

Extractive Activities National Standard-Setters Update – Terms of Reference

Preamble

The International Accounting Standards Board (Board) is exploring whether it should introduce accounting requirements for exploration, evaluation, development and production of minerals, and oil and gas (extractive activities). Such requirements would amend or replace IFRS 6 *Exploration for and Evaluation of Mineral Resources*.

A research project on extractive activities was added to the active Research programme in 2012; following the Board's Agenda Consultation in 2015, the project was transferred to the research pipeline in 2016. In February 2018, the Board decided to start work on the extractive activities research project in the next few months.

In April 2010, as part of a previous project on extractive activities, the Board issued a Discussion Paper *Extractive Activities* containing the research findings of a team of national standard-setters from Australia, Canada, Norway and South Africa (NSS). The Board received 141 comment letters in response to the Discussion Paper. The Board's first step in the extractive activities research project is to request those NSS that undertook the research for the April 2010 Discussion Paper to inform the Board of any significant developments since 2010 that those NSS think the Board should be aware of as it starts its research.

This document sets out the terms of reference for this request.

Terms of Reference

Objective

1. The objective of the request to the NSS is to inform the Board of developments, since the Discussion Paper issued in April 2010, that the NSS are already aware of and that the NSS think are significant enough for the Board to need to consider as it starts its research on extractive activities.
2. The aim of the work is to provide a response to the Board that helps it 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.

Request to NSS

3. The NSS are asked to respond to the questions below. The responses to the questions should provide:
 - i. a summary of the significant changes since the publication of the Discussion Paper;
 - ii. if possible, how these changes affect the research findings in the Discussion Paper; and
 - iii. suggestions, if any, for any additional work the NSS would recommend the Board consider due to these changes.
4. The NSS are asked to provide individual responses based on their knowledge and enquiries in their respective jurisdictions. Individual responses will assist the Board to understand issues from the four jurisdictions.
5. The Board is not asking the NSS to conduct detailed research but to identify significant changes, in a manner the NSS considers appropriate, to provide a response under paragraph 3 above. Examples of significant changes might include some or all of the following:
 - i. 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?
 - ii. 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?

- iii. 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?
 - iv. 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?
 - v. 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?
6. If you want to carry out detailed research to establish whether there are matters the Board should be aware of, please contact the IASB project team to discuss before proceeding.

Project team

7. The IASB project team assigned to this research project is:
- i. Darrel Scott (dscott@ifrs.org)
 - ii. Tim Craig (tcraig@ifrs.org)
 - iii. Andrea Pryde (apryde@ifrs.org)
8. Any questions or issues regarding the request should be addressed to Tim Craig or, alternatively, Michelle Sansom (msansom@ifrs.org), Associate Director National Standard-setters relations.
9. Any changes to the IASB project team will be promptly notified.
10. If, for any reason, the NSS wishes to raise an issue directly with the Board they should contact the lead Board advisor for the project, Darrel Scott.

Target dates

11. During October 2018, meetings will be held with each NSS and the IASB project team to discuss progress to date.
12. The NSS are requested to submit their responses by the end of November 2018. These responses should be submitted to Tim Craig (tcraig@ifrs.org). The project team will use any responses from the NSS as one of the inputs to a paper to the Board in early 2019 when the Board considers the initial scope of the project.

Costs

13. Each NSS will be responsible for bearing any costs it incurs in meeting this request.

4th September 2018.