



People



Partnership



Planet



Profit



TAILING STORAGE FACILITY SEEPAGE UPDATE

November 2023

Oyu Tolgoi identified seepage in 2018 within the mine lease and in one bore 60m outside of the mine lease. It was recorded as environmental incident in accordance with the Oyu Tolgoi policies and subsequent investigation involving internal and external experts in 2021.

Oyu Tolgoi has developed a comprehensive Remedial Action Plan to further mitigate the Tailing Storage Facility 1 (TSF1) seepage including longer-term hydrogeological studies, future design and execution of engineering improvements with weekly progress reviews. The execution of the comprehensive Remedial Action Plan implemented by the Seepage Working Group at Oyu Tolgoi will be monitored by the Lenders. The seepage has not impacted the water quality of herder wells or of any users to any extent as confirmed by monitoring data,

Mitigation actions have resulted in a gradual decrease in total dissolved salt (TDS) levels in the monitoring bores. There are no concerns with the structural design of TSF1 and the newly commissioned Tailing Storage Facility 2 (TSF2).

Seepage issues have been disclosed in the Independent Environmental and Social Consultant Compliance Monitoring Report since 2022 available on ot.mn.

Since 2019, Oyu Tolgoi has been communicating and consulting with the relevant stakeholders, including the local community representatives, government agencies, the lender independent auditors in a transparent and open manner, including site visits about the seepage.

Community engagement summary:

- August 2019, September 2022, November 2022 and July 2023: Tripartite Council (TPC) meetings and site visits
- May 2022: Meeting with the Khanbogd Governor and Local Government Environmental Protection Inspector
- June 2022 and August 2023: Community site visit and open discussions
- November 2022: Engagement with herders downstream of the TSF1
- December 2022: Oyu Tolgoi attended the Javkhlant Community Council meeting for open discussions about the seepage and answer questions
- April 2023: Field visit to TSF1 and the concentrator facility with 24 local community herders to help them understand the water management including the TSF seepage incident
- Fortnightly meetings on action status with the Munkh Nagoon Galba NGO, Khanbogd Governor, Local Government Environmental Protection Inspector and the local herders
- Regular updates to Environment Ministry and Water Agency, including meetings directly with the Minister of Environment in September 2023
- Six monthly field audits covering the incident by the Independent Environmental and Social Consultants (Lenders' auditors) since 2018. Commencing Q1 2023, fortnightly updates provided on water quality and action implementation
- Oyu Tolgoi management team provided updates to the Oyu Tolgoi Board throughout 2022 and 2023.

Subsequent to the Lender Audit in Q3 2023 and a Detailed Water Review Report, available [here](#), conducted at the request of the Lenders, the Lenders classified the seepage as an environmental incident based on the persistent nature of the seepage. The Lenders categorically stated that there is nothing to suggest irreversible impact or harm to community health and safety.

Seepage is an anticipated feature of the TSF and control measures for seepage collection have been implemented and operational since the facility's design and commissioning. Anticipated seepage and monitoring measures are detailed in Oyu Tolgoi's mine feasibility studies. The seepage collection system is specifically designed to support the safe management of the TSF by managing water levels that occur in the tailings ponds as part of normal operations.

Oyu Tolgoi remains committed to managing and mitigating TSF1 seepage, transparently working with and providing regular updates to our host communities, Lenders, Oyu Tolgoi Board and Sub-committees and Rio Tinto to ensure an aligned understanding and acceptance of the actions and its effectiveness.

-ENDS-