

MineLens survey confirms the significant impact of COVID-19 on mining operations

COVID-19 is affecting every type of business, including mining and metals industry, and so we've taken a closer look into how it has impacted mining operations specifically. Launching the MineLens Industry Survey in early July has allowed us to collect insights from >60 senior executives, mine managers, and owners to investigate the current state of the industry. (To get a more granular perspective on the impact of COVID-19 on selected commodities, read our latest article on [McKinsey.com](https://www.mckinsey.com), "Lessons from the past: Informing the mining industry's trajectory to the next normal.")

The survey revealed that:

75% Admit significant impact on mining operations

65% Expect fundamental changes to operational models

COVID-19 impacted mining operations globally, however there are some regional and commodity trends:

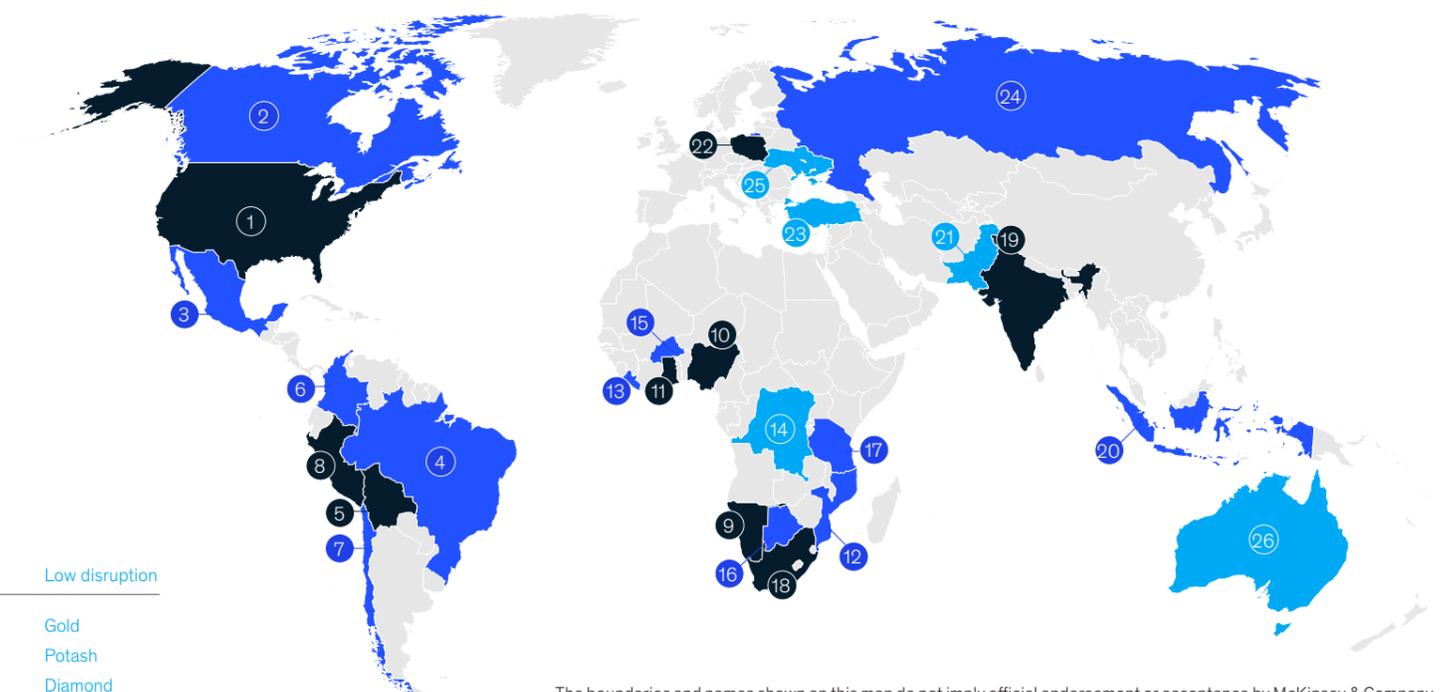
Level of disruption

■ High ■ Moderate ■ Low

- 1 USA
- 2 Canada
- 3 Mexico
- 4 Brazil
- 5 Bolivia
- 6 Columbia
- 7 Chile
- 8 Peru
- 9 Namibia
- 10 Nigeria
- 11 Ghana
- 12 Mozambique
- 13 Liberia
- 14 DRC
- 15 Burkina Faso
- 16 Botswana
- 17 Tanzania
- 18 South Africa
- 19 India
- 20 Indonesia
- 21 Pakistan
- 22 Poland
- 23 Turkey
- 24 Russia
- 25 Ukraine
- 26 Australia

High disruption Moderate disruption Low disruption

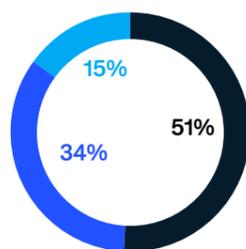
Iron ore Copper Gold
Coal Lithium Potash
Construction materials Aluminum Diamond



The boundaries and names shown on this map do not imply official endorsement or acceptance by McKinsey & Company

Production

Has decreased by ~42%. Planned production reduction for 2020 was ~30%. The main reasons for this decrease are a reduction in demand and limited workforce

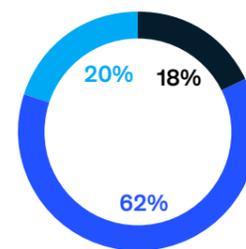


Has production increased/decreased/ remained the same?

■ Decreased
■ Remained the same
■ Increased

Operating costs

Most operating costs have increased by ~16%. The main reasons for this are additional infrastructure and transportation costs

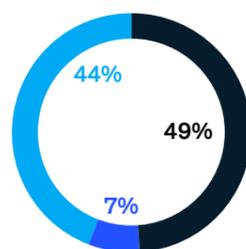


Was there any change in operating costs observed?

■ Decreased
■ Remained the same
■ Increased

Supply and demand

Half of the respondents have experienced major disruptions in final product delivery, which is mainly due to reduction in demand and downstream consumption

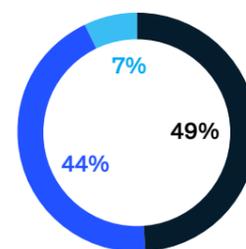


Was a disruption in supply & demand observed?

■ No disruption, and none expected
■ No disruption yet, but expecting disruption in 4-6 weeks
■ Already experiencing disruption

Capital costs

Half of all operations have decreased their 2020 budgets. The main reasons cited were "cancellations" and "pause of expansions"



Has the capital budget been impacted?

■ Decreased
■ Remained the same
■ Increased

Most respondents mentioned that their highest priority is workforce and mine planning



You can find more information on MineLens at <https://www.mckinsey.com/industries/metals-and-mining/how-we-help-clients/minelens/overview> or by e-mailing us at minelens@mckinsey.com

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Source: MineLens COVID-19 impact survey on mining operations, July 2020