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**Emerging Economies Group**

Project	Extractive Activities		
Paper topic	Cover page		
CONTACTS	Siobhan Hammond	<a href="mailto:shammond@ifrs.org">shammond@ifrs.org</a>	+44 (0) 20 7246 6937
	Tim Craig	<a href="mailto:tcraig@ifrs.org">tcraig@ifrs.org</a>	+44 (0) 20 7246 6921

This paper has been prepared for discussion at a public meeting of the Emerging Economies Group (EEG). The views expressed in this paper do not represent the views of the International Accounting Standards Board (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*.

**Request to Emerging Economies Group members**

1. We are seeking information from the Emerging Economies Group (EEG) members about the extractives industry within their jurisdictions. The information being requested is set out in appendix to this paper.
2. At the EEG meeting in December 2019, we will:
  - (a) provide an update of on the International Accounting Standards Board's (Board) project on Extractive Activities; and
  - (b) ask EEG members if they have any preliminary feedback on the information being requested.

**Background**

3. IFRS 6 *Exploration and Evaluation of Mineral Resources*, when issued, was intended to be a temporary Standard. The Board is gathering evidence to help it decide whether to start a project to develop proposals to replace or amend IFRS 6. In particular, the Board is seeking to gather evidence about:
  - (a) what problems, if any, there are with applying IFRS 6; and
  - (b) whether the disclosures which result from applying IFRS 6 meet the needs of primary users of financial statements.

4. In 2010 the Board published the Discussion Paper *Extractive Activities* (Discussion Paper) which considered the financial reporting issues associated with exploring for and finding minerals and oil and gas deposits, developing and extracting those deposits and extracting the minerals and oil and gas.
5. The scope of the Discussion Paper was broader than IFRS 6, since it considered some aspects of development and extraction activities in addition to exploration and evaluation activities. The Board will consider the proposals in the Discussion Paper, and the feedback on those proposals, when determining whether to start a project on extractive activities and what the scope of that project should be.
6. The Board is also gathering evidence to help it determine what the scope of a research project on extractives should be, for example, whether the scope of the project needs to be broader than IFRS 6. The Board is seeking to gather evidence about:
  - (a) what problems, if any, entities with extractive activities have applying IFRS Standards; and
  - (b) whether the primary users of financial statements of entities with extractive activities are obtaining all the information they need for these entities.
7. To date, feedback on the Extractive Activities project has been requested only from the National Standard-setters whose staff helped to develop the Discussion Paper (Australia, Norway, Canada and South Africa). There are many other jurisdictions which also have significant extractive industries, and which apply IFRS Standards, some of which began applying IFRS Standards after 2010.
8. Furthermore, although the feedback has been obtained from a range of preparers which operate within the extractives industry, limited feedback has been received from users of financial statements.
9. Consequently, the Board is performing additional outreach with other jurisdictions and stakeholders which will help to provide the Board with a more complete analysis on extractive activities and assist the Board in deciding what the scope of any future project should be.

10. As part of this outreach, the staff took part in a panel discussion on extractive activities at the International Forum of Accounting Standard Setters (IFASS) in October (see the attached *Agenda Paper 2A* for the October 2019 meeting of the IFASS). The staff asked those IFASS members who wished to participate to provide feedback on a series of questions by the end of 2019.
11. Several members of the Emerging Economies Group (EEG) have significant extractives industries in their jurisdictions and we hope those members in particular will participate in this outreach. Consequently, we have repeated the IFASS questions in Appendix A and we are also sending the following materials:
  - (a) the project update which was presented to the IFASS at its October 2019 meeting; and
  - (b) a slide pack the Board is using for outreach with National Standard-setters, regulators, preparers and users.
12. To help facilitate your own outreach and research, we have included additional slides in the slide pack which contain the questions the Board is using for other stakeholder groups—being preparers, users and regulators.
13. At the EEG meeting in December 2019, the staff plan to provide an update of any additional feedback that the Board has at that time. EEG members will also have the opportunity to provide a summary of any preliminary feedback they have obtained.
14. The Board is also intending to circulate the same request to the European Financial Reporting Advisory Group (EFRAG), Group of Latin American Accounting Standard Setters (GLASS), Pan African Federation of Accountants (PAFA) and Asian-Oceanian Standard-Setters Group (AOSSG).

## Appendix A—Questions for EEG members

- A1. The Board is seeking additional feedback from stakeholders to help determine whether it should commence a research project to replace or amend IFRS 6.
- A2. The Board is asking stakeholders to provide the following information about extractive activities within their jurisdiction:
- (a) Question 1—How significant is the extractives industry to your jurisdiction? For example, how significant is the extractives industry to your jurisdiction's GDP?
  - (b) Question 2—What are the main types of entities with extractive activities that operate in your jurisdiction:
    - (i) state-owned;
    - (ii) privately-owned;
    - (iii) local: listed locally;
    - (iv) local: listed overseas;
    - (v) foreign: listed locally; or
    - (vi) foreign: listed overseas?
  - (c) Question 3—Do those entities identified in Question 2 apply IFRS Standards?
  - (d) Question 4—What reserve and resource classification system is used in your jurisdiction?
  - (e) Question 5—What, if any, are the national or stock exchange regulatory requirements in your jurisdiction to disclose information on extractive activities, including reserve and resource disclosures?
  - (f) Question 6—What financial reporting issues are you aware of in relation to extractive activities for:
    - (i) preparers—eg in what areas are IFRS Standards difficult to apply?
    - (ii) regulators—eg are any areas of IFRS Standards difficult to enforce?
    - (iii) users—eg is relevant information consistently available?
  - (g) Question 7—Are there other industries which have been established in your jurisdiction that you consider should be included in the scope of extractive activities?
  - (h) Question 8—Are there any recent developments in the extractives industry that you want to make the Board aware of?

- (i) Question 9—Do you think there is a need for the Board to undertake a standard-setting project on extractive activities? If so, why? What matters do you think the Board should address in the project?
- A3. Should you wish to participate, the Board asks that **feedback be submitted to project staff no later than 31 December 2019.**
- A4. Contact details of the project team are located on the cover page of this paper.