
IASB[®] Meeting

Date	September 2023
Project	Extractive Activities
Topic	Cover paper
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Background

1. At its [September 2021 meeting](#), the International Accounting Standards Board (IASB) decided that the scope and objectives of its research project Extractive Activities should be to explore two aspects of IFRS 6 *Exploration for and Evaluation of Mineral Resources*:
 - (a) whether to develop requirements or guidance to improve the information an entity discloses about its exploration and evaluation (E&E) expenditure and activities to provide more useful information to primary users of financial statements (users); and
 - (b) removing the temporary nature of the exemption in IFRS 6 from the application of paragraphs 11–12 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
2. In its September 2021 meeting the IASB also decided:
 - (a) not to explore changing the recognition and measurement requirements for E&E expenditure. The IASB did not have evidence to suggest that the benefits of doing so would outweigh the costs—although outreach and research observed that these requirements allow entities to continue to apply diverse

accounting policies, there was no compelling evidence to indicate that this diversity:

- (i) is a significant problem for users. For example, outreach indicated information about the amount of E&E expenditure incurred and the related activities is more important than the accounting for E&E expenditure, and users are able to manage the existing diversity.
 - (ii) can be addressed effectively. For example, some of the diversity could reflect differing facts and circumstances, and it may be difficult for the IASB to develop requirements and guidance that reflect all facts and circumstances.
- (b) not address matters that are outside the scope of IFRS 6 as part of a project on extractive activities. These matters could affect other entities applying IFRS Accounting Standards, not just those with extractive activities, and the IASB did not identify compelling evidence suggesting a need to develop requirements or guidance on these matters specifically for entities with extractive activities.
- (c) not develop requirements for the disclosure and use of reserve and resource information in financial statements as part of a project on extractive activities. Although users find reserve and resource information important, there were concerns about whether the IASB could effectively incorporate requirements to disclose reserve and resource information in IFRS Accounting Standards, and if doing so was within the IASB's remit. Reserve and resource information is non-financial and outreach and research indicated that regulators have developed regulatory requirements about what and how reserve and resource information is disclosed outside financial statements in jurisdictions with significant extractive industries. Most investors said they get the reserve and resource information they need for the majority of entities they follow. The IASB therefore did not identify compelling evidence to explore developing requirements for reserve and resource information to be disclosed and used in financial statements.

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3. In this meeting we are asking the IASB to make decisions about:
- (a) whether to develop requirements or guidance to improve the information an entity discloses about its E&E expenditure and activities to provide more useful information to users—Agenda Paper 19A Analysis of disclosure suggestions, sets out our analysis of and recommendations for the disclosure suggestions we have been researching; and
 - (b) whether to remove the temporary nature of the exemption in IFRS 6 from the application of paragraphs 11–12 of IAS 8 (including removing paragraphs 13–14 of IFRS 6)—Agenda Paper 19B Removing the temporary status of IFRS 6¹, sets out our analysis and recommendations.
4. At the IASB’s [July 2023 meeting](#), we provided a summary of feedback on suggestions to improve information that entities disclose about E&E expenditure and activities that the IASB are exploring. This feedback is analysed in Agenda Paper 19A.

¹ Removal of the temporary nature of the exemption in IFRS 6 from the application of paragraphs 11–12 of IAS 8 would mean the deletion of the word ‘Temporary’ from the heading ‘Temporary exemption from IAS 8 paragraphs 11 and 12’ which is positioned above paragraph 6 of IFRS 6 and the inclusion in the Basis for Conclusions on IFRS 6 of a statement that the IASB has completed its comprehensive review of accounting for extractive activities. We sometimes refer to this as removing the ‘temporary status of IFRS 6’.