tinto's interests in the Palabora Mining Company in South Africa, Northparkes Mines in Australia, Kennecott Eagle Minerals and the Pebble Mine in the US and Sulawesi in Indonesia. Prior to Rio Tinto Mr. Jacques spent more than 15 years working across Europe, south east Asia, India and the US in operational and strategy roles in the aluminium, bauxite and steel industries. He served as Group Director, Strategy and was on the Executive Committee at Tata Steel Group from 2007 to 2011.

Mr. Jacques is a Master's graduate (science) of Ecole Centrale Paris in France and a member of the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

Chief Executive, Rio Tinto Copper Group

Other Public Company Board

Board/Committee Membership:	2012 Meetings Attended ⁽¹²⁾	2012 Meetings Eligible to Attend	Membership:	
			Company:	Since:
Board of Directors	n/a	n/a	Bougainville Cooper Limited (ASX)	2012
Nominating and Corporate Governance Committee ⁽¹⁶⁾	n/a	n/a	Palabora Mining Company (JSE)	2011

Jean-Sébastien Jacques

London, United Kingdom

Age: 41

Director Since: February 2013

Director Status:

Common Shares Beneficially Owned, Controlled or Directed^{(1)(2):}

Non-Independent	Company Name	Year 2013	Common Shares	Total Market Value of Common Shares ⁽⁶⁾
(Rio Tinto)	Turquoise Hill Resources Ltd.		Nil	Nil

Areas of Experience:

Mining Industry

Managing/Leading Growth

Options Held^{(5):}

CEO/Senior Officer	Date Granted	Expiry Date	Number Granted	Vested & Unexercised/Unvested	Exercise Price ⁽⁷⁾	Total Unexercised	Value of Unexercised Options ⁽⁸⁾
Governance/Board							
Capital Markets	n/a	n/a	n/a	n/a	n/a	n/a	n/a
						Total:	n/a

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Dr. Klingner has been a corporate director since 2004 after spending 38 years in the mining industry. During his career with Rio Tinto, he held a variety of positions including Head of Exploration, Group Executive responsible for Rio Tinto's coal and gold businesses in Australia and Indonesia and Managing Director of Kaltim Prima Coal in Indonesia. Dr. Klingner retired from Rio Tinto in 2004. He currently serves as Chairman of Codan Limited, an electronic goods manufacturer, and is the former Chairman of Energy Resources of Australia Ltd., a uranium mining company. He also serves as an advisory director for Pacific Road Capital Management, a private equity fund.

Dr. Klingner has a Bachelor of Science degree in Geology from the University of Queensland and a PhD from the University of Melbourne. He is a fellow of the Australian Institute of Mining and Metallurgy and a member of the Prospectors and Developers Association of Canada and the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

Chair/Director

		2012		Other Public Company Board Membership: Company:	Since:
		2012 Meetings Eligible to Attend	2012 Meetings Attended		
Dr. David Klingner Toorak, Melbourne, Australia	Board/Committee Membership:				
	Board of Directors Chairman ⁽¹⁾⁽¹³⁾	13	14	Codan Limited (ASX)	2004
	Nominating and Corporate Governance Committee Chair ⁽⁶⁾	5	5		
	Independent Directors	3	3		

Age: 69

Director Since: May 2012

Director Status:

Independent

Common Shares Beneficially Owned, Controlled or Directed^{(1)(2):}

Company Name	Year	Common Shares	Total Market Value of Common Shares ⁽⁶⁾
	2013	Nil	Nil

Areas of Experience:

Mining Industry Turquoise Hill Resources Ltd.

Managing/Leading Growth

CEO/Senior Officer Exploration	2012	Nil	Nil
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Compensation**Options Held:**

Governance/Board	Date Granted	Expiry Date	Number Granted	Vested & Unexercised/		Exercise Price ⁽⁷⁾	Total Unexercised	Value of Unexercised Options ⁽⁸⁾
				Unexercised	Exercised			
Environmental/Safety								
Corporate Responsibility								
Financial Literacy	06/28/12	06/28/17	30,000	Nil/30,000		C\$9.75	30,000	Nil
							Total:	Nil

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Mr. Larsen has over 25 years of financial experience in the mining industry. Since October 2005, he has been Group Controller and Global Head of Planning and Reporting for Rio Tinto based in London. He is also a director of Rio Tinto International Holdings Limited and is a member of several Rio Tinto governance and management committees. Mr. Larsen has held a number of senior financial positions with Rio Tinto, including international assignments in Australia, Canada, the United States and England. Before joining Rio Tinto in 1992, Mr. Larsen was a Senior Manager with Ernst & Young's mining practice.

Mr. Larsen holds a Bachelor of Science degree in Accounting from the University of Utah and is a Certified Public Accountant. He is also a member of the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

Group Controller and Global Head of Planning and Reporting, Rio Tinto

Board/Committee	2012		Other Public Company Board Membership:	
	2012 Meetings	Meetings Eligible to Attend	Company:	Since:
Membership: Board of Directors	16	20	n/a	n/a

Daniel Larsen
Buckinghamshire, United

Kingdom

Age: 54

Director Since: July 2011

Common Shares Beneficially Owned, Controlled or Directed⁽¹⁾⁽²⁾

Total Market Value of

Company Name	Year 2013	Common Shares	Common Shares ⁽⁶⁾
Turquoise Hill Resources Ltd.	2012	Nil	Nil

Director Status:

Non-Independent (Rio Tinto)

Areas of Experience:

Options Held⁽⁵⁾:

	Date Granted	Expiry Date	Number Granted	Vested & Unexercised/Unvested	Exercise Price ⁽⁷⁾	Total Unexercised	Value of Unexercised Options ⁽⁸⁾
Mining Industry	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Managing/Leading Growth						Total:	n/a
Senior Officer							
Exploration							
Compensation							
Governance/Board							
Capital Markets							
Legal							
Financial Literacy							

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Mr. Lenegan currently serves as a non-executive director for Oz Minerals Limited, a position he has held since 2010. From 2010 to 2012, he served as Non-Executive Chairman of Rey Resources Limited. Mr. Lenegan previously spent 28 years with Rio Tinto where he held various senior management positions, including: Vice President Business Development, Middle East and Africa, Rio Tinto Alcan; Managing Director, Rio Tinto Australia; and President Director, Kelian Equatorial Mining. He is also a former Chairman of the Minerals Council of Australia, former President of the Australia Mines and Metals Association and a former board member of the Business Council of Australia.

Charles Lenegan

Perth, Australia

Age: 62

Director Since: August 2012

Mr. Lenegan holds a Bachelor of Science degree in Economics from the University of London. He is a member of the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

Director

Director Status:

	2012		Other Public Company Board Membership: Company:	Since:
	2012 Meetings Attended	2012 Meetings Eligible to Attend		
Board/Committee Membership: Board of Directors ⁽¹¹⁾	4	4	Oz Minerals Limited (ASX) (Audit Committee)	2010
Compensation and Benefits Committee ⁽¹⁵⁾	1	2	Committee; Nomination and Board Governance Committee)	
Health, Safety and Environment Committee ⁽¹⁷⁾	n/a	n/a		
Independent Directors	1	1		

Independent

Common Shares Beneficially Owned, Controlled or Directed⁽¹⁾⁽²⁾:

Company Name	Year	Common Shares	Total Market Value of Common Shares ⁽⁶⁾
	2013	Nil	Nil

Areas of Experience:**Board**

Mining Industry Turquoise Hill Resources Ltd.

Managing/Leading Growth

Senior Officer

Compensation Governance/Board 2012 Nil Nil

Environmental/Safety

Options Held:

Corporate Responsibility

Financial Literacy	Date Granted	Expiry Date	Number Granted	Vested & Unexercised/Unvested	Exercise Price ⁽⁷⁾	Total Unexercised	Value of
							Options ⁽⁸⁾
	08/17/12	08/17/17	30,000	Nil/30,000	C\$8.44	30,000	Nil
						Total:	Nil

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Ms. Mahler is President and Chief Executive Officer of Computational Geosciences Inc., a private geophysical exploration technology provider. She also is a partner and co-founder of Greenstone Venture Partners, a private venture capital fund. Ms. Mahler was a Turquoise Hill Director from March 2009 until her resignation in connection with the MOA in April 2012. She was re-appointed to the Board in May 2012. Ms. Mahler is also a board member of Benev Capital Inc. (TSX: BEV), where she is Lead Director and serves on the Audit and Compensation and Human Resources committees.

Ms. Mahler holds a Bachelor of Science degree from the Hebrew University of Jerusalem and an MBA from the University of British Columbia. She is a member of the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

President and Chief Executive Officer, Computational Geosciences Inc; partner and co-founder, Greenstone Venture Partners

	2012 Meetings Attended	2012 Meetings Eligible to Attend	Other Public Company Board Membership:	
			Company:	Since:
Livia Mahler				
Vancouver, British Columbia, Canda				
Age: 54				
Director Since: March 2009 to April 2012 and since May 2012				
Board/Committee Membership:				
Board of Directors ⁽⁹⁾	23	23	Benev Capital Inc. (TSX) (Lead Director; Audit Committee; Human Resources and Compensation Committee)	2011
Audit Committee ⁽⁹⁾	4	4		
Compensation and Benefits Committee ⁽⁹⁾	5	5		
Independent Directors	4	4		

Director Status:**Common Shares Beneficially Owned, Controlled or Directed⁽¹⁾⁽²⁾:**

Independent ⁽³⁾	Company Name	Year 2013	Common Shares Nil	Total Market Value of Common Shares ⁽⁶⁾ Nil

Areas of Experience:

Turquoise Hill Resources Ltd.

Managing/Leading Growth
Compensation

Governance/Board

2012

Nil

Nil

CEO/Senior Officer

Options Held:

Capital Markets	Date Granted	Expiry Date	Number Granted	Vested & Unexercised/ Unvested	Exercise Price ⁽⁷⁾	Total Unexercised	Value of Unexercised Options ⁽⁸⁾
Financial Literacy	06/28/12	06/28/17	30,000	Nil/30,000	C\$9.75	30,000	Nil
	05/10/11	05/10/18	40,498	40,498/Nil	C\$23.86	41,498	Nil
	05/07/10	05/07/17	77,571	77,571/Nil	C\$15.25	77,571	Nil
	05/08/09	05/08/09	77,571	77,571/Nil	C\$8.20	77,571	Nil
						Total:	Nil

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Mr. Meredith was the Corporation's Deputy Chairman from May 2006 to April 2012, during which time he oversaw the Corporation's business development and corporate relations. Mr. Meredith was the Corporation's Chief Financial Officer from June 1999 to November 2001 and from May 2004 to May 2006. He was the Chief Executive Officer of SouthGobi Resources Ltd. from June 2007 until October 2009. From October 2009 until September 2012, he served as Chairman of SouthGobi. Prior to joining the Corporation, Mr. Meredith spent 31 years with Deloitte & Touche LLP, Chartered Accountants, and retired as a partner in 1996. Mr. Meredith is a Chartered Accountant and a member of the Canadian Institute of Chartered Accountants and the Institute of Corporate Directors.

Mr. Meredith was a member of the Executive Committee of the Board from its formation in March 2005 until its dissolution in April 2012.

Principal Occupation, Business or Employment⁽¹⁾

Director

	Board/Committee Membership:	2012	2012	Other Public Company Board Membership: Company:	Since:
		Meetings	Meetings Eligible to		
Peter G. Meredith	Board of Directors	26	26	Ivanplats (TSX) (Audit Committee Chair)	1998
Vancouver,				Ivanhoe Energy Inc. (TSX; NASDAQ)	2007
British Columbia, Canada	Health, Safety and Environment ⁽¹⁷⁾	2	2	Entrée Gold Inc. (TSX; AMEX) (Audit Committee Chair)	2002

Age: 69

Director Since: March 2005

Director Status:

Non-Independent⁽³⁾⁽¹⁸⁾

Areas of Experience:

Mining Industry

Great Canadian Gaming Corporation (TSX)
(Compensation and Human Resources
Committee; Audit, Risk & Finance
Committee) 2000

Managing/Leading Growth

Common Shares Beneficially Owned, Controlled or Directed⁽¹⁾⁽²⁾:

	Company Name	Year	Common Shares ⁽⁴⁾	Total Market Value of Common Shares ⁽⁶⁾
CEO/Senior Officer	Turquoise Hill Resources Ltd.	2013	22,902	C\$148,634
Compensation		2012	30,000	C\$297,600
		2013	125,000	A\$37,500
Governance/Board				
Marketing	Ivanhoe Australia Limited			
Capital Markets				
Financial Literacy		2012	500,000	A\$340,000

Options Held:

Date Granted	Expiry Date	Number Granted	Vested & Unexercised/	Exercise Price ⁽⁷⁾	Total Unexercised	Value of Unexercised
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			Unvested ⁽¹⁰⁾			Options ⁽⁸⁾	
06/28/12	06/28/17	30,000	Nil/30,000	C\$9.75	30,000		Nil
01/29/11	01/29/18	40,498	40,498/Nil	C\$27.83	40,498		Nil
10/09/09	10/09/16	77,571	77,571/Nil	C\$13.76	77,571		Nil
05/08/09	05/08/16	77,571	77,571/Nil	C\$8.20	77,571		Nil
09/02/08	09/22/13	38,784	38,784/Nil	C\$8.35	38,784		Nil
03/27/06	03/27/13	38,784	38,784/Nil	C\$9.73	38,784		Nil
					Total:		Nil

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Ms. Priestly was appointed Chief Executive Officer of the Corporation on May 1, 2012. She was previously a senior executive with Rio Tinto where she served as Chief Financial Officer of Rio Tinto's Copper Group from November 2008 to May 2012. Ms. Priestly joined Rio Tinto in 2006 as Chief Financial Officer at Rio Tinto's Kennecott Utah Copper operations. She is a director of Stone Energy Corporation and joined the Board of SouthGobi Resources Ltd. and was appointed Chairman in September 2012.

Ms. Priestly previously spent over 25 years with global professional services firm Arthur Andersen, where she provided tax and consulting services to companies in the energy and mining sectors with worldwide operations. She held various leadership positions while at Arthur Andersen, including serving on its global executive team and global energy team. Ms. Priestly previously served as a director of Palabora Mining Company Limited.

Ms. Priestly holds a Bachelor of Science degree in Accounting, summa cum laude, from Louisiana State University. She is also a member of the Institute of Corporate Directors and was a Certified Public Accountant and a member of the American Institute of Certified Public Accountants for over 25 years.

Principal Occupation, Business or Employment⁽¹⁾

Chief Executive Officer of the Corporation

Kay Priestly

Vancouver,
British Columbia Canada

Age: 57

Director Since: February 2011

Board/Committee

Membership:
Board of Directors

Health, Safety and
Environment
Committee⁽¹⁷⁾

**2012
Meetings
Eligible to**

Attend
21

2

**Other Public Company Board
Membership:**

Company:
SouthGobi Resources Ltd. - Chair
(TSX & SEHK)(Nominating and
Corporate Governance Committee)
Stone Energy Corporation (NYSE)
(Audit Committee Chair;
Nominating and Governance
Committee; Reserves Committee)

Since:
2012

2006

Director Status:

Non-Independent

(Management)

Areas of Experience:

Mining Industry

Managing/Leading Growth

CEO/Senior Officer

Governance/Board

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Capital Markets	Common Shares Beneficially Owned, Controlled or Directed^{(1)(2):}						
	Company Name	Year	Common Shares		Total Market Value of Common Shares ⁽⁶⁾		
Environmental/Safety		2013	Nil		Nil		
Corporate Responsibility	Turquoise Hill Resources Ltd.						
Financial Literacy		2012	Nil		Nil		
	Options Held^{(5):}						
	Date Granted	Expiry Date	Number Granted	Vested & Unexercised/Unvested	Exercise Price ⁽⁷⁾	Total Unexercised	Value of Unexercised Options ⁽⁸⁾
	n/a	n/a	n/a	n/a	n/a	n/a	n/a
					Total:	n/a	n/a

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Since March 2011, Mr. Robertson has served as Executive Vice-President, Business Integration at BMO Financial Group, and as Vice-Chair at BMO Financial Corp. (formerly Harris Financial Corp.). In this capacity, he has been responsible for overseeing the integration of BMO's recently purchased Marshall & Ilsley Bank with BMO's long-time subsidiary, Harris Bank. Prior to his current role at BMO, Mr. Robertson was the Chief Financial Officer at BMO Financial Group between March 2008 and March 2011. Before joining BMO, he spent over 35 years as a Chartered Accountant. Mr. Robertson held various senior positions with a number of major accounting firms, including holding the positions of Vice-Chair, Deloitte & Touche LLP (Canada), and Managing Partner, Arthur Andersen LLP (Canada).

Russel C. Robertson

Toronto, Ontario, Canada

Age: 65

Director Since: June 2012

Mr. Robertson holds a Bachelor of Arts degree (Honours) from the Richard Ivey School of Business at the University of Western Ontario, is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants (Ontario). He is a member of the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

Executive Vice-President, Business Integration, BMO Financial Group

Director Status:

Independent

Areas of Experience:

Managing/Leading Growth

CEO/Senior Officer

Governance/Board

Capital Markets

Financial Literacy

2012**Other Public Company Board Membership:****Meetings****2012****Eligible to****Meetings****Attended****Attend****Company:****Since:****Membership:**Board of Directors⁽¹¹⁾

5

6

n/a

n/a

Audit Committee⁽¹⁴⁾

1

1

Health, Safety and Environment

Committee⁽¹⁷⁾

n/a

n/a

Independent Directors

2

2

Common Shares Beneficially Owned, Controlled or Directed⁽¹⁾⁽²⁾:

Total Market Value of

Common Shares⁽⁶⁾

Company Name

Year

Common Shares

Capital Markets

2013

Nil

Nil

Turquoise Hill Resources Ltd.

2012

Nil

Nil

Options Held:

Date Granted	Expiry Date	Number Granted	Vested & Unexercised/Unvested	Exercise Price ⁽⁷⁾	Total Unexercised	Value of Unexercised Options ⁽⁸⁾
06/28/12	06/28/17	30,000	Nil/30,000	C\$9.75	30,000	Nil
					Total:	Nil

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Since April 2011, Mr. Tygesen has served as Vice-President, Copper Development at Rio Tinto Copper Group. In this capacity, he is responsible for overseeing Rio Tinto's joint venture interests, technical and innovation development, sustainable development and accountability at the company's Chilean and Indonesian copper projects. Mr. Tygesen has spent over 30 years with Rio Tinto, and has held such positions as Mining Executive, Rio Tinto Copper Group; Regional General Manager, Rio Tinto Technology and Innovation; Manager, Long Term and Strategic Planning, Rio Tinto Energy America Coal; and Manager of Mine Development, Diavik Diamond Mines.

Jeffery D. Tygesen

Sandy, Utah, United States

Age: 55

Mr. Tygesen holds a Bachelor of Science degree (Mining Engineering) and a Master of Science degree (Mining Engineering), both from the University of Utah (College of Mines and Earth Sciences). He is a member of the Society of Mining Engineering and the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

Vice-President, Copper Development, Rio Tinto Copper Group

Board/Committee Membership:	2012	2012	Other Public Company	
	Meetings	Meetings	Board Membership:	Company: Since:
	Attended	Attend		
Board of Directors ⁽¹¹⁾	4	4	n/a	n/a
Health, Safety and Environment Committee Chair ⁽⁷⁾	0	1		

Director Since:

August 2012

Common Shares Beneficially Owned, Controlled or Directed⁽¹⁾⁽²⁾:

Company Name

Year

Common Shares

Total Market Value of
Common Shares⁽⁶⁾

Nil

Nil

Turquoise Hill Resources Ltd.

Director Status:

Non-independent (Rio Tinto)

2012

Nil

Nil

Areas of Experience:

Mining Industry

Options Held⁽⁵⁾:

Managing/Leading Growth

Date Granted
n/aExpiry
Date
n/aNumber
Granted
n/aVested &
Unexercised/
Unvested
n/aExercise
Price⁽⁷⁾
n/aTotal
Unexercised
n/aValue of
Unexercised
Options⁽⁸⁾
n/a

Exploration

Marketing Expertise

Environmental/Safety

Corporate Responsibility
Notes:

Total: n/a

- (1) The information as to principal occupation, business or employment and shares beneficially owned, controlled or directed by a nominee is not within the knowledge of the management of the Corporation and has been furnished by the nominee.
- (2) Does not include Common Shares issuable upon the exercise of incentive stock options.
- (3) Nominated pursuant to Mr. Friedland's contractual nomination rights. For more information on Mr. Friedland's nomination rights, see Section 2.1.1 "Nomination Rights" of this Circular.
- (4)

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Common Shares refers to the number of Common Shares or, where applicable, shares of SouthGobi Resources Ltd. (**SouthGobi**) or Ivanhoe Australia Limited (**Ivanhoe Australia**), beneficially owned, controlled or directed by the Director as of and March 22, 2013 and May 24, 2012, respectively.

- (5) In accordance with Rio Tinto corporate policy, Directors who are employees of Rio Tinto (seconded or otherwise) are not permitted to receive options to purchase Common Shares.
- (6) The Total Market Value of Common Shares is calculated, (i) in the case of Common Shares, by multiplying the closing price of the Common Shares on the TSX on March 22, 2013 (C\$6.49) and May 24, 2012 (C\$9.92), respectively, by the number of Common Shares held by the nominee as at March 22, 2013 and May 24, 2012, respectively; and (ii) in the case of ordinary shares of Ivanhoe Australia, by multiplying the closing price of the ordinary shares of Ivanhoe Australia on the Australian Securities Exchange (**ASX**) on March 22, 2013 (A\$0.30) and May 24, 2012 (A\$0.68), respectively, by the number of ordinary shares of Ivanhoe Australia held by the nominee as at March 22, 2013 and May 24, 2012, 2011, respectively.
- (7) The Exercise Price is the Fair Market Value on the date of approval by the Board of Directors, pursuant to the Employees and Directors Equity Incentive Plan (the **Equity Incentive Plan**).
- (8) Value of Unexercised Options is calculated on the basis of the difference between the closing price of the Common Shares on the TSX on March 22, 2013 (C\$6.49) and the exercise price of the options, multiplied by the number of unexercised options on March 22, 2013.
- (9) Pursuant to the MOA, Ms. Mahler resigned from the Board of Directors effective April 17, 2012. In connection with her resignation, Ms. Mahler also resigned from the Audit Committee and the Compensation and Benefits Committee effective April 17, 2012. Under the terms of the MOA, Mr. Friedland has the right to nominate two

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Directors and had previously nominated Mr. Meredith and Mr. Huberman as his appointees to the Board of Directors. Following Mr. Huberman's resignation on May 7, 2012, Mr. Friedland nominated Ms. Mahler as his new nominee and Ms. Mahler was reappointed to the Board of Directors and the Audit Committee effective May 9, 2012. She was subsequently reappointed to the Compensation and Benefits Committee effective May 10, 2012. For more information on Mr. Friedland's nomination rights, see Section 2.1.1 "Nomination Rights" of this Circular.

- (10) Pursuant to Mr. Meredith's relinquishment of his position as an executive of the Corporation as of April 17, 2012, Mr. Meredith's previously unvested bonus shares and options held as of such date vested through the combined operation of his employment agreement and the agreements governing such bonus shares and options.
- (11) Ms. Gardiner, Mr. Gillin, Ms. Hudon and Dr. Klingner were appointed to the Board effective May 7, 2012. Messrs. Goodman and Robertson were appointed to the Board effective June 29, 2012. Messrs. Lenegan and Tygesen were appointed to the Board effective August 10, 2012.
- (12) Mr. Jacques was not a Director in 2012 and therefore did not attend any Board or committee meetings.
- (13) Dr. Klingner was appointed Chairman of the Board effective May 10, 2012.
- (14) Ms. Gardiner and Mr. Gillin were appointed to the Audit Committee effective May 9, 2012. Mr. Robertson was appointed to the Audit Committee effective August 10, 2012.
- (15) Mr. Gillin and Ms. Hudon were appointed to the Compensation and Benefits Committee effective May 10, 2012. Mr. Lenegan was appointed to the Compensation and Benefits Committee effective August 10, 2012.
- (16) Ms. Gardiner, Ms. Hudon and Dr. Klingner were appointed to the Nominating and Corporate Governance Committee effective May 10, 2012. Mr. Jacques was appointed to the Nominating and Corporate Governance Committee effective February 20, 2013.
- (17) Mr. Meredith and Ms. Priestly were appointed to the Health, Safety and Environment Committee effective May 10, 2012. Mr. Tygesen was appointed to the Health, Safety and Environment Committee effective August 10, 2012 and became Chair on March 22, 2013. Messrs. Lenegan and Robertson were appointed to the Health, Safety and Environment Committee on March 22, 2013.
- (18) The Corporation has determined that Mr. Meredith is a non-independent Director nominee by virtue of being a former senior officer of the Corporation and/or one or more of its subsidiaries and a former member of management within the last three years.

2.1.5 Additional Disclosure Relating to Directors

To the knowledge of the Corporation, no Director is, or has been within the last 10 years, a director or executive officer of an issuer that, while that individual was acting in such capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities regulations, for a period of more than 30 consecutive days, (b) was subject to an event that resulted, after that individual ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order that denied the issuer access to any exemption under Canadian securities regulations, for a period of more than 30 consecutive days, or (c) within one year of that individual ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following:

Mr. Gillin, a Director, was a director, Chairman and Chief Executive Officer of Tahera Diamond Corporation ("**Tahera** ") from October 2003 to September 2008, as well as Chief Restructuring Officer until December 2008. Tahera filed for protection under the Companies' Creditors Arrangement Act (Canada) ("**CCAA** ") with the Ontario Superior Court of Justice on January 16, 2008. As a consequence of its financial difficulties, Tahera failed to file financial statements for the year ended December 31, 2007 and subsequent financial periods. As a result, Tahera was delisted from the TSX in November 2009 and issuer cease trade orders were issued in 2010 by the securities regulatory authorities of Ontario, Quebec, Alberta and British Columbia, which orders have not been revoked. Tahera subsequently sold its tax assets to Ag Growth International and certain properties to Shear Minerals Ltd. The monitoring process under CCAA concluded by order of the Ontario Superior Court of Justice in September 2010.

2.1.6 Interlocking Directorships

There are no interlocking directorships that exist among management's 13 Director nominees as at March 22, 2013.

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2.1.7 Retirement Policy

At present, the Corporation has no formal retirement policy for its Directors.

2.1.8 Tenure

Collectively, the 13 nominees for election as Directors have 25 years of experience on the Board and individually, the years of service range from under one year to eight years.

2.1.9 Summary of Board and Committee Meetings Held

The following table summarizes the meetings of the Board and the Committees held during the year ended December 31, 2012:

Board of Directors	26
Independent Directors	4
Compensation and Benefits Committee	6
Audit Committee	4
Nominating and Corporate Governance Committee	6
Health, Safety and Environment Committee	2

The number of meetings above is inclusive of a total of 17 meetings of the Board of Directors, one meeting of the Compensation and Benefits Committee, two meetings of the Nominating and Corporate Governance Committee, one meeting of the Health, Safety and Environment Committee and three meetings of the independent Directors held by teleconference. In addition, six resolutions in writing were passed by the Board in 2012 and no resolutions in writing were passed by any of the Board committees in 2012. Resolutions in writing must be executed by all of the Directors entitled to vote on the subject matter of the resolution. No meetings were held by the Corporation's Executive Committee, which was dissolved in April 2012.

In addition to Board and committee meetings, the independent Directors held four meetings during the year ended December 31, 2012. The purposes of these meetings included the following:

Raising substantive issues that are more appropriately discussed in the absence of management and Directors who are Rio Tinto employees or secondees;

Discussing any matter of concern raised by any committee or Director;

Addressing issues raised but not resolved at meetings of the Board and assessing any follow-up needs;

Discussing how to properly balance the interests of Rio Tinto as controlling shareholder with the interests of the Corporation's other shareholders and stakeholders;

Discussing the quality, quantity, and timeliness of the flow of information from senior management that is necessary for the independent Directors to effectively and responsibly perform their duties; and

Seeking feedback about Board processes.

2.2 APPOINTMENT OF AUDITORS

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Shareholders will be requested to appoint PricewaterhouseCoopers LLP, Chartered Accountants, Vancouver, B.C. (**PwC**) as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the Directors to fix their remuneration and the terms of their engagement. PwC were appointed as auditors of the Corporation on April 2, 2012, following the resignation which took effect as of such date by Deloitte LLP, Chartered Accountants, Vancouver, B.C. (**Deloitte**). The appointment of PwC must be approved by ordinary resolution at the Meeting.

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Management and the Board recommend that PwC be appointed as auditor of the Corporation until the next annual meeting of shareholders. Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the appointment of PwC, as auditor of the Corporation to hold office until the next annual meeting of shareholders, at a remuneration to be fixed by the Directors.

2.2.1 Audit Services

Fees billed by PwC and its affiliates during fiscal 2012 were approximately C\$1,835,230. Fees billed by Deloitte and its affiliates during fiscal 2011 were approximately C\$2,940,000. The aggregate fees billed by the auditors in fiscal 2012 and fiscal 2011 are detailed below.

<i>(C\$ in 000 s)</i>	PwC 2012	Deloitte 2011
Audit Fees (a)	C\$ 1,458	C\$ 1,203
Audit Related Fees (b)	C\$ 377	C\$ 771
Tax Fees (c)	Nil	C\$ 143
Other Fees (d)	Nil	C\$ 823
Total	C\$ 1,835	C\$ 2,940

(a) Fees for audit services billed or expected to be billed relating to fiscal 2012 and 2011 consist of:

Audit of the Corporation's annual statutory financial statements; and

Audit of its subsidiaries (SouthGobi and Ivanhoe Australia) annual statutory financial statements.

In addition, in 2012 and 2011, fees were paid for services provided in connection with reviews pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (the **Sarbanes-Oxley Act**), applicable Canadian securities laws and the required attestations relating to the effectiveness of the Corporation's internal controls on financial reporting.

(b) Fees for audit-related services provided during fiscal 2012 and 2011 consisted of:

Translation services;

Financial accounting and reporting consultations;

Reviews of the Corporation's interim financial statements;

Reviews of its subsidiaries (SouthGobi and Ivanhoe Australia) interim financial statements; and

Comfort letters, consents, and other services related to the U.S. Securities and Exchange Commission (**SEC**), Canadian and other securities regulatory authorities matters.

(c) Fees for tax services provided during fiscal 2011 consisted of income tax compliance and tax planning and advice relating to transactions and proposed transactions of the Corporation and its subsidiaries.

(d) Fees for other services provided during fiscal 2011 related to human capital advisory services to a subsidiary of the Corporation. The Audit Committee's charter requires the pre-approval by the Audit Committee of all audit and non-audit services provided by the external auditor. Pre-approval from the Audit Committee can be sought for planned engagements based on budgeted or committed fees. No further approval is required to pay preapproved fees. Additional pre-approval is required for any increase in scope or in final fees.

Pursuant to these procedures, 100% of each of the services provided by the Corporation's external auditors relating to the fees reported as audit, audit-related, tax and other fees were pre-approved by the Audit Committee.

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SECTION 3 - COMPENSATION DISCUSSION AND ANALYSIS

In accordance with the requirements of applicable securities regulations in Canada, the following statement of executive compensation for the Corporation is provided in respect of the following individuals for fiscal 2012: (a) the Chief Executive Officer (the **CEO**), (b) the Chief Financial Officer (the **CFO**), (c) each of the three most highly compensated executive officers of the Corporation and its subsidiaries (or individuals acting in a similar capacity, other than the CEO and the CFO) at the end of fiscal 2012 whose compensation for fiscal 2012 exceeded C\$150,000, and (d) each individual who would be included under (c) above but for the fact that such individual was not an executive officer of the Corporation or its subsidiaries at the end of fiscal 2012 (collectively the **Named Executive Officers** or **NEOs**).

3.1 EXECUTIVE SUMMARY

On April 17, 2012, the Corporation and Rio Tinto entered into the MOA, and amended certain of its terms on May 22, 2012, in order to provide a comprehensive financing plan to commercial production at the Oyu Tolgoi Project, to establish certain management and governance changes and to address other matters. See Section 7.3 **Interest of Informed Persons in Material Transactions** of this Circular for additional information on the MOA.

Pursuant to the MOA, the Board appointed a new senior management team, consisting of Kay Priestly, CEO; Christopher Bateman, CFO; Brett Salt, Senior Vice President, Strategy and Development; Stewart Beckman, Senior Vice President, Operations and Technology; and Neville Henwood, Senior Vice President, Legal and Corporate Secretary (collectively, the **Current NEOs**). Mr. Henwood's secondment with the Corporation ended on December 31, 2012.

The new appointees replaced former CEO Robert M. Friedland and former CFO Tony Giardini, who, together with former President John Macken, former Deputy Chairman Peter Meredith and former Executive Vice President Sam Riggall, resigned on April 17, 2012 pursuant to the MOA. Messrs. Friedland, Giardini, Meredith and Macken, together with Steve Garcia, the former Executive Vice President of the Corporation whose employment with the Corporation ceased on November 16, 2012, are collectively referred to as **Former NEOs**.

The compensation paid to the Former NEOs who resigned from their positions was comprised of termination payments pursuant to their respective employment contracts and release agreements described below in Section 4.3 **Employment and Change of Control Agreements** of this Circular, and were paid in cash. Apart from (i) stock option grants made in November 2012 to Former NEOs to equitably adjust for the dilution to their outstanding stock options which resulted from the rights offering completed by the Corporation in July 2012 (the **2012 Rights Offering**), as required under the terms of the MOA, and (ii) stock options issued to Mr. Meredith in his capacity as Director, no new stock options of the Corporation were awarded to these individuals.

As a result of the board and management changes which occurred in 2012 pursuant to the terms of the MOA, the compensation arrangements for the Corporation's senior executives changed. The Current NEOs are seconded from the wider Rio Tinto Group pursuant to an agreement between the Corporation and Rio Tinto. Many aspects of the compensation of the Current NEOs reflected in their secondment arrangements, including salary and other benefits, are established pursuant to Rio Tinto policies applied to senior management personnel across the wider Rio Tinto Group. The Corporation has agreed to reimburse Rio Tinto for costs associated with the salaries and benefits of the Current NEOs and, with respect to the CEO and the CFO, has agreed to supplement these compensation arrangements with performance-based medium to long-term incentives in the form of a performance share unit plan (the **PSU Plan**). The purpose of the PSU Plan is to ensure a strong link is established between compensation levels of senior executives and the performance of the Corporation so that the interests of the senior executive team are better aligned with those of the Corporation's shareholders. See Section 3.5.1 **Compensation of Current NEOs** of this Circular.

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3.2 COMPENSATION PHILOSOPHY AND GOALS

The Board is committed to the transparent presentation of its compensation program. The guiding principles for the Corporation's executive compensation philosophy, each having approximately an equal level of importance, are as follows:

Ensure a strong link between compensation levels and performance in relation to the Corporation's key short and long-term performance goals;

Align the Corporation's executives' interests with those of its shareholders;

Encourage and reward high performance; and

Provide fair, transparent and balanced compensation.

In determining the Corporation's compensation philosophy, in particular in respect of the new CEO and CFO, the Corporation believes that its compensation policy should reflect the following considerations:

A significant portion of each executive's compensation should be performance-based, assessed against a number of measures that are aligned with the Corporation's key strategic goals over the short, medium and long term;

Performance should be measured on an absolute basis and relative to the Corporation's peers;

The metrics should include broad corporate financial metrics as well as individual and/or corporate measures key to managing risk;

Payments of performance-based compensation should be aligned with the period of time over which results are achieved and the related risks are assumed;

To create a clear relationship between pay and performance, if performance targets are significantly exceeded, compensation above target levels may be warranted, provided that compensation is similarly reduced in the event that performance is below target. There should be symmetry or balance between the upside and the downside of performance-based compensation;

Performance-based compensation should be paid only if the Corporation actually meets or exceeds the measurable performance targets and achievement of performance targets should be a significant component in the vesting of equity-based awards;

Variable compensation components should include caps to ensure an appropriate sharing of value between management and shareholders and to limit the incentive to take excessive risks in order to achieve short-term, unsustainable performance;

The Board must be allowed to use its informed judgment to alter payouts to ensure that compensation appropriately reflects the performance of the business, and any unexpected circumstances that may arise during the year; and

In cases where the performance metrics used militate in favour of a substantial payout, the Board should assess the extent to which the performance may have been favourably impacted by factors outside of management's control and, in such instances, consider whether any downward adjustments to award levels are warranted.

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3.3 COMPENSATION AND BENEFITS COMMITTEE

3.3.1 Role and Composition

The Corporation's executive compensation program is administered by the Compensation and Benefits Committee. The Compensation and Benefits Committee is currently made up of the following members, all of whom are independent Directors and who, as a whole, have direct experience and skills in executive compensation that enable the Compensation and Benefits Committee to make decisions on the suitability of compensation policies and practices:

Mr. Gillin was elected Chair of the Compensation and Benefits Committee in May 2012. He also serves on the compensation committees of three other public companies. Mr. Gillin has significant experience in establishing compensation programs for senior executives.

Ms. Hudon served as board chair of a Canadian public university and has broad experience in compensation policies and practices.

Ms. Mahler is currently serving on the compensation committee of another public company and has experience developing and negotiating compensation packages for senior executives including fixed salary components and performance-based bonus and equity schemes.

Mr. Lenegan served on the compensation committee of an Australian listed public company in 2011 and 2012 and has experience in the development of human resource and compensation systems.

The primary objective of the Compensation and Benefits Committee is to assist the Board in discharging its responsibilities relating to compensation of the executive officers and Directors of the Corporation. The Compensation and Benefits Committee's responsibilities include, but are not limited to, the following:

Reviewing and approving on an annual basis corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those goals and objectives and setting the CEO's compensation level based on such evaluation;

Determining fees payable to members of any ad hoc committee established by the Board;

Reviewing and making recommendations to the Board on an annual basis with respect to the adequacy and form of compensation and benefits of all senior executives and Directors;

Administering and making recommendations to the Board with respect to the Corporation's incentive compensation plans and equity-based plans;

Reviewing the recipients, nature and size of share compensation awards and bonuses granted from time to time in compliance with applicable securities laws, stock exchange and other regulatory requirements;

Preparing any report relating to compensation as may be required under applicable securities law, stock exchange, and any other regulatory requirements; and

Overseeing risk identification and management in relation to compensation policies and practices and reviewing disclosure in that respect.

With respect to the Current NEOs who are Rio Tinto secondees, the role and responsibility of the Compensation and Benefits Committee in establishing their compensation policies was more limited than it otherwise would have been given that elements such as base salary, short-term incentives and employee benefits are set forth in the secondment agreements which were negotiated directly between Rio Tinto and each Current NEO. However, the Compensation and Benefits Committee determined that it was critical to import an equity driven, performance based long-term incentive element to senior executives' compensation packages, particularly in respect of the new CEO and CFO, which took the form of the PSU Plan adopted by the Board. In addition, in determining whether target thresholds for the payout of short-term incentives established pursuant to the

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secondment agreements of Rio Tinto secondees had been met, fallen short of or exceeded, the Compensation and Benefits Committee was required to consider a number of factors, including the business environment in which the Corporation operates, individual performance, the achievement of specified objectives and the stage of the Corporation's development among others. With respect to the Former NEOs, the Compensation and Benefits Committee approved their salaries in effect until their respective dates of termination.

The Compensation and Benefits Committee meets as many times as it deems necessary, but not less frequently than two times per year, to deal with compensation matters. Its recommendations are reviewed and, if deemed appropriate, approved by the Board. In establishing total compensation, the Compensation and Benefits Committee, subject to the limitations discussed above, works with the Corporation's senior executives to evaluate their performance and consider compensation criteria for their positions. The Committee determines the appropriateness of management's proposals based on the market data and recommended framework provided by compensation consultants and its own evaluation of the individuals' past performance.

3.3.2 Management of Risk

In making compensation decisions, the Compensation and Benefits Committee and the Board regularly assess, as part of their respective deliberations, the risks associated with the Corporation's compensation policies and practices to ensure that the compensation of executives does not encourage them to take inappropriate risks that are reasonably likely to have a material adverse effect on the Corporation. The Board and the Compensation and Benefits Committee have developed certain practices which help them mitigate and manage compensation-related risks.

Balanced Compensation Mix. The Corporation's executive compensation program aims at limiting the incentive to take excessive risks in order to achieve short-term, unsustainable performance. Instead, in assessing performance, the Compensation and Benefits Committee and the Board consider multiple short and long-term factors, including contribution to shareholder value and corporate business objectives and other compliance factors.

Performance Based Incentives. Awards under the PSU Plan are paid out based on a performance period of three years.

Benchmarking. Elements of executive compensation are benchmarked against appropriate comparator groups to ensure fairness.

Use of Discretion. Compensation decisions are not entirely based on fixed formulas, and the Board and the Compensation and Benefits Committee retain a certain degree discretion when granting short-term and long-term incentive awards in order to ensure that awards granted truly reflect an individual's performance and contribution.

External Compensation Advisor. The Compensation and Benefits Committee uses the services of Mercer (as defined below), a compensation advisor, to assist in designing the executive compensation program.

Anti-Hedging Policy. Executives and Directors are not permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation.

In fiscal 2012, there were no risks identified by the Board or the Compensation and Benefits Committee in the Corporation's compensation practices that were reasonably likely to have a material adverse effect on the Corporation.

3.3.3 Outside Consultants

The Compensation and Benefits Committee has the authority to engage an outside advisor for advice and assistance at the expense of the Corporation. Before retaining such advisor, following discussion with the Board,

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the Committee considers the independence of such advisor, including any independence factors that it is required to consider by applicable securities laws, stock exchanges or any other regulatory requirements. The Compensation and Benefits Committee has the sole authority to determine the terms of engagement and the extent of funding necessary (and to be provided by the Corporation) for payment of compensation to any advisors or other professionals retained to advise the Compensation and Benefits Committee and ordinary administrative expenses of the Compensation and Benefits Committee that are necessary or appropriate in carrying out its duties.

In 2012, the Compensation and Benefits Committee retained Mercer (Canada) Limited (**Mercer**) to examine and make a recommendation for long-term incentive awards for the new CEO and CFO and to establish an expanded peer comparator group for these purposes.

Mercer provides ongoing support to the Compensation and Benefits Committee from time to time in determining compensation for the Corporation's executive officers. Mercer received retainers between 2007 and 2011 to assess the market competitiveness of executive compensation levels at the Corporation and to provide advice on management proposals for salary increases and awards under the Corporation's incentive plans. During 2011, Mercer also provided advice in connection with compensation issues related to the transition of the Lead Director to the non-executive Board Chair role and in respect of Director compensation levels.

Mercer has a global relationship with Rio Tinto providing a full range of consulting support including retirement, benefits, and investment consulting and retirement plan administration, as well as human capital and communications consulting.

Although not formally required to do so under its mandate, the Board pre-approves any services, advice or assistance that advisors, such as Mercer, assisting the Board or the Compensation and Benefits Committee on compensation matters provides to the Corporation at the request of management.

Executive Compensation-Related Fees

The following table indicates the compensation received by Mercer and its affiliates in fiscal 2011 and fiscal 2012.

	2011	2012
Executive Compensation-Related Work ⁽¹⁾	C\$52,689	C\$44,435
All Other Fees ⁽²⁾	Nil	C\$443,899
Total	C\$52,689	C\$488,334

Notes:

- (1) Fees indicated under the caption Executive Compensation-Related Work include all fees received for services related to determining compensation for Directors and executive officers of the Corporation, including services relating to the elaboration and implementation of the PSU Plan.
- (2) Fees indicated under the caption All Other Fees represent fees received by Marsh Canada Limited, an affiliate of Mercer, for insurance services in respect of the Corporation's employee benefit plans.

3.4 BENCHMARKING PRACTICES

The Corporation's general peer comparator group of companies (**Peer Comparator Group**), which was used to benchmark base salaries, annual incentives and long-term incentives for Former NEOs, has been established by Mercer with input from the Compensation and Benefits Committee and management. The peer group included companies with significant project development activities underway, project developments and/or operations in complex, international locations, and with a market capitalization within a reasonable range of the Corporation's current market capitalization. The criteria for selection were based on several factors including market

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capitalization, total assets, revenue, nature of commodity, type of business (including development activities) and complexity of job. These factors are relevant because they reflect aspects of similar businesses, competition for talent and are subject to similar external factors. The comparator organizations detailed below were used to benchmark the Former NEOs total direct compensation for 2012:

Company Name	Market Cap.⁽¹⁾	Head Office
Newcrest Mining Ltd.	\$16,982	Melbourne, Australia
Fortescue Metals Group Ltd.	\$14,462	Perth, Australia
Yamana Gold Inc.	\$12,867	Toronto, Canada
Anglogold Ashanti Ltd. -ADR	\$12,009	Newtown, South Africa
Kinross Gold Corp.	\$11,010	Toronto, Canada
First Quantum Minerals Ltd.	\$10,436	Vancouver, Canada
Eldorado Gold Corp.	\$9,137	Vancouver, Canada
Gold Fields Ltd. -ADR	\$9,112	Sandton, South Africa
Randgold Resources Ltd. -ADR	\$9,109	St. Helier, Jersey
Agnico-Eagle Mines Ltd.	\$9,023	Toronto, Canada
Cameco Corp.	\$7,745	Saskatoon, Canada
IAMGold Corp.	\$4,288	Toronto, Canada
75th percentile	\$12,224	
50th percentile	\$9,786	
25th percentile	\$9,088	
Average	\$10,515	
Turquoise Hill Resources Ltd	\$7,631	Vancouver, Canada

(1) Market capitalization (in C\$ millions) as at December 31, 2012 (Source: Bloomberg).

The Compensation and Benefits Committee compared the Corporation's executives to the incumbents in the comparator group that appear to be performing similar job functions. Where market data for the functional roles was not available, data was provided on a ranking basis (for the ranking match, the top five executives in the comparator organizations are ranked in order of their total cash compensation from highest to lowest).

In 2012, a performance peer comparator group (the **PSU Peer Comparator Group**) was established with the assistance of Mercer consisting of 18 companies that were copper and gold producers with an international focus, a median market capitalization comparable to the Corporation and at least three years of trading history. Relative to these companies, the Corporation was roughly in the middle range with respect to market capitalization. Performance for PSU grants made to the Corporation's CEO and CFO will be based on the Corporation's total shareholder return (share price plus reinvested dividends, where applicable) over a three-year period compared to total shareholder return of the PSU Peer Comparator Group for the same period. Provision is made in each PSU grant letter to address situations where a comparator return ceases to exist, or ceases to be relevant, or the Compensation and Benefits Committee otherwise determines in its sole discretion to add or remove a comparator in the PSU Peer Comparator Group. The PSU Peer Comparator Group has also been considered in establishing the business performance score of the STIP portion of the compensation of Current NEOs.

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The following table sets out the PSU Peer Comparator Group for the year ended December 31, 2012:

Company Name	Market Cap. ⁽¹⁾	Head Office
Diversified Metals and Mining		
Freeport-McMoRan Copper & Gold	\$32,469	Phoenix, U.S.A.
Southern Copper Corp.	\$32,013	Phoenix, U.S.A.
Antofagasta plc	\$20,232	London, U.K.
KGHM Polska Miedz S.A.	\$11,687	Lubin, Poland
First Quantum Minerals Ltd.	\$10,436	Vancouver, Canada
Kazakhmys plc	\$6,316	London, U.K.
Boliden	\$4,650	Stockholm, Sweden
Inmet Mining Corp.	\$5,134	Toronto, Canada
Lundin Mining Corp.	\$2,988	Toronto, Canada
OZ Minerals Ltd.	\$2,034	Melbourne, Australia
Gold		
Yamana Gold Inc.	\$12,867	Toronto, Canada
Anglogold Ashanti Ltd. -ADR	\$12,009	Newtown, South Africa
Kinross Gold Corp.	\$11,010	Toronto, Canada
Randgold Resources Ltd. -ADR	\$9,109	St. Helier, Jersey
Eldorado Gold Corp.	\$9,137	Vancouver, Canada
Agnico-Eagle Mines Ltd.	\$8,967	Toronto, Canada
IAMGold Corp.	\$4,288	Toronto, Canada
New Gold Inc.	\$5,240	Vancouver, Canada
75th percentile	\$11,929	
50th percentile	\$9,123	
25th percentile	\$5,160	
Average	\$11,144	
Turquoise Hill Resources Ltd	\$7,631	Vancouver, Canada

(1) Market capitalization (in C\$ millions) as at December 31, 2012 (Source: Bloomberg).

3.5 ELEMENTS OF EXECUTIVE COMPENSATION**3.5.1 Compensation of Current NEOs**

The Current NEOs are employed by affiliates of Rio Tinto, and are seconded to the Corporation for periods of time specified in their employment contracts, subject to extension by mutual agreement. Mr. Henwood is also an employee of Rio Tinto and was seconded to the Corporation until December 31, 2012. The new CEO's secondment was for an initial one-year period ending on March 31, 2013 and was recently extended to April 30, 2014. The new CFO's secondment is for a two-year period ending on March 31, 2014. The remuneration and benefits of the Current NEOs reflect remuneration policies and practices determined by Rio Tinto's Remuneration Committee which are applied to senior management personnel across the wider Rio Tinto Group.

The costs of the salary and related benefits of the Current NEOs are charged back to the Corporation and recognized in its financial statements. Other than Mr. Henwood (as explained below), Current NEOs have no other roles or responsibilities within the wider Rio Tinto Group other than the functions they perform on behalf of the Corporation.

Mr. Henwood is General Counsel of Rio Tinto's Copper Group. During his secondment to the Corporation, Mr. Henwood dedicated the majority of his time to his role as Senior Vice President, Legal and Corporate Secretary of the Corporation while continuing his functions as General Counsel Copper Group on a part time basis. When his secondment ended on December 31, 2012, Mr. Henwood returned to his functions as General

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Counsel Copper Group on a full time basis. In order to reflect Mr. Henwood's time allocation between the Corporation and Rio Tinto's Copper Group, only 80% of the cost of Mr. Henwood's compensation for the duration of his secondment was charged back to the Corporation. Consequently, unless otherwise stated, the compensation of Mr. Henwood shown in this section represents the portion actually charged back to the Corporation.

Under Rio Tinto policies, the executive pay and reward framework is designed to provide a total remuneration package that is competitive in the market; aligns total remuneration with individual and short and long-term business performance including long-term shareholder value creation and performance relating to environment, safety and health; strikes an appropriate balance between fixed and variable components; links variable components to the achievement of challenging individual and business performance targets, and ensures the attraction, motivation and retention of the high calibre senior executives required to lead the Corporation.

The executive pay and reward framework has four components:

Base salary and benefits;

Short-term incentives such as the Rio Tinto Short-Term Incentive Plan (STIP) or performance bonuses;

Long-term incentives (LTIP), in the form of the Rio Tinto Long-Term Incentive Plan, or otherwise; and

Other remuneration such as post-retirement benefits.

The compensation arrangements of the Current NEOs comprise base salary, STIP (75% of which is paid in cash and the remaining 25% of which is deferred for a period of three years in the form of Rio Tinto shares in respect of the CEO, the CFO and Mr. Henwood) and LTIP components together with other benefits.

Salary

The only fixed portion of compensation for the Current NEOs is the base salary component, with the balance of the compensation contingent generally on the degree to which they meet the pre-established goals and objectives. The base salaries for the Current NEOs are set at a level consistent with market expectations within the wider Rio Tinto remuneration framework and are paid in the form of cash.

Short-Term Incentives

Compensation decisions for short-term incentive awards to Current NEOs for 2012 performance were based on an assessment by the Compensation and Benefits Committee and the Board, in consultation with Rio Tinto, of each Current NEO's contribution during 2012 and the extent to which certain agreed upon individual and corporate performance measures were achieved. For fiscal 2012, such performance measures combined both objective and subjective measures and included, among others, performance in respect of (i) health, safety and environment assessment, reporting and incident reduction objectives, (ii) financial objectives specific to the business such as project spending for Oyu Tolgoi and share price performance and (iii) the successful completion of special projects undertaken by the business in fiscal 2012 such as the 2012 Rights Offering and other financing initiatives. In assessing whether or not a particular performance measure was achieved, the Board and the Compensation and Benefits Committee retain a considerable degree of discretion. Among other matters, considerable weight was given to the small size of the Corporation's executive team handling multiple important functions and significant change in the senior management structure of the Corporation.

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The threshold, target, maximum and actual STIP awards for the Current NEOs are set forth in the following table:

Executive	Short-term incentive award opportunity (as a % of base salary)			
	Threshold	Target	Maximum	Actual
Kay Priestly, CEO	35%	70%	140%	140%
Christopher Bateman, CFO	25%	50%	100%	50%
Stewart Beckman, SVP, Technical & Operations	15%	30%	60%	30%
Neville Henwood, SVP, Legal and Corporate Secretary	25%	50%	50%	50%
Brett Salt, SVP, Strategy & Development	15%	30%	60%	30%

The actual corporate and individual performance scores of each Current NEO for fiscal 2012 and the weight attributed to each component is set forth in the table below. The weightings below reflect Rio Tinto's STIP policy relative to the role banding of the Current NEOs. The total score is then applied to the applicable STIP opportunity percentage for each Current NEO (set forth in the table above) to determine the amount of the award.

Executive	Corporate Performance Measures		Individual Performance Measures		TOTAL SCORE
	Actual Score	Total Award	Actual Score	Total Award	
Kay Priestly, CEO	139%	70%	120%	30%	133%
Christopher Bateman, CFO	139%	70%	140%	30%	139%
Stewart Beckman, SVP, Technical & Operations	140%	40%	120%	60%	128%
Neville Henwood, SVP, Legal and Corporate Secretary	103%	70%	100%	30%	103%
Brett Salt, SVP, Strategy & Development	140%	40%	118%	60%	127%

Medium and Long-Term Incentives

The Compensation and Benefits Committee in consultation with Mercer and the Rio Tinto Human Resources Group developed the PSU Plan as an equity-linked compensation program in order to more fully align the interests of eligible participants, initially the CEO and CFO, with the interests of shareholders and which was functional within the structure of their secondment arrangements.

The PSU Plan was approved by the Board in March 2013. The Board also approved and ratified in March 2013 grants of performance share units (PSUs) in favour of the CEO and CFO, which were approved in principle by the Board in November 2012.

The Board, on the recommendation of the Compensation and Benefits Committee (which administers the PSU Plan), determines and designates from time to time the participants to whom PSUs shall be granted and the provisions and restrictions with respect to each grant, in accordance with the terms and conditions of the PSU Plan, taking into consideration the present and potential contributions of, and the services rendered by, the particular participant in furtherance of the success of the Corporation and any other factors which the Compensation and Benefits Committee deems appropriate and relevant. Each grant of a PSU is evidenced by a grant letter setting out, at the time of the grant, the number of PSUs granted, the performance period, the applicable performance based criteria and resulting multiplier, and such other provisions as may be necessary or appropriate to reflect the terms and conditions of the grant.

Each PSU evidences the right of a holder to receive, on a deferred cash payment basis, a cash payment equal to the fair market value of a Common Share, calculated using the average of the closing prices of the Common Shares on the TSX for the five trading days immediately preceding the last day of the applicable performance period, multiplied by the multiplier resulting from the applicable performance based criteria.

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Additional PSUs are credited to the participant if and when distributions (including dividends but excluding stock dividends of Common Shares) are paid on Common Shares.

In the event of a participant's: (i) retirement, resignation or transfer of employment at the request of a participant to a company within the Rio Tinto group during the performance period, any PSU entitlement shall be reduced on a pro rata basis based on the number of days following the retirement date during the performance period compared to the total number of days in the entire performance period, unless otherwise determined by the Board in its absolute discretion, on the recommendation of the Compensation and Benefits Committee; (ii) termination during a performance period, all PSUs automatically terminate, with no payment being made, unless otherwise determined by the Board in its absolute discretion, on the recommendation of the Compensation and Benefits Committee, in the case of the termination of the employment or services of an employee without cause; (iii) death or transfer of a participant's employment at the request of Rio Tinto to a company within the Rio Tinto group during a performance period, all outstanding PSUs accelerate and the amount payable to the participant or his or her executors, as the case may be, shall be calculated as of the quarter end before the date of death or transfer if the applicable multiplier is determined, in whole or in part, in reference to the financial statements of the Corporation or any calculation derived therefrom, or the day before the date of death or transfer in any other circumstance; (iv) leave of absence during a performance period, any PSU entitlement shall be reduced pro-rata based on the number of days during which the employee was on leave of absence during the performance period compared to the total number of working days in the entire performance period, unless otherwise determined by the Board in its absolute discretion, on the recommendation of the Compensation and Benefits Committee; and (v) disability, all PSUs continue to vest according to the PSU Plan terms.

In the event of a change of control (as defined in the PSU Plan), all outstanding PSUs accelerate and in lieu of other amounts payable in settlement of PSUs, the participant shall be entitled to receive a cash payment equal to the cash value of its PSUs calculated (i) as of the quarter end before the date of the change of control if the applicable multiplier is determined, in whole or in part, in reference to the financial statements of the Corporation or any calculation derived therefrom, or (ii) the day before the change of control in any other circumstance. Alternatively, PSUs may be converted into a revised number of PSUs credited to the participant, if the Board determines, prior to the change of control, that shares of a successor company, acquiror or any other person are an appropriate substitution for Common Shares, in which case each notional PSU will entitle the holder to receive a cash payment in an amount equal to the fair market value of a substitute share as of the end of the applicable original performance period, multiplied by a deemed multiplier of 100%. In such a case, the PSUs will be settled in cash at the end of the applicable original performance period, subject to acceleration in certain events of termination without cause by the Corporation (including by way of constructive dismissal) prior to the earlier of two years following the change of control and the end of the original performance period.

The PSU Plan further provides that any benefits, rights and PSUs accruing to any participant in accordance with the terms and conditions of the PSU Plan shall not be transferable, in whole or in part, either directly or by operation of law, except by will or by the laws of descent and distribution.

For PSUs granted in respect of fiscal 2012 to the CEO and CFO, the Compensation and Benefits Committee established a performance period of three years commencing in November 2012. The multiplier to apply at the end of such performance period will be determined based on the percentile that the total shareholder return of a Common Share over the performance period represents to the returns of the PSU Peer Comparator Group, in accordance with the following table:

Turquoise Hill Return Compared to Comparator Group Returns	Multiplier
Performance below the 20 percentile	0%
Threshold performance at the 20 percentile	50%
Performance at the median 50 percentile	100%
Superior performance at the 65 percentile	200%
Maximum performance at the 80 percentile	250%

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Depending on the Corporation's relative performance at the end of the performance period, the multiplier may range anywhere from 0% to 250%, and will be capped at 100% if the total shareholder return of a Common Share for the performance period is negative. The value of PSUs awarded is equal to 100% of the STIP amount for the CEO and 50% of the STIP amount for the CFO.

Under applicable Rio Tinto Group policy, Current NEOs, because they are secondees of Rio Tinto, are not entitled to participate in the Corporation's Equity Incentive Plan given their entitlements under Rio Tinto LTIP programs.

Under the Rio Tinto LTIP, the Current NEOs are entitled to receive equity-based incentive awards as determined by the Rio Tinto Remuneration Committee. All Current NEOs have been granted awards under the Rio Tinto LTIP in respect of fiscal 2012 in connection with their respective roles with the Corporation, which awards have vesting conditions. Generally, the value of such awards will only be charged back to the Corporation upon being exercised by their holder. As a result, the compensation of the Current NEOs does not include the value of the awards granted under the Rio Tinto LTIP in respect of fiscal 2012.

Benefits and Perquisites

Under the terms of the secondment agreements and international arrangements with Rio Tinto, Current NEOs who are currently seconded by Rio Tinto are entitled to employment benefits including participation in Rio Tinto retirement and pension plans, health and welfare programs, group insurance coverage, housing, car and education allowances, per diem entitlements and related benefits. In addition, Current NEOs are subject to tax equalisation in respect of taxes payable on income from salary, STIP, LTIP, pay in lieu of vacation and benefits in kind received during the course of their secondment, under which taxes actually deducted and paid by the Current NEO on the basis of the taxation laws of the Current NEO's home country are reconciled against taxes that should have been paid under such laws for the relevant period. Current NEOs are entitled to expatriate tax services provided by Rio Tinto which are charged back to the Corporation.

3.5.2 Compensation of Former NEOs

Salary

Salary for Former NEOs for 2012, which was applicable during their respective periods of employment, were determined based on the Compensation and Benefits Committee's and the Board's assessment of factors such as the individual's performance and contributions, improvements in job proficiency, retention risks and concerns, succession requirements, and compensation changes in the market. Salary for each Former NEO for 2012 was generally positioned in the 50th and in the 75th percentile of the Peer Comparator Group.

Short-Term Incentives

Former NEOs were eligible to receive bonus awards in accordance with the Corporation's remuneration policies. Prior to the Board and management changes that were implemented pursuant to the MOA, bonus awards were earned for both individual and corporate performance. In certain years, annual bonus awards were more formalized based on an allocation of corporate, business unit and individual performance while in other years, specific compensation related goals and metrics were not established and bonus decisions were based on a subjective discretionary assessment of corporate and individual performance and of retention considerations by the Compensation and Benefits Committee.

In respect of fiscal 2012, no bonus awards were granted to Former NEOs (except for Mr. Garcia, as detailed below) in light of their respective resignation from the Corporation.

Until the completion of his agreement on November 16, 2012, Mr. Garcia provided services as Executive Vice President of the Corporation pursuant to an executive personnel services agreement, as amended, made between

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the Corporation and a services corporation. Such services agreement provided that the services corporation would receive a cash bonus of US\$1 million upon the principal construction contractor at the Oyu Tolgoi project receiving its completion fee for substantial completion of the Oyu Tolgoi plant construction (the **Completion Bonus**), provided Mr. Garcia's services had not been terminated at the election of the services corporation at such completion date. Had the Corporation terminated its services arrangement with Mr. Garcia's services corporation for any reason other than cause, the Completion Bonus would have also become payable. The Compensation and Benefits Committee recommended this arrangement as a more appropriate manner of incentivizing Mr. Garcia to continue to provide his very important services in the construction of the project, recognizing that his role was not expected to be of a long-term duration and that, accordingly, this bonus arrangement was more appropriate than a grant of long-term incentives in the form of stock options. In accordance with the services agreement, the Completion Bonus was paid by the Corporation in November 2012.

Medium and Long-Term Incentives

Former NEOs were eligible during the period of their employment to participate in each of the three components of the Equity Incentive Plan: Option Plan, Bonus Plan and Share Purchase Plan. The Equity Incentive Plan is described in Section 3.5.3 **Equity Incentive Plan** of this Circular.

All incentive stock options issued under the Option Plan component of the Equity Incentive Plan prior to the 2012 Rights Offering, including those issued to Former NEOs, were adjusted to ensure that holders of such options retained an equivalent entitlement underlying their options after the completion of the 2012 Rights Offering as what such holders enjoyed prior to such offering as a result of the dilutive issuance of Common Shares. The value of these anti-dilution grants is reflected in the Summary Compensation Table set forth in Section 4.1 of this Circular. No other options were granted to the Former NEOs in respect of fiscal 2012, except for stock options issued to Mr. Meredith in his capacity as Director.

In addition, each of Messrs. Macken, Meredith, Giardini and Garcia participated in the Share Purchase Plan component of the Equity Incentive Plan in fiscal 2012. Amounts contributed by the Corporation in favour of those three Former NEOs are reflected in the Summary Compensation Table set forth in Section 4.1 of this Circular.

None of the Former NEOs participated in the Bonus Plan component of the Equity Incentive Plan in fiscal 2012.

3.5.3 Equity Incentive Plan

The Equity Incentive Plan is intended to secure for the Corporation and its shareholders the benefits of incentive inherent in share ownership by the employees and Directors of the Corporation and its affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success. The Corporation's shareholders have approved the Equity Incentive Plan and all amendments thereto. The following information is as at March 22, 2013:

Plan category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Other Rights⁽¹⁾	Weighted-Average Exercise Price of Outstanding Options, Warrants and Other Rights (C\$)⁽¹⁾	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by Security holders	15,287,752	\$ 30.96	50,077,037
Equity compensation plans not approved by Security holders	Nil	Nil	
Total	15,287,752	\$ 30.96	50,077,037

(1) Excludes options issuable pursuant to the exercise by Rio Tinto of its anti-dilution rights under the MOA.

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The Equity Incentive Plan has three components: an Option Plan, which provides for the grant to eligible participants of incentive stock options exercisable to purchase Common Shares; a Bonus Plan, which provides for awards of newly-issued Common Shares to eligible participants as and when determined to be warranted on the basis of past performance; and a Share Purchase Plan, under which eligible participants have the opportunity to purchase Common Shares through payroll deductions which are supplemented by Corporation contributions.

The eligible participants in the Equity Incentive Plan include Directors of the Corporation or any affiliate, any full-time and part-time employees (including officers) of the Corporation or any affiliate thereof, and persons or companies engaged by the Corporation or an affiliate to provide services for an initial, renewable or extended period of 12 months or more are eligible for participation in the Equity Incentive Plan, all as determined by the Board.

The Equity Incentive Plan is administered by the Compensation and Benefits Committee. The principal terms and conditions of the Equity Incentive Plan are summarized in Schedule A to this Circular.

Pursuant to the MOA, the Corporation may not, without obtaining the prior written consent of RTIH, issue any equity incentive securities or equity compensation securities in favour of any Directors, officers, employees or service providers of the Corporation or its subsidiaries, other than the issuance of Common Shares upon the exercise of outstanding stock options previously granted under the Equity Incentive Plan.

Securities Issued and Unissued under the Equity Incentive Plan

There are 1,005,622,903 Common Shares issued and outstanding as at March 22, 2013. The aggregate number of Common Shares which may be reserved for issuance under the Equity Incentive Plan (together with all other securities-based compensation arrangements of the Corporation in effect from time to time) shall not exceed 6.5% of the Common Shares outstanding from time to time, or 65,365,489 Common Shares. The Common Shares authorized for issuance under the Equity Incentive Plan have been issued or reserved for issuance as follows:

	Number of Common Shares	% of Issued and Outstanding Common Shares
Common Shares issuable upon exercise of outstanding options under Option Plan	15,287,752	1.52%
Common Shares remaining available for issuance in respect of future option grants under Option Plan ⁽¹⁾	44,577,737	4.43%
Common Shares previously issued pursuant to Share Purchase Plan	843,564	0.1%
Common Shares remaining available for issuance in respect of future purchases under Share Purchase Plan ⁽¹⁾	156,436	0.0%
Common Shares previously issued pursuant to Bonus Plan	3,460,991	0.3%
Common Shares remaining available for issuance in respect of future awards under Bonus Plan	1,039,009	0.1%
Total number of Common Shares reserved for issuance under Equity Incentive Plan	65,365,489	6.5%
Total number of Common Shares remaining available for future issuances under Equity Incentive Plan	50,077,037	5.0%

(1) Does not include Common Shares available for issuance in respect of future awards under the Bonus Plan which may be used for grants under the Option Plan and Share Purchase Plan.

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3.5.4 Pension Plans

The Corporation does not presently provide any defined benefit or defined contribution pension plan to its Directors, executive officers or employees other than Rio Tinto pension plans benefiting Current NEOs.

3.5.5 Other Compensation Policies

Under the Corporation's Corporate Disclosure, Confidentiality and Securities Trading Policy, NEOs and Directors are not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or Director.

At this stage, the Corporation does not have a policy to recoup or claw back incentive compensation based on achieving performance targets that were later restated by the Corporation.

3.6 PERFORMANCE GRAPH

The following graph and table compares the cumulative shareholder return on a C\$100 investment in Common Shares to a similar investment in companies comprising the S&P/TSX Composite Index, including dividend reinvestment, for the period from December 31, 2007 to December 31, 2012.

In 2008, 2011 and 2012, the Corporation's share price performance has trended downwards, and in the other years shown in the chart above the Corporation's share price performance has trended upwards. Over this period total compensation has generally increased in response to both competitive and retention demands and market benchmarking. The value of long-term incentive compensation in the form of stock options is influenced by the Corporation's share price performance.

Table of Contents**SECTION 4 - COMPENSATION DISCLOSURE FOR NAMED EXECUTIVE OFFICERS****4.1 SUMMARY COMPENSATION TABLE**

The following executive compensation disclosure is provided as at December 31, 2012, December 31, 2011 and December 31, 2010, in respect of the Named Executive Officers.

Name and Principal Position	Year	Salary (US\$)	Share-Based Awards (US\$) ⁽¹⁾	Option-Based Awards (US\$) ⁽²⁾⁽³⁾	Non-Equity Incentive Plan Compensation		Pension Value (US\$) ⁽⁴⁾	All Other Compensation (US\$) ⁽⁵⁾	Total Compensation (US\$)
					Annual Incentive Plans (US\$)	Long-Term Incentive Plans (US\$)			
Kay Priestly⁽⁶⁾ Chief Executive Officer	2012	\$354,167	\$464,436	n/a	\$697,450 ⁽⁷⁾	n/a	\$118,495	\$415,838 ⁽⁸⁾	\$2,050,386 ⁽⁹⁾
	2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Christopher Bateman⁽¹⁰⁾ Chief Financial Officer	2012	\$200,000	\$103,740	n/a	\$139,090 ⁽⁷⁾	n/a	\$12,000	\$454,728 ⁽¹¹⁾	\$909,558 ⁽⁹⁾
	2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Stewart Beckman⁽¹⁰⁾ Senior Vice President Operations and Development	2012	\$200,686	n/a	n/a	\$77,064	n/a	\$37,179	\$466,854 ⁽¹²⁾	\$781,783 ⁽⁹⁾
	2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Neville Henwood⁽¹³⁾ Senior Vice President Legal and Corporate Secretary	2012	\$196,012	n/a	n/a	\$98,529 ⁽⁷⁾	n/a	\$17,567	\$261,818 ⁽¹⁴⁾	\$573,926 ⁽⁹⁾
	2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Brett Salt⁽¹⁰⁾ Senior Vice President Strategy and Development	2012	\$166,914	n/a	n/a	\$63,494	n/a	\$71,410	\$170,470 ⁽¹⁵⁾	\$472,288 ⁽⁹⁾
	2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Robert M. Friedland⁽¹⁶⁾⁽¹⁷⁾ Former Chief Executive Officer	2012	\$262,500	Nil	\$262,353	Nil	Nil	Nil	\$650,000 ⁽¹⁸⁾	\$1,174,853 ⁽¹⁶⁾⁽¹⁹⁾
	2011	\$900,000	Nil	\$10,883,271	\$930,000	Nil	Nil	Nil	\$12,713,271 ⁽¹⁶⁾⁽¹⁹⁾
Tony Giardini⁽¹⁷⁾ Former Chief Financial Officer	2012	\$123,696 ⁽²⁰⁾	Nil	\$106,810	Nil	Nil	Nil	\$2,391,294 ⁽²¹⁾	\$2,621,800 ⁽²²⁾
	2011	\$455,018 ⁽²⁰⁾	Nil	\$5,753,453	\$444,849	Nil	Nil	\$17,718 ⁽²¹⁾	\$6,671,038 ⁽²²⁾
John Macken⁽¹⁷⁾ Former President	2012	\$269,423	Nil	\$1,622,532	Nil	Nil	Nil	\$6,982,720 ⁽²³⁾	\$8,874,675 ⁽²⁴⁾
	2011	\$800,000	Nil	\$21,954,755	\$830,000	Nil	Nil	\$30,897 ⁽²³⁾	\$23,615,652 ⁽¹⁹⁾⁽²⁴⁾
Peter Meredith⁽¹⁷⁾⁽²⁵⁾	2012	\$184,831	Nil	\$692,903	Nil	Nil	Nil	\$6,384,461 ⁽²⁶⁾⁽²⁷⁾	\$7,262,195 ⁽²⁸⁾
	2011	\$665,992	Nil	\$12,645,373	\$830,000	Nil	Nil	\$54,895 ⁽²⁶⁾	\$14,196,260 ⁽²⁸⁾

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Former Deputy	2010	\$647,550	\$6,624,338	\$531,053	\$848,547	Nil	Nil	\$39,084 ⁽²⁶⁾	\$8,690,572 ⁽²⁸⁾
Chairman									
Steve Garcia⁽²⁹⁾	2012	\$448,864	Nil	\$238,558	\$1,000,000	Nil	Nil	\$156,588 ⁽³⁰⁾	\$1,844,010 ⁽¹⁶⁾
	2011	\$450,000	Nil	\$3,144,595	\$440,000	Nil	Nil	\$171,245 ⁽³⁰⁾	\$4,205,840 ⁽¹⁶⁾
Former Executive									
Vice-President	2010	\$450,000	\$1,748,825	Nil	\$440,000	Nil	Nil	\$316,504 ⁽³⁰⁾	\$2,955,329 ⁽¹⁶⁾

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Notes:

- (1) Share-based awards consist of special recognition awards and bonus shares granted to the Former NEOs and PSUs granted under the PSU Plan to the current CEO and CFO. The Corporation used the closing TSX share price as at the grant date for determining fair value of share-based awards except for PSUs, in respect of which the value was based, for the 2012 year, on the five-day weighted average trading price (**VWAP**) of the Common Shares for the period ending November 15, 2012, being C\$8.00. For subsequent years, the value will be based on the five-day VWAP ending on February 28 of the relevant year. All awards have been granted in Canadian dollars and, for reporting purposes, their value has been converted into U.S. dollars using the Bank of Canada's noon rate as of the grant date or, for PSUs, the Bank of Canada's noon rate as of the last day of the five-day VWAP period. The average annual noon exchange rate for 2010 was US\$1.00/C\$1.03, for 2011 was US\$1.00/C\$0.99 and for 2012 was US\$1.00/C\$1.00.
- (2) The Corporation uses the Black-Scholes option-pricing model for determining fair value of stock options issued as at the grant date. The Black-Scholes option-pricing model requires the input of subjective assumptions, including the expected term of the option award and stock price volatility. The expected term of options granted is derived from employee exercise and post-vesting employment termination behaviour. Expected volatility is based on the historical volatility of the Corporation's stock. These estimates involve inherent uncertainties and the application of management judgment. While actual assumptions used vary with individual grants, certain annual weighted average assumptions for overall annual option grants to its employees, officers and Directors by the Corporation are: expected risk-free interest net of 1.09% (2012), 1.66% (2011) and 2.42% (2010); expected life of 0.9 years (2012), 3.0 years (2011) and 3.6 years (2010); expected volatility factor of 39% (2012), 65% (2011) and 77% (2010); and expected dividend yield of nil (2012, 2011 and 2010). All option-based awards have been granted in Canadian dollars and their value has been converted into U.S. dollars using the Bank of Canada's noon rate as of the grant date. The average annual noon exchange rate for 2010 was US\$1.00/C\$1.03, for 2011 was US\$1.00/C\$0.99 and for 2012 was US\$1.00/C\$1.00.
- (3) All amounts shown in this column in respect of 2012 correspond to (i) the anti-dilution grants of options under the Equity Incentive Plan made pursuant to the 2012 Rights Offering; (ii) the grant of options of SouthGobi to Messrs. Macken, Meredith and Giardini in March 2012; and (iii) the grant of options of the Corporation to Mr. Meredith, in his capacity as Director in June 2012.
- (4) The Corporation does not presently have a pension plan for any of its executive officers, including its NEOs. Pension benefits to which Current NEOs are entitled are set forth in the secondment agreements with Rio Tinto, the proportionate cost of which is charged back to the Corporation.
- (5) Compensation that has been paid in currency other than U.S. dollars has been converted in Canadian dollars, for reporting purposes, at the Bank of Canada average annual noon exchange rate for 2012 (US\$1.00/C\$1.00), 2011 (US\$1.00/C\$0.99) and 2010 (US\$1.00/C\$1.03).
- (6) Ms. Priestly was appointed as interim CEO on April 18, 2012 and as CEO on May 1, 2012.
- (7) 75% of the STIP award of Ms. Priestly, Mr. Bateman and Mr. Henwood is paid in cash and the remaining 25% is deferred for a period of three years in the form of Rio Tinto shares.
- (8) Includes: \$39,738 in fees earned as a Director of the Corporation (paid directly to Rio Tinto in accordance with Rio Tinto corporate policy), housing allowance of \$60,075, car allowance of \$7,096, tax gross-ups on allowances of \$232,425, reimbursement of relocation costs of \$24,844, subsistence allowance of \$7,071, reimbursement of commuter costs of \$19,939 and other perquisites such as medical and life insurance benefits, foreign tax reimbursement, and international tax services.
- (9) Except for share-based awards (PSUs) granted by the Corporation and tax gross-ups on allowances included in All Other Compensation which are paid by the Corporation directly to the Canada Revenue Agency, all compensation has been paid by Rio Tinto under the secondment arrangements described in Section 3.5 Elements of Executive Compensation of this Circular and charged back by Rio Tinto to the Corporation.
- (10) Messrs. Bateman, Beckman and Salt were appointed to their respective positions on May 1, 2012.
- (11) Includes: housing allowance of \$81,773, car allowance of \$9,367, education allowance of \$44,513, tax gross-ups on allowances of \$217,866, reimbursement of relocation costs of \$65,455, living allowance of \$11,763 and other perquisites such as medical and life insurance benefits, foreign tax reimbursement, international tax services and parking fees.
- (12) Includes: housing allowance of \$34,292, car allowance of \$19,747, education allowance of \$67,486, tax gross-ups on allowances of \$213,942, reimbursement of relocation costs of \$73,995, home leave amount of \$46,606 and other perquisites such as medical and life insurance benefits, international tax services and parking fees.
- (13) Mr. Henwood was appointed on May 1, 2012 and his secondment ended on December 31, 2012. As described in Section 3.5.1 Compensation of Current NEOs of this Circular, the compensation shown in respect of Mr. Henwood in this table represents 80% of the compensation he actually received during his secondment period.

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- (14) Includes: housing allowance of \$48,896, car allowance of \$5,406, education allowance of \$46,353, tax gross-ups on allowances of \$147,363, reimbursement of relocation costs of \$69,372 and other perquisites such as medical and life insurance benefits, international tax services and parking fees.
- (15) Includes: housing allowance of \$43,696, car allowance of \$6,945, tax gross-ups on allowances of \$82,676, reimbursement of relocation costs of \$13,646, home leave amount of \$10,902 and other perquisites such as medical and life insurance benefits, foreign tax reimbursement, international tax services and parking fees.
- (16) All compensation provided by the Corporation.
- (17) Pursuant to the MOA, Messrs. Friedland, Macken, Meredith and Giardini resigned on April 17, 2012.
- (18) This amount represents the termination benefits to which Mr. Friedland became entitled following his resignation as CEO on April 17, 2012. See Section 4.3 Employment and Change of Control Agreements of this Circular.
- (19) Mr. Macken and Mr. Friedland were Directors until their resignations on February 8, 2011 and April 17, 2012, respectively. Pursuant to the Corporation's policies regarding executive Directors in effect at that time, they received no compensation from the Corporation for acting as a Director and no portion of the Total Compensation disclosed above was received by them for acting as a Director.
- (20) Mr. Giardini's salary was payable in Canadian dollars. The U.S. dollar equivalent of Mr. Giardini's salary was obtained by dividing his Canadian dollar salary by the Bank of Canada average noon exchange rate for each year, being US\$1.00/C\$1.00 for 2012, US\$1.00/C\$0.99 for 2011, and by US\$1.00/C\$1.03 for 2010.
- (21) Includes: (i) in 2012, resignation benefits of \$2,299,054, life insurance premiums of \$917, vacation payout of \$85,034, and share purchase plan amounts of \$6,289; (ii) in 2011, life insurance premiums of \$2,148 and share purchase plan amounts of \$15,570; and (iii) in 2010, life insurance premiums of \$2,063 and share purchase plan amounts of \$13,593.
- (22) SouthGobi provided the following: (i) in 2012, \$29,249 of \$106,810 option-based awards and \$29,249 of \$2,621,800 total compensation; (ii) in 2011, \$100,106 of \$5,753,453 option-based awards and \$100,106 of \$6,671,038 total compensation; and (iii) in 2010, \$115,802 of \$115,802 option-based awards and \$115,802 of \$2,725,103 total compensation.
- (23) Includes: (i) in 2012, resignation benefits of \$6,827,594, life insurance premiums of \$965, vacation payout of \$144,731 and share purchase plan amounts of \$9,430; (ii) in 2011, life insurance premiums of \$2,897 and share purchase plan amounts of \$28,000; and (iii) in 2010, life insurance premiums of \$5,836 and share purchase plan amounts of \$24,990.
- (24) SouthGobi provided the following: (i) in 2012, \$40,901 of \$1,617,784 of option-based awards and \$40,901 of \$8,874,675 of total compensation; (ii) in 2011, \$166,998 of \$21,954,755 option-based awards and \$166,998 of \$23,615,652 of total compensation; and (iii) in 2010, \$185,869 of \$185,869 option-based awards and \$185,869 of \$8,355,033 of total compensation.
- (25) Until his resignation as Deputy Chairman on April 17, 2012, Mr. Meredith was an executive Director and, in accordance with the Corporation's policies regarding executive Directors in effect at that time, did not receive any compensation from the Corporation for acting as Director. Since his resignation as Deputy Chairman on April 17, 2012, Mr. Meredith is a non-independent Director and is, in accordance with the Corporation's current policies, entitled to receive Director fees.
- (26) In 2012: (i) the Corporation provided resignation benefits of \$6,170,468, life insurance premiums of \$2,898, directors fees of \$107,321, vacation payout of \$82,686, and share purchase plan amounts of \$10,544 and (ii) SouthGobi provided share purchase plan amounts of \$10,544. In 2011: (i) the Corporation provided life insurance premiums of \$12,281 and share purchase plan amounts of \$27,620 and (ii) SouthGobi provided life insurance premiums of \$1,335 and share purchase plan amounts of \$13,660. In 2010: the Corporation provided life insurance premiums of \$14,011 and share purchase plan amounts of \$25,073.
- (27) Includes \$107,321 received in fees earned as a non-independent Director of the Corporation.
- (28) Mr. Meredith's salary was set by the Corporation but was allocated among the Corporation and SouthGobi. SouthGobi provided in 2012: \$5,596 of \$184,831 salary, \$70,115 of \$692,903 option-based awards, \$10,544 of \$6,384,461 other compensation and \$86,255 of \$7,262,195 total compensation; in 2011: \$65,330 of \$665,992 salary, \$286,282 of \$12,645,373 option-based awards, \$14,995 of \$54,895 other compensation, and \$366,607 of \$14,196,260 total compensation; in 2010: \$98,352 of \$647,550 of salary, \$531,053 of \$531,053 option-based awards, \$48,547 of \$848,547 annual incentive plans and \$677,952 of \$8,690,572 of total compensation.
- (29) Mr. Garcia ceased to be an employee of the Corporation on November 16, 2012.
- (30) Includes: (i) in 2012, life insurance premiums of \$2,897, share purchase plan amounts of \$15,710, income and social taxes of \$115,914 and housing allowance amounts of \$22,067; (ii) in 2011, life insurance premiums of \$2,897, share purchase plan amounts of \$15,750, income and social taxes of \$113,993 and housing allowance amounts of \$38,605; (iii) in 2010, life insurance premiums of \$2,897, share purchase plan amounts of \$15,750, income and social taxes of \$128,481, housing allowance amounts of \$150,195 and car lease payments of \$19,181.

Table of Contents**4.2 OPTION-BASED AND SHARE-BASED AWARDS****4.2.1 Outstanding Option-Based and Share-Based Awards**

The following table sets forth information with respect to the NEOs concerning unexercised options and PSUs held as at December 31, 2012.

Name	Issuer of Option-Based Award	Option-Based Awards			Share-Based Awards			Market or Payout Value of vested Share-Based Awards not paid out or distributed (US\$)
		Number of Securities Underlying Unexercised Options	Option Exercise Price (US\$ /Option) ⁽¹⁾	Option Expiration Date	Value of Unexercised in-the-Money Options (US\$) ⁽²⁾	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-Based Awards that have not Vested (US\$) ⁽³⁾	
Kay Priestly ⁽⁴⁾	Turquoise Hill Resources Ltd.	Nil	Nil	Nil	Nil	58,200	\$446,788	Nil
Christopher Bateman ⁽⁴⁾	Turquoise Hill Resources Ltd.	Nil	Nil	Nil	Nil	13,000	\$99,798	Nil
Stewart Beckman ⁽⁴⁾	Turquoise Hill Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Neville Henwood ⁽⁴⁾	Turquoise Hill Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Brett Salt ⁽⁴⁾	Turquoise Hill Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Robert M. Friedland ⁽⁵⁾	Turquoise Hill Resources Ltd Turquoise Hill Resources Ltd.	1,163,592	\$8.28	04/17/13	Nil	Nil	Nil	Nil