

TURQUOISE HILL RESOURCES LTD.
Form 40-F
March 14, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

Registration Statement pursuant to Section 12 of the Securities Exchange Act of 1934
or

Annual Report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2018

Commission File Number: 001-32403

TURQUOISE HILL RESOURCES LTD.

(Exact name of Registrant as specified in its charter)

Yukon, Canada

1000

Not Applicable

(Province or other jurisdiction of incorporation or organization) (Primary Standard Industrial Classification Code Number) (I.R.S. Employer Identification Number)

Suite 354 200 Granville Street, Vancouver, British Columbia, Canada, V6C 1S4, (604) 688-5755

(Address and telephone number of registrant's principal executive offices)

CT Corporation System

111 Eighth Avenue

New York, New York

10011

(212) 894-8700

(Name, address and telephone number of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

New York Stock Exchange

Common Shares without par value

(Title of Class)

Nasdaq

(Exchanges)

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

For annual reports, indicate by check mark the information filed with this Form:

Annual Information Form

Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

2,012,314,469 Common Shares outstanding as of December 31, 2018

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes No

The Annual Report on Form 40-F shall be incorporated by reference into, or as an exhibit to, as applicable, the Registrant's Registration Statement on Form S-8 (File No. 333-160783) under the Securities Act of 1933, as amended.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

The term new or revised financial accounting standard refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

PRINCIPAL DOCUMENTS

The following documents have been filed as part of this Annual Report on Form 40-F:

A. Annual Information Form

For the Annual Information Form (AIF) of Turquoise Hill Resources Ltd. (the Corporation) for the year ended December 31, 2018, see Exhibit 99.1 of this Annual Report on Form 40-F. The AIF included as Exhibit 99.1 is incorporated by reference into this Annual Report on Form 40-F.

B. Audited Annual Financial Statements

For the Corporation's Audited Consolidated Financial Statements for the years ended December 31, 2018 and 2017, including the report of the independent auditor with respect thereto, see Exhibit 99.2 of this Annual Report on Form 40-F. The Audited Consolidated Financial Statements included as Exhibit 99.2 are incorporated by reference into this Annual Report on Form 40-F.

C. Management's Discussion and Analysis

For the Corporation's Management's Discussion and Analysis for the year ended December 31, 2018 (the MD&A), see Exhibit 99.3 of this Annual Report on Form 40-F. The MD&A included as Exhibit 99.3 is incorporated by reference into this Annual Report on Form 40-F.

FORWARD-LOOKING STATEMENTS

Certain statements made herein, including statements relating to matters that are not historical facts and statements of the Corporation's beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute forward-looking information within the meaning of applicable Canadian securities legislation and forward-looking statements within the meaning of the safe harbor provisions of the United States *Private Securities Litigation Reform Act of 1995*. Forward-looking statements and information relate to future events or future performance, reflect current expectations or beliefs regarding future events and are typically identified by words such as anticipate, could, should, expect, seek, may, intend, likely, plan, estimate, will, believe or a suggesting future outcomes or statements regarding an outlook. These include, but are not limited to, information regarding the timing and amount of production and potential production delays, statements in respect of the impacts of any delays on the Corporation's cash flows, liquidity, funding requirements and planning, statements regarding timing and status of underground development, timing and status of the Tavan Tolgoi-based power project, capital and operating cost estimates, mill throughput, anticipated business activities, planned expenditures, corporate strategies, and other statements that are not historical facts.

Forward-looking statements and information are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performance or achievements of the Corporation to be materially different from future results, performance or achievements expressed or implied by such statements or information. There can be no assurance that such statements or information will prove to be accurate. Such statements and information are based on numerous assumptions regarding present and future business strategies, local and global economic conditions, and the environment in which the Corporation will operate in the future, including the price of copper, gold and silver and projected gold, copper and silver grades, anticipated capital and operating costs, anticipated future production and cash flows, and the status of the Corporation's relationship and interaction with the

Government of Mongolia on the continued operation and development of Oyu Tolgoi (as defined in the section entitled "Definitions" in the AIF) and Oyu Tolgoi LLC internal governance.

Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements and information include, among others, copper, gold and silver price volatility; discrepancies between actual and estimated production, mineral reserves and resources and metallurgical recoveries; development plans for processing resources; matters relating to proposed exploration or expansion; mining operational and development risks, including geotechnical risks and ground conditions; litigation risks; regulatory restrictions (including environmental regulatory restrictions and liability); Oyu Tolgoi LLC's ability to deliver a domestic power source for the Oyu Tolgoi project within the required contractual time frame; communications with local stakeholders and community relations; activities, actions or assessments, including tax assessments, by governmental authorities; events or circumstances (including strikes, blockages or similar events outside of the Corporation's control) that may affect the Corporation's ability to deliver its products in a timely manner; currency fluctuations; the speculative nature of mineral exploration; the global economic climate; global climate change; dilution; share price volatility; competition; loss of key employees; cyber security incidents; additional funding requirements, including in respect of the development or construction of a long-term domestic power supply for the Oyu Tolgoi project; capital and operating costs, including with respect to the development of additional deposits and processing facilities; and defective title to mineral claims or property. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. All such forward-looking statements and information are based on certain assumptions and analyses made by the Corporation's management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements or information.

With respect to specific forward-looking information concerning the continued operation and development of Oyu Tolgoi, the Corporation has based its assumptions and analyses on certain factors which are inherently uncertain. Uncertainties and assumptions include, among others: the timing and cost of the construction and expansion of mining and processing facilities; the timing and availability of a long-term domestic power source (or the availability of financing for the Corporation to construct such a source) for Oyu Tolgoi; the ability to secure and draw down on the supplemental debt under the Project Finance Facility (as defined in the AIF) and the availability of additional financing on terms reasonably acceptable to Oyu Tolgoi LLC, Rio Tinto plc (together with its affiliates, Rio Tinto) and the Corporation to further develop Oyu Tolgoi; the impact of changes in, changes in interpretation to or changes in enforcement of, laws, regulations and government practices in Mongolia; the availability and cost of skilled labour and transportation; the obtaining of (and the terms and timing of obtaining) necessary environmental and other government approvals, consents and permits; delays, and the costs which would result from delays, in the development of the underground mine (which could significantly exceed the costs projected in the Statutory Feasibility Study and the 2016 OTTR (as defined in the section entitled Definitions in the AIF)); projected copper, gold and silver prices and their market demand; and production estimates and the anticipated yearly production of copper, gold and silver at Oyu Tolgoi.

The cost, timing and complexities of mine construction and development are increased by the remote location of a property such as Oyu Tolgoi. It is common in mining operations and in the development or expansion of existing facilities to experience unexpected problems and delays during development, construction and mine start-up. Additionally, although Oyu Tolgoi has achieved Commercial Production (as defined in the section entitled Definitions in the AIF), there is no assurance that future development activities will result in profitable mining operations.

This Annual Report on Form 40-F also contains references to estimates of mineral reserves and mineral resources. The estimation of reserves and resources is inherently uncertain and involves subjective judgments about many relevant factors. The mineral resource estimates contained in this Annual Report on Form 40-F are inclusive of mineral reserves. Further, mineral resources that are not mineral reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the

assumptions made and judgments used in engineering and geological interpretation (including future production from Oyu Tolgoi, the anticipated tonnages and grades that will be achieved or the indicated level of recovery that will be realized), which may prove to be unreliable. There can be no assurance that these estimates will be accurate or that such mineral reserves and mineral resources can be mined or processed profitably. Such estimates are, in large part, based on the following:

Interpretations of geological data obtained from drill holes and other sampling techniques. Large scale mineral continuity and character of the deposits can be improved with additional drilling and sampling; actual mineralization or formations may be different from those predicted. It may also take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a deposit may change. Reserve and resource estimates are materially dependent on prevailing metal prices and the cost of recovering and processing minerals at the individual mine sites. Market fluctuations in the price of metals or increases in the costs to recover metals or the actual recovery percentage of the metal(s) from the Corporation's mining projects may render mining of ore reserves uneconomic and affect the Corporation's operations in a materially adverse manner. Moreover, various short-term operating factors may cause a mining operation to be unprofitable in any particular accounting period;

Assumptions relating to commodity prices and exchange rates during the expected life of production, mineralization of the area to be mined, the projected cost of mining, and the results of additional planned development work. Actual future production rates and amounts, revenues, taxes, operating expenses, environmental and regulatory compliance expenditures, development expenditures, and recovery rates may vary substantially from those assumed in the estimates. Any significant change in these assumptions, including changes that result from variances between projected and actual results, could result in material downward revision to current estimates;

Assumptions relating to projected future metal prices. The Corporation uses prices reflecting market pricing projections in the financial modeling for Oyu Tolgoi which are subjective in nature. It should be expected that actual prices will be different than the prices used for such modeling (either higher or lower), and the differences could be significant; and

Assumptions relating to the costs and availability of treatment and refining services for the metals mined from Oyu Tolgoi, which require arrangements with third parties and involve the potential for fluctuating costs to transport the metals and fluctuating costs and availability of refining services. These costs can be significantly impacted by a variety of industry-specific as well as regional and global economic factors (including, among others, those which affect commodity prices). Many of these factors are beyond the Corporation's control.

In addition, see Cautionary Note to United States Investors in this respect.

Readers are cautioned not to place undue reliance on forward-looking information or statements. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. Events or circumstances could cause the Corporation's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements are included in the Risk Factors section of the AIF.

Readers are further cautioned that the list of factors enumerated in the Risk Factors section of the AIF that may affect future results is not exhaustive. When relying on the Corporation's forward-looking statements and information to make decisions with respect to the Corporation, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Furthermore, the forward-looking statements and information contained in this Annual Report on Form 40-F are made as of the date of this document and the Corporation does not undertake any obligation to update or to revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking statements and information contained in this Annual Report on Form 40-F are expressly qualified by this cautionary statement.

CAUTIONARY NOTE TO UNITED STATES INVESTORS

The documents filed as part of this Annual Report on Form 40-F have been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of U.S. securities laws contained in Industry Guide 7. Unless otherwise indicated, all reserve and resource estimates included in this Annual Report on Form 40-F have been prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101), and the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for mineral resources and mineral reserves. NI 43-101 is a rule developed by the Canadian Securities Authorities that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Canadian standards, including NI 43-101, differ significantly from the requirements of Industry Guide 7, and reserve and resource information contained in this Annual Report on Form 40-F may not be comparable to similar information disclosed by U.S. companies reporting pursuant to Industry Guide 7. In particular, and without limiting the generality of the foregoing, the term *resource* does not equate to the term *reserve*. Under Industry Guide 7, mineralization may not be classified as a *reserve* unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the Industry Guide 7. Industry Guide 7 normally does not permit the inclusion of information concerning Measured mineral resources, Indicated mineral resources or Inferred mineral resources or other descriptions of the amount of mineralization in mineral deposits that do not constitute reserves by Industry Guide 7 standards in documents filed with the Securities and Exchange Commission (the SEC). U.S. investors should also understand that Inferred mineral resources have an even greater amount of uncertainty as to their existence and an even greater uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred mineral resource will ever be upgraded to a higher category. Under NI 43-101, estimated Inferred mineral resources generally may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an Inferred mineral resource exists or is economically or legally mineable. Disclosure of contained pounds or contained ounces of metal in a resource is permitted disclosure under Canadian regulations; however, Industry Guide 7 normally only permits issuers to report mineralization that does not constitute reserves by Industry Guide 7 standards as in-place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of reserves are also not the same as those of Industry Guide 7, and reserves reported by the Corporation in compliance with NI 43-101 may not qualify as reserves under Industry Guide 7 standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with Industry Guide 7.

ADDITIONAL DISCLOSURE

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Corporation under applicable securities legislation is gathered and reported to senior management, including the Corporation's principal executive officer and principal financial officer, on a timely basis so that appropriate decisions can be made regarding public disclosures.

As of the end of the Corporation's fiscal year ended December 31, 2018, an evaluation of the effectiveness of the Corporation's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) was carried out by the Corporation's management with the participation of the principal executive officer and principal financial officer. Based upon that evaluation, the Corporation's principal executive officer and principal financial officer have concluded that as of the end of the fiscal year, the Corporation's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Corporation in reports that it files or submits under the Exchange Act is: (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (ii) accumulated and communicated to the Corporation's management, including its principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

The Corporation's management, including the principal executive officer and principal financial officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only a reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls

must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based in part on certain assumptions about the likelihood of certain events, and there can be no assurance that any design can achieve its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management's Report on Internal Control over Financial Reporting

The required disclosure is included in the MD&A, contained in [Exhibit 99.3](#) of this Annual Report on Form 40-F and incorporated by reference herein.

Changes in Internal Control over Financial Reporting

There were no changes in the Corporation's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP ([PwC](#)) has issued an unqualified opinion on the Corporation's internal control over financial reporting which accompanies the Corporation's Audited Consolidated Financial Statements as at December 31, 2018 included as [Exhibit 99.2](#) of this Annual Report on Form 40-F.

NOTICES PURSUANT TO REGULATION BTR

None.

AUDIT COMMITTEE

The Corporation's board of directors (the [Board](#)) has a separately-designated standing Audit Committee as defined by Section 3(a)(58)(A) of the Exchange Act for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the Corporation's annual consolidated financial statements. As of the date of this Annual Report on Form 40-F, the members of the Audit Committee are Mr. Russel C. Robertson, Dr. James W. Gill, and Ms. Maryse Saint-Laurent. Mr. Robertson has been Chair of the Audit Committee since January 1, 2015.

Each of the directors serving on the Audit Committee has also been determined by the Board to be independent within the criteria established by the SEC, the New York Stock Exchange (the [NYSE](#)) and the NASDAQ Stock Market ([Nasdaq](#)) for audit committee membership.

AUDIT COMMITTEE FINANCIAL EXPERT

In accordance with the *Sarbanes-Oxley Act*, the Board has determined that Mr. Robertson is an audit committee financial expert (as defined in paragraph 8(b) of General Instruction B to Form 40-F). Mr. Robertson is a Chartered Professional Accountant and a Fellow of the Institute of Chartered Professional Accountants (Ontario) and has worked as an accounting professional for over 35 years.

CODE OF BUSINESS CONDUCT AND ETHICS

The Corporation has adopted a written code of ethics (defined in paragraph 9(b) of General Instruction B to Form 40-F), entitled "The way we work" ([the Code of Ethics](#)), which applies to all of the Corporation's employees, executive officers and directors, including the Corporation's principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. The Code of Ethics includes, among other things, written standards for the Corporation's principal executive officer, principal financial officer and principal accounting officer that are required by the SEC for a code of ethics applicable to such officers. To review or obtain a copy of the Code of Ethics, see "Sustainability Citizenship The way we work and Ethics Point" posted on the

Corporation's website, www.turquoisehill.com. The Code of Ethics is also available in print to any shareholder who requests it. Requests for copies of the Code of Ethics should be made by contacting: Turquoise Hill Resources Ltd., Suite 354 200 Granville Street, Vancouver, British Columbia, V6C 1S4.

Since the adoption of the Code of Ethics, there have not been any amendments to the Code of Ethics or waivers, including implicit waivers, from any provision of the Code of Ethics.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

PwC has been the Corporation's independent auditor since April 2, 2012. Deloitte LLP was the Corporation's auditor from January 1995 to April 2012.

The aggregate fees billed by PwC and its affiliates in fiscal 2018 and fiscal 2017 are detailed below (rounded). Amounts presented in each year may be impacted by timing of billing.

| <i>(Cdn\$)</i> | 2018 | 2017 |
|--------------------|---------------------|---------------------|
| Audit Fees (a) | \$ 2,282,000 | \$ 2,423,000 |
| Audit Related Fees | \$ Nil | \$ Nil |
| Tax Fees | \$ 10,000 | \$ 30,000 |
| Other Fees | \$ 4,000 | \$ 2,000 |
| Total | \$ 2,296,000 | \$ 2,455,000 |

(a) Fees for audit services billed relating to fiscal 2018 and 2017 consist of:

audit of the Corporation's annual consolidated financial statements;

audit of the Corporation's subsidiaries in Mongolia, Singapore and The Netherlands;

reviews of the Corporation's interim financial statements;

translation services; and

comfort letters, consents, and other services related to the SEC in fiscal 2017.

In addition, in 2018 and 2017 fees were paid for services provided pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, applicable Canadian securities laws and the required attestations relating to the effectiveness of the Corporation's internal control on financial reporting.

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, which pre-approval was modified to services above \$250,000 by a resolution of the Board of Directors in March 2013. 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 pre-approved fees. Additional pre-approval is required for any increase in scope or in final fees.

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

OFF-BALANCE SHEET ARRANGEMENTS

With the exception of the Corporation's operating lease commitments disclosed within Section 9 Contractual Obligations in the MD&A, during the year ended December 31, 2018, the Corporation was not a party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources of the Corporation.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The required information is provided under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations Contractual Obligations, contained in Exhibit 99.3 to this Annual Report on Form 40-F and incorporated by reference herein.

CORPORATE GOVERNANCE PRACTICES

Corporate Governance Practices Compared to NYSE and Nasdaq Listing Standards

The Corporation has reviewed its corporate governance practices against the requirements of the NYSE and Nasdaq, and determined that, except for the composition of the Corporation's Nominating and Corporate Governance Committee (the NCG Committee), as discussed below, its corporate governance practices do not differ in any significant way from those followed by U.S. companies under the NYSE and Nasdaq listing standards. This includes the composition of the Board because in excess of one-half of the Corporation's directors (four of seven directors) have been determined by the Board to be independent for purposes of the NYSE and Nasdaq corporate governance rules. The Board has determined the following four directors to be independent under the NYSE and Nasdaq corporate governance rules: Dr. James Gill, R. Peter Gillin, Russel Robertson and Maryse Saint-Laurent.

The composition of the NCG Committee, however, includes one director that is not independent, which differs from the NYSE and Nasdaq corporate governance standards that require a listed company to maintain a nominating/corporate governance committee composed entirely of independent directors. The NCG Committee is composed of three voting members, a majority of whom are independent directors. Canadian securities legislation does not require a listed company to maintain a certain level of independence within the nominating/corporate governance committee. As a foreign private issuer, the Corporation is permitted under NYSE and Nasdaq listing standards to follow Canadian corporate governance practices on certain matters, including the composition of the nominating/corporate governance committee.

Presiding Director at Meetings of Independent Directors

The Board holds regular annual and quarterly meetings. Between the quarterly meetings, the Board meets as required, generally by means of telephone conferencing facilities. As part of the quarterly meetings, the Corporation's independent directors (as that term is defined in the rules of the NYSE) also have the opportunity to meet separate from management. If required, between regularly scheduled board meetings, a meeting of independent directors is held by teleconference to update the directors on corporate or other developments since the last Board meeting. Management also communicates informally with members of the Board on a regular basis, and solicits the advice of Board members on matters falling within their special knowledge or experience. Mr. Gillin was appointed the Corporation's Chairman in January 2017 and served as the presiding director at such meetings of independent directors during the year ended December 31, 2018.

Communication with Independent Directors

Shareholders may send communications to the Corporation's independent directors by writing to the Corporate Secretary at Corporate.Secretary@turquoisehill.com or c/o Turquoise Hill Resources Ltd., Suite 354 200 Granville Street, Vancouver, British Columbia, V6C 1S4. Communications will be referred to the Chairman for appropriate action. The status of all outstanding concerns addressed to the Chairman will be reported to the Board as appropriate.

Corporate Governance Guidelines

According to Rule 303A.09 of the NYSE Listed Company Manual and Rule 5610 of the Nasdaq Marketplace Rules, a listed company must adopt and disclose a set of corporate governance guidelines with respect to specified topics. Such guidelines are required to be posted on the listed company's website. The Corporation has adopted the required guidelines and has posted them on its website at www.turquoisehill.com. The required guidelines are available in print to any shareholder who requests them. Requests for copies of these documents should be made by contacting: Turquoise Hill Resources Ltd., Suite 354 200 Granville Street, Vancouver, British Columbia, V6C 1S4.

Board Committee Mandates

The Mandates of the Corporation's Audit Committee, Compensation Committee, NCG Committee and Health, Safety, Environment and Communities Committee are each available for viewing on the Corporation's website at www.turquoisehill.com, and are available in print to any shareholder who requests them. Requests for copies of these documents should be made by contacting: Turquoise Hill Resources Ltd., Suite 354 - 200 Granville Street, Vancouver, British Columbia, V6C 1S4.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

Undertaking

The Corporation undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

Consent to Service of Process

The Corporation has previously filed an Appointment of Agent for Service of Process on Form F-X with respect to the class of securities in relation to which the obligation to file this Form 40-F arises.

Any change to the name or address of the agent for service of process of the registrant shall be communicated promptly to the SEC by an amendment to the Form F-X referencing the file number of the Corporation.

DISCLOSURE PURSUANT TO SECTION 13(r) OF THE EXCHANGE ACT

Pursuant to the Iran Threat Reduction and Syria Human Rights Act of 2012 and Section 13(r) of the Exchange Act, the Corporation is required to disclose certain activities of the Corporation and any of the Corporation's affiliates (as defined in Rule 12b-2 of the Exchange Act) related to the Islamic Republic of Iran. On December 31, 2018, Rio Tinto International Holdings Limited, together with other Rio Tinto affiliates, beneficially owned approximately 50.8% of our Common Shares and therefore is considered the Corporation's affiliate as defined in Rule 12b-2 of the Exchange Act. As a result, we are including in this Annual Report on Form 40-F the information relating to Rio Tinto set forth below, which is contained in the Annual Report on Form 20-F for the year ended December 31, 2018 filed by Rio Tinto plc and Rio Tinto Limited with the SEC on March 4, 2019.

Rio Tinto acquired its interest in Namibia-based Rössing Uranium Limited (Rössing) in 1970. The Iran Foreign Investments Company (IFIC) acquired its original minority shareholding in Rössing in 1975. IFIC's interest predates the establishment of the Islamic Republic of Iran and the U.S. economic sanctions targeting Iran's nuclear, energy and ballistic missile programs. IFIC acquired and continues to own a minority shareholding in Rössing in accordance with Namibian law. The Treasury Department's Office of Foreign Assets Control designated IFIC as a Specially Designated National on 5 November 2018.

Rössing is neither a business partnership nor joint venture between Rio Tinto and IFIC. Rössing is a Namibian limited liability company with a large number of shareholders, including Rio Tinto with 68.62 per cent, IFIC with 15.29 per cent, the Industrial Development Corporation of South Africa with 10.22 per cent, local individual shareholders with a combined interest of 2.45 per cent and the Government of the Republic of Namibia with 3.42 per cent but with an additional 50.07 per cent vote at a general meeting of Rössing on matters of national interest.

As a shareholder in Rössing, Rio Tinto has no power or authority to divest IFIC's holding in Rössing. However, Rössing has taken several recent steps to limit IFIC's future involvement in Rössing.

The Rössing board took steps in 2012 to terminate IFIC's involvement in the governance of Rössing. As a shareholder in Rössing, IFIC was entitled under Namibian law to attend annual general meetings of Rössing, which they do attend. IFIC was previously represented on the board of Rössing by two directors. While this level of board representation did not provide IFIC with the ability to influence the conduct of Rössing's business on its own, the Rössing board nonetheless determined that, in light of international economic sanctions, it would be in the best interest of Rössing to terminate IFIC's involvement in board activity. Therefore, on 4 June 2012, at the annual general meeting of Rössing, the shareholders of the company, including Rio Tinto, voted not to re-elect the two IFIC board members. This ended IFIC's participation in Rössing board activities. IFIC accordingly is not represented on the Rössing board, nor does it have the right to attend board meetings or receive any board information.

Dividends

While IFIC is entitled to its pro rata share of any dividend that the majority of the board may declare for all shareholders in Rössing, IFIC has not received such monies since early 2008. Simply by maintaining its own shareholding in Rössing, Rio Tinto is not engaging in any activity intended or designed to confer any direct or indirect financial support for IFIC. A dividend was declared for 2015 in March 2016 and an interim 2016 dividend declared in August 2016 with approximately US\$13.6 million (representing IFIC's portion of the dividends declared in 2016) deposited into a restricted bank account in Namibia held in favour of IFIC since 2008. Rössing has not declared any dividends since August 2016.

Uranium Off-Take and Technology

Rössing is one of the world's largest and longest-operating uranium mines. All of the uranium produced by Rössing is sold to Rio Tinto Marketing Pte. Ltd, (doing business as Rio Tinto Uranium), which re-sells this product to electric utilities in North America, Asia and Europe. As a minority shareholder, IFIC has no uranium product off-take rights. Neither IFIC nor other Government of Iran entities have any supply contracts in place with Rössing and none receive any uranium from Rössing. IFIC also does not have access to any technology through its investment in Rössing or rights to such technology.

On 26 November 2018, Rio Tinto has entered into a binding agreement with China National Uranium Corporation Limited (CNUC) for the sale of its entire 68.62 per cent stake in Rössing. The total consideration comprises an initial cash payment of US\$6.5 million, payable at completion, and a contingent payment of up to US\$100 million following completion. The contingent payment is linked to uranium spot prices and Rössing's net income during the next seven calendar years. In addition, Rio Tinto will receive a cash payment if CNUC sells the Zelda 20 Mineral Deposit during a restricted period following completion. The total consideration is subject to a maximum cap of US\$106.5 million. The transaction is subject to certain conditions precedent, including merger approval from the Namibian Competition Commission. Subject to these conditions being met, the transaction is expected to complete in the first half of 2019. Following completion of the divestment, Rio Tinto Marketing Pte Ltd will continue to purchase a quantity of uranium produce by Rössing, in order to satisfy existing contractual commitments with customers.

While Rio Tinto does not view itself as actively transacting or entering into business dealings with an instrumentality of the Government of Iran or a Specially Designated National, this information has been provided to ensure transparency regarding the passive, minority shareholding in Rössing currently held by IFIC. Rio Tinto has disclosed the IFIC shareholding matter to the United States Government and has periodically updated the U.S. Department of State as to the same.

EXHIBIT INDEX

| Exhibit Number | Document |
|-----------------------|--|
| 99.1 | <u>Annual Information Form for the year ended December 31, 2018.</u> |
| 99.2 | <u>Audited Consolidated Financial Statements of Turquoise Hill Resources Ltd., including the notes thereto, as of and for the years ended December 31, 2018 and 2017, together with the report thereon of the Independent Auditor.</u> |
| 99.3 | <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u> |
| 99.4 | <u>Consent of PricewaterhouseCoopers LLP, Independent Auditor.</u> |
| 99.5 | <u>Consent of Bernard Peters.</u> |
| 99.6 | <u>Consent of Sharron Sylvester.</u> |
| 99.7 | <u>Consent of OreWin Pty Ltd.</u> |
| 99.8 | <u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.</u> |
| 99.9 | <u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.</u> |
| 99.10 | <u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350.</u> |
| 99.11 | <u>Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350.</u> |
| 101 | Interactive Data File. |

SIGNATURE

Pursuant to the requirements of the Exchange Act, the Corporation certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Dated: March 14, 2019

TURQUOISE HILL RESOURCES LTD.

By: /s/ Luke Colton
Name: Luke Colton

Title: Chief Financial Officer