

STAFF PAPER

September 2018

IASB® meeting

Project	Extractive Activities		
Paper topic	Project update		
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

Purpose

1. The Board is gathering evidence to enable it to decide whether it should replace IFRS 6 *Exploration for and Evaluation of Mineral Resources*. Before deciding the scope and direction of the project, the Board has asked the staff to contact those national standard-setters whose staff contributed to the Discussion Paper *Extractive Activities* published in 2010 to ask them to make the Board aware of any significant developments since then.
2. The purpose of this paper is to provide an update of the progress on the project to date and to outline the next steps to be taken on the project for the remainder of the year. The paper is being prepared for information only. There are no questions for the Board, but the staff would welcome any comments the Board may have.

National standard-setters

3. The four national standard-setters whose staff contributed to the Discussion Paper were Australia, Canada, Norway and South Africa. They have all been contacted and the staff are currently discussing the scope of the work with the national standard-setters. Draft terms of reference are being discussed and are in the process of being finalised. Appendix A contains the current list of questions that the national standard-setters will be asked to answer.

4. The national standard-setters will be asked to provide individual responses based on their findings from their jurisdictions and to submit their responses by the end of November 2018.
5. The national standard-setters will be asked to provide a summary of the significant changes since the publication of the Discussion paper that they are aware of, consider how these changes impact the research findings in the Discussion Paper and provide any suggestions for additional work they would recommend the Board consider.
6. The aim of the work is to help the Board to determine whether there have been significant changes in extractive activities that would render the research and information contained within the Discussion Paper invalid or incomplete.

Other consultative activity

7. Staff are presenting to the IFASS, ASAF and EEG meetings in October, to provide those groups with:
 - (a) a reminder of the content of the Discussion Paper and the feedback received;
 - (b) an overview of the initial work being performed; and
 - (c) to request feedback from members of any significant changes in extractive activities since the Discussion Paper that they think the Board should be aware of as it starts its research.
8. These groups will also be asked for their views on whether users understand the diversity of accounting practice for extractive activities and how they cope with this diversity. This will contribute to the Board's understanding of what the problem statement is.
9. In November the IASB Research Forum 2018 is being held in Sydney, Australia in conjunction with Abacus, a journal from the Accounting Foundation at the University of Sydney. Submissions on extractive industries (possible accounting requirements for exploration, evaluation, development and production of minerals, and oil and gas) was one of the particular areas of interest for which papers were requested. Two papers have been received on extractive industries which will be presented in Sydney.

Next steps for the Board

10. In early 2019, the staff intend to hold education sessions on extractive activities as the next step for the Board. At these sessions, the staff will provide the Board with a reminder of the key findings of the Discussion Paper and the feedback received, and provide the Board with an explanation of the key features of extractive activities (exploration, evaluation, development, production and decommissioning) along with the main accounting issues that are associated with these key features.

Appendix A: Questions for the national standard-setters

- A1. The current list of questions that the four national standard-setters will be asked to respond to is as follows:
- (a) 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) 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) Have there been changes in the reserve 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) 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) Are there any other significant changes in the extractive industry that you want to make the Board aware of, including in other jurisdictions if you are aware of any such changes?