



Why Did Turquoise Hill Stock Soar 18% on Tuesday?

Description

Turquoise Hill Resources ([TSX:TRQ](#))([NYSE:TRQ](#)) shares climbed as high as 18% in early Tuesday trading. This came after news that a feud has finally been settled over a copper mine for the company.

What happened?

An ongoing dispute over a Mongolian copper-gold mining [project](#) finally came to a close late on Monday. It sent shares of Turquoise Hill stock soaring. The Mongolian government announced it reached an agreement with **Rio Tinto**. The company owns 51% of Turquoise Hill, which operates the mine.

The Oyu Tolgoi mine dispute came about as the Mongolian government believed its economic benefits weren't being met. The \$6.93 billion project is 34% owned by the Mongolian government, with the rest controlled by Turquoise Hill stock.

So what?

Turquoise Hill stock waived \$2.4 billion in debt owed to it by the Mongolian government under the deal. Now, things can really get underway, with the first production from the expansion due around the first half of 2023.

Furthermore, Turquoise Hill stock stated it would use the Mongolian power grid, buying electricity from the company. Rio Tinto stated it would help add renewable power to this grid. In the meantime, Mongolia is [importing](#) power from China through 2023. This will replace the original coal-power signed on when the deal originated in 2009.

"Today is a landmark day for Turquoise Hill and a major milestone in the development of the Oyu Tolgoi underground development project," said Steve Thibeault, interim chief executive officer of Turquoise Hill. "[W]e now have greater certainty and confidence to complete construction of this once-in-a-generation mine that, when finished, is expected to be one of the largest copper producing mines

in the world and a generator of vast economic value and employment in Mongolia and of returns for our shareholders for years to come.”

Now what?

It's the end of a long struggle that Turquoise Hill stock investors haven't enjoyed. And it came at a great time considering the crash in practically every sector. It answers the two major questions analysts have been waiting for: what the Mongolian government would demand, and how the mine would be financed.

The only cause for concern is the price. The \$6.93 billion price continues to be maintained by Rio Tinto. However, analysts believe there will surely be a re-forecast in the near future. Still, analysts have since upped the price target, most recently to \$28 from \$21 from these problems answered and work finally underway.

Shares of Turquoise Hill stock are up 16% as of writing on Tuesday alone.

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2. Metals and Mining Stocks

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