



## Why Turquoise Hill Stock Exploded 33% on Monday

### Description

**Turquoise Hill Resources** ([TSX:TRQ](#))([NYSE:TRQ](#)) shares soared by 33% on Monday after stakeholder **Rio Tinto** ([NYSE:RIO](#)) offered to take the company private.

### What happened?

Rio Tinto offered Turquoise Hill stock \$6.84 billion to claim the remaining 49% stake in the company it doesn't own. From there, the company would like to take Turquoise private. The offer would see Rio Tinto [purchase](#) the company for about \$34 per share, buying up about 99 million shares in the process.

The stock started out the day at about \$25 per share. Since then, shares of Turquoise stock are now up to that \$34 mark. However, the company doesn't seem to be slowing down anytime soon.

### So what?

So, why did Rio Tinto make the purchase? Turquoise Hill stock owns 66% of the lucrative Oyu Tolgoi copper and gold mine in Mongolia. The rest of the interest is held by the Mongolian state. After years of battling with the government, an agreement was finally reached to get mining back underway. This creates the perfect opportunity for Rio Tinto to swoop in.

Turquoise Hill stock really depends on this one mine. Meanwhile, Rio Tinto wants exposure to this amazing mine. Therefore, it's a win-win situation, where the latter can now work directly with the Mongolian government.

### Now what?

Turquoise Hill stock stated the Oyu Tolgoi mine should produce 110,000 to 150,000 tonnes of copper and 115,000 to 165,000 ounces of gold in 2022. While this is lower than 2021, Rio Tinto is in it for the long game — especially now that a working relationship has been made between Turquoise Hill and

the Mongolian [government](#).

Now, here's the very important part. There has been no agreement reached by both parties. Therefore, Turquoise Hill stockholders don't need to take any action at this time. But tell that to the surging share price. Still, it's one that's hard to turn down, considering Rio Tinto already bought out the US\$2.3 billion loan to the Mongolian government.

Shares of Turquoise Hill stock are up 32.5% trading at \$34 and 62% in the last year to 52-week highs. The company trades at 10.2 times earnings as of writing.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

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1. NYSE:RIO (Rio Tinto plc)
2. NYSE:TRQ (Turquoise Hill Resources)
3. TSX:TRQ (Turquoise Hill Resources)

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