

MOLY CORP FINANCING THE PRODUCTION OF RARE EARTH MINERALS

INTRODUCTION

One of the most typical issues of Molycorp – the leading American corporation in the rare earth minerals market was in financing its activities and development of new mining ventures.

BACKGROUND

The minerals are vital in production of electronics and renewable energy equipment as well as defense technologies; however, the global supply is dominated by China. Molycorp wished to raise the production of REEs within the United States, a strategic development in today's world due to potential suppliers' hostility.

FINANCING CHALLENGE

The reasons for Molycorp's needs for significant capital included the expansion of operation. The listed financing strategies were discussed in the company, such as debt securities, equity, and convertible notes. As will be seen each option had its own tolerances and opportunities.

CONCLUSION

The Molycorp case brings to light the difficulties that firms find themselves in when seeking funds for massive industrial ventures especially in industries that are sensitive to politics of the global order. This case is useful in shedding light on issues of strategic financial decision for companies in capital intensive industries.

RECOMMENDATION

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