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**International
Accounting Standards
Board**

This document is provided as a convenience to observers at IFRIC meetings, to assist them in following the IFRIC's discussion. It does not represent an official position of the IFRIC. IFRIC positions are set out in Interpretations.

Note: These notes are based on the staff paper prepared for the IFRIC. Paragraph numbers correspond to paragraph numbers used in the IFRIC paper. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

IFRIC meeting: January 2006, London

**Project: Review of Tentative Agenda Decision: Scope of IFRS 6
Exploration for and Evaluation of Mineral Resources
(Agenda Paper 3)**

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1. At its November 2005 meeting the IFRIC reached a tentative decision not to take the issue of the scope of IFRS 6 *Exploration for and Evaluation of Mineral Resources* onto its agenda. This decision was published in November 2005 IFRIC Update on 22 November 2005 and comments from the public were requested by 2 January 2006.
 2. No comments have been received on this tentative agenda decision to date.
 3. Staff therefore ask that the IFRIC confirm the tentative decision reached at the November 2005 IFRIC meeting as set out below.

The IFRIC was asked to clarify the effect of the limited scope of IFRS 6 on exploration and evaluation (E&E) activities. The IFRIC was asked if this limited scope (a) reflected the Board's intention to impose limits on current national GAAP practices only in respect of activities conducted in the E&E phase, while permitting industry practices in other extractive industry areas (eg, development and exploitation) to continue unchanged, or (b) whether the IASB focused only on E&E activities because it was the only area for which the IASB was willing to grant some relief from the hierarchy for selection of accounting policies in IAS 8. Under the latter view, the IAS 8 hierarchy would apply fully to an entity's selection of IFRS accounting policies for activities outside of the E&E phase. The submission identified some inconsistencies between current extractive industry full-cost accounting practices in respect of development and exploitation activities but questioned whether the IASB intended to require change from current practices in these areas in advance of a comprehensive extractive industry project.

The IFRIC noted that the effect of the limited scope of IFRS 6 was to grant relief only to policies in respect of E&E activities, and that this relief did not extend to activities before or after the E&E phase. The Basis for Conclusions on IFRS 6 includes the Board's intention of limiting the need for entities to change their existing accounting policies for E&E activities. The IFRIC believed it was clear that the scope of IFRS 6 consistently limited the relief from the hierarchy to policies applied to E&E activities and that there was no basis for interpreting IFRS 6 as granting any additional relief in areas outside its scope. Therefore, the IFRIC believed that diversity in practice should not become established and decided not to add the issue to its agenda.