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Project	<b>Extractive Activities</b>
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Topic	<b>Cover note</b>
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## Overview of the extractive activities agenda topic

1. At this meeting, staff will summarise the feedback that has been received in response to the Discussion Paper *Extractive Activities* (DP) that the IASB published for public comment on 6 April 2010.
2. Staff have prepared the following papers for this meeting:
  - (a) a comment letter summary (agenda paper 7A); and
  - (b) overview of project scoping alternatives identified by respondents to the DP (agenda paper 7B).
3. The Board will not be asked to make any decisions at this meeting. The next step will be for the Board to make a decision on whether to add a project dealing with extractive activities to its future agenda. A separate process will be instituted for the Board to consider and consult on its forward agenda.

## Background

4. In 2004, while it was developing IFRS 6 *Exploration for and Evaluation of Mineral Resources* as an interim standard to make limited improvements to accounting practices for exploration and evaluation costs, the Board initiated a

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This paper has been prepared by the technical staff of the IFRS Foundation for discussion at a public meeting of the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IASB.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in *IASB Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

IASB Staff paper

research project to undertake a comprehensive assessment of accounting for extractive activities.<sup>1</sup>

5. The research was undertaken by an international project team comprising staff from the national standard-setters in Australia, Canada, Norway and South Africa. Throughout the research project, the project team consulted with an advisory panel that included members from entities operating in the minerals and the oil & gas industries, accounting firms, users of financial reports and securities regulators assisted the project team throughout the research project. At various stages in the project, the project team consulted other industry groups, including the Committee for Mineral Reserves International Reporting Standards, the Society of Petroleum Engineers Oil and Gas Reserves Committee, the United Nations Ad Hoc Group of Experts on the Harmonisation of Fossil Energy and Mineral Resources, and with other industry and investment professionals.
6. The DP was prepared for the Board by the project team. The results of the research and the proposals in the DP were discussed in meetings with the Board as the research project progressed, but the DP contained only the views of the project team members.
7. The DP and the comment letters should be a valuable resource for any future standard-setting activity dealing with extractive activities. Among other things, these materials should assist the Board in:
  - (a) determining whether to add a project dealing with extractive activities to its standard-setting agenda; and
  - (b) establishing the future direction of such a project.

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<sup>1</sup> Extractive activities are the activities that an entity would undertake when it is searching for and ultimately might extract minerals, oil or natural gas. They are conducted in phases, with separate phases typically identified for exploration, evaluation, development and production.