

***AASB 6 Exploration for and Evaluation of Mineral Resources vs. IFRS for SMEs Section 34 Specialised Activities***

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**1. Executive Summary**

**Main differences in recognition, measurement or presentation requirements**

The *IFRS for SMEs* does not specifically address how to account for extractive activities other than to cross-refer to its requirements for *Property Plant and Equipment* and *Intangible Assets other than Goodwill* and the related disclosure requirements. Accordingly, the recognition and measurement requirements under AASB 6 and the *IFRS for SMEs* would differ.

**Disclosure proposals**

It is proposed not to exclude any of the disclosure requirements from the Reduced Disclosure Regime (RDR).

**2. Analysis of disclosure requirements**

Text in AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>	Text in IFRS for SMEs Section 34 <i>Specialised Activities</i>	Comment
<p>2 In particular, the standard requires:</p> <p>(c) disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognised.</p>		Paragraph 2(c) is in the nature of guidance and should be retained in the RDR.
<p><b>Disclosures</b></p> <p><b>23 An entity shall disclose information that identifies and explains the amounts recognised in its financial statements arising from the exploration for and evaluation of mineral resources.</b></p>		Paragraph 23 is likely to reveal information about measurement uncertainties in respect of amounts recognised in financial statements arising from extractive activities and, consistent with paragraph IN6(c) of this Appendix, should be retained in the RDR.
<p>24 To comply with paragraph 23, an entity shall disclose:</p> <p>(a) Its accounting policies for exploration and evaluation expenditures including the recognition of exploration and evaluation assets; and</p> <p>(b) the amounts of assets, liabilities, income and expense and operating and investing cash flows arising from the exploration for and evaluation of mineral resources.</p>		Paragraph 24 explains paragraph 23 and should be retained in the RDR.
<p>Aus24.1</p> <p>In addition to the disclosure required by paragraph 24(b), an entity that recognises exploration and</p>		Paragraph Aus24.1 supports paragraphs 23 and 24(b) and should be retained in the RDR.

<p align="center"><b>Text in AASB 6</b> <i>Exploration for and Evaluation of Mineral Resources</i></p>	<p align="center"><b>Text in IFRS for SMEs Section 34</b> <i>Specialised Activities</i></p>	<p align="center"><b>Comment</b></p>
<p>evaluation assets for any of its areas of interest shall, in disclosing the amounts of those assets, provide an explanation that recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.</p>		
<p>25 An entity shall treat exploration and evaluation assets as a separate class of assets and make the disclosures required by either AASB 116 or AASB 138 consistent with how the assets are classified.</p>	<p>34.11 An entity using this IFRS that is engaged in the exploration for, evaluation or extraction of mineral resources (extractive activities) shall account for expenditure on the acquisition or development of tangible or intangible assets for use in extractive activities by applying Section 17 <i>Property, Plant and Equipment</i> and Section 18 <i>Intangible Assets other than Goodwill</i>, respectively. When an entity has an obligation to dismantle or remove an item, or to restore the site, such obligations and costs are accounted for in accordance with Section 17 and Section 21 <i>Provisions and Contingencies</i>.</p>	<p>AASB 6 paragraph 25 identifies further disclosures to be made in accordance with AASB 116 and AASB 138, some of which have been retained in the RDR. Accordingly, paragraph 25 should be retained.</p>

**AASB 6 *Exploration for and Evaluation of Mineral Resource*: Text of Proposed Disclosures**

The following are the disclosure requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. They should be retained without amendment in the RDR.

2 In particular, the Standard requires:

- ...
- (c) disclosures that identify and explain the amounts in the entity's financial report arising from the exploration for and evaluation of mineral resources and help users of those financial reports understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognised.

**Disclosure**

**23 An entity shall disclose information that identifies and explains the amounts recognised in its financial report arising from the exploration for and evaluation of mineral resources.**

24 To comply with paragraph 23, an entity shall disclose:

- (a) its accounting policies for exploration and evaluation expenditures including the recognition of exploration and evaluation assets; and
- (b) the amounts of assets, liabilities, income and expense and operating and investing cash flows arising from the exploration for and evaluation of mineral resources.

Aus24.1 In addition to the disclosure required by paragraph 24(b), an entity that recognises exploration and evaluation assets for any of its areas of interest shall, in disclosing the amounts of those assets, provide an explanation that recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

25 An entity shall treat exploration and evaluation assets as a separate class of assets and make the disclosures required by either AASB 116 or AASB 138 consistent with how the assets are classified.