



Extractive Activities

Project summary

Extractive activities consist of exploring for, evaluating, developing and producing natural resources such as minerals and oil and gas. Such activities are important globally and are particularly significant in some jurisdictions. Companies account for the resources and expenditures associated in various ways. The resulting diversity in financial information may affect the comparability of financial statements.

In 2018 the IASB added to its active work plan a research project to consider whether and how it might address issues related to accounting for extractive activities. Between 2018 and 2023 the IASB researched whether to amend or replace IFRS 6 *Exploration for and Evaluation of Mineral Resources*, including research on improving:

- recognition and measurement requirements to reduce the diversity of accounting policies used in practice for exploration and evaluation expenditure;
- disclosure requirements to increase the transparency, comparability and relevance of information provided in financial statements about that expenditure and the related activities; and
- other IFRS Accounting Standards to address matters relating to extractive activities identified by stakeholders that are not in the scope of IFRS 6.

As a result of this work, the IASB:

- decided not to develop new or amended recognition, measurement or disclosure requirements for exploration and evaluation expenditure or other aspects of accounting for extractive activities. The IASB did not find compelling evidence that standard-setting would be necessary;
- acknowledged that diverse accounting policies for exploration and evaluation expenditure would continue to be used in practice. However, feedback from investors and other users of financial statements suggested that those diverse accounting policies were not a significant concern;
- considered the research findings suggested that any improvements to financial reporting that might result from amending or replacing the requirements in IFRS 6 or other IFRS Accounting Standards are likely to be outweighed by the costs of developing and implementing any such changes; and
- decided to remove the word 'Temporary' from the heading of the section in IFRS 6 that exempts an entity from applying some of the requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to its accounting policies for exploration and evaluation expenditure.

Project contacts

Siobhan Hammond
AASB Sustainability Reporting
Director
shammond@asb.gov.au

Project priority: Completed

The staff of the AASB have prepared this summary for information purposes only. The Board decisions described are tentative and do not change current accounting pronouncements unless otherwise indicated. Official positions of the AASB are determined only after extensive due process and deliberations. While this summary is regularly updated, it does not provide a comprehensive review or statement of events and should not be treated as such.

Issued Documents

- n/a

Project status

- Research stage
- Provided staff input to IASB

Other

- [link to IASB project page](#)
- [link to 2010 Extractive Activities Discussion Paper](#)

AASB Outreach

- Research roundtables held November 2019 with IASB
- Targeted outreach during 2023 in response to IASB request

Board deliberations

- AASB Action Alert Update and Board Papers

AASB Communications

n/a

Latest project news

Date	News
14 November 2018	November 2018 Action Alert

AASB Action Alert Update, Minutes and Board Papers

Meeting Date	Update
November 2018	<p>The Board did not have any specific feedback on the IASB's terms of reference requesting input from national standard-setters on its Extractive Activities project. The Board agreed to share feedback received during local outreach with the IASB.</p> <p>12.1 Slides – Extractive Activities Project Update</p> <p>12.2 IASB Outreach Request – Terms of Reference</p>