



# Update on IASB Extractive Activities Project

UN ECE  
Expert Group on Resource  
Classification  
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The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation

# Agenda

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- The relevance of reserves to financial reporting
- Disclosure of reserves
- Consistency and the desire for a common framework
- What constituents told us
- IASB project status and next steps

# Relevance of reserves to financial reporting

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- Information about mining / oil & gas assets central to assessments of financial position and performance
  - disclosure of estimates of quantities of minerals and oil & gas
- Reserves and resource information used:
  - depreciation / amortisation calculations
  - impairment calculations
- Information about quantities and probabilities could have a role in recognition and measurement of mining / oil & gas assets

# Disclosure of reserves

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- Reserves disclosures (proposed in Discussion Paper)
  - Quantities: proved and probable, changes
  - Disaggregate by risk: commodity, geography
  - Key inputs: assumptions, sensitivities?
  - Current value?

# Consistency and the desire for a common framework

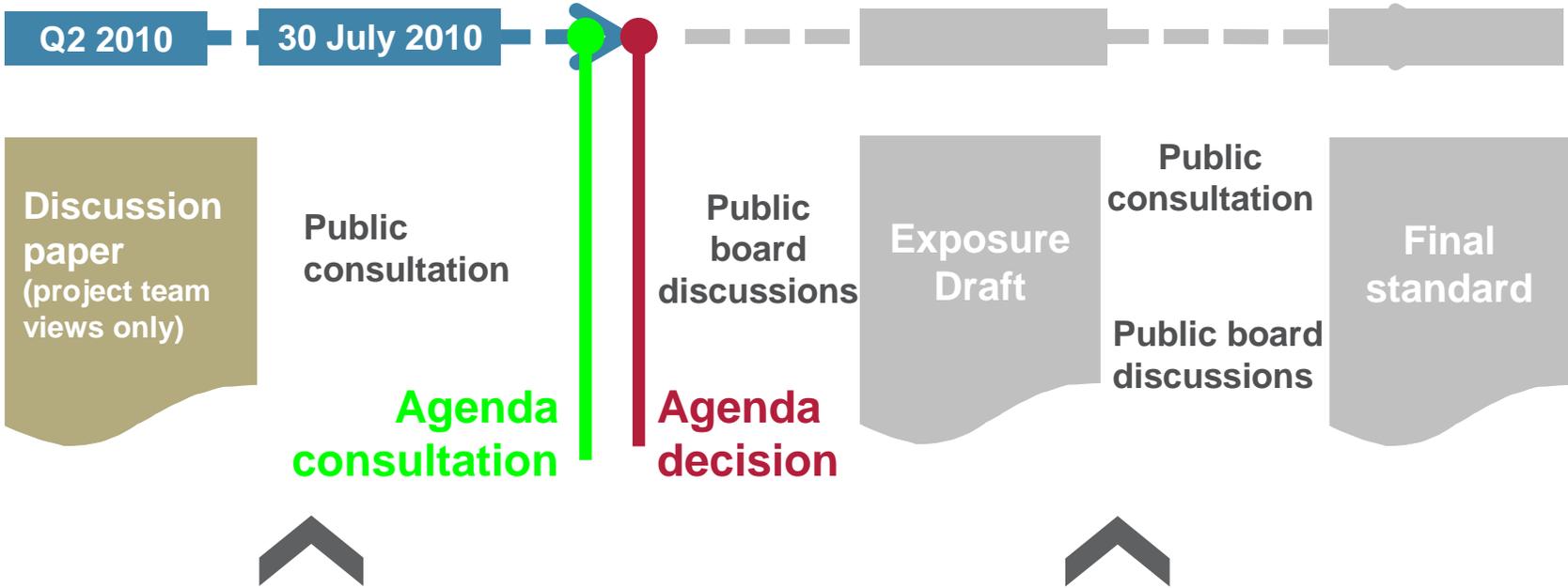
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- One IFRS for mining and oil & gas upstream activities
  - Similar main business activities, and geological and other risks
  - Reduce differences in current accounting practices
- A single IFRS requires consistent definitions of minerals and oil & gas reserves and resources
  - Single framework, or two equivalent frameworks?
  - Definitions should be compatible with financial reporting methodologies and requirements
- Asset recognition, if:
  - it is probable that any future economic benefit associated with the item will flow to the entity
  - The item has a cost or value that can be measured with reliability

# What constituents told us

- Support using industry-based definitions for disclosures
- Concerns about:
  - incorporating “third-party” definitions into an IFRS:
    - cross reference to latest or dated versions?
    - include as appendices?
  - due process over updating definitions being sufficiently robust, independent and transparent
  - the need for application guidance
- Disclosures of reserves required by an IFRS: audit implications
  - Do financial statement auditors have the knowledge?
  - What will it cost? Can filing deadlines be met?
- Duplicate or inconsistent requirements vs regulators
- Concerns over disclosure of reserve sensitivities

# IASB due process



**Additional input from:**  
Advisory council, working group, analysts, preparers, technical experts, local standard setters, regulators and political groups.

# Agenda consultation

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- Agenda consultation 2011
- We want to know what is important
  - If an extractive activities IFRS is important, tell us
  - We want to know your views on scope:
    - Recognition, measurement and disclosure; or
    - Only disclosure?

# Questions or comments?

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Expressions of individual views by members of the IASB and their staffs are encouraged.

The views expressed in this presentation are those of the presenter. Official positions of the IASB on accounting matters are determined only after extensive due process and deliberation.

