

# 2021 Business Risks and Opportunities Within the Mining Industry



## Technological Modernization

Investment in mining technology has lagged behind the technological advancements of other sectors. These advancements range from automated production and data analysis to advance digital applications, such as artificial intelligence and blockchain technology.



## Changing Fundamentals

The future of coal becomes increasingly uncertain as natural gas took a significant portion of coal's use in energy production and increased focus on renewable energy sources. Many companies are aggressively exiting the thermal market to focus on the metallurgical market. Bonding companies are expecting expanded collateral on thermal assets.



## Shareholder Returns

Recent trends, such as the increase in metallurgical coal prices, and the increased demand for cobalt (stemming from battery applications), have created an environment of interest to new investors.



## Operational Runway

Years of focusing on survival led many companies to minimize costs, resulting in exploratory efforts being drastically reduced. Extending this runway becomes a key risk.



## Cybersecurity

Cyber threats have the ability to eradicate gains obtained from any strategic efforts. The influx of artificial intelligence and operational intelligence as a core strategy causes cybersecurity to be a primary risk to the sector.



## Social Awareness

The mining sector must seek to proactively engage the local and regional communities in which it operates. The safety of its workers should always be a priority for mining companies, including an increased focus on ESG (Environmental, Social, and Governance) programs.



## Liquidity Preservation

COVID-19 impact in 2020 challenged all coal companies to preserve liquidity. Companies are working with vendors to extend terms, accessing lines of credit and idling high cost mines. This challenge will continue into 2021.



## Capital Sources

Companies should consider alternative capital sources such as international institutions, brokers, and even customers.



## Regulatory Changes

Regulatory and political issues are a significant consideration within the sector. A new administration in Washington D.C. is planning to undo some of the regulatory changes.



## Production Management

Maximizing the economic efficiency of production is a competitive advantage for miners who do it well.