

Miners need to dig deep for research and development - AngloGold Ashanti

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ONE of the world's biggest miners believes the mining industry needs to put more money into research and development or face not meeting demand from emerging countries.

AngloGold Ashanti chief executive officer Mark Cutifani told the annual Diggers & Dealers mining conference today the industry needed to radically change its cost structure by innovating and becoming more efficient to keep up with demand.

"We just can't rely on good grades to dig us out of the hole," he said.

"One of the big problems we're having across the globe is we're not finding enough new discoveries that are helping us leverage the average cost of what we're producing down," he said.

He said it was an 'indictment' on the industry that just 0.2 per cent was spent on research and development, while other sectors like petroleum spent up to 5 per cent in the area.

"We have to do things differently... we keep blaming the politicians: we've got to look in the mirror and take accountability for what we're not doing as well as holding them to account for good public policy," he said.

The gold miner executive said the industry needed to look at how other sectors, such as manufacturing, had become more efficient and learn from them.

"In the next ten years Caterpillar estimate we will be mining 70 per cent more open cut waste material to get to the same amount of metals we produce today."

"For those underground operations that are operating today we'll be mining on average 400 to 600 metres deeper than we do today... we will not be able to supply developing countries with the things they demand," he said.

And while the industry struggled to innovate and be more efficient, Mr Cutifani said government policies were also not helping the situation.

"We have political structures that are looking to skin the industry for everything they can because they see a short term buck to be made," he said.

The industry needed to stand up for itself and prove it was the "most significant" on the planet, he said.

AngloGold Ashanti has a 70 per cent share in Tropicana, which is 330km North-East of Kalgoorlie.