

## STAFF PAPER

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## IASB Meeting

Project	Extractive Activities		
Paper topic	Scope and approach		
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**Objective**

1. The purpose of this paper is to summarise the feedback on the potential scope of the research project by summarising feedback on the 2010 *Extractive Activities* Discussion Paper (Discussion Paper) together with feedback from outreach performed in 2018 and the first half of 2019 with:
  - (a) the National Standard-setters that helped develop the Discussion Paper (Australia, Norway, Canada and South Africa);
  - (b) the Capital Markets Advisory Committee (CMAC); and
  - (c) other stakeholders.
2. There are no questions for the Board in this Agenda Paper, but the staff would welcome any comments from Board members.

**Overview**

3. This paper is structured as follows:
  - (a) Key messages (paragraphs 4-5);
  - (b) Background (paragraphs 6–11);
  - (c) National Standard-setters (paragraphs 12–26);
  - (d) Capital Markets Advisory Committee (paragraphs 27–33);

- (e) Other outreach (paragraphs 34–36);
- (f) Appendix A—Extracts from *October 2010 Agenda Paper 7A Comment letter summary*;
- (g) Appendix B—Extracts from *October 2010 Agenda Paper 7B Project scoping alternatives identified by respondents*;
- (h) Appendix C—National Standard-setters.

## Key messages

4. Feedback from recent outreach, consistent with the feedback on the Discussion Paper, highlights that there are mixed views about whether the scope of an extractives activities research project should be to:
  - (a) develop a disclosure-only standard for extractive activities—for example, using the Board’s Targeted Standards-level Review of Disclosures project to develop a disclosure-only standard that scopes in all extractive activities;
  - (b) improve the recognition, measurement and disclosure requirements of IFRS 6 *Exploration for and Evaluation of Mineral Resources* to improve consistency and comparability in financial reporting;
  - (c) withdraw IFRS 6 and include extractive activities in a project that considers the accounting for intangible assets more generally;
  - (d) develop guidance on how an entity with extractive activities can apply existing IFRS Standards;
  - (e) develop an industry-specific standard which would scope in the accounting for all extractive activities; or
  - (f) maintain IFRS 6 and do nothing—for example, some say that there are no indications that users are not adequately managing the diversity of practice in entities operating in the extractives industry, and therefore IFRS 6 requires no changes. Additionally, some preparers, mainly in the oil and gas industry, have said IFRS 6 helps comparability because

it enables them to maintain accounting policies that are consistent with other oil and gas entities reporting under US GAAP.

5. Although mixed, staff note that most of the recent feedback indicates limited appetite for a project with a similar scope to that of the Discussion Paper. Many of those stakeholders suggested focusing on prioritising:
  - (a) improving existing disclosure objectives and requirements; and
  - (b) developing additional disclosure requirements for both IFRS and non-IFRS information (eg reserve and resource reporting) related to extractive activities in the financial statements.

## Background

6. In Chapter 1 of the Discussion Paper, the project team proposed limiting the scope of a future standard on extractive activities to upstream (ie extractive) activities for minerals and oil and gas. Furthermore, the project team proposed that a single accounting and disclosure model should apply to extractive activities in both the minerals and oil and gas industries. The project team justified a single model by noting that:
  - (a) the extractive activities process (ie the movement from exploration through to evaluation, to development and then to production) and the risks and uncertainties faced by entities conducting those activities are sufficiently similar in both minerals and oil and gas industries; and
  - (b) there is substantial diversity in the financial reporting of information on extractive activities. The project team's research found that existing accounting and disclosure practices differ by industry (ie minerals and oil and gas), by jurisdiction and by entity size. Consequently, a single model could improve comparability in the financial reporting of these activities.
7. The Board is currently gathering evidence to help decide whether to start a project to develop proposals to replace or amend IFRS 6. It is important to note that the scope of IFRS 6 is much narrower than that of the Discussion Paper. IFRS 6 addresses only the accounting for costs incurred in relation to exploration and

evaluation activities whereas the Discussion Paper's scope included all extractive activities. For example, the Discussion Paper also considered development and production activities.

8. Consequently, the elements of the Discussion Paper and the feedback on that Discussion Paper that may be relevant, will depend on the Board's decision about the scope of this research project. For example, whether a wider scope, similar to that of the Discussion Paper, is required or whether the focus of the research project remains solely on updating IFRS 6.

### ***Questions in the Discussion Paper***

9. Questions 1 and 2 of the Discussion Paper asked respondents the following:

#### **Question 1 – Scope of extractive activities**

In Chapter 1 the project team proposes that the scope of an extractive activities IFRS should include only upstream activities for minerals, oil and natural gas. Do you agree? Are there other similar activities that should also fall within the scope of an IFRS for extractive activities? If so, please explain what other activities should be included within its scope and why.

#### **Question 2 – Approach**

Also in Chapter 1, the project team proposes that there should be a single accounting and disclosure model that applies to extractive activities in both the minerals industry and the oil and gas industry. Do you agree? If not, what requirements should be different for each industry and what is your justification for differentiating between the two industries?

### **Summary of feedback received on the Discussion Paper**

10. The following is a summary of the comment letter analysis which was presented to the Board in October 2010<sup>1</sup>. Extracts of the detailed comment letter analysis from October 2010 are located in Appendices A and B.
11. The main theme from responses to the Discussion Paper was that the Board should add a project to its agenda, but there were mixed views on what the scope of the project should be. Broadly speaking, respondents supported either:
  - (a) developing a separate standard specifically for extractive activities (as proposed by the project team). Of the respondents that supported this approach, some commented that separate standards should be developed for minerals and for oil and gas extractive activities because of the differences that exist between each industry; or
  - (b) including extractive activities in a broader project that reconsiders the accounting for intangible assets. Of the respondents that supported this approach, there were mixed views as to whether IFRS 6 should continue to apply until such a standard has been issued.

### **National Standard-setters**

12. Staff contacted the National Standard-setters that helped develop the Discussion Paper (Australia, Canada, Norway and South Africa) and asked them to provide an update on extractive activities within their jurisdictions (see Appendix C). Their feedback was presented to the Board at its March 2019 meeting<sup>2</sup> (see **March 2019 Agenda Paper 19**).
13. In addition to the update requested, the National Standard-setters provided additional comments on possible directions the project could take.

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<sup>1</sup> See [October 2010 Agenda Paper 7A](#) and [Agenda Paper 7B](#)

<sup>2</sup> See [March 2019 Agenda Paper 19](#)

**Key messages from feedback from National Standard-setters**

14. Overall, feedback on the scope of the project remained consistent with the feedback from the Discussion Paper—ie there are mixed views from the National Standard-setters' stakeholders on whether the scope of the project should be to:
  - (a) improve the existing recognition, measurement and disclosure requirements of IFRS Standards to improve consistency and comparability in financial reporting (see paragraphs 18–21);
  - (b) withdraw IFRS 6 and include extractive activities in a broader project on intangible assets (see paragraphs 22–23); or
  - (c) do nothing and maintain IFRS 6 (see paragraphs 24–26).
15. Consequently, in providing their feedback to the Board, National Standard-setters suggested the Board first consider whether to enhance the disclosure requirements for extractive activities, in particular disclosures of reserve and resource information, and then consider either:
  - (a) a broader project on intangible assets, including assets arising from exploration and evaluation activities (ie so that exploration and evaluation expenditure would be accounted for similarly to research and development expenditure);
  - (b) developing amendments to IFRS 6 to address the diversity of accounting policies permitted; or
  - (c) developing guidance which helps entities apply existing IFRS Standards to extractive activities.
16. However, one National standard-setter said that developments since 2010 had not created additional significant challenges in financial reporting for extractive activities that cannot be solved through applying existing IFRS Standards. It therefore questioned the need for a research project on extractive activities.
17. However, feedback from National Standard-setters also noted that there is an increased demand for principle-based requirements and guidance to:
  - (a) address diversity in accounting practices which are unique to extractive activities; and

- (b) enhance disclosures.

## ***Addressing diversity in accounting practices and disclosure***

### *Recognition and measurement requirements*

18. Some National Standard-setters said that feedback from their stakeholders suggested that IFRS 6 requires improvement to promote consistency and comparability. In the view of those stakeholders, the inconsistency in accounting practices between entities in the extractives industry, and also between entities within the extractives industry and entities in industries with similar types of expenditure (eg research and development expenditure in the pharmaceuticals industry), affects the comparability of the financial statements.
19. Some National Standard-setters said that the outreach they had performed with preparers in their jurisdiction highlighted that there are challenges in applying existing IFRS Standards for which more guidance would be useful. For example, stakeholders commented that more guidance is needed to help preparers:
- (a) identify indicators of impairment and make impairment assessments;  
and
  - (b) identify which IFRS Standards should be applied, and how they should be applied, for complex transactions such as farm-out and streaming arrangements<sup>3</sup>.

### *Disclosure*

20. Some National Standard-setters said that feedback from their stakeholders suggested that a project on extractive activities is needed to promote consistent and comparable disclosure, which is currently not present unless an entity voluntarily makes additional disclosures in their financial statements.

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<sup>3</sup> A farm-out agreement involves a venturer (the ‘farmor’) assigning a working interest in an oil and gas or mining property to another party (the ‘farmee’) often in exchange for an agreement by the farmee to pay both its own share, and that of the farmor, of future development costs of the property.

Streaming arrangements are alternative financing arrangements whereby mining entities can access funding in exchange for future production of mineral products from a mine.

21. One National Standard-setter reported that users in their jurisdiction said that disclosures provided outside the financial statements (eg management discussion and analysis and technical reports on projects) provide the information they need to make decisions. Consequently, these users do not think there is a need for standard-setting activity in this area. However, this National Standard-setter said that the Board should assess whether the disclosure requirements for extractive activities in the financial statements should be expanded to include the non-IFRS information that users currently rely on to enhance their understanding of the financial statements.

### ***Withdrawing IFRS 6***

22. Some National Standard-setters said that some of their stakeholders questioned whether an industry-specific standard is needed for extractive activities. Alternatives to having an industry-specific standard that were identified included:
- (a) including extractive activities as part of a wider project on IAS 38 *Intangible Assets*—for example, one National Standard-setter suggested the Board explore whether extractive activities are in substance the same as research and development activities and could be included in the scope of IAS 38; and
  - (b) providing guidance on applying existing IFRS Standards to extractive activities.
23. However, another National Standard-setter said that some stakeholders thought IFRS 6 should not be withdrawn because, in their view, issues of consistency and comparability would still remain. For example, they were concerned that if IFRS 6 is withdrawn it could lead to entities developing a more diverse range of accounting practices in applying existing IFRS Standards to these activities.

### ***Maintaining IFRS 6***

24. Some National Standard-setters said that some of their stakeholders questioned the need for an extractive activities research project or standard-setting activity for extractive activities.



25. One National Standard-setter said that their stakeholders suggested that users in their jurisdiction appear to understand and deal well with the diversity in practice (see paragraph 21).
26. Another National Standard-setter concurred with this assessment and said that their stakeholders suggested diversity in accounting practices and disclosure in their jurisdiction was not viewed as a significant problem.

### **Capital Markets Advisory Committee (CMAC)**

27. Staff consulted the CMAC in March 2019 to better understand the issues that users of extractives industry financial statements face. As part of the discussion, CMAC members provided staff with feedback on:
  - (a) additional information users need to better understand entities operating in the extractives industry;
  - (b) what the relevant sources of information about extractive activities are; and
  - (c) whether users adjust the information in financial statements about extractive activities, for example to eliminate differences in accounting policies.
28. CMAC members generally agreed that the scope of a research project on extractive activities should include consideration by the Board of what additional disclosures should be provided by entities on extractive activities beyond those required by existing IFRS Standards.
29. CMAC members explained:
  - (a) users rely on the reporting of non-IFRS information by entities with extractive activities, such as an entity's reserve and resource quantities, to complement and enhance their understanding of the financial statements; and
  - (b) the non-IFRS information being reported often lacks comparability and consistency which can affect users' understanding of these entities. Further, the information may not always be made publicly available.

However a few CMAC members thought that standardisation of such information could be difficult.

30. A few CMAC members thought that standardising the accounting policy for exploration and evaluation expenditure would be helpful. However, they acknowledged that standardisation could be difficult and suggested that the Board could consider additional disclosure requirements to help users understand the accounting for exploration and evaluation expenditure.
31. One CMAC member also noted that there is an increased focus on climate change and environmental reporting. The member thought that this is something that the Board should consider given its effect on the reporting of reserves and resources, and the determination of impairment and the useful life of a mine and its related assets.
32. Several CMAC members noted that, as the oil and gas industry is more mature than the minerals industry, the information being reported by oil and gas entities is generally of better quality.
33. As well as standardising the information provided, some CMAC members suggested several disclosures that could help make information more useful to users for both oil and gas and minerals entities:
  - (a) more granular information for each mineral and hydrocarbon product an entity is extracting. For example, the cost, breakeven point and profitability of each natural resource being extracted alongside the reserve and resource quantities of each; and
  - (b) sensitivity analysis which reflects the material inputs into an entity's measurement of reserves and resources. For example, this could include explaining the effect of risks, such as price volatility, which could reasonably be expected to affect the entity's measurement of reserves and resources.

**Other outreach**

34. Staff have also performed additional outreach with various stakeholders. The feedback from these stakeholders is generally consistent with that received from the National Standard-setters and CMAC.
35. However, feedback from preparers was different. Most preparers that we have spoken to so far think that the Board should not undertake research on developing an industry-specific standard. Instead, they think the Board should focus on addressing questions about applying existing IFRS Standards in the extractive industry and research for the post-implementation reviews of relevant Standards—for example, IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements*.
36. Most preparers think IFRS 6 is working well. Entities, particularly in the oil and gas industry, find IFRS 6 helpful as it helps comparability since it enables them to maintain accounting policies that are consistent with other oil and gas entities reporting under US GAAP.

## **Appendix A—Extracts from *October 2010 Agenda Paper 7A Comment letter summary***

### ***Views on project scope and approach***

- A1. Although the question was not specifically asked, many respondents recommended that the Board add a project onto its active agenda that would replace IFRS 6. However, there were mixed views on the scope of such a project.
- A2. Broadly speaking, respondents supported either:
- a) developing a separate standard specifically for extractive activities (as proposed by the project team). Of the respondents that supported a project on extractive activities only, some commented that separate standards should be developed for minerals extractive activities and for oil and gas extractive activities because of the differences that exist in each industry; and
  - b) including extractive activities in a broader project to reconsider intangible assets accounting. Of the respondents that supported a broader project, there were mixed views as to whether IFRS 6 should continue to apply until such a standard has been issued.

### ***Clarifying an extractive activities scope***

- A3. Within the context of the project team’s proposals, an extractive activities scope is based on:
- a) the nature of the activity—that is, it only includes accounting for exploration, evaluation, development and production phases of a mining or oil and gas operation. These phases are also known as extractive activities or upstream activities; and
  - b) the nature of the resource—that is, it only includes non-regenerative resources that are either minerals, oil or natural gas.
- A4. Some respondents indicated that ‘upstream’ activities would need to be clearly defined because entities with vertically integrated operations may find it difficult to distinguish between upstream and downstream activities. A few suggested that midstream activities (such as pipeline and LNG liquefaction plants) where the assets are operationally and economically integrated with the oil and gas field development should be included in the scope.
- A5. The scope proposed by the project team would represent a change from IFRS 6, which includes mineral, oil and natural gas and similar non-regenerative resources within its scope. The project team was unsure what these similar non-regenerative resources might include, and respondents did not identify any other types of non-regenerative resources that should be included in the scope of this project.
- A6. A few respondents suggested that an extractive activities scope should be modified to:

- a) include the exploration for and extraction of regenerative resources that are subject to risks and uncertainties similar to those faced in mining and oil and gas extractive activities (eg geothermal energy resources and other renewable energy resources, water resources from underground springs); and
- b) specifically exclude the extraction of non-regenerative resources that are subject to risks similar to manufacturing operations (eg quarrying activities relating to gravel and aggregates, the extraction of minerals from sea water).

## Appendix B—Extracts from *October 2010 Agenda Paper 7B Project scoping alternatives identified by respondents*

### Views on the scope proposed in the Discussion Paper

- B1. As noted in *October 2010 Agenda Paper 7A* (see Appendix A), respondents expressed divergent views on the scope of the project that the Board should add to its agenda. The comments that those respondents made on project scope and approach typically related to the following matters:
- (a) project scope alternatives for addressing the accounting for and disclosure of extractive activities;
  - (b) whether the Board should address specific problems with applying IFRSs to issues that are prevalent in the minerals and oil and gas industries; and
  - (c) how the Board should proceed in order to address those issues.

### Project scope alternatives

- B2. Broadly speaking, respondents commented that the Board should either:
- (a) undertake a specific project for extractive activities (see paragraphs B4–B7); or
  - (b) undertake a project that would treat extractive activities consistently with activities conducted in other industries, such as research and development activities in the pharmaceutical or high-tech industries (see paragraphs B8–B13).
- B3. Some respondents also recommended that the Board should provide guidance on specific application issues that arise in applying IFRSs to arrangements, transactions and events that are prevalent, but not necessarily restricted to, the extractive industries (see paragraphs B14–B18).

### Specific project on extractive activities

- B4. The project team proposed in the Discussion Paper that a single standard for extractive activities should be developed. The project team's view was that users of financial statements should have access to comparable information regardless of whether the entity operates in the minerals or oil and gas industries. The project team acknowledged that this objective could be met by developing a common, but not necessarily identical, set of requirements. If necessary, the detail of those requirements could be tailored for minerals and oil and gas.
- B5. Respondents identified the following project scope alternatives for the development of specific requirements for extractive activities:
- (a) a single IFRS that would apply to extractive activities in both the minerals industry and the oil and gas industry; or
  - (b) separate IFRSs for extractive activities in the minerals industry and for extractive activities in the oil and gas industry.

- B6. Proponents of a single IFRS agreed with the project team’s conclusion that extractive activities in the minerals industry and in the oil and gas industry are sufficiently similar to justify the development of a single standard. They also concurred with the project team’s observation that some of the traditional differences between operations in the minerals industry and oil and gas industry (such as the relative risks and uncertainties attributable to exploration and development activities in each industry) are becoming less significant, particularly as the oil and gas industry is increasingly focused on ‘unconventional’ projects (eg deep water oil and gas fields, extraction of oil sands).
- B7. Proponents of separate IFRSs argued that many extractive activities in each industry are not comparable because those activities are subject to different risks and uncertainties. For example, the different physical properties of minerals (ie solids, and therefore cannot move) and oil & gas (ie typically fluid, and therefore can flow) means that the processes for evaluating estimates of recoverable quantities of minerals or oil & gas will be different and the risks and uncertainties associated with the extraction of those quantities will also be different. Consequently, those respondents were concerned that a ‘one size fits all’ approach for extractive activities would not necessarily provide users with useful information on an entity’s assets and on the results of its activities.

***A project that would treat extractives activities consistently with activities***

- B8. Several respondents challenged the presumption in the Discussion Paper that a separate IFRS should be developed for extractive activities. Those respondents considered that:
- (a) extractive activities are sufficiently similar to activities undertaken in other industries, especially research and development activities in the pharmaceutical and high-technology industries; and
  - (b) to develop a separate standard (or standards) on extractive activities would be inconsistent with the Board’s philosophy of developing standards that are both principle-based and not industry-specific.
- B9. Respondents identified the following project scope alternatives for a project that would treat extractive activities consistently with other activities:
- (a) undertake a broader scope review of intangible assets guidance, including specific consideration of the accounting for and disclosure of extractive activities; or
  - (b) undertake a limited scope project to revise existing IFRSs such that they can apply to extractive activities.
- B10. In outlining their views on the scope of such a project, some respondents acknowledged that disclosure requirements should be developed specifically for extractive activities in order to respond to users’ specific information needs.

***A future intangible assets project or apply existing IFRSs?***

- B11. The difference between deciding to include extractive activities in the scope of an intangible assets project or to require existing IFRSs to apply to extractive activities is principally to do with the extent to which the existing guidance in

IFRSs is considered to be sufficient or deficient for accounting for extractive activities.

- B12. A broad scope intangible assets project would be a major project and may take several years to complete. A consequence of only addressing the accounting for extractive activities in a project with such a broad scope is that IFRS 6 would likely be retained until that project is complete. In the interim, the accounting for exploration and evaluation activities would continue to be different from, for example, research activities under IAS 38.
- B13. In contrast, an approach which focused on applying the current requirements of IFRSs could probably be achieved more quickly and would likely involve:
- (a) removing the scope exceptions in IAS 16 and IAS 38 that relate to extractive activities and minerals and oil and gas assets;
  - (b) (potentially) developing additional guidance for those standards to clarify how those standards should apply to extractive activities; and
  - (c) withdrawing IFRS 6.

### **Specific application problems**

- B14. Respondents requested the Board also consider several other issues that were not specifically addressed in the Discussion Paper. Respondents indicated that these other issues are routinely encountered when applying IFRSs to transactions, events and arrangements that are prevalent in the minerals or oil and gas industries.
- B15. The issues identified include:
- (a) risk-sharing arrangements and conveyances, such as
    - (i) farm-in/farm-out agreements;
    - (ii) production sharing agreements;
    - (iii) carried interests; and
    - (iv) unitisations;
  - (b) difficulties in applying IFRSs to assets that are simultaneously in development and production, such as:
    - (i) production stripping costs; and
    - (ii) calculating 'value in use' under IAS 36;
  - (c) accounting for government imposts (eg resource rent taxes, royalties, production sharing arrangements);
  - (d) inventory stockpiles; and
  - (e) accounting for the underlift or overlift balances of oil and gas.
- B16. Many of those respondents indicated that they consider addressing these issues to be a higher priority than addressing accounting and disclosure requirements for extractive activities. This is because, in the absence of specific guidance in IFRSs, current accounting practices tend to be based on practices that were acceptable under various national GAAPs. Consequently, there are concerns about diverse accounting treatments and whether some of those treatments are compliant with IFRSs.



- B17. Whether and how the Board might choose to address these issues depends on the decision it makes on the scope of a future project that addresses extractive activities. The nature of these application issues means that most, if not all, of them would not be able to be addressed in a project that is limited to accounting and disclosure of extractive activities. However, at least some of those issues might be able to be resolved in a broader project on intangible assets accounting because, for example, research and development activities often involve risk sharing arrangements that are similar to the arrangements used in the minerals and oil and gas industries.
- B18. Nevertheless, there will be some issues that cannot be addressed under either project scope. Accordingly, those issues could only be resolved by the Board if they were included in a separate standard-setting project or if the issues were referred to the IFRS Interpretations Committee.

### **Project priorities**

- B19. The project scope alternatives described above would likely take several years to result in an IFRS or in revisions to existing IFRSs. A separate consideration that a future agenda proposal that includes extractive activities issues could consider is the priority that should be assigned to the components of the agreed project scope. Future standard setting activity on this topic could be undertaken in a single step or in a series of phases.
- B20. A single step approach would ensure that all components of the project complement each other. For instance, the disclosures would be designed to accompany and amplify the information that is presented in the financial statements. However, a single step approach would be expected to mean that it would probably be several years before a future IFRS that comprehensively addresses extractive activities issues (either on their own or in conjunction with other intangible assets issues) would be issued and become effective.
- B21. In contrast, conducting the project as a series of phases could permit some issues to be resolved in a shorter period of time. Based on the views from respondents, the early phases of such a project could address:
- (a) *Disclosures.* Several respondents supported developing disclosure requirements separately, and more urgently, than accounting requirements. Those respondents commented that specific disclosures on extractive activities should be developed in order to meet the specific needs of the users of the financial reports of minerals and oil and gas entities. IFRSs currently do not include any specific disclosure requirements for extractive activities and many respondents agreed that specific disclosures should be included in a future IFRS.
  - (b) *Other application issues.* As noted in paragraph B18 above, some of these issues could be resolved in separate project or by referring some of them to the IFRS Interpretations Committee.
  - (c) *Development of accounting requirements for extractive activities,* whether by developing a separate IFRS, a broader scope reassessment of intangible assets, or a limited scope revision of existing IFRSs.

## Appendix C—National Standard-setters

- C1. In 2018 the Board commenced work on the research project by asking those National Standard-setters that contributed to the 2010 Discussion Paper to provide an update on the extractive activities within their jurisdictions through a series of five questions:
- a. *Question 1*—have there been significant changes in extractive activities that have given rise to:
    - i. changes to, or new, accounting policies used by entities;
    - ii. new financial reporting issues; or
    - iii. changes in the risk profile of entities?
  - b. *Question 2*—have there been changes in activities such that new industries have been established in your jurisdiction that you consider should be included in the scope of extractive activities?
  - c. *Question 3*—have there been changes in the reserves and resources classification systems used by entities in your jurisdiction that have resulted in a significant change to the reserves and resources calculated by those systems?
  - d. *Question 4*—have there been significant changes in the regulatory requirements in your jurisdiction to disclose information on extractive activities, including reserve and resource disclosures? What information is now (or no longer) required?
  - e. *Question 5*—are there any other significant changes in the extractives industry that you want to make the Board aware of, including in other jurisdictions if you are aware of any such changes?
- C2. National Standard-setters that responded identified the following key areas of the extractives industry which have changed since the Discussion Paper was issued in 2010 (see *March 2019 Agenda Paper 19*):
- (a) the risk profile of the entities, and the industry in which they operate, has changed;
  - (b) new, and more complex, transactions for which the recognition, measurement and disclosure requirements of existing accounting Standards, in their view, are not clear;
  - (c) each jurisdiction currently applies their own reserves and resources classification system and these systems have undergone minor amendments since 2010; and
  - (d) some jurisdictions have implemented their own reporting requirements for information outside the IFRS Standards such as payments to governments and sustainability reporting.