

What's going to shake up the mining industry by 2030?

A new [report](#) has revealed the major changes predicted to shake up the world's mining sector by 2023, including specific South African predictions.



Sherif Andrawes, BDO's global head of natural resources

Arms race for rare earths

The first prediction is that global mining companies will be caught in an arms race to secure rare earths. China has dominated the world's supply of rare earths that are instrumental in developing modern day products. As geopolitical tensions intensify many countries are looking to sure-up alternate sources to secure supply.

Many countries that depend on China for rare earths are looking to find alternatives in the wake of the trade war, says Sherif Andrawes, BDO's global head of natural resources.

"By securing supplies of rare earths themselves, companies are removing the risk that the one day China might choose to stop supplying a product that has become increasingly important in our tech-driven world," he says.

Alternative financing solution

The second major prediction is that alternative financing solutions, such as royalty and metal stream agreements, will rise in popularity with miners across the globe.

Andrawes says that while this type of financing is still relatively untapped in many markets, mining companies in the USA and Canada have been leading the way and seeing success with these financing solutions for a few years.

“Giving investors a share in future revenue or the option to purchase by-product at a fixed price below market value can significantly reduce the burden on a company’s balance sheet because it adds flexibility,” he says.

“This flexibility works twofold, providing private equity funds potential higher returns, and mining companies the funding they need in what is a tight market for risk equity. These arrangements will become more and more popular with mid-size mining companies around the globe.

“Alternative finance will have the potential for drawing investment funds away from the stock market, particularly as investors look for new opportunities in a low-interest rate world,” Andrawes says.

Greater transparency

There will be a growing demand from investors and the community for greater transparency in metal extraction that will result in more companies turning to blockchain technology to prove their supply chains are green and sustainable.

“Like many industries in today’s climate, people demand proof that the products they’re buying and the people they’re buying them from are socially and environmentally responsible. Blockchain technology provides mining companies with an opportunity to publically promote their social licence to operate,” Sherif said.

The rise of the machine

The final major shake-up predicted by 2023 is the use of artificial intelligence (AI) to interpret data, improve operational safety and increase productivity.

“Mainstream use of AI has been previously predicted by BDO but the take-up has been slower for mid-market cap mining companies due to the cost. This technology is becoming more accessible the longer it’s in market and BDO predicts that more and more companies will adopt it as a means of streamlining their production and reducing operational costs,” Andrawes says.

“Once AI is firmly embedded in the global market we predict this will make mining one of the safest occupations of its kind – which is an exciting step for the future of the industry,” he says.

Renewables

Other predictions from the previous report released in January 2018 included the Internet of Things (IoT) and renewables being key drivers of change, leading to a greater focus on cyber security and a demand for supply chain transparency from investors and the community.

“Since we released our predictions in January 2018, persistent low commodity prices and continued advances in renewables have placed mining companies under a lot of pressure. Added to the mix has been greater pressure to go green and an increased cyber threat, making it a tough few years for the sector globally. BDO predicts the next few years will see miners forge new ground in a transforming marketplace that’s green, digital and global,” Andrawes says.